NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505 ABOVE THIS LINE FOR DIVISION USE ONLY 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]**OF APPLICATION** - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD Apache Corporation's Coffee Federal 11 30-015-39226 Check One Only for [B] or [C] Commingling - Storage - Measurement 18- 175- 31E DHC **CTB PLC OLS OLM** Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [C]WFX **PMX SWD** IPI **EOR PPR** [D]Other: Specify NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [2] Working, Royalty or Overriding Royalty Interest Owners Offset Operators, Leaseholders or Surface Owner [C]Application is One Which Requires Published Legal Notice

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,

[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.

Print or Type Name

Signature

Title

Date

BRIAN WOOD (505) 466-8120 FAX 466-9682 1/

CONSULTANT

2-27-12

e-mail Address

brian@permitswest.com



REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION
COFFEE FEDERAL 11
1120' FNL & 1650' FWL
SECTION 18, T. 17 S., R. 31 E., EDDY COUNTY, NM
API 30-015-39226

I. The well is on BLM oil and gas lease NMLC-0029548A and BLM surface. The well bore is 1,120' from the closest lease line. The proposed oil well is nonstandard for the Cedar Lake; Glorieta-Yeso Pool (96831) due to land uses (LINN well). A copy of the APD cover sheet is attached (Exhibit A).

Apache requests a nonstandard location due to land uses. There are already 3 Yeso wells, 3 Grayburg Jackson; SR-Q-G-SA wells, 1 Devon power line, 4 Central Valley power lines, well roads, and multiple pipelines in the NENW Section 18.

The 224.09 acre BLM lease comprises Lots 1 & 2, E2NW4, and W2NE4 Section 18. The well was planned to be staked at 990 FNL & 1650 FWL. However, that would cut into LINN Energy's small C. A. Russell 6 well pad (30-015-05219). Linn's well pad is 24' higher than the Coffee Federal 11 well pad (see Exhibit B). LINN's pad extends only \approx 25' east of its well head.

A standard location must be at least 330' from the quarter-quarter line. The well bore is 200' from the closest quarter-quarter line (see C-102 as EXHIBIT C).

II. A C-102 form showing the well and 40 acre pro ration unit (NENW Section 18) is attached as EXHIBIT C.

The oil and gas lease boundary is marked as a solid line on the attached (EXHIBIT D) topographic map. The well bore encroaches too far (130') south. All encroachments (<330') are part of the same lease. There is one Yeso well (Apache's Coffee Federal 2 (30-015-31058) is 1,349' southeast) in the encroached quarter-quarter (SENW Section 18). The quarter-quarter is part of the same BLM lease. Five of the eight bordering or cornering quarter-quarters (dashed line squares) are part of the same state lease.

- III. See Exhibit E for existing Yeso wells (circles). Apache operates all existing Yeso wells (circles on Exhibit E) in the offset quarter-quarters. Closest (417') existing Yeso well is Apache's Coffee Federal 1 (30-015-31175) at 990 FNL & 2047 FWL 18-17s-31e. Apache has Yeso wells in 5 of the 8 offset quarter-quarter-quarters. Three quarter-quarters (Lot 4, SESW, & SWSE 7-18s-31e) do not have a Yeso well. This information is current and correct.
- IV. See Exhibits C, D, and E for the proposed well, proration unit, drilling windows, and all wells. Apache does not believe it is cost effective to directionally drill from an existing pad. They have a horizontal Yeso well (30-015-35056) in the same quarter-quarter. Based on their experience with that well, they do not believe it is cost effective to directionally drill to a standard location.
- V. See Exhibits B and D for surface uses (3 Yeso wells, 3 Grayburg Jackson; SR-Q-G-SA wells, 1 Devon power line, 4 Central Valley power lines, well roads, and multiple pipelines) that prevent use of a standard location.
- VI. Archaeology is not an issue.
- VII. The well was planned to be staked at 990 FNL & 1650 FWL. However, that would eat into LINN Energy's already small pad (see Exhibit B).
- VIII. Apache does not believe directional drilling to a legal bottom hole location is cost effective.
- IX. I hereby certify that Apache Corporation and its partners have 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit and the adjacent quarter-quarters on one or more of the two sides or the single closest corner to the proposed well toward which it encroaches and that the information is current and correct.
- I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (see EXHIBIT F) 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 quarter-quarters which border the 40 acre spacing unit. Said notice was sent to:

BLM Devon COG Operating LLC LINN

Brian Wood, Consultant

2-27-12

Date

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

The foregoing instrument was acknowledged before me this 27th day of February, 2012 by Brian Wood. Witness my hand and official seal.

