

ABOVE THIS LINE FOR DIVISION USE ONLY. 3683

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 _____

2006 MAR 31 PM 1 08

[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.

Elaine Linton
 Print or Type Name

Elaine Linton
 Signature

Engineering Technician
 Title

3/29/2006
 Date

Elaine.linton@apachecorp.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

DAC-3683

Apache Corporation 6120 South Yale, Suite 1500, Tulsa, OK 74136-4224
Operator Address

New Mexico S State 46 D, Sec 2, T 22S, R 37E
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 00873 Property Code 34816 API No. 30-025-37603 Lease Type: Federal State
Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penrose Skelly; Grayburg		Eunice; San Andres, South
Pool Code	50350		24170
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3690 - 3790' perforated		3900 - 4092' perforated
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Na		Na
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.9° API		33.6° API
Producing, Shut-In or New Zone	Producing		SI
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 02/25/2006 Rates: 12BO/70MCF/135BW	Date: Rates:	Date: 03/23/2006 Rates: 51BO/138MCF/81BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 19 % Gas 34 %	Oil % Gas %	Oil 81 % Gas 66 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Elaine Linton* TITLE Engineering Technician DATE March 29, 2006

TYPE OR PRINT NAME Elaine Linton TELEPHONE NO. (918) 491.5362

E-MAIL ADDRESS elaine.linton@apachecorp.com



March 29, 2006

New Mexico Oil Conservation Division
Attn: William Jones
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: *Downhole Commingle the Apache Corporation
New Mexico S State No. 46 Well
Section 2, T 22S, R 37E
Lea County, New Mexico*

2006 MAR 31 PM 1 08

Apache Corporation as Operator of the referenced well respectfully requests administrative approval for downhole commingling and measurement of production.

Apache Corporation proposes to commingle the *Penrose Skelly; Grayburg and Eunice; San Andres, South* pools. All interests are identical in both pools and commingling will not reduce the value of the individual pools.

Apache Corporation drilled the New Mexico S State No. 46 well in January 2006 and perforated the *San Andres* and *Grayburg* formations. The *San Andres* tested at 12 BOPD & 70 MCFD and the *Grayburg* tested at 51 BOPD & 138 MCFD. Based on this information, Apache Corporation files the enclosed C-107A so that we can commingle both pools. The "Morning Test Report" in lieu of one year production curve is enclosed for your consideration. Production allocation will be based on individual tests of both pools. Also enclosed is the "Allocation Based on Individual Tests" providing the allocation percentages to each pool.

Apache Corporation has made notification of the proposed commingling to the State Land Office by copy of this letter with Form C-107A and attachments.

Should you require any additional information concerning this application, please do not hesitate to contact me or Clint Mills 918.491.4970.

Regards,



Elaine Linton
Engineering Technician
918.491.5362

cc:

New Mexico State Land Office
Attn: Amy Atchley
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

New Mexico Oil Conservation Division
Attn: Donna Mull
1625 N. French Drive
Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 88240

DISTRICT II

1201 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37603	Pool Code 50350	Pool Name Penrose Skelly; Grayburg
Property Code 34816	Property Name NEW MEXICO STATE S	Well Number 46
OGRID No. 00873	Operator Name APACHE CORPORATION	Elevation 3373'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	22-S	37-E		330	NORTH	990	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

	LOT 3	LOT 2	LOT 1	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Elaine Linton</i> Signature</p> <p>Elaine Linton Printed Name</p> <p>Engineering Tech. Title</p> <p>3/29/2006 Date</p> <p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>OCTOBER 5, 2005</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald G. Edson</i> Professional Surveyor</p> <p>05.11.1559</p> <p>Certificate No. RONALD G. EDSON 3239</p>
39.78 AC	39.76 AC	39.76 AC	39.74 AC	
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=521149.5 N X=868632.4 E</p> <p>LAT.=32°25'37.51" N LONG.=103°08'19.11" W</p>				

State of New Mexico

Energy, Minerals and Natural Resources Department

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Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37603		Pool Code 24170	Pool Name Eunice; San Andres, South
Property Code 34816	Property Name NEW MEXICO STATE S		Well Number 46
OGRID No. 00873	Operator Name APACHE CORPORATION		Elevation 3373'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	22-S	37-E		330	NORTH	990	WEST	LEA

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

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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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

LOT 4	LOT 3	LOT 2	LOT 1
39.78 AC	39.76 AC	39.76 AC	39.74 AC
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=521149.5 N X=868632.4 E</p> <p>LAT.=32°25'37.51" N LONG.=103°08'19.11" W</p>			
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Elaine Linton</i> Signature</p> <p>Elaine Linton Printed Name</p> <p>Engineering Tech. Title</p> <p>3/29/2006 Date</p>			
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 5, 2005 Date Surveyed</p> <p>LA</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Edson</i> 10/13/05</p> <p>05.11.1559</p> <p>Certificate No. RONALD J. EDSON 3239</p>			

NEW MEXICO STATE S #46
Allocation Based on Individual Tests

	<u>Test Date</u>	<u>BO</u>	<u>%</u>	<u>MCF</u>	<u>%</u>	<u>BW</u>	<u>%</u>	<u>GOR</u>
Grayburg	2/25/2006	12	19	70	34	135	63	5,833
San Andres	3/23/2006	51	81	138	66	81	38	2,706
		63	100	208	100	216	100	3,302

Attachment C-107A
New Mexico S State No. 46
Offset Operators

Chesapeake Operating, Inc.
P.O. Box 11050
Midland, TX 79702-8050

Chevron USA Inc.
15 Smith Road
Midland, TX 79705

Oxy USA Inc.
P.O. Box 50205
Midland, TX 79710-0250

Targa Midstream Services
1000 Louisiana, Suite 5800
Houston, TX 77002



March 29, 2006

Chesapeake Operating, Inc.
P.O. Box 11050
Midland, TX 79702-8050

Re: *Downhole Commingle the Apache Corporation
New Mexico S State No. 46 Well
Section 2, T 22S, R 37E
Lea County, New Mexico*

Apache Corporation has submitted an application to Downhole Commingle (C-107A) production for the referenced well. Apache Corporation intends to commingle production from the *Penrose Skelly; Grayburg and Eunice; San Andres, South* pools. As required by the Oil Conservation Division (OCD), attached to this letter is a copy of the application submitted to the OCD for notification.

If you have any questions, please do not hesitate to contact me.

Regards,

A handwritten signature in cursive script that reads "Elaine Linton".

Elaine Linton
Engineering Technician
918.491.5362



March 29 , 2006

Chevron USA Inc.
15 Smith Road
Midland, TX 79705

Re: *Downhole Commingle the Apache Corporation
New Mexico S State No. 46 Well
Section 2, T 22S, R 37E
Lea County, New Mexico*

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Elaine Linton
Engineering Technician
918.491.5362



March 29, 2006

Oxy USA Inc.
P.O. Box 50205
Midland, TX 79710-0250

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Section 2, T 22S, R 37E
Lea County, New Mexico*

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Engineering Technician
918.491.5362



March 29, 2006

Targa Midstream Services
1000 Louisiana, Suite 5800
Houston, TX 77002

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