

DATE IN 3/1/17	SUSPENSE	ENGINEER LRL	LOGGED IN 3/1/17	TYPE NSL	APP NO. PLE 1706053802
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03/22/17

ABOVE THIS LINE FOR DIVISION USE ONLY

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



NSL-

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]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A] NSL - 7517
 [A] Location - Spacing Unit - Simultaneous Dedication Palmillo 14-15 State 3H
 30-015-44045 ☒ 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.

Brian Wood

Print or Type Name

Signature

Consultant

Title

brian@permitswest.com

e-mail Address

2-28-17

Date

RECEIVED
2017 MAR - 1 10 11

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
PALMILLO 14-15 STATE 3H
SHL: 1600' FNL & 450' FEL SEC. 15
FTP: 1647' FNL & 100' FWL SEC. 14
LTP: 1650' FNL & 330' FEL SEC. 14
BHL: 1650' FNL & 280' FEL SEC. 14
T. 19 S., R. 28 E., EDDY COUNTY, NM
API 30-015-44045**

I. This proposed Palmillo; Bone Spring, SW (96413) oil well is on NM State Land Office (NMSLO) surface and 9,166.42 acre NMSLO oil and gas lease X0-0648-0150 (Exhibit A). The FTP is 100' and 327' from the closest dedication boundaries (Exhibit B). The FTP is 341' from the closest lease line (Exhibit A).

Apache requests a nonstandard location due to its goal of maximizing recovery and due to land uses, surface and subsurface, that makes wellbore geometry difficult. There are 4 pipeline rights-of-way, 2 oil wells, 1 gas well, and uncounted power lines, flow lines, and water injection lines associated with Stephens & Johnson's East Millman Unit in H-15-19s-28e (see Exhibits C and D). There is one planned Bone Spring well (30-015-42548) and one 11350' deep P&A well (30-015-28825) in E-14-19s-28e to further complicate matters for this 7521' (TVD) Second Bone Spring well.

A standard location must be at least 330' from the dedication boundary. The FTP is 100' from the west dedication boundary and 327' from the north dedication boundary (see C-102 as EXHIBIT B). The FTP is 230' too far west and 3' too far north. Both directions are part of the same State lease.

II. Form C-102 showing the well and 160 acre dedication (S2N2 14-19s-28e) is attached as EXHIBIT B.

Apache operates the Bone Spring dedications bordering on the north and south of the proposed dedication. Mewbourne operates the dedication bordering on the east. No Bone Spring dedication borders on the west.

III. State oil and gas lease boundary is marked as a solid line on EXHIBIT A. Encroachments to the west and north are part of the same State lease.

Encroachment toward the northwest is a different State lease (E0-5003-0004), but the lease is 341' from the FTP. Three existing Yeso Bone Spring dedications (EXHIBIT E) touch the proposed pro ration unit. Two are Apache operated. One (to the east) is Mewbourne operated. Apache, COG, EOG Y, Khody, and Penroc have 100% of the Bone Spring working interests in the affected lands. This information is current and correct.

IV. See Exhibit E for the proposed well, dedications, and wells. Apache does not believe moving the FTP to a standard location is cost effective for this well.

V. There are numerous manmade land use constraints (EXHIBITS C & D).

VI. Archaeology is not an issue.

VII. I hereby certify that Apache Corporation and its partners have 100% of the Bone Spring working interest in the lease which comprises the proposed 160 acre spacing unit (S2N2 Section 14), the adjacent quarter-sections (N2N2 Section 14 & N2 Section 15) of the two sides toward which it encroaches, and the single closest corner to the proposed well (southeast corner of NENE Section 15) toward which it encroaches. The same 1/8 royalty is due the State for production from both leases E0-5003-0004 and X0-0648-0150. This 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 F) 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 lands that most directly border the FTP portion of the 160-acre spacing unit. Said notice was sent to:

COG Operating LLC
EOG Y Resources
Khody Land & Minerals
NM State Land Office
Penroc Oil

B. Wood

Brian Wood, Consultant

2-27-17

Date

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

The foregoing instrument was acknowledged before me this 27th day of February, 2017 by Brian Wood. Witness my hand and official seal.

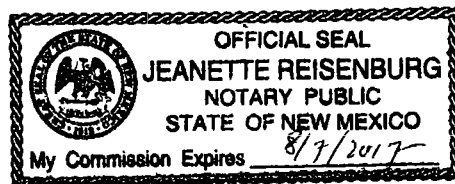
J. M.