Notary Public

My Commission Expires: _

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508

cc: Flores, OCD (Artesia & Santa Fe)

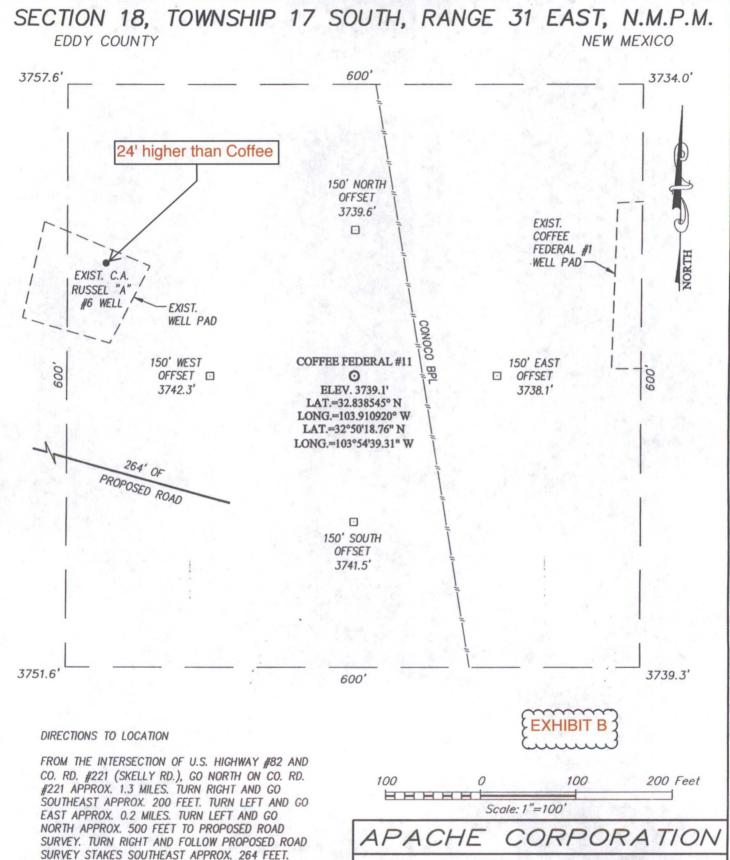


OFFICIAL SEAL KATHRYN K. WOOD

Operator Copy

Fom 3160-3 (April 2004)	2004)				FÖRM APPROVED OMB No. 1004-0137 Expires March 31, 2007		
UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT				5. Lease Scrial No. NMLC-0029548A			
APPLICATION FOR PERMIT TO DRILL OR REENTER					6. If Indian, Allotee or Tribe Name		
la. Type of work: DRILL REENTER				7 If Unit or CA Agreement, Name and No.			
	Well Other	Single 2	Zone Multip	ole Zone		No. AL #011<308710>	
2. Name of Operator APACHE CORPO) ŘÁT <u>I</u> ÔN				9 API Well No. 30-015- 39	226	
3a. Address 303 VETERANS AIRPARK LN #3000 3b. Phone No. (include area code) 432-818-1167					10. Field and Pool, or Exploratory (96831) CEDAR LAKE; GLORIETA-YESO		
4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface 1120' FNL & 1650' FWL					11. Sec., T. R. M. or Blk. and Survey of Area		
At proposed prod. zone SAME	The section of the se				VL: C SEC: 18 T178 R31E		
14. Distance in miles and direction from nearest APPROX 4 MILES NORTHEAST C	town or post office* OF LOCO HILLS, NM				12. County or Parish EDDY	13: State:	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any)	location to nearest property or lease line, ft.			1	cing Unit dedicated to this well 40 ACRES		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 315		1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1			BIA Bond No. on file - CO - 1463 NATIONWIDE		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 22. Approximate date work will start* 3739' 05/31/2011			rit*	23. Estimated duration 10 DAYS			
		24. Attachme			-	. :	
The following, completed in accordance with the	e requirements of Onshore (Oil and Gas Orde	No.1, shall be a	ttached to th	is form:		
Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on I SUPO shall be filed with the appropriate Po	Nätional Förest System La rest Service Office).		Item 20 above). Operator certific	cation specific info	ns unless covered by an exis		
25. Signature Soveno D:	flores	Name (Prin	nedTyped) INA L. FLORI	EŞ	Dal	05/31/2011	
Title SUPV. DRLG. SERVICES	\						
Approved by (Signature)		Name (Prin	ited/Typed)	5 .	Da	2/12/11	
Application approval does not warrant or certific	JACEP Holds I	Office C	ARLSB/	AD FI	ELD OFFICE	le the applicant to	
conduct operations thereon. Conditions of approval, if any, are attached.	A The state of the		APP	ROVA	ELD OFFICE ject lease which would entit FOR TWO YE	AKS'	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. States any false, fictitious or fraudulent statement	Section 1212, make it a crim	e for any person	knowingly and v	villfully to n	naké to any department or ag	gency of the United	
*(Instructions on page 2)	rolled Water Basin			,	{E	XHIBIT A	
irosiiai chiii	nonem statet Daziii					~~~~	

SEE ATTACHED FOR CONDITIONS OF APPROVAL APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED



THIS LOCATION STAKE IS APPROX. 184 FEET

PROVIDING SURVEYING SERVICES

SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

(575) 393-3117

NORTHEAST.

