

DATE IN <u>2.2.11</u>	SUSPENSE	ENGINEER <u>DKB</u>	LOGGED IN <u>2.2.11</u>	TYPE <u>NSL</u>	APP NO. <u>1103836993</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

2011 FEB 2 A 9:59

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]

MARK OWEN #28

6348

MARK OWEN #29

[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 _____

NSL @ PTGW 1103853613

SD @ PTGW 1103853843

[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

*Fee
LEA*

[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

2/2/11
 Date

drcatanach@netscape.com
 E-Mail Address

February 2, 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(s)
Non-Standard Gas Proration Unit(s) &
Simultaneous Dedication
Mark Owen Well No. 28: 1310' FSL & 467' FWL (Unit M)
Mark Owen Well No. 29: 2173' FSL & 1330' FWL (Unit K)
Section 35, T-21 South, R-37 East, NMPM,
Blinebry Oil & Gas, Tubb Oil & Gas & Drinkard Pools
Lea County, New Mexico

Dear Mr. Sanchez:

Upon the application of Apache Corporation ("Apache"), Division Order No. NSP-1935/SD-200409-A dated December 17, 2009 approved a 120-acre non-standard gas spacing and proration unit in the Blinebry Oil & Gas Pool (Pro Gas -2480) comprising the NW/4 SW/4 and S/2 SW/4 of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. This non-standard gas unit was to be simultaneously dedicated in the Blinebry Oil & Gas Pool to the following-described wells:

NSP 1935 { Mark Owen No. 2 (API No. 30-025-07038) located 660 feet from the South and West lines (Unit M) of Section 35; and the

Mark Owen No. 3 (API No. 30-025-07039) located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 35.

In addition, Order No. NSP-1935/SD-200409-A authorized Apache to simultaneously dedicate a standard 160-acre gas spacing and proration unit in the Tubb Oil & Gas Pool (Pro Gas-86440) to the following-described Apache operated wells:

SD 200409 { Mark Owen No. 1: (API No. 30-025-07037) located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35:

Mark Owen No. 3: (API No. 30-025-07039) located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 35;

MARK OWEN NO. 8
30-025-25481

Mark Owen No. 8 (API No. 30-025-25481) located 760 feet from the South and West lines (Unit M) of Section 35; and

Mark Owen No. 5 (API No. 30-025-39558) located at a surface location 1460 feet from the South line and 1510 feet from the West line (Unit K) of Section 35 and a bottomhole location 1355 feet from the South and West lines (Unit K) of Section 35. (Please See Footnote No. 1).

Apache plans to drill two additional wells in the SW/4 of Section 35, described as follows:

Mark Owen No. 28 (API No. N/A) located 1310 feet from the South line and 467 feet from the West line (Unit M). This well is to be completed as a gas well in the Blinebry and Tubb Oil & Gas Pools, and as an oil well in the Drinkard Pool (Oil-19190).

Mark Owen No. 29 (API No. N/A) located 2173 feet from the South line and 1330 feet from the West line (Unit K). This well is to be completed as an oil well in the Blinebry Oil & Gas Pool, as a gas well in the Tubb Oil & Gas Pool, and as an oil well in the Drinkard Pool.

Consequently, Apache seeks approval for non-standard gas spacing and proration units in the Blinebry and Tubb Oil & Gas Pools, unorthodox oil and gas well locations in the Blinebry and Tubb Oil & Gas Pools and Drinkard Pool, and simultaneous dedication in the Blinebry and Tubb Oil & Gas Pools, described in detail, as follows:

Blinebry Oil & Gas Pool

Apache seeks authority to establish three (3) 40-acre non-standard gas spacing and proration units in the Blinebry Oil & Gas Pool comprising the NW/4 SW/4, SW/4 SW/4 and SE/4 SW/4 of Section 35. The SE/4 SW/4 will be dedicated to the Mark Owen No. 3. The NW/4 SW/4 will not be dedicated to any well in the Blinebry Oil & Gas Pool at the present time, however future development on this tract in the Blinebry Oil & Gas Pool is likely. Apache seeks approval to simultaneously dedicate the SW/4 SW/4 of Section 35 to the Mark Owen No. 2 and to the proposed Mark Owen No. 28.