Notary Public

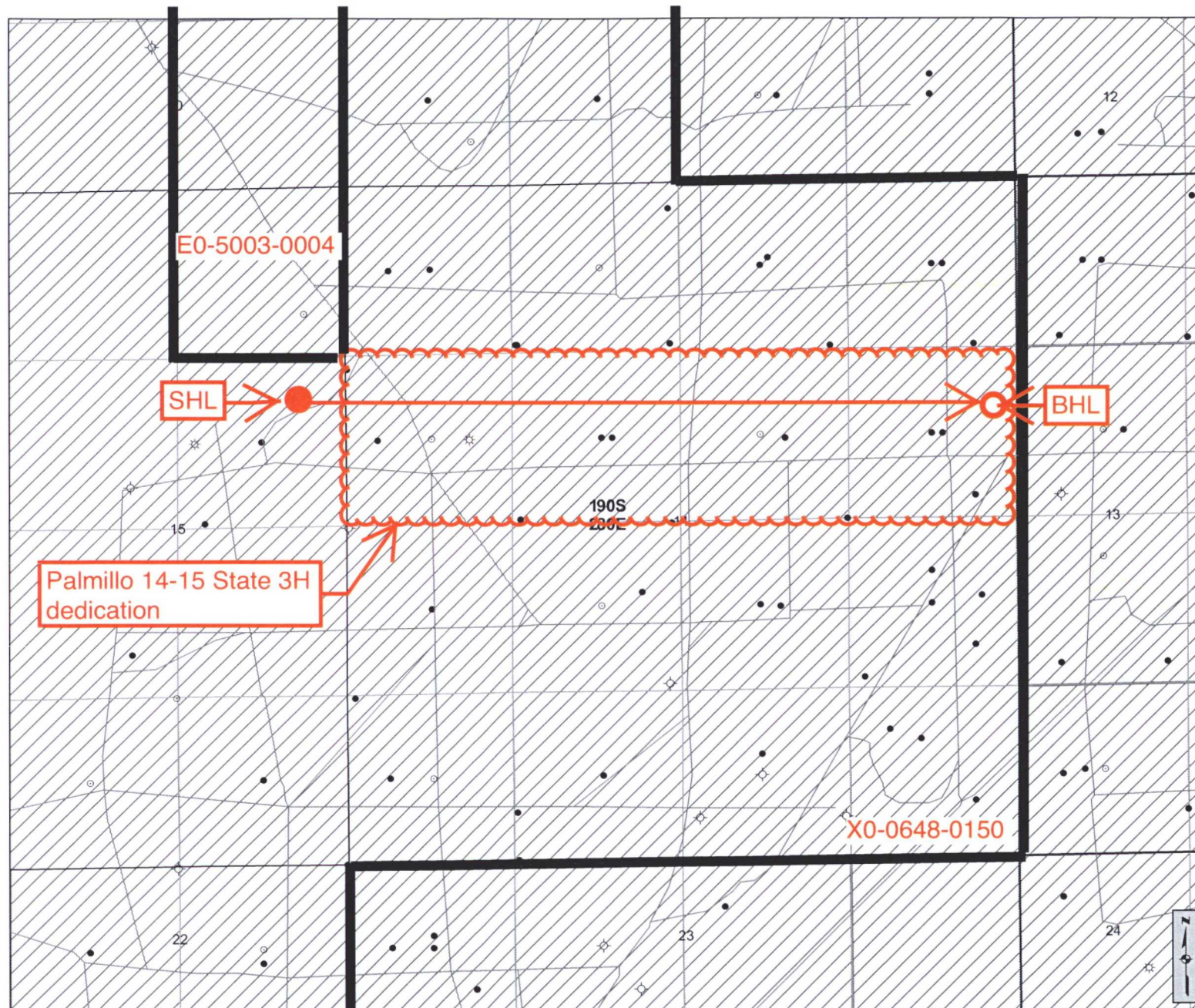
My Commission Expires:

8/7/2017

Business Address:



cc: Flores, OCD (Santa Fe)



Cartographic Features

- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
- SLO District Boundary
- Hwy Mileposts
- Interstate
- US Hwy
- NM Hwy
- Local Road
- Continental Divide

Federal Minerals Ownership

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

State Trust Lands

- Surface Estate
- Subsurface Estate
- Surface and Subsurface Estate

State Leases

- Oil and Gas Leases
- Agricultural Leases
- Commercial Leases
- Minerals Leases
- Not Available for Oil and Gas Leasing
- Oil and Gas Leasing Influenced by Restriction

Oil and Gas Related Features

- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Volcanic Vents
- NMOCD Order R-111-P
- Potash Enclave Outline

NMOCD Oil and Gas Wells

- CO₂
- Injection
- Oil
- Water
- Gas
- Miscellaneous
- Salt Water Disposal
- DA or PA

New Mexico State Land Office Oil, Gas and Minerals

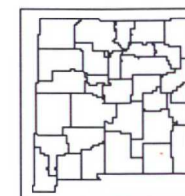
0 0.05 0.1 0.2 0.3 0.4 Miles
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

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@sls.state.nm.us

Created On: 2/25/2017 11:04:13 AM

EXHIBIT A



www.nmstatelands.org

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-	² Pool Code 96413	³ Pool Name PALMILLO; BONESPRING, SW
⁴ Property Code	⁵ Property Name PALMILLO 14-15 STATE	⁶ Well Number 3H
⁷ GRID NO. 873	⁸ Operator Name APACHE CORPORATION	⁹ Elevation 3462'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
H	15	19S	28E		1600	NORTH	450	EAST	EDDY

