

7/17/2014 DATE IN	SUSPENSE	ENGINEER	7/18/2014 LOGGED IN	NSL TYPE	PMAM 141485855 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 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

7/17/14
 Date

drcatanach@netscape.com
 E-Mail Address

July 17, 2014

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
SB State No. 4
API No. (30-015-42003)
SL: 2515' FNL & 800' FWL (Unit E)
FTP: Red Lake Queen-Grayburg-SA Pool: 2419' FNL & 869' FWL (Unit E)
BHL: 2296' FNL & 980' FWL (Unit E)
All in Section 2, T-18 South, R-27 East, NMPM,
Eddy 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 existing SB State Well No. 4. This well will be completed as a downhole commingled completion in the Red Lake Queen-Grayburg-SA Pool (51300) and Northeast Red Lake Glorieta-Yeso Pool (96836). This well was directionally drilled to a **standard bottomhole location in the Northeast Red Lake Glorieta-Yeso Pool** (Top Perf Well Location: 2289' FNL & 968' FWL) and an **unorthodox location in the Red Lake Queen-Grayburg-SA Pool** (Top Perf Well Location: 2419' FNL & 869' FWL) (See Attached C-102).

The SB State No. 4 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Red Lake Queen-Grayburg-SA Pool comprising the SW/4 NW/4 of Section 2. This unit is currently dedicated to Apache's existing SB State No. 1 (30-015-32218) located at a standard well location 1650 feet from the North line and 330 feet from the West line.

The Red Lake Queen-Grayburg-SA Pool is 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.

Directional drilling of the SB State No. 4 was necessitated by surface obstructions within the SW/4 NW/4 of Section 2. The well was originally intended to be a single

completion in the Red Lake Glorieta-Yeso Pool, and was directionally drilled to a standard bottomhole location for this pool. Subsequent to drilling, it was determined by Apache that completing the well in both the Red Lake Queen-Grayburg-SA and Northeast Red Lake Glorieta-Yeso Pools would be the most cost effective method by which to recover the marginal oil and gas reserves in the Queen-Grayburg-SA interval underlying the SW/4 NW/4 of Section 2, thereby preventing waste.

The affected offset acreage is the NW/4 SW/4 of Section 2, Township 18 South, Range 27 East. This affected tract is an existing 40-acre spacing unit in the Red Lake Queen-Grayburg-SA Pool that is operated by Apache. Please note that the working interest ownership between the SW/4 NW/4 of Section 2 and the affected offset 40-acre tract is common. Consequently, notice of this application is not required to any party.

Attached is a Form C-102 showing the surface location, well location in the Red Lake Queen-Grayburg-SA Pool at the top perforation, well location in the Red Lake Glorieta-Yeso Pool at the top perforation, bottomhole well location, other existing Red Lake Queen-Grayburg-SA Pool wells in the spacing unit and the affected offset acreage.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Red Lake Queen-Grayburg-SA Pool underlying the SW/4 NW/4 of Section 2 that may otherwise not be recovered by the existing well, 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
303 Veterans Airpark Lane, Suite 3000
Midland, Texas 79705

Xc: OCD-Artesia

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 S. First Street, 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 30-015-42003		Pool Code 96836 & 51300	Pool Name Northeast Red Lake Glorieta-Yeso & Red Lake Queen-Grayburg-SA Pools
Property Code 308700	Property Name SB State		Well Number 004
OGRID No. 873	Operator Name Apache Corporation		Elevation 3551'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	18 South	27 East		2515	North	800	West	Eddy

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
E	2	18 South	27 East		2296	North	980	West	Eddy
Dedicated Acres 40		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

	OPERATOR CERTIFICATION <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> Signature _____ Date _____ Printed Name _____ E-mail Address _____			
	SURVEYOR CERTIFICATION <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> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____			