

RECEIVED: <u>3/12/2018</u>	REVIEWER:	TYPE: <u>NSL</u>	APP NO: <u>PLCL 1807245/71</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & 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

Applicant: <u>Apache Corporation</u>	OGRID Number: <u>873</u>
Well Name: <u>Palmillo 14 15 State Com 208H</u>	API: <u>30-015-44669</u>
Pool: <u>Palmillo; Bone Spring, SW</u>	Pool Code: <u>22900</u>

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application
Content
Complete

3) 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.

Brian Wood

Print or Type Name

Signature

3-12-18

Date

505 466-8120

Phone Number

brian@permitswest.com

e-mail Address

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
PALMILLO 14 15 STATE COM 208H
SHL: 430' FNL & 470' FWL SEC. 14
FTP: 431' FNL & 100' FEL SEC. 15
LTP & BHL: 430' FSL & 100' FWL SEC. 15
T. 19 S., R. 28 E., EDDY COUNTY, NM
API 30-015-44669**

I. This proposed Palmillo; Bone Spring, SW (96413) oil well (2nd Bone Spring sand) is on NM State Land Office (NMSLO) surface and NMSLO leases. Dedication is the 160 acres comprising the N2N2 15-19s-28e. Dedication is composed of 2 communitized NMSLO leases: 120 acre lease E0-5003-0005 and 9,166.42 acre lease X0-0648-0150. All surrounding leases are NMSLO leases (Exhibit A).

FTP is 100' and 431' from the closest dedication boundaries and 100' from the closest lease boundary. LTP is 100' and 430' from the closest dedication boundaries and 100' from the closest lease boundary. Exhibit B shows the lease boundaries as black dashed lines.

Apache requests a nonstandard location due to its goal of maximizing recovery and due to land uses, surface and subsurface, that makes wellbore geometry difficult. There are 2 pipeline rights-of-way (Enterprise crude oil line & DCP gas line), 2 CVE power line right-of-way, 1 county road right-of-way, 2 oil wells, frac pond, and on-lease non-right-of-way lines associated with Stephens & Johnson's East Millman Unit waterflood in D-14-19s-28e (see Exhibits C and D).

A standard location must be at least 330' from the dedication boundary. The take points are as close as 100' to the east and west dedication boundaries (see C-102 as EXHIBIT E). This places the take points 230' outside the standard drilling window. They are too far east and west.

II. Form C-102 showing the well and 160-acre dedication (N2N2 15-19s-28e) is attached as EXHIBIT E.

Apache operates the Bone Spring dedication bordering on the south of the proposed dedication (EXHIBIT F). No Bone Spring dedication borders on any other side or corner.

III. Encroachment to the east and west is toward State leases. One existing Bone Spring dedication (30-015-44668) touches the proposed dedication and it is Apache operated. This information is current and correct.

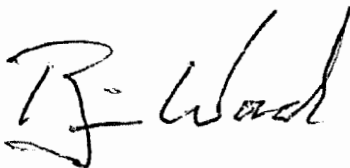
IV. See EXHIBIT F for the proposed well, dedications, and wells. Apache does not believe moving the take points to standard locations is cost effective for this well.

V. There are numerous manmade land use constraints (EXHIBITS C and D).

VI. Archaeology is not an issue.

VII. I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (EXHIBIT G) by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the division receives the application. These affected persons have working or royalty interests in lands that most directly border the take point portions of the 160-acre spacing unit. Said notice was sent to:

Khody Land & Minerals
MRC Delaware Resources
NM State Land Office
Penroc Oil
RKI Exploration & Production
Vanguard Operating



Brian Wood, Consultant

3-10-18

Date

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, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-		2 Pool Code 96413		3 Pool Name Palmillo, Bonespring, SW.	
4 Property Code		5 Property Name PALMILLO 14-15 STATE COM			6 Well Number 208H
7 OGRID NO. 873		8 Operator Name APACHE CORPORATION			9 Elevation 3439'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	19S	28E		430	NORTH	470	WEST	EDDY

11 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
D	15	19S	28E		430	NORTH	100	WEST	EDDY