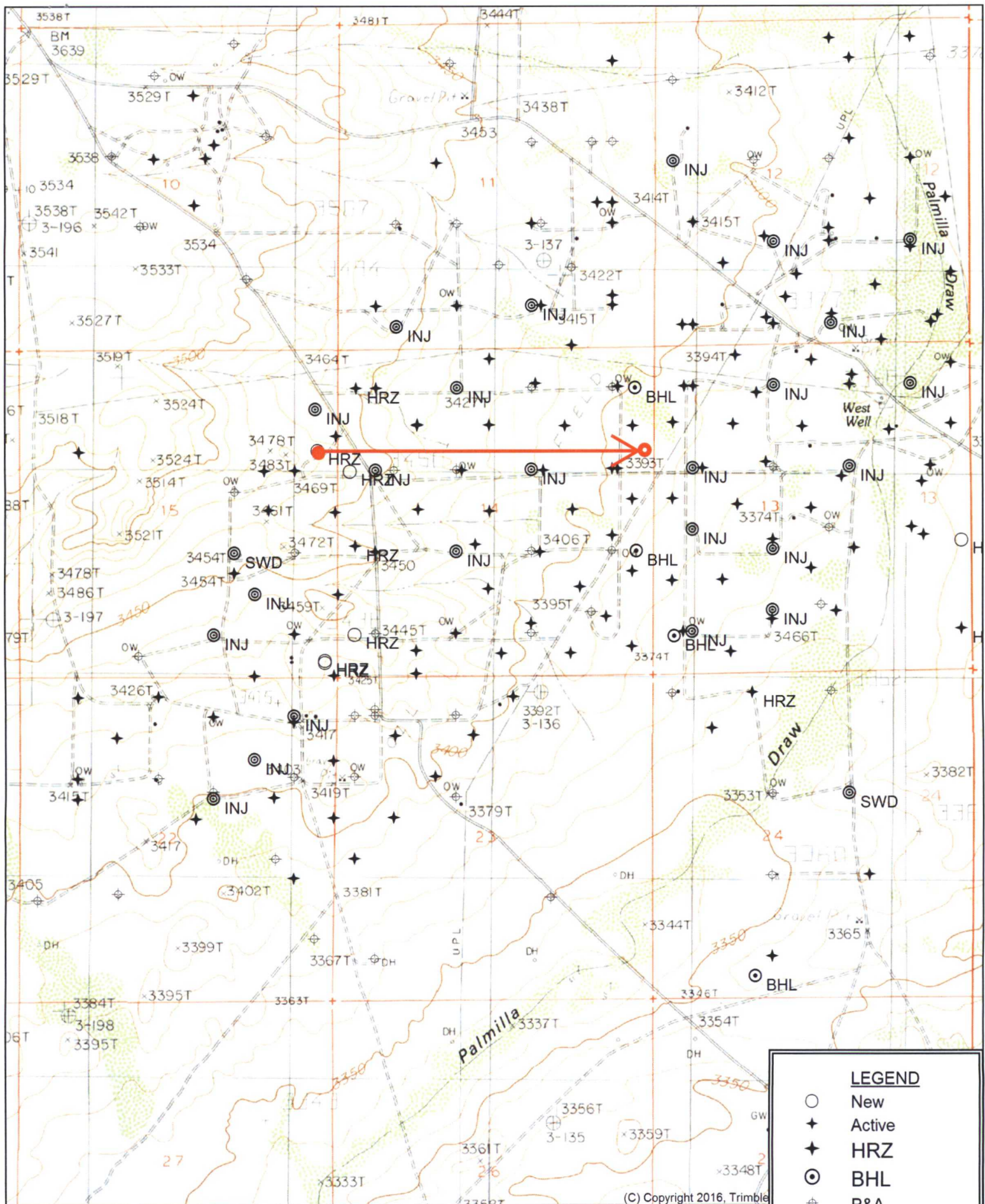
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	19S	28E		1650	NORTH	280	EAST	EDDY

