10/4/07

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
~~10/9/07~~		D. Brooks	10/9/07	NSL	pTDS0728253476

ABOVE THIS LINE FOR DIVISION USE ONLY

Apache Corporation
Burger B 17 # 1
5723

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 _____

[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.

Print or Type Name	Signature	Title	Date

e-mail Address

Application of Apache Corporation
for administrative approval of an unorthodox well location

RECEIVED
2007 OCT 9 PM 2 22

40 acres – 1400' FSL & 980' FEL
Section 17, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico

PRIMARY OBJECTIVES: Blinebry, Tubb, and Drinkard

In support:

1. Apache Corporation (Apache) is the operator of the proposed **Burger B17 #1** well (**Exhibit 1**).
2. Pool rules that apply to the proposed location are the Nadine; Paddock-Blinebry, West, the Nadine; Tubb, West and the Skaggs; Drinkard. The proposed unorthodox location encroaches only on spacing unit 17P to the south which currently has no existing wells, but is permitted for an Apache operated Burger B17 #2 well (**Exhibit 2**). All the wells displayed in **Exhibit 2** penetrate at least part of the Blinebry, Tubb, and Drinkard (B-T-D) interval. B-T-D production only exists in offset Units 17G, 17J and 17O. The proposed well does not encroach on any of these wells. The production values displayed on **Exhibit 2** represent cumulative commingled Blinebry, Tubb, and Drinkard.

API					Cum thru 5/2007	Daily
30025	Op.	Well	Loc	Pool	O/G/W	O/G/W
36299	Occidental	Fred Turner #04	J-17	Nadine, West Paddock-Blinebry Pool	36/103/23	8/42/24
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MBO BOPD
MMCFG MCFGPD
MBW BWPD

3. The proposed **Burger B17 #1** location is necessitated by surface obstructions (a playa which served as a roosting area for many migratory birds) and should cause no damage to the reservoir.

a. Geology

The Blinebry, Tubb, and Drinkard Formations are members of the Yeso Group, Permian Leonardian in age. All three formations are shallow marine carbonates, consisting primarily of dolomite. The Tubb has appreciable clastic content and the Drinkard can become limey toward its base. Anhydrite can occur throughout the interval. Pay zones are thin, erratically distributed, and separated by thick impermeable intervals. Porosity and permeability are low. Wells are not generally capable of draining a full 40 Acre spacing unit.

Apache routinely fracture stimulates perforations in each of the three formations then produces them commingled and allocates production based upon well tests. At this stage in the history of all three pools, economics do not generally permit development of individual reservoirs. Thus, pay from all three reservoirs must be considered for well proposals. A combined Blinebry, Tubb, Drinkard hydrocarbon pore volume (SoPhiH) map is, therefore, presented (**Exhibit 3)**.

The reservoir was analyzed using **Exhibit 3**. SoPhiH is the product of feet of net pay (H) times average porosity (PhiA) times oil saturation (So). The values were obtained as follows:

1. Net Pay was read from modern neutron-density logs which have contractor calculated cross-plotted porosity (XPhi) using a minimum of 5% and a maximum of 20%. Additionally, gamma ray (40 APIU in the Blinebry and Drinkard and 50 APIU in the Tubb) and water saturation (10% - 50%, using a standard equation with a=1 and m=n=2) cutoffs were also employed.
2. Average Porosity was calculated for intervals meeting those criteria.
3. Oil Saturation is the additive inverse of water saturation.

This analysis requires modern neutron-density and resistivity logs. Although water saturations can be adequately estimated from offsetting modern wells, many wells had to be excluded from analysis because of the vintage or type of porosity logs. SoPhiH isopach lines were modeled after cumulative production isopach lines where new well control is lacking. This procedure has proved successful for Apache in recent drilling in the area.

b. Drainage

The following table provides drainage areas calculated from the SoPhiH map and reserves of the offsetting wells. SoPhiH values are either from modern logs, or

estimated from the grid. Wells with values determined from modern logs will be in bold.

Op.	Well	Loc	Reservoir	SoPhiH FT	Area A	EUR MBO	EUR MMCFG
Oxy	**Fred Turner #4**	**17J**	**BTD**	**19.1**	**4.2**	**51**	**172**
Oxy	**Fred Turner #5**	**17G**	**BTD**	**9.8**	**14.8**	**93**	**197**
Oxy	**Fred Turner #8**	**17O**	**BTD**	**12.1**	**12.5**	**96**	**354**
Oxy	Fred Turner #11	17J	TD	19	2	23	98
Apache	Burger B17 #2	17P	BTD	15	10	96	501

Reserves for the proposed location are calculated using SoPhiH centered on the proposed location and the direct offset drainage areas. Any competitive drainage is shared between the proposed well and the existing offset wells. The results are as follows:

Op.	Well	Loc	Reservoir	SoPhiH Ft	Area A	EUR MBO	EUR MMCFG
Apache	**Burger B17 #1**	**17I**	**BTD**	**18**	**10**	**116**	**601**

4. Notice

Burger B17 #1 only encroaches toward an Apache operated proration unit 17P with no Blinebry, Tubb, and Drinkard wells. Oxy Permian, Ltd. operates wells to the west, away from which the proposed location is a standard distance. Oxy will, however be notified at:

Oxy Permian, Ltd.
PO Box 50250
Midland, Texas 79710-0250
Attn: James Spradlin

5. Approval of this application will afford the interest owners in these spacing units an opportunity to recover oil and gas which would not otherwise be recovered and to do so without violating correlative rights.

Exhibit 1

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	BURGER B-17	1

OGRID No.	Operator Name	Elevation
	APACHE CORPORATION	3562'

Surface Location

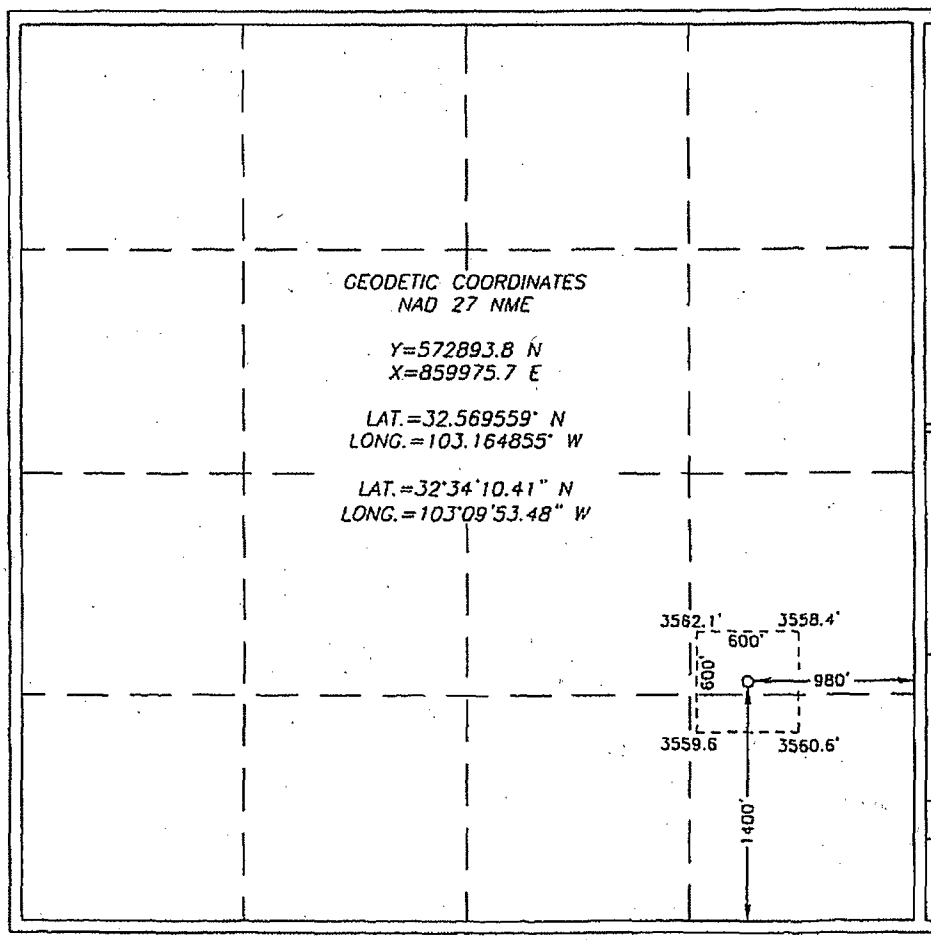
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	17	20-S	38-E		1400	SOUTH	980	EAST	LEA

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.

