

DATE 11/21/02	12/1/02	ENGINEER	LOGGED IN KN	TYPE NSL	APP NO. 232547572
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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



4822

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]

- [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 **offsetting**
[B] ☐ Offset Operators, Leaseholders or Surface Owner **Encroachment**
[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.

Print or Type Name

Signature

KELLAHIN & KELLAHIN
Attorneys At Law
P.O. Box 2265
Santa Fe, NM 87504-2265

Date

11/21/02

**KELLAHIN & KELLAHIN
ATTORNEY AT LAW**

W. THOMAS KELLAHIN
NEW MEXICO BOARD OF LEGAL
SPECIALIZATION RECOGNIZED SPECIALIST
IN THE AREA OF NATURAL RESOURCES-
OIL AND GAS LAW

P.O. Box 2265
SANTA FE, NEW MEXICO 87504
117 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@AOL.COM

November 21, 2002

HAND DELIVERED

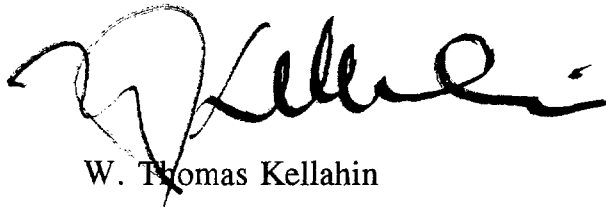
Mr. Michael E. Stogner
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87501

RE: Lockhart A-17 Well No. 6
1330 feet FNL & 990 feet FEL
SE/4NE/4 Section 17, T21S, R37E
Administrative Application of
Apache Corporation for approval
of an unorthodox oil well location,
Penrose Skelly Grayburg Pool,
Lea County, New Mexico

Dear Mr. Stogner:

Please find enclosed our administrative application for approval of
an unorthodox oil well location for Apache Corporation's Lockhart A-17
Well No. 6.

Very truly yours,



W. Thomas Kellahin

fxc: Apache Corporation
Attn: Mario Moreno

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF APACHE CORPORATION
FOR APPROVAL OF AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Apache Corporation, by and through its attorneys, Kellahin and Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division for administrative approval of an unorthodox oil well location for its Lockhart A-17 Well No. 6 ("Well No. 6") to be drilled and completed for production from the Grayburg formation at an unorthodox well location 1330 feet FNL and 990 feet FEL of Section 17, T21S, R37E, Eddy County, New Mexico, and simultaneously dedicated with the Lockhart A-17 Well No. 3 to a standard 40-acre proration and spacing unit consisting of the Unit H of this section for production from the Penrose Skelly Grayburg Pool, and in support states:

(1) Apache Corporation ("Apache") is the current operator for the SE/4NE/4 (Unit H) of Section 17, T21S, R37E that includes the Lockhart A-17 Well No. 6 See Exhibit 1 (Form C-102).

(2) Section 17 is within the current boundary of the Penrose Skelly Grayburg Pool which is subject to Division Rule 104.

(3) Apache's proposed location encroaches towards the NE/4NE/4 which contains Apache operated Lockhart A-17 Well No. 4 which currently is not productive from the Grayburg. See Exhibit 2 (located plat)

(4) Although both the Well No. 3 and No. 4 also produced from the Drinkard, the proposed Lockhart A-17 Well No. 6 will not be drilled deep enough to encounter the Drinkard.

**Administrative Application of
Apache Corporation
Page 2**

(5) This proposed unorthodox well location is based upon a combination of geologic and drainage reasons:

(a) Upper Grayburg Geology:

Both the Lockhart A-17 #3 and #4 wells have only produced from the upper Grayburg with the #4 well being the better of the two (See Exhibit 3).

The risk of depletion in the Upper Grayburg is greater in the NE/4NE/4 spacing unit due to greater production from roughly equal net pay (See Exhibit #4).

(b) Lower Grayburg Geology:

Apache's activity in offsetting section has demonstrate that commercial reserves are also present in the lower Grayburg. Sufficient lower Grayburg porosity can be encountered in the E/2NE/4 of Section 17 to support drilling a well at the proposed unorthodox location which cannot be obtained at any standard location in the spacing unit. (See Exhibit 5).

