

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 6, 2013

Apache Corporation
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6768
Administrative Application Reference No. pPRG1304345494

Apache Corporation
OGRID 873
Coffee Federal Well No. 16
API No. 30-015-40960

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1535 FNL & 1655 FEL	G	18	17S	31E	Eddy

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SW/4 NE/4 of Section 18	40	Cedar Lake; Glorieta-Yeso	96831

Reference is made to your application received on February 12, 2013.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit outer boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location in order to avoid interference with an existing well and well pad.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

March 6, 2013

Page 2

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey

Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia
United States Bureau of Land Management

DATE IN 2-12-13	SUSPENSE 3-7	ENGINEER DB	LOGGED IN 02/12/13	TYPE NSL	APP NO. PPRG 1304345494
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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



API 30-015-40960-00-00
Coffee Federal #16
Apache Corp
(Midland)

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]

6768

[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

2/12/12
Date

drcatanach@netscape.com
E-Mail Address

February 12, 2013

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
Coffee Federal No. 16
API No. (30-015-40960)
1535' FNL & 1655' FEL (Unit G)
Section 18, 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 Coffee Federal No. 16. This well will be drilled as a development oil well in the Cedar Lake Glorieta-Yeso Pool (96831).

The proposed Coffee Federal No. 16 will be dedicated to an existing spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the SW/4 NE/4 of Section 18. This unit is currently dedicated to Apache's: i) existing Coffee Federal No. 3 (API No. 30-015-31252) located at a standard well location 2285 feet from the North line and 1800 feet from the East line; ii) existing Coffee Federal No. 4 (API No. 30-015-31593) located at a standard well location 1650 feet from the North line and 2235 feet from the East line; and iii) proposed Coffee Federal No. 21 (API No. 30-015-40961) located at an unorthodox well location 2120 feet from the North line and 2565 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 proposed unorthodox well location is necessary in order to avoid an existing well and well pad.

The affected offset tracts are the NW/4 NE/4 and the NE/4 NE/4 of Section 18.

The NW/4 NE/4 of Section 18 is currently being developed in the Cedar Lake Glorieta-Yeso Pool by Apache's Coffee Federal Wells No. 8 & 13. Please note that the working interest ownership between the NW/4 NE/4 and the SW/4 NE/4 of Section 18 is common. The NE/4 NE/4 of Section 18 is operated in the Cedar Lake Glorieta-Yeso Pool by Fair Oil, Ltd. Notice of this application is being provided to Fair Oil, Ltd. in accordance with Division rules.

Attached is a Form C-102 showing the proposed well, spacing unit, other existing and 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 SW/4 NE/4 of Section 18 that may otherwise not be recovered by the existing or proposed 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 30-015-40960		Pool Code 96831	Pool Name Cedar Lake Glorieta-Yeso Pool
Property Code 308710	Property Name Coffee Federal		Well Number 16
OGRID No. 873	Operator Name Apache Corporation		Elevation 3723'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	18	17 South	31 East		1535	North	1655	East	Eddy

