J ,,	12-11-07 SUSPEN	NSE ENGINEER BLOODS LOGGED IN 12-11-09 TYPE NSP APP NO. 0934547779					
		ABOVE THIS LINE FOR DIVISION USE ONLY NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505 					
ADMINISTRATIVE APPLICATION CHECKLIST							
Т	HIS CHECKLIST IS M	MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE					
Applic	[DHC-Dow [PC-Po	Is: Indard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] [938 Inhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] Infied Enhanced Oil Recovery Certification] [PPR-Positive Production Response]					
[1]	TYPE OF AI [A]	PPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD					
	Checl [B]	c One Only for [B] or [C] 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]	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.**

CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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.

Signature 12/11/09

Agent for Apache Corporation Title

drcatanach@netscape.com E-Mail Address

Date

David Catanach

Print or Type Name

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

Attention: Mr. Mark E. Fesmire, P.E. Director

Re: Application for Retroactive Approval of an 80-Acre Non-Standard Oil Proration Unit E/2 SE/4 of Section 10, Township 22 South, Range 37 East, NMPM, South Eunice-San Andres Pool A B Baker Wells No. 8 & 11 Lea County, New Mexico

Dear Mr. Fesmire:

•,

Apache Corporation ("Apache") respectfully requests approval of an 80-acre nonstandard oil spacing and proration unit in the South Eunice-San Andres Pool comprising the E/2 SE/4 of Section 10, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. <u>Apache further requests that approval of this non-standard unit be made</u> <u>retroactive to the date of completion (10/31/2000) of its A B Baker No. 8 (API No. 30-025-35135) located at a standard location 1881 feet from the South line and 869 feet from the East line (Unit I) of Section 10. Apache will also dedicate its proposed A B Baker No. 11, to be drilled at a standard location 470 feet from the South line and 990 feet from the East line (Unit P) of Section 10, to the proposed non-standard unit.</u>

The South Eunice-San Andres Pool is currently governed by special pool rules established by Division Orders No. R-3706, as amended, and R-12748-A. These rules require standard 80-acre spacing and proration units that comprise either the N/2 or S/2 of a governmental quarter-section with wells to be located no closer than 330 feet to a quarter-quarter section line. These rules also provide that up to two wells may be drilled on each quarter-quarter section within the proration unit. The requirement that the spacing units be oriented as "lay down" units is not typical for most oil pools spaced on 80 acres. Typically, oil pools of this nature allow units to be oriented as N/2, S/2, E/2 or W/2 of a governmental quarter section.

The A B Baker No. 8 was drilled by Apache in October, 2000 and completed in the South Eunice-San Andres Pool on October 31, 2000. The Form C-101 ("Application to Drill" or "APD") and corresponding Form C-102 ("Acreage Dedication Plat") for the A B Baker No. 8 shows that on August 11, 2000 Apache requested Division approval of a "stand up" 80-acre unit comprising the E/2 SE/4 of Section 10. The Hobbs District Office of the Division subsequently approved Apache's APD for the A B Baker No. 8. A search

Apache Corporation Application for an 80-Acre Non-Standard Oil Proration Unit South Eunice-San Andres Pool Page 2

of Division records indicates that Apache inadvertently failed to obtain Division approval of the subject 80-acre non-standard oil proration unit at that time.

A further search of Division records shows that at the time Apache filed its APD for the drilling of the A B Baker No. 8, there was an existing 80-acre non-standard oil proration unit comprising the W/2 SE/4 of Section 10. This unit was approved by Division Order No. NSP-1768 dated January 28, 1997, and is currently dedicated to the Chevron USA, Inc. Baker "B" Wells No. 4 and 10. Consequently, Apache was precluded at that time from forming a standard 80-acre spacing and proration unit for the A B Baker No. 8.

Attached is a C-102 plat showing the proposed non-standard unit, the existing A B Baker No. 8 and the proposed A B Baker No. 11.

Attachment "A" is a plat that identifies all operators of affected offset tracts. All operators shown on Attachment "A" and listed on Attachment "B" have been provided notice of this application by Certified Mail. Proof of notice is attached.

In summary, approval of the subject application will provide Apache the opportunity to fully develop the E/2 SE/4 of Section 10 in the South Eunice-San Andres Pool, thereby preventing waste, and by virtue of the existence of an 80-acre non-standard unit comprising the W/2 SE/4 of Section 10, will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453 or E-Mail me at dreatanach@netscape.com.