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



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.

Signature Date

Printed Name

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.

SEPTEMBER 5, 2007

Date Surveyed MJN

Signature & Seal of Professional Surveyor

NEW MEXICO
3239
RONALD J. EIDSON
REGISTERED LAND SURVEYOR

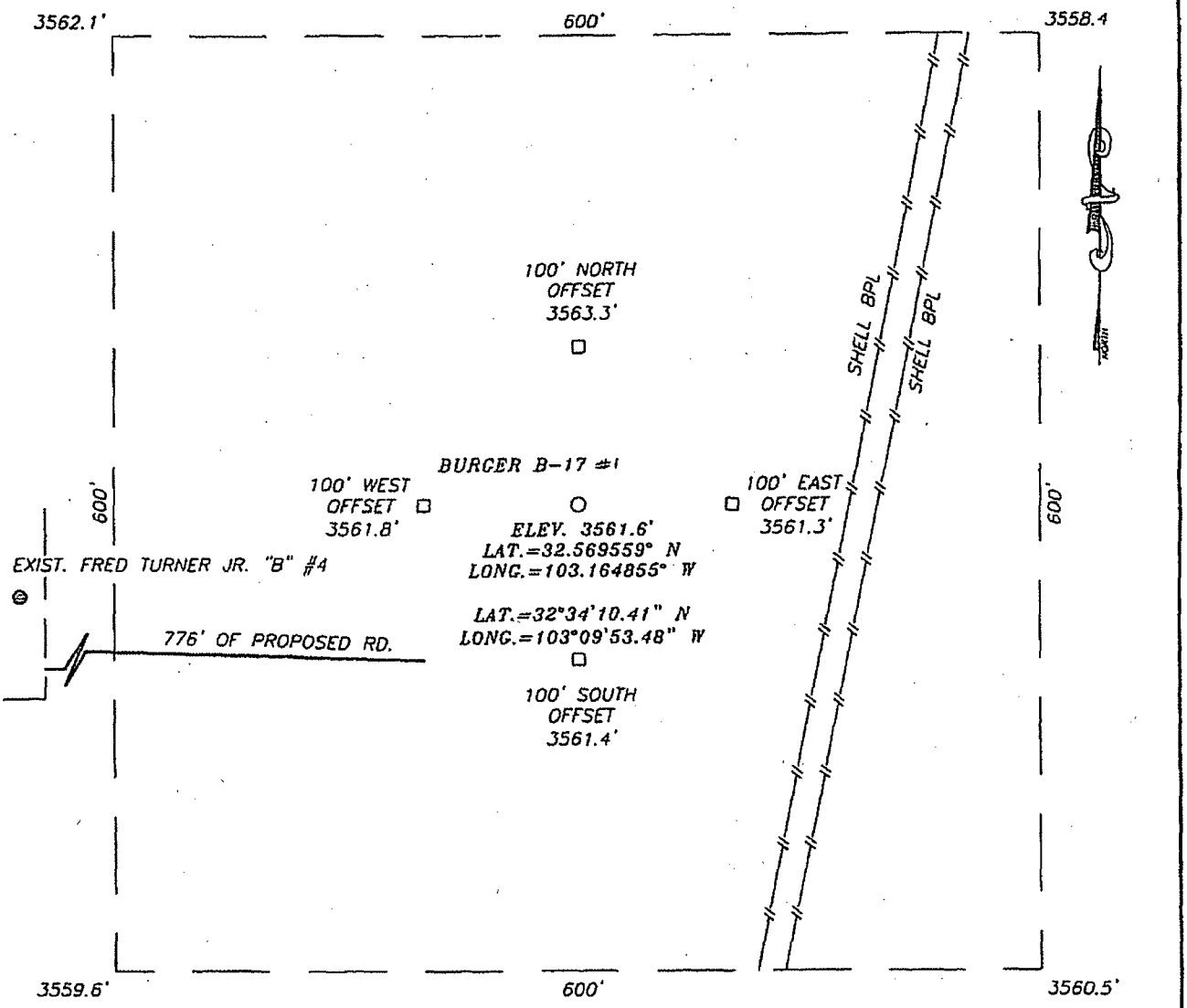
Ronald J. Eidson 9/14/07

97-11-1234

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

SECTION 17, TOWNSHIP 20 SOUTH, RANGE 38 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #18 AND CR. H45 (BILLY WALKER RD.), GO WEST ON CR. H45 2.9 MILES. TURN LEFT AND GO SOUTH APPROX. 0.5 MILES. VEER RIGHT AND GO WEST APPROX. 400 FEET. VEER LEFT AND GO SOUTH APPROX. 0.8 MILES TO A "T" INTERSECTION. TURN LEFT AND GO EAST APPROX. 0.2 MILES. VEER LEFT AND GO NORTHEAST APPROX. 0.1 MILE. VEER RIGHT AND GO EAST APPROX. 0.1 MILE. TURN RIGHT AND GO SOUTH APPROX. 0.4 MILES. TURN LEFT AND GO WEST APPROX. 1500 FEET TO THE EXISTING FRED TURNER JR. "B" #4 WELL PAD AND A BEGIN ROAD SURVEY. FOLLOW ROAD SURVEY EAST APPROX. 875 FEET TO THIS LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