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>16 GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION (SL) N: 606392.9 - E: 596459.2 LAT: 32.6668920° N LONG: 104.1542060° W</p> <p>FIRST TAKE POINT (FTP) N: 606386.7 - E: 595889.3 LAT: 32.6668775° N LONG: 104.1560580° W</p> <p>LAST TAKE POINT (LTP) N: 606331.9 - E: 590902.0 LAT: 32.6667490° N LONG: 104.1722654° W</p> <p>BOTTOM LOCATION (BH) N: 606331.9 - E: 590902.0 LAT: 32.6667490° N LONG: 104.1722654° W</p>			<p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 601490.9 - E: 590784.8 B: FOUND BRASS CAP "1941" N: 604123.9 - E: 590793.7 C: FOUND BRASS CAP "1941" N: 606760.7 - E: 590803.6 D: FOUND BRASS CAP "1941" N: 606789.4 - E: 593397.1 E: FOUND BRASS CAP "1941" N: 606818.7 - E: 595990.2 F: FOUND BRASS CAP "1941" N: 606841.1 - E: 598587.0 G: FOUND BRASS CAP "1941" N: 606864.1 - E: 601184.5 H: FOUND BRASS CAP "1941" N: 604123.2 - E: 601178.6</p>			<p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>I: FOUND BRASS CAP "1941" N: 601581.1 - E: 601172.6 J: FOUND BRASS CAP "1941" N: 601560.4 - E: 598576.1 K: FOUND BRASS CAP "1941" N: 601541.3 - E: 595978.7 L: FOUND BRASS CAP "1941" N: 601517.7 - E: 593384.1</p> <p>1: CALCULATED POINT N: 605511.4 - E: 597285.8 2: CALCULATED POINT N: 606830.0 - E: 597288.6 3: CALCULATED POINT N: 605442.3 - E: 590798.7 4: CALCULATED POINT N: 605499.4 - E: 595987.3</p>			<p>17 OPERATOR CERTIFICATION 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 bottom hole 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.</p> <p>Signature: <i>Sorina L. Flores</i> Date: <i>2/2/18</i> Printed Name: Sorina L. Flores E-mail Address: Sorina.L.Flores@apachecorp.com</p>		
<p>18 SURVEYOR CERTIFICATION 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>11-29-2016 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>19680 Certificate Number</p> <p>Rev: 1-16-18 NAD83-BH/FTP</p>											

RRC - Job No.: LS1611382D2

EXHIBIT E

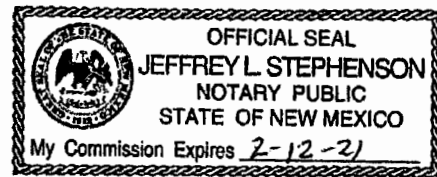
STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 10th day of March, 2018 by Brian Wood. Witness my hand and official seal.