Sincerely

David Catanach Agent for Apache Corporation 6120 S. Yale Ave., Suite 1500 Tulsa, Oklahoma 74136

Xc: OCD-Hobbs

Enclosures

DISTRICT I 1825 N. French Dr., Hobbe, NH 88240 DISTRICT II

۰.

1801 W. Grand Avenue, Artesia, NM 88210

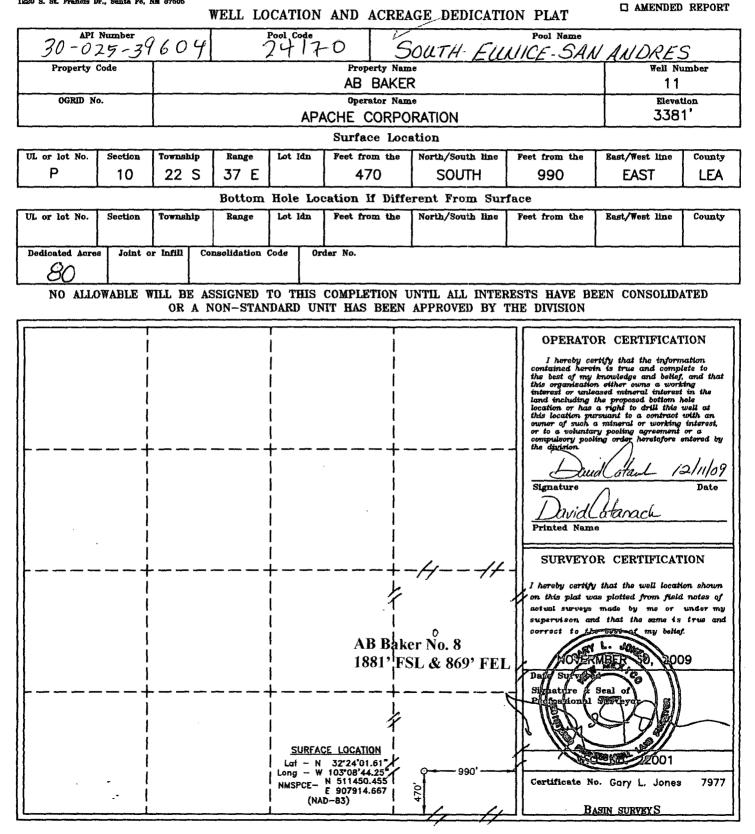
DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 1220 S. St. Francis Dr., Santa Po, NM 87605 State of New Mexico Energy, Minerals and Natural Resources Department Form C~102 Revised October 15, 2009

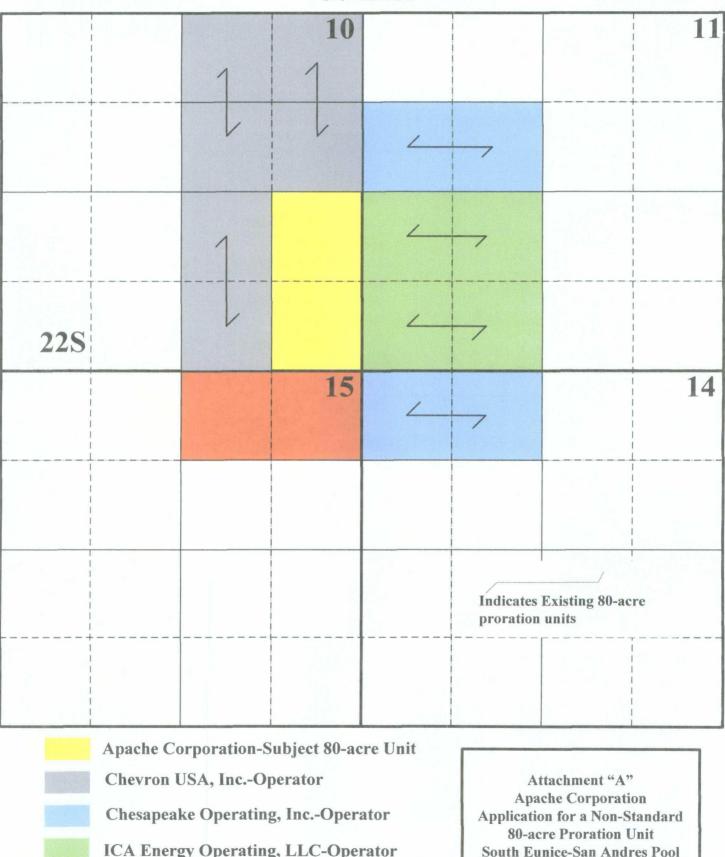
Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, New Mexico 87505



