

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 14, 2013

Apache Corporation
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6779
Administrative Application Reference No. pPRG1306660486

Apache Corporation
OGRID 873
Coffee Federal Well No. 19
API No. 30-15-41044

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
2350 FNL & 450 FWL	E	18	17S	31E	Eddy

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 2 (SW/4 NW/4 equivalent) of Section 18	32.10	Cedar Lake; Glorieta-Yeso	96831

Reference is made to your application received on March 7, 2013.

You have requested to drill or re-complete 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 the southern unit 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 pipeline.

March 14, 2013

Page 2

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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 blue ink, appearing to read "Jami Bailey".

Jami Bailey
Director

JB/db

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

ABOVE THIS LINE FOR DIVISION USE ONLY

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



30-015-41044
 Coffee Fed. No. 19
 Apache

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]

6770

- [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 _____

2013 MAR -7 P 1:28
 RECEIVED OOD

- [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

3/6/13
 Date

drctanach@netscape.com
 E-Mail Address

March 6, 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. 19
API No. (30-015-41044)
2350' FNL & 450' FWL (Lot 2/Unit E)
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. 19. This well will be drilled as a development oil well in the Cedar Lake Glorieta-Yeso Pool (96831).

The proposed Coffee Federal No. 19 will be dedicated to an existing non-standard 32.10-acre oil spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the SW/4 NW/4 of Section 18. This unit is currently dedicated to Apache's: i) existing Coffee Federal No. 6 (API No. 30-015-31333) located at a standard well location 1950 feet from the North line and 560 feet from the West line; and ii) proposed Coffee Federal No. 14 located at an unorthodox well location 2310 feet from the North line and 990 feet from the West 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 C-102 plat shows that Section 18 is an irregular section due to a variation in the legal subdivision of the United States Public Lands Survey. The W/2 W/2 of Section 18 is comprised of four lots ranging in size from 31.99 acres to 32.31 acres. The distance from the west boundary to the center of Section 18 is approximately 2,380 feet, based upon a lot size of 32.10 acres.

The attached vicinity map shows that the proposed unorthodox well location is necessary in order to avoid an existing pipeline.

The affected offset tract is the NW/4 SW/4 of Section 18. This affected offset 40-acre tract is 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 SW/4 NW/4 and the NW/4 SW/4 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 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 NW/4 of Section 18 that may otherwise not be recovered by the existing 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 30-015-41044		Pool Code 96831	Pool Name Cedar Lake Glorieta-Yeso Pool
Property Code 308710	Property Name Coffee Federal		Well Number 19
OGRID No. 873	Operator Name Apache Corporation		Elevation 3765'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	18	17 South	31 East	2	2350	North	450	West	Eddy

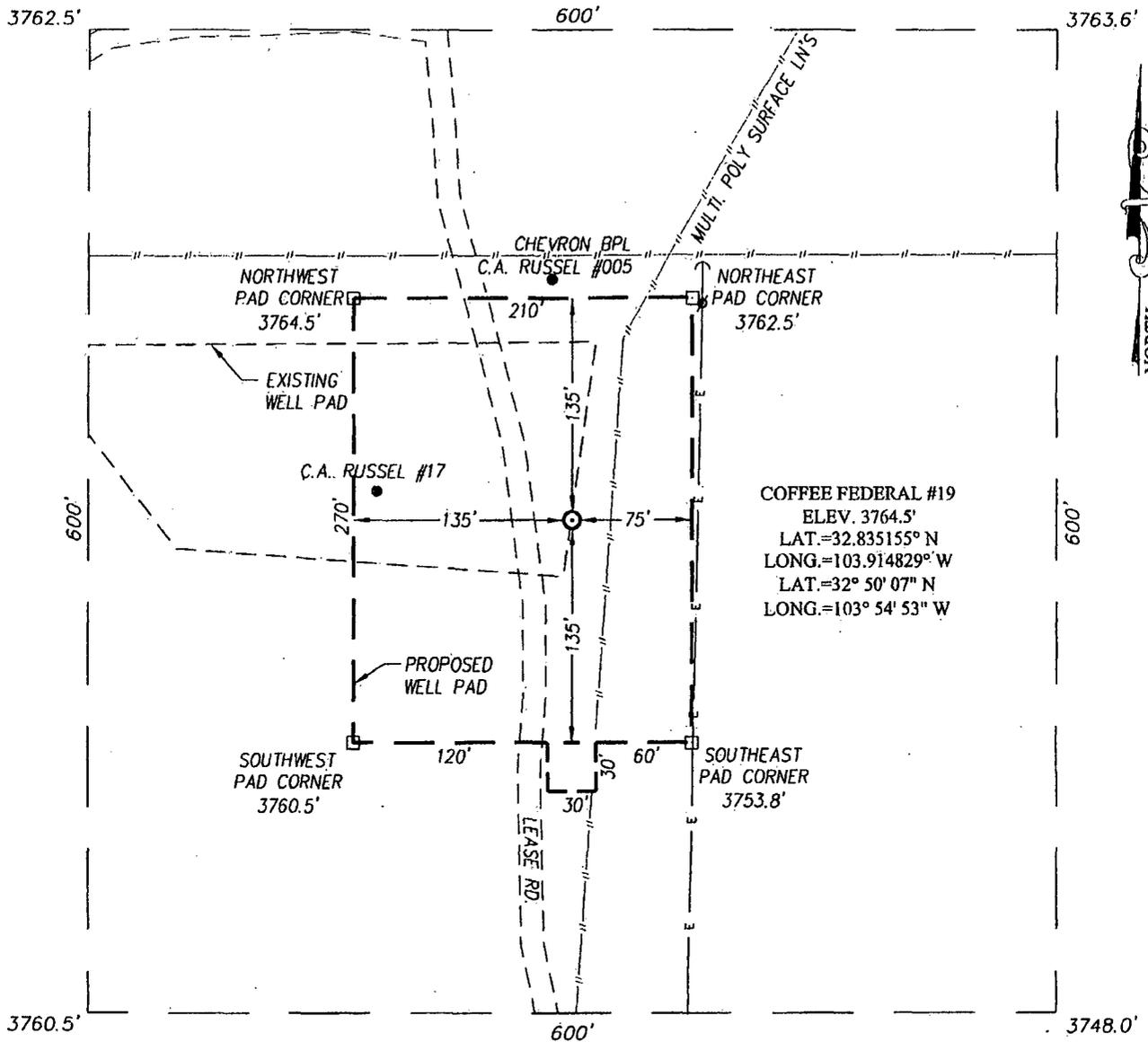
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County				
<table border="1"> <tr> <td>Dedicated Acres 32.10</td> <td>Joint or Infill</td> <td>Consolidate Code</td> <td>Order No.</td> </tr> </table>										Dedicated Acres 32.10	Joint or Infill	Consolidate Code	Order No.
Dedicated Acres 32.10	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