Jeffrey L. Stephenson
Notary Public

My Commission Expires: 2-12-2021

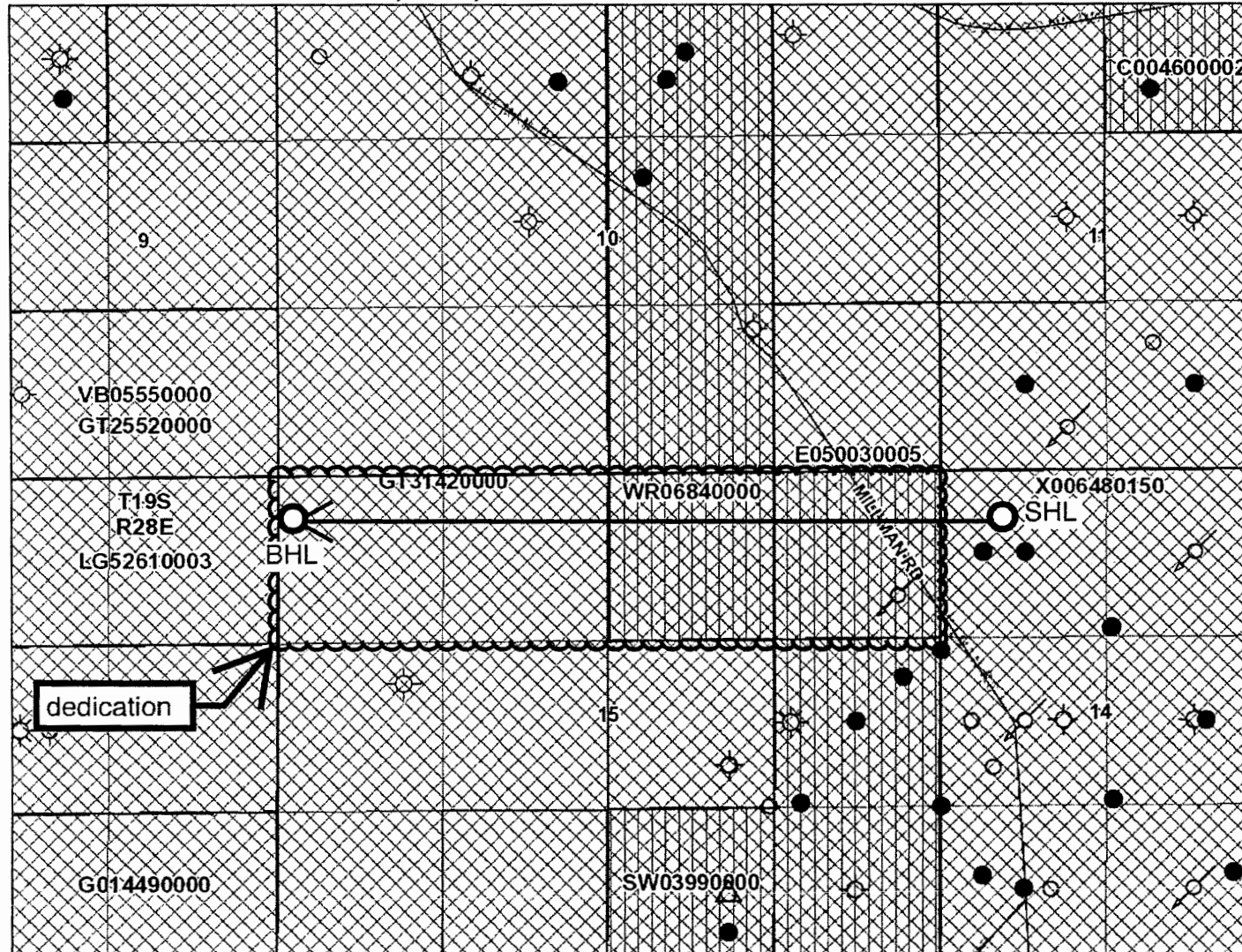
Business Address: 37 VERANO LOOP
 SANTA FE, NM
 87508



cc: Flores, OCD (Santa Fe)



Oil, Gas, and Minerals Leases and Wells

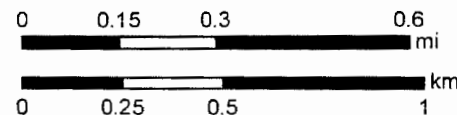


Disclaimer:

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with the accuracy, reliability or use of the information provided herein with respect to State Land Office data or data from other sources.

Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

Created: 2/10/2018

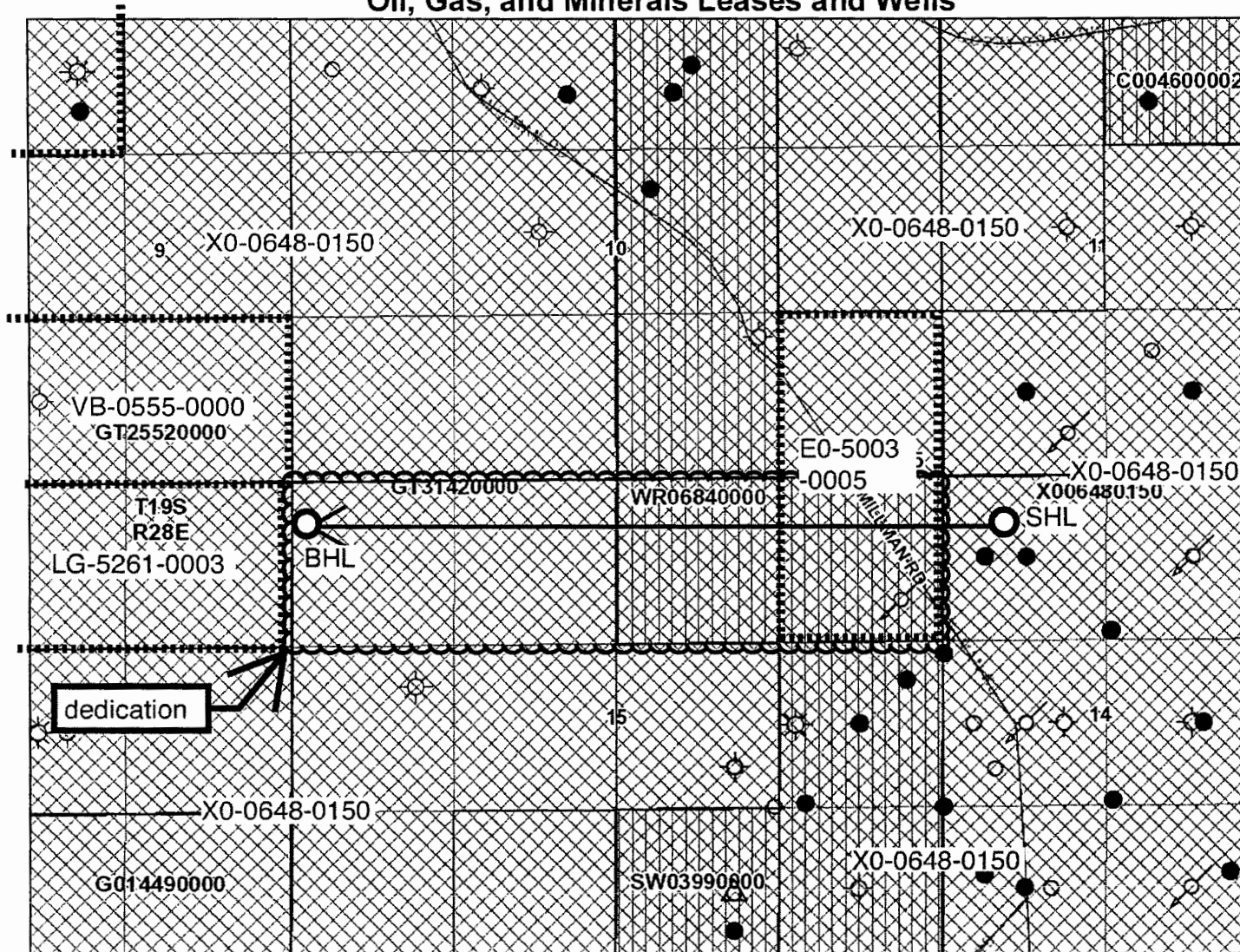


- Larger Towns
- Cities
- State Boundary
- Continental Divide
- - - County Boundaries
- Townships
- Sections
- Subdivisions
- ☀ Carbon Dioxide
- ☀ Gas
- ☀ Injection
- Oil
- △ Salt Water Disposal
- Water Storage
- Miscellaneous
- Plugged / Dry / Abandoned
- Cancelled / Not Drilled
- Highway Mileposts
- Detailed Roads
- ▨ Commercial Leases
- ▨ Minerals Leases
- ▨ Oil and Gas Leases
- ▨ Agricultural Leases
- ▨ Energy Leases
- ▨ Potash District
- ▨ All Minerals
- ▨ Coal Only
- ▨ Oil and Gas Only