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>¹⁶ GEODETIC DATA NAD 27 GRID - NM EAST</p> <p>SURFACE LOCATION N: 605151.7 - E: 554357.1 LAT: 32.66353861° N LONG: 104.15670126° W</p> <p>FIRST TAKE POINT (F.T.P.) N: 605111.0 - E: 554906.9 LAT: 32.66342405° N LONG: 104.15491483° W</p> <p>LAST TAKE POINT (L.T.P.) N: 605149.3 - E: 559671.1 LAT: 32.66350656° N LONG: 104.13943340° W</p> <p>BOTTOM LOCATION N: 605149.8 - E: 559721.1 LAT: 32.66350757° N LONG: 104.13927095° W</p>	<p>CORNER DATA NAD 27 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 601428.9 - E: 549605.0 B: FOUND BRASS CAP "1941" N: 604061.8 - E: 549614.0 C: FOUND BRASS CAP "1941" N: 606698.6 - E: 549623.9 D: FOUND BRASS CAP "1941" N: 606727.2 - E: 552217.4 E: FOUND BRASS CAP "1941" N: 606756.6 - E: 554810.5 F: FOUND BRASS CAP "1941" N: 606778.9 - E: 557407.3 G: FOUND BRASS CAP "1941" N: 606801.8 - E: 560004.8 H: FOUND BRASS CAP "1941" N: 604169.0 - E: 559998.8</p>	<p>CORNER DATA NAD 27 GRID - NM EAST</p> <p>I: FOUND BRASS CAP "1941" N: 601519.0 - E: 559992.8 J: FOUND BRASS CAP "1941" N: 601498.3 - E: 557396.3 K: FOUND BRASS CAP "1941" N: 601479.3 - E: 554798.9 L: FOUND BRASS CAP "1941" N: 601455.6 - E: 552204.4</p> <p>1: CALCULATED POINT N: 604103.9 - E: 553507.8 2: CALCULATED POINT N: 605422.9 - E: 553510.9 3: CALCULATED POINT N: 605437.2 - E: 554807.6 4: CALCULATED POINT N: 605485.4 - E: 560001.8 5: CALCULATED POINT N: 604117.9 - E: 554804.7</p>	<p>¹⁷ OPERATOR CERTIFICATION 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 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.</p> <p><i>Sorina L Flores</i> 1/13/2017 Signature Date SORINA L. FLORES Printed Name sorina.flores@apachecorp.com E-mail Address</p>
			<p>¹⁸ SURVEYOR CERTIFICATION 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>11-29-2016 Date of Survey Signature and Seal of Professional Surveyor ROBERT M. HOWETT NEW MEXICO 19680 PROFESSIONAL SURVEYOR 19680 Certificate Number 1/10/16 DIR. PLAN EXHIBIT B</p>



(C) Copyright 2016, Trimble



Quad: ILLINOIS CAMP
Scale: 1 inch = 2,000 ft.

EXHIBIT C

- LEGEND**
- New
 - ✦ Active
 - ✦ HRZ
 - ⊙ BHL
 - ⊕ P&A
 - ⊙ INJ
 - ⊙ SWD
 - ⊙ Water

