

DATE IN <u>1/28/11</u>	SUSPENSE	ENGINEER <u>DICB</u>	LOGGED IN <u>1/28/11</u>	TYPE <u>NSL</u>	APP NO. <u>110283 3185</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



RECEIVED OOD

2011 JAN 28 A 8:42

SD-PTGW-1102838257

Apache 573

Lou Worthan #30

ADMINISTRATIVE APPLICATION CHECKLIST

Lou Worthan #5

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]

30-025-10214

NSL 6341

SD 2011-001

[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.

David Catanach
Print or Type Name

Signature

Date

David Catanach

1/28/11

Agent for Apache Corporation
Title

drcatanach@netscape.com
E-Mail Address

January 26, 2011

Hand Delivered

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

Attention: Mr. Daniel Sanchez
Acting Division Director

Re: Unorthodox Well Location &
Simultaneous Dedication
Lou Worthan Well No. 30
API No. (N/A)
467' FNL & 1338' FWL, Unit C
Section 11, T-22 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Mr. Sanchez:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil and gas well location and simultaneous dedication for its proposed Lou Worthan Well No. 30. This well will be drilled as a development gas well in the Blinebry Oil & Gas Pool (Prorated Gas-72480), a development oil well in the Tubb Oil & Gas Pool (Oil-60240) and a development well in the Drinkard Pool (Oil-19190).

In the Blinebry Oil and Gas Pool the proposed Lou Worthan No. 30 and the existing Lou Worthan No. 5 (**API No. 30-025-10214**) **located 660 feet from the North line and 1980 feet from the West line of Section 11**) will be simultaneously dedicated to an existing 40-acre non-standard gas spacing and proration unit comprising the NE/4 NW/4 of Section 11 (approved by Order No. NSP-1937-A npt). Consequently, Apache seeks approval of an unorthodox gas well location and simultaneous dedication for this well in the Blinebry Oil & Gas Pool. (**Note: NSP-1937-A npt established eight 40-acre non-standard gas spacing and proration units in the Blinebry and Tubb Oil & Gas Pools within the N/2 of Section 11.**)

In the Tubb Oil & Gas Pool the proposed Lou Worthan No. 30 will be drilled as a development oil well and dedicated to a standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 of Section 11. Consequently, Apache seeks approval of an unorthodox oil well location for this well in the Tubb Oil & Gas Pool.

In the Drinkard Pool, the proposed Lou Worthan No. 30 will be drilled as a development oil well and dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 NW/4 of Section 11. This unit is currently dedicated to the Apache Lou Worthan Well No. 13 (API No. 30-025-24943) located at a standard location 330 feet from the North line and 2080 feet from the West line.) Consequently, Apache seeks approval of an unorthodox oil well location for this well in the Drinkard Pool.

The Blinebry and Tubb Oil & Gas Pools are currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry and Tubb Oil & Gas Pools as established by Order No. R-8170, as amended. These rules require standard 160-acre gas spacing and proration units and 40-acre oil spacing and proration units. Setback requirements for gas wells to which more than 40 acres is dedicated are 660 feet to the outer boundary of the spacing unit or of the quarter section, and 330 feet to any governmental quarter-quarter section. The setback requirement for oil wells and gas wells to which no more than 40 acres is dedicated is 330 feet to the outer boundary of the spacing unit.

The Drinkard Pool is subject to Division Rule 19.19.15.9.

The Lou Worthan No. 30 is being drilled as an infill location between existing Blinebry, Tubb and Drinkard producers. A well at this location should recover additional oil and gas reserves from the target reservoirs that will otherwise not be drained by the existing wells, thereby preventing waste.

In support of the application, the following tables show the offset wells, drainage areas, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 10/2010) and current daily oil and gas producing rates. (**Note: drainage areas were calculated from SophiH taken off contoured isopach maps or from log calculations.**)

Operator	Well Name	Unit	Reservoir	SophiH (Ft)	Area (Acres)	EUR (MBO)	EUR (MMCFG)
Apache	Lou Worthan 10	D	Tubb/Drinkard	17	10.0	113	4,869
Apache	Lou Worthan 5, 13	C	Blinebry/Drinkard	13.5	5.9	170	6,200
Apache	Lou Worthan 11	F	Blinebry/Tubb/Drinkard	17	7.1	88	7,457
Apache	Lou Worthan 9	E	Blinebry/Tubb/Drinkard	12	11.8	94	18,625

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	Lou Worthan 10	D	Tubb/Drinkard	20.4	1,515	0.16	32
Apache	Lou Worthan 5	C	Blinebry	50.4	3,236	27	161
Apache	Lou Worthan 13	C	Drinkard	16.0	2,692	0.065	30
Apache	Lou Worthan 11	F	Blinebry/Tubb/Drinkard	15.5	837	1.58	148
Apache	Lou Worthan 9	E	Blinebry/Tubb/Drinkard	11.8	2,640	0.9	103

Utilizing the average offset drainage areas and SophiH and applying it to the proposed location for the Lou Worthan No. 30 results in an estimated recovery of 33 MBO and 3,300 MMCF of gas from the Blinebry, Tubb and Drinkard reservoirs.

The affected offset acreage with regards to the unorthodox location in the Blinebry Oil & Gas, Tubb Oil & Gas and Drinkard Pools is the NW/4 NW/4 of Section 11. This affected acreage is operated by Apache and is contained within the commonly-owned Lou Worthan lease. The Lou Worthan Lease encompasses the entire N/2 of Section 11.

