

DATE IN <u>1-20-10</u>	SUSPENSE	ENGINEER <u>B. Banks</u>	LOGGED IN <u>1-20-10</u>	TYPE <u>NSL</u>	PTG-W APP NO. <u>1002054308</u>
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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

JG Hare #18
6145

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.

Michelle Hanson

Michelle Hanson

Landman

1/19/2010

Print or Type Name

Signature

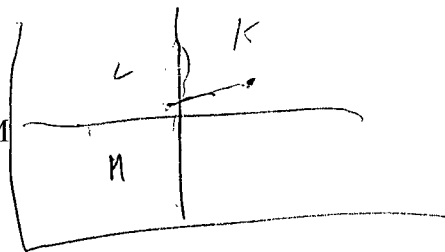
Title

Date

Michelle.hanson@apachecorp.com
 e-mail Address

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

40 acres – SHL: 1380' FSL & 1520' FWL *K*
BHL: 1330' FSL & 1310' FWL *L*
Section 33, Township 21 South, Range 37 East, NMPM
Lea County, New Mexico



PRIMARY OBJECTIVES: Blinebry and Tubb

In support:

1. Apache Corporation (Apache) is the operator of the proposed **J G Hare #18** well (**Exhibit 1**).
2. Pool rules that apply to the proposed location are Blinebry Oil & Gas (oil) and Tubb Oil & Gas (oil). The proposed unorthodox location encroaches on spacing units 33K, 33L, 33M and 33N which have two (2) wells currently producing from one or more of the aforementioned zones (**Exhibit 1**). The cumulative and daily production values are displayed on **Exhibit 2**.

API					Cum thru 8-09	Daily
30025	Op.	Well	Loc	Pool	O/G/W	O/G/W
06961	Apache Corp	Hare J G #1	N	Penrose Skelly; Grayburg, Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard	211/584/42	1/36/0
06964	Apache Corp	Hare J G #4	N	Paddock, Blinebry Oil & Gas, Brunson; Ellenburger, Hare; Simpson	453/901/204	TA'd, as to Bli, Ellen & Simpson
06965	Apache Corp	Hare J G #5	K	Paddock, Blinebry Oil & Gas, Brunson; Ellenburger, Hare; Simpson	406/1881/106	TA'd, as to Bli, Ellen & Simpson
06966	Apache Corp	Hare J G #6	L	Paddock, Blinebry Oil & Gas, Tubb Oil & Gas, Wantz; Abo, Hare; Simpson	382/338/135	0/0/0
06967	Apache Corp	Hare J G #7	M	Paddock, Tubb Oil & Gas, Wantz; Abo, Hare; Simpson	264/4037/313	TA'd, as to Tubb, Abo & Simpson

MBO
MMCFG

BOPD
MCFGPD

3. The proposed J G Hare #18 unorthodox location of 1330' from south line and 1310' from west line is based upon drainage considerations.

Location and Drainage

The proposed J G Hare #18 is a "true" 20 Acre infill location between existing Blinebry and Tubb producers. It is approximately equidistant from those wells and should encounter an undrained reservoir volume.

The following table provides drainage areas of the offset wells calculated from SophiH taken off contoured isopach maps or from log calculations.

		21S 37E		SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	Hare J G #1, #4	N	B-T	6	16	64	835
Apache	Hare J G #5	K	Blinebry	6	4	15	911
Apache	Hare J G #6	L	Blinebry	6	4	15	171
Apache	Hare J G #7	M	B-T	6	20	81	3742