EXHIBIT A



Oil, Gas, and Minerals Leases and Wells

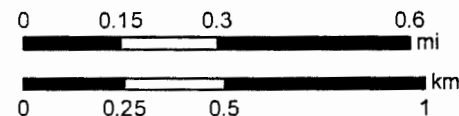


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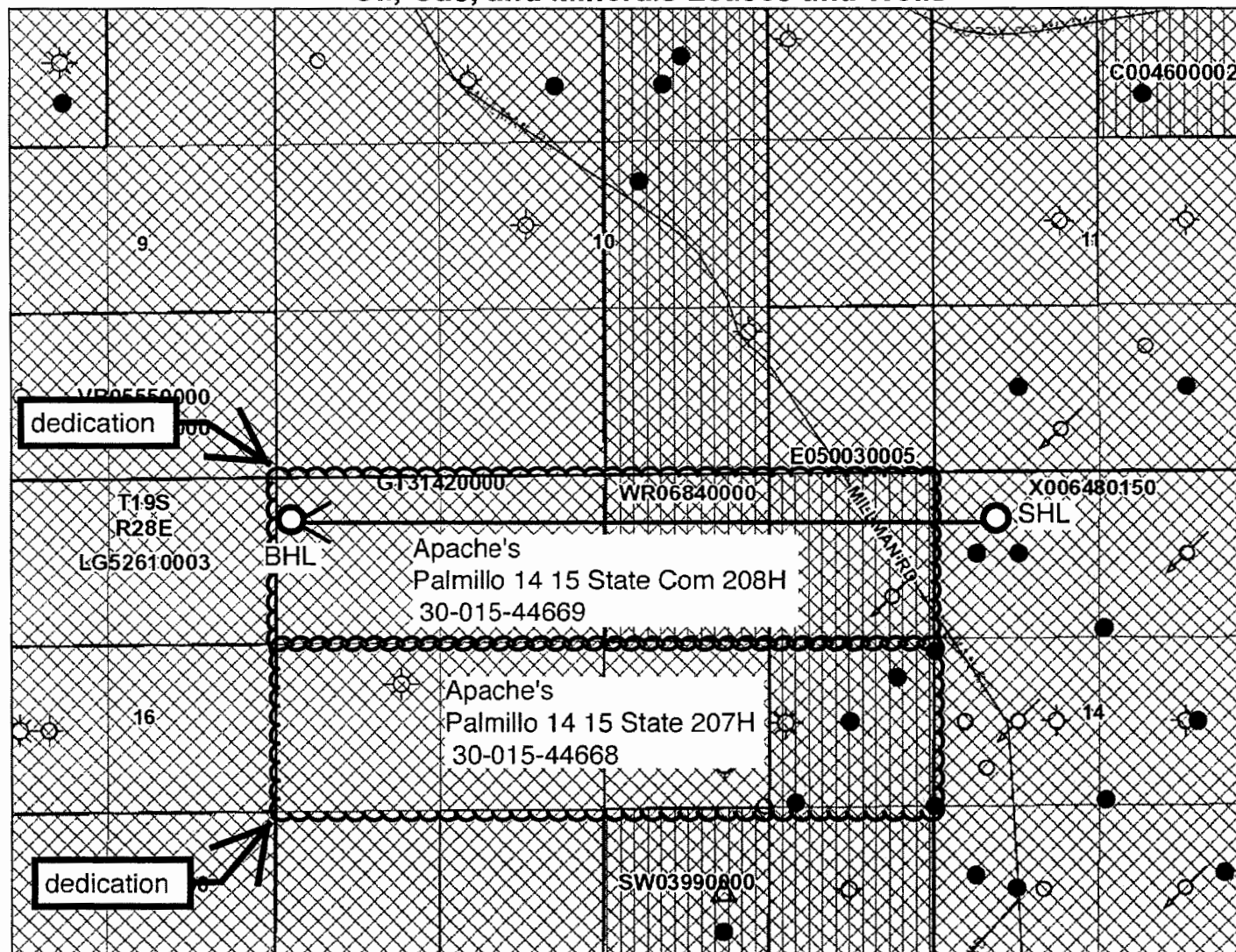
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Created: 3/10/2018