A well located approximately equi-distant between the older producers should minimize depletion risk and in the upper Grayburg and encounter comparable amounts of owner Grayburg porosity to maximize the working interest owners return on their investment.

NOTICE

(6) Notice has been send to the adjoining working interest owners towards whom the location encroaches (See Exhibits 6)

CORRELATIVE RIGHTS

(7) The working interest owners in the SE/4NE/4 and the NE/NE/4 of Section 17 are the same: Apache, OXY USA WTP LP, and Chevron/Texaco.

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

W. Thomas Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
Attorneys for Applicant

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fed Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LOCKHART A-17	Well Number 6
OGRID No.	Operator Name APACHE CORPORATION	Elevation 3479'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	17	21-S	37-E		1330'	NORTH	990'	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

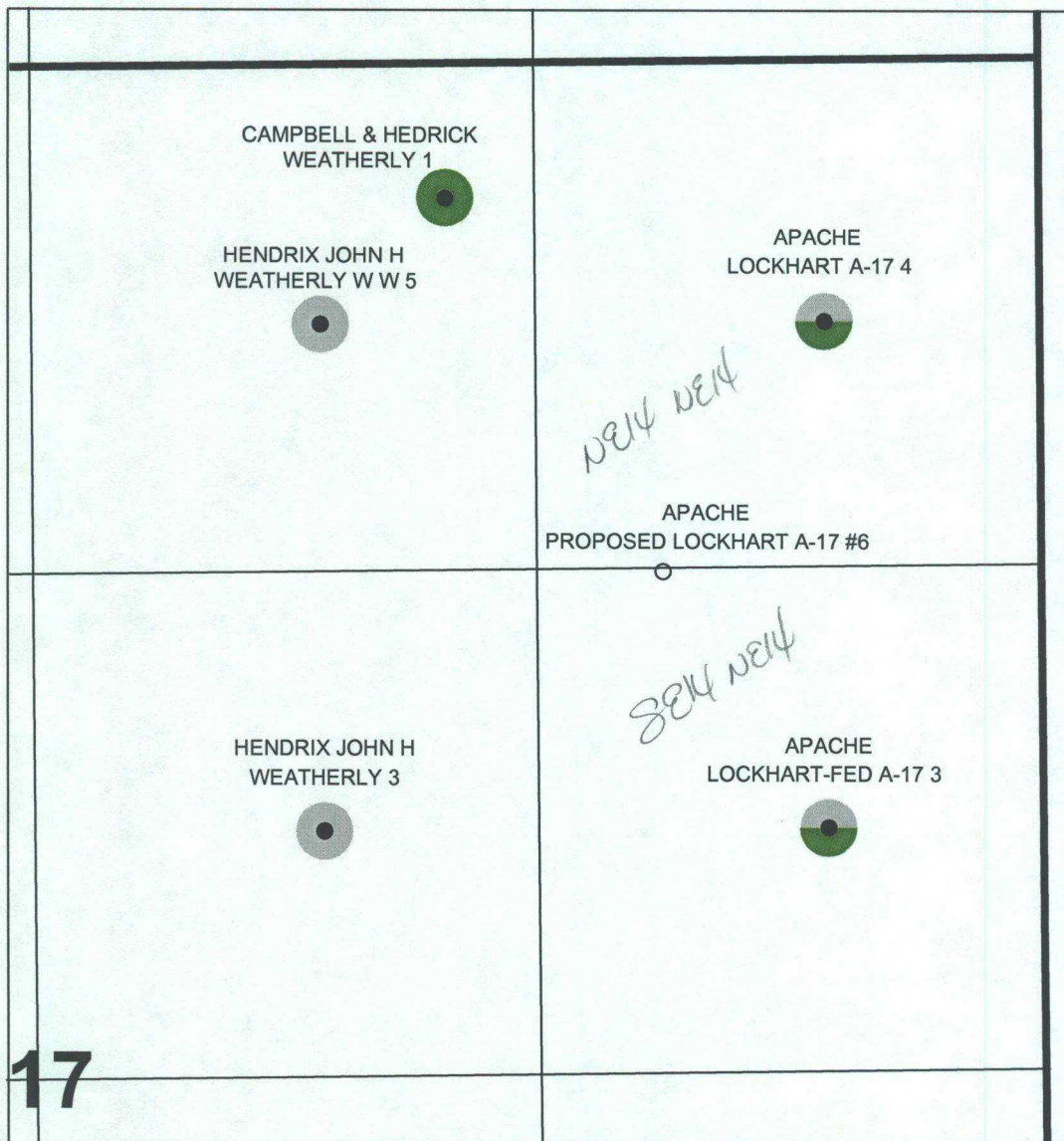
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.



