

Initial Correspondence regarding
NSL-5279

 You replied on 9/19/2005 1:18 PM.
Attachments can contain viruses that may harm your computer. Attachments may not display correctly.

Stogner, Michael, EMNRD

From: Stogner, Michael, EMNRD **Sent:** Mon 9/19/2005 8:53 AM
To: Thomas Kellahin
Cc: steffanie.hayes@usa.apachecorp.com
Subject: RE: Status of NSL's- Section 16-21S-37E, Lea County, NM
Attachments:  R-454%20_07336.pdf(115KB)  3002506633_36_WF[1].tif(136KB)

In reviewing your Apache Corp. application for the proposed State Land "15" Wells No. 9 and 10 (I reviewed the application for the Well No. 11 first and missed the following facts) I find that further explanation is needed concerning Apache's claim that the existing John H. Hendrix Corp. State Land "15" Well No. 4 (API No. 30-025-06633), located 660 feet from the South and East lines (Unit P) of Section 16 is classified as an oil well (see page 4 of your exhibit 1-C). The Division's production records between January, 2004 to July, 2005 shows gas production only, no oil. I also show that a non-standard 160-acre gas spacing and proration unit comprising the S/2 S/2 of Section 16 was approved for this well in April 1954 (see Division Order No. R-454 attached above). The well Division's well file does have a C-102 filed in late June, 2005 showing the Tubb with 40-acre dedication (see attachment). Was this showing it to be a standard 40-acre oil unit or a rededicated 40-acre GPU? Rule 2 (a) 3 of the "special Rules and Regulations for the Tubb Oil and Gas Pool", as promulgated by Division Order No. R-8170, as amended, prohibits the simultaneous dedication Tubb oil acreage and Tubb gas acreage. As it stands now I cannot approve any of these three applications.

As an observation, the recent activity that Apache has initiated in the Blinebry and Tubb pools is very similar to what happened in the Jalmat and Eumont Gas Pools about 8 years ago. That particular disregard to the prorationing scheme and special rules lead to the adoption of Division Order No. R-8170-P. Would the Tubb and Blinebry pools best be served if the Division took similar action?

I am sending a copy of this e-mail to Jim Bruce because I have several pending administrative applications from him on behalf of Apache Corporation.

1a

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1060 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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-06633		Pool Code 60240		Pool Name Tubb Oil & Gas	
Property Code 005228		Property Name State Land 15			Well Number 4
OGRID No. 012024		Operator Name John H. Hendrix Corporation			Elevation 3432' GR

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	21S	37E		660	South	660	East	Lea

¹¹Bottom 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 40</td> <td>" Joint or Infill</td> <td>" Consolidation Code</td> <td>" Order No.</td> </tr> </table>										" Dedicated Acres 40	" Joint or Infill	" Consolidation Code	" Order No.
" Dedicated Acres 40	" Joint or Infill	" Consolidation 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

16					<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Ronnie H. Westbrook</i></p> <p>Signature</p> <p>Ronnie H. Westbrook</p> <p>Printed Name</p> <p>Vice President</p> <p>Title and E-mail Address</p> <p>06/29/2005</p> <p>Date</p>
					<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
					<p>#4</p> <p>•</p> <p>Certificate Number</p>

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 676
Order No. R-454

THE APPLICATION OF MID-CONTINENT
PETROLEUM CORPORATION FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
PURSUANT TO RULE 7 (a) OF ORDER NO.
R-373-A IN ESTABLISHMENT OF AN UNOR-
THODOX GAS PRORATION UNIT OF 160
CONTIGUOUS ACRES CONSISTING OF THE
SOUTH HALF OF THE SOUTH HALF OF
SECTION 16, TOWNSHIP 21 SOUTH, RANGE 37
EAST, NMPM, LEA COUNTY, NEW MEXICO,
IN THE TUBB GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on March 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16th day of April, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-373-A, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant, Mid-Continent Petroleum Corporation, is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
S/2 S/2 of Section 16

Tom's Reply

②

Stogner, Michael, EMNRD

From: Thomas Kellahin [kellahin@earthlink.net] **Sent:** Mon 9/26/2005 10:37 AM
To: Stogner, Michael, EMNRD
Cc: Kevin Mayes
Subject: Re: Status of NSL's- Section 16-21S-37E, Lea County, NM

Attachments:

Mike: Thank you for bring the conflicting Tubb dedication to my attention:

- (1) SE/4 of Section 16 application for the State Land "15" Wells No. 9 and 10:

I have contacted Mr. Kevin Mayes, PE for Apache, who has confirmed that the Hendrix State Land 15 #4 (API 30-025-06633) in Unit P of Sec. 16 is still classified at a Tubb gas well dedicated to the SE/4 of Sec 16.

With you permission, Apache desires to withdrawn that portion of its application concerned the Tubb interval in the State Land "15" Wells No. 9 and 11.

They propose to test the Tubb to determine if it will be classified and a gas well or an oil well and then to contact Hendrix for an agreement about which well to produce and how to solve dedication and then refilled with the OCD before production from the Tubb in either of these two wellbores.

The C-102 filed by Apache for the Tubb dated June 24, 2005 is not appropriate at this time and Apache desires to void it so that there is no conflict with the Hendrix State Land "15" Well No 4.

The SE/4 of Section 16 also contains the Apache State DA#3 in Unit J but this well is no longer capable of Tubb gas production.