Oil, Gas, and Minerals Leases and Wells

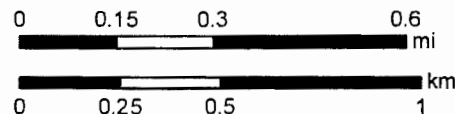


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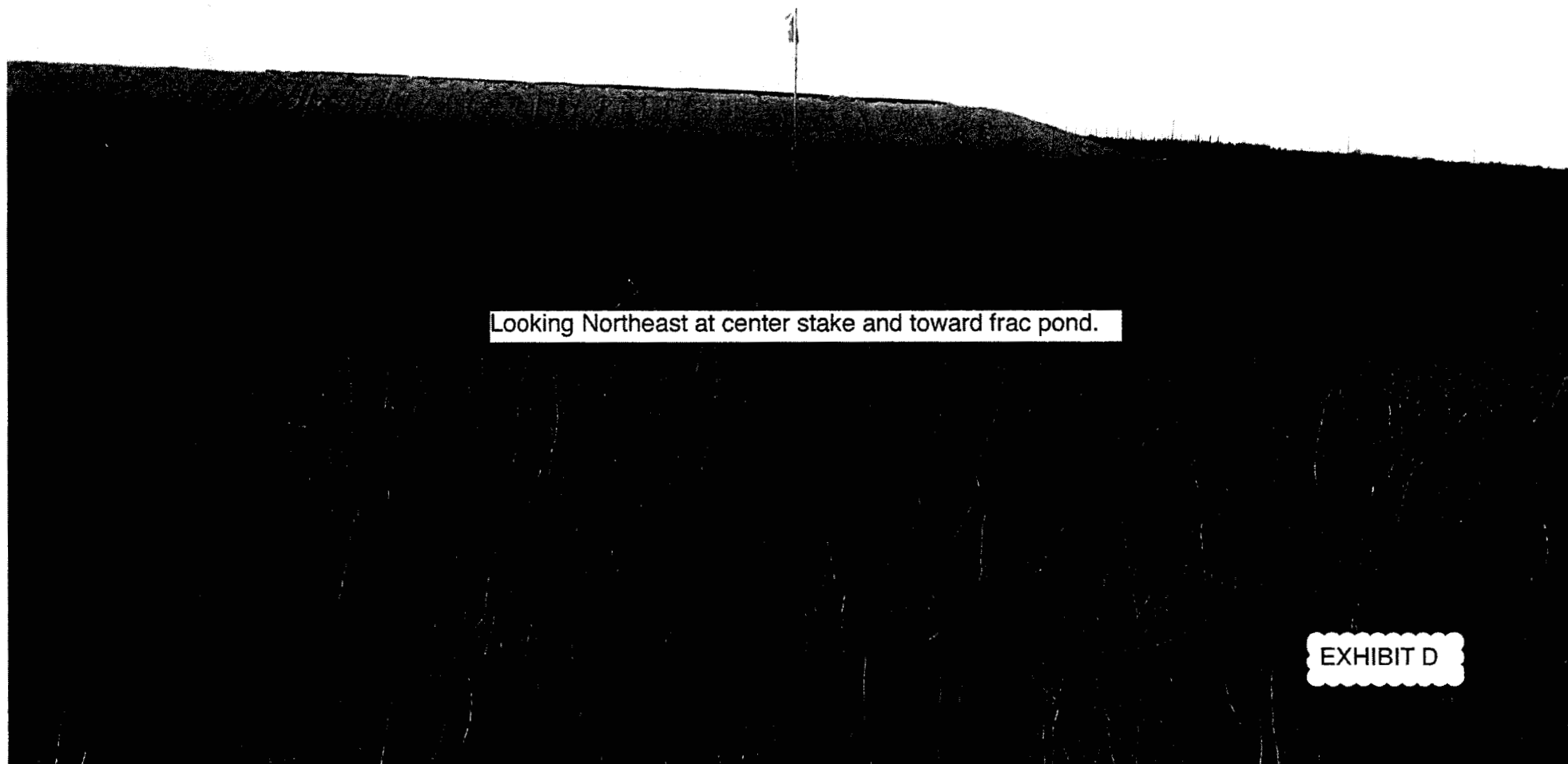
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Created: 2/10/2019



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EXHIBIT F



March 10, 2015

Khody Land & Minerals
210 Park Ave., Suite 900
Oklahoma City, OK 73102

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying for NSL approval for its Palmillo 14 15 State Com 208H oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well take points are 230' further east and west than is standard (see attached application). Thus, it is a nonstandard location. The NSL is due to surface and subsurface issues.