Apache further seeks approval of an unorthodox gas well location in the Blinebry Oil & Gas Pool for the Mark Owen No. 28.

Apache further seeks approval of an unorthodox oil well location in the Blinebry Oil & Gas Pool for the Mark Owen No. 29. This well will be dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 SW/4 of Section 35.

Tubb Oil & Gas Pool

Apache seeks authority to establish four (4) 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. The NW/4 SW/4 will be dedicated to the Mark Owen No. 1. The SE/4 SW/4 will be dedicated to the Mark Owen No. 3. Apache seeks approval to simultaneously dedicate the SW/4 SW/4 of Section 35 to the Mark Owen Well No. (8) and to the proposed Mark Owen No. (28). Apache further seeks approval to simultaneously dedicate the NE/4 SW/4 to the Mark Owen No. (5) and to the proposed Mark Owen No. (29). SD

Apache further seeks approval of an unorthodox gas well location in the Tubb Oil & Gas Pool for the Mark Owen Wells No. (28) & (29). NSL's

Drinkard Pool

Apache further seeks unorthodox location approval in the Drinkard Pool for both the proposed Mark Owen Wells No. (28) and (29). In Unit K, Apache operates the Mark Owen Wells No. 4 and 5 which currently produce from the Drinkard Pool. In Unit M, Apache currently operates the Mark Owen Well No. 2 which currently produces from the Drinkard Pool. NSL's

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 Mark Owen Wells No. 28 and 29 are being drilled as an infill location between existing Blinebry, Tubb and Drinkard producers. Wells at these locations should recover additional oil and gas reserves from the target reservoirs that will otherwise not be drained by the existing wells, thereby preventing waste.

Approval of the proposed non-standard gas spacing and proration units in the Blinebry & Tubb Oil & Gas Pools will facilitate proper acreage dedication in the event any of these wells are reclassified from gas wells to oil wells, or vice versa.

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	Mark Owen 1 & 9	L	Blinebry/Tubb	19	22.1	279	5,100
Apache	Mark Owen 4	K	Blinebry/Drinkard	17.5	17.2	200	4,064
Apache	Mark Owen 3	N	Blinebry/Tubb/Drinkard	18	15.4	184	9,378
Apache	Mark Owen 2	M	Blinebry/Drinkard	21	13.2	184	7,951

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	Mark Owen 1	L	Tubb/Drinkard	6.82	1,667	1.22	171
Apache	Mark Owen 9 *	L	Blinebry	39.4	355	4.2	49
Apache	Mark Owen 4 **	K	Blinebry/Drinkard	47.3	1,807	1.6	147
Apache	Mark Owen 3	N	Blinebry/Tubb/Drinkard	20.6	2,129	1.26	357
Apache	Mark Owen 2	M	Blinebry/Drinkard	10.4	1,849	1.2	176

*Mark Owen No. 9: Cumulative production includes Blinebry and Wantz-Abo Pools. Latest daily Blinebry Oil & Gas Pool production as of 8/2004.

**Mark Owen No. 4: Cumulative production includes Wantz-Abo, Drinkard & Blinebry Pools. Current production is Blinebry & Drinkard only.

Utilizing the average offset drainage areas and SophiH and applying it to the proposed locations for the Mark Owen Wells No 28 & 29 results in estimated recoveries of 40 MBO and 4,000 MMCF of gas for each well from the Blinebry, Tubb and Drinkard reservoirs.

The affected offset acreage with regards to the unorthodox locations for both the Mark Owen Wells No. 28 & 29 in the Blinebry Oil & Gas, Tubb Oil & Gas and Drinkard Pools is the NW/4 SW/4 of Section 35. This affected acreage is operated by Apache and is contained within the commonly-owned Mark Owen lease.

