NSL -7785

Revised March 23, 2017

1/02	160 1564 (Viaidi 25. 201)
RECEIVED: 11/9/18 REVIEWER: LRL TYPE: NSI	L PLEL 1831749942
NEW MEXICO OIL CONSERVAT  - Geological & Engineering to the state of t	rion division Bureau –
ADMINISTRATIVE APPLICATIO	
THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS WHICH REQUIRE PROCESSING AT THE DI	
Applicant: Apache Corporation	OGRID Number: 873
Vell Name: Palmillo 14-15 State No. 302H	API: 30-015-45341
Palmillo; Bone Spring, SW	Pool Code: 96413
SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED INDICATED BELOW	
1) TYPE OF APPLICATION: Check those which apply for [A] A. Location – Spacing Unit – Simultaneous Dedication  INSL NSP (PROJECT AREA) NSP	(PRORATION UNIT) SD
B. Check one only for [1] or [1]  [1] Commingling – Storage – Measurement  DHC   CTB   PLC   PC   OL  [11] Injection – Disposal – Pressure Increase – Enhar  WFX   PMX   SWD   IPI   EO  2) NOTIFICATION REQUIRED TO: Check those which apply.  A. Offset operators or lease holders  B. Royalty, overriding royalty owners, revenue own  C. Application requires published notice  D. Notification and/or concurrent approval by SLC	PPR  FOR OCD ONLY  Notice Complete  Application Content Complete
<ul> <li>E. Notification and/or concurrent approval by BLM</li> <li>F. Surface owner</li> <li>G. For all of the above, proof of notification or pub</li> <li>H. No notice required</li> </ul>	
3) CERTIFICATION: I hereby certify that the information sub- administrative approval is accurate and complete to the understand that no action will be taken on this applicat notifications are submitted to the Division.	e best of my knowledge. I also
Note: Statement must be completed by an individual with n	nanageriai and/or supervisory capacity.
Control Plant Committee Control	11/8/2018 Date
Sorina Flores, Supervisor of Drilling Services	
Print or Type Name	(432) 818-1167 Phone Number
Su Title	Sorina.Flores@apachecorp.com
Signature	e-mail Address

#### November 8, 2018

New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, New Mexico 87505

Attention:

Ms. Heather Riley

**Division Director** 

Re:

Application for Unorthodox Well Location

Palmillo 14-15 State Well No. 302H

API No. (30-015-45341)

Surface Location: 1775' FSL & 300' FWL (Unit L) Section 15 Bottomhole Location: 1370' FSL & 50' FEL (Unit I) Section 14

FTP: 1370' FSL & 100' FWL (Unit L) Section 15 LTP: 1370' FSL & 100' FEL (Unit I) Section 14 All in Township19 South, Range 28 East, NMPM,

Eddy County, New Mexico

Dear Ms. Riley:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Palmillo 14-15 State Well No. 302H. This well will be drilled as a horizontal development oil well in the Southwest Palmillo-Bone Spring Pool (96413) at the unorthodox oil well location described above.

The proposed Palmillo 14-15 State No. 302H will be dedicated to a standard 320-acre horizontal spacing unit comprising the N/2 S/2 of Section 15 and the N/2 S/2 of Section 14, both in Township 19 South, Range 28 East, NMPM, in the Southwest Palmillo-Bone Spring Pool.

The proposed 320-acre horizontal spacing unit overlaps two existing 160-acre horizontal spacing units in the Southwest Palmillo-Bone Spring Pool comprising: i) the N/2 S/2 of Section 15, currently dedicated to the proposed Palmillo 14-15 State No. 206H; and ii) the N/2 S/2 of Section 14, currently dedicated to the existing Palmillo 14 State Well No. 1H, both units currently operated by Apache Corporation.

The Southwest Palmillo-Bone Spring Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units.