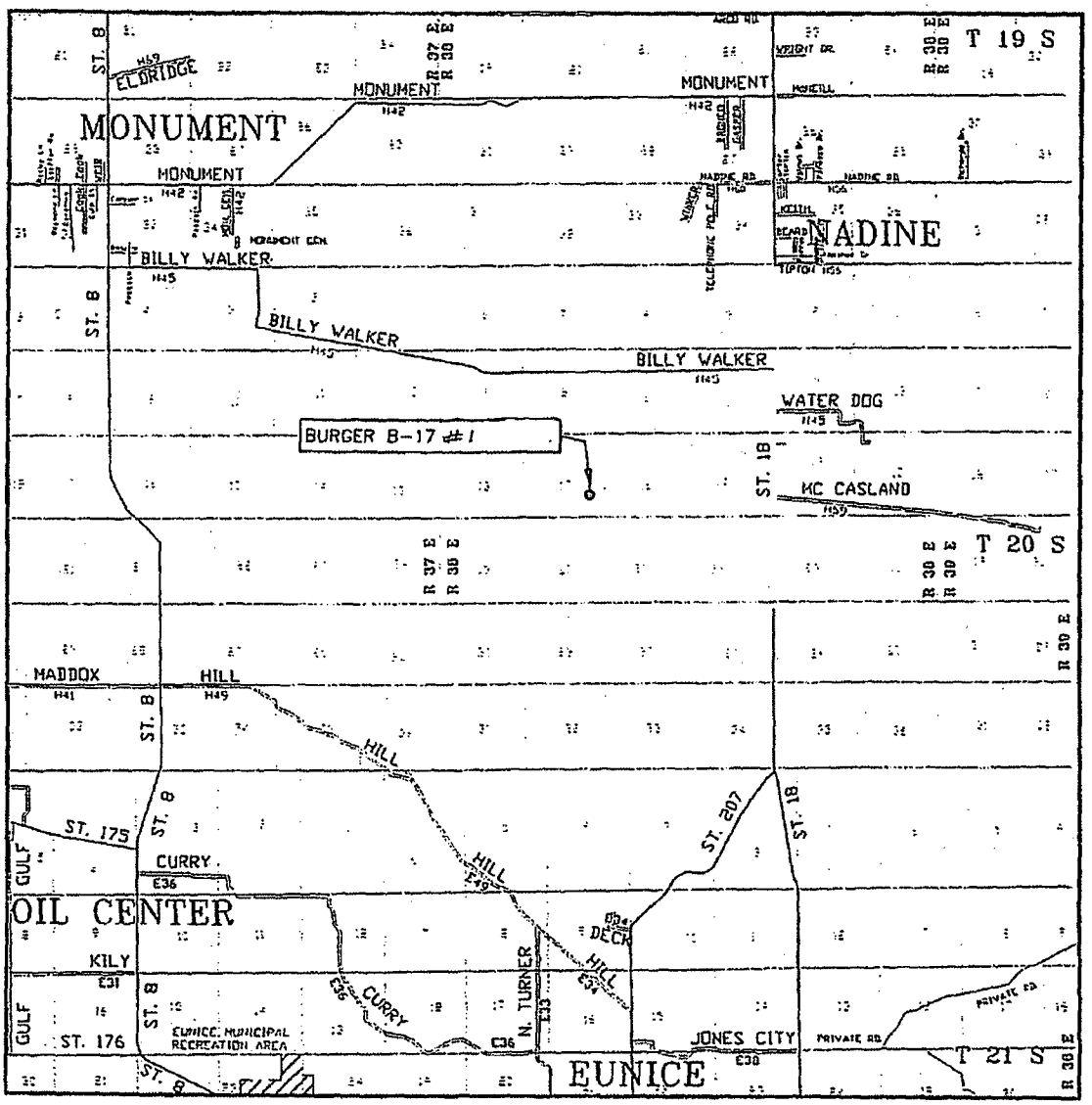
(505) 393-3117

APACHE CORPORATION

BURGER B-17 #1 WELL
LOCATED 1400 FEET FROM THE SOUTH LINE
AND 980 FEET FROM THE EAST LINE OF SECTION 17,
TOWNSHIP 20 SOUTH, RANGE 38 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 09/05/07	Sheet 1 of 1 Sheets		
W.O. Number: 07.11.1234	Dr By: MJN		Rev 1: N/A
Date: 09/13/07	Disk:	07111234	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 17 TWP. 20-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1400' FSL & 980' FEL

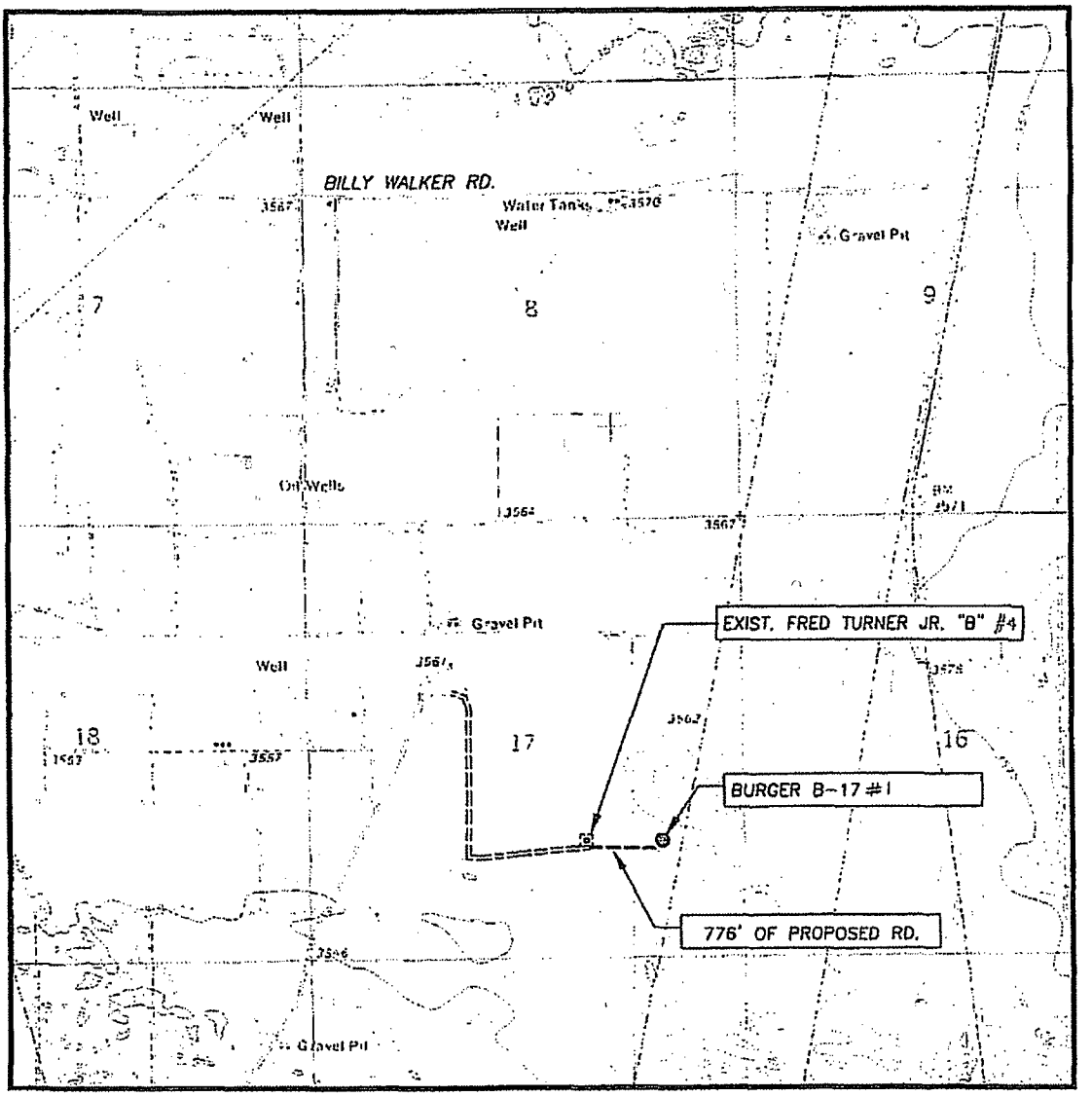
ELEVATION 3562'

OPERATOR APACHE CORPORATION

LEASE BURGER B-17

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SW, N.M. – 5'

SEC. 17 TWP. 20-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1400' FSL & 980' FEL

ELEVATION 3562'

