

DATE IN <u>7/5/11</u>	SUSPENSE <u>—</u>	ENGINEER <u>DB</u>	LOGGED IN <u>7/5/11</u>	TYPE <u>NSL</u>	APP NO <u>1118654983</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  
 # 30  
 6922  
 2011 JUL 15 10:44

**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
- [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

7/5/11  
 Date

drcatanach@netscape.com  
 E-Mail Address

July 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 for Unorthodox Well Location  
Turner No. 30  
API No. (30-025-40174)  
990' FSL & 1030' FEL (Unit P)  
Section 22, T-21 South, R-37 East, NMPM,  
Penrose Skelly-Grayburg & Paddock Pools  
Lea County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Turner No. 30. This well will be drilled as a development oil well in the Penrose Skelly-Grayburg (50350) and Paddock (49210) Pools at an unorthodox oil well location for both pools 990 feet from the South line and 1030 feet from the East line (Unit P) of Section 22, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

In the Penrose Skelly-Grayburg Pool, the proposed Turner No. 30 will be dedicated to an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of Section 22. This unit is currently dedicated to Apache's Turner No. 23 (API No. 30-025-38685) located 360 feet from the South line and 545 feet from the East line.

In the Paddock Pool, the proposed Turner No. 30 will be dedicated to an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of Section 22. This unit is currently dedicated to Apache's Turner No. 20 (API No. 30-025-34592) located 330 feet from the South line and 730 feet from the East line.

The Penrose Skelly-Grayburg and Paddock Pools are both currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The proposed unorthodox location is necessary for both engineering and topographic reasons.

Engineering data obtained from Penrose Skelly-Grayburg and Paddock producing wells operated by Apache within its Turner Lease, which comprises the S/2 of Section 22, Township 21 South, Range 37 East, NMPM, demonstrates that Grayburg wells typically drain an average area of approximately 14 acres, and that Paddock wells typically drain an average area of approximately 19 acres. A well drilled at the proposed unorthodox location will help to maximize the recovery of oil and gas reserves from both the Grayburg and Paddock formations within the SE/4 SE/4 of Section 22, while also avoiding existing power lines in this area (see attached vicinity map).

Engineering data further indicates that the Turner No. 30 should recover an additional 60 MBO of oil and 722 MMCF of gas from the Grayburg and Paddock formations underlying the SE/4 SE/4 of Section 22.

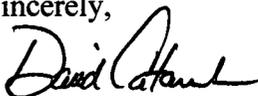
The affected offset acreage includes the W/2 SE/4 of Section 22, Township 21 South, Range 37 East. Both of these affected tracts are existing 40-acre spacing units in both the Penrose Skelly-Grayburg and Paddock Pools, and both are operated by Apache. **The S/2 of Section 22 comprises a single lease (Turner Lease), which is operated and commonly-owned by Apache. Consequently, notice of this application is not required to any party.**

Attached is a Form C-102 and vicinity map.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Penrose Skelly-Grayburg and Paddock Pools underlying the SE/4 SE/4 of Section 22 that may otherwise not be recovered by the existing wells, 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 <b>30-025-40174</b>	Pool Code <b>50350 &amp; 49210</b>	Pool Name <i>under</i> <b>Penrose Skelly-Grayburg &amp; Paddock Pools</b>
Property Code <b>22880</b>	Property Name <b>Turner</b>	Well Number <b>30</b>
OGRID No. <b>873</b>	Operator Name <b>Apache Corporation</b>	Elevation <b>3,402'</b>

