

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☐ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM Pool

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

NSP 2022
 Apache Corporation's -873
 Lockhart A-17 #4
 30-025-06639

- Eunice San
 Andres, NM
 (GAS)
 76520

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Brian Wood

Print or Type Name

Signature

Consultant

Title

brian@permitswest.com

e-mail Address

2-27-15

Date

**REQUEST FOR ADMINISTRATIVE APPROVAL FOR
NONSTANDARD SPACING UNIT (NSP) FOR
APACHE CORPORATION'S
LOCKHART A-17 #4
(fka, West Blinebry Drinkard Unit 67)
30-025-06639
660' FNL & 660' FEL
SECTION 17, T. 21 S., R. 37 E., LEA COUNTY, NM**

I. The well is on private surface and 120 acre BLM oil and gas lease NMLC-032096A. Apache proposes to dedicate the 80 acres comprising the E2NE4 of Section 17. A standard Eunice; San Andres, North (Gas) (Pool 76520) dedication is 160 acres. A standard spacing unit must be $\geq 70\%$ of a standard quarter section (160 acres). Thus, the 80 acres is less than the 112 acres (112 acres = 70% of 160 acres) needed.

The well is unique in several respects. It would be just the second well in the pool. (The other well (30-025-06648) is shut-in and made <2 Mcfd in 2014.) Apache's well makes 160 Mcfd and 12,000 to 15,000 bwpd. The gas is dissolved in the water. Gas is removed from the water at the WBDU Central Tank Battery.

The water is used for the West Blinebry Drinkard Unit (WBDU) waterflood. Together with water source well WBDU 43 (30-025-26601), the two wells provide the majority of the water supply for the unit. The 2,480 acre WBDU has 33 water injection wells and 113 oil wells. Currently one active water supply well is required to meet the injection demand for the WBDU with the other supply well in standby. However, Apache plans to increase the number of injectors to 42. The additional WBDU injectors, along with a planned injection rate increase at existing injectors, will double the demand for water to approximately 30,000 bwpd. In order to meet the added water demand, both water supply wells must operate simultaneously.

Plugging the well would result in waste. The well cannot produce without a dedication. Unit production would be limited without the water. The well has previously produced from the Blinebry, Drinkard, Grayburg, and Tubb. Those zones are now squeezed or otherwise isolated. Current perforations are from 4100' to 4286'.

II. Form C-102 showing the well location and proposed dedication (E2NE4 17-21s-37e) is attached as EXHIBIT A. EXHIBIT B shows the well and unit boundary. The lease (120 acres) is shown as dashed lines on EXHIBIT C.

III. EXHIBIT D shows all existing San Andres dedications, regardless of whether they are oil (Hare; San Andres, Eunice (Pool 96601) or gas (Eunice; San Andres, North (Gas) (Pool 76520) and Hare; San Andres (Gas) (Pool 78080)). Except for one quarter section dedication, all of the existing San Andres dedications are operated by Apache. The one exception, NW4 Section 17, is operated by Chevron.

IV. I hereby certify notice (see attached EXHIBIT E) has been sent to the following lessees, lessors, operators of existing spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BLM

Janice Campbell

Jacqueline Campbell

Chevron U. S. A. Inc.

Elicia Green

Georgia Grilley

Lauren Grilley

Steven Grilley

Abigail Gutierrez

Linda Neidert

Osado Oil & Gas

Searles Collier Ltd.

John Searls

Six Aches

B. Wood

Brian Wood, Consultant

2-27-15

Date

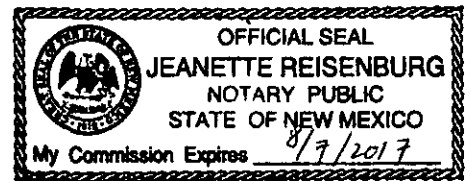
STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 27th day of February 2015 by Brian Wood. Witness my hand and official seal.

