

DATE IN 2.7.11	SUSPENSE	ENGINEER DKB	LOGGED IN 2.7.11	TYPE NSL	APP NO. 1103854727
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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 OOD
 Dayton Hardy H
 2011 FEB 11 A 9:22

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]

6342

[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.

David Catanach
 Print or Type Name

Signature

Agent for Apache Corporation
 Title

Date

drcatanach@netscape.com
 E-Mail Address

February 3, 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
Dayton Hardy No. 9
API No. (N/A)
1331' FSL & 467' FEL, Unit I
Section 20, T-21 South, R-37 East, NMPM,
Blinebry Oil & Gas Pool, Tubb Oil & Gas Pool, Drinkard Pool
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 well location for its proposed Dayton Hardy Well No. 9. This well will be drilled as a development oil well in the Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Oil-60240) and Drinkard Pool (Oil -19190).

In the Blinebry Oil & Gas Pool, Tubb Oil & Gas Pool and Drinkard Pool, the well will be dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 SE/4 of Section 20. This unit is currently dedicated to the Apache Corporation Dayton Hardy Well No. 2 (API No. 30-025-06688) located at a standard well location 1980 feet from the South line and 660 feet from the East line of Section 20.

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. 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 governed by Division Rule 19.19.15.9.

The Dayton Hardy No. 9 is proposed to be drilled at a 20-acre infill location in order to recover remaining oil and gas reserves underlying the E/2 SE/4 of Section 20. Due to drainage considerations, a well at the proposed location should recover additional oil and gas reserves from the target reservoirs that will otherwise not be drained by the existing well(s), thereby preventing waste.

In support of the application, the following tables show drainage areas, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 10/2010 unless otherwise noted) and current daily oil and gas producing rates for offset wells. **(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	Dayton Hardy No. 2	I	Blinebry/Tubb/Drinkard	11	19.9	146	734
Apache	DC Hardy Nos. 3, 5, 11	P	Blinebry/Tubb/Drinkard	12	38.1	304	7,414

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	Dayton Hardy No. 2	I	Blinebry/Tubb/Drinkard	20.7	330	1.4	36
Apache	* DC Hardy No. 3	P	Drinkard	0.835	6.1	0	71
Apache	**DC Hardy No. 5	P	Blinebry	1.8	97.7	0	69
Apache	DC Hardy No. 11	P	Blinebry/Tubb/Drinkard	2.36	12.6	9.3	42

(* Drinkard zone was abandoned in this well in 1993. Cumulative and current producing rates are as of date of last production on 11/1993.)

(** Blinebry zone was abandoned in this well in 2004. Cumulative and current producing rates are as of the date of last production on 8/2004.)

Utilizing the average offset drainage areas and SophiH and applying it to the proposed location for the Dayton Hardy No. 9 results in an estimated recovery of 40 MBO and 4,000 MMCF of gas from the Blinebry, Tubb and Drinkard reservoirs.

The affected offset acreage in the Blinebry Oil & Gas, Tubb Oil & Gas and Drinkard Pools is the SE/4 SE/4 of Section 20. This affected offset acreage is operated by Apache Corporation. **Please be advised however, that the Dayton Hardy Lease, which encompasses the N/2 SE/4 of Section 20 is owned by Apache Permian Exploration & Production, LLC, a wholly owned subsidiary of Apache Corporation. The DC Hardy Lease encompasses the S/2 SE/4 of Section 20 and is owned by Apache Corporation. Although the working interest ownership between these two leases is common, the royalty interest is slightly different. Prior to drilling the Dayton Hardy No. 9, Apache Corporation and Apache Permian Exploration & Production, LLC will enter into a Cooperative Well Agreement that governs, among**

other things, the sharing of well cost and production revenue from the Dayton Hardy No. 9.

Due to the ownership of the affected offset acreage cited above, notice of this application is not required to any party.

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 E/2 SE/4 of Section 20 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,



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

Xc: OCD-Hobbs

JW

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

11885 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code <i>6660; 60240; 19190</i>	Pool Name <i>Blinebry (Oil); Tubb (Oil); Drinkard</i>
Property Code	Property Name DAYTON HARDY	Well Number 9
OORID No.	Operator Name APACHE CORPORATION	Elevation 3488'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	20	21-S	37-E		1331	SOUTH	467	EAST	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 40	Joint or Infill	Consolidation Code	Order No.						

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>GEODETC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=533239.3 N X=856480.7 E</p> <p>LAT.=32.460682° N LONG.=103.177593° W</p> <p>LAT.=32°27'38"N LONG.=103°10'39"W</p>	<p><i>Dayton Hardy No. 2</i></p> <p>467'</p> <p>1331'</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 20, 2010</p> <p>Date Surveyed _____ DSS</p> <p>Signature & Seal of Professional Surveyor: <i>Ronald J. Eidson</i></p> <p>Certificate No. GARY C. EIDSON 12841 RONALD J. EIDSON 3239</p>
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