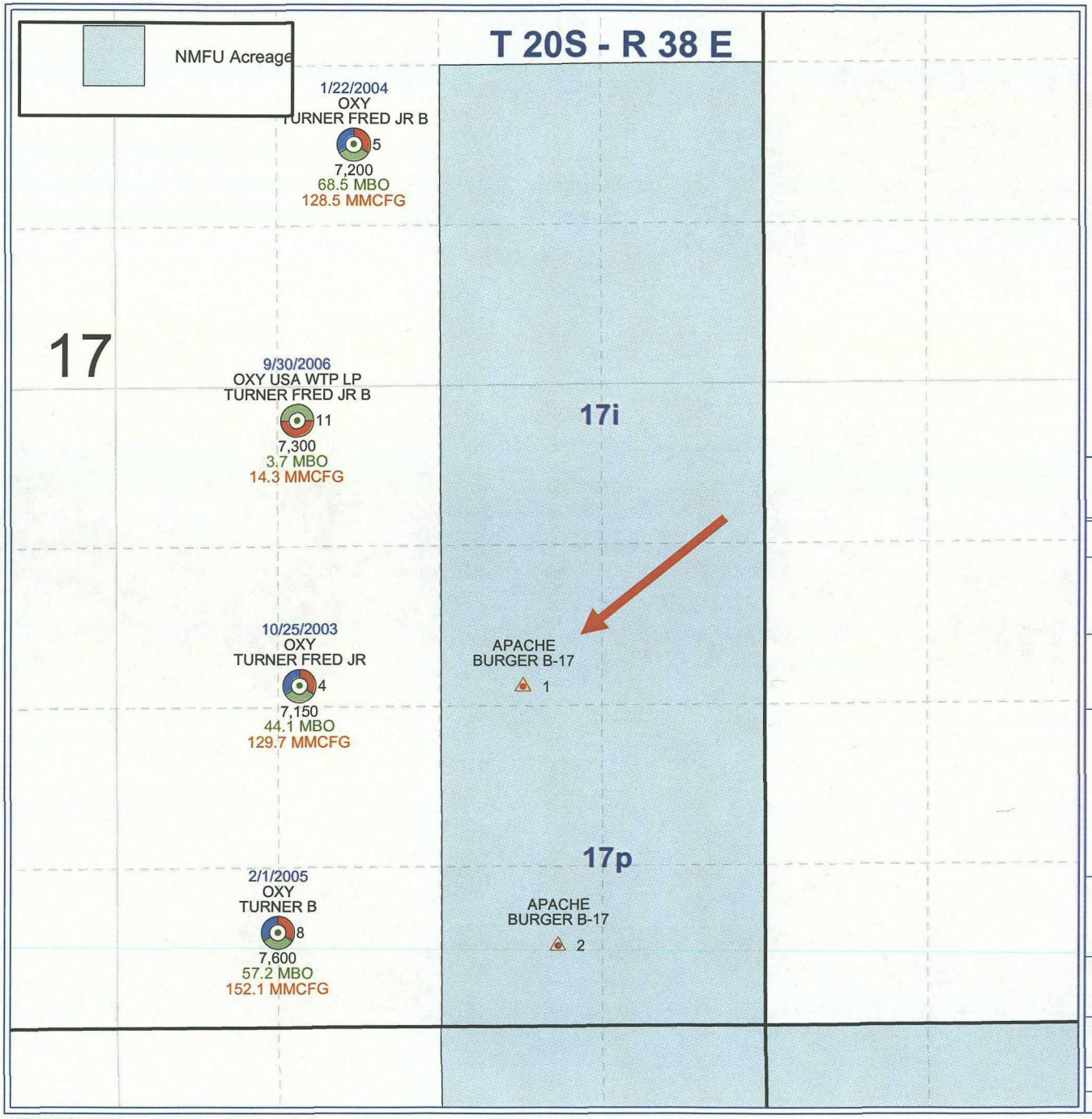
OPERATOR APACHE CORPORATION

LEASE BURGER B-17

U.S.G.S. TOPOGRAPHIC MAP
HOBBS SW, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

Exhibit 2



Apache CORPORATION

Exhibit 2

Burger B17 #1 NSL

BTD Cum Production

North New Mexico Overlay.OVL

0 500 1,000

FEET

POSTED WELL DATA

WELL - COMP_DATE

Operator

Well Name

Well Number

TD

B-T-D - MBO[BRP] (MBO)

B-T-D - MMCFG[BRP] (MMCFG)

ATTRIBUTE MAP

Blinebry Production

Tubb Production

Drinkard Production

WELL SYMBOLS

Oil Well

Proposed Drilling Location

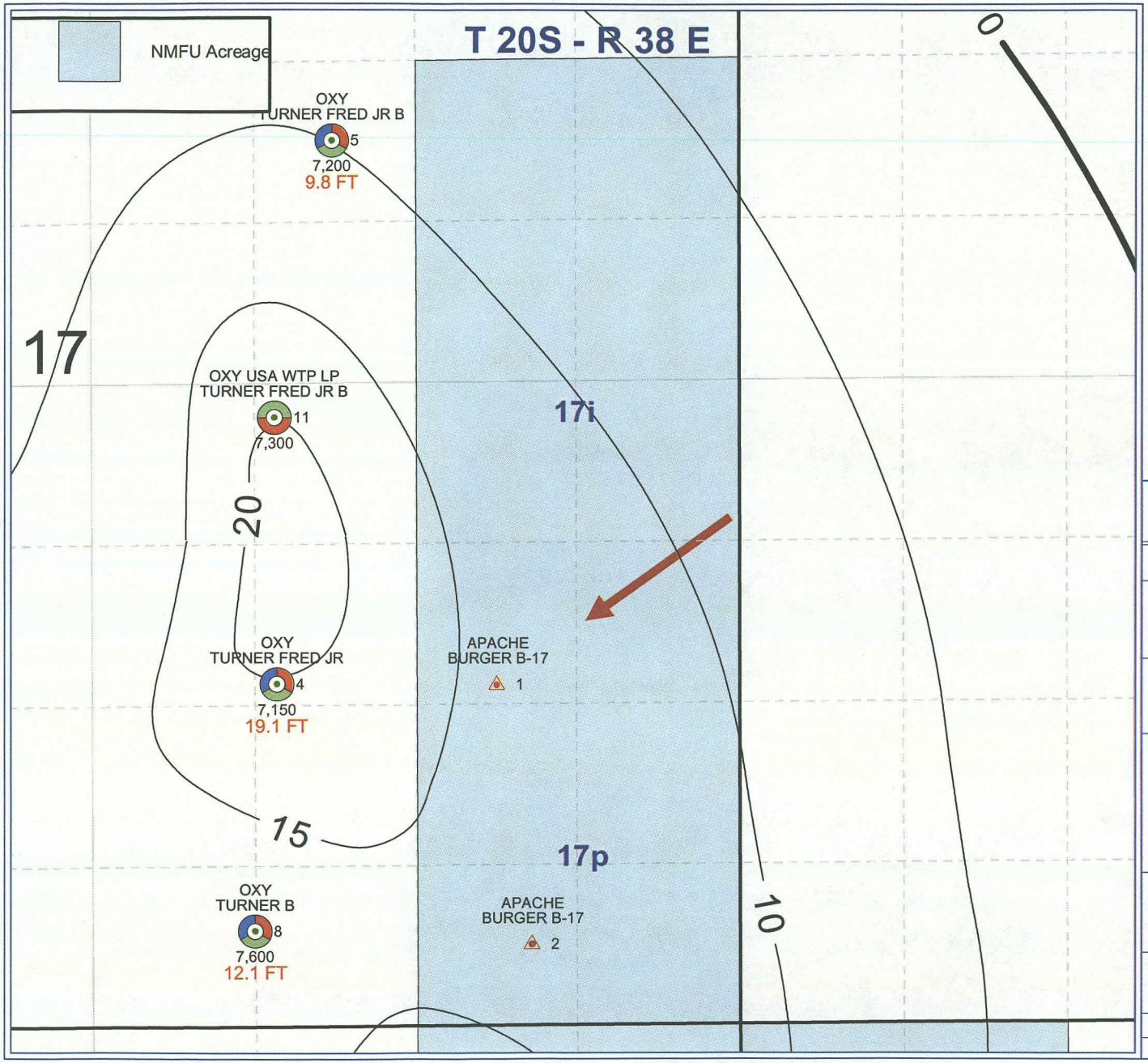
REMARKS

Blinebry, Tubb & Drinkard Cumulative Production

By: Bret Pearcy

October 4, 2007

PETRA 10/4/2007 10:57:02 AM



Apache CORPORATION

Exhibit 3

Burger B17 #1 NSL

B-T-D SoPhi-H Map - CI: 5 Ft

North New Mexico Overlay.OVL

0 500 1,000

FEET

POSTED WELL DATA

Operator
Well Name

● Well Number

TD
B-T-D - SOPHIH (FT)

