

Apache Corp.

DATE IN 7/6/06	SUSPENSE 7-26-06	ENGINEER MIKE STOGNER	LOGGED IN 7/6/06	TYPE NSP	APP NO. pTDSOL18734647
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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



James

**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]**

- [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.

2006 JUL 6 AM 8 58

**JAMES BRUCE**  
 P.O. BOX 1056  
 SANTA FE, NM 87504  
Print or Type Name

*James Bruce*  
 \_\_\_\_\_  
Signature

Attorney for Applicant  
 \_\_\_\_\_  
Title

7/5/06  
 \_\_\_\_\_  
Date

jamesbruc@aol.com  
 \_\_\_\_\_  
e-mail Address

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

July 5, 2006

Hand Delivered

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Apache Corporation applies for an exception to Rule 2(A) of the Special Rules for the Jalmat Gas Pool to allow a 160 acre non-standard gas spacing unit for the following well:

Well:	New Mexico "BZ" State NCT-8 Well No. 2
Well Location:	1980 feet FNL & 1980 feet FWL
Well Unit:	NW¼ §16-23S-37E, Lea County, New Mexico

The well was drilled in 1956 to test the Queen formation (Langlie-Mattix Pool), and was converted to injection in 1977. The well is currently inactive, and is shut-in. Applicant desires to re-enter the well and attempt a completion in the Jalmat Gas Pool. An APD for the well, discussing the proposed plans, with a Form C-102, is attached as Exhibit A.

Attached as Exhibit B is a plat showing nearby wells and production in the Jalmat Gas Pool. Until recently, production was substantially to the west of the subject well. Wells have recently been completed in Sections 21 and 28 by Arch Petroleum Inc. (n/k/a Pogo Producing Company), which show the Jalmat is productive in this area. This application will present waste by utilizing an existing wellbore, and will not violate correlative rights. In addition, wells in the Jalmat have traditionally been produced on a lease basis.

Exhibit B also reflects offset ownership in the Jalmat Gas Pool. The offset operators or working interest owners are as follows:

Section 8:

Celero Energy, LP  
Suite 1200  
400 West Illinois  
Midland, Texas 79701

Section 9:

NE $\frac{1}{4}$  and S $\frac{1}{2}$ SE $\frac{1}{4}$   
Cimarex Energy Co.  
Suite 1500  
5215 North O'Connor Blvd.  
Irving, Texas 75039

Attention: Zeno Farris

SW $\frac{1}{4}$  and N $\frac{1}{2}$ NW $\frac{1}{4}$   
Celero Energy, LP

S $\frac{1}{2}$ NW $\frac{1}{4}$   
OXY USA WTP Limited Partnership  
P.O. Box 50250  
Midland, Texas 79710

S $\frac{1}{2}$ NW $\frac{1}{4}$   
Apache Corporation

Section 16:

NE $\frac{1}{4}$  and W $\frac{1}{2}$ SE $\frac{1}{4}$   
Apache Corporation (same lease as NW $\frac{1}{4}$ )

E $\frac{1}{2}$ SE $\frac{1}{4}$   
Apache Corporation

SW $\frac{1}{4}$   
Pogo Producing Company  
P.O. Box 10340  
Midland, Texas 79702

Attention: Garland H. Lang III

Section 17:

N $\frac{1}{2}$ NE $\frac{1}{4}$   
Texaco Exploration & Production Inc.  
15 Smith Road  
Midland, Texas 79705

Yarbrough Oil LP  
P.O. Box 1769  
Eunice, New Mexico 88231

S $\frac{1}{2}$ NE $\frac{1}{4}$   
Yarbrough Oil LP

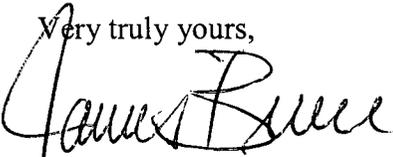
SE $\frac{1}{4}$   
Samedan Oil Corp.  
110 West Broadway  
Ardmore, Oklahoma 73401

Yarbrough Oil LP

The offset interest owners have been notified of this application, and a copy of the notice letter is attached hereto as Exhibit C.

Please call me if you need anything further regarding this matter.

