

**REQUEST FOR ADMINISTRATIVE APPROVAL
APACHE CORPORATION'S
WARN STATE AC 2 #27
SHL: 330' FNL & 2310' FWL
BHL: 277' FNL & 1902' FWL
SECTION 6, T. 18 S., R. 35 E., LEA COUNTY, NM
API 30-025-42055
AS DRILLED**

I. This existing oil well is on NM State Land Office surface and oil and gas lease B0-1113-0001 (310.16 acres) that comprises the SENW, E2SW4, and Lots 3-7 of Section 6. The well is nonstandard (too far north and east) for the Vacuum; Abo reef (61780), Vacuum; Wolfcamp (62340), and Vacuum; Upper Penn (62320) due to a road (south) and buried pipelines (west) among other features (see EXHIBIT A). In addition, Section 6 is smaller (630.16 acres) than normal (640 acres). Apache requests a nonstandard location due to land uses. Perforation (take) points for each zone are:

ZONE	FIRST TAKE POINT	LAST TAKE POINT	ACRES	AREA DEDICATED
Abo	320.1 FNL & 2123.7 FWL	312.9 FNL & 2082.3 FWL	40	NENW
Wolfcamp	302 FNL & 2007.4 FWL	288.4 FNL & 1956.4 FWL	77.43	Lot 1 & NENW
Upper Penn*	288 FNL & 1954.5 FWL	279.2 FNL & 1916.9 FWL	77.43	Lot 1 & NENW

*Upper Penn is the only zone completed to date. It will be tested for 3 months before moving up hole.

There are two plugged and abandoned wells, 3 Chevron oil wells, 3 Chevron injection wells, 1 State Land Office business site lease, 2 State water leases, 12 State Land Office rights-of-way, and ancillary roads, pipelines, and power lines in the NENW Section 6. The Chevron wells operate in the Vacuum; Glorieta and Vacuum; Grayburg-San Andres pools.

A standard location for the Abo must be $\geq 330'$ from the boundary of the quarter-quarter. In this case, the perforations will be 320.1' to 312.9' from the north side of NENW. Thus, the perforations will be 9.9' to 17.1' too far north.

A standard location for the Wolfcamp and Upper Penn must be within 200' of the center of the quarter section according to R-2422 and R-2697 respectively. The center of this smaller (154.94 acres) than normal (160 acres) "quarter section" is 1320 FNL & 1277.1 to 1280.4 FWL. The 1897 General Land Office plat shows the north line of Section 6 as 78.70 chains (= 5194.2') long. Surveyors found in 2014 that the north line of Section 6 is actually 5200.8' long. For the sake of simplicity, the two north lengths will be split and 1320 FNL & 1279 FWL will be used as the center of the "quarter section".

Thus, the Wolfcamp perforations will be 1234' to 1251' northeast from the center of the "quarter section". The first perforation will be 818' too far north and 528.4' too far east.

Thus, the Upper Penn perforations are 947' to 958' northeast from the center of the "quarter section". The first perforation is 832' too far north and 475.5' too far east.

II. Forms C-102 showing the well and 40 acre (Abo) and 77.43 acre (Wolfcamp and Upper Penn) dedications are attached as Exhibit B.

Exhibit C shows the lease boundaries and existing Abo, Wolfcamp, and Upper Penn acreage dedications. The well is too far north and east.

III. Lease boundaries (all State) are shown on EXHIBIT C. The well encroaches to the north, northeast, and east. There are no Abo wells to the north, northeast, or east. There are no Wolfcamp or Upper Penn wells immediately to the north, northeast, or east. This information is current and correct.

IV. Exhibit C shows the proposed well, existing dedications, and leases.

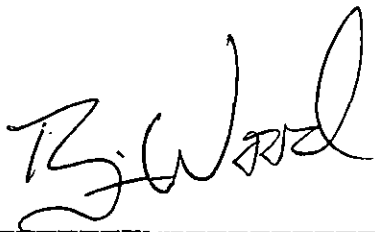
V. Archaeology is not an issue.

VI. Surface obstructions and the need to prevent waste and recover additional reserves drives the need for this nonstandard location. One well bore tapping three zones in a low price environment will recover additional reserves and prevent waste by defraying fixed costs among 3 zones.

VII. Apache does not believe directional drilling to a standard location is cost effective for this project as it would require two wells. The Abo drilling window does not overly the Wolfcamp and Upper Penn drilling windows.