ATTRIBUTE MAP

- Blinebry Production
- Tubb Production
- Drinkard Production

WELL SYMBOLS

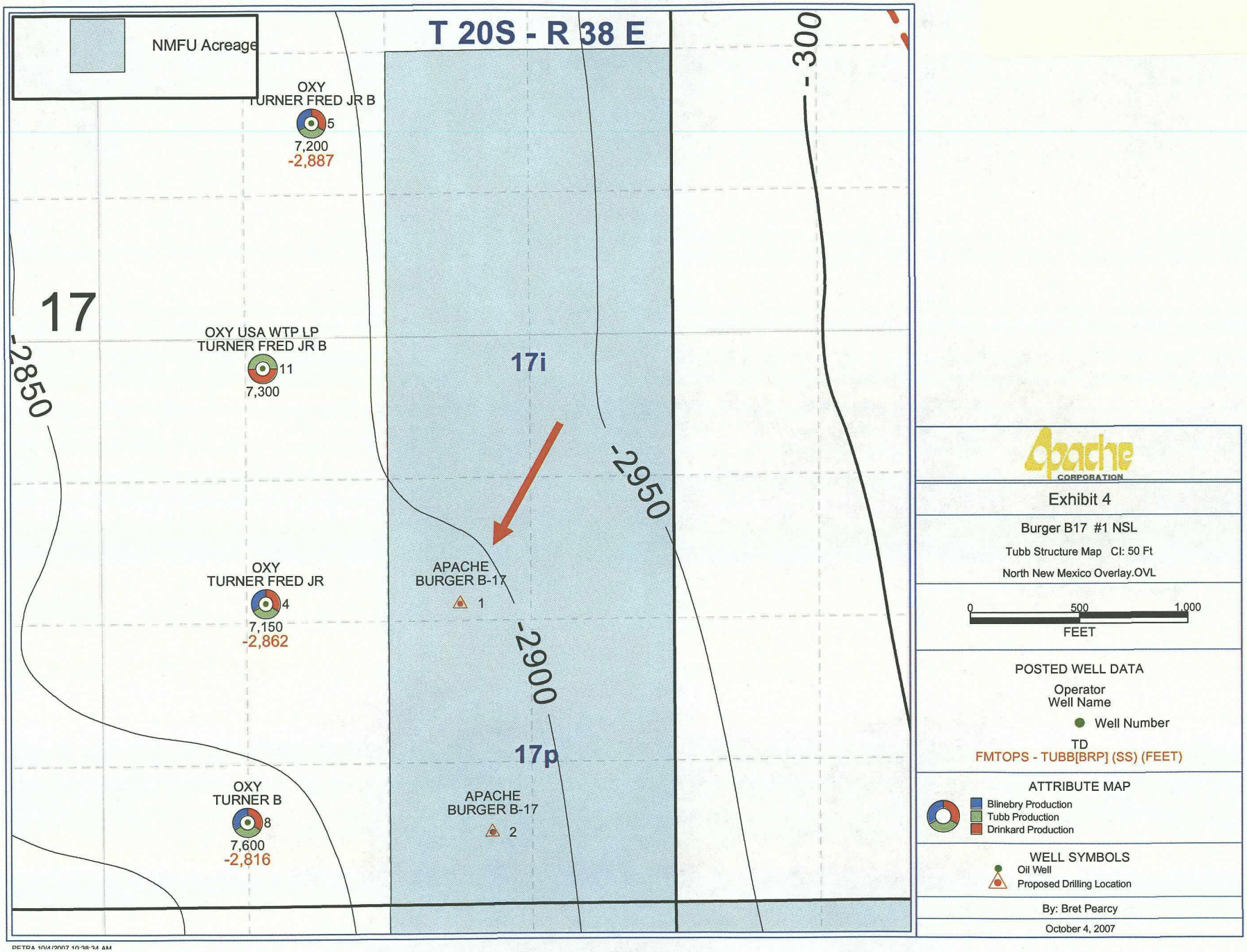
- Oil Well
- Proposed Drilling Location

By: Bret Pearcy

October 4, 2007

PETRA 10/4/2007 10:37:55 AM

Exhibit 4


NMFU Acreage
T 20S - R 38 E
OXY
TURNER FRED JR B
5
7,200
-2,887
17
OXY USA WTP LP
TURNER FRED JR B
11
7,300
-2850
17i
-2950
-300
OXY
TURNER FRED JR
4
7,150
-2,862
APACHE
BURGER B-17
1
-2900
17p
OXY
TURNER B
8
7,600
-2,816
APACHE
BURGER B-17
2
Apache
CORPORATION
Exhibit 4
Burger B17 #1 NSL
Tubb Structure Map CI: 50 Ft
North New Mexico Overlay.OVL
0
500
1,000
FEET
POSTED WELL DATA
Operator
Well Name
Well Number
TD
FMTOPS - TUBB[BRP] (SS) (FEET)
ATTRIBUTE MAP
Blinebry Production
Tubb Production
Drinkard Production
WELL SYMBOLS
Oil Well
Proposed Drilling Location
By: Bret Pearcy
October 4, 2007

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, November 21, 2007 3:34 PM
To: 'Bret.Pearcy@usa.apachecorp.com'
Subject: Apache -Burger 17 #1; Lea Co. NM

Mr. Pearcy

In this non-standard location (NSL) application, you state the proposed location encroaches on a Unit (17P) operated by Apache, but say nothing about working interest ownership.

Where the applicant for NSL is also the operator of the offsetting unit, Rule 1210 requires notice to all working interest owners in the offsetting unit unless (a) the applicant owns 100% of the working interest, or (b) working interest ownership in the offsetting unit is identical to that in the subject unit.

Please advise us if one of the above exceptions applies. Otherwise, please furnish proof of notice to working interest owners in Unit P.

Thanks

David Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Pearcy, Bret [Bret.Pearcy@usa.apachecorp.com]
Sent: Monday, November 26, 2007 1:05 PM
To: Brooks, David K., EMNRD
Cc: Mayes, Kevin; Moreno, Mario; Hanson, Michelle
Subject: RE: Apache -Burger 17 #1; Lea Co. NM

David,

I apologize for the confusion.

All of this acreage is part of the New Mexico Federal Unit which has four working interest owners all with 25% interest. The owners include Chevron, BP, Apache and Conoco Phillips, the designated operator (Conoco is giving Apache temporary operations to drill the subject well - then turn back to Conoco). So to answer your question the answer would be (b) working interest ownership in the offsetting unit is identical to that in the subject unit.

Please let me know if you have any additional questions or concerns.

Thanks,

Bret Pearcy

Right-click here to download pictures. To

Bret Pearcy
Permian Geologist
Apache Corporation
Two Warren Place
6120 South Yale, Suite 1500
Tulsa, Ok 74136-4224
Office: (918) 491-4949

-----Original Message-----
From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, November 21, 2007 4:34 PM
To: Pearcy, Bret
Subject: Apache -Burger 17 #1; Lea Co. NM

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David Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Pearcy, Bret [Bret.Pearcy@usa.apachecorp.com]
Sent: Thursday, October 04, 2007 7:42 AM
To: Brooks, David K., EMNRD
Subject: Apache-Burger B17 #1 NSL Application
Attachments: Burger B-17 #1 NSL.doc; Burger B-17 #1 NSL.doc; Burger B17 #1 NSL Exhibits.ppt

David,

Per our phone conversation I have attached Apache's application for a Non-Standard Location along with the necessary exhibits for a well located in Lea County . I am also mailing a hardcopy of the application and exhibits and putting them to your attention.