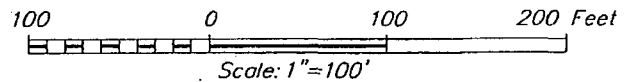
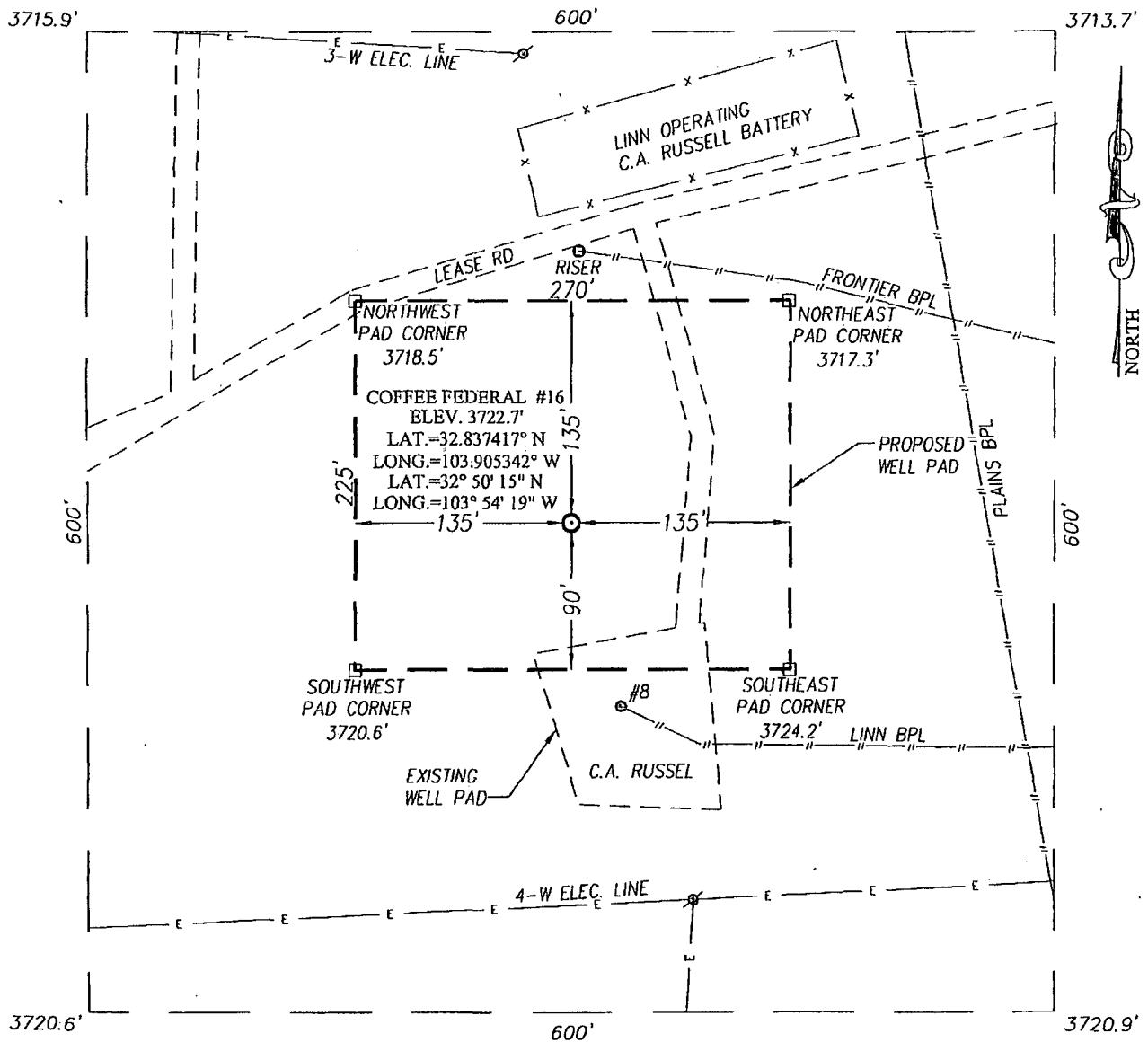
Bottom Hole Location If Different From Surface

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

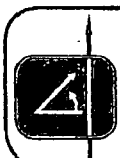
Lot 1: 31.99 Acres		Affected Offset Acreage Operator: Apache WI Ownership common w/drill tract	Affected Offset Acreage Operator: Fair Oil, Ltd.	OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization 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> Signature _____ Date _____ Printed Name _____ E-mail Address _____
Lot 2 32.10 Acres				
Lot 3 32.20 Acres				SURVEYOR CERTIFICATION <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> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____
Lot 4 32.31 Acres				

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND C.R. #221 GO NORTH ON C.R. #221 FOR APPROX. 1.3 MILES. TURN RIGHT AND GO EAST APPROX. 0.7 MILES. THIS LOCATION STAKE IS APPROX. 166 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

APACHE CORPORATION

COFFEE FEDERAL #16 WELL
LOCATED 1535 FEET FROM THE NORTH LINE
AND 1655 FEET FROM THE EAST LINE OF SECTION 18,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 12/7/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.2359	Dr. By: AF Rev 1:
Date: 12/15/11	Rel. W.O.: 11112359 Scale: 1"=100'

February 12, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Fair Oil, Ltd.
P.O. Box 689
Tyler, Texas 75710

Re: Apache Corporation
Unorthodox Oil Well Location
Coffee Federal No. 16
1535' FNL & 1655' FEL (Unit G)
Section 18, T-17 South, R-31 East, NMPM,
Cedar Lake 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 Coffee Federal No. 16 at an unorthodox oil well location in the Cedar Lake Glorieta-Yeso Pool 1535 feet from the North line and 1655 feet from the East line (Unit G) of Section 18, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. The well will be dedicated to an existing spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the SW/4 NE/4 of Section 18. This unit is currently dedicated to Apache's Coffee Federal Wells No. 3, 4 and 21. The unorthodox location is necessary in order to avoid an existing well and well pad.

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

7012 2920 0002 1384 8003

U.S. Postal Service TM	
CERTIFIED MAIL TM RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information, visit our website at www.usps.com	
DALLAS, TX 75210 OFFICIAL USE	
Postage	\$ 1.12
Certified Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.77

0501 05

Postmark
Here
FEB 12 2013

02/12/2013

Sent To Fair Oil, Ltd.	
P.O. Box 689	
Tyler, Texas 75210	
City, State, ZIP+4	

PS Form 3800, August 2006

See Reverse for Instructions