VIII. I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (see EXHIBIT D) by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the division receives the application. These affected persons have working or royalty interests in the "quarter-quarters" that border the 40-acre and 77.43 spacing units. Said notice was sent to:

NM State Land Office
Chevron
ConocoPhillips
Marathon
Occidental



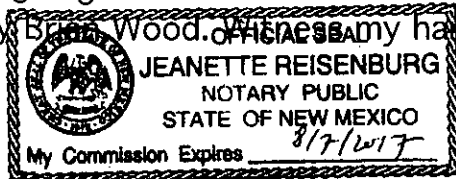
Brian Wood, Consultant

3-17-15

Date

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

The foregoing instrument was acknowledged before me this 17th day of March, 2015 by Brian Wood, Consultant, in my hand and official seal.

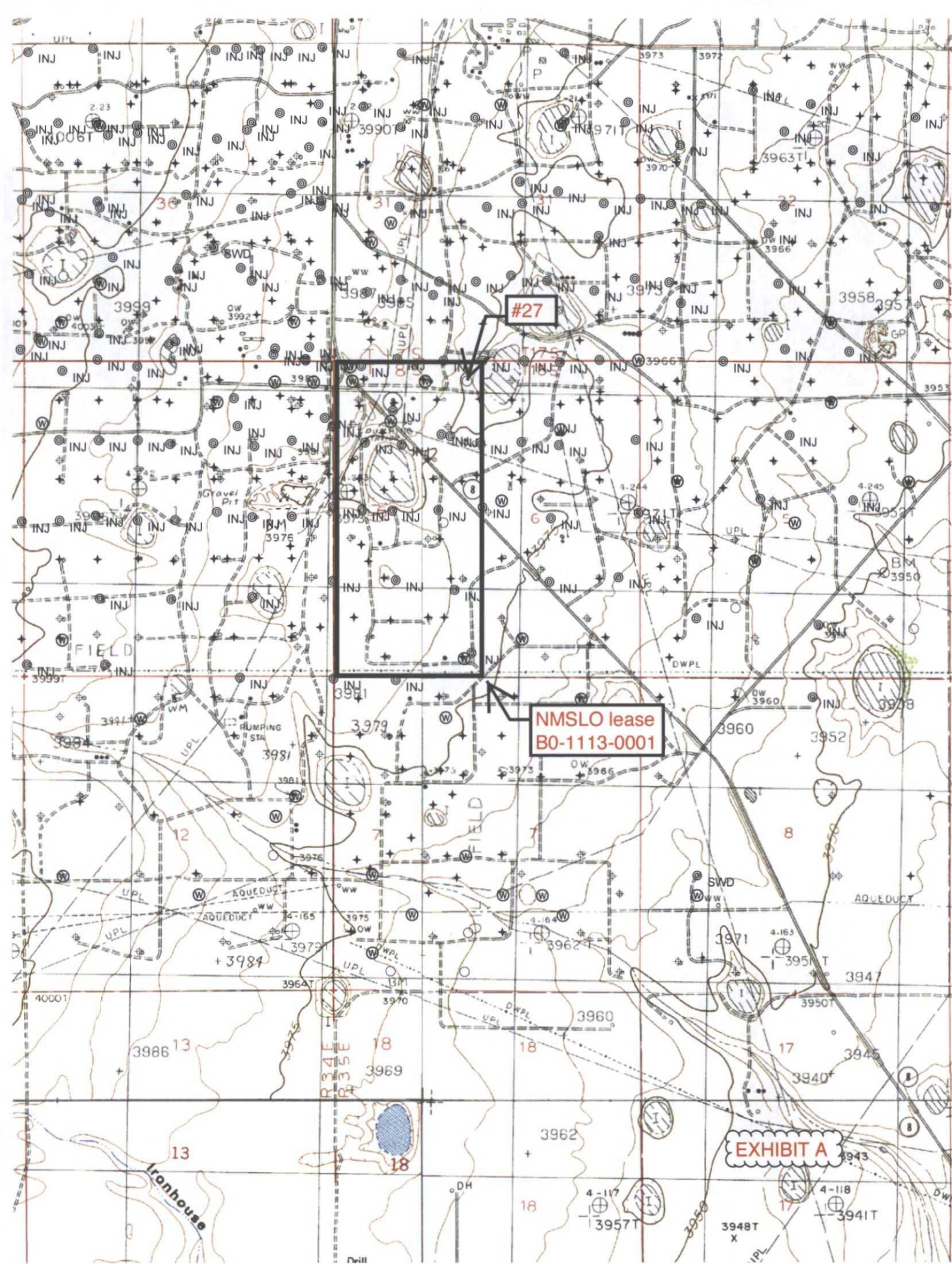


Notary Public

My Commission Expires: 8/7/2017

Business Address: 37 Verano Loop, Santa Fe NM 87508

cc: Cooper



#27

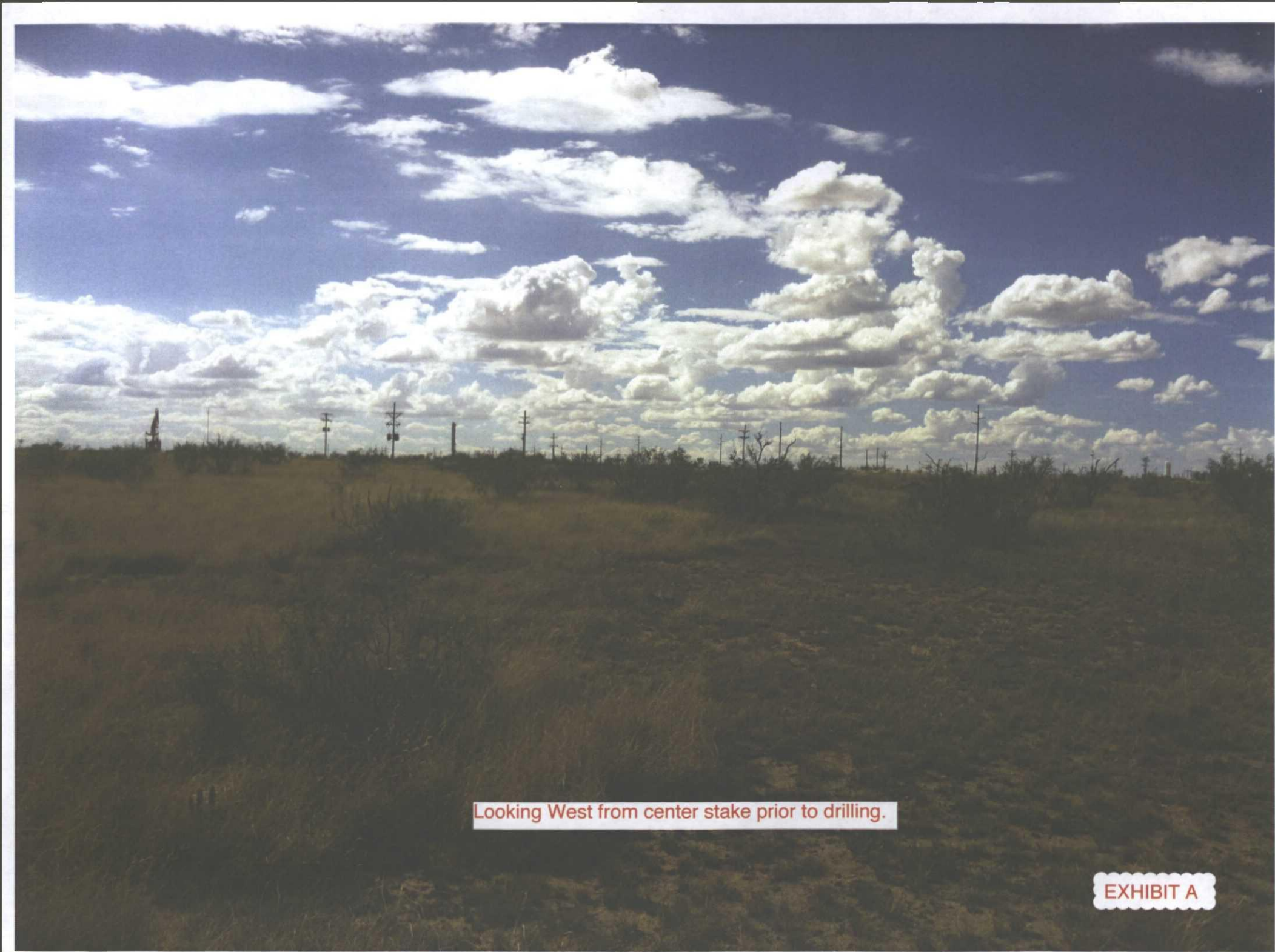
NMSLO lease
B0-1113-0001

EXHIBIT A



Looking South from center stake prior to drilling.