J. Reisenburg
Notary Public

My Commission Expires: *8/7/2017*

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508



cc: Addison

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Bruzos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-06639		2 Pool Code 76520		3 Pool Name Eunice; San Andres, North		
4 Property Code 24430		5 Property Name Lockhart A-17			6 Well Number 004	
7 OGRID No. 873		8 Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 1000 Midland, TX 79705			9 Elevation 3500'	

10 Surface Location

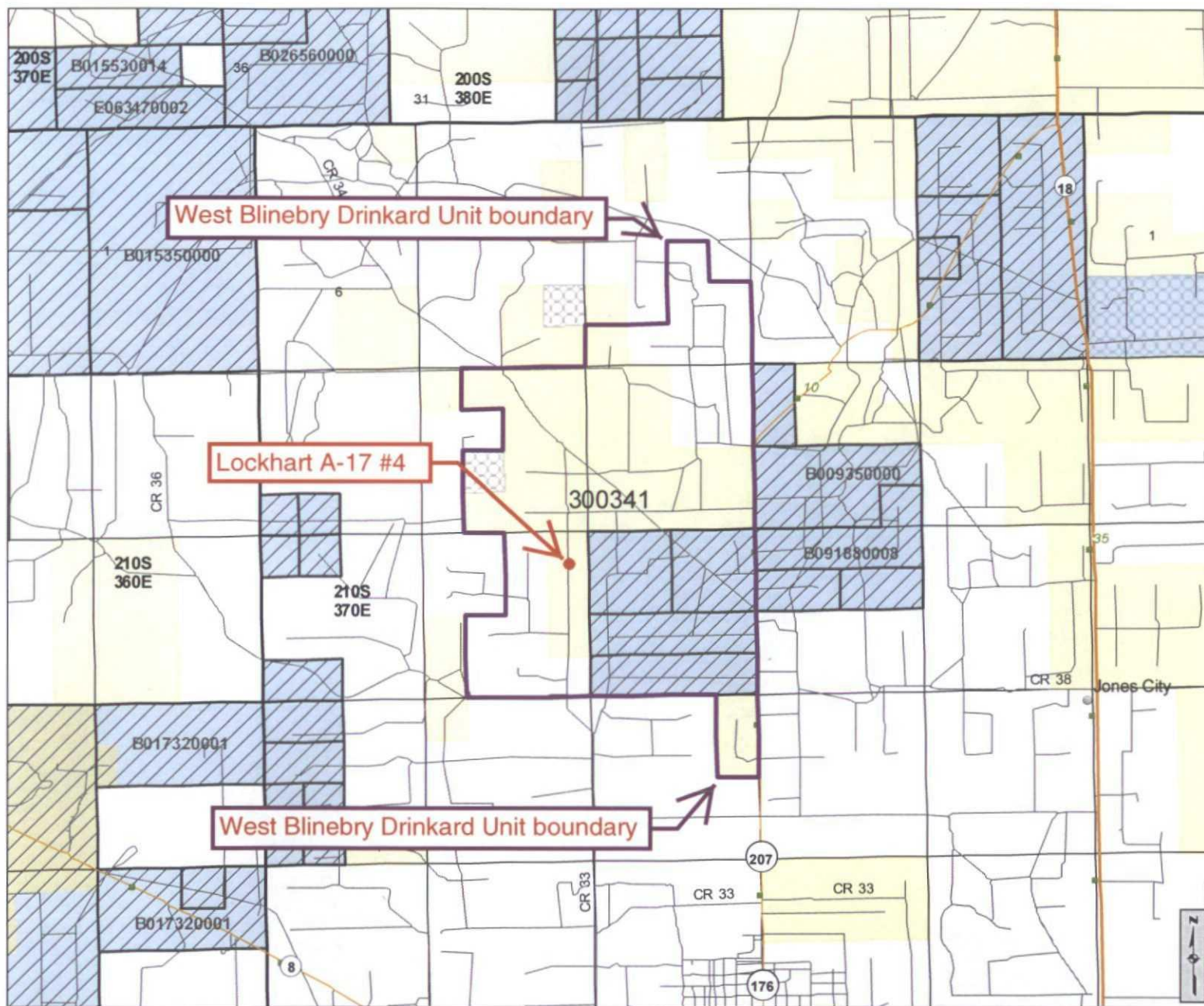
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	17	21S	37E		660	North	660	East	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 80		13 Joint or Infill		14 Consolidation Code		15 Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling under heretofore entered by the division. <u>Reesa Fisher</u> 02/03/2015 Signature Date Reesa Fisher Printed Name	
					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:	
					<div style="border: 1px solid black; border-radius: 15px; padding: 5px; text-align: center;">EXHIBIT A</div>	
					Certificate Number	



