

DATE IN	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET 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:

[NSP-Non-Standard Location] [NSL-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 _____

SEP 11 2001

[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 if 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.

Lee R. White
 Print or Type Name

Signature

Engineering Manager
 Title

9/10/2001
 Date

Lee.White@Apachecorp.com
 e-mail Address

September 10, 2001

Attn: David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Administrative Order PC-97
Lockhart B-11 Lease
Section 11, T-21S, R-37E
Lea County, New Mexico**

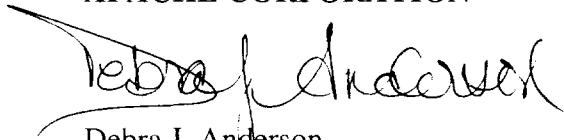
As per your letter dated August 27, 2001, Apache Corporation submits for your review the following information regarding our request for administrative approval of an amendment of the referenced Surface Commingling Permit.

- 1) One original Administrative Application Checklist was attached to the package submitted on August 16th, which included an original and two copies of the entire application. I have attached new Administrative Application Checklists and I will attach the checklist to each copy of future applications.
- 2) All gas produced will be commingled at the Lockhart B-11 lease facility separators then transported through the gas sales line to Dynegy
- 3) See attached tabulation of wells indicating current gas producing rates for the commingled wells.
- 4) Wells No. 2, 4, 8, 10, 11, 15, 16 and 17 are downhole commingled. See attached tabulation of wells for Downhole Commingling Permit numbers

If you have any questions or need additional information, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION

A handwritten signature in black ink, appearing to read 'Debra J. Anderson', written over a horizontal line.

Debra J. Anderson
Sr. Engineering Technician

Attachments

cc: State of New Mexico
Oil Conservation Division
District I
1625 N. French Drive
Hobbs, New Mexico 88240

**LOCKHART B-11 LEASE
PENROSE SKELLY; GRAYBURG
BLINEBRY / DRINKARD / WANTZ ABO**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>Avg. MCFD</u>	<u>API Gravity</u>
1	Wantz Abo	Active	1	33	35.1
2 DHC-91	Blinebry	Active	6	17	36.7
	Drinkard	Active	2	6	36.7
3	Penrose Skelly; Grayburg	Active	11	32	37.9
4 DHC-19	Blinebry	Active	1	44	36.7
	Drinkard	Active	1	29	36.7
5	Drinkard	Active	3	33	36.7
6	Drinkard	Active	2	22	36.7
7	Blinebry	Active	1	8	36.7
8 DHC-137	Blinebry	Active	1	22	36.7
	Drinkard	Active	1	27	36.7
9	Blinebry	Active	1	4	36.7
10 DHC-18	Blinebry	Active	1	35	36.7
	Drinkard	Active	1	15	36.7
11 DHC-22	Blinebry	Active	1	19	36.7
	Drinkard	Active	1	13	36.7
12	Blinebry	Active	1	42	36.7
13	Blinebry	Active	2	1	36.7
14	Blinebry	Active	2	12	36.7
15 DHC-519	Blinebry	Active	1	18	36.7
	Drinkard	Active	2	68	36.7
16 DHC-166	Blinebry	Active	7	39	36.7
	Drinkard	Active	1	6	36.7
17 DHC-87	Drinkard	Active	2	35	36.7
	Wantz Abo	Active	1	15	35.1



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

August 27, 2001

Apache Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056-4400

Attention: Ms. Debra J. Anderson

Re: Surface Commingling Application
Amend Order No. PC-97
Lockhard B-11 Lease
Section 11, T-21 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Ms. Anderson:

This letter acknowledges the receipt of your administrative application dated August 16, 2001, to amend Division Order No. PC-97 to add the Penrose Skelly Grayburg Pool on the Lockhard B-11 Lease. The Division received your application on August 21, 2001.

Our preliminary review indicates that the information provided in the application is not sufficient to process the administrative order. The following information is necessary:

- a) **Administrative Application Checklist (enclosed)**
- b) **Is the gas production going to be commingled?**
- c) **What is the current gas producing rates for the commingled wells?**
- d) **Are Wells No. 2, 4, 8, 10, 11, 15, 16, and 17 downhole commingled?**

Since the submitted information is insufficient to review, the application was **Ruled Incomplete** on August 27, 2001. Please submit the above stated information by September 3, 2001.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the division will continue to process your application. The additional information can be faxed, or mailed to the Division. If the necessary information is not submitted, your application will be returned to you.

Administrative Application Letter
Apache Corporation
August 27, 2001

If you have any questions, please contact me in Santa Fe, at (505) 476-3466.

Sincerely,

A handwritten signature in black ink, appearing to read "David Catanach", with a long horizontal flourish extending to the right.