With regards to the proposed non-standard gas spacing and proration units in the Blinebry Oil & Gas and Tubb Oil & Gas Pools, and the proposed simultaneous dedication in the Blinebry Oil & Gas and Tubb Oil & Gas Pools, Apache is providing notice of this application to all affected offset acreage in the Blinebry Oil & Gas Pool and Tubb Oil & Gas Pool, described as follows:

Acreage Description

Operator

SE/4 of Section 34, T-21S, R-37E

Chevron USA, Inc.

NE/4 of Section 34, T-21S, R-37E

Exxon Mobil Corporation

N/2 NW/4 & SE/4 NW/4 of Section 35, T-21S, R-37E	Conoco-Phillips Company
SW/4 NW/4 of Section 35, T-21S, R-37E	John H. Hendrix Corporation
NE/4 of Section 35, T-21S, R-37E	ConocoPhillips Company
SE/4 of Section 35, T-21S, R-37E	Oxy USA WTP Ltd. Partnership
N/2 of Section 2, T-22S, R-37E	Exxon Mobil Corporation
NE/4 of Section 3, T-22S, R-37E	Chevron USA, Inc.

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 SW/4 and SW/4 SW/4 of Section 35 that may otherwise not be recovered by the existing producing wells, thereby preventing waste, and will not violate correlative rights.

(Please Note: NSL-6127 approved an unorthodox bottomhole location for the Mark Owen No. 5 at 1355 feet from the South and West lines of Section 35. Subsequent to the drilling of the well, the bottomhole location changed to 1376 feet from the South line and 1370 feet from the West line of Section 35. Consequently, Apache Corporation will file an application to amend NSL-6127 for the Mark Owen No. 5 in the following manner:

Blinebry Oil & Gas Pool: Correct the bottomhole location

Tubb Oil & Gas Pool: Correct the bottomhole location and amend the acreage dedication to reflect the well is to be dedicated to a 40-acre non-standard gas spacing and proration unit.

Drinkard, Wantz-Abo, Wantz-Granite Wash: Correct the bottomhole location.

In summary, Apache seeks:

Non-Standard Gas Spacing & Proration Units

In the Blinebry Oil & Gas Pool, Apache seeks approval of three 40-acre non-standard gas spacing and proration units comprising the NW/4 SW/4, SW/4 SW/4 and SE/4 SW/4 of Section 35.

In the Tubb Oil & Gas Pool, Apache seeks approval of four 40-acre non-standard gas spacing and proration units comprising the NW/4 SW/4, SW/4 SW/4, SE/4 SW/4 and NE/4 SW/4 of Section 35.

Unorthodox Oil & Gas Well Locations NSL

- ✓
Mark Owen No. 28: Unorthodox gas well location in the Blinebry Oil & Gas Pool
Unorthodox gas well location in the Tubb Oil & Gas Pool
Unorthodox oil well location in the Drinkard Pool
- ✓
Mark Owen No. 29: Unorthodox oil well location in the Blinebry Oil & Gas Pool
Unorthodox gas well location in the Tubb Oil & Gas Pool
Unorthodox oil well location in the Drinkard Pool

Simultaneous Dedication-Blinebry Oil & Gas Pool SD

Apache seeks approval to simultaneously dedicate the SW/4 SW/4 of Section 35 to the Mark Owen No. 2 and to the proposed Mark Owen No. 28. ✓

Simultaneous Dedication-Tubb Oil & Gas Pool ~~NSL~~ SD

Apache seeks approval to simultaneously dedicate the SW/4 SW/4 of Section 35 to the Mark Owen No. 8 and to the proposed Mark Owen No. 28. Apache further seeks authority 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. SD

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

Sincerely,

David Catanach

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

Xc: OCD-Hobbs

mark Owen
" " NO. 1
" " NO. 2
" " NO. 3
" " NO. 5
" " NO. 8
" " NO. 28
" " NO. 29

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
Pool Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 72480	Pool Name Blaine bry Oil & Gas (Pro Gas)
Property Code	Property Name MARK OWEN	Well Number 28
OGRID No.	Operator Name APACHE CORPORATION	Elevation 3381'