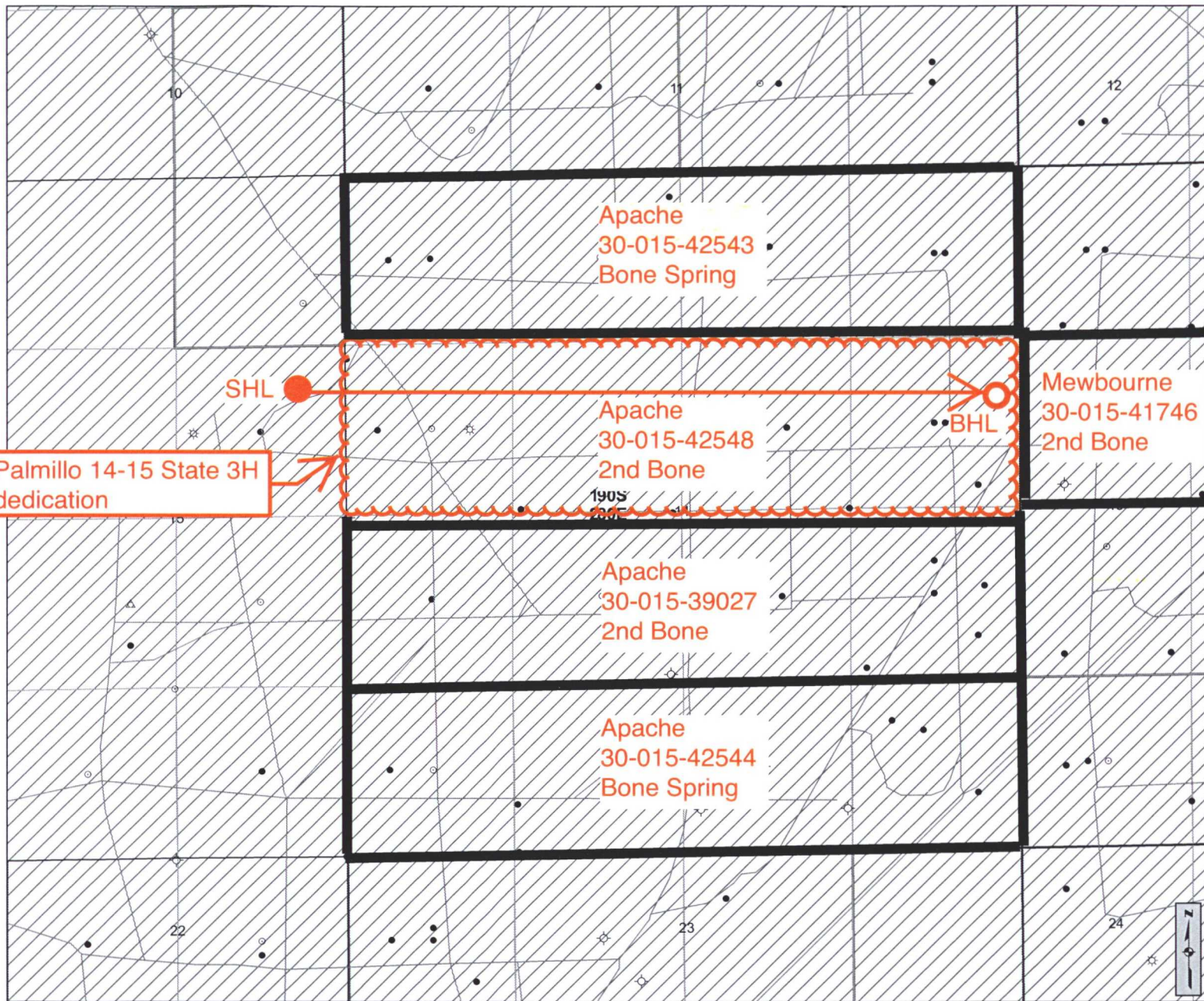


Looking East at DCP valve and R/W. Palmillo 14-15 State 3H pad on left.



EXHIBIT D

Looking NW at Palmillo 14-15 State 3H center stake & toward transformer pole.



Cartographic Features

- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
- SLO District Boundary
- Hwy Mileposts
- Interstate
- US Hwy
- NM Hwy
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- Continental Divide

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

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- Surface Estate
- Subsurface Estate
- Surface and Subsurface Estate

State Leases

- Oil and Gas Leases
- Agricultural Leases
- Commercial Leases
- Minerals Leases
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- Oil and Gas Leasing Influenced by Restriction

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- Participating Areas in Units
- Geologic Regions
- Volcanic Vents
- NMOCD Order R-111-P
- Potash Enclave Outline

NMOCD Oil and Gas Wells

- CO₂
- Gas
- Injection
- Miscellaneous
- Oil
- Salt Water Disposal
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- DA or PA

New Mexico State Land Office Oil, Gas and Minerals

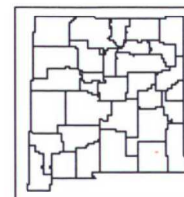
0 0.05 0.1 0.2 0.3 0.4
Miles
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

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

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EXHIBIT E



www.nmstatelands.org

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
47 Valencia Loop, Santa Fe, New Mexico 87508 (505) 466-8120

February 27, 2017

NM State Land Office
PO Box 1148
Santa Fe NM 87504

TYPICAL LETTER

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.

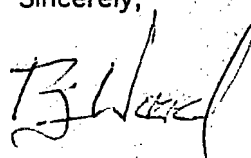
Apache Corporation is applying to produce its Palmillo 14-15 State 3H oil well from a NSL. The minimum State distance for take points is 330' from a dedication line. The first take point (FTP) is 3' further north and 230' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to geology and land uses.

Well Name: Palmillo 14-15 State 3H MD: 12,482'
Proposed NSL Zone: Palmillo; Bone Spring, SW
NSL Acreage Dedication: 160 acres (S2N2 Section 14)
SHL: 1600' FNL & 450' FEL Sec. 15, T. 19 S., R. 28 E., Eddy County, NM
on NM State Land Office lease X0-0648-0150 (FTP is 341' from lease boundary)
Approximate Location: ~14 air miles southwest 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

2016 1370 0000 0859 6072

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For delivery information, visit our website at www.usps.com	
SANTA FE, NM 87504	
Certified Mail Fee	\$3.35
Extra Services & Fees (check box, add fee if appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.40
Total Postage and Fees	\$7.00
Sent To: PO Box 1148 Santa Fe NM 87504 Street and Apt. No., or P.O. Box City, State, ZIP+4® APC-Palmillo 14-15 3H	

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02/28/2017
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BUREAU NM

EXHIBIT F

February 27, 2017

COG Operating LLC
600 West Illinois Ave.
Midland, TX 79701

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 its Palmillo 14-15 State 3H oil well from a NSL. The minimum State distance for take points is 330' from a dedication line. The first take point (FTP) is 3' further north and 230' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to geology and land uses.

Well Name: Palmillo 14-15 State 3H **MD:** 12,482'
Proposed NSL Zone: Palmillo; Bone Spring, SW
NSL Acreage Dedication: 160 acres (S2N2 Section 14)
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Please call me if you have any questions.

