

DATE IN 1-22-10	SUSPENSE	ENGINEER <i>B. Smith</i>	LOGGED IN 1-22-10	TYPE NSL	APP NO. 1002228714
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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
Chesterfield #3

ADMINISTRATIVE APPLICATION CHECKLIST

6150

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 _____

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[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 – 2430' FNL & 990' FEL *Unit #1*
Section 14, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico

*SE/NE Sec 14
encroaches toward SE/NE*

PRIMARY OBJECTIVES: Blinebry, Tubb and Drinkard

In support:

1. Apache Corporation (Apache) is the operator of the proposed **Chesterfield #3** well (**Exhibit 1**).
2. Pool rules that apply to the proposed location are the Blinebry Oil & Gas (Oil), House; Tubb and House; Drinkard. The proposed unorthodox location encroaches only toward spacing unit 14I to the South, which has two (2) wells currently producing from one or more of the aforementioned zones (**Exhibit 1**). The cumulative and current 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
34420	Apache Corp	Chesterfield #1	H-14	Blinebry Oil & Gas, House; Tubb, House; Drinkard	26/778/37	3/89/7
39573	Apache Corp	Chesterfield #2	H-14	Blinebry Oil & Gas, House; Tubb, House; Drinkard	0/0/0	0/0/0
34285	Apache Corp	Lucky Strike #1	I-14	Blinebry Oil & Gas, House; Abo	76/1043/69	9/59/0
38688	Apache Corp	Lucky Strike #2	I-14	Blinebry Oil & Gas, House; Tubb	3/15/0	8/51/0

MBO
MMCFG
MBW

BOPD
MCFGPD
BWPD

3. The proposed Chesterfield #3 unorthodox location is necessitated by pipeline obstruction to the North.

Drainage

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	Chesterfield #1	H-14	B-T-D	15	13	31	850
Apache	Chesterfield #2	H-14	B-T-D	10	10	32	490
Apache	Lucky Strike #1	I-14	B	14	15	92	1090
Apache	Lucky Strike #2	I-14	B-T	14	1	10	50

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:

		21S 37E		SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	Chesterfield #3	H-14	B-T-D	18	10	87	867

4. Notice

The proposed location encroaches only toward Apache operated Blinebry, Tubb and Drinkard wells. Therefore, no notification is required.

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



CHESTERFIELD NO. 3

EXHIBIT 1 to Application for NSL

2430' FNL & 990' FEL

Sec 14-T20S-R38E, Lea Co., NM



POSTED WELL DATA

Well Name
Well Number



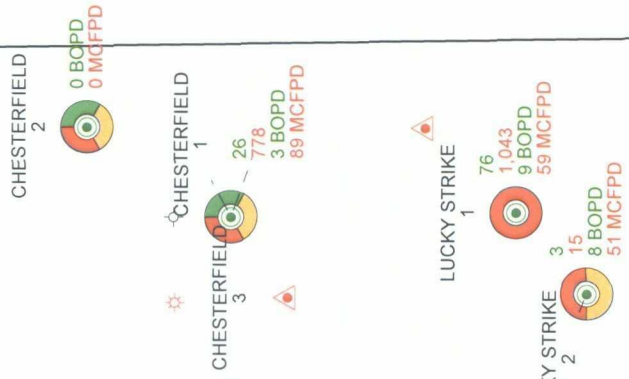
WELL SYMBOLS

- Dry Hole
- Gas Well
- Proposed Drilling Location
- New Location
- Oil Well
- Plugged and Abandoned
- Active Producer

By: Michelle Hanson

January 14, 2010

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CHESTERFIELD NO. 3

EXHIBIT 2 to Application for NSL

2430' FNL & 990' FEL

Sec 14-T20S-R38E, Lea Co., NM



POSTED WELL DATA
Well Name
Well Number

WELL - CAMEL (BBL'S)
WELL - CURR DAILY (ON/NM) (BOPD)
WELL - CURR DAILY (ON/NM) (MCFPD)

