

DATE IN 9.8.11	SUSPENSE	ENGINEER <i>DKB</i>	LOGGED IN 9.8.11	TYPE SD	APP NO. 1125151017
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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
Laughlin #5*

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-40207

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]

201130

[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 Increased Well Density/Location Exception

[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

9/8/11
Date

drcatanach@netscape.com
E-Mail Address

September 7, 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 Increased Well Density/Location Exception
Laughlin Well No. 5
API No. (30-025-40207) ✓
1675' FNL & 2150' FEL (Unit G)
Section 9, T-20 South, R-37 East, NMPM,
Monument-Tubb Pool (47090)
Lea County, New Mexico

Dear Ms. Bailey:

Apache Corporation ("Apache") respectfully requests administrative approval to drill its proposed Laughlin No. 5 as a second well on a 40-acre tract within a standard 80-acre spacing and proration unit in the Monument-Tubb Pool. The well is standard with respect to the setback requirements, but is located in a quarter-quarter section that already contains a producing well. The existing producing well in the Monument-Tubb Pool is the Apache Laughlin No. 2 (API No. 30-025-34067) located 2310 feet from the North and East lines (Unit G) of Section 9. There is currently no producing well on the other 40-acre tract within this spacing unit.

The Monument-Tubb Pool is currently governed by special rules and regulations as established by Order No. R-2800 dated November 10, 1964. These rules require standard 80-acre spacing and proration units with wells to be located no closer than 330 feet to any governmental quarter-quarter section line. The rules also allow two wells per standard spacing unit provided that a well is located on each quarter-quarter section within the spacing unit.

In support of the application, the following tables show the drainage area, estimated ultimate oil and gas recovery, cumulative oil and gas production and current daily oil and gas producing rates (as of 4/2011) for the existing Laughlin Well No. 2. **(Note: drainage area was calculated from SophiH taken off contoured isopach maps or from log calculations.)**

Operator	Well Name & Number	Unit	Reservoir	SophiH (Ft)	Area (Acres)	EUR (MBO)	EUR (MMCFG)
Apache	Laughlin No. 2	G	Tubb	1.13	13.1	10.6	123

Operator	Well Name & Number	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	Laughlin No. 2	G	Tubb	10.54	122.8	1.15	2.7

Utilizing the offset drainage area and SophiH and applying it to the proposed location for the Laughlin No. 5 results in an estimated recovery of 10.6 MBO and 123 MMCF of gas from the Monument-Tubb Pool.

Division records further show that the SE/4 NE/4 of Section 9 was previously developed in the Monument-Tubb Pool by the Marathon Oil Company Laughlin Well No. 1 (API No. 30-025-21652) located 2310 feet from the North line and 330 feet from the East line. This well was initially completed in the Monument-Tubb Pool in 1966 and was ultimately plugged and abandoned in May, 2002. Cumulative production from the Monument-Tubb Pool during the period from 1997-2002 was 1,670 barrels of oil and 51.7 MMCF of gas.

Notice of this application is being provided to all operators/leasehold owners in those units offsetting the S/2 NE/4 of Section 9. These include Chevron USA, Inc., who is the operator/leasehold owner within the S/2 of Section 9 and also a leasehold owner within the W/2 NW/4 of Section 10 and ConocoPhillips, who is the operator of the W/2 SW/4 of Section 10 and also a leasehold owner within the W/2 NW/4 of Section 10. Apache is the operator of the V Laughlin, W H Laughlin and Laughlin Leases that comprise the N/2 of Section 9. Please note that the working interest ownership between these three leases is 100% owned by Apache. Apache also owns a leasehold interest in the W/2 NW/4 of Section 10 (all as shown on the attached offset operator/leasehold owner identification map.)

Attached is a Form C-102, a map that shows offset units and leasehold owners in the Monument-Tubb Pool, a copy of the notice letter and a notice list.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Monument-Tubb Pool underlying the SW/4 NE/4 of Section 9 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.

Apache Corporation

Application for Increased Well Density/Location Exception

Laughlin No. 5

Page 3

Sincerely,

A handwritten signature in black ink that reads "David Catanach". The signature is written in a cursive style with a large, stylized initial "D".

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 30-025-40207	Pool Code 47090	Pool Name Monument-Tubb
Property Code 306604	Property Name Laughlin	Well Number 005
OGRID No. 873	Operator Name Apache Corporation	Elevation 3546

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	9	20 South	37 East		1675'	North	2150'	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 80	Joint or Infill	Consolidate Code	Order No. Application for authority to drill the Laughlin No. 5 as a second well in the SW/4 NE/4 of Section 9 within an 80-acre standard oil spacing and proration unit has been filed.						

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 heretofor 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 _____				

September 7, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS/LEASEHOLD OWNERS

Re: Apache Corporation
Application for Increased Well Density/Location Exception
Laughlin No. 5
SW/4 NE/4 of Section 9, T-20 South, R-37 East, NMPM,
Monument-Tubb Pool (47090)
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for administrative approval to drill a second well within the SW/4 NE/4 of Section 9, Township 20 South, Range 37 East, NMPM, Monument-Tubb Pool, Lea County, New Mexico. Apache proposes to drill its Laughlin No. 5 at a location 1675 feet from the North line and 2150 feet from the East line (Unit G) of Section 9 to test the Monument-Tubb Pool. The well will be dedicated to an existing standard 80-acre spacing and proration unit comprising the S/2 NE/4 of Section 9. This unit is currently dedicated to Apache's Laughlin No. 2 (API No. 30-025-34067) located 2310 feet from the North and East lines (Unit G) of Section 9. The Special Rules and Regulations for the Monument-Tubb Pool require standard 80-acre spacing and proration units with wells to be located no closer than 330' to any governmental quarter-quarter section or lot. These rules further allow the drilling of a second well on a standard unit, provided that the second well is located in the quarter-quarter section not containing the initial well. Apache is requesting authority to drill its Laughlin No. 5 as a second well on a 40-acre tract within the existing 80-acre proration unit.

As the owner of an interest that may be affected by the proposed increased well density/location exception, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

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
Enclosure

Notice List
Apache Corporation
Application for Increased Well Density/Location Exception
Laughlin No. 5
SW/4 NE/4 of Section 9, T-20 South, R-37 East, NMPM

Chevron USA, Inc.
15 Smith Road
Midland, Texas 79705

ConocoPhillips Company
3300 North "A" Street, Bldg. 6
Midland, Texas 79705

7011 0110 0001 2606 3307

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.23

0501 505
 SEP - 8 2011
 SANTA FE, NM
 CORONADO STATION
 Postmark Here

Sent To
ConocoPhillips Company
 Street, Apt. No., or PO Box No. **3300 North "A" Street, Bldg. 6**
 City, State, ZIP+4 **Midland, Texas 79705**

PS Form 3800, August 2006 (See Reverse for Instructions)

0006 9092 0001 2606 3300

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.23

0501 505
 SEP - 8 2011
 SANTA FE, NM
 CORONADO STATION
 Postmark Here

Sent To
Chevron USA, Inc.
 Street, Apt. No., or PO Box No. **15 Smith Road**
 City, State, ZIP+4 **Midland, Texas 79705**

PS Form 3800, August 2006 (See Reverse for Instructions)