Sincerely,

Brian Wood

Brian Wood

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CERTIFIED MAIL[®] RECEIPT	
Domestic Mail Only	
For delivery information, visit our website at www.usps.com	
MIDLAND, TX 79701	
Certified Mail Fee	\$3.35
Extra Services & Fees (check box, add fee)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.40
Total	\$7.50
Sent to COG Operating LLC	
600 West Illinois Ave	
Midland TX 79701	
APC-Palmillo 14-15 3H	
Postmark Here	
02/28/2017	
EXHIBIT F	

February 27, 2017

EOG Y Resources
5509 Champions Dr.
Midland, TX 79706

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Sincerely,

Brian Wood

Brian Wood

U.S. Postal Service[®]	
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Domestic Mail Only	
For delivery information, visit our website at www.usps.com	
MIDLAND, TX 79706	
Certified Mail Fee	\$3.35
Extra Services & Fees (check box, add fee)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.40
Total Postage and Fees	\$7.50
Sent To EOG Y Resources	
5509 Champions Drive	
Midland TX 79706	
APC-Palmillo 14-15 3H	
Postmark Here	
02/28/2017	

February 27, 2017

Khody Land & Minerals Company
3500 One Williams Center, MD 35
Tulsa OK 74172

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.

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Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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For delivery information, visit our website at www.usps.com

TULSA, OK 74172

Certified Mail Fee	\$3.35
Extra Services & Fees (check box and fee)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.40
Total Postage and Fees	\$7.50

Sent To: **Khody Land & Minerals Company**
3500 One Williams Center MD 35
Tulsa, OK 74172
APC-Palmillo 14-15 3H

City, State, ZIP+4®

Postmark Here: 02/28/2017

EXHIBIT F

February 27, 2017

Penroc Oil Corporation
PO Box 2769
Hobbs NM 88241

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 its Palmillo 14-15 State 3H oil well from a NSL. The minimum State distance for take points is 330' from a dedication line. The first take point (FTP) is 3' further north and 230' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to geology and land uses.

Well Name: Palmillo 14-15 State 3H **MD:** 12,482'
Proposed NSL Zone: Palmillo; Bone Spring, SW
NSL Acreage Dedication: 160 acres (S2N2 Section 14)
SHL: 1600' FNL & 450' FEL Sec. 15, T. 19 S., R. 28 E., Eddy County, NM
on NM State Land Office lease X0-0648-0150 (FTP is 341' from lease boundary)
Approximate Location: ~14 air miles southwest of Loco Hills, NM
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705

Submission 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
Brian Wood

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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For delivery information, visit our website at www.usps.com

HOBBS, NM 88241

Certified Mail Fee	\$3.35
Extra Services & Fees (check box and fee)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.40
Total Postage and Fees	\$7.50

Sent To: **Penroc Oil Corporation**
PO Box 2769
Hobbs NM 88241
APC-Palmillo 14-15 3H

City, State, ZIP+4®

Postmark Here: 02/28/2017

Lowe, Leonard, EMNRD

From: McMillan, Michael, EMNRD
Sent: Monday, April 3, 2017 2:01 PM
To: Brian Wood (brian@permitswest.com)
Cc: Lowe, Leonard, EMNRD
Subject: RE: Apache Corporation Palmillo 14-15 State #3H return receipts

Brian:
The OCD will require more justification of the NSL application. The OCD will require a statement of how the Applicant will develop the Section.

Further, the Division will require break-down the percentages of the working interests and the affected parties.

Thank You
Mike

From: McMillan, Michael, EMNRD
Sent: Monday, April 3, 2017 1:31 PM
To: 'Brian Wood (brian@permitswest.com)' <brian@permitswest.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Subject: Apache Corporation Palmillo 14-15 State #3H return receipts

Brian:
I need the return receipts for the Apache Corporation Palmillo 14-15 State #3H

Mike

MICHAEL A. MCMILLAN
Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

Palmillo 14-15 State #341

#17

4/5/17, 7:16 AM

USPS Tracking® Results

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Remove X

Tracking Number: 70161370000008596034

In Transit

Product & Tracking Information

See Available Actions

Postal Product:
First-Class Mail®Features:
Certified Mail™
Return ReceiptSee tracking for related item: 9590940218406104156990
(go/TrackConfirmAction?tlLabels=9590940218406104156990)

DATE & TIME	STATUS OF ITEM	LOCATION
March 4, 2017, 9:38 am	Business Closed	MIDLAND, TX 79706
Your item is being held at the Post Office in MIDLAND, TX 79706 on March 4, 2017 at 9:38 am because the business was closed. The item will be delivered the next delivery day that the business is open.		
March 4, 2017, 7:24 am	In Transit to Destination	
March 3, 2017, 12:24 am	Departed USPS Destination Facility	MIDLAND, TX 79711
March 2, 2017, 7:17 pm	Arrived at USPS Destination Facility	MIDLAND, TX 79711
March 2, 2017, 4:30 am	In Transit to Destination	
March 1, 2017, 2:50 am	Departed USPS Facility	ALBUQUERQUE, NM 87101
February 28, 2017, 9:30 pm	Arrived at USPS Origin Facility	ALBUQUERQUE, NM 87101
February 28, 2017, 4:43 pm	Departed Post Office	TESUQUE, NM 87574
February 28, 2017, 12:36 pm	Acceptance	TESUQUE, NM 87574