With regards to the proposed simultaneous dedication of the Lou Worthan No. 30 in the Blinebry Oil & Gas Pool, Apache is providing notice of this application to all affected offset acreage in the Blinebry Oil & Gas Pool, described as follows:

<u>Acreage Description</u>	<u>Operator</u>
NE/4, S/2 NW/4, NW/4 NW/4 of Section 11, T-22S, R-37E	Apache Corporation (Lou Worthan Lease)
SE/4 of Section 3, T-22S, R-37E	John H. Hendrix Corporation
S/2 of Section 2, T-22S, R-37E	Exxon Mobil Corporation
E/2 SE/4 & SW/4 SE/4 of Section 11, T-22S, R-37E	Chevron MidContinent, L.P.
N/2 SW/4 & SW/4 SW/4 Section 11, T-22S, R-37E	John H. Hendrix Corporation
E/2 SE/4 of Section 10, T-22S, R-37E	Apache Corporation
NE/4 of Section 10, T-22S, R-37E	Chevron USA, Inc.

Please note that Apache Corporation owns 100% of the working interest in the affected offset acreage in the E/2 SE/4 of Section 10.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Blinebry, Tubb and Drinkard formations underlying the NE/4 NW/4 of Section 11 that may otherwise not be recovered by the existing producing wells, thereby preventing waste, and will not violate correlative rights.

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

Sincerely,

A handwritten signature in black ink that reads "David Catanach". The signature is fluid and cursive, with the first name "David" and last name "Catanach" clearly legible.

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

Xc: OCD-Hobbs

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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 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
	72480; 60240; 19190	Blinebry (Gas); Tubb (Oil); Drinkard
Property Code	Property Name	Well Number
	LOU WORTHAN	30
OGRID No.	Operator Name	Elevation
	APACHE CORPORATION	3367'

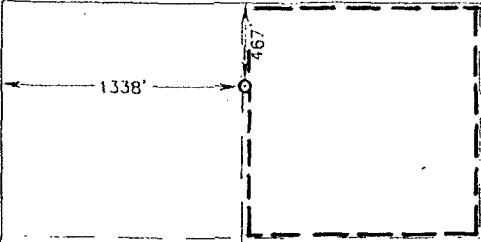
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	11	22-S	37-E		467	NORTH	1338	WEST	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.			
40						NSP-1937-A npt Blinebry Oil & Gas Pool			

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

 <p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=515755.7 N X=869006.2 E</p> <p>LAT.=32.412252° N LONG.=103.137627° W</p> <p>LAT.=32°24'44" N LONG.=103°07'15" W</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 21, 2010</p> <p>Date Surveyed _____ DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 10/11/1839</p> <p>Certificate No. GARY G. EIDSON 12841 RONALD J. EIDSON 3239</p>
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Notice List
Apache Corporation
Application for Unorthodox Well Location & Simultaneous Dedication
Lou Worthan No. 30
467' FNL & 1338' FWL (Unit C) Section 11, T-22 South, R-37 East, NMPM

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

Chevron USA, Inc. & Chevron MidContinent, L.P.
Box 36366
Houston, Texas 77236

Exxon Mobil Corporation
Box 4721
Houston, Texas 77210-4721

January 26, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS

Re: Apache Corporation
Unorthodox Well Location & Simultaneous Dedication
Lou Worthan No. 30
467' FNL & 1338' FWL (Unit C)
Section 11, T-22 South, R-37 East, NMPM,
Blinebry Oil & Gas Pool
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation for authorization to drill its Lou Worthan No. 30 at an unorthodox oil well location in the Tubb Oil and Gas and Drinkard Pools, and an unorthodox gas well location in the Blinebry Oil & Gas Pool. It is proposed to simultaneously dedicate an existing 40-acre non-standard gas spacing and proration unit in the Blinebry Oil & Gas Pool comprising the NE/4 NW/4 of Section 11 to the Lou Worthan No. 30 and to the existing Lou Worthan No. 5

As the owner of an interest that may be affected by the proposed simultaneous dedication, 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 twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

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

Sincerely,



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

Enclosure

7010 0780 0002 0835 0346

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE
MIDLAND TX 79702

Postage	\$ 1.05	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here JAN 28 2011
Restricted Delivery Fee (Endorsement Required)	\$0.00	01/28/2011
Total Postage & Fees	\$ 6.15	

Sent To *John H. Hendrix Corp.*
Street, Apt. No., or PO Box No. *Box 3040*
City, State, ZIP+4 *Midland, Texas 79702-3040*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0835 0339

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE
HOUSTON TX 77210

Postage	\$ 1.05	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here JAN 28 2011
Restricted Delivery Fee (Endorsement Required)	\$0.00	01/28/2011
Total Postage & Fees	\$ 6.15	

Sent To *Exxon Mobil Corporation*
Street, Apt. No., or PO Box No. *Box 4721*
City, State, ZIP+4 *Houston, Texas 77210-4721*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0835 0322

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE
HOUSTON TX 77236

Postage	\$ 1.05	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here JAN 28 2011
Restricted Delivery Fee (Endorsement Required)	\$0.00	01/28/2011
Total Postage & Fees	\$ 6.15	

Sent To *Cherxon USA Inc., Cherxon MidContinent LP*
Street, Apt. No., or PO Box No. *Box 36366*
City, State, ZIP+4 *Houston, Texas 77236*

PS Form 3800, August 2006 See Reverse for Instructions