Pursuant to Division Rule 19.15.16.15, the completed interval of a horizontal well is required to be a minimum of 330 feet from the outer boundary of the horizontal

spacing unit measured along a line perpendicular to the completed interval, and the first and last take points of the well are required to be no closer than 100 feet to any outer boundary of the spacing unit.

### The affected offset tracts are:

- 1) the S/2 S/2 of Section 15. This tract is an existing 160-acre horizontal spacing unit in the Southwest Palmillo-Bone Spring Pool currently dedicated to the Apache Corporation Palmillo 14-15 State No. 205H. Working interest owners in this tract in the Bone Spring formation include Apache Corporation, ZPZ Delaware 1, LLC, (a wholly owned subsidiary of Apache Corporation) and Marathon Oil Permian, LLC.
- 2) the S/2 S/2 of Section 14. This tract is an existing horizontal spacing unit in the Southwest Palmillo-Bone Spring Pool currently dedicated to the existing Apache Corporation Palmillo 14-15 State Well No. 2H and Palmillo 14-15 State Well No. 301H. Working interest owners in this tract in the Bone Spring formation include Apache Corporation, ZPZ Delaware 1, LLC and Penroc Oil Corporation.

Notice of this application is being provided to Marathon Oil Permian, LLC and Penroc Oil Corporation.

The proposed unorthodox well location is necessary to allow Apache Corporation to drill wells at optimum locations in order to effectively and efficiently produce the oil and gas reserves underlying the N/2 S/2 of Sections 14 and 15, thereby preventing waste.

Attached is an approved Form C-101, a C-102 showing the proposed well and proposed spacing unit, and a plat showing the affected offset tracts and wells.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Southwest Palmillo-Bone Spring Pool underlying the N/2 S/2 of Sections 14 and 15 that may otherwise not be recovered by the existing or proposed producing wells, thereby preventing waste.

If you should have any questions, please call me at (432) 818-1167.

Sorina Flores

Sincerel

Supervisor of Drilling Services Apache Corporation

303 Veterans Airpark Lane

Suite 1000 Midland, Texas 79705

Xc: OCD-Artesia

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 Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170 **District (V** 

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(50\$) 476-3470 Fax:(505) 476-3462 State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe. NM 87505

Form C-101 Revised July 18, 2013

Permit 258685

APPLICATION FOR PERMIT TO DRILL	REJENTER DEEPEN DI LIGRACK	OR ADD A ZONE

741		1 2000,1014 0117 000 7120112
Operator Name and Address		2. OGRID Number
APACHE CORPORATION	1	873
303 Veterans Airpark Ln		3. API Number
Midland, TX 79705		30-015-45341
4. Property Code	5. Property Name	6. Well No.
317303	PALMILLO 14 15 STATE	302H

7. Surface Location

UL - Lot	Section		Township	Range	Lot idn	Feet From	N/S Line	Feet From	E/W Line	County
L_L		15	198	28E	L	1775	S	300	W	Eddy

8. Proposed Bottom Hole Location

						***************************************					
ı	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County	ĺ
١	1	14	198	28E	ı	1370	S	50	E i	Eddy	ĺ

#### 9. Pool Information

_			 	 
1	PALMILLO; BONE SPRING,	SOUTHWWEST		96413

**Additional Well Information** 

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3474
16. Multiple N	17. Proposed Depth 18573	18. Formation 3rd Bone Spring Sand	19. Contractor	20. Spud Date 2/1/2019
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

#### X We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	300	225	0
Int1	12.25	9.625	36	3500	725	0
Prod	8.5	5.5	17	18573	1825	8760
Prod	8.75	5.5	17	8760	665	3000

Casing/Cement Program: Additional Comments

The Palmillo 14-15 State 302H & 303H will be batch drilled. Surface will be preset (procedure attached). Interm will be drilled & casing will be ran on the 302H. A T/A cap will be installed on 302H. Rig will move over to 303H and drill whole well. A T/A cap will be installed on 303H. Rig will move back to 302H to finish drig prod sect. Tbg heads will be installed when rig moves off.

22. Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	
Double Ram	3000	3000	

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.  I further certify I have complied with 19.15.14.9 (A) NMAC X and/or 19.15.14.9 (B) NMAC X, if applicable.  Signature:  Printed Name: Electronically filed by Sorina Flores			OIL CONSERVATION DIVISION				
Printed Name:	Electronically file	d by Sorina Flores	Approved By:	Raymond Poda	any		
Title:	Supv of Drilling S	ervices	Title:	Geologist	14 ° ;		
Email Address: sorina.flores@apachecorp.com			Approved Date:	10/18/2018	Expiration Date: 10/18/2020		
Date:	ate: 10/16/2018 Phone: 432-818-1167			Conditions of Approval Attached			

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, NM 87505

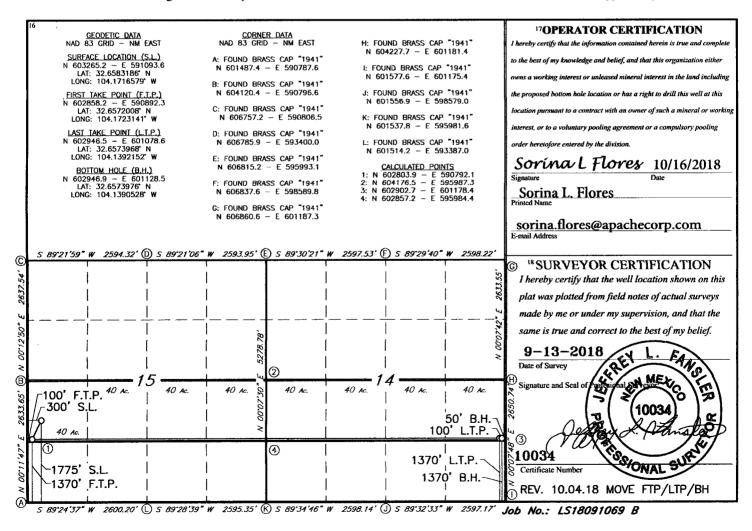
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

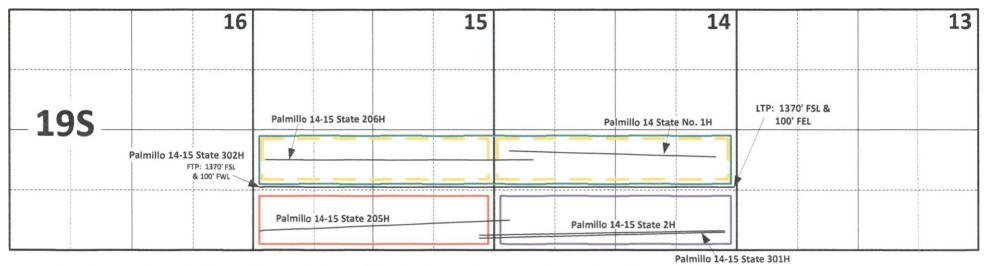
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-			0641	<sup>2</sup> Pool Code	PALMILLO; BONESPRING, SW					
			9641	3		<del></del>	Lorand, 5	VV	-	
<sup>4</sup> Property Cod	le			DATE	5 Propert	•				Well Number
317303				PALM	ILLO 14-	15 STATE				302H
7 OGRID N				8 Operate				9 Elevation		
873				AP	ACHE CO	RPORATION			3474'	
			, ,		10 Surfac	e Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West	t line	County
L	15	<b>19</b> S	28E		1775	SOUTH	300	WES	T	EDDY
			11 <b>I</b>	Bottom F	Iole Locati	on If Different Fro	om Surface			
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/Wes	t line	County
ı	14	19S	28E		1370	SOUTH	50	EAS'	T	EDDY
12 Dedicated Acres	13 Joint	or Infill 14	Consolidation	Code 15	Order No.					
320		ŀ								