See Less ^

Available Actions

<https://tools.usps.com/go/TrackConfirmAction?tLabels=70161370000008596034>

Page 1 of 3

U.S. Postal Service
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Domestic Mail Only

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MIDLAND, TX 79706

Certified Mail Fee \$2.75

Extra Services & Fees (check box, add fee to total)

☐ Return Receipt (hardcopy) \$0.00

☐ Return Receipt (electronic) \$0.00

☐ Certified Mail Restricted Delivery \$0.00

☐ Adult Signature Required \$0.00

☐ Adult Signature Restricted Delivery \$0.00

Postage \$1.40

Total Postage and Fees \$7.55

Sent To 5509 Champions Drive
Midland, TX 79706
Street and Apt. No., or P.O. Box
APC Palmillo 14-15 3H
City, State, ZIP+4®

Postmark Here 0574 03 02/28/2017

PS Form 3800, April 2015 PSN 7530-02-000-9047-9-01 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Emilia 3/3/17</i></p> <p>C. Date of Delivery <i>3/3/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p>COG Operating LLC 600 West Illinois Ave Midland TX 79701</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9402 1840 6104 1569 83</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label) 7016 1370 0000 0859 6041</p>			
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt			

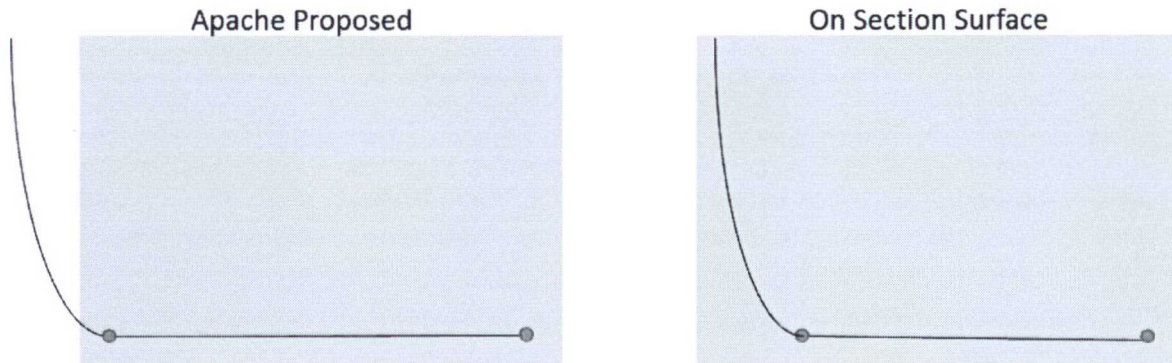
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<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>MARILYN DOUBERTY</i></p> <p>C. Date of Delivery <i>3/6/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p>Khody Land & Minerals Company 3500 One Williams Center MD 35 Tulsa OK 74172</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9403 0887 5223 6389 39</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label) 7016 1370 0000 0859 6065</p>			
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt			

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery <i>[Signature]</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p>New Mexico State Land Office PO Box 1148 Santa Fe NM 87504</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9403 0887 5223 6389 22</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label) 7016 1370 0000 0859 6072</p>			
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt			

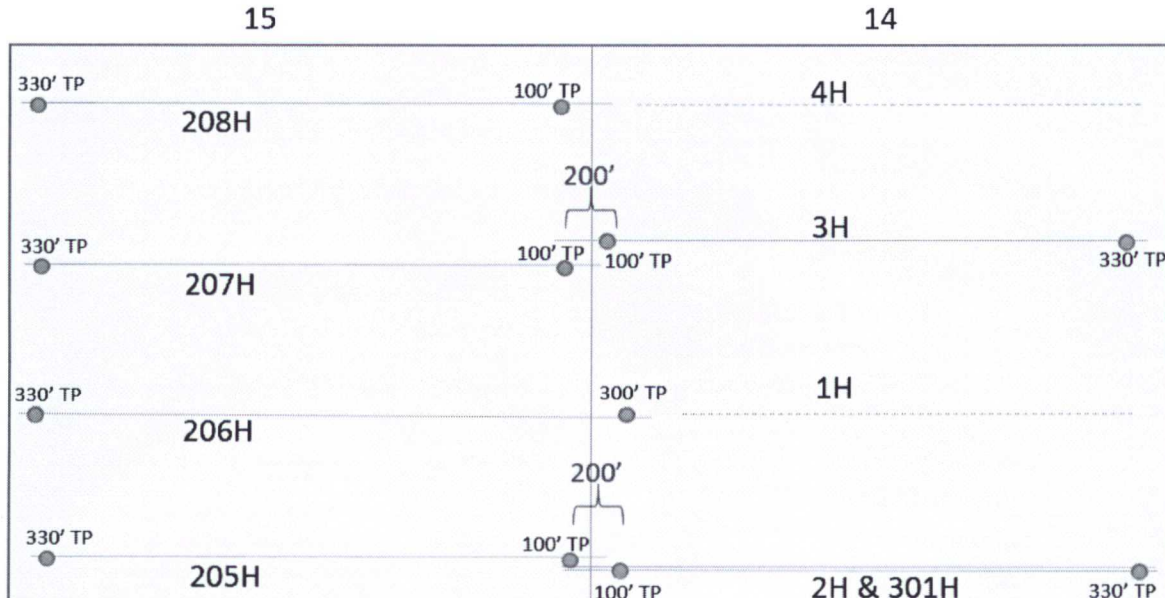
SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i></p> <p>C. Date of Delivery <i>3/4/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p>Penroc Oil Corporation PO Box 2769 Hobbs NM 88241</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9403 0887 5223 6389 15</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label) 7016 1370 0000 0859 6058</p>			
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt			