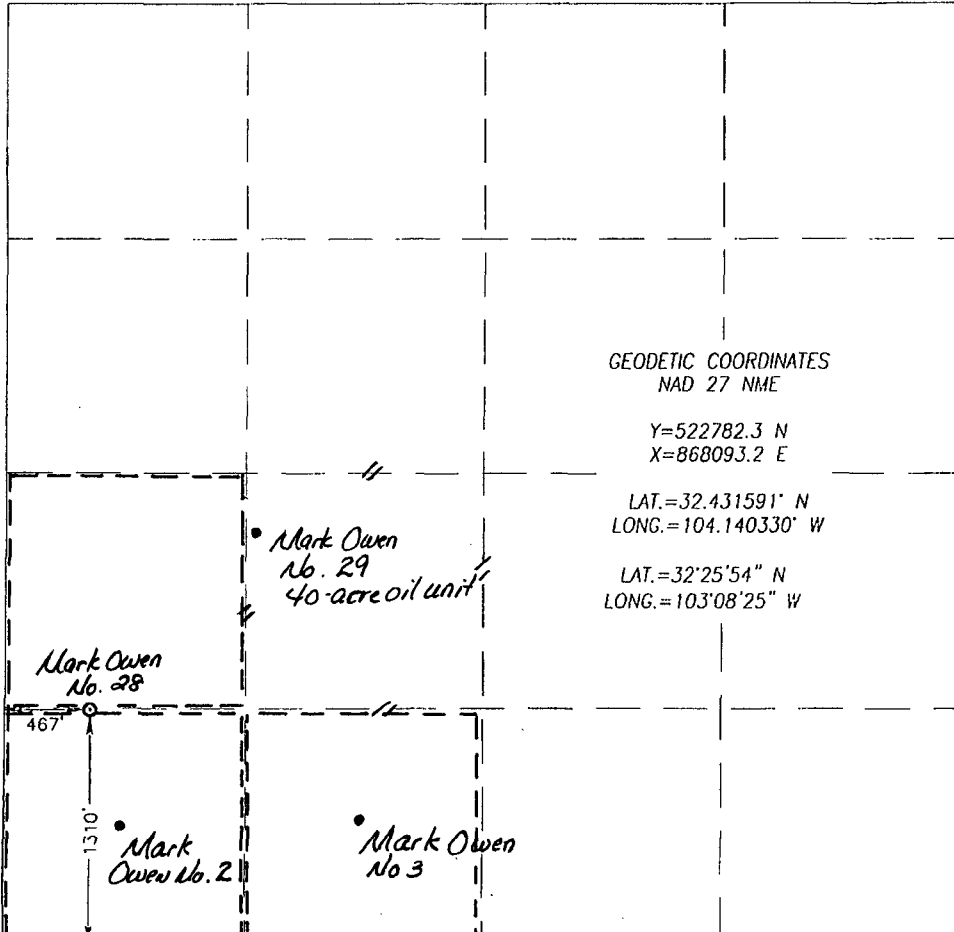
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	35	21-S	37-E		1310	SOUTH	467	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.						

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>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 22, 2010</p> <p>Date Surveyed _____ DSS</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. GARY G. EIDSON 12841 RONALD J. EIDSON 3239</p>
---	--

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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 86440	Pool Name Tubb Oil & Gas Pool (Pro-Gas)
Property Code	Property Name MARK OWEN	Well Number 29
OGRID No.	Operator Name APACHE CORPORATION	Elevation 3574'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	35	21-S	37-E		2173	SOUTH	1330	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.						

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</p> <p>Y=523656.6 N X=868946.4 E</p> <p>LAT.=32.433968" N LONG.=104.137534" W</p> <p>LAT.=32°26'02" N LONG.=103°08'15" 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 22, 2010</p> <p>Date Surveyed _____ OSS _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p><i>Ronald J. Eidson</i> 01/07/2011 10.11.1843</p> <p>Certificate No. GARY G. EIDSON 12841 RONALD J. EIDSON 3239</p>
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Notice List
Apache Corporation
Application for Non-Standard Gas Proration Units,
Simultaneous Dedication & Non-Standard Well Locations
Mark Owen Wells No. 28 & 29
SW/4 of Section 35, T-21 South, R-37 East, NMPM

