

ABOVE THIS LINE FOR DIVISION USE ONLY

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



873 Apache Corp  
 30-015-40236  
 D State # 91  
 ULL 35 175 28E

**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]

6664

[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 \_\_\_\_\_

[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

7/19/12  
 Date

drctanach@netscape.com  
 E-Mail Address

July 19, 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  
D State Well No. 91  
API No. (30-015-40236)  
1555' FSL & 925' FWL (Unit L)  
Section 35, T-17 South, R-28 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 D State No. 91. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830).

The proposed D State No. 91 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SW/4 of Section 35. This unit is currently dedicated to Apache's: i) existing D State No. 52 (API No. 30-015-38468) located at a standard well location 1780 feet from the South line and 330 feet from the West line; and ii) existing Dad State No. 37 (API No. 30-015-33478) located at a standard well location 2305 feet from the South line and 330 feet from the West line.

The Artesia 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 existing pipelines and a road.

The two affected offset tracts are the SW/4 SW/4 and the SE/4 SW/4 of Section 35. There is currently no Glorieta-Yeso production in either affected offset tract. The operating rights within the SW/4 SW/4 of Section 35 are owned by Ultramar Oil & Gas Ltd. The operating rights within the SE/4 SW/4 of Section 35 are owned by Melrose

Operating Company and Quantum Resources Management, LLC. Notice of this application is being provided by certified mail to Ultramar Oil & Gas Ltd., Melrose Operating Company and Quantum Resources Management, LLC.

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

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Artesia Glorieta-Yeso Pool underlying the NW/4 SW/4 of Section 35 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 <b>30-015-40236</b>		Pool Code <b>96830</b>	Pool Name <b>Artesia Glorieta-Yeso Pool</b>
Property Code <b>308712</b>	Property Name <b>D State</b>		Well Number <b>091</b>
OGRID No. <b>873</b>	Operator Name <b>Apache Corporation</b>		Elevation <b>3680'</b>

**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>L</b>	<b>35</b>	<b>17 South</b>	<b>28 East</b>		<b>1555</b>	<b>South</b>	<b>925</b>	<b>West</b>	<b>Eddy</b>

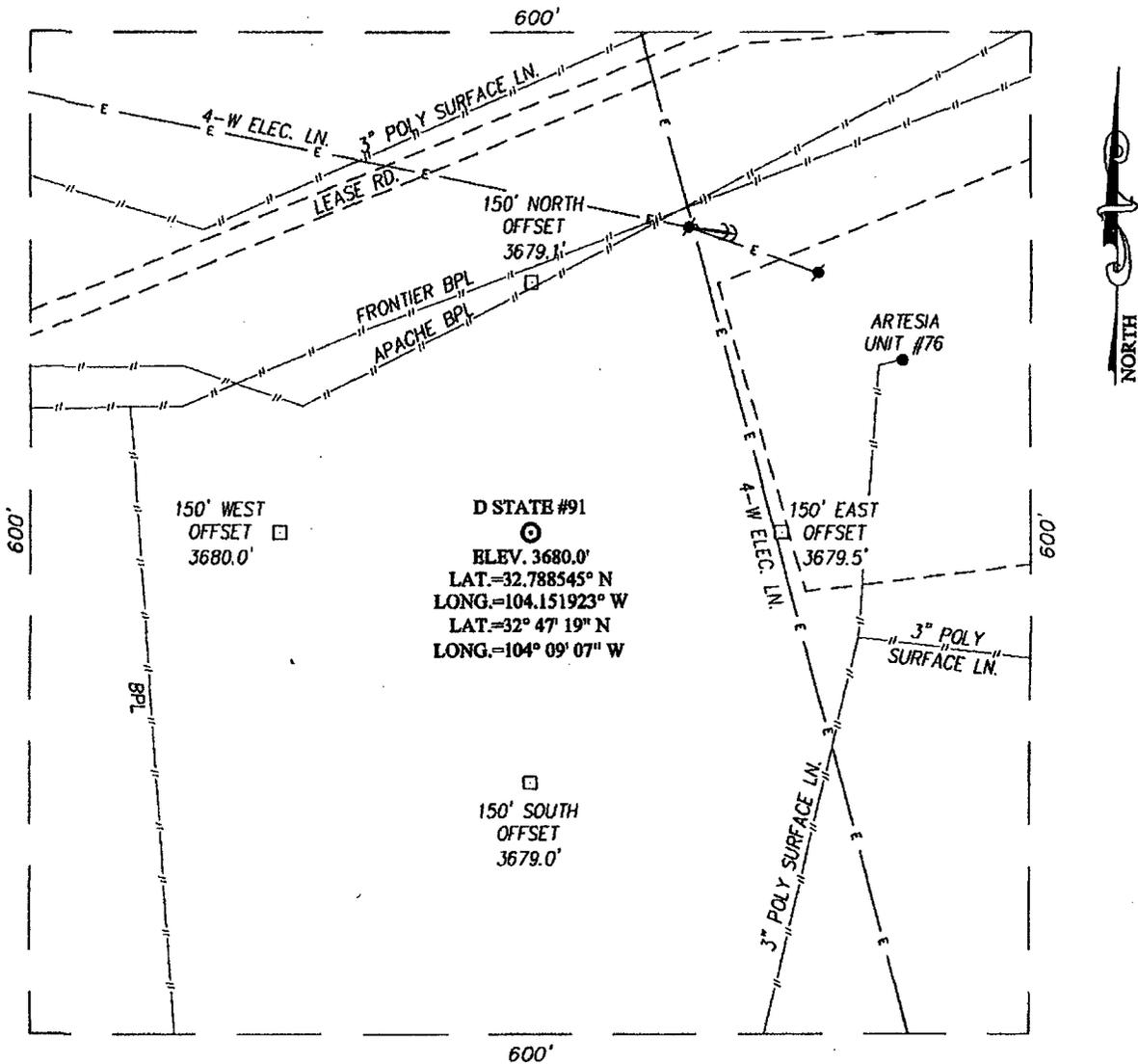
**Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>		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