Very truly yours,

  
James Bruce  
Attorney for Apache Corporation

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
May 27, 2004

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

Submit to appropriate District Office

AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address Apache Corporation 6120 South Yale, Suite 1500 Tulsa, OK 74136-4224		<sup>2</sup> OGRID Number 00873
<sup>3</sup> Property Code 16833		<sup>5</sup> Property Name NEW MEXICO -BZ- STATE NCT-8
<sup>9</sup> Proposed Pool 1 Jalmat; Tan-Yates-7 Rvrs (Gas) 79240		<sup>6</sup> Well No. 2
<sup>10</sup> Proposed Pool 2		<sup>4</sup> API Number 30-025-10741

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
F	16	23S	37E		1980	North	1980	West	Lea

<sup>8</sup> Proposed 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/Westline	County

Additional Well Information

<sup>11</sup> Work Type Code P	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3319'
<sup>16</sup> Multiple	<sup>17</sup> Proposed Depth 3646'	<sup>18</sup> Formation Jalmat: T-Y-7 Rvrs	<sup>19</sup> Contractor	<sup>20</sup> Spud Date
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> milst thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____ Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	1084'	800 sx, circ	0'
7-7/8"	5-1/2"	14#	3646'	300 sx	1890' calc

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.  
Set CIBP @ 3300' with 35' cement. Perforate and acidize/frac Yates.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Printed name: Elaine Linton *Elaine Linton*  
Title: Engineering Technician  
E-mail Address: elaine.linton@apachecorp.com  
Date: 03/20/2006 Phone: (918)491-5362

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval Attached

EXHIBIT A

**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 October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-10747		<sup>2</sup> Pool Code 79240		<sup>3</sup> Pool Name JALMAT; TAN-YATES-7 RIVERS (GAS)	
<sup>4</sup> Property Code 16833		<sup>5</sup> Property Name NEW MEXICO -BZ- STATE NCT-8			<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 00873		<sup>8</sup> Operator Name Apache Corporation			<sup>9</sup> Elevation 3319'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	23S	37E		1980	NORTH	1980	WEST	LEA

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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					<b><sup>17</sup> OPERATOR CERTIFICATION</b> <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 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.</i>
					Signature: <i>Elaine Linton</i> Date: 03/20/2006 Printed Name: Elaine Linton
					<b><sup>18</sup> SURVEYOR CERTIFICATION</b> <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

AFE No: TS-06-3329

**NM BZ State 8 #2**  
API #: 30-025-107471  
1980' FNL & 1980' FWL  
Section 16, Township 23S, Range 37E  
Lea County, New Mexico

## **Completion Procedure**

**27 January 2006**

### **OBJECTIVE:**

- Recomplete in the Yates Formation. Acid stimulate, frac, and return to production.

### **History:**

The NM BZ State 8 #2 was drilled in 1956 as a queen producer. The well was converted to injection in 1977. The well is currently shut in and on the inactive well list.

### **Casing:**

Surface:	8-5/8" @ 1,084', cmt w/ 800 sxs, TOC @ 0' Calc.
Production:	5-1/2" @ 3,646', cmt w/ 300 sxs, TOC @ 1,890' Calc

### **Yates:**

1. MIRU pulling unit.
2. Pull injection tubing.
3. Set CIBP @ 3,300' with 35' cement.
4. Run GR/CNL/CBL logs from 3,250' to surface. Return logs to Tulsa office for perforation selection.
5. Perforate Yates.
6. Acidize Yates. Volumes to be determined.
7. Fracture stimulate Yates
8. Install new production tubing and return well to sales.

