

8/28/2014

SUSPENSE

ENGINEER

MAM

8/19/2014

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NSL

PMAY

APP NO.

1424038412

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.

REESA FISHER

Print or Type Name

Signature

SR STAFF REG ANALYST

Title

8/18/2014

Date

Reesa.Fisher@apachecorp.com

e-mail Address

MCDONALD STATE AC 2 #38

- NSL
- Apache Corp
873
WCH
- McDonald State
AC 2 #38
30-025-41812
Pool
- Tub Oil and
Gas (oil)
60240
- Drink and
19140
- Wantz
Ab0
62700



8/18/2014

Michael A. McMillan
1220 South St. Francis Dr
Sante Fe, NM 87505

Re: McDonald St AC2 #38 Downhole Commingle Application

Dear Sir,

As requested, please accept the following information regarding the subject well:

Surface Location : 2525' FNL & 1070' FEL, Unit H, Sec 13, T-22S, R-36E, Lea Co., NM.

Bottom Hole Location @ 7518' : 2306' FNL & 991' FEL.

Tubb Perfs : 6258' – 6387'. (2346' FNL & 1002' FEL @ 6300').

Drinkard Perfs : 6513' – 6719'. (2333' FNL & 997' FEL @ 6585').

Abo Perfs : 6835' – 7033'. (2327' FNL & 995' FEL @ 6868').

We intend to downhole commingle all zones by means of a rod pump system set @ +/-7100'.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Vashler", is positioned below the word "Sincerely,".

Jay Vashler
Sr Staff Production Engineer
Apache Corp

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
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Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|---|
| API Number 30-025-41812 | Pool Code 60240 | Pool Name Tubbs Oil & Gas |
| Property Code 306616 | Property Name McDONALD STATE A/C 2 | Well Number 38 |
| OGRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3465' |

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 | 13 | 22-S | 36-E | | 2525 | NORTH | 1070 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 13 | 22-S | 36-E | | 2310 | NORTH | 990 | EAST | LEA |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 40 | | | |

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>GEODETIC COORDINATES NAD 27 NME</p> <p>BOTTOM HOLE LOCATION Y=508368.2 N X=845768.8 E</p> <p>LAT.=32.392640° N LONG.=103.213162° W</p> <p>LAT.=32° 23' 31" N LONG.=103° 12' 48" W</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=508152.5 N X=845692.2 E</p> <p>LAT.=32.392050° N LONG.=103.213417° W</p> <p>LAT.=32° 23' 31" N LONG.=103° 12' 48" W</p> <p>CORNER COORDINATES TABLE</p> <p>A - Y=509359.0 N, X=845422.3 E B - Y=509375.1 N, X=846743.4 E C - Y=508061.4 N, X=846763.6 E D - Y=508043.8 N, X=845438.4 E</p> | <p>GRID AZ.=19°33'14" HORIZ. DIST.=228.9'</p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Michelle Cooper</i> 4-28-14 Signature Date <i>Michelle Cooper</i> Printed Name michelle.cooper@apachecorp.com E-mail Address</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>MARCH 19, 2014</p> <p>Date of Survey Signature & Seal of Professional Surveyor: Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239 DSS Rev. 4/25/04 PROFESSIONAL SURVEYOR WSC W.O.: 14.11.0286</p> |
|--|---|--|

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|------------------------------|
| API Number 30-025-41812 | Pool Code 19190 | Pool Name Drinkard |
| Property Code 306616 | Property Name McDONALD STATE A/C 2 | |
| OGRID No. 873 | Operator Name APACHE CORPORATION | Well Number 38 |
| | | Elevation 3465' |

| 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 | 13 | 22-S | 36-E | | 2525 | NORTH | 1070 | 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 |
| H | 13 | 22-S | 36-E | | 2310 | NORTH | 990 | EAST | LEA |
| Dedicated Acres 40 | | Joint or Infill | | Consolidation Code | | Order No. | | | |