Cartographic Features

- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
- SLO District Boundary
- Hwy Mileposts
- Interstate
- US Hwy
- NM Hwy
- Local Road
- Continental Divide

Federal Minerals Ownership

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands

- Surface Estate
- Subsurface Estate
- Surface and Subsurface Estate

State Leases

- Oil and Gas Leases
- Agricultural Leases
- Commercial Leases
- Minerals Leases
- Not Available for Oil and Gas Leasing
- Oil and Gas Leasing Influenced by Restriction

Oil and Gas Related Features

- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Volcanic Vents
- NMOC Order R-111-P Potash Enclave Outline

NMOC Oil and Gas Wells

- CO₂
- Gas
- Injection
- Miscellaneous
- Oil
- Salt Water Disposal
- Water
- DA or PA

New Mexico State Land Office

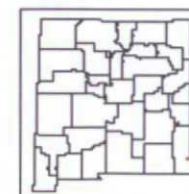
Oil, Gas and Minerals

0 0.2 0.4 0.8 1.2 1.6 Miles
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

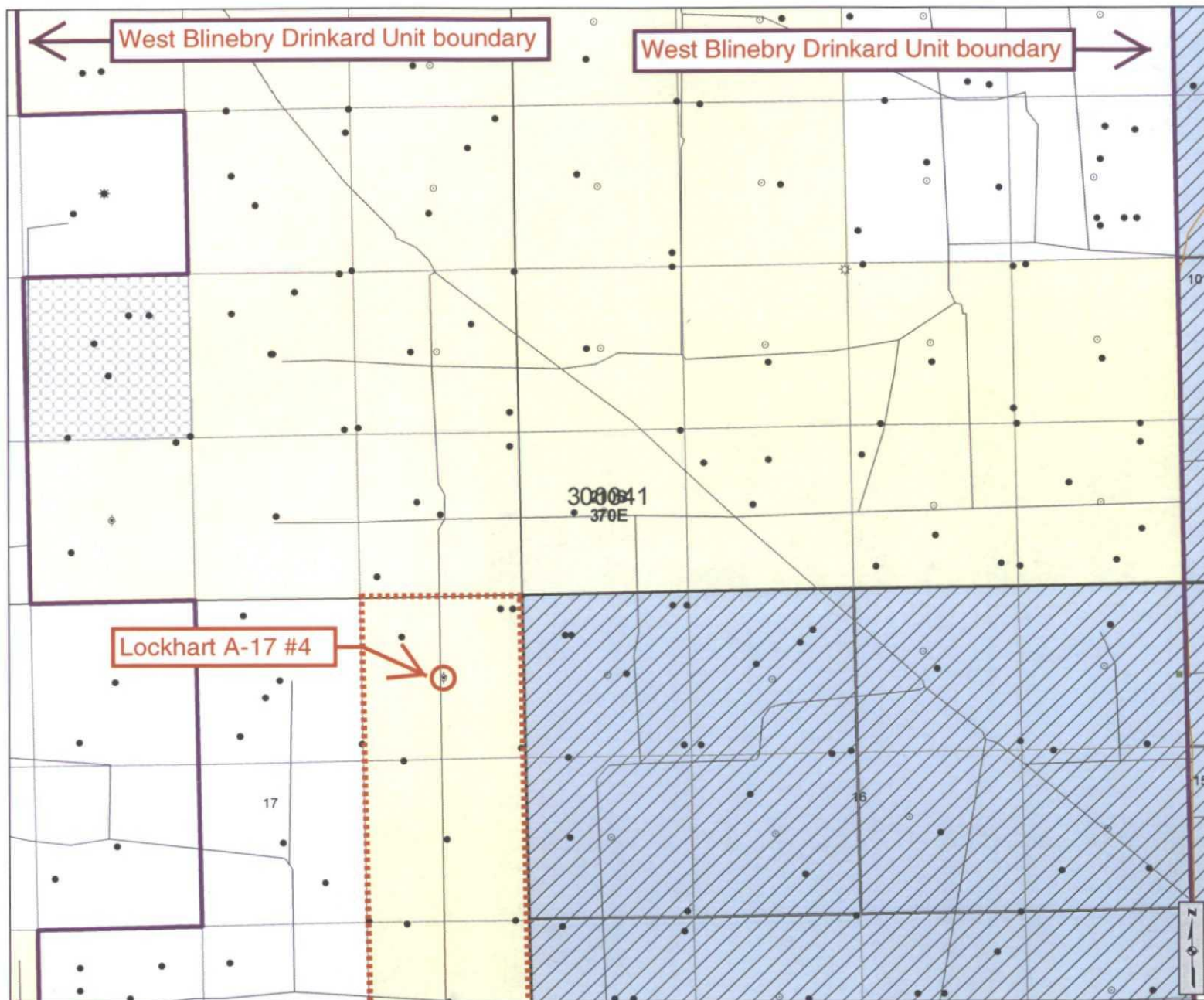
Land Office Geographic Information Center
logis@slo.state.nm.us