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

Chevron USA, Inc.
Box 36366
Houston, Texas 77236

Exxon Mobil Corporation
Box 4721
Houston, Texas 77210-4721

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

Oxy USA WTP Ltd. Partnership
Box 4294
Houston, Texas 77210-4294

February 2, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS

Re: Apache Corporation
Non-Standard Gas Proration Units,
Unorthodox Well Locations & Simultaneous Dedication
Mark Owen Wells No. 28 & 29
SW/4 of Section 35, T-21 South, R-37 East, NMPM,
Blinebry Oil & Gas Pool, Tubb Oil & Gas Pool & Drinkard Pool
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation for administrative approval of three 40-acre non-standard gas spacing and proration units in the Blinebry Oil & Gas Pool, four 40-acre non-standard gas spacing and proration units in the Tubb Oil & Gas Pool, unorthodox oil and gas well locations for the proposed Mark Owen Wells No. 28 and 29 in the Blinebry Oil & Gas Pool, Tubb Oil & Gas Pool and Drinkard Pool, and simultaneous dedication in the Blinebry Oil & Gas Pool and Tubb Oil & Gas Pool.

As the owner of an interest that may be affected by the proposed non-standard gas spacing and proration units, unorthodox oil and gas well locations 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

7010 0780 0002 0835 0391

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
HOUSTON TX 77210 OFFICIAL USE		
Postage	\$ 1.22	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	FEB 2 2011
Total Postage & Fees	\$ 6.32	02/02/2011
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 0377

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
MIDLAND TX 79702 OFFICIAL USE		
Postage	\$ 1.22	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	FEB 2 2011
Total Postage & Fees	\$ 6.32	02/02/2011
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 0353

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
HOUSTON TX 77210 OFFICIAL USE		
Postage	\$ 1.22	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	FEB 2 2011
Total Postage & Fees	\$ 6.32	02/02/2011
Sent To: Oxy USA WTP Ltd. Partnership		
Street, Apt. No., or PO Box No. Box 4294		
City, State, ZIP+4 Houston, Texas 77210-4294		
PS Form 3800, August 2006 See Reverse for Instructions		

7010 0780 0002 0835 0364

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
FARMINGTON NM 87402 OFFICIAL USE		
Postage	\$ 1.22	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	FEB 2 2011
Total Postage & Fees	\$ 6.32	02/02/2011
Sent To: Conoco Phillips Company		
Street, Apt. No., or PO Box No. 3401 E. 30th Street		
City, State, ZIP+4 Farmington, New Mexico 87402		
PS Form 3800, August 2006 See Reverse for Instructions		

7010 0780 0002 0835 0360

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
HOUSTON TX 77236 OFFICIAL USE		
Postage	\$ 1.22	0501
Certified Fee	\$2.80	10
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	FEB 2 2011
Total Postage & Fees	\$ 6.32	02/02/2011
Sent To: Chevron USA Inc.		
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		

Well	API No.	Unit Ltr	Footages	BHL	Exist/New	Blinebry	Unit	NSP	SD	NSL	Tubb	Unit	NSP	SD	NSL	Drinkard	Unit	NSL
Mark Owen #1	30-025-07037	L	1980 FS 660 FW		Existing						G-160			0409-A				
Mark Owen #2	30-025-07038	M	660 FN 660 FS		Existing	G-120-LMN, 1935; New G40	New	New	0409-A; New								0-40	
Mark Owen #3	30-025-07039	N	660 FS 1980 FW		Existing	G-120-LMN, 1935; New G40	New	New	0409-A		G-160			0409-A				
Mark Owen #4		K		1355 FS 1355 FW; New 1376 FS 1370 FW	Existing	O-40											O-40	
Mark Owen #5	30-025-39558	K	1460 FS 150 FW		Existing						G-160			0409-A			6127 O-40	
Mark Owen #8	30-025-25481	M	760 FS 760 FW								G-160			0409-A				
Mark Owen #28		M	1310 FS 467FW		New	New G40		SOS	SOS	SOS	G-160			SOS			O-40	SOS
Mark Owen #29		K	2173 FS 1330 FW		New	O-40				SOS	G-160			SOS			???	O-40 SOS

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, March 10, 2011 5:07 PM
To: 'drcatanach@netscape.com'
Subject: Apache - Mark Owen NSL/NSP/SD Application

Dear David

Attached is a draft of a proposed order on this application. Please check it over generally to be sure everything is ok. That way, maybe I won't have to do a nunc pro tunc.