**Surface Location**

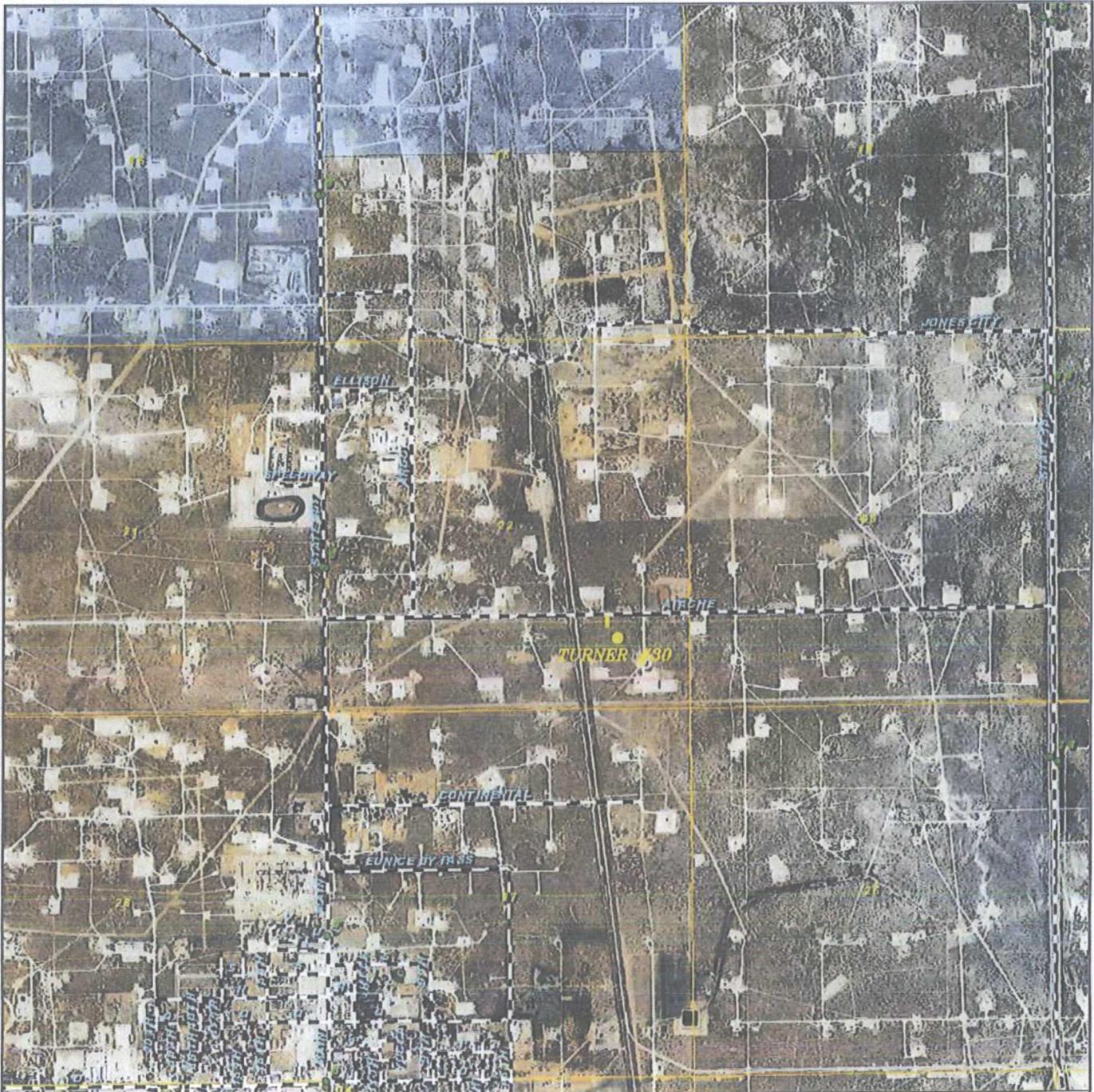
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	21 South	37 East		990'	South	1030'	East	Lea

**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 <b>40</b>	Joint or Infill	Consolidate 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 align="center"><b>OPERATOR CERTIFICATION</b></p> <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 unleased 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> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
				<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <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> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>



**TURNER #30**

Located 990' FSL and 1030' FEL  
 Section 22, Township 21 South, Range 37 East,  
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basin-surveys.com

W.O. Number: JMS 24773

Scale: 1" = 2000'

YELLOW TINT - USA LAND  
 BLUE TINT - STATE LAND  
 NATURAL COLOR - FEE LAND



APACHE  
 CORPORATION