EXHIBIT A



Looking West from center stake prior to drilling.

EXHIBIT A

5/4/2015 3/18/2015 DATE IN	SUSPENSE	MAM ENGINEER	3/18/2015 LOGGED IN	NSL TYPE	PMAM1507745831 APP NO.
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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]** Apache Corporation's -873
Warn State AC 2 #27
30-025-42055
(Abo, Wolfcamp & Upper Penn)

[A] Location - Spacing Unit - Simultaneous Dedication
X NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] .Other: Specify _____

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

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

[B] X Offset Operators, Leaseholders or Surface Owner

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

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

[E] X 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

3-18-15

Date

Pool
- Vach44m Abokeer
61780
- Vach44m Upper Penn
62340
2015 MAR 18 A 11:34
RECEIVED COD
- Vach44m WOLFcamp
62340

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

X AMENDED REPORT
(dedication
outlined)

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-42055	Pool Code 61780	Pool Name ABO
Property Code 306627	Property Name WARN STATE AC 2	Well Number 27
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3972'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	6	18-S	35-E		330	NORTH	2310	WEST	LEA

AS-DRILLED Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	6	18-S	35-E		277	NORTH	1902	WEST	LEA
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

1

NOTE: AS-DRILL PATH AND BOTTOM HOLE PLOTTED FROM MS ENERGY SERVICES, REPORT DATED 12/31/2014 AND THE DIRECTIONAL DRILLING COMPANY SURVEY REPORT DATED 1/26/2015

2	AS-DRILLED BOTTOM HOLE LOCATION NAD 27 NME Y= 649707.6 N X= 756514.8 E LAT.=32.783356" N LONG.=103.498691" E LAT.=32°47'00" N LONG.=103°29'55" E	LAST TAKE POINT NAD 27 NME Y= 649671.6 N X= 756695.3 E LAT.=32.783253" N LONG.=103.498104" W LAT.=32°47'00" N LONG.=103°29'53" W	FIRST TAKE POINT NAD 27 NME Y= 649664.5 N X= 756736.8 E LAT.=32.783233" N LONG.=103.497970" W LAT.=32°47'00" N LONG.=103°29'53" W	GEODETTIC COORDINATES SURFACE LOCATION NAD 27 NME Y=649655.0 N X=756923.2 E LAT.=32.783203" N LONG.=103.497363" W LAT.=32°47'00" N LONG.=103°29'51" W
3	AS-DRILLED BOTTOM HOLE LOCATION NAD 83 NME Y= 649772.6 N X= 797693.8 E LAT.=32.783480" N LONG.=103.499187" E LAT.=32°47'01" N LONG.=103°29'57" E	LAST TAKE POINT NAD 83 NME Y= 649736.7 N X= 797874.4 E LAT.=32.783377" N LONG.=103.498600" W LAT.=32°47'00" N LONG.=103°29'55" W	FIRST TAKE POINT NAD 83 NME Y= 649729.5 N X= 797915.8 E LAT.=32.783356" N LONG.=103.498466" W LAT.=32°47'00" N LONG.=103°29'54" W	GEODETTIC COORDINATES SURFACE LOCATION NAD 83 NME Y=649720.1 N X=798102.2 E LAT.=32.783326" N LONG.=103.497859" W LAT.=32°47'00" N LONG.=103°29'52" W
4				

OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Michelle Cooper 3-3-15
Signature Date
Michelle Cooper
Printed Name
michelle.cooper@apachecorp.co
E-mail Address

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.

JUNE 24, 2014
Date of Survey
Signature & Seal of Professional Surveyor:
Ronald J. Eidson
Certificate Number
Gary G. Eidson 12641
Ronald J. Eidson 3239
LSL REL. 15.13.0187 JWSC W.O.: 15.13.0312

EXHIBIT B



Cartographic Features

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

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

0.02505 0.1 0.15 0.2 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

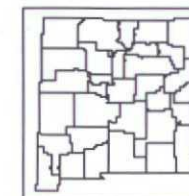
Lessees of record

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

Created On: 11/24/2014 9:37:24 AM

EXHIBIT C



www.nmstatelands.org



Cartographic Features

- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
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- NM Hwy
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NMOC Oil and Gas Wells