Also, I have a question about the Mark Owen #5. Order NSP 1935 says, as does your application and the C-102 filed with the previous application that resulted in NSP 1935, that it is located at SL 1460 FSL and 1510 FWL and BHL 1355 FS&WL. Your application says this location is in Unit K, which should be correct. Order 1935 and the C-102 included in the previous application had the same location info but say Unit L, which would seem to be wrong based on the footages. However, when I tried to check it I found that the C-102 in the well file shows it to actually be in Unit L at SL 1650 FSL & 1170 FWL and BHL at 1650 FSL & 990 FWL. If that is correct, then Unit L should be dedicated only to the #5 in the Blinbry and, in the Tubb Unit L should be simultaneously dedicated to the #1 and #5 instead of Unit K being simultaneously dedicated to the No. 5 and the No. 29, as requested in your application. Please check this out.

Thanks

David

Brooks, David K., EMNRD

From: David Catanach [drcatanach@netscape.com]
Sent: Monday, March 14, 2011 8:30 AM
To: Brooks, David K., EMNRD
Cc: Michelle Hanson
Subject: RE: Apache - Mark Owen NSL/NSP/SD Application
Attachments: NSL-6348 Corrections.doc

David,

There are many C-102's in the well file for the Mark Owen No. 5. I'm not sure that any of them are entirely correct.

The correct well location for the Mark Owen No. 5 is: Surface: 1460' FSL & 1510' FWL Bottomhole: 1376' FSL & 1370' FWL. Both the surface and bottomhole locations should be in Unit K.

The person in Hobbs that is reviewing these C-102's keeps changing our surface location to Unit L when it should be in Unit K. Clearly, based on the footages, both the surface and bottomhole locations are in Unit K.

I have reviewed the draft order and have found some corrections that need to be made.

On Page 3, in the paragraph with the heading "The units so established will be dedicated to the following wells"

Section 35-21S-37E in the Tubb Oil & Gas Pool

Should Read: SW/4 SW/4 Mark Owen No. 8 (API No. 30-025-25481) and mark Owen No. 28
[See Simultaneous Dedication Approval below].

In addition on Page 3, under the paragraph heading "Simultaneous Dedication Approval".

I have attached a revised paragraph 1 under that heading. It corrects the simultaneous dedication of the SW/4 SW/4 of Section 35 in the Tubb Oil & Gas Pool to correctly read the Mark Owen Wells No. 8 and 28.

Paragraph 2 regarding the Mark Owen No. 5 and 29 is correct. (Note: correct pool name to Tubb instead of Tub)

On Page 4 under the heading "Non-Standard Location (NSL) Application:

I have attached a corrected version of the items under that heading to show the Mark Owen No. 29 is an unorthodox oil well location in the Blinebry, not gas.

Also, pool indicates Drunkard Pool, should be Drinkard, although I can understand this mistake given the complexity of this application.

If you need anything else, or if you want me to take another look after the corrections are made, let me know.

Thanks,

David

--- david.brooks@state.nm.us wrote:

From: "Brooks, David K., EMNRD" <david.brooks@state.nm.us>
To: "drcatanach@netscape.com" <drcatanach@netscape.com>
Subject: RE: Apache - Mark Owen NSL/NSP/SD Application
Date: Fri, 11 Mar 2011 15:29:05 +0000

Sorry about that!

From: David Catanach [<mailto:drcatanach@netscape.com>]

Sent: Friday, March 11, 2011 6:52 AM

To: Brooks, David K., EMNRD

Subject: Re: Apache - Mark Owen NSL/NSP/SD Application

David,

I'd be happy to take a look at the proposed order, however, I was unable to find any attachment to your E-mail. I'm out of town today, so I will review the order this weekend and get back to you first thing Monday morning.