COFFEE FEDERAL #11 WELL LOCATED 1120 FEET FROM THE NORTH LINE AND 1650 FEET FROM THE WEST LINE OF SECTION 18, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 12/2	1/10 Sheet	1	of	1	Sheets
W.O. Number: 10.11.	1829 Dr. By. I	DSS	Re	v 1:	
Date: 1/2/10 Rel	W.O.:	1011182	9	Scale	:1"=100"



DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005 Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

County

EDDY

DISTRICT II 1301 W. GRAND AVENUB, ARTESIA, NM 88210

UL or lot No.

C

DISTRICT III 1000 RIO BRAZOS RD., AZTEC, NM 87410

Section

18

Township

17-S

Range

31-E

OIL CONSERVATION DIVISION 11120 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT IV 11120 S. ST. FRANCIS DR., SANTA FE, NM 87505	WELL LOCATION AT	ND ACREAGE DEDICATION PLAT	☐ AMENDED REPORT		
30-015-	96831	Cedar Lake: Glorieta - Y	eso		
Property Code		Well Number			
308710	COF	1.1,			
OGRID No.		Blevation			
873	APACH	3739'			
Surface Location					

Bottom Hole Location If Different From Surface UL or lot No. Section Lot Ida Township Range Feet from the North/South line Feet from the East/West line County Dedicated Acres Joint or Infill Consolidation Code Order No. 40

