

DATE IN 2.7.11	SUSPENSE	ENGINEER DILB	LOGGED IN 2.7.11	TYPE NSL	APP NO. 1103854415
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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  
RECEIVED OGD

2011 FEB 14 4:22  
Mark Owen #5  
30-025-39558

## 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 Amend Order No. NSL-6127

### [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

David Catanach  
Signature

Agent for Apache Corporation  
Title

2/4/11  
Date

drcatanach@netscape.com  
E-Mail Address

February 4, 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: Application to Amend Order No. NSL-6127 ✓  
Mark Owen No. 5 (API No. 30-025-39558)  
Surface Location: 1460' FSL & 1510' FWL (Unit K)  
Bottomhole Location: 1376' FSL & 1370' FWL (Unit K)  
Section 35, T-21S, R-37E  
Lea County, New Mexico

Dear Mr. Sanchez:

Order No. NSL-6127 dated December 17, 2009 authorized Apache Corporation ("Apache") to drill its Mark Owen No. 5 from a surface location 1460 feet from the South line and 1510 feet from the West line (Unit K) to an unorthodox bottomhole location 1355 feet from the South and West lines (Unit K), all in Section 35, Township 21 South, Range 37 East, NMPM, to test the Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Prorated Gas-86440), Drinkard Pool (Oil-19190), Wantz-Abo Pool (Oil-62700) and Wantz-Granite Wash Pool (Oil-62730).

The NE/4 SW/4 of Section 35 was to be dedicated to the Mark Owen No. 5 in the Blinebry Oil & Gas (Oil-6660), Drinkard, Wantz-Abo and Wantz-Granite Wash Pools thereby forming a standard 40-acre oil spacing and proration unit for those pools. The SW/4 of Section 35 was to be dedicated to the Mark Owen No. 5 in the Tubb Oil & Gas Pool (Prorated Gas-86440) thereby forming a standard 160-acre gas spacing and proration unit for that pool.

Subsequent to the completion of drilling operations on the Mark Owen No. 5 it was determined that the bottomhole location of the well was 1376 feet from the South line and 1370 feet from the West line (Unit K) of Section 35. **Consequently, Apache seeks to amend Order No. NSL-6127 to reflect the actual bottomhole location of the well.**

The Mark Owen No. 5 has been completed as an oil well in the Blinebry Oil & Gas Pool, a gas well in the Tubb Oil & Gas Pool, and an oil well in the Drinkard Pool and the well is currently being produced as a downhole commingled completion pursuant to the DHC order issued by the Hobbs OCD office (Order No. HOB-384).

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, Wantz-Abo and Wantz-Granite Wash Pools are subject to Division Rule 19.19.15.9.

Apache seeks approval of the amended bottomhole location as to all pools listed above in the event the well is recompleted in the future.

**Please note that Apache filed an administrative application on February 2, 2011 to establish four 40-acre non-standard gas spacing and proration units in the Tubb Oil & Gas Pool comprising the NW/4 SW/4, NE/4 SW/4, SW/4 SW/4 and SE/4 SW/4 of Section 35. In addition, Apache has requested approval to simultaneously dedicate the NE/4 SW/4 of Section 35 to the Mark Owen No. 5, and to the proposed Mark Owen No. 29 which will be drilled 2173 feet from the South line and 1330 feet from the West line (Unit K) of Section 35.**

The affected offset acreage includes the NW/4 SW/4 and S/2 SW/4 of Section 35. All offset acreage is operated by Apache, and the interest ownership within the entire SW/4 of Section 35 is common throughout. Consequently, notice of this application is not required to any party.

Approval of the requested amendment will allow Apache to recover additional oil and gas reserves from the Binebry, Tubb, Drinkard, Abo and Granite Wash formations that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

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  
Xc: OCD-Hobbs

<div>16</div>				<div>17</div> <div>OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</div> <div>Signature _____</div> <div>Date _____</div> <div>Printed Name _____</div>
<div>1510'</div> <div>1370'</div> <div>1376'</div>	<div>Surface Location</div> <div>BHL</div> <div>1460'</div>			<div>18</div> <div>SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Date of Survey _____</div> <div>Signature and Seal of Professional Surveyor: _____</div> <div>Certificate Number _____</div>