EXHIBIT B



www.nmstatelands.org

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Cartographic Features

- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
- SLO District Boundary
- Hwy Mileposts
- Interstate
- NM Hwy
- US Hwy
- Local Road
- Continental Divide

Federal Minerals Ownership

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands

- Surface Estate
- Subsurface Estate
- Surface and Subsurface Estate

State Leases

- Oil and Gas Leases
- Agricultural Leases
- Commercial Leases
- Minerals Leases
- Not Available for Oil and Gas Leasing
- Oil and Gas Leasing Influenced by Restriction

Oil and Gas Related Features

- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Volcanic Vents
- NMOC D Order R-111-P
- Potash Enclave Outline

NMOC D Oil and Gas Wells

- CO₂
- Injection
- Oil
- Water
- Gas
- Miscellaneous
- Salt Water Disposal
- DA or PA

New Mexico State Land Office
Oil, Gas and Minerals

0 0.05 0.1 0.2 0.3 0.4 Miles
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

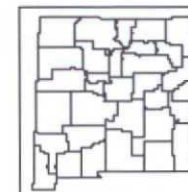
The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center
logic@slo.state.nm.us

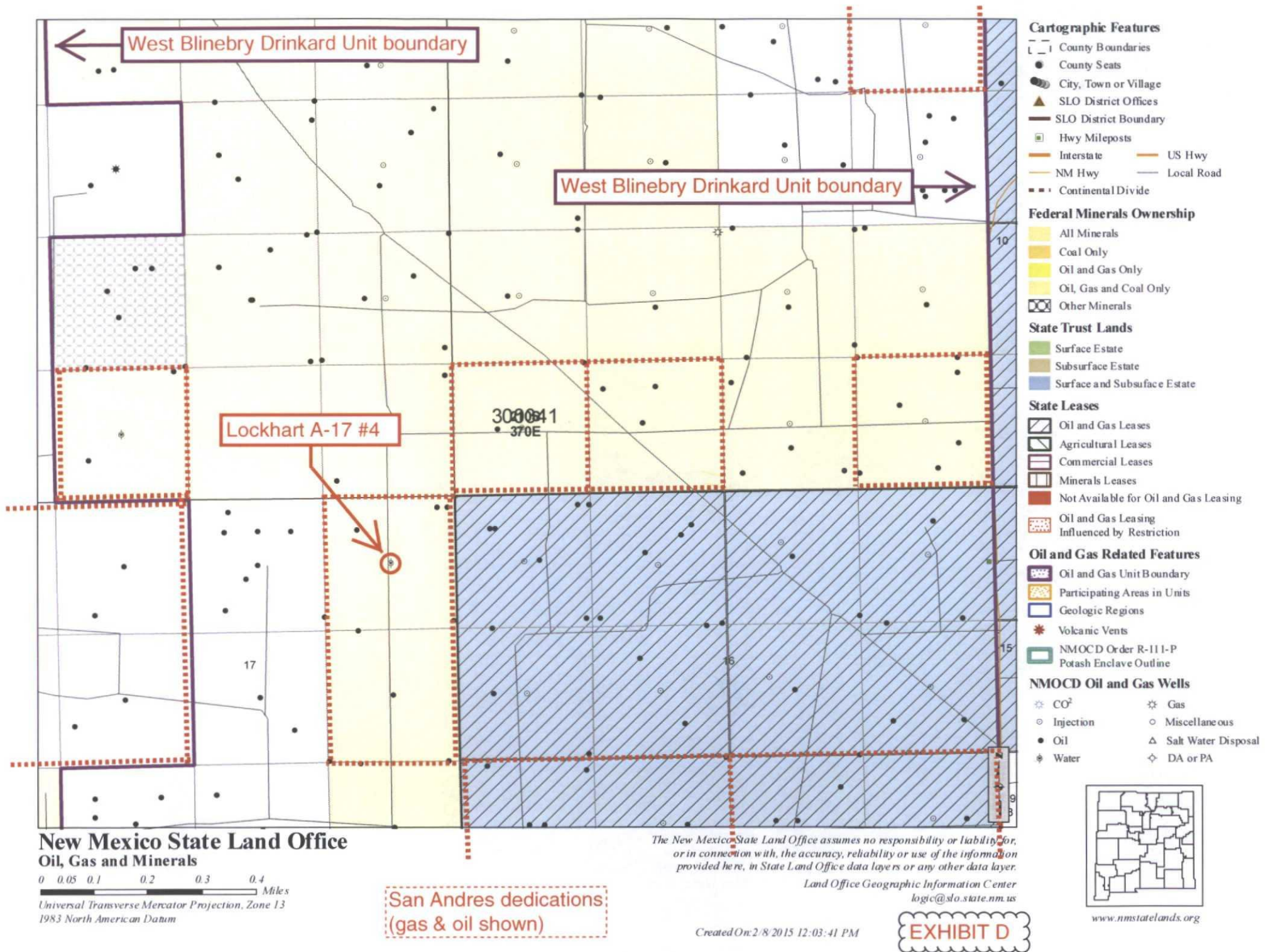
BLM O&G lease
NMLC-032096A

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EXHIBIT C



www.nmstatelands.org



February 27, 2015

Chevron USA Inc.
1400 Smith St.
Houston TX 77002

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) Total Depth: 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ≈3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submission Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

February 27, 2015

BLM
620 E. Green
Carlsbad NM 88220

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) Total Depth: 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ≈3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submission Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT E

7014 2870 0000 7676 9181

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Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

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City, State, ZIP+4

PS Form 3800, July 2014

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Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Sent To BLM

Street & Apt. No., or PO Box No. CARLSBAD