II/IV

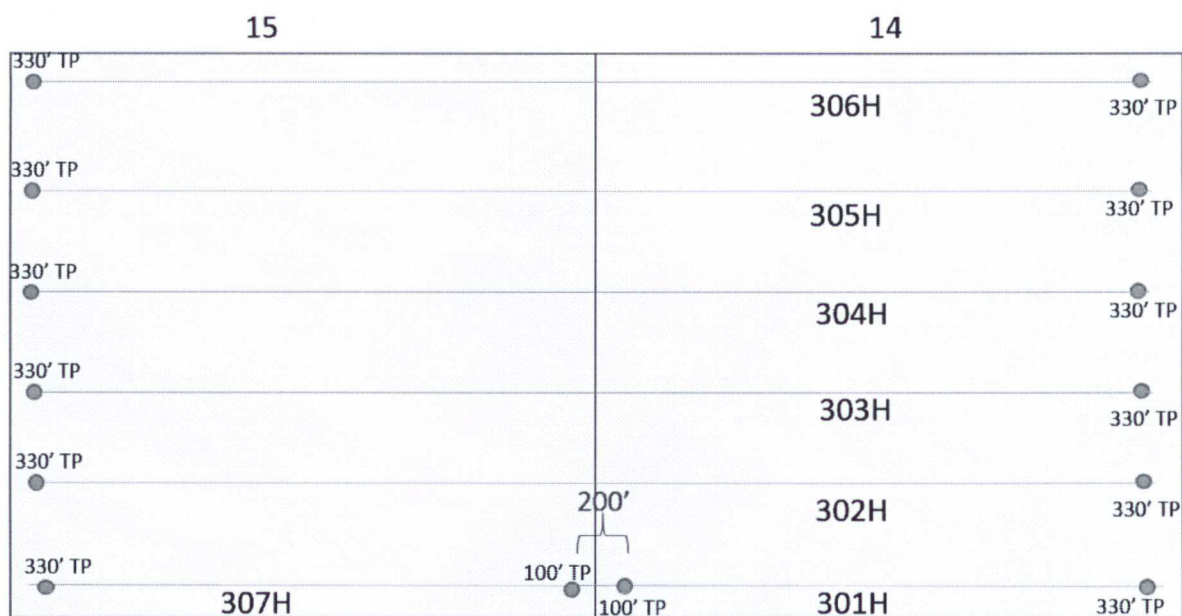
Apache desires to develop sections 14 and 15 in a way that exploits the maximum reserves and does not leave behind untouched reservoir that will not be developed in the future. The NSL allows Apache to perforate and complete the lateral section much closer to the section line. Two pictures are below depicting Apache's proposed NSL versus an on section surface site.



For the perforations on the outside of Apache's unit, 330' is honored for the distance to the section line. However, within the unit, Apache desires minimize the space between wellbores in section 14 and 15 by keeping only 100' from the 14/15 section line. This leaves on 200' of untouched reservoir instead of 660'. The 200' was chosen to make sure Apache does not frac into the lateral opposing it. The figure below shows the existing 4H & 1H wells; the 2017 planned 3H, 2H, and 301H; and the 2018 planned 205H-208H. Except for the 301H, these wells are all planned in the 2nd Bone Spring Sand.



The 301H is planned as a test in the 3rd Bone Spring Sand. If this test is successful, Apache plans to develop the remaining 3rd Bone Spring with 2 mile horizontal wells as seen in the next figure below.



Apache and our partners in Sec 14 & 15 have mutually agreed to form a working interest unit for the development of future Palmillo 14-15 State wells as to the Bone Spring formation, less & except the existing Palmillo 14 State 1H and Palmillo 14 State 4H wells. The revised unit working interest for these future Palmillo 14-15 State wells is reflected in amendments under the joint operating agreements governing the sections. Concho and EOG Y have sold their working interest in the future Palmillo 14-15 State wells to Apache but retained their working interest in the existing 1H & 4H wellbores.

	Palmillo 14-15 State Unit WI
Apache	76.041667%
Penroc	11.979167%
WPX (Khody)	11.979167%