NSL

PMAY 1424038412

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



Reesa.Fisher@apachecorp.com

e-mail Address

- done in conformation MOHO 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] ATION - Check Those Which Apply for [A]

ation - Spacing Unit - Simultaneous Dedication

NSL NSP SD

Only for [B] or [C]

mingling - Storage - Measurement

DHC CTB PLC PC OLS OLM

AC2#38 [1] TYPE OF APPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL □ NSP □ SD Check One Only for [B] or [C] Commingling - Storage - Measurement [B] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [C]WFX PMX SWD IPI EOR PPR -Tubl Oiland [D]Other: Specify [2] GAS (Oil) NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners [A] 602 40 - PRINKAND [B]Offset Operators, Leaseholders or Surface Owner 19140 Application is One Which Requires Published Legal Notice [C] -WANTZ Abo [D]Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office ☐ For all of the above, Proof of Notification or Publication is Attached, and/or, 62703 [E] Waivers are Attached [F] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE [3] 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. 8/18/2014 Print or Type Name Title Signature Date



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,

Jay Vashler

Sr Staff Production Engineer

Apache Corp

DISTRICT 1
1625 N. Frenci. Dr., Hobbs, NM 88240
Phone: (\$75) \$93-616 Ferr. (\$75) \$93-0720
DISTRICT III
611 S. First St., Artesia, NM 88210
Phone: (\$75) 748-1283 Frax: (\$75) 748-9720
DISTRICT III
1000 Rio Brazza Road, Aztec, NM 87410
Phone: (\$05) 344-6178 Ferr. (\$505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (\$05) 476-3460 Fear. (\$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

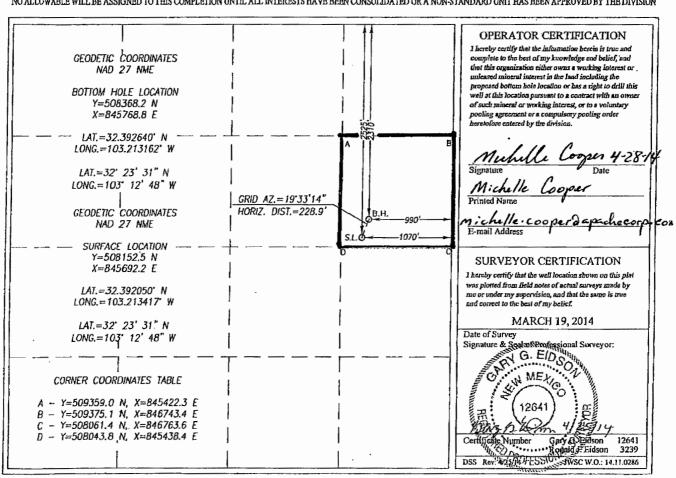
Fonn C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 - 025 - 418/2			Ü	Pool Code 0240	-	Tu66 0.1	Pool Nan	ic,	, 1	
Property Code			Property Name						Well Number	
3066		McDONALD STATE A/C 2						38		
OGRID No.			Operator Name						Elevation	
873			APACHE CORPORATION						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	
Н	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	Feel from the	East/West line	County	
H	13	22-S	36-E		2310	NORTH	990	EAST	LEA	
Dedicated Acres	Joint or	Infill C	onsolidation C	ode Ord	er 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



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. Fras Sl., Arlesia, NM 88210
Plaone: (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazas Road, Aztec, NM 87410
Phone: (505) 334-6178 Pax: (505) 334-6170
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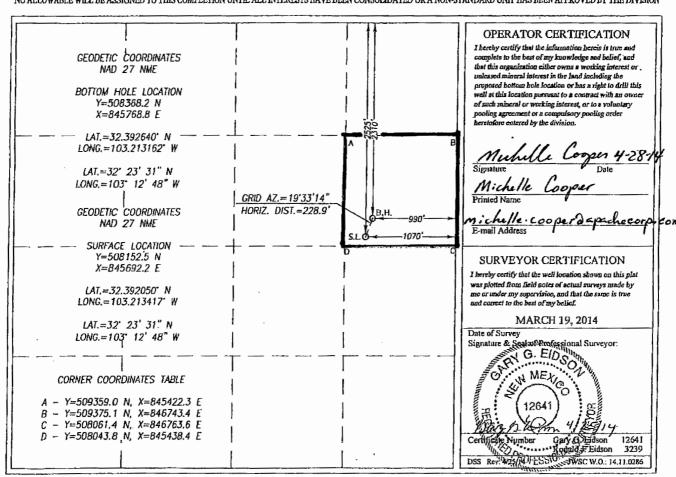
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

□AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number			Pool Code			Pool Nam	10,			
30-025-41812		191	90		Drinker	d		. 1		
Property Code			19190 Drinkard					Well Number		
30661	le	İ		McDO		38				
OGRID No.				Operator Name					Elevation	
873				APACHE CORPORATION					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	Lol Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Н	13	22-S	36-E		2310	NORTH	990	EAST	LEA	
Dedicated Acres	Joint or	Infill	Consolidation C	ode Ord	er No.					
40										

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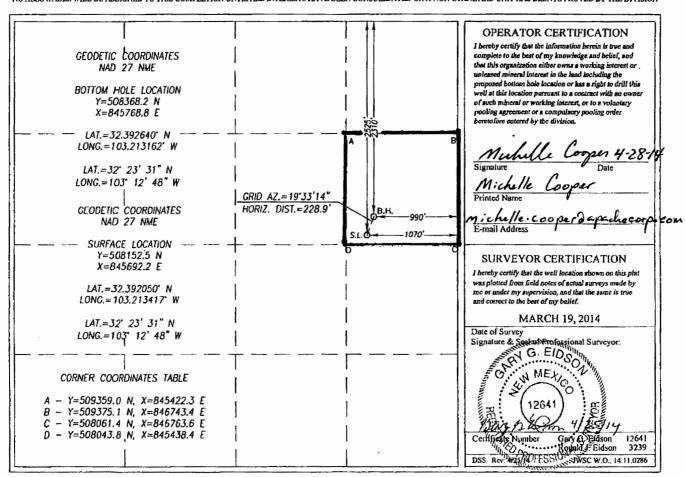
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

DAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number				Pool Code	Τ.,		Peol Nan	ie		
30-02	5-418	12	62	2700	W	intz; AB	0			
Property Code		Property Name						Well Number		
306616			McDONALD STATE A/C 2						38	
OGRID No.		Operator Name						Elevation		
873	873		APACHE CORPORATION					•	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	
н	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	
Н	13	22-S	36-E		2310	NORTH	990	EAST	LEA	
Dedicated Acres Joint or Infill Consolidation		onsolidation C	ode Ore	der No.				•		
40							.,			

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Qf: Gjache



7013 1710 0001 7905 3289

APACHE CORPORATION

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

ADDRESS SERVICE REQUESTED

STATE LAND OFFICE
COMMISSIONER OF PUBLIC LANDS
PO BOX 1148
SANTA FE NM 87504-1148

3289	U.S. Postal Service TEI CERTIFIED MAILTEN RECEIPT (Domestic Mall Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.comp								
5									
7905	Postage	\$							
	Certified Fee		.						
100	Return Receipt Fee (Endorsement Required)		Postmark Here						
1710 0001	Restricted Delivery Fee (Endorsement Required)								
171	Total Postage & Fees	\$							
Street, Apt. No.; PO BOX 1148									
70	Street, Apt. No.; or PO Box No. PO Box 1148								
•	City, State, ZIP+4	MA FE NM	87504-1148						
	PS Form 3800, August 2	:006	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 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').

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.