ATTRIBUTE MAP
BLINEBRY
TUBB
DRINKARD

WELL SYMBOLS
Dry Hole
Gas Well
Proposed Drilling Location
New Location
Oil Well
Plugged and Abandoned
Active Producer

By: Michelle Hanson
January 14, 2010

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, February 08, 2010 9:51 AM
To: 'Hanson, Michelle'
Subject: FW: NSL Applications: EW Walden #16; H Corrigan #22; Chesterfield #3; Owen B #13

From: Brooks, David K., EMNRD
Sent: Monday, February 08, 2010 9:48 AM
To: 'Hanson, Michelle'
Subject: NSL Applications: EW Walden #16; H Corrigan #22; Chesterfield #3; Owen B #13

Dear Ms. Hanson

Upon receiving your email from Friday concerning the JG Hare, I checked several other applications on my desk, and noted that, as you say, you have addressed the notice issue in each of these applications with the statement that the units toward which the locations encroach are operated by Apache.

As in the case of the JG Hare, I need you to confirm specifically:

Re the EW Walden #16 application, that working interest ownership is identical throughout the SW/4 of Section 15-22S-37E;

Re the H Corrigan #22 application, that working interest ownership is identical throughout the NE/4 of Section 4-22S-37E;

Re the Chesterfield #3 application, that working interest ownership is identical for the SE/4 NE/4 and the NE/4 SE/4 of Section 14-20S-38E;

Re the Owen B application, that working interest ownership is identical throughout the SW/3 of Section 35-21S-37E.

Additionally, it would be helpful to me in future NSL applications if you would include with your application a copy of the Form C-102 for the proposed well.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Monday, February 08, 2010 10:13 AM
To: Brooks, David K., EMNRD
Subject: RE: NSL Applications: EW Walden #16; H Corrigan #22; Chesterfield #3; Owen B #13

Hi David,

Apache owns 100% leasehold working interest in the SW/4 of Section 15-22S-37E (EW Walden Lease), as to the Blinebry, Tubb, Drinkard and Abo formations.

Apache owns 100% leasehold working interest in the NE/4 of Section 4-22S-37E (H Corrigan Lease), as to the Blinebry, Tubb, Drinkard and Abo formations.

Apache owns 100% leasehold working interest in the SE/4 NE/4 and NE/4 SE/4 of Section 14-20S-38E (Chesterfield & Lucky Strike Leases), as to the Blinebry, Tubb and Drinkard formations.

Apache owns 100% leasehold working interest in the SW/4 of Section 34-21S-37E (Owen B Lease), as to the Blinebry, Tubb, Drinkard, Abo and Granite Wash formations.

Further, I will be sure to include a Form C-102 for the proposed well with any future submitted NSL applications. Thank you very much for your guidance in this matter.

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Monday, February 08, 2010 10:48 AM
To: Hanson, Michelle
Subject: NSL Applications: EW Walden #16; H Corrigan #22; Chesterfield #3; Owen B #13

Dear Ms. Hanson

Upon receiving your email from Friday concerning the JG Hare, I checked several other applications on my desk, and noted that, as you say, you have addressed the notice issue in each of these applications with the statement that the units toward which the locations encroach are operated by Apache.

As in the case of the JG Hare, I need you to confirm specifically:

Re the EW Walden #16 application, that working interest ownership is identical throughout the SW/4 of Section 15-22S-37E;

Re the H Corrigan #22 application, that working interest ownership is identical throughout the NE/4 of Section 4-22S-37E;

Re the Chesterfield #3 application, that working interest ownership is identical for the SE/4 NE/4 and the NE/4 SE/4 of Section 14-20S-38E.

Additionally, it would be helpful to me in future NSL applications if you would include with your application a copy of the Form C-102 for the proposed well.

Sincerely

David K. Brooks
Legal Examiner

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