Well Name: Palmillo 14 15 State Com 208H TVD: 7,307' MD: 12,619'
Proposed NSL Zone: Palmillo; Bone Spring, SW
NSL Acreage Dedication: 160 acres (N2N2 Section 15, T. 19 S., R. 28 E., Eddy County, NM)
Location: ~14 air miles SW of Loco Hills, NM SHL: 430 FNL & 470 FWL 14-19s-28e
Applicant Name: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$ 2.25
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$ 71
Total Postage and Fees	\$ 6.91
Sent To	Khody
Street and Apt. No., or PO Box No.	
City, State, ZIP+4®	

Postmark Here: MAR 11 2018

EXHIBIT G

March 10, 2015

NM State Land Office
P. O. Box 1148
Santa Fe NM 87504

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Sincerely,

Brian Wood

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Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$ 2.25
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Total Postage and Fees	\$ 6.91
Sent To	500
Street and Apt. No., or PO Box No.	
City, State, ZIP+4®	

Postmark Here: MAR 10 2018

PS Form 3800, April 2015 PSN 7530-02-000-9000

March 10, 2015

MRC Delaware Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas TX 75240

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Please call me if you have any questions.

Sincerely,

Brian Wood

March 10, 2015

Penroc Oil Corporation
P. O. Box 2769
Hobbs NM 88241

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Brian Wood

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For delivery information, visit our website at www.usps.com®.

Certified Mail Fee \$ 3.45

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ <u>2.75</u>
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage \$ 71

Total Postage and Fees \$ 6.91

Sent To MRC

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

USPS QUICK SEND-CPU

MAR 10 2018

Postmark Here

EXHIBIT G

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For delivery information, visit our website at www.usps.com®.

Certified Mail Fee \$ 3.45

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ <u>2.75</u>
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage \$ 71

Total Postage and Fees \$ 6.91

Sent To Penroc

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

USPS QUICK SEND-CPU

MAR 10 2018

Postmark Here

2155 4541 1000 0610 2102

March 10, 2015

RKI Exploration & Production
3500 One Williams Center
Tulsa OK 74172

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**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
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For delivery information, visit our website at www.usps.com®.

Certified Mail **3.45**

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage \$ **0.71**

Total Postage and Fees \$ **6.91**

Sent To **RKI**

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

EXHIBIT G

March 10, 2015

Vanguard Operating, LLC
5847 San Felipe, Suite 3000
Houston TX 77057

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying for NSL approval for its Palmillo 14 15 State Com 208H oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well take points are 230' further east and west than is standard (see attached application). Thus, it is a nonstandard location. The NSL is due to surface and subsurface issues.

Well Name: Palmillo 14 15 State Com 208H **TVD:** 7,307' **MD:** 12,619'
Proposed NSL Zone: Palmillo; Bone Spring, SW
NSL Acreage Dedication: 160 acres (N2N2 Section 15, T. 19 S., R. 28 E., Eddy County, NM)
Location: ~14 air miles SW of Loco Hills, NM **SHL:** 430 FNL & 470 FWL 14-19s-28e
Applicant Name: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

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PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse

McMillan, Michael, EMNRD

From: Brian Wood <brian@permitswest.com>
Sent: Friday, April 20, 2018 4:14 PM
To: McMillan, Michael, EMNRD
Cc: Lowe, Leonard, EMNRD
Subject: Re: apache Palmillo 14 15 State Com Well No. 208H notification
Attachments: Palmillo 208H Khody MRC.pdf; ATT00001.htm

Lessee of record in Sec. 9 P is MRC.

Lessee of record in Sec. 11 M is Kohody.

Both were notified (below).

No Bone Spring operator is in either unit.