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



# 28E



Existing 160-acre Horizontal Spacing Unit: Operator: Apache Corporation Proposed 320-acre Horizontal Spacing Unit: Operator: Apache Corporation

Affected Offset Tract 1: Operator: Apache Corporation
WI Owners: ZPZ Delaware 1 LLC, Apache Corporation, Marathon Oil Company

Affected Offset Tract 2: Operator: Apache Corporation

WI Owners: ZPZ Delaware 1 LLC, Apache Corporation, Penroc Oil Corporation

Apache Corporation
Application for Unorthodox Well Location
Palmillo 14-15 State No. 302H
Affected Offset Tracts

#### November 8, 2018

# <u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO: Marathon Oil Permian, LLC

5555 San Felipe St.

Houston, Texas 77056

Penroc Oil Corporation

P.O. Box 2769

Hobbs, New Mexico 88241-2769

Re: Application for Unorthodox Well Location

Palmillo 14-15 State Well No. 302H

API No. (30-015-45341)

Surface Location: 1775' FSL & 300' FWL (Unit L) Section 15 Bottomhole Location: 1370' FSL & 50' FEL (Unit I) Section 14

FTP: 1370' FSL & 100' FWL (Unit L) Section 15 LTP: 1370' FSL & 100' FEL (Unit I) Section 14 All in Township19 South, Range 28 East, NMPM,

Eddy County, New Mexico

#### Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for authorization to drill it's Palmillo 14-15 State Well No. 302H at an unorthodox oil well location in the Southwest Palmillo-Bone Spring Pool described above. The well will be dedicated to a standard 320-acre horizontal spacing unit in the Southwest Palmillo-Bone Spring Pool comprising the N/2 S/2 of Section 14, and the N/2 S/2 of Section 15, both in Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (432) 818-1167.

Sincerely

Sorina Flores.

Supervisor of Drilling Services

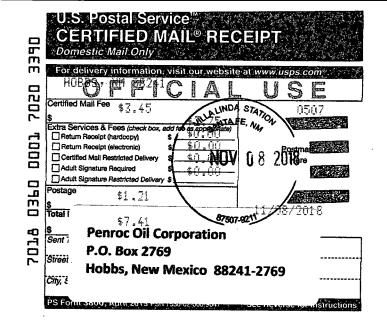
**Apache Corporation** 

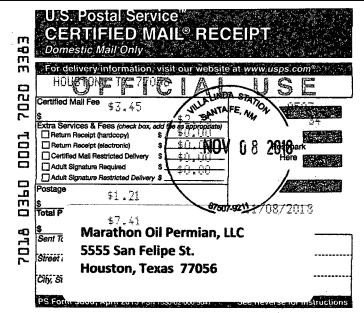
303 Veterans Airpark Lane

**Suite 1000** 

Midland, Texas 79705

**Enclosure** 





# Lowe, Leonard, EMNRD

From:

Lowe, Leonard, EMNRD

Sent:

Friday, December 7, 2018 8:34 AM

To:

'Sorina.Flores@apachecorp.com'

Cc:

Mike Bratcher (mike bratcher@state.nm.us); Cordero, Gilbert, EMNRD;

'lisa@rwbyram.com'; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan,

Michael, EMNRD; Dawson, Scott, EMNRD; Martin, Ed; Holm, Anchor E.

**Subject:** 

NSL-7785\_Apache Corporation\_Palmillo 14 15 State Well No. 302H API No:

30-015-45341

Importance:

High

# Ms. Sorina Flores,

The following administrative order has been issued and will soon be available on the Division's web site: <a href="http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx">http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx</a>

# **NSL-7785**

**Apache Corporation** 

API #: 30-015-45341

WELL: Palmillo 14 15 State Well No. 302H

# **Leonard Lowe**

**Engineering Bureau** 

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492 Cell: 505-930-6717 Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/