Thanks,

David

--- david.brooks@state.nm.us wrote:

From: "Brooks, David K., EMNRD" <david.brooks@state.nm.us>

To: "drcatanach@netscape.com" <drcatanach@netscape.com>

Subject: Apache - Mark Owen NSL/NSP/SD Application

Date: Fri, 11 Mar 2011 00:07:09 +0000

Dear David

Attached is a draft of a proposed order on this application. Please check it over generally to be sure everything is ok. That way, maybe I won't have to do a nunc pro tunc.

Also, I have a question about the Mark Owen #5. Order NSP 1935 says, as does your application and the C-102 filed with the previous application that resulted in NSP 1935, that it is located at SL 1460 FSL and 1510 FWL and BHL 1355 FS&WL. Your application says this location is in Unit K, which should be correct. Order 1935 and the C-102 included in the previous application had the same location info but say Unit L, which would seem to be wrong based on the footages. However, when I tried to check it I found that the C-102 in the well file shows it to actually be in Unit L at SL 1650 FSL & 1170 FWL and BHL at 1650 FSL & 990 FWL. If that is correct, then Unit L should be dedicated only to the #5 in the Blinbry and, in the Tubb Unit L should be simultaneously dedicated to the #1 and #5 instead of Unit K being simultaneously dedicated to the No. 5 and the No. 29, as requested in your application. Please check this out.

Thanks

David

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Simultaneous Dedication Application:

Apache has requested approval to simultaneously dedicate the above-described non-standard 40-acre gas spacing and proration unit consisting of the SW/4 SW/4 in the Binebry Oil & Gas Pool to the following wells:

Mark Owen Well No. 2 (API No. 30-025-07038) located 660 feet from the South and West lines (Unit M) of Section 35; and

Mark Owen Well No. 28 (API No. not yet assigned), located 1310 feet from the South line and 467 feet from the West line (Unit M) of Section 35.

Apache has further requested approval to simultaneously dedicate the above-described non-standard 40-acre gas spacing and proration unit consisting of the SW/4 SW/4 in the Tubb Oil & Gas Pool to the following wells:

Mark Owen Well No. 8 (API No. 30-025-25481) located 760 feet from the South and West lines (Unit M) of Section 35; and

Mark Owen Well No. 28 (API No. not yet assigned), located 1310 feet from the South line and 467 feet from the West line (Unit M) of Section 35.

Non-Standard Location (NSL) Application:

Apache has requested to drill the Mark Owen Well No. 28 (API No. not yet assigned), at an unorthodox gas well location in the Blinebry and Tubb Oil & Gas Pools, and an unorthodox oil well location in the Drinkard Pool, 1310 feet from the South line and 467 feet from the West line (Unit M) of Section 35.

Apache has further requested to drill the Mark Owen Well No. 29 (API No. not yet assigned), at an unorthodox gas well location in the Tubb Oil & Gas Pool, and an unorthodox oil well location in the Blinebry Oil & Gas Pool and Drinkard Pool 2173 feet from the South line and 1330 feet from the West line (Unit K) of Section 35.

The SW/4 SW/4 of Section 35 will be dedicated to the Mark Owen Well No. 28 as a non-standard 40-acre gas spacing and proration unit in the Binebry and Tubb [see above], and as a standard, 40-acre oil spacing and proration unit in the Drinkard Pool (19190). The NE/4 SW/4 of Section 35 will be dedicated to the Mark Owen Well No. 29 as a non-standard, 40-acre gas spacing and proration unit in the Tubb [see above] and as a standard 40-acre oil spacing and proration unit in the Blinebry and Drinkard Pools [see

above]. The special pool rules applicable to 40-acre oil or gas units in the Blinebry and Tubb and statewide Rule 15.9, applicable to the Drinkard Pool each provide that wells shall be located at least 330 feet from any unit outer boundary. Each of these locations is less than 330 feet from a unit boundary.

Brooks, David K., EMNRD

From: Mull, Donna, EMNRD
Sent: Monday, March 14, 2011 12:23 PM
To: Kautz, Paul, EMNRD; Brooks, David K., EMNRD; drcatanach@netscape.com
Subject: RE: Apache - Mark Owen #5 API No. 30-025-39558

This location has been corrected. I have talked to Pat about this and will get with Cindy.