City, State, ZIP+4

February 27, 2015

Osado Oil & Gas Ltd.
P. O. Box 11086
Midland TX 79702

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) Total Depth: 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ~3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submittal Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

EXHIBIT E

February 27, 2015

Six Arches Company
P. O. Box 481
Midland TX 79702

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) Total Depth: 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ~3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submittal Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood



Postage	\$	
Certified Fee	\$	
Return Receipt Fee (Endorsement Required)	\$	
Restricted Delivery Fee (Endorsement Required)	\$	
Total Postage & Fees	\$	

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or PO Box No.
City, State, ZIP+4
MIDLAND



Postage	\$	
Certified Fee	\$	
Return Receipt Fee (Endorsement Required)	\$	
Restricted Delivery Fee (Endorsement Required)	\$	
Total Postage & Fees	\$	

Sent To SIX ARCHES
Street & Apt. No.,
or PO Box No.
City, State, ZIP+4
MIDLAND

7014 2870 0000 7676 9198

7014 2870 0000 7676 9198

February 27, 2015

Janice P. Campbell
Jacqueline S. Campbell
Steven C. Grilley
Elicia Grilley Green
Georgia Grilley, Trustee for Lauren M. Grilley
Georgia Grilley, Trustee for Abigail Grilley Gutierrez
c/o Campbell Estate Partnership
P. O. Box 2503
Midland TX 79702

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) **Total Depth:** 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ≈3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submission Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

EXHIBIT E

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Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

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Sent To: **CAMPBELL ESTATE**
Street & Apt. No., or PO Box No.
City, State, ZIP+4: **MIDLAND**

PS Form 3800, July 2012

February 27, 2015

John P. Searls
P. O. Box 4023
Odessa TX 79760

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) **Total Depth:** 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ≈3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submission Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