Feet from the

1120

North/South line

NORTH

Feet from the

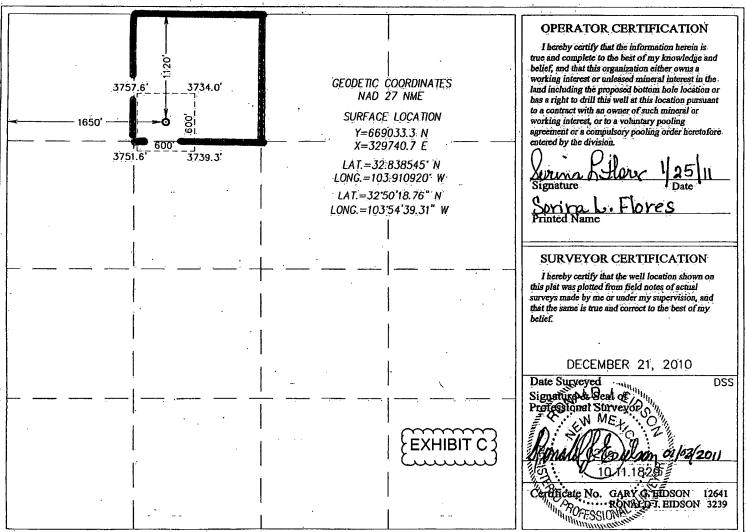
1650

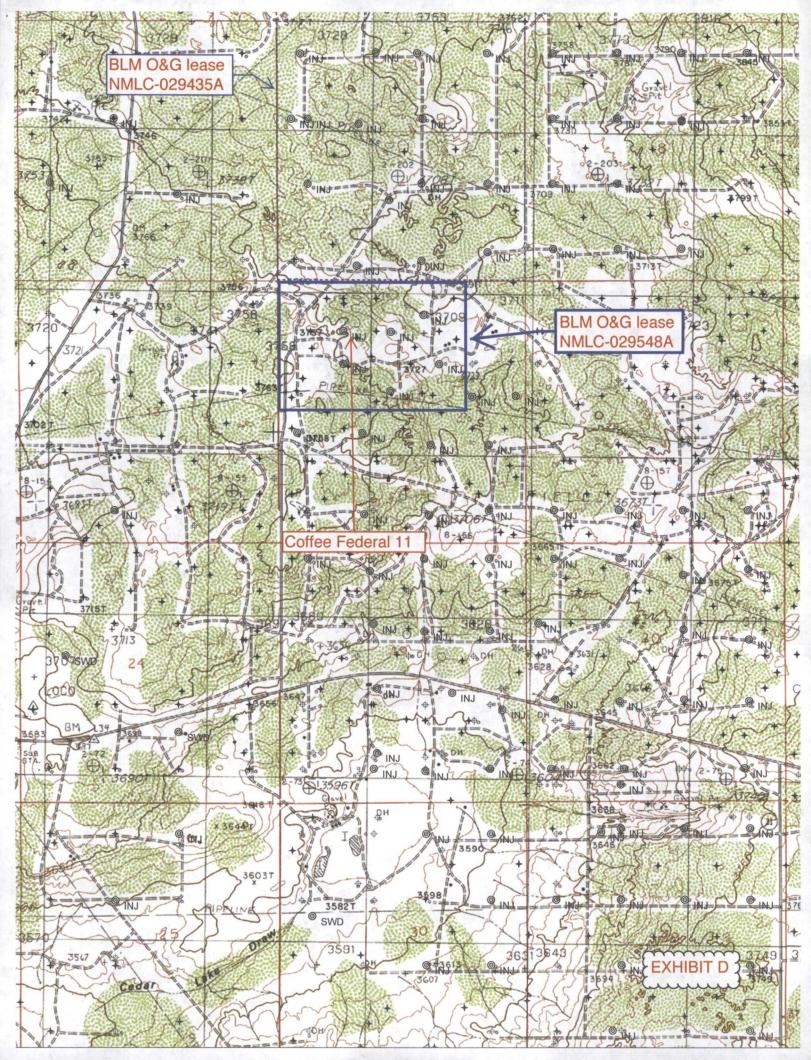
East/West line

WEST

Lot Idn

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









BLM 620 E. Greene St. Carlsbad, NM 88220

As required by New Mexico Oil Conservation Division 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 to drill its Coffee Federal 11 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 130' further south than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: Coffee Federal 11 <u>TD</u>: 6,500' Proposed NSL Zone: Cedar Lake; Glorieta-Yeso

NSL Acreage Dedication: 40 acres (NENW Section 18, T. 17 S., R.31 E., Eddy County, NM

on BLM lease NMLC-029548A (well is 1,120' from the closest lease boundary)

Approximate Location: ≈4 air miles northeast of Loco Hills, NM

Applicant Name: Apache Corporation (432) 818-1167

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland, TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (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.

U.S. Postal Service ACCEPT

(Pomestic Mail Only; No Insurance Coverage Provide)

Fordeliver Information visit curwebsite and companies of the Companies of the

Sincerely,

Brian Wood

EXHIBIT F

David Evans COG Operating LLC 550 West Texas Ave., Suite 100 Midland, TX 79701

Dear Mr. Evans:

As required by New Mexico Oil Conservation Division 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 to drill its Coffee Federal 11 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 130' further south than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

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NSL Acreage Dedication: 40 acres (NENW Section 18, T. 17 S., R.31 E., Eddy County, NM

on BLM lease NMLC-029548A (well is 1,120' from the closest lease boundary)

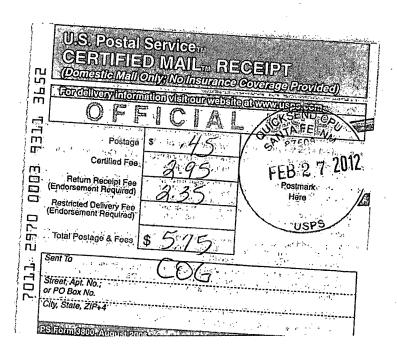
Approximate Location: ≈4 air miles northeast of Loco Hills, NM

Applicant Name: Apache Corporation (432) 818-1167

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Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (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

EXHIBIT F

Devon Energy Production Company LP 20 N. Broadway, #1500 Oklahoma City, OK 73102

As required by New Mexico Oil Conservation Division 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.

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NSL Acreage Dedication: 40 acres (NENW Section 18, T. 17 S., R.31 E., Eddy County, NM

on BLM lease NMLC-029548A (well is 1,120' from the closest lease boundary)

Approximate Location: ≈4 air miles northeast of Loco Hills, NM

Applicant Name: Apache Corporation (432) 818-1167

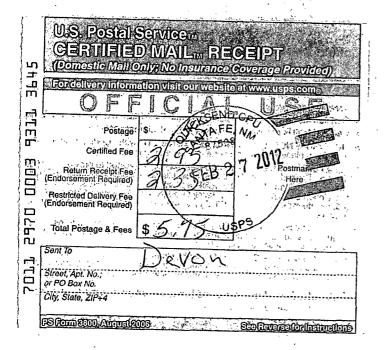
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland, TX 79705

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Please call me if you have any questions.

Sincerely,

Brian Wood







Nancy Fitzwater LINN Energy Holdings LLC 600 Travis St., Suite 5100 Houston, TX 77002-3092

Dear Nancy,

As required by New Mexico Oil Conservation Division 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 to drill its Coffee Federal 11 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 130' further south than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

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Please call me if you have any questions.

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٢-	City, State, ZiP+4	OG.		<u> </u>
		130	SEPTEMBER OF THE PROPERTY OF T	allowe !

Sincerely,

Brian Wood

EXHIBIT F