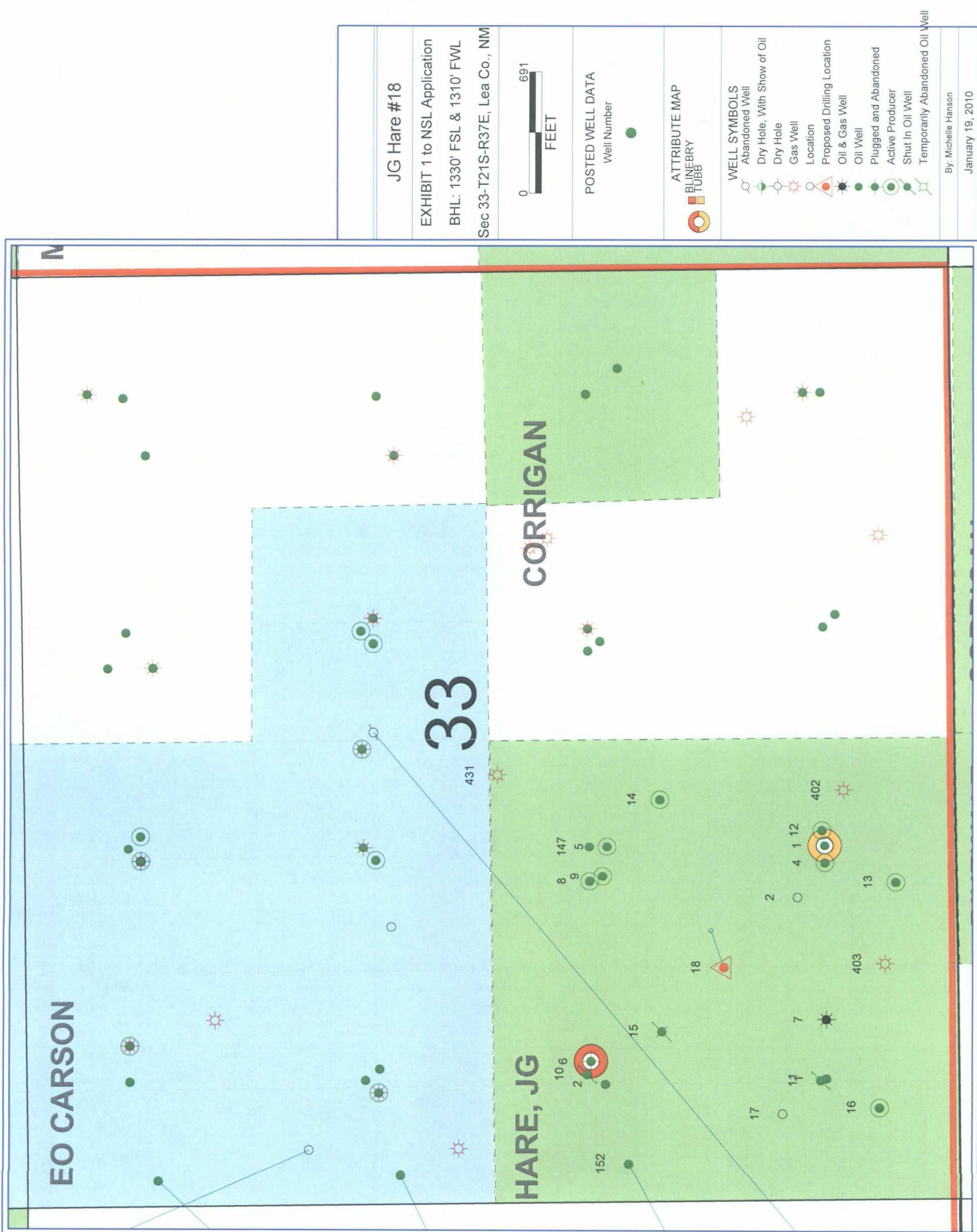
Reserves for the proposed location were calculated by averaging the offset drainage areas and SophiH and applying it to the new location. Any competitive drainage is shared between the proposed well and the existing offset wells. The results are as follows:

				SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	Hare J G #18	L	B-T	6	9.7	38.5	308

4. Notice

The proposed **J G Hare #18** only encroaches toward Apache operated Blinebry and Tubb wells. Therefore, no other parties need to be notified.

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 will do so without violating correlative rights.
6. Please note that the J G Hare #6 well is currently producing as a marginal Blinebry gas well, but over its lifetime has produced as a Blinebry oil well. Should the J G Hare #18 well produce as a Blinebry oil well, Apache will shut-in the J G Hare #6 well. However, if the J G Hare #18 well produces as a Blinebry gas well, Apache will immediately submit an application for simultaneous dedication in the Blinebry Oil and Gas (gas) pool.



Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, February 05, 2010 3:05 PM
To: 'Hanson, Michelle'
Subject: JG Hare #18; NSL Application

Dear Ms. Hanson

In Paragraph 4 of the referenced application, you state that the proposed location "encroaches only toward Apache operated Blinebry and Tubb wells. "

This statement is not, itself, sufficient to obviate the need for notice unless either Apache own 100% of the offsetting wells, or ownership thereof is identical. If Apache operates the wells but has any different working interest partners, notice to those other working interest owners would be required. I accepted the above statement in the case of the State C Tract 13 No. 14 only because your recent NSP application expressly stated that working interest ownership was identical throughout the quarter section there involved.

Please advise if working interest ownership in the Blinebry and Tubb is identical throughout the SW/4 of Section 33-21S-37E.

Thanks

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Friday, February 05, 2010 3:12 PM
To: Brooks, David K., EMNRD
Subject: Re: JG Hare #18; NSL Application

Hi David,

I apologize for not being clear. Yes, Apache is 100% WI Owner in the JG Hare Lease (SW/4 Section 33). Should you see this statement again on any future applications, it will be the exact same situation as this. I have already submitted a number of apps with this statement, but if you need confirmation of Apache's 100% WI ownership on each one, I'll be happy to oblige. I will correct any future apps to expressly state Apache's ownership in the Lease.

Thank you for your time and patience.

Sent via Blackberry

Michelle Hanson
Landman
Apache Corporation
6120 S. Yale, Suite 1500
Tulsa, OK 74136
918.491.4838
918.491.4854 Fax
Michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD <david.brooks@state.nm.us>
To: Hanson, Michelle
Sent: Fri Feb 05 16:04:40 2010
Subject: JG Hare #18; NSL Application
Dear Ms. Hanson

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Please advise if working interest ownership in the Blinebry and Tubb is identical throughout the SW/4 of Section 33-21S-37E.

Thanks

David K. Brooks
Legal Examiner

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