David Catanach
Petroleum Engineer

DATE IN 8/21/01	ENGINEER DC	LOGGED IN KJ	TYPE PC	APP NO. 123537521
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AMEND

#97

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION COVERSHEET

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 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

OIL CONSERVATION DIV
AUG 21 PM 12:57

[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

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[C] ☐ Application if 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,

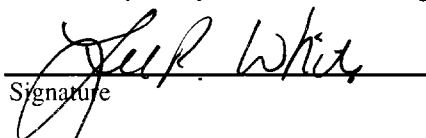
[F] ☐ Waivers are Attached

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[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.

Lee R. White
Print or Type Name


Signature

Engineering Manager
Title

8/16/2001
Date

Lee.White@Apachecorp.com
e-mail Address

August 16, 2001

Attn: David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Administrative Order PC-97
Lockhart B-11 Lease
Section 11, T-21S, R-37E
Lea County, New Mexico**

Apache Corporation requests an amendment of the referenced Surface Commingling Permit to include the currently producing pools and add the Penrose Skelly; Grayburg pool. Apache is developing Grayburg production in addition to existing Blinbry, Drinkard and Wantz Abo production. The original Surface Commingling permit included the Brunson, and Hare Simpson pools, which are no longer active on this lease. The mineral rights are held by the Federal Government and working interest is owned by Apache – 50%, Chevron – 25% and Arco Permian – 25%.

To support this request we have attached the following:

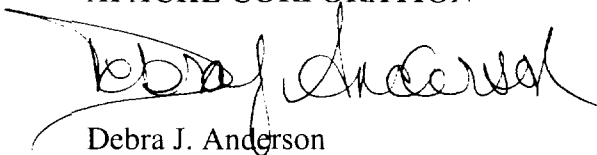
- 1) Tabulation of wells indicating the current or proposed producing pool, average daily actual/estimated production rates and API gravity of each pool
- 2) The estimated sum of commingled production from all 17 wells is 50-60 BOPD and expected gravity is 36.6. The value of commingled production will not be decreased by adding the Penrose Skelly; Grayburg pool. Allocation of production from each pool will be based on monthly well tests
- 3) Production Facilities diagram

- 4) Plat of Lockhart B-11 Lease which consists of N/2 and SE/4 of Section 11, T-21S, R-37E
- 5) A copy of the letter sent to the Bureau of Land Management requesting their concurrent permission to amend the referenced surface commingle
- 6) Copy of letter sent to Royalty Interest Owners and list of same

If you have any questions regarding this application, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION



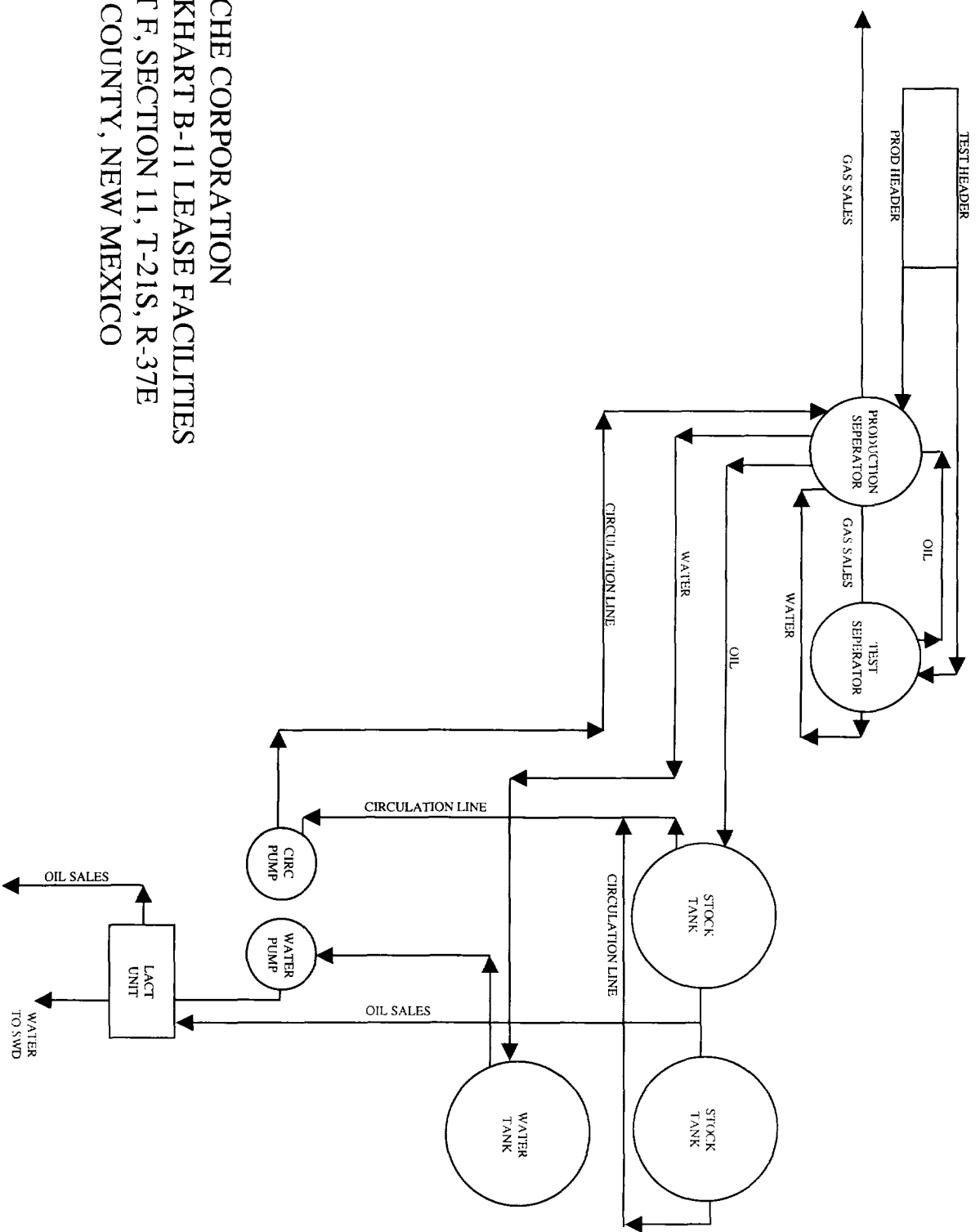
Debra J. Anderson
Sr. Engineering Technician