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Total Postage & Fees	\$	

Postmark: FEB 27 2015 87552

Sent To: **J. P. SEARLS**
Street & Apt. No., or PO Box No.
City, State, ZIP+4: **ODESSA**

See Reverse for Instructions

February 27, 2015

Searls Collier Ltd.
P. O. Box 7018
Odessa TX 79760

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) **Total Depth:** 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ≈3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submittal Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

Brian Wood

EXHIBIT E

7014 2870 0000 7676 9150

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Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.70

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FEB 27 2015
87552

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SEARLS - COLLIER
Street & Apt. No., or PO Box No.
City, State, ZIP+4
ODESSA

PS Form 3800, July 2014 See Reverse for Instructions

February 27, 2015

Linda Searls Neidert
7 Cherrywood Circle
Odessa TX 79761

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard spacing unit (NSP) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying (see attached application) to produce its Lockhart A-17 4 as a gas well. The minimum dedication for such a gas well is 112 acres. Apache proposes to dedicate 80 acres. Thus, it is a NSP.

Well Name: Lockhart A-17 #4 (API 30-025-06639) **Total Depth:** 6,770'
Proposed NSP Producing Zone: Eunice; San Andres, North (Gas)
NSP Acreage Dedication: 80 acres (E2NE4 17-21s-37e)
Location: 660' FNL & 660' FEL Sec. 17, T. 21 S., R. 37 E.,
Lea County, NM on Federal lease NMLC-032096A
Approximate Location: ≈3 air miles northwest of Eunice, NM
Applicant Name & Phone: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland TX 79705

Submittal Information: Application for a NSP will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

Brian Wood

7014 2870 0000 7676 9167

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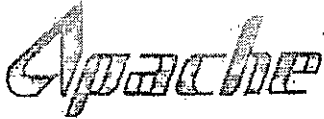
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Restricted Delivery Fee (Endorsement Required)	
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City, State, ZIP+4
ODESSA

PS Form 3800, July 2014 See Reverse for Instructions



March 11, 2015

Sent via Certified Mail

NM Oil Conservation Division
Attn: Michael McMillan
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: NSP Application for Apache Corporation's Lockhart A-17 #4 (30-025-06639)
Lea County, NM

Dear Mr. McMillan

This letter is in reference to Apache's application for a Non-Standard Proration Unit on the Lockhart-A-17 #4, located in Section 17-21S-37E in Lea County, New Mexico. I understand the OCD has requested additional information for the application:


The water produced from the Lockhart A-17 #4 (formerly known as West Blinebry Drinkard Unit #67) is to be used solely for the West Blinebry Drinkard Unit (WBDU) waterflood. Together with water source well WBDU #43 (30-025-26601), the two wells provide the make-up water supply for the unit. The 2,480 acre WBDU has 33 water injection wells and 113 oil wells. Currently one active water supply well is required to meet the injection demand for the WBDU with the other supply well in standby. However, Apache plans to increase the number of injectors to 42 with 4 new injection wells already drilled and another 2 conversion projects nearing completion. The additional WBDU injectors, along with a planned injection rate increase at existing injectors, will double the demand for water to approximately 30,000 BWPD. In order to meet the added water demand, both water supply wells must operate simultaneously.

Any associated gas produced from the Lockhart A-17#4 will be processed in a dedicated two-phase separator at the WBDU Central Battery and metered for allocation purposes.

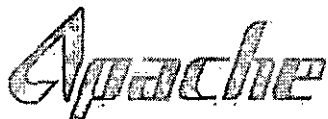
Should you have any questions, please do not hesitate to contact me at (432) 818-1601 or at bret.shapot@apachecorp.com.

Sincerely yours,

Apache Corporation



Bret Shapot
Production Engineer - Permian Region



March 11, 2015

Sent via Certified Mail

NM Oil Conservation Division
Attn: Michael McMillan
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: NSP Application for Apache Corporation's Lockhart A-17 #4 (30-025-06639)
Lea County, NM

Dear Mr. McMillan,

This letter is in reference to Apache's application for a Non-Standard Proration Unit on the Lockhart A-17 #4, located in Section 17-21S-37E in Lea County, New Mexico. I understand the OCD has requested additional information for the application.

