

DATE IN 10-19-12	SUSPENSE 11-8-12	ENGINEER DB	LOGGED IN 10-22-12	TYPE NSL	APP NO. PDRB1229639891
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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
NB Tween #35

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]**

6704

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
 X NSL ☐ NSP ☐ SD

NB Tween State 35
30-015-40153

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] X Working, Royalty or Overriding Royalty Interest Owners
 [B] X 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] X 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.

Brian Wood

Signature

Consultant

Title

brian@permitswest.com

e-mail Address

10-19-12

Date

Print or Type Name

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
NB TWEEN STATE 35
1185' FNL & 330' FWL
SECTION 25, T. 17 S., R. 28 E., EDDY COUNTY, NM
API 30-015-40153**

I. The proposed oil well (see APD as Exhibit A) is on private surface (Bogle Ltd. Company) and NM State Land Office oil and gas lease X006470405 (8,746.59 acres). The well is 1,185' from the closest lease line (Exhibit B). The proposed oil well is nonstandard for the Artesia; Glorieta-Yeso (Pool 96830) due to a road that provides the only access to LRE Operating's Marathon A 25 State 11 well, an overhead power line, and multiple pipelines (Exhibit C).

Apache requests a nonstandard location due to land uses. The well was planned to be staked 990 FNL & 330 FWL. However, a road, overhead power line, and multiple pipelines prevented that location.

A standard location must be at least 330' from the quarter-quarter line. The well bore is 135' from the south quarter-quarter line (see C-102 as EXHIBIT D). It is 195' too far south. It is 356' from the southwest corner of the quarter-quarter and 999' from the southeast corner of the quarter-quarter.

II. Form C-102 showing the well and 40 acre pro ration unit (NWNW Section 25) is attached as Exhibit D.

Exhibit E shows the lease boundaries (solid lines) and existing Yeso acreage dedications (dashed lines). The well encroaches 195' too far south toward the SWNW Section 25. The encroachment is part of the same state lease.

Apache operates all Yeso wells in the NW4 Section 25. There is common ownership in the Yeso in the affected offset quarter-quarters.

(Some state records mistakenly show LRE's Marathon 25 State 34 as a Yeso well. It was permitted as a Yeso well. However, it was only drilled to 3,405' and completed as a Red Lake; Queen-Grayburg-San Andres.)

Closest Yeso well is Apache's proposed A State 41 (30-015-40368), which is 415' south at 1600 FNL & 330 FWL 25-17s-28e. Next closest well is Apache's existing NB Tween State 15 (30-015-38405). It is 553' northeast at

970 FNL & 840 FWL 25-17s-28e. Third closest Yeso well is Apache's proposed A State 55 (30-015-38964), which is 688' northwest at 990 FNL & 330 FEL 26-17s-28e.

III. The state oil and gas lease (8,746.59 acres) boundary is marked as a solid line on the attached (EXHIBIT E) topographic map. The well encroaches to the south. The encroachment is part of the same lease. Eight existing Yeso proration units (see Exhibit E) touch the proposed proration unit. Five are Apache operated. There is common ownership of the Yeso working interest in the quarter-quarter in which the well is located and the quarter-quarter (SWNW Section 25) toward which the well encroaches. This information is current and correct.

IV. Exhibit F shows the proposed well, proration unit, and all wells. Yeso wells are circled. Apache does not believe directional drilling to a standard location from an existing pad is cost effective for this well.

V. A road that provides the only access to an LRE well, an overhead power line, and multiple pipelines (see Exhibit C) prevent a standard location.

VI. Archaeology is not an issue.

VII. The well was planned to be staked 990 FNL & 330 FWL. However, a road, overhead power line, and multiple pipelines prevent a standard location.

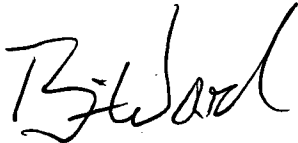
VIII. Apache does not believe directional drilling to a standard location is cost effective for this well.

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 (NWNW Section 25) and the adjacent quarter-quarter (SWNW Section 25) of the side 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

G) 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 that border the 40-acre spacing unit. Said notice was sent to:

Khody Land & Minerals Co.
LRE Operating LLC



Brian Wood, Consultant

10-18-12

Date

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

The foregoing instrument was acknowledged before me this 18th day of October, 2012 by Brian Wood. Witness my hand and official seal.