Attachments

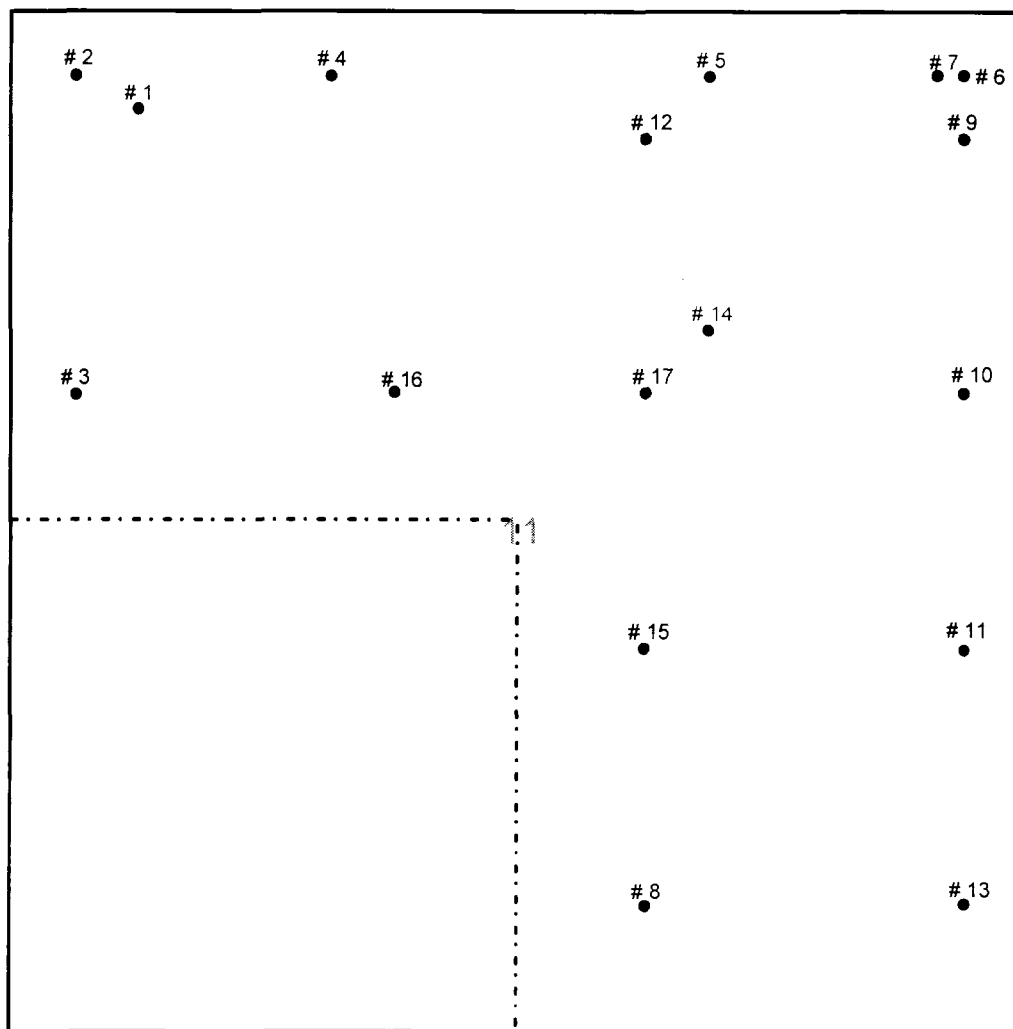
cc: State of New Mexico
Oil Conservation Division
District I
1625 N. French Drive
Hobbs, New Mexico 88240