37 East



ICA Energy Operating, LLC-Operator

John H. Hendrix Corporation-Operator

December 11, 2009

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

TO: AFFECTED OFFSET OPERATORS

Re: Apache Corporation
80-Acre Non-Standard Oil Proration Unit
E/2 SE/4 of Section 10, T-22 South, R-37 East, NMPM
A B Baker Wells No. 8 & 11
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for the retroactive approval of an 80-acre non-standard oil spacing and proration unit in the South Eunice-San Andres Pool comprising the E/2 SE/4 of Section 10, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The special pool rules for the South Eunice-San Andres Pool currently require lay-down 80 proration units. Apache was precluded from forming a standard 80-acre unit by the existence of an 80-acre non-standard oil proration unit comprising the W/2 SE/4 of Section 10.

The existing 80-acre non-standard unit is currently dedicated to the Apache A B Baker Well No. 8 (API No. 30-025-35135) located 1881 feet from the South line and 869 feet from the East line (Unit I) of Section 10. This well was completed in the South Eunice-San Andres Pool on October 31, 2000. Apache will also dedicate to this unit its proposed A B Baker No. 11 which is to be drilled at a standard location 470 feet from the South line and 990 feet from the East line (Unit P) of Section 10.

As the operator of an offsetting tract that may be affected by the proposed 80-acre non-standard oil proration unit, 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 20 days from the date this notice was sent to you, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely. and (a'

David Catanach Agent, Apache Corporation 6120 S. Yale, Suite 1500 Tulsa, Oklahoma 74136

Enclosure

Apache Corporation Application for an 80-Acre Non-Standard Oil Proration Unit E/2 SE/4 of Section 10, T-22 South, R-37 East, NMPM, South Eunice San Andres Pool Lea County, New Mexico

Offset Operator Notification List

Chesapeake Operating, Inc. P.O. Box 18496 Oklahoma City, Oklahoma 73154-0496

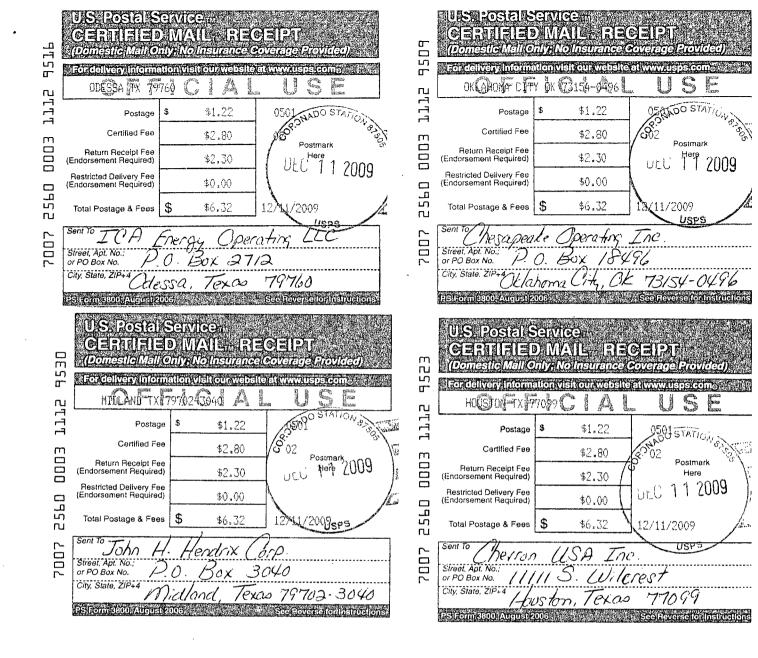
Chevron USA, Inc. 11111 S. Wilcrest Houston, Texas 77099

• . • •

ICA Energy Operating, LLC P.O. Box 2712 Odessa, Texas 79760

John H. Hendrix Corporation P.O. Box 3040 Midland, Texas 79702-3040

Attachment B



From: Sent: To: Subject: David Catanach [drcatanach@netscape.com] Monday, December 14, 2009 9:01 AM Brooks, David K., EMNRD RE: Apache NSP Application

David,

I appreciate your quick response.

If you do list the dedicated wells in the NSP order, would you please include all three wells.