Please allow this letter to serve as evidence that Apache contends that although the interest owners in W/2NE/4 of Section 17-21S-37E will not benefit from San Andres gas production from the Lockhart A-17 #4 well under the applied for 80-acre non-standard spacing unit, the interest owners will benefit greatly from the produced water, which supplies the West Blinbry Drinkard Unit, because they are interest owners in said Unit.

Should you have any questions, please do not hesitate to contact me at (432) 818-1846 or at laci.lawrence@apachecorp.com.

Sincerely yours,

Apache Corporation

A handwritten signature in black ink, appearing to read "Laci Lawrence", is positioned above the typed name.

Laci Lawrence
Landman - Permian Region

McMillan, Michael, EMNRD

From: Shapot, Bret <Bret.Shapot@apachecorp.com>
Sent: Monday, March 16, 2015 12:02 PM
To: McMillan, Michael, EMNRD
Subject: RE: Apache Corp NSP Lockhart A-17 Well No. 4 API 30-025-06639

Michael,

You are correct. The Lockhart A-17 Well No. 4 is important to the West Blinebry Drinkard Unit waterflood since it is a significant source of water make-up.

BRET SHAPOT, PE
direct 432-818-1601 | mobile 832-829-4298

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Monday, March 16, 2015 12:21 PM
To: Shapot, Bret
Subject: Apache Corp NSP Lockhart A-17 Well No. 4 API 30-025-06639

Bret:

The landman had stated that without the Non-standard proration unit faster approval, the West Blinebry Drinkard production could be adversely affected, is that correct? Is this the primary reason for the NSP application, since the well is making essentially all water, with a small amount of gas?

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462
Michael.mcmillan@state.nm.us

McMillan, Michael, EMNRD

From: Kautz, Paul, EMNRD
Sent: Monday, March 16, 2015 2:16 PM
To: McMillan, Michael, EMNRD; Brown, Maxey G, EMNRD
Subject: RE: Apache Corp NSP Lockhart A-17 Well No. 4 API 30-025-06639

Mike,

I have no objections for the following reasons:

- 1) This well is used as a water supply well for the West Blinebry Drinkard Unit and had to be placed in a gas pool due to the small amount of gas produced.
- 2) In this area any San Andres oil or gas wells are not capable of draining more than 40 acres.
- 3) These wells are only capable of producing gas when large volumes of water is moved.

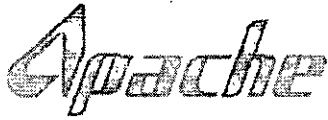
Paul Kautz
Hobbs District Geologist
NM Oil Conservation Div.
1625 N French Dr.
Hobbs, NM 88240
575-393-6161 Ext. 104

From: McMillan, Michael, EMNRD
Sent: Monday, March 16, 2015 1:54 PM
To: Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD
Subject: Apache Corp NSP Lockhart A-17 Well No. 4 API 30-025-06639

Paul and Maxey:

Apache Corp wants an NSP application for the Lockhart A-17 Well No. 4 API 30-025-06639 (different name RBDMS) for the Eunice San Andres, North Pool code 76520, to change from a 160-acre statewide gas pool to an 80-acre gas pool. Apache is applying for the E/2 NE/4 Section 17. The W/2 NE/4 will be stranded. Apache claims that this well will make mostly water, which will be used for the West Blinebry Drinkard Unit. It will make a small amount of gas.

Thoughts and concerns
Mike



March 17, 2015

Sent via Certified Mail

NM Oil Conservation Division
Attn: Michael McMillan
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: NSP Application for Apache Corporation's Lockhart A-17 #4 (30-025-06639)
Lea County, NM

Dear Mr. McMillan,

This letter is in reference to Apache's application for a Non-Standard Proration Unit on the Lockhart A-17 #4, located in Section 17-21S-37E in Lea County, New Mexico. I understand the OCD has requested additional information for the application.

Please allow this letter to serve as evidence that the E/2NE/4 of Section 17-21S-37E is a federal lease, specifically Federal Lease NMLC 032096A. I attached the BLM's Serial Register Page for verification purposes.

Should you have any questions, please do not hesitate to contact me at (432) 818-1846 or at laci.lawrence@apachecorp.com.

Sincerely yours,

Apache Corporation

A handwritten signature in black ink, appearing to read "Laci Lawrence".