**LOCKHART B-11 LEASE
PENROSE SKELLY; GRAYBURG
BLINEBRY / DRINKARD / WANTZ ABO**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>API Gravity</u>
30-025-06524 1	Wantz Abo	Active	1	35.1
06477 2	Blinebry	Active	6	36.7
	Drinkard	Active	2	36.7
06525 3	Penrose Skelly; Grayburg	Active	11	37.9
06476 4	Blinebry	Active	1	36.7
	Drinkard	Active	1	36.7
06482 5	Drinkard	Active	3	36.7
06527 6	Drinkard	Active	2	36.7
06526 7	Blinebry	Active	1	36.7
06478 8	Blinebry	Active	1	36.7
	Drinkard	Active	1	36.7
06479 9	Blinebry	Active	1	36.7
06480 10	Blinebry	Active	1	36.7
	Drinkard	Active	1	36.7
06481 11	Blinebry	Active	1	36.7
	Drinkard	Active	1	36.7
06523 12	Blinebry	Active	1	36.7
06528 13	Blinebry	Active	2	36.7
06529 14	Blinebry	Active	2	36.7
06530 15	Blinebry	Active	1	36.7
	Drinkard	Active	2	36.7
06531 16	Blinebry	Active	7	36.7
	Drinkard	Active	1	36.7
06536 17	Drinkard	Active	1	36.7
	Wantz Abo	Active	2	35.1



APACHE CORPORATION
LOCKHART B-11 LEASE FACILITIES
UNIT F, SECTION 11, T-21S, R-37E
LEA COUNTY, NEW MEXICO



APACHE CORPORATION
LOCKHART B-11 LEASE
N/2 and SE/4
SEC 11 / T-21S / R-37E
LEA COUNTY, NEW MEXICO

2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400



WWW.APACHECORP.COM
(713) 296-6000

August 16, 2001

Attn: David Glass
United States Department of the Interior
Bureau of Land Management
2909 West 2nd Street
Roswell, New Mexico 88201-2019
Certified Receipt # 7000-2870-0000-2222-6772

**Re: Administrative Order PC-97
Lockhart B-11 Lease
Section 11, T-21S, R-37E
Lea County, New Mexico**

Attached please find an application to amend the referenced Surface Commingling Permit. This amendment seeks to remove the Brunson and Hare Simpson pools, which are no longer active on this lease, and include the Penrose Skelly; Grayburg pool which Apache is actively developing. Production from the Blinbry, Drinkard and Wantz Abo is currently being commingled at the Lockhart B-11 surface facilities. Adding the referenced pool will not decrease the value of commingled production.

If you have any questions regarding this application, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION

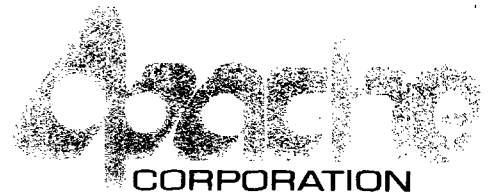
A handwritten signature in black ink, appearing to read "Debra J. Anderson", written over a horizontal line.

Debra J. Anderson
Sr. Engineering Technician

Attachment

cc: New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400



WWW.APACHECORP.COM
(713) 296-6000

August 16, 2001

Royalty Interest Owners

**Re: Administrative Order PC-97
Lockhart B-11 Lease
Sec. 11, T-21S, R-37E
Lea County, New Mexico**

Attached please find an application to amend the referenced Surface Commingle Permit to add additional pools that Apache Corporation has filed with the New Mexico Oil Conservation Division. If you have an objection to this application, you must notify the OCD in writing within 20 days from the date of this letter.

Sincerely,

APACHE CORPORATION

A handwritten signature in black ink, appearing to read "Debra J. Anderson", written over a horizontal line.

Debra J. Anderson
Sr. Engineering Technician

Attachment

cc: New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**LOCKHART B-11 LEASE
ROYALTY INTEREST OWNERS**

ARCO Permian
P O Box 1610
Midland, Texas 79702-1610
Certified Receipt #
7000-2870-0000-2222-6789

Chevron U.S.A. Inc.
P O Box 1150
Midland, Texas 79702
Certified Receipt #
7000-2870-0000-2222-6796