Here is the A B Baker No. 7 well information.

API No. 30-025-35134 727' FSL & 827' FEL (Unit P), Section 10, T-22S, R-37E

Thank You,

David Catanach

---- david.brooks@state.nm.us wrote:

From: "Brooks, David K., EMNRD" <<u>david.brooks@state.nm.us</u>> To: <<u>drcatanach@netscape.com</u>> Subject: RE: Apache NSP Application Date: Mon, 14 Dec 2009 08:42:16 -0700

Dear David

I do not think there is any need to re-notice this application since, as you point out, Order R-1248-A express permits two wells per quarter-quarter section in this pool.

Sincerely

David K. Brooks

Legal Examiner

From: David Catanach [mailto:drcatanach@netscape.com]
Sent: Sunday, December 13, 2009 6:01 PM
To: Brooks, David K., EMNRD
Cc: Michelle Hanson
Subject: Apache NSP Application

On Friday, December 11th, 2009, I filed an NSP application for Apache Corporation for its existing A B Baker No. 8, located in Unit I of Section 10, T-22 South, R-37 East,, and for its proposed A B Baker No. 11, to be drilled in Unit P of Section 10. These wells are in the South Eunice-San Andres (Oil) Pool. This pool is governed by R-3706 and R-12748-A. The rules specify 80-acre units, 330' foot setbacks and allow 2 wells per quarter-quarter section, for a total of four wells per standard unit. Subsequent to the filing of the application, I discovered, while filing the drilling permit for the A B Baker No. 11, that Apache's existing A B Baker No. 7 (API No. 30-025-35134) located in Unit P of Section 10, was also completed in the South Eunice-San Andres Pool and was also dedicated to this 80-acre unit. I did not mention this well in the NSP application. I don't think this additional well has a bearing on the application since the pool rules allow for 4 wells per unit, and all three wells are located at standard locations, however, if you want me to send a corrected notice letter to the offset operators, or otherwise amend the application, please let me know.

Thanks,

David Catanach

Agent for Apache Corporation

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Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

From: Sent: To: Cc: Subject: David Catanach [drcatanach@netscape.com] Sunday, December 13, 2009 6:01 PM Brooks, David K., EMNRD Michelle Hanson Apache NSP Application

David,

On Friday, December 11th, 2009, I filed an NSP application for Apache Corporation for its existing A B Baker No. 8, located in Unit I of Section 10, T-22 South, R-37 East,, and for its proposed A B Baker No. 11, to be drilled in Unit P of Section 10. These wells are in the South Eunice-San Andres (Oil) Pool. This pool is governed by R-3706 and R-12748-A. The rules specify 80-acre units, 330' foot setbacks and allow 2 wells per quarter-quarter section, for a total of four wells per standard unit. Subsequent to the filing of the application, I discovered, while filing the drilling permit for the A B Baker No. 11, that Apache's existing A B Baker No. 7 (API No. 30-025-35134) located in Unit P of Section 10, was also completed in the South Eunice-San Andres Pool and was also dedicated to this 80-acre unit. I did not mention this well in the NSP application. I don't think this additional well has a bearing on the application since the pool rules allow for 4 wells per unit, and all three wells are located at standard locations, however, if you want me to send a corrected notice letter to the offset operators, or otherwise amend the application, please let me know.

Thanks,

David Catanach Agent for Apache Corporation

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From: Sent: To: Subject: Brooks, David K., EMNRD Monday, December 14, 2009 8:42 AM 'drcatanach@netscape.com' RE: Apache NSP Application

Dear David

I do not think there is any need to re-notice this application since, as you point out, Order R-1248-A express permits two wells per quarter-quarter section in this pool.

Sincerely

David K. Brooks Legal Examiner

From: David Catanach [mailto:drcatanach@netscape.com]
Sent: Sunday, December 13, 2009 6:01 PM
To: Brooks, David K., EMNRD
Cc: Michelle Hanson
Subject: Apache NSP Application

David,

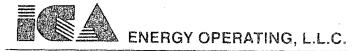
On Friday, December 11th, 2009, I filed an NSP application for Apache Corporation for its existing A B Baker No. 8, located in Unit I of Section 10, T-22 South, R-37 East,, and for its proposed A B Baker No. 11, to be drilled in Unit P of Section 10. These wells are in the South Eunice-San Andres (Oil) Pool. This pool is governed by R-3706 and R-12748-A. The rules specify 80-acre units, 330' foot setbacks and allow 2 wells per quarter-quarter section, for a total of four wells per standard unit. Subsequent to the filing of the application, I discovered, while filing the drilling permit for the A B Baker No. 11, that Apache's existing A B Baker No. 7 (API No. 30-025-35134) located in Unit P of Section 10, was also completed in the South Eunice-San Andres Pool and was also dedicated to this 80-acre unit. I did not mention this well in the NSP application. I don't think this additional well has a bearing on the application since the pool rules allow for 4 wells per unit, and all three wells are located at standard locations, however, if you want me to send a corrected notice letter to the offset operators, or otherwise amend the application, please let me know.