	<b>OPERATOR CERTIFICATION</b>		
	<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 heretofore entered by the Division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>		
<p>Affected Offset Acreage Ultramar Oil &amp; Gas Ltd. <b>1555'</b></p> <p>Affected Offset Acreage Melrose Operating Co. Quantum Resources Management, LLC</p>	<b>SURVEYOR CERTIFICATION</b>		
	<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>		

**SECTION 35, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.**  
**EDDY COUNTY** **NEW MEXICO**

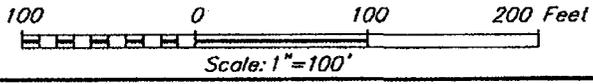


**D STATE #91**  
 BLEV. 3680.0'  
 LAT.=32.788545° N  
 LONG.=104.151923° W  
 LAT.=32° 47' 19" N  
 LONG.=104° 09' 07" W

150' WEST  
 OFFSET  
 3680.0'

150' EAST  
 OFFSET  
 3679.5'

150' SOUTH  
 OFFSET  
 3679.0'



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #82 AND ST. HWY. #360, GO SOUTHEAST APPROX. 1.0 MILES. TURN LEFT AND GO EAST APPROX. 0.4 MILES. THE LOCATION STAKE IS APPROX. 250 FEET SOUTH OF THE LEASE ROAD.

**APACHE CORPORATION**

**D STATE #91 WELL**  
 LOCATED 1555 FEET FROM THE SOUTH LINE  
 AND 925 FEET FROM THE WEST LINE OF SECTION 35,  
 TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO

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

Survey Date: 3/22/12	CAD Date: 4/23/12	Drawn By: AF
W.O. No.: 12110495	Rev. .	Rel. W.O.:
		Sheet 1 of 1

July 19, 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: Ultramar Oil & Gas Ltd.                      Melrose Operating Company  
16825 Northchase, #1200                      20333 State Highway 249, Suite 310  
Houston, Texas 77060-6080                      Houston, Texas 77070

Quantum Resources Management, LLC  
1401 McKinney Street, Suite 2400  
Houston, Texas 77010

Re: Apache Corporation  
Application for Unorthodox Oil Well Location  
D State No. 91  
1555' FSL & 925' FWL (Unit L)  
Section 35, T-17 South, R-28 East, NMPM,  
Artesia Glorieta-Yeso Pool, Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for authorization to drill its D State No. 91 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 1555 feet from the South line and 925 feet from the West line (Unit L) of Section 35, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The well will be dedicated to an existing 40-acre spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SW/4 of Section 35. This unit is currently dedicated to Apache's existing D State Well No. 52 and Dad State Well No. 37. The unorthodox location is necessary in order to avoid existing pipelines and a road.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, 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  
303 Veterans Airpark Lane, Suite 3000  
Midland, Texas 79705

Enclosure

7011 2970 0003 9311 4307

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
*(Domestic Mail Only, No Insurance Coverage Provided)*

For delivery information visit our website at [www.usps.com](http://www.usps.com)

HOUSTON-TX 77010 **OFFICIAL USE**

Postage	\$	\$1.30
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$</b>	<b>\$6.60</b>

0501  
10  
JUL 19 2012  
Postmark  
07/19/2012

Sent To **Quantum Resources Mgmt. LLC**  
 Street, Apt. No., or PO Box No. **1401 McKinney St., Suite 2400**  
 City, State, ZIP+4 **Houston, Texas 77010**

PS Form 3800, August 2006 See Reverse for Instructions

7011 2970 0003 9311 4291

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HOUSTON-TX 77070 **OFFICIAL USE**

Postage	\$	\$1.30
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$</b>	<b>\$6.60</b>

0501  
10  
JUL 19 2012  
Postmark  
Here  
07/19/2012

Sent To **Melrose Operating Company**  
 Street, Apt. No., or PO Box No. **20333 State Highway 249**  
 City, State, ZIP+4 **Houston, Texas 77070**

PS Form 3800, August 2006 See Reverse for Instructions

7011 2970 0003 9311 4284

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HOUSTON-TX 77060 **OFFICIAL USE**

Postage	\$	\$1.10
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$</b>	<b>\$6.40</b>

0501  
10  
JUL 19 2012  
Postmark  
Here  
07/19/2012

Sent To **Ultramar Oil & Gas Ltd.**  
 Street, Apt. No., or PO Box No. **16825 Northchase, #1200**  
 City, State, ZIP+4 **Houston, Texas 77060-6080**

PS Form 3800, August 2006 See Reverse for Instructions