



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order DHC-3683

Corrected

Apache Corporation
6120 South Yale
Suite 1500
Tulsa, OK 74136-4224

Attention: Elaine Linton

New Mexico S State Well No. 46
API No. 30-025-37603
Unit D, Section 2, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico
Penrose Skelly-Grayburg (50350), and
South Eunice-San Andres (24170) Pools

Dear Ms. Linton:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

Penrose Skelly-Grayburg Pool	Oil-81%	Gas-66%
South Eunice-San Andres Pool	Oil-19%	Gas-34%

These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on April 6, 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division

District I
1423 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Grande Road, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Operator Apache Corporation 6120 South Yale, Suite 1500, Tulsa, OK 74136-4224
Address

Lease New Mexico S State 46 D, Sec 2, T 22S, R 37E
Well No. Unit Letter-Section-Township-Range County

OGRID No. 00873 Property Code 34816 API No. 30-025-37603 Lease Type: Federal State
Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penrose Skelly; Grayburg		Ennice; San Andres, South
Pool Code	50350		24170
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3690 - 3790' perforated		3900 - 4092' perforated
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Na		Na
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.9° API		33.6° API
Producing, Shut-In or New Zone	Producing		SI
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 3/23/2006 Rates: 51BO/138MCF/81BW	<i>Connected Here</i>	Date: 02/25/2006 Rates: 12BO/70MCF/135BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or near production, supporting data or explanation will be required.)	Oil 81 % Gas 66 %	Oil % Gas %	Oil 19 % Gas 34 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Elaine Linton TITLE Engineering Technician DATE March 29, 2006

TYPE OR PRINT NAME Elaine Linton TELEPHONE NO. (918) 491.5362

E-MAIL ADDRESS elaine.linton@apachecorp.com

Jones, William V., EMNRD

From: Linton, Elaine [elaine.linton@usa.apachecorp.com]
Sent: Wednesday, April 19, 2006 8:07 AM
To: Jones, William V., EMNRD
Subject: Admin Order DHC-3683
Attachments: c107a.pdf

Good Morning William,

Thank you for returning my call. When working on the C-105 yesterday for this well I figured out that I got my tests backward. We tested the San Andres first which means the original C107A I submitted has the test production and percentages backwards. Attached is a corrected C107A and following is the test with corrections:

NEW MEXICO STATE S #46

Allocation Based on Individual Tests

	<u>Test Date</u>	<u>BO</u>	<u>%</u>	<u>MCF</u>	<u>%</u>	<u>BW</u>	<u>%</u>	<u>GOR</u>
Grayburg San Andres	2/25/2006	12	19	70	34	135	63	5,833
San Andres Grayburg	3/23/2006	51	81	138	66	81	38	2,706
		63	100	208	100	216	100	3,302

I apologize for my mistake and the confusion it has created. I await your response in what steps I need to take to correct the problem.

Regards,

Elaine Linton
Sr. Engineer Technician



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