

DATE: 5/28/03	SUSPENSE: NA	ENGINEER: MS	LOGGED IN: KN	TYPE: NSL	APP NO: PKRVO.313329766
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ABOVE THIS LINE FOR DIVISION USE ONLY

Southland Royalty "A" #16

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

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

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

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Oil Conservation Division

[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.

James Bruce

Print or Type Name

Signature

Attorney for Applicant

Title

jamesbruc@aol.com

e-mail Address

Date

5/28/03

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)
(505) 982-2151 (FAX)

jamesbruc@aol.com

May 28, 2003

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Revised application
Administrative application reference no. pKRV0-313329766

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Apache Corporation applies for administrative approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Southland Royalty A Well No. 16
<u>Location:</u>	1210 feet FNL & 1470 feet FEL
<u>Well Unit:</u>	NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico

The well will be drilled to test the Blinebry formation (Blinebry Oil & Gas Pool), Tubb formation (Tubb Oil & Gas Pool), and Drinkard formation (Drinkard Pool). The Blinebry Oil & Gas Pool and Tubb Oil & Gas Pool are prorated pools, and the special rules of each pool provide for (1) oil well units of 40 acres, (2) gas well units of 160 acres, and (3) a well unit may not be simultaneously dedicated to an oil well and a gas well. The Drinkard Pool is spaced on statewide rules.

The NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9 will be **simultaneously dedicated** to the proposed well and to the Southland Royalty A Well No. 2, and applicant requests approval of the simultaneous dedication.

The application is based on geologic and engineering reasons. A complete discussion, with appropriate exhibits, is attached as Exhibit A. Existing wells in the NE $\frac{1}{4}$ of Section 9 are located in the approximate center of each quarter-quarter section. The reservoirs in the three pools are compartmentalized, and applicant believes that drilling the infill wells will recover reserves which

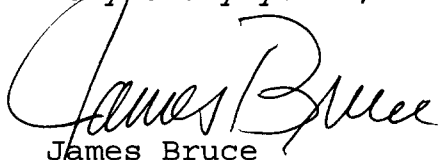
will not be recovered by existing wells. This theory has been tested in applicant's Northeast Drinkard Unit, located to the east of the proposed well. In addition, applicant desires to complete in all three zones to enhance project economics.

Attached as Exhibit B is a listing of the Blinebry/Tubb/Drinkard wells in the NE¼ of Section 9 offsetting the proposed well. It shows that the existing wells are oil wells (the Southland Royalty A Well No. 1 is listed as a gas well, but that is only due to downhole commingling with the Wantz-Abo Pool, which produces no oil). Thus, the infill well will not violate the special pool rules for the Blinebry Oil & Gas Pool and Tubb Oil & Gas Pool.

Attached as Exhibit C is a land plat, highlighting the proposed well's location. The NE¼ of Section 9 (and other acreage) is covered by a single fee lease, which has **common royalty, overriding royalty, and working interest ownership**. Therefore, there are no offset interest owners or adversely affected parties to notify of this application.

Please call me if you need any further information on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Apache Corporation

NOTE: A complete set of full-sized geological plats is also enclosed.