Notary Public

My Commission Expires: 9-10-15

Business Address: _____



cc: Flores, OCD (Artesia & Santa Fe)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 146724

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address APACHE CORP 303 Veterans Airpark Lane Midland, TX 79705		2. OGRID Number 873
		3. API Number 30-015-40153
4. Property Code 308723	5. Property Name N B TWEEN STATE	6. Well No. 035

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	25	17S	28E	D	1185	N	330	W	EDDY

8. Pool Information

ARTESIA: GLORIETA-YESO (O)	96830
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3698
14. Multiple N	15. Proposed Depth 5800	16. Formation Yeso Formation	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	400	300	
Prod	7.875	5.5	17	5800	960	

Casing/Cement Program: Additional Comments

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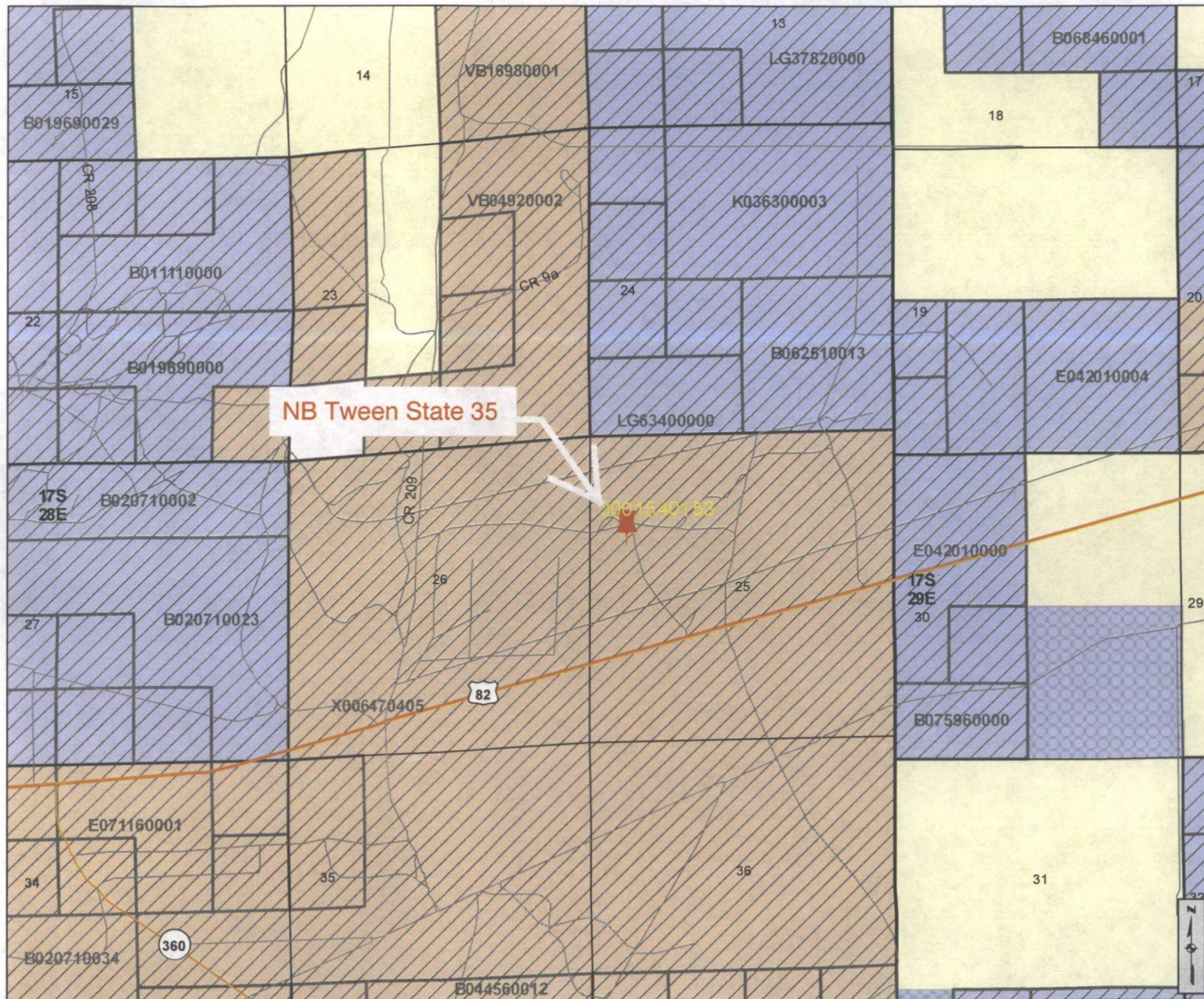
Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Hydril	3000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Randy Dade	
	Title: District Supervisor	
	Approved Date: 4/6/2012	Expiration Date: 4/6/2014
	Conditions of Approval Attached	