<table border="1"> <tr> <td>Lot 1: 31.99 Acres</td> <td rowspan="4"> <p style="text-align: center;">Note: Approximate Dimensions of Lot No. 2: 1320' N-S; 1060' E-W</p> </td> </tr> <tr> <td> <table border="1"> <tr> <td>2350'</td> <td>Lot 2 32.10 Acres</td> </tr> <tr> <td></td> <td>Coffee Fed 6 (Existing)</td> </tr> <tr> <td></td> <td>Coffee Fed 14 (NYD)</td> </tr> <tr> <td>450'</td> <td>Coffee Fed 19 (Proposed Well)</td> </tr> </table> </td> </tr> <tr> <td>Lot 3 32.20 Acres</td> <td></td> </tr> <tr> <td> <p>Affected Offset Acreage Operator: Apache WI Ownership Common w/Drill Tract</p> </td> <td></td> </tr> <tr> <td>Lot 4 32.31 Acres</td> <td></td> </tr> </table>	Lot 1: 31.99 Acres	<p style="text-align: center;">Note: Approximate Dimensions of Lot No. 2: 1320' N-S; 1060' E-W</p>	<table border="1"> <tr> <td>2350'</td> <td>Lot 2 32.10 Acres</td> </tr> <tr> <td></td> <td>Coffee Fed 6 (Existing)</td> </tr> <tr> <td></td> <td>Coffee Fed 14 (NYD)</td> </tr> <tr> <td>450'</td> <td>Coffee Fed 19 (Proposed Well)</td> </tr> </table>	2350'	Lot 2 32.10 Acres		Coffee Fed 6 (Existing)		Coffee Fed 14 (NYD)	450'	Coffee Fed 19 (Proposed Well)	Lot 3 32.20 Acres		<p>Affected Offset Acreage Operator: Apache WI Ownership Common w/Drill Tract</p>		Lot 4 32.31 Acres		<p style="text-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 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>
	Lot 1: 31.99 Acres		<p style="text-align: center;">Note: Approximate Dimensions of Lot No. 2: 1320' N-S; 1060' E-W</p>															
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	<p style="text-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>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>																	

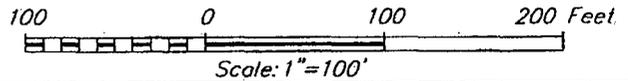
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY NEW MEXICO



COFFEE FEDERAL #19
 ELEV. 3764.5'
 LAT.=32.835155° N
 LONG.=103.914829° W
 LAT.=32° 50' 07" N
 LONG.=103° 54' 53" W

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #221 (SKELLY) GO NORTH ON SKELLY APPROX. 1.1 MILES. TURN RIGHT AND GO EAST AND SOUTH 320 FEET TO THE LOCATION.



APACHE CORPORATION

COFFEE FEDERAL #19 WELL
 LOCATED 2350 FEET FROM THE NORTH LINE
 AND 450 FEET FROM THE WEST LINE OF SECTION 18,
 TOWNSHIP 17 SOUTH, RANGE 31 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: 6/1/12	CAD Date: 6/20/12	Drawn By: AF
W.O. No.: 12110587	Rev.:	Rel. W.O.: