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|-----------------|----------|-------------|-------------------|-----------|--------------------|
| DATE IN 4.20.12 | SUSPENSE | ENGINEER DB | LOGGED IN 4/20/12 | TYPE N/SL | APP NO. 1211149171 |
|-----------------|----------|-------------|-------------------|-----------|--------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Apache

Lee Fed. #58

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-40175

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]

6616

[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 _____

B-20-175-31E

[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

Signature

Date

Agent for Apache Corporation
 Title

drcatanach@netscape.com
 E-Mail Address

April 20, 2012

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 Unorthodox Well Location
Lee Federal No. 58
API No. (30-015-40175)
1285' FNL & 2470' FEL (Unit B)
Section 20, T-17 South, R-31 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Lee Federal No. 58. This well will be drilled as a development oil well in the Cedar Lake Glorieta-Yeso Pool (96831).

The proposed Lee Federal No. 58 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the NW/4 NE/4 of Section 20. This unit is currently dedicated to Apache's: i) existing Lee Federal No. 15 (API No. 30-015-32048) located at a standard well location 830 feet from the North line and 1650 feet from the East line; ii) existing Lee Federal No. 20Y (API No. 30-015-32087) located at standard well location 330 feet from the North line and 2260 feet from the East line; and iii) proposed Lee Federal No. 44 (API No. 30-015-40031) located at a standard well location 330 feet from the North line and 1650 feet from the East line.

The Cedar Lake Glorieta-Yeso Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The attached vicinity map shows that the proposed unorthodox well location is necessary in order to avoid numerous surface obstructions within the NW/4 NE/4, including existing wells/well pads, electric lines and pipelines.

The affected offset acreage is the E/2 NW/4 and SW/4 NE/4 of Section 20. All three affected offset 40-acre tracts are currently being developed in the Cedar Lake Glorieta-Yeso Pool by numerous wells operated by Apache Corporation. Please note that the working interest ownership between the NW/4 NE/4 and the three affected offset 40-acre tracts is common. Consequently, notice of this application is not required to any party.

Attached is a Form C-102 showing the proposed well, spacing unit, other existing or proposed wells in the spacing unit and the affected offset acreage. Also attached is a vicinity map.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Cedar Lake Glorieta-Yeso Pool underlying the NW/4 NE/4 of Section 20 that may otherwise not be recovered by the existing or proposed producing wells, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705

Xc: OCD-Artesia

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 30-015-40175 | | Pool Code 96831 | Pool Name Cedar Lake Glorieta-Yeso Pool |
| Property Code 308720 | Property Name Lee Federal | | Well Number 58 |
| OGRID No. 873 | Operator Name Apache Corporation | | Elevation 3,652' |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|----------------|---------|---------------|------------------|---------------|----------------|-------------|
| B | 20 | 17 South | 31 East | | 1285 | North | 2470 | East | Eddy |

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 40 | Joint or Infill | Consolidate Code | Order No. |
|------------------------------|-----------------|------------------|-----------|

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>OPERATOR CERTIFICATION</p> <p><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></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
| | | | | <p>SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p> | |
| | | | | | |

3657.1'

600'

3665.4'

EXISTING WELL PAD

COG SWD BPL

4-WIRE ELEC. LINE

PROPOSED WELL PAD

NORTHWEST PAD CORNER 3656.0'

NORTHEAST PAD CORNER 3657.7'

LEE FEDERAL #58
ELEV. 3652.4'
LAT.=32.823622° N
LONG.=103.890784° W
LAT.=32° 49' 25" N
LONG.=103° 53' 27" W

POSSIBLE BPL

270'

253' OF PROPOSED ROAD

SOUTHWEST PAD CORNER 3653.3'

SOUTHEAST PAD CORNER 3652.9'

600'

600'

3649.5'

600'

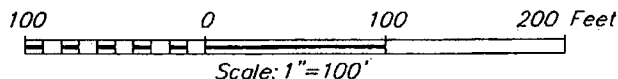
3658.3'

NORTH

FROM THE INTERSECTION OF U.S. HWY. #82 AND
HWY. #529 GO NORTHEAST ON HWY. #82 APPROX.
1.5 MILES. TURN RIGHT AND GO NORTHEAST APPROX.
0.6 MILES. TURN RIGHT AND GO SOUTHEAST APPROX.
326 FEET. TURN RIGHT AND GO SOUTHEAST APPROX.
356 FEET. THEN FOLLOW ROAD SURVEY 253 FEET TO
THIS LOCATION.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117



LEE FEDERAL #58 WELL
LOCATED 1285 FEET FROM THE NORTH LINE
AND 2470 FEET FROM THE EAST LINE OF SECTION 20,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

| | | | |
|-------------------------|------------|---------------------|----------------|
| Survey Date: 12/8/11 | | Sheet 1 of 1 Sheets | |
| W.O. Number: 11.11.2360 | | Dr. By: AF | Rev 1: |
| Date: 12/16/11 | Rel. W.O.: | 11112360 | Scale: 1"=100' |