- CO₂
- Gas
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New Mexico State Land Office
Oil, Gas and Minerals

0.02805 0.1 0.15 0.2
Miles

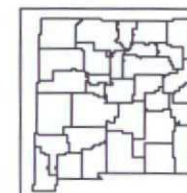
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

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EXHIBIT C



www.nmstatelands.org

Vacuum; Abo reef dedications
in Sections 6 & 31 (none in 31)



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- Potash Enclave Outline

NMOC D Oil and Gas Wells

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New Mexico State Land Office Oil, Gas and Minerals

0.02 0.05 0.1 0.15 0.2
Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

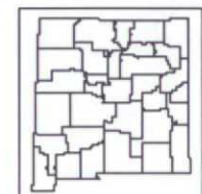
Vacuum; Wolfcamp dedications
in Sections 1, 6, & 31

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EXHIBIT C



www.nmstatelands.org



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- DA or PA

New Mexico State Land Office

Oil, Gas and Minerals

0.025 0.1 0.15 0.2 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

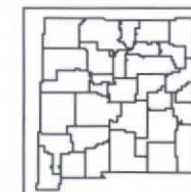
Vacuum; Upper Penn dedications
in Sections 6 & 31

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

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EXHIBIT C



www.nmstatelands.org

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 17, 2015

NM State Land Office
P. O. Box 1148
Santa Fe NM 87504

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

Apache Corporation is applying for NSL approval for its Warn State AC 2 #27 oil well. The well is too far north and east of the drilling windows (see attached application). Thus, it is a nonstandard location.

Well Name: Warn State AC 2 #27 ID: 10,700'

Proposed NSL Zones: Vacuum; Abo reef, Vacuum; Wolfcamp, & Vacuum; Upper Penn

NSL Dedication: Abo: Lot 3 (= 40 acres), Wolfcamp & Upper Penn: Lots 3 & 4 (= 77.43 acres)
Section 6, T. 18 S., R. 35 E., Lea County, NM on NMSLO lease B0-1113-0001

Location: 1 air miles southeast of Buckeye, NM at 330 FNL & 2310 FWL 6-18s-35e NMPM

Applicant Name: Apache Corporation (432) 818-1167

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (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 New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please discard the November and February applications. This replaces those applications.

Please call me if you have any questions.

Sincerely,



Brian Wood

7012 1010 0000 4650 6847

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Stamp: MAR 18 2015 87552

Sent To: NM SLD

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

City, State, ZIP+4 SF

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT D

March 17, 2015

ConocoPhillips Company
3401 E. 30th St.
Farmington NM 87402

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

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Section 6, T. 18 S., R. 35 E., Lea County, NM on NMSLO lease BO-1113-0001
Location: 1 air miles southeast of Buckeye, NM at 330 FNL & 2310 FWL 6-18s-35e NMPM
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submission Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (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 New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please discard the November and February applications. This replaces those applications.

Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT D



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

Stamp: MAR 18 2015 87552

Sent To: CONOCO-PHILLIPS
Street, Apt. No., or PO Box No.:
City, State, ZIP+4: FARMINGTON

March 17, 2015

Daniel Pequeno
Chevron USA Inc.
15 Smith Road, Room 2235
Midland TX 79705

Dear Daniel,

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

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Please call me if you have any questions.

Sincerely,

Brian Wood



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

Stamp: MAR 18 2015 87552

Sent To: CHEVRON
Street, Apt. No., or PO Box No.:
City, State, ZIP+4: MIDLAND

2012 1010 0000 4650 6830

2012 1010 0000 4650 6830

March 17, 2015

Occidental Permian Ltd.
P. O. Box 4294
Houston TX 77210

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

Apache Corporation is applying for NSL approval for its Warn State AC 2 #27 oil well. The well is too far north and east of the drilling windows (see attached application). Thus, it is a nonstandard location.

Well Name: Warn State AC 2 #27 ID: 10,700'
Proposed NSL Zones: Vacuum; Abo reef, Vacuum; Wolfcamp, & Vacuum; Upper Penn
NSL Dedication: Abo: Lot 3 (= 40 acres), Wolfcamp & Upper Penn: Lots 3 & 4 (= 77.43 acres)
Section 6, T. 18 S., R. 35 E., Lea County, NM on NMSLO lease B0-1113-0001
Location: 1 air miles southeast of Buckeye, NM at 330 FNL & 2310 FWL 6-18s-35e NMPM
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (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 New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please discard the November and February applications. This replaces those applications.

Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT D



Postage	\$ MAR 18 2015
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	87552/10
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.61

Sent To OCCIDENTAL - PERMIAN
Street, Apt. No., or PO Box No.
City, State, ZIP+4 HOUSTON

March 17, 2015

Marathon Oil Co.
P. O. Box 2069
Houston TX 77252-2069

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Postage	\$ MAR 18 2015
Certified Fee	
Return Receipt Fee (Endorsement Required)	
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Total Postage & Fees	\$

Sent To MARATHON OIL
Street, Apt. No., or PO Box No.
City, State, ZIP+4 HOUSTON

2012 1010 0000 0101 2102

4599 0594 0000 0101 2102



Daniel Pequeno, CPL/ESA
Senior Land Representative

North America Exploration
and Production Company
15 Smith Road, RM-2235
Midland, Texas 79705
Tel 432 687 7461
Fax 432 687 7871
peqd@chevron.com

May 4, 2015

David Catanach, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**RE: FINAL NOTICE OF CHEVRON'S OBJECTION TO ADMINISTRATIVE APPROVAL
OF APACHE CORPORATION WARN STATE AC 2 #27 (API #30-025-42055) SHL: 330'
FNL & 2,310' FWL - BHL: 330' FNL & 2,226' FWL OF SECTION 6, T-18-S, R-35-E,
LEA COUNTY, NEW MEXICO**

Dear Mr. Catanach,

Chevron U.S.A. Inc. ("Chevron") and Apache Corporation's ("Apache") have reached an agreement for the Warn State AC 2 #27 Non-Standard Location Applications and Permits filed with the New Mexico Oil Conservation Division. Apache has agreed to plug the Penn Formation and set bridge plugs; withdraw the NSL for the Wolfcamp Formation; to recompleat in the Abo Formation and produce from the Abo Formation only; and submit a Sundry limiting the production for the well to the Abo Formation.

As a result of Apache's agreement as listed above, Chevron hereby withdraws its objection for the Warn State AC 2 #27.

If you have any technical questions, you may contact Mr. Scott Ingram at (432) 687-7212 or the undersigned for any land related question at (432) 687-7461.

Very truly yours,

A handwritten signature in black ink, appearing to be "Daniel Pequeno", written over a horizontal line. The signature is stylized with a large loop and a long horizontal stroke extending to the right.

Daniel Pequeno



Daniel Pequeno, CPL/ESA
Senior Land Representative

North America Exploration
and Production Company
15 Smith Road, RM-2235
Midland, Texas 79705
Tel 432 687 7461
Fax 432 687 7871
peqd@chevron.com

March 25, 2015

David Catanach, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**RE: THIRD NOTICE OF CHEVRON'S OBJECTION TO ADMINISTRATIVE APPROVAL
OF APACHE CORPORATION WARN STATE AC 2 #27 (API #30-025-42055) SHL: 330'
FNL & 2,310' FWL - BHL: 330" FNL & 2,226" FWL OF SECTION 6, T-18-S, R-35-E,
LEA COUNTY, NEW MEXICO**

Dear Mr. Catanach,

Chevron U.S.A. Inc. ("Chevron") has again reviewed Apache Corporation's ("Apache") - Warn State AC 2 #27 NSL Application dated March 17, 2015 and hereby objects to the proposed NSL Application. Chevron filed two (2) prior objections to Apache's Application on December 15, 2014 and March 11, 2015. We find it interesting how some details keep changing on the latest Application, but more interesting is the fact that **Apache has already drilled the well**. According to the filings that have been made with the New Mexico Oil Conservation Division, the Warn State AC 2 #27 spudded in December 16, 2014, reached TD on January 8, 2015 and was completed on March 4, 2015, all without the benefit of an approved NSL Permit.

As we have stated in our prior objections, we suspect that a completion in any of the three reservoirs referenced in the NSL Application would result in reserve drainage from Chevron's New Mexico State "R" (NCT-1) lease in the NE/4 of said Section 6.

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Daniel Pequeno, CPL/ESA
Senior Land Representative

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and Production Company
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Midland, Texas 79705
Tel 432 687 7461
Fax 432 687 7871
peqd@chevron.com

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2015 MAY -8 P 3: 10

May 4, 2015

David Catanach, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

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