

DATE IN <u>5.5.11</u>	SUSPENSE	ENGINEER <u>D B</u>	LOGGED IN <u>5.5.11</u>	TYPE <u>NSL</u>	APP NO. <u>112540325</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 -
 R. D. OOD
 Payton Hardy #9
 2011 MAY - 5 AMO 59

ADMINISTRATIVE APPLICATION CHECKLIST *30-025-4078*

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 _____

lea
NSL-6348

[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

5/5/11
 Date

drcatanach@netscape.com
 E-Mail Address

May 5, 2011

Hand Delivered

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

Attention: Ms. Jami Bailey, CPG
Division Director

Re: ~~Application to Amend Order No. NSL-6342~~
Dayton Hardy Well No. 9
API No. 30-025-40078
1331' FSL & 467' FEL, Unit I
Section 20, T-21 South, R-37 East, NMPM,
Undesignated Wantz-Abo Pool
Lea County, New Mexico

Dear Ms. Bailey:

By Order No. NSL-6342 dated February 28, 2011 the Division authorized Apache Corporation ("Apache") to drill its Dayton Hardy Well No. 9 at an unorthodox oil well location 1331 feet from the South line and 467 feet from the East line (Unit I) of Section 20, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico to test the Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Oil-60240) and Drinkard Pool (Oil-19190). The NE/4 SE/4 of Section 20 is dedicated to the well forming standard 40-acre oil spacing and proration units for each of the pools.

Geologic data obtained during the drilling of the well indicates the possibility that the Abo formation may be productive in the subject well. Consequently, Apache hereby requests that Order No. NSL-6342 be amended to include the Undesignated Wantz-Abo Pool. The NE/4 SE/4 of Section 20 will be dedicated to the well in the Undesignated Wantz-Abo Pool thereby forming a standard 40-acre oil spacing and proration unit.

The Wantz-Abo Pool is governed by Division Rule 19.19.15.9 which requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

There is currently no Abo production within the proposed spacing unit, nor in the affected offset acreage.

The affected offset acreage in the Undesignated Wantz-Abo Pool 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. Consequently, Apache Corporation and Apache Permian Exploration & Production, LLC will revise the Cooperative Well Agreement that was originally executed for the Dayton Hardy No. 9 governing the Blinebry, Tubb and Drinkard intervals, to include the Wantz-Abo Pool. This agreement 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 requested amendment will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Wantz-Abo Pool underlying the NE/4 SE/4 of Section 20 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

Since the well has already been drilled to total depth, Apache respectfully requests expedited approval of this application.

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