Thank you for your attention to this request and if you have any questions, concerns or need additional data please contact me via e-mail or at the phone number listed below.

Regards,

Bret Pearcy

Apache CORPORATION
Bret Pearcy
Permian Geologist
Apache Corporation
Two Warren Place
6120 South Yale, Suite 1500
Tulsa, Ok 74136-4224
Office: (918) 491-4949

Application of Apache Corporation
for administrative approval of an unorthodox well location

40 acres – 1400' FSL & 980' FEL
Section 17, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico

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MBO BOPD
MMCFG MCFGPD
MBW BWPD

3. The proposed **Burger B17 #1** location is necessitated by surface obstructions (a playa which served as a roosting area for many migratory birds) and should cause no damage to the reservoir.

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2. Average Porosity was calculated for intervals meeting those criteria.
3. Oil Saturation is the additive inverse of water saturation.

This analysis requires modern neutron-density and resistivity logs. Although water saturations can be adequately estimated from offsetting modern wells, many wells had to be excluded from analysis because of the vintage or type of porosity logs. SoPhiH isopach lines were modeled after cumulative production isopach lines where new well control is lacking. This procedure has proved successful for Apache in recent drilling in the area.

b. Drainage

The following table provides drainage areas calculated from the SoPhiH map and reserves of the offsetting wells. SoPhiH values are either from modern logs, or

estimated from the grid. Wells with values determined from modern logs will be in bold.

Op.	Well	Loc	Reservoir	SoPhiH FT	Area A	EUR MBO	EUR MMCFG
Oxy	**Fred Turner #4**	**17J**	**BTD**	**19.1**	**4.2**	**51**	**172**
Oxy	**Fred Turner #5**	**17G**	**BTD**	**9.8**	**14.8**	**93**	**197**
Oxy	**Fred Turner #8**	**17O**	**BTD**	**12.1**	**12.5**	**96**	**354**
Oxy	Fred Turner #11	17J	TD	19	2	23	98
Apache	Burger B17 #2	17P	BTD	15	10	96	501

Reserves for the proposed location are calculated using SoPhiH centered on the proposed location and the direct offset drainage areas. Any competitive drainage is shared between the proposed well and the existing offset wells. The results are as follows:

Op.	Well	Loc	Reservoir	SoPhiH Ft	Area A	EUR MBO	EUR MMCFG
Apache	**Burger B17 #1**	**17I**	**BTD**	**18**	**10**	**116**	**601**

4. Notice

Burger B17 #1 only encroaches toward an Apache operated proration unit 17P with no Blinebry, Tubb, and Drinkard wells. Oxy Permian, Ltd. operates wells to the west, away from which the proposed location is a standard distance. Oxy will, however be notified at:

Oxy Permian, Ltd.
PO Box 50250
Midland, Texas 79710-0250
Attn: James Spradlin

5. Approval of this application will afford the interest owners in these spacing units an opportunity to recover oil and gas which would not otherwise be recovered and to do so without violating correlative rights.

Application of Apache Corporation
for administrative approval of an unorthodox well location

40 acres – 1400' FSL & 980' FEL
Section 17, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico

PRIMARY OBJECTIVES: Blinebry, Tubb, and Drinkard

In support:

1. Apache Corporation (Apache) is the operator of the proposed **Burger B17 #1** well (**Exhibit 1**).

2. Pool rules that apply to the proposed location are the Nadine; Paddock-Blinebry, West, the Nadine; Tubb, West and the Skaggs; Drinkard. The proposed unorthodox location encroaches only on spacing unit 17P to the south which currently has no existing wells, but is permitted for an Apache operated Burger B17 #2 well (**Exhibit 2**). All the wells displayed in **Exhibit 2** penetrate at least part of the Blinebry, Tubb, and Drinkard (B-T-D) interval. B-T-D production only exists in offset Units 17G, 17J and 17O. The proposed well does not encroach on any of these wells. The production values displayed on **Exhibit 2** represent cumulative commingled Blinebry, Tubb, and Drinkard.

API					Cum thru 5/2007	Daily
30025	Op.	Well	Loc	Pool	O/G/W	O/G/W
36299	Occidental	Fred Turner #04	J-17	Nadine, West Paddock-Blinebry Pool	36/103/23	8/42/24
36299	Occidental	Fred Turner #04	J-17	Nadine, West Tubb Pool	5/12/3	1/4/3
36299	Occidental	Fred Turner #04	J-17	Skaggs Drinkard Pool	3/13/2	1/7/2
36420	Occidental	Fred Turner #05	G-17	Nadine, West Paddock-Blinebry Pool	55/100/142	19/45/162
36420	Occidental	Fred Turner #05	G-17	Nadine, West Tubb Pool	8/10/19	3/5/22
36420	Occidental	Fred Turner #05	G-17	Skaggs Drinkard Pool	5/18/14	2/8/16
36815	Occidental	Fred Turner #08	O-17	Nadine, West Paddock-Blinebry Pool	4/40/3	8/41/9
36815	Occidental	Fred Turner #08	O-17	Nadine, West Tubb Pool	26/16/16	10/15/10
36815	Occidental	Fred Turner #08	O-17	Skaggs Drinkard Pool	27/96/16	10/96/11
37857	Occidental	Fred Turner #11	J-17	Nadine, West Tubb Pool	0.6/1/3	5/12/26
37857	Occidental	Fred Turner #11	J-17	Skaggs Drinkard Pool	3/13/17	4/28/24

MBO BOPD
MMCFG MCFGPD
MBW BWPD

3. The proposed **Burger B17 #1** location is necessitated by surface obstructions (a playa which served as a roosting area for many migratory birds) and should cause no damage to the reservoir.

a. Geology

The Blinebry, Tubb, and Drinkard Formations are members of the Yeso Group, Permian Leonardian in age. All three formations are shallow marine carbonates, consisting primarily of dolomite. The Tubb has appreciable clastic content and the Drinkard can become limey toward its base. Anhydrite can occur throughout the interval. Pay zones are thin, erratically distributed, and separated by thick impermeable intervals. Porosity and permeability are low. Wells are not generally capable of draining a full 40 Acre spacing unit.

Apache routinely fracture stimulates perforations in each of the three formations then produces them commingled and allocates production based upon well tests. At this stage in the history of all three pools, economics do not generally permit development of individual reservoirs. Thus, pay from all three reservoirs must be considered for well proposals. A combined Blinebry, Tubb, Drinkard hydrocarbon pore volume (SoPhiH) map is, therefore, presented (**Exhibit 3)**.

The reservoir was analyzed using **Exhibit 3**. SoPhiH is the product of feet of net pay (H) times average porosity (PhiA) times oil saturation (So). The values were obtained as follows:

1. Net Pay was read from modern neutron-density logs which have contractor calculated cross-plotted porosity (XPhi) using a minimum of 5% and a maximum of 20%. Additionally, gamma ray (40 APIU in the Blinebry and Drinkard and 50 APIU in the Tubb) and water saturation (10% - 50%, using a standard equation with a=1 and m=n=2) cutoffs were also employed.
2. Average Porosity was calculated for intervals meeting those criteria.
3. Oil Saturation is the additive inverse of water saturation.

This analysis requires modern neutron-density and resistivity logs. Although water saturations can be adequately estimated from offsetting modern wells, many wells had to be excluded from analysis because of the vintage or type of porosity logs. SoPhiH isopach lines were modeled after cumulative production isopach lines where new well control is lacking. This procedure has proved successful for Apache in recent drilling in the area.

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The following table provides drainage areas calculated from the SoPhiH map and reserves of the offsetting wells. SoPhiH values are either from modern logs, or

estimated from the grid. Wells with values determined from modern logs will be in bold.

