

DATE IN <u>2.8.11</u>	SUSPENSE	ENGINEER <u>DKB</u>	LOGGED IN <u>2.8.11</u>	TYPE <u>NSP</u>	APP NO. <u>1103940533</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
 RECEIVED OGD

ADMINISTRATIVE APPLICATION CHECKLIST

FILED FEB - 8 A 10-12

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]

JL Muncy #4
30-025-22217
11 #7
30-025-29219
11 #11
30-025-33947

- [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 _____

SD pt 6-04
1103941470
1475-B
200614

- [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

2/8/11
 Date

drcatanach@netscape.com
 E-Mail Address

February 8, 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 for Non-Standard Gas Proration Unit &
Simultaneous Dedication
J L Muncy Wells No. 7 & 11
SW/4 NE/4, Section 24, T-22 South, R-37 East, NMPM,
Tubb Oil & Gas Pool
Lea County, New Mexico

Dear Mr. Sanchez:

By Order No. NSP-1475-A(L)(SD) dated June 1, 2005 the Division authorized Marathon Oil Company to establish an 80-acre non-standard gas spacing and proration unit in the Tubb Oil & Gas Pool (Prorated Gas-86440) comprising the S/2 NE/4 of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. Division Order Nos. NSP-1475-A(L)(SD) and SD-06-14 dated June 2, 2006 further authorized Marathon Oil Company to simultaneously dedicate this 80-acre non-standard gas unit to the following-described wells:

J L Muncy No. 4	API No. 30-025-22217	1980' FNL & 660' FEL (Unit H)
J L Muncy No. 7	API No. 30-025-29219	2086' FNL & 1874' FEL (Unit G)
J L Muncy No. 11	API No. 30-025-33947	2310' FNL & 1980' FEL (Unit G)

Apache Corporation ("Apache") is the successor operator of this 80-acre non-standard gas unit. Recently, the production characteristics of the J L Muncy No. 4 changed such that this well should now be properly classified as an oil well in the Tubb Oil & Gas Pool. Apache has recently filed a request with the OCD Hobbs office to reclassify the J L Muncy No. 4 from a gas well to an oil well. The SE/4 NE/4 of Section 24 will be dedicated to the J L Muncy No. 4 forming a standard 40-acre oil spacing and proration unit in the Tubb Oil & Gas Pool. Consequently, Apache hereby requests administrative approval to establish a 40-acre non-standard gas proration unit in the Tubb Oil & Gas Pool comprising the SW/4 NE/4 of Section 24. This 40-acre non-standard gas unit is to be simultaneously dedicated to the above-described J L Muncy Wells No. 7 and 11.

The Tubb Oil & Gas Pool is currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Tubb Oil & Gas Pool 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 J L Muncy Wells No. 7 and 11 are located at standard gas well locations for the proposed 40-acre gas spacing and proration unit.

With regards to the proposed non-standard gas proration unit and simultaneous dedication of the J L Muncy Wells No. 7 & 11 in the Tubb Oil & Gas Pool, Apache is providing notice of this application to all affected offset acreage in the Tubb Oil & Gas Pool in Section 24, Township 22 South, Range 37 East, described as follows:

<u>Acreage Description</u>	<u>Operator</u>
SE/4 NE/4 of Section 24	Apache Corporation (J L Muncy Lease)
SE/4 of Section 24	Apache Corporation (J L Muncy Lease)
E/2 SW/4 of Section 24	Apache Corporation (J L Muncy Lease)
NE/4 NE/4 of Section 24	John H. Hendrix Corporation
NW/4 NE/4 of Section 24	Chesapeake Operating, Inc.
NW/4, W/2 SW/4 of Section 24	ConocoPhillips Company

Please note that the working interest ownership within the Apache-operated J L Muncy Lease within Section 24 is common, consequently notice to working interest owners is not required.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Tubb Oil & Gas Pool

underlying the SW/4 NE/4 of Section 24, 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

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised July 16, 2010
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33947	Pool Code 86440	Pool Name Tubb Oil & Gas Pool (Prorated Gas)
Property Code 6442	Property Name J L Muncy	Well Number 11
OGRID No. 873	Operator Name Apache Corporation	Elevation 3313

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	24	22 South	37 East		2310'	North	1980'	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	Consolidate Code	Order No. Application submitted to form a 40-acre non-standard gas spacing and proration unit in the Tubb 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

	OPERATOR CERTIFICATION	
	<p><i>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 leased mineral interest in the land including the proposed bottomhole 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.</i></p>	
	Signature _____	Date _____
	Printed Name _____	
	E-mail Address _____	
	SURVEYOR CERTIFICATION	
	<p><i>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.</i></p>	
	Date of Survey _____	
	Signature and Seal of Professional Surveyor: _____	
	Certificate Number _____	

February 8, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS

Re: Apache Corporation
Non-Standard Gas Proration Unit &
Simultaneous Dedication
J L Muncy Wells No. 7 & 11
SW/4 NE/4 of Section 24, T-22 South, R-37 East, NMPM,
Tubb Oil & Gas Pool (Prorated Gas-86440)
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation for administrative approval of a 40-acre non-standard gas spacing and proration unit in the Tubb Oil & Gas Pool comprising the SW/4 NE/4 of Section 24, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. This unit is to be simultaneously dedicated in the Tubb Oil & Gas Pool to the existing J L Muncy Wells No. 7 and 11, located at standard gas well locations for the proposed 40-acre gas unit.

As the owner of an interest that may be affected by the proposed non-standard gas proration unit and 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

Notice List
Apache Corporation
Application for Non-Standard Gas Proration Unit &
Simultaneous Dedication
J L Muncy Wells No. 7 & 11
SW/4 NE/4 of Section 24, T-22 South, R-37 East, NMPM

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

ConocoPhillips Company
3401 E. 30th Street
Farmington, New Mexico 87402

Chesapeake Operating, Inc.
Box 18496
Oklahoma City, Oklahoma 73154

7010 0780 0002 0635 0476

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
 FARMINGTON NM 87402

Postage	\$ 1.05	0501 USPS SANTA FE, NM 87505 Postmark Here FEB - 8 2011 COCORADO STATION 02/08/2011
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.15	

Sent To *ConocoPhillips Company*
 Street, Apt. No., or PO Box No. *3401 E. 30th St.*
 City, State, ZIP+4 *Farmington, New Mexico 87402*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0635 0463

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
 OKLAHOMA CITY OK 73154

Postage	\$ 1.05	0501 USPS SANTA FE, NM 87505 Postmark Here FEB 8 2011 COCORADO STATION 02/08/2011
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.15	

Sent To *Chesapeake Operating, Inc.*
 Street, Apt. No., or PO Box No. *Box 18496*
 City, State, ZIP+4 *Oklahoma City OK 73154*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0635 0469

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 USPS SANTA FE, NM 87505 Postmark Here FEB - 8 2011 COCORADO STATION 02/08/2011
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
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