Have a nice day. Donna

From: Kautz, Paul, EMNRD
Sent: Monday, March 14, 2011 9:21 AM
To: Brooks, David K., EMNRD; drcatanach@netscape.com; Mull, Donna, EMNRD
Subject: RE: Apache - Mark Owen #5 API No. 30-025-39558

David

I have check the well file and the well is in U/L K. I am looking into who has been changing K to L

Paul

From: Brooks, David K., EMNRD
Sent: Monday, March 14, 2011 9:08 AM
To: drcatanach@netscape.com; Kautz, Paul, EMNRD; Mull, Donna, EMNRD
Subject: Apache - Mark Owen #5 API No. 30-025-39558

David

I have prepared a corrected draft of the order which is attached.

However, I think before we issue it Apache and our people in Hobbs need to straighten out the location of the Mark Owen No. 5. If the footages you give (SL 1460 FSL & 1510 FWL and 1376 FSL & 1370 FWL) are correct, then I would have assumed this well was in Unit K as that would correspond to those footages unless the section was substantially irregular. However, as I pointed out in my previous email, there are documents in the well file showing different locations. We have the well entered in our system with the footages you indicate, but showing it in Unit L, which is incorrect for these footages, but correct for the footages on the C-102 attached to the APD.

Paul and Donna

Please look into this and see if you can straighten it out.

Thanks

David Brooks

Brooks, David K., EMNRD

From: David Catanach [drcatanach@netscape.com]
Sent: Monday, March 14, 2011 9:44 AM
To: Brooks, David K., EMNRD
Cc: Michelle Hanson; Kautz, Paul, EMNRD
Subject: Re: Apache - Mark Owen #5 API No. 30-025-39558

David,

I have spoken to Paul Kautz about the well location for the Mark Owen No. 5. He agreed that both the surface and bottomhole location are in Unit K.

On Page 3, Paragraph No. 2, "and the Tubb Oil and Gas Pool" should be deleted. This paragraph only pertains to the Binebry Oil & Gas Pool.

On Page 4, under the heading Non-Standard Location (NSL) Application, there is still confusion. Suggested changes should read:

"Apache has requested to drill the following wells at unorthodox oil and/or gas well locations in the Binebry Oil & Gas Pool, Tubb Oil & Gas Pool and Drinkard Pool, as follows:"

The second sentence of paragraph No. 2 under that heading should read:

"The NE/4 SW/4 of Section 35 will be dedicated to the Mark Owen Well No. 29 as a non-standard, 40-acre gas spacing and proration unit in the Tubb Oil & Gas Pool, and as a standard 40-acre oil spacing and proration unit in the Binebry Oil & Gas Pool and Drinkard Pool."

Keep the faith, we're almost done.

David

--- david.brooks@state.nm.us wrote:

From: "Brooks, David K., EMNRD" <david.brooks@state.nm.us>
To: "drcatanach@netscape.com" <drcatanach@netscape.com>, "Kautz, Paul, EMNRD" <paul.kautz@state.nm.us>, "Mull, Donna, EMNRD" <donna.mull@state.nm.us>
Subject: Apache - Mark Owen #5 API No. 30-025-39558
Date: Mon, 14 Mar 2011 15:08:20 +0000

David

I have prepared a corrected draft of the order which is attached.

However, I think before we issue it Apache and our people in Hobbs need to straighten out the location of the Mark Owen No. 5. If the footages you give (SL 1460 FSL & 1510 FWL and 1376 FSL & 1370 FWL) are correct, then I would have assumed this well was in Unit K as that would correspond to those footages unless the section was substantially irregular. However, as I pointed out in my previous email, there are documents in the well file showing different locations. We have the well entered in our system with the footages you

indicate, but showing it in Unit L, which is incorrect for these footages, but correct for the footages on the C-102 attached to the APD.

Paul and Donna

Please look into this and see if you can straighten it out.

Thanks

David Brooks

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