Laci Lawrence
Landman - Permian Region

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 09:27 AM

Page 1 of 3

Run Date: 03/17/2015

01 02-25-1920;041STAT0437;30USC226

Total Acres

Serial Number

Case Type 310771: O&G EXCHANGE LEASE - PD

120.000

NMLC-- 0 032096A

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMLC-- 0 032096A

Name & Address			Int Rel	% Interest
APACHE CORP	2000 POST OAK BLVD STE 100	HOUSTON TX 770564400	LESSEE	50.000000000
APACHE CORP	2000 POST OAK BLVD STE 100	HOUSTON TX 770564400	OPERATING RIGHTS	0.000000000
CHEVRON USA INC	PO BOX 1635	HOUSTON TX 77251	LESSEE	25.000000000
CONOCOPHILLIPS CO	550 WESTLAKE PARK BLVD	HOUSTON TX 77079	OPERATING RIGHTS	0.000000000
CONOCOPHILLIPS CO	PO BOX 7500	BARTLESVILLE OK 740057500	OPERATING RIGHTS	0.000000000
SIX AECHES CO	BOX 481	MIDLAND TX 797020481	OPERATING RIGHTS	0.000000000
ZPZ DELAWARE I LLC	2000 POST OAK BLVD STE 100	HOUSTON TX 770564497	LESSEE	25.000000000
ZPZ DELAWARE I LLC	2000 POST OAK BLVD STE 100	HOUSTON TX 770564497	OPERATING RIGHTS	0.000000000

Serial Number: NMLC-- 0 032096A

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0210S 0370E 017	ALIQ		E2NE,NESE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands

Serial Number: NMLC-- 0 032096A

23 0210S 0370E 727	FF	N2 SEGR;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0210S 0370E 717	FF	W2SW SEGR;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0210S 0370E 735	FF	NWNW,E2NW SEGR;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMLC-- 0 032096A

Act Date	Code	Action	Action Remark	Pending Office
04/06/1926	124	APLN RECD		
10/18/1937	237	LEASE ISSUED		
10/18/1937	496	FUND CODE	05;145003	
10/18/1937	650	HELD BY PROD - ACTUAL		
10/18/1937	658	MEMO OF 1ST PROD-ACTUAL		
10/18/1937	868	EFFECTIVE DATE		
11/01/1956	246	LEASE COMMITTED TO CA	3455	
11/15/1956	102	NOTICE SENT-PROD STATUS		
10/01/1957	237	LEASE ISSUED		
10/01/1957	549	RLTY RATE 12.5-25% SCH C	/A/	
10/01/1957	868	EFFECTIVE DATE		
10/19/1963	909	BOND ACCEPTED	EFF 09/27/63;ES0085	
08/10/1966	940	NAME CHANGE RECOGNIZED	ATL RFG/ATL RICHFIELD	
07/01/1969	246	LEASE COMMITTED TO CA	SW-59	
03/19/1971	940	NAME CHANGE RECOGNIZED	PAN AMER PETRO/AMOCO	
04/06/1978	817	MERGER RECOGNIZED	CHEVRON ASPHALT/USA	
04/06/1978	817	MERGER RECOGNIZED	CHEVRON USA/OIL	
04/06/1978	940	NAME CHANGE RECOGNIZED	CHEVRON OIL/USA INC	
01/16/1979	909	BOND ACCEPTED	EFF 11/16/78;NM0110	
09/30/1979	522	CA TERMINATED	SW-59	EB
10/24/1979	940	NAME CHANGE RECOGNIZED	CONTL OIL/CONOCO INC	
01/01/1985	522	CA TERMINATED	CA-3455	
07/16/1985	963	CASE MICROFILMED/SCANNED	CNUM 107,100	AC
09/13/1985	817	MERGER RECOGNIZED	ATL RICHFIELD PA/DE	
12/23/1987	974	AUTOMATED RECORD VERIF	SSP/LO	
03/23/1990	932	TRF OPER RGTS FILED	HEDRICK/STX AECHES CO	
05/29/1990	933	TRF OPER RGTS APPROVED	EFF 04/01/90;	
05/29/1990	974	AUTOMATED RECORD VERIF	GLC/ML	

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