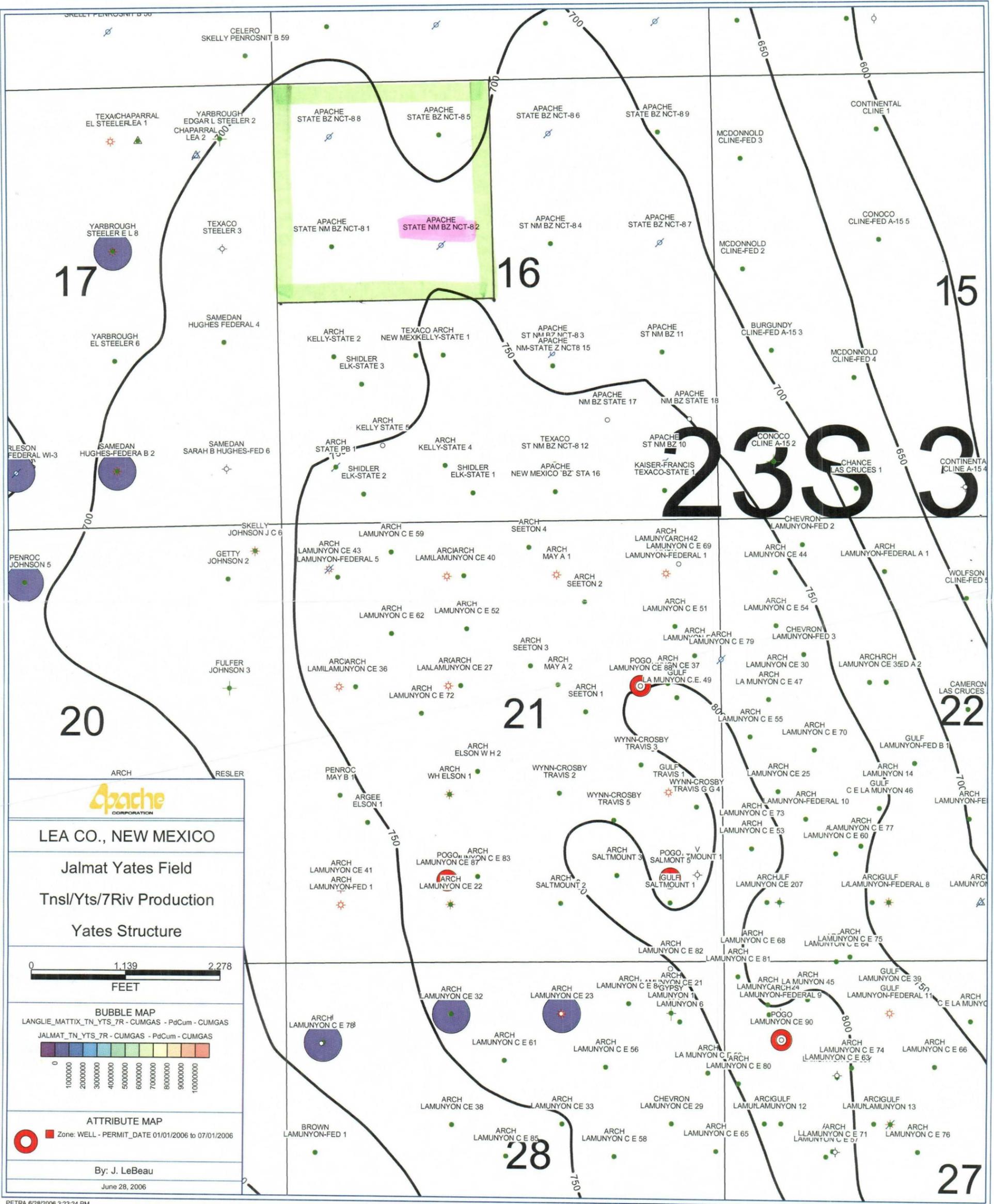


EXHIBIT B

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

July 5, 2006

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Apache Corporation has filed an application with the New Mexico Oil Conservation Division seeking a Jalmat gas Pool non-standard unit comprised of the NW¼ of Section 16, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than Monday, July 25, 2006 (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,

  
James Bruce  
Attorney for Apache Corporation

— EXHIBIT C —

EXHIBIT A

Celero Energy, LP  
Suite 1200  
400 West Illinois  
Midland, Texas 79701

Cimarex Energy Co.  
Suite 1500  
5215 North O'Connor Blvd.  
Irving, Texas 75039

Attention: Zeno Farris

OXY USA WTP Limited Partnership  
P.O. Box 50250  
Midland, Texas 79710

Pogo Producing Company  
P.O. Box 10340  
Midland, Texas 79702

Attention: Garland H. Lang III

