

DATE IN 11-16-09	SUSPENSE	ENGINEER Brooks	LOGGED IN 11-16-09	TYPE NSL	PTGW APP NO. 0932032788
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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



Apache

J.R. Phillips Well No. 10

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-025-39148

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION 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]

New  
NSL-5914-B<sup>2</sup>  
to include  
Drin Karl & Tubb

- [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.

Kevin Mayes  
 Print or Type Name

*Kevin Mayes*  
 Signature

Sr. Engr. Advisor 11/12/09  
 Title Date

Kevin.mayes@apachecorp.com  
 e-mail Address

**Application of Apache Corporation  
for Administrative Approval of an Unorthodox Well Location  
Revision to Administrative Order NSL-5914-A**

J.R. Phillips #10 – 1110' FNL & 1240' FEL  
Unit A, Section 1, Township 20 South, Range 36 East, NMPM  
Lea County, New Mexico

PRIMARY OBJECTIVES: Drinkard and Tubb

In support:

1. Apache Corporation is the operator of the recently drilled J.R. Phillips #10 well which was granted NSL approval for the ABO, Blinbry and Paddock pools in Orders NSL-5914 and 5914-A (**Exhibit 1**).
2. The pool rules that apply to this application are the Monument; Drinkard or Wildcat, and the Monument; Tubb, West (gas) pools (**Exhibit 2**). A Drinkard completion will encroach on spacing units A, B, G, and H. The Drinkard has not produced in any of these four proration units but appears commercial based on recent swab tests. The well is currently shut-in waiting on this application. Application for the Tubb is made because it encroaches within 330' of the center quarter-quarter point. The working and royalty interests are common in all four spacing units and all zones. The operator's working interest is 100%.
3. The J.R. Phillips #10 should not drain an area from the Drinkard nor Tubb formations that is in excess of the proration unit size.

**a. Geology**

The Drinkard and Tubb are members of the Permian Leonardian aged carbonates of the central basin platform. The formations are a shallow marine carbonate consisting primarily of dolomite. Anhydrite can occur throughout the interval. Porosity and permeability are low. Wells are not generally capable of drainage of a full 40 acre spacing unit.

**b. Drainage**

No attempt was made to calculate drainage due to having no analogous offset production information to assign reserves. However, enough characteristic is developed on the recently run logs to justify a completion attempt.

4. The Drinkard and Tubb have not produced in any of the proration units which the J.R. Phillips #10 encroaches.
5. Approval of this application will afford interest owners in these spacing units opportunity to recover oil and gas which would not otherwise be recovered and to do so without violating correlative rights.
6. The unorthodox location does not encroach on other parties outside of Apache corporation, therefore no party notification is required.



New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



September 17, 2008

Mr. James Bruce  
P.O. Box 1056  
Santa Fe, NM 87504

**Administrative Order NSL-5914-A**

**Administrative Order NSL-5914 is hereby amended to read as follows:**

**Re: Apache Corporation  
J.R. Phillips Well No. 10  
API No. 30-025-  
1110 feet FNL and 1240 feet FEL  
Unit A, Section 1-20S-36E, NMPM  
Lea County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22457432**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on August 11, 2008,

(b) your amended application (**administrative application reference No. pDKB08-26132082**) submitted to the Division in Santa Fe, New Mexico, on behalf of Apache on September 16, 2008, and

(c) the Division's records pertinent to this request.

Apache has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 NE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Monument-Paddock Pool (47080), the Monument-Blinebry Pool (46990) and the Monument-Abo Pool (46970). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.



September 17, 2008

Page 2

Your application and amended application on behalf of Apache have been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to Apache's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Administrative Order NSL-5914, issued September 4, 2008, is superseded in its entirety by this order.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.

Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs



New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



September 4, 2008

Mr. James Bruce  
P.O. Box 1056  
Santa Fe, NM 87504

**Administrative Order NSL-5914**

**Re: Apache Corporation**  
**J.R. Phillips Well No. 11**  
**API No. 30-025-**  
**1310 feet FNL and 1310 feet FEL**  
**Unit A, Section 1-20S-36E, NMPM**  
**Lea County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22457432**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on August 11, 2008, and

(b) the Division's records pertinent to this request.