- (2) SW/4 of Section 16 application for the State Land "15" Well No. 11:

Apache is rechecking the status of the wellbores in the SW/4 of Section 16 to see if there is any problem with the dedications that might affect the application for the State Land "15" Well No. 11

Regards, Tom

2nd Note to Tom

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From: Stogner, Michael, EMNRD

Sent: Mon 9/26/2005 4:16 PM

To: Thomas Kellahin

Subject: RE: Status of NSL's- Section 16-21S-37E, Lea County, NM

I am now more confused about the dedicated acreage for the Tubb gas production within the S/2 of Sec. 16. I stated in my last e-mail that Division Order No approved a 160-acre Non-Standard Tubb gas spacing unit comprising the S/2 S/2 of Sec. 16. R-454 for the John H. Hendrix Corp. State Land "15" Well No. 4 (API No. 30-025-06633), located 660 feet from the South and East lines (Unit P) of Section 16. You now tell me that the SE/4 of Sec. 16 is dedicated to this well. When did this change occur? The proposed Tubb completion for Apache's proposed State Land "15" Well No. 11 (see NSL-5279) still appears to be at risk.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

3a

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary

September 16, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Apache Corporation
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Administrative Order NSL-5279

Dear Mr. Kellahin:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-521743064*) on behalf of Apache Corporation that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 4, 2005; (ii) your e-mail on Wednesday morning, September 14, 2005 checking on the status of this application; and (iii) the Division's records in Hobbs and Santa Fe: all concerning Apache Corporation's request for an unorthodox oil well location in the Blinebry Oil and Gas Pool (6660), Tubb Oil and Gas Pool (60240), Drinkard Pool (19190); and Undesignated Wantz-Abo Pool (62700), for its proposed State Land "15" Well No. 11 to be drilled 330 feet from the South line and 1330 feet from the West line (Unit N) of Section 16, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of: (i) Division Rules 104.F and 1207.A (2), soon to be renumbered 1210.A (2); (ii) the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

The SE/4 SW/4 (Unit N) of Section 16, being a standard 40-acre oil spacing and proration unit for all four intervals, is to be dedicated to this well.

It is the Division's understanding that the S/2 S/2 of Section 16 comprises a single state lease issued by the New Mexico State Land Office (*State Lease No. B-08105-0003*) with common mineral interests; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within these four oil-bearing intervals.

Approval of the proposed unorthodox oil well location request should enable the operator to further develop and/or deplete the Blinebry, Tubb, Drinkard, and Abo intervals within this portion of the aforementioned state lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2) and the applicable provisions of the special pool rules governing both the Blinebry and Tubb Oil and Gas Pools, the above-described unorthodox oil well location for Apache Corporation's proposed State Land "15" Well No. 11 is hereby approved for the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool, Drinkard Pool, and Undesignated Wantz-Abo Pool.

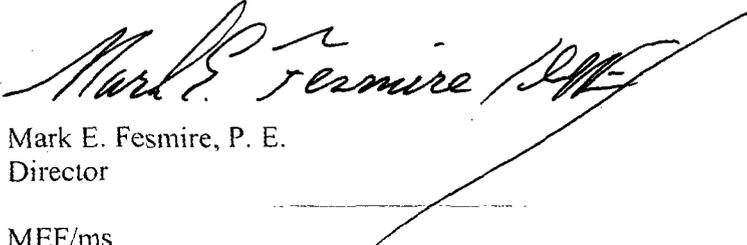
Apache Corporation
September 16, 2005
Page 2

Division Administrative Order NSL-5279

If after completion within the Blinebry and Tubb formations, production from either zone is classified as "gas," the operator shall request an amendment to this order seeking such relief as deemed appropriate.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe

(4)

Reply to 2nd
Note

From: Tom Kellahin [mailto:kellahin@earthlink.net]
Sent: Mon 9/26/2005 4:49 PM
To: Stogner, Michael, EMNRD
Subject: RE: Status of NSL's- Section 16-21S-37E, Lea County, NM

Mike: I'm the one that is confused--You are correct--My mistake--the existing S/2S/2 non-standard GPU for the Hendrix State Land "15" Well No. 4 precludes all three of these Apache wells from being produced in the Tubb-- Apache needs to withdraw the Tubb from all three wellbores-

-

Would it be okay to test the Tubb and not produce it until the Tubb issue of resolved by Apache and Hendrix and OCD approval has been obtained.

Sorry--this is my mistake, Regards, Tom

Assigned Adm. Appl. Ref. No.
P# 80-530038567

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3rd e-mail
to Tom

From: Stogner, Michael, EMNRD

Sent: Mon 9/26/2005 5:06 PM

To: Tom Kellahin

Subject: RE: Status of NSL's- Section 16-21S-37E, Lea County, NM

Per your last two e-mails, I will amend both applications and proceed accordingly. As for as your request to complete any of these wells in the Tubb interval; I am in no position of authority to say yes, just be aware that if Apache attempts to complete any of these wells in the Tubb formation, they do so at their own risk.

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*Tom's email
regarding status
of Well No. 11*

From: Thomas Kellahin [mailto:kellahin@earthlink.net]
Sent: Wed 10/26/2005 8:38 AM
To: Stogner, Michael, EMNRD
Subject: Status request: Apache NLS for State Lands "15" Wells 9, 10, & 11

Re: NSL applications for Apache
filed August 4, 2005:
State Land "15" Wells No. 9 and No 10
Unit O, Sec 16, T21S, R37E
State Land "15" Well No. 11
Unit N Sec 16, T21SR37E

Mike:

Yesterday, I returned from vacation and during the day received 2 requests from Apache to ask you the status of the two NSL applications for the 3 wellbores.

As a result of our e-mails on September 26th, I have hoped that I have provided you will enough information for you to make a decision about this application.

Please advise me if you need anything further from Apache or me.
Thanks, Tom