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 the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</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>OCTOBER 12, 2002</p> <p>Date Surveyed _____ AWB</p> <p>Signature & Seal of Professional Surveyor _____</p> <p></p> <p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12841</p>

GEODETIC COORDINATES

NAD 27 NME
Y = 541137.3
X = 855861.1
LAT= 32°28'56.66"N
LONG= 103°10'45.57"W




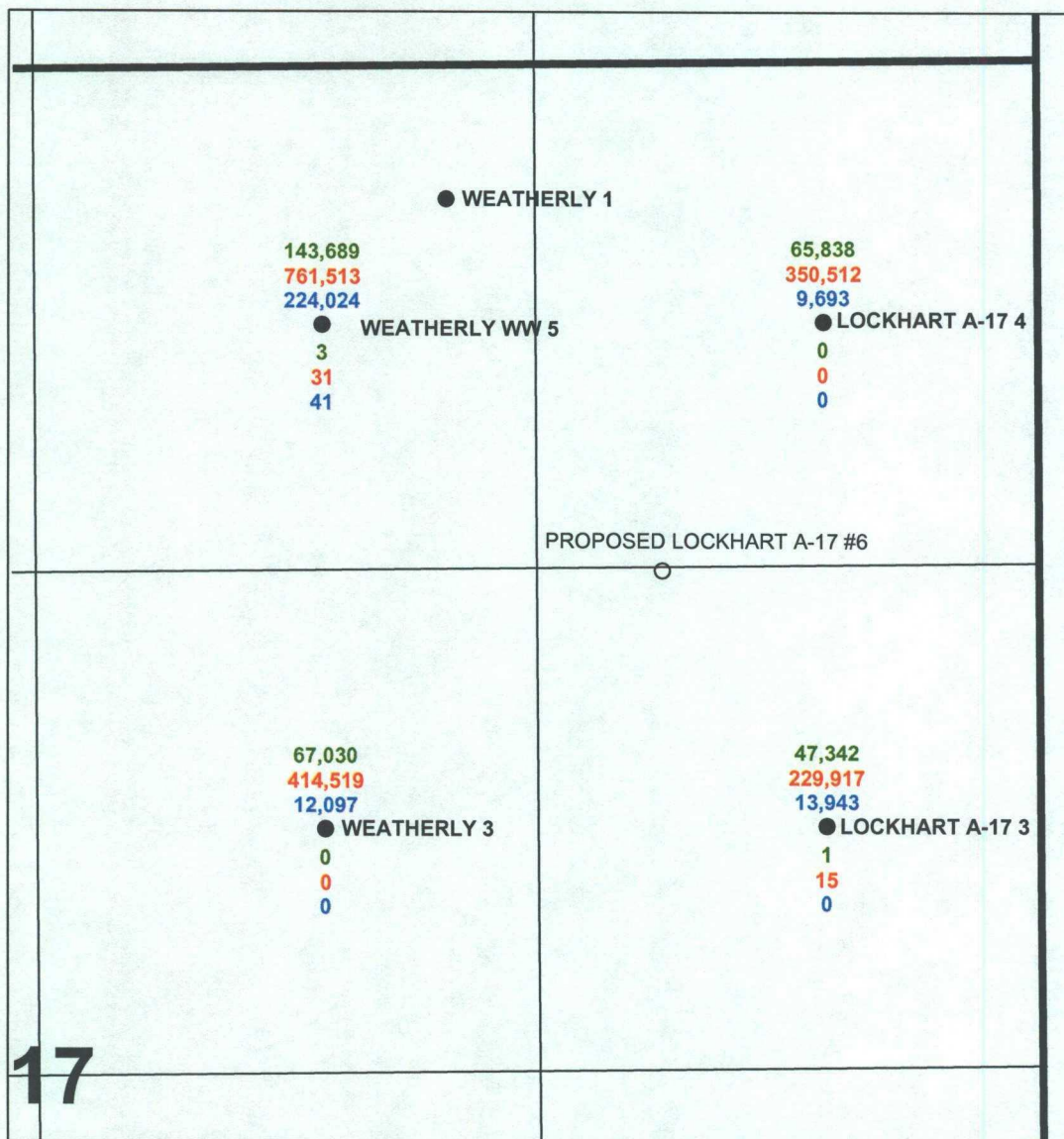
 GRAYBURG PRODUCER
 DRINKARD PRODUCER

WELL SYMBOLS

- Location Only
- Oil Well

0 500 1000
 FEET

	TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224
	LOCKHART A-17 #6 T21S-R37E LEA COUNTY, NEW MEXICO
EXHIBIT 2 WELL INFORMATION	
DATE: 11-19-02	DWG: LOCKHART A-17 6 (CURTIS)




POSTED WELL DATA

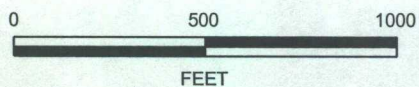
CUM OIL
CUM GAS
CUM WATER

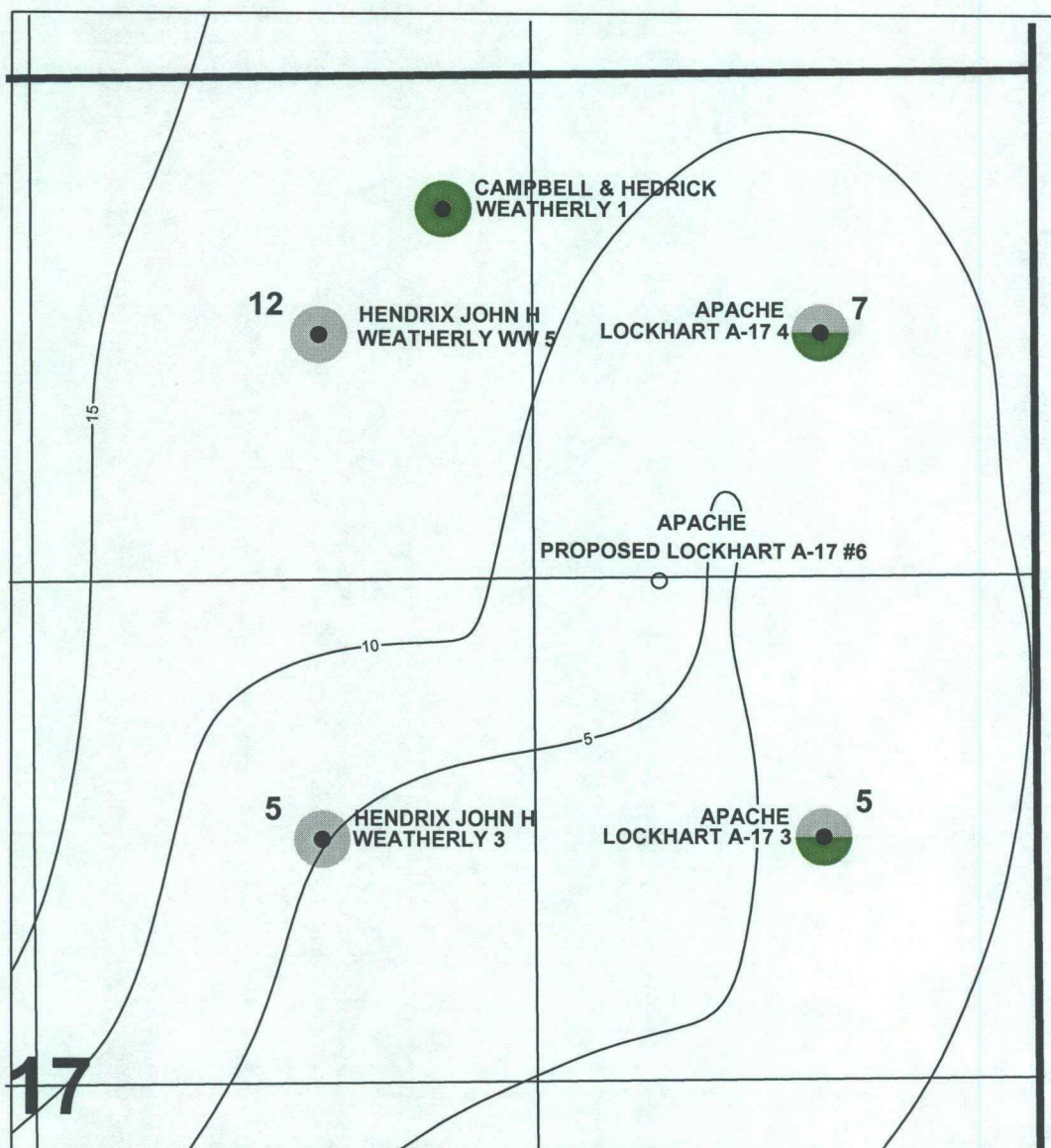
●
DAILY OIL
DAILY GAS
DAILY WATER



WELL SYMBOLS

- Location Only
- Oil Well

	TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224
	LOCKHART A-17 #6 T21S-R37E LEA COUNTY, NEW MEXICO
EXHIBIT 3 GRAYBURG PRODUCTION	
DATE: 11-19-02	DWG: LOCKHART A-17 6 PROD (CURTIS)






 GRAYBURG PRODUCER
 DRINKARD PRODUCER

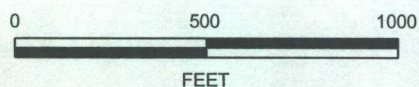
POSTED WELL DATA

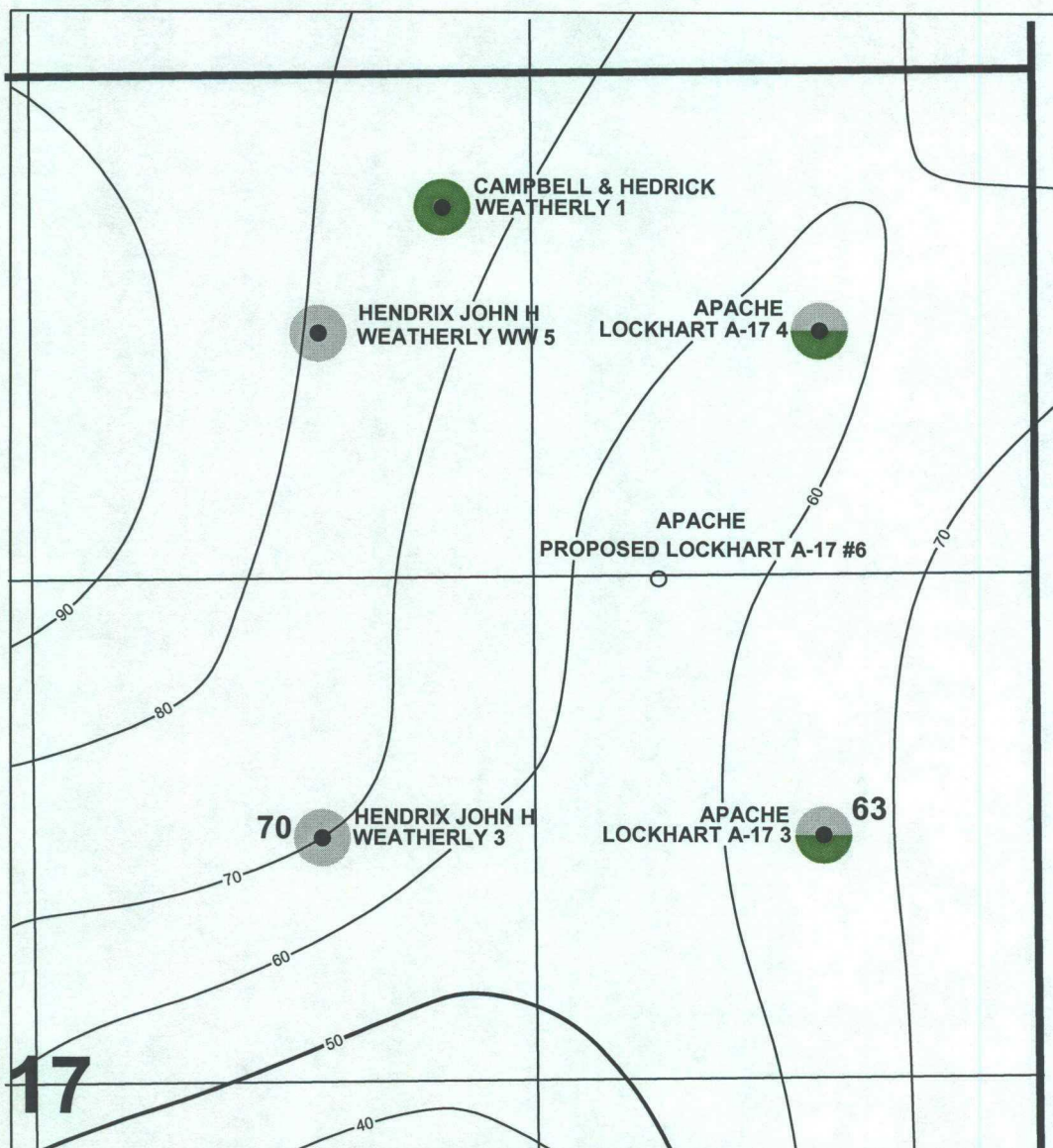
UPPER GRAYBURG PHI ●



WELL SYMBOLS

- Location Only
- Oil Well

	TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224
	LOCKHART A-17 #6 T21S-R37E LEA COUNTY, NEW MEXICO
EXHIBIT 4 UPPER GRAYBURG POROSITY CUTOFF: 6% DOLOMITE	
DATE: 11-19-02 DWG: LOCKHART A-17 6 L GBRG POR (CURTIS)	








 GRAYBURG PRODUCER
 DRINKARD PRODUCER

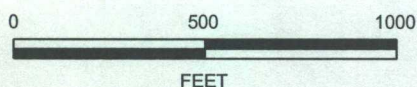
POSTED WELL DATA

LOWER GRAYBURG PHI

WELL SYMBOLS

-  Location Only
-  Oil Well

	TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224
	LOCKHART A-17 #6 T218-R37E LEA COUNTY, NEW MEXICO
EXHIBIT 5 LOWER GRAYBURG POROSITY CUTOFF: 6% DOLOMITE	
DATE: 11-19-02 DWG: LOCKHART A-17 6 L GBRG POR (CURTIS)	



KELLAHIN & KELLAHIN
ATTORNEY AT LAW

W. THOMAS KELLAHIN
NEW MEXICO BOARD OF LEGAL
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IN THE AREA OF NATURAL RESOURCES-
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FACSIMILE 505-982-2047
TKELLAHIN@AOL.COM

November 21, 2002

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

*Re: Administrative Application of Apache
Corporation for approval of unorthodox Grayburg
location for its Lockhart A-17 Well No. 6,
Section 17, T21S, R37E, Lea County, New Mexico.*

On behalf of Apache Corporation, please find enclosed a copy of its referenced administrative application. If you have no objection, then there is nothing for you to do. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,



W. Thomas Kellahin