Printed Name: Electronically filed by Bobby Smith	
Title:	
Email Address: bobby.smith@apachecorp.com	
Date: 4/4/2012	Phone: 432-818-1020

EXHIBIT A



Point Locations

- County Seat
- ▲ SLO District Offices
- City, Town or Village
- ★ Volcanic Vents
- Highway Mileposts

NMOCD Oil and Gas Wells

- Oil
- Injection
- ★ Carbon Dioxide
- Miscellaneous
- ☆ Gas
- Water
- ◇ DA or PA
- △ Salt Water Disposal

Federal Minerals

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands

- Surface Estate
- Subsurface Estate
- Both Estates

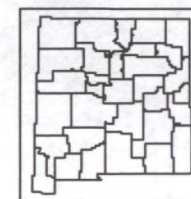
NMSLO Leasing

- Option Agreement
- Commercial Lease
- Minerals Lease
- Oil and Gas Lease
- Agricultural Lease
- Not Available for Oil and Gas Leasing
- Restriction Influences Oil and Gas Leasing

Other Boundaries

- Continental Divide
- State Boundary
- County Boundaries
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Potash Enclave (NMOCD R-11 I-P)

For detailed legend of the Geologic Map of New Mexico, please see <http://geomf.nmt.edu/>



www.nmstatelands.org

New Mexico State Land Office

Oil, Gas, and Minerals

0 0.1 0.2 0.4 0.6 0.8 Miles
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

EXHIBIT B

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center
logic@slo.state.nm.us

Created On: 10/16/2012 2:59:52 PM

multiple pipelines

990 FNL & 330 FWL

overhead power line

NB Tween State 35

32.81064, -104.13737

EXHIBIT C

District I
1625 N. Franch Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 146724

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40153	2. Pool Code 96830	3. Pool Name ARTESIA; GLORIETA-YESO (O)
4. Property Code 308723	5. Property Name N B TWEEN STATE	6. Well No. 035
7. OGRID No. 873	8. Operator Name APACHE CORP	9. Elevation 3698

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	25	17S	28E		1185	N	330	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code		15. 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 align="center">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 bottom hole location(s) 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>E-Signed By: Bobby Smith Title: Date: 4/4/2012</p>		
	<p align="center">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>Surveyed By: GARY JONES Date of Survey: 3/25/2012 Certificate Number: 7977</p>		

