

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
 30-015-40238
 D State #93
 ULS 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]

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[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

drcatanach@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. 93
API No. (30-015-40238)
1650' FSL & 2440' FEL (Unit J)
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. 93. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830).

The proposed D State No. 93 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SE/4 of Section 35. This unit is currently dedicated to Apache's: i) existing D State No. 53 (API No. 30-015-39267) located at a standard well location 2310 feet from the South line and 2310 feet from the East line; ii) proposed D State No. 84 (API No. 30-015-40145) located at a standard well location 1650 feet from the South and 1650 feet from the East line; and ii) proposed D State No. 94 (API No. 30-015-40239) located at a standard well location 2310 feet from the South line and 1650 feet from the East 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 NE/4 SW/4 and the SE/4 SW/4 of Section 35. Apache is the operator of the NE/4 SW/4 in the Artesia Glorieta-Yeso Pool. The working interest between the drill tract and the NE/4 SW/4 of Section 35 is common.

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 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 SE/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 30-015-40238		Pool Code 96830	Pool Name Artesia Glorieta-Yeso Pool
Property Code 308712	Property Name D State		Well Number 093
OGRID No. 873	Operator Name Apache Corporation		Elevation 3668'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	35	17 South	28 East		1650	South	2440	East	Eddy

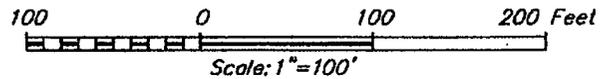
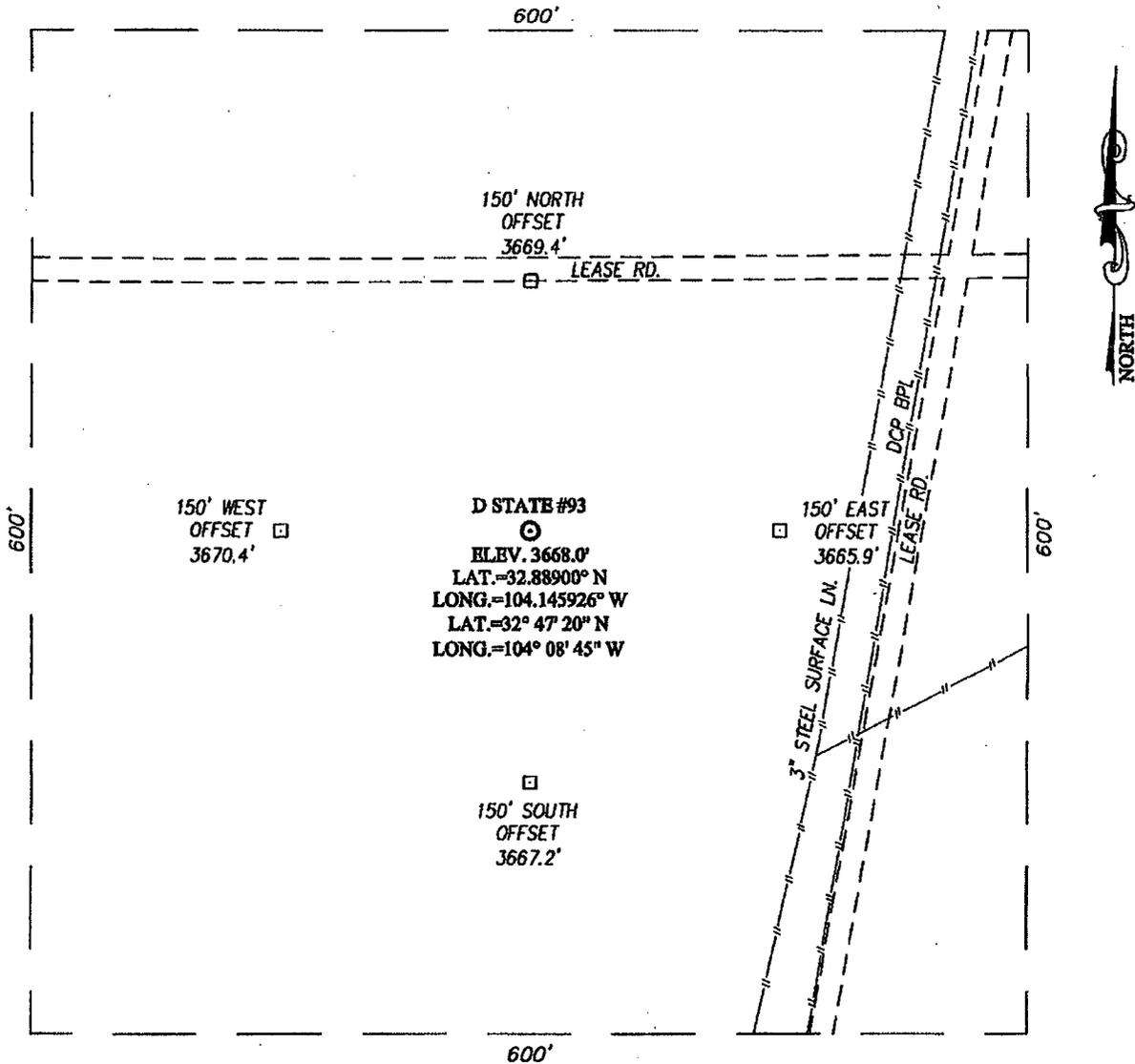
Bottom Hole Location If Different From Surface

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

				OPERATOR CERTIFICATION	
				<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>	
				SURVEYOR CERTIFICATION	
<p>Affected Offset Acreage Apache Corp. (Operator) WI Common w/Drill Tract</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>Affected Offset Acreage Melrose Operating Co. Quantum Resources Management, LLC</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**



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND ST. HWY. #360 GO SOUTHEAST APPROX. 0.8 MILES. TURN LEFT AND GO EAST APPROX. 0.9 MILES. THE LOCATION STAKE IS 150 FEET SOUTH OF THE LEASE ROAD.

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

APACHE CORPORATION

D STATE #93 WELL
 LOCATED 1650 FEET FROM THE SOUTH LINE
 AND 2440 FEET FROM THE EAST LINE OF SECTION 35,
 TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

Survey Date: 3/22/12	CAD Date: 4/23/12	Drawn By: AF
W.O. No.: 12110497	Rev.:	Rel. W.O.:
		Sheet 1 of 1

July 19, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Melrose Operating Company
20333 State Highway 249, Suite 310
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. 93
1650' FSL & 2440' FEL (Unit J)
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. 93 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 1650 feet from the South line and 2440 feet from the East line (Unit J) 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 SE/4 of Section 35. This unit is currently dedicated to Apache's existing D State Well No. 53, and Apache's proposed D State Wells No. 84 and 94. 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

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
Total Postage & Fees	\$ 6.60

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Postmark
JUL 19 2012
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**

7011 2970 0003 9311 4291

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Postmark
JUL 19 2012
07/19/2012

Sent To **Melrose Operating Company**
 Street, Apt. No., or PO Box No. **20333 State Highway 249**
 City, State, ZIP+4 **Suite 310**
Houston, Texas 77070