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| | | |
|---|--|---|
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| <p>CORNER COORDINATES TABLE</p> <p>A - Y=509359.0 N, X=845422.3 E</p> <p>B - Y=509375.1 N, X=846743.4 E</p> <p>C - Y=508061.4 N, X=846763.6 E</p> <p>D - Y=508043.8 N, X=845438.4 E</p> | | |

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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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Revised August 1, 2011
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|--------------------------------|
| API Number 30-025-41812 | Pool Code 62700 | Pool Name Wantz; ABO |
| Property Code 306616 | Property Name McDONALD STATE A/C 2 | Well Number 38 |
| OGRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3465' |

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 | 13 | 22-S | 36-E | | 2525 | NORTH | 1070 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 13 | 22-S | 36-E | | 2310 | NORTH | 990 | EAST | LEA |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
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|--|---|---|

RF-3

Apache

CERTIFIED MAIL



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APACHE CORPORATION

303 VETERANS AIRPARK LANE / SUITE 3000 / MIDLAND, TX 79705-4561

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PS Form 3800, August 2006 See Reverse for Instructions



September 9, 2014

State of New Mexico
OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Down Hole Commingling (Identical Ownership)
McDonald St AC 2 #38
Township 22 South, Range 36 East
Section 13
Lea County, NM

Ladies and Gentlemen:

Identical ownership (working, royalty and overriding royalty owners) exists as to all formations underlying the McDonald State AC 2 #38 in the following described lands:

Township 22 South, Range 36 East
Section 13: All, save and except the unitized
formation of the Arrowhead Grayburg Unit in
the E1/2, NE1/4SW1/4, NW1/4NW1/4 and
E1/2NW1/4
Lea County, NM

If you have any question regarding the aforementioned, please do not hesitate contacting the undersigned at (432) 818-1871.

Sincerely,
APACHE CORPORATION

Casey Addison
Landman
(432) 818-1190 Fax
casey.addison@apachecorp.com

McMillan, Michael, EMNRD

From: Vashler, Jay <Jay.Vashler@apachecorp.com>
Sent: Tuesday, September 09, 2014 12:46 PM
To: McMillan, Michael, EMNRD
Cc: Fisher, Reesa; Vashler, Jay; Addison, Casey
Subject: McDonald State AC2 #38
Attachments: McDonald St AC2 #38 DHC.pdf

Mr. McMillian,

Per your request, the following reason is why Apache is requesting a Non-Standard Location for our McDonald St AC2 #38 well located in Unit H, Sec 13, T-22S, R-36E, Lea County NM.

The original "standard" location for this well was supposed to be at 2310' FNL & 990' FEL of unit letter H in Sec 13. Unfortunately due to a surface obstruction, the surface location was moved to the southwest at 2525' FNL & 1070' FEL of unit H. The well was then directionally drilled back to the original target location of 2310' FNL & 990' FEL.

Unfortunately the bottom hole target location was missed and ended up being at 2306' FNL & 991' FEL of unit H meaning that the well was 1' outside of the standard proration unit to the west.

This also meant that as the well was completed uphole back towards the surface location, all perforated zones were now also outside of the standard proration area in unit H. The following footage calls are approximately in the middle of each completed interval:

Tubb perms : 6258' – 6387'. (2346' FNL & 1002' FEL @ 6300')

Drinkard perms : 6513' – 6719'. (2333' FNL & 997' FEL @ 6585').

Abo perms : 6835' – 7033'. (2327' FNL & 995' FEL @ 6868').

For this reason, Apache is requesting approval of an NSL for each interval so that we may also be granted a DHC order and begin to produce the McDonald St AC2 #38.

Also as requested, I have attached the offset data that Apache used to estimate the oil, water & gas allocations for this well.

Please let me know if you need any additional information in order to process our NSL & DHC applications.

Thank-you for your help,

Jay Vashler
Sr. Staff Production Engineer
New Mexico
Apache Corp.