EXHIBIT D

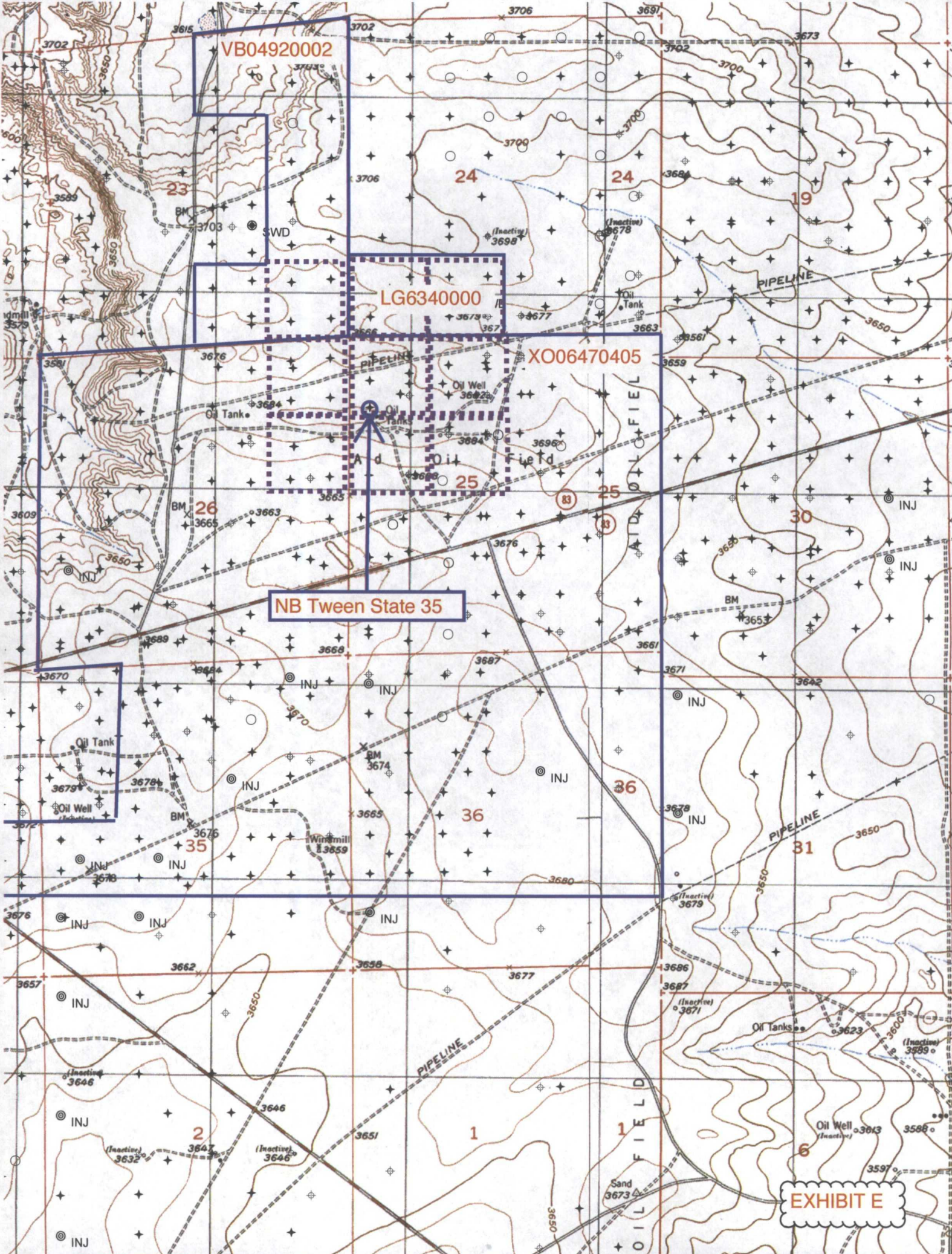
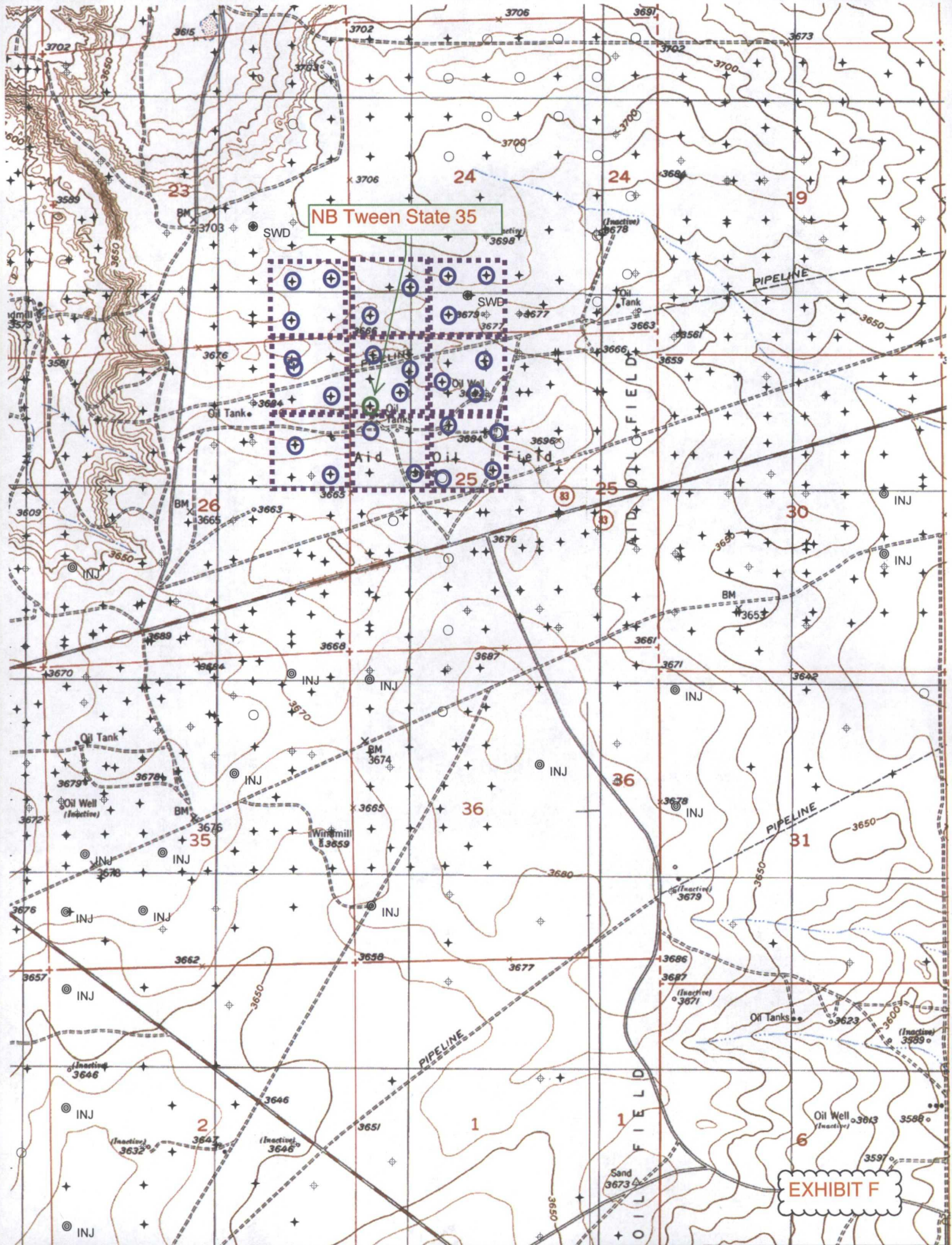