Thanks,

David Catanach Agent for Apache Corporation

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P O BOX 2712 • 700 N. GRANT. SUITE 400 • ODESSA, TEXAS 79760-2712

RECEIVED

(432) 580-5722 · FAX (432) 368-3490 2009 DEC 29 AM 8 17

CERTIFIED MAIL 70031680000683931670 Return Receipt Requested

Return Receipt Requested

December 21, 2009

Re: Proposed 80 acre non-standard oil proration unit E/2 SE/4 Sec. 10, T-22-S, R-37-E Lea County, New Mexico

Mr. David Catanach Apache Corporation 6120 S. Yale, Suite 1500 Tulsa, Oklahoma 74135

Dear Mr. Catanach:

ICA Energy Operating, LLC is in receipt of your December 11, 2009, correspondence wherein you have proposed an application filed by Apache Corporation ("Apache") for the retroactive approval of an 80 acre non-standard spacing unit in the S. Eunice San Andres-San Andres Pool on the above captioned lands.

ICA has reviewed your proposed A B Baker #11 which is to be drilled at a location 470' FSL and 990' FEL of Section 10, T22S, R37E and as it pertains to **that location** ICA, at this time, raises no objection to your application as stated in your December 11, 2009, notification correspondence.

Please be advised that ICA's lease is the east line of said Section and any deviation from the descriptive reference of location stated as 470' FSL and 990 FEL of Section 10 will not be approved accordingly.

Inasmuch as you have asked for our response please consider this notice to you as our waiver of any objection to the stipulated descriptive reference and any deviation therefore will therefore not be considered a grant of any kind by ICA with respect to its rights to protest.

Should there be any further information needed from ICA please contact the undersigned accordingly.

Sincerely,

. Jeon

Curtis N. Leonard Counsel/Land Manager

CNL:lsj

cc: Mr. Mark E. Fesmire, Director New Mexico Oil Conservation Division 1220 South St Francis Drive Santa Fee NM 87505 CERTIFIED MAIL 70031680000683931687

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected. The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

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Well File Search - Select API Number to View

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6 Records Found		Displaying Screen 1 of 1		
0	API Number 3002510157 Well Name & Numbe Operator: APACHE	ULSTR I -10-22S-37E er: A B BAKER No. 003	Footages 2047 FSL & 639 FEL	B-T-D
0	3002510181 Well Name & Numb	I -10-225-87E er: PRE-ONGARD WELL No GARD WELL OPERATOR	1980 FSL & 615 FEL 468	
\bigcirc	3002512574 Well Name & Numb	I -10-22S-37E er: PRE-ONGARD WELL No. (1980 FSL & 660 FEL 001	Bline/also
0	3002533794 Well Name & Numb	GARD WELL OPERATOR I -10-22S-37E er: A B BAKER No. 006	2135 FSL & 829 FEL	
0	Operator: APACHE 3002535135 Well Name & Numb Operator: APACHE	I -10-22S-37E er: A B BAKER No. 008	1881 FSL & 869 FEL	
0	3002535521	I -10-22S-37E er: PADDOCK UNIT No. 077	1980 FSL & 330 FEL	
6 Records Found		Displaying S	Screen 1 of 1	

Continue Go Back

From:Brooks, David K., EMNRDSent:Tuesday, January 12, 2010 10:25 AMTo:'drcatanach@netscape.com'Cc:Inge, Richard, EMNRD; 'llrwb@austin.rr.com'Subject:AB Baker wells 7, 8 and 11, Eddy County, NM; NSP applicationAttachments:Apache AB Baker #7,8,11.doc

Dear David

Your NSP application for the referenced wells was granted under date of Jan. 7, 2010 by Order NSP-1938.

The signed original order will be posted on OCD's website.

Sincerely David K. Brooks Legal Examiner

.