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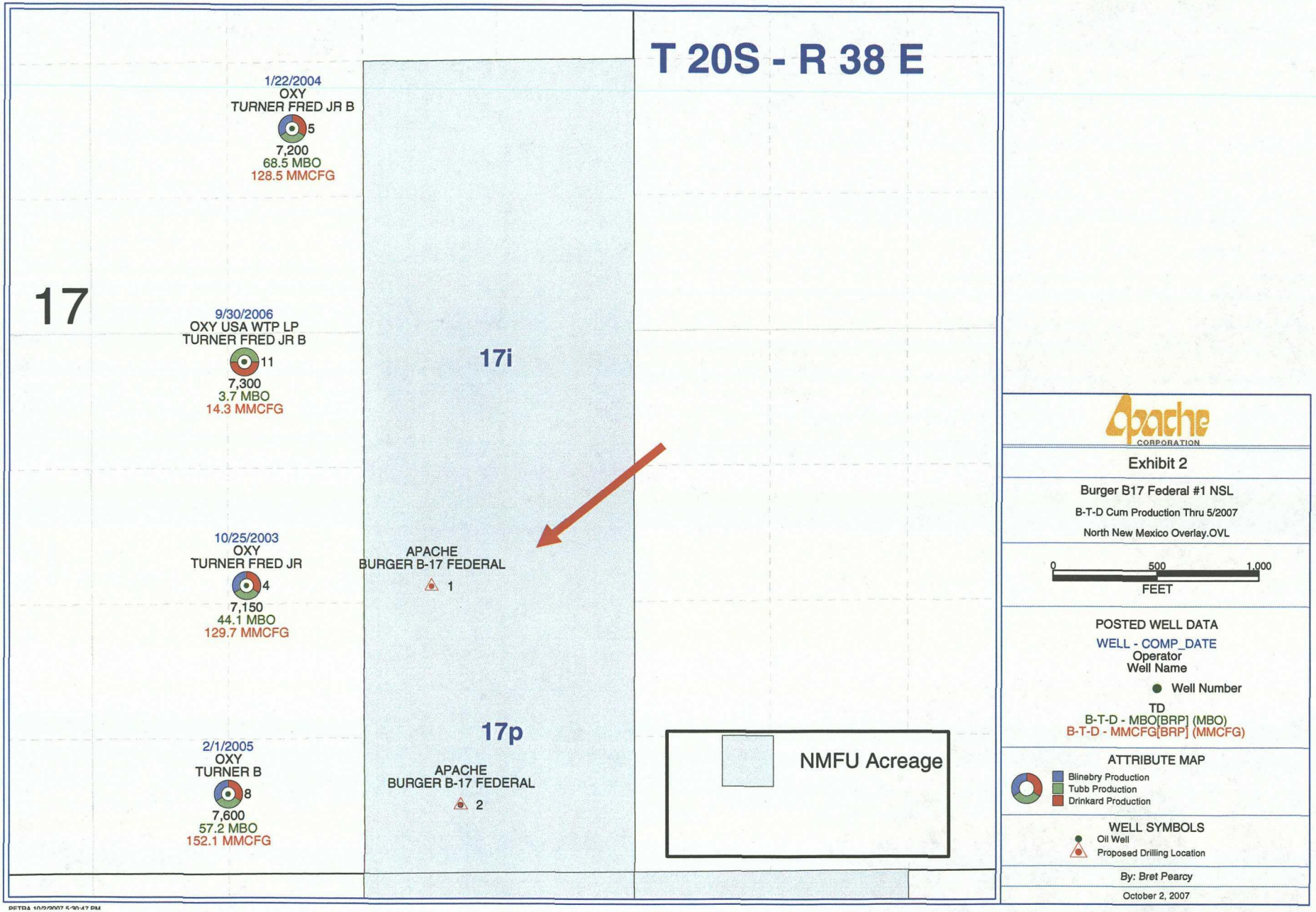
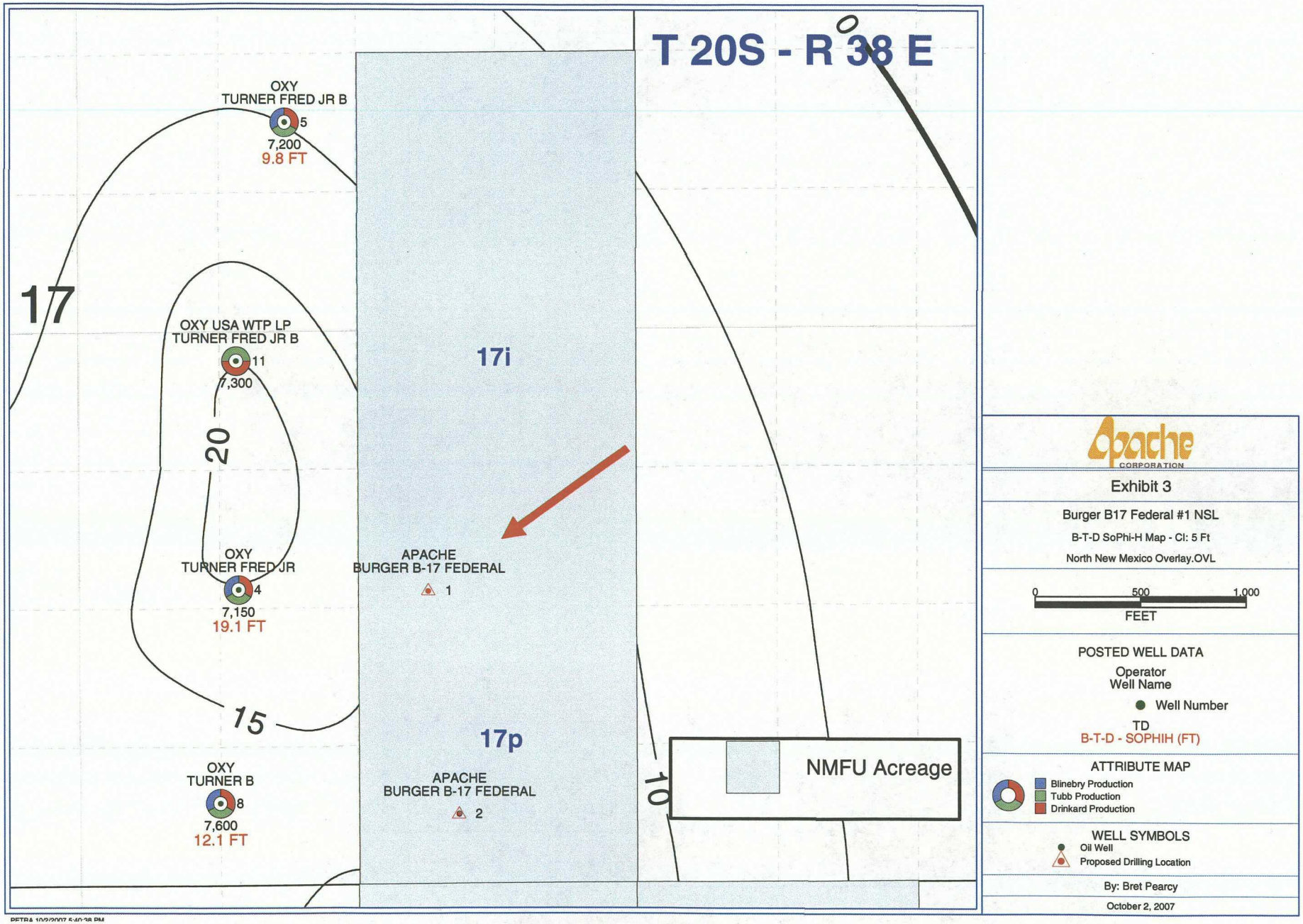
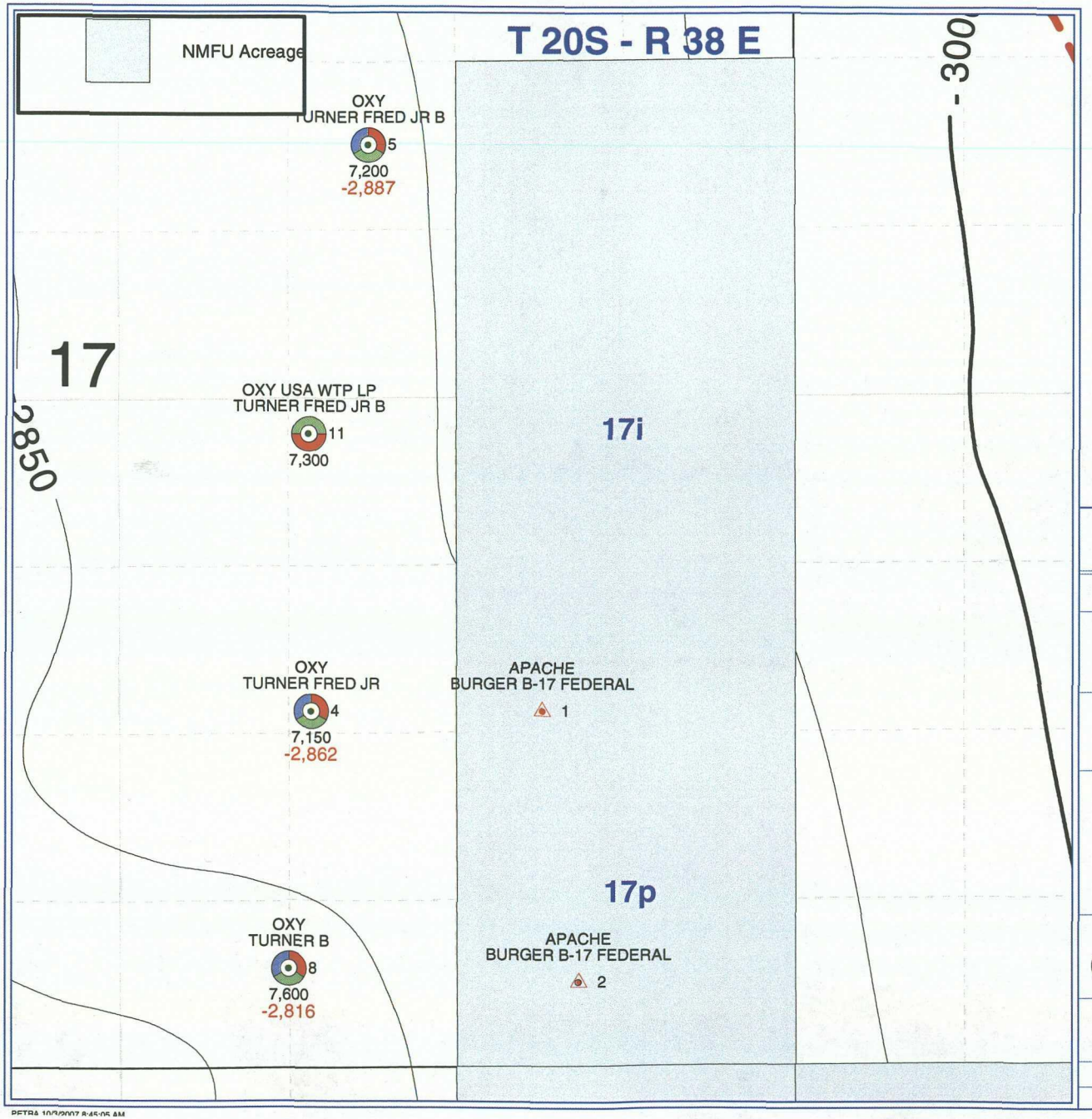