EXHIBIT E



NB Tween State 35

EXHIBIT F

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

October 17, 2012

Khody Land & Minerals Co.
3717 NW Expressway, Suite 950
Oklahoma City, OK 73112

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.

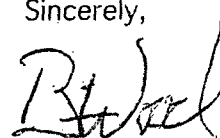
Apache Corporation is applying to produce the following well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The well (see attachment) is 195' further south than is standard. Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: NB Tween State 35 ID: 5,800'
Proposed NSL Zone: Artesia; Glorieta-Yeso
NSL Acreage Dedication: 40 acres (NWNSW Section 25)
Location: 1185' FSL & 330' FWL Sec. 25, T. 17 S., R. 28 E., Eddy County, NM
on State lease XO-0647-0405 (well is 1185' from lease boundary)
Approximate Location: ~7 air miles west of Loco Hills, NM
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, 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.

Sincerely,



Brian Wood

4835 2510 0000 0122 2102

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City, State, ZIP+4

See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 17, 2012

LRE Operating, LLC
1111 Bagby, Suite 4600
Houston, TX 77002

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 produce the following well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The well (see attachment) is 195' further south than is standard. Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: NB Tween State 35 TD: 5,800'
Proposed NSL Zone: Artesia; Glorieta-Yeso
NSL Acreage Dedication: 40 acres (NWNSW Section 25)
Location: 1185' FSL & 330' FWL Sec. 25, T. 17 S., R. 28 E., Eddy County, NM
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Please call me if you have any questions.

Sincerely,



Brian Wood

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PS Form 3800, August 2008 (See Reverse for Instructions)

EXHIBIT G

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, October 22, 2012 11:16 AM
To: brian@permitswest.com
Subject: Apache Corporation - NB Tween State #35; NSL Application

Dear Mr. Wood

It appears that the proposed location for this well (1185 FNL & 330 FWL) encroaches not only toward Unit E of Section 25, but also diagonally toward the spacing unit to the southwest, presumably Unit I of Section 26. OCD records indicate that Apache is the operator of that spacing unit. Please advise if working interest ownership in Unit I of Section 26 is identical with that in Units D and E of Section 25.

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Brian Wood <brian@permitswest.com>
Sent: Monday, October 22, 2012 12:42 PM
To: Brooks, David K., EMNRD
Subject: Re: Apache Corporation - NB Tween State #35; NSL Application

I believe you meant H of 26, not I.

If you meant H of 26, then the answer is yes.

On Oct 22, 2012, at 11:15 AM, Brooks, David K., EMNRD wrote:

Dear Mr. Wood

It appears that the proposed location for this well (1185 FNL & 330 FWL) encroaches not only toward Unit E of Section 25, but also diagonally toward the spacing unit to the southwest, presumably Unit I of Section 26. OCD records indicate that Apache is the operator of that spacing unit. Please advise if working interest ownership in Unit I of Section 26 is identical with that in Units D and E of Section 25.

Sincerely

David K. Brooks