Apache has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 NE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Monument-Paddock Pool (47080), the Monument-Blinebry Pool (46990) and the Monument-Abo Pool (46970). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

Your application on behalf of Apache has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).



September 4, 2008

Page 2

It is our understanding that you are seeking this location because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

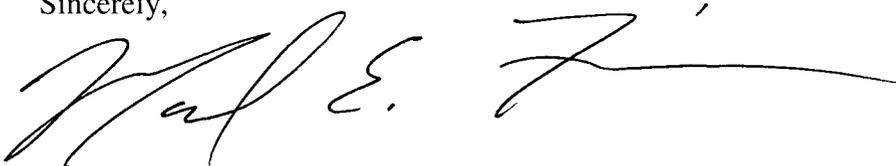
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to Apache's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs

NE 1/4 Section 1 TWN 20S RNG 36E

PHILLIPS JR 1



PHILLIPS 1

PHILLIPS JR 9



PHILLIPS JR 9

PHILLIPS JR 5



PHILLIPS JR 5

JR PHILLIPS 5  
204,726

JR PHILLIPS 9  
112,542  
143,242

PHILLIPS 4 PHILLIPS JR 4



PHILLIPS JR 4

JR PHILLIPS 6  
331,050  
318,886

APA  
W.I.: 100%

PROP\_PHILLIPS #10

PHILLIPS JR 7



PHILLIPS JRH 2



PHILLIPS 7  
141,231  
24,580

JR PHILLIPS UNIT 3



PHILLIPS JR GAS UN 3



PHILLIPS 8

JR PHILLIPS 8

APACHE CORPORATION

Exhibit 2 (Paddock Production Base Map)



POSTED WELL DATA

Well Label  
EMPROD - O\_PADDOCK  
EMPROD - O\_PADDOCK

ATTRIBUTE MAP  
Zone: EMPROD - O\_PADDOCK IS PRESENT

WELL SYMBOLS

- Oil Well
- Gas Well
- Abandoned Oil Well
- Active Producer
- Pud Location

By: Josh Hegg

August 5, 2008

NE 1/4 Section 1 T2N 20S R10E 36E



APA  
W.I.: 100%  
PROP\_PHILLIPS #10

APACHE CORPORATION

Exhibit 3 (Blaine Production Base Map)



POSTED WELL DATA



ATTRIBUTE MAP  
Zone: FMPROD - O\_BLINEBRY IS PRESENT

WELL SYMBOLS  
Oil Well  
Gas Well  
Abandoned Oil Well  
Active Producer  
Prod Location

By: Josh Hegg  
August 5, 2008

NE 1/4 Section 1 TWN 20S RNG 36E

PHILLIPS JR 1

PHILLIPS 1

PHILLIPS JR 9

PHILLIPS JR 9

JR PHILLIPS 9

PHILLIPS JR 5

JR PHILLIPS 5

JR PHILLIPS 5  
15,310  
130,026

PHILLIPS JR 7

PHILLIPS 2

PHILLIPS JRH 2

PHILLIPS JR 7

PHILLIPS 7

60,760  
129,590

PHILLIPS 4 PHILLIPS JR 4

PHILLIPS JR 4

JR PHILLIPS 6

APA  
W.I. 100%

PROP\_PHILLIPS #10

JR PHILLIPS UNIT 3

PHILLIPS JR GAS UN 3

JR PHILLIPS 8

JR PHILLIPS 8

JR PHILLIPS 8

APACHE CORPORATION

Exhibit 4 (Abo Production Base Map)



POSTED WELL DATA

Well Label  
LIVINGS O\_ABO  
FMPROD O\_ABO

ATTRIBUTE MAP  
Zone: FMPROD - O\_ABO IS PRESENT

WELL SYMBOLS

- Oil Well
- Gas Well
- Abandoned Oil Well
- Active Producer
- Pud Location

By: Josh Hegg

August 5, 2008



Monument

Structure - Top Paddock

CI: 25'

Exhibit No. 5



FEET

ATTRIBUTE MAP

Paddock Producer

WELL SYMBOLS

- Oil Well
- Gas Well
- Abandoned Oil Well
- Active Producer

By: Bret Pearcey

August 6, 2008