T 20S - R 38 E
17
1/22/2004
OXY
TURNER FRED JR B
5
7,200
68.5 MBO
128.5 MMCFG
9/30/2006
OXY USA WTP LP
TURNER FRED JR B
11
7,300
3.7 MBO
14.3 MMCFG
17i
10/25/2003
OXY
TURNER FRED JR
4
7,150
44.1 MBO
129.7 MMCFG
APACHE
BURGER B-17 FEDERAL
1
17p
2/1/2005
OXY
TURNER B
8
7,600
57.2 MBO
152.1 MMCFG
APACHE
BURGER B-17 FEDERAL
2
NMFU Acreage
Apache CORPORATION
Exhibit 2
Burger B17 Federal #1 NSL
B-T-D Cum Production Thru 5/2007
North New Mexico Overlay.OVL
0
500
1,000
FEET
POSTED WELL DATA
WELL - COMP_DATE
Operator
Well Name
Well Number
TD
B-T-D - MBO[BRP] (MBO)
B-T-D - MMCFG[BRP] (MMCFG)
ATTRIBUTE MAP
Blinebry Production
Tubb Production
Drinkard Production
WELL SYMBOLS
Oil Well
Proposed Drilling Location
By: Bret Pearcy
October 2, 2007


T 20S - R 38 E
OXY
TURNER FRED JR B
5
7,200
9.8 FT
17
OXY USA WTP LP
TURNER FRED JR B
11
7,300
20
17i
OXY
TURNER FRED JR
4
7,150
19.1 FT
APACHE
BURGER B-17 FEDERAL
1
15
17p
OXY
TURNER B
8
7,600
12.1 FT
APACHE
BURGER B-17 FEDERAL
2
10
NMFU Acreage
Apache CORPORATION
Exhibit 3
Burger B17 Federal #1 NSL
B-T-D SoPhi-H Map - CI: 5 Ft
North New Mexico Overlay.OVL
0
500
1,000
FEET
POSTED WELL DATA
Operator
Well Name
Well Number
TD
B-T-D - SOPHIH (FT)
ATTRIBUTE MAP
Blinebry Production
Tubb Production
Drinkard Production
WELL SYMBOLS
Oil Well
Proposed Drilling Location
By: Bret Pearcy
October 2, 2007



Apache CORPORATION

Exhibit 4

Burger B17 Federal #1 NSL

Tubb Structure Map CI: 50 Ft

North New Mexico Overlay.OVL

0 500 1,000

FEET

POSTED WELL DATA

Operator
Well Name
Well Number
TD
FMTOPS - TUBB[BRP] (SS) (FEET)

ATTRIBUTE MAP

Blinebry Production
Tubb Production
Drinkard Production

WELL SYMBOLS

Oil Well
Proposed Drilling Location

By: Bret Pearcy

October 3, 2007

PETRA 10/3/2007 8:45:05 AM

Brooks, David K., EMNRD

From: Pearcy, Bret [Bret.Pearcy@usa.apachecorp.com]
Sent: Thursday, October 04, 2007 8:27 AM
To: Brooks, David K., EMNRD
Subject: FW: Apache-Burger B17 #1 NSL Application

David,

Please disregard the word "Federal" in the well names in Exhibits 2 thru 4. I apologize for the confusion.

Thanks,

Bret

-----Original Message-----
From: Pearcy, Bret
Sent: Thursday, October 04, 2007 9:42 AM
To: David Brooks
Subject: Apache-Burger B17 #1 NSL Application

David,

Per our phone conversation I have attached Apache's application for a Non-Standard Location along with the necessary exhibits for a well located in Lea County . I am also mailing a hardcopy of the application and exhibits and putting them to your attention.

Thank you for your attention to this request and if you have any questions, concerns or need additional data please contact me via e-mail or at the phone number listed below.

Regards,

Bret Pearcy

Apache CORPORATION
Bret Pearcy
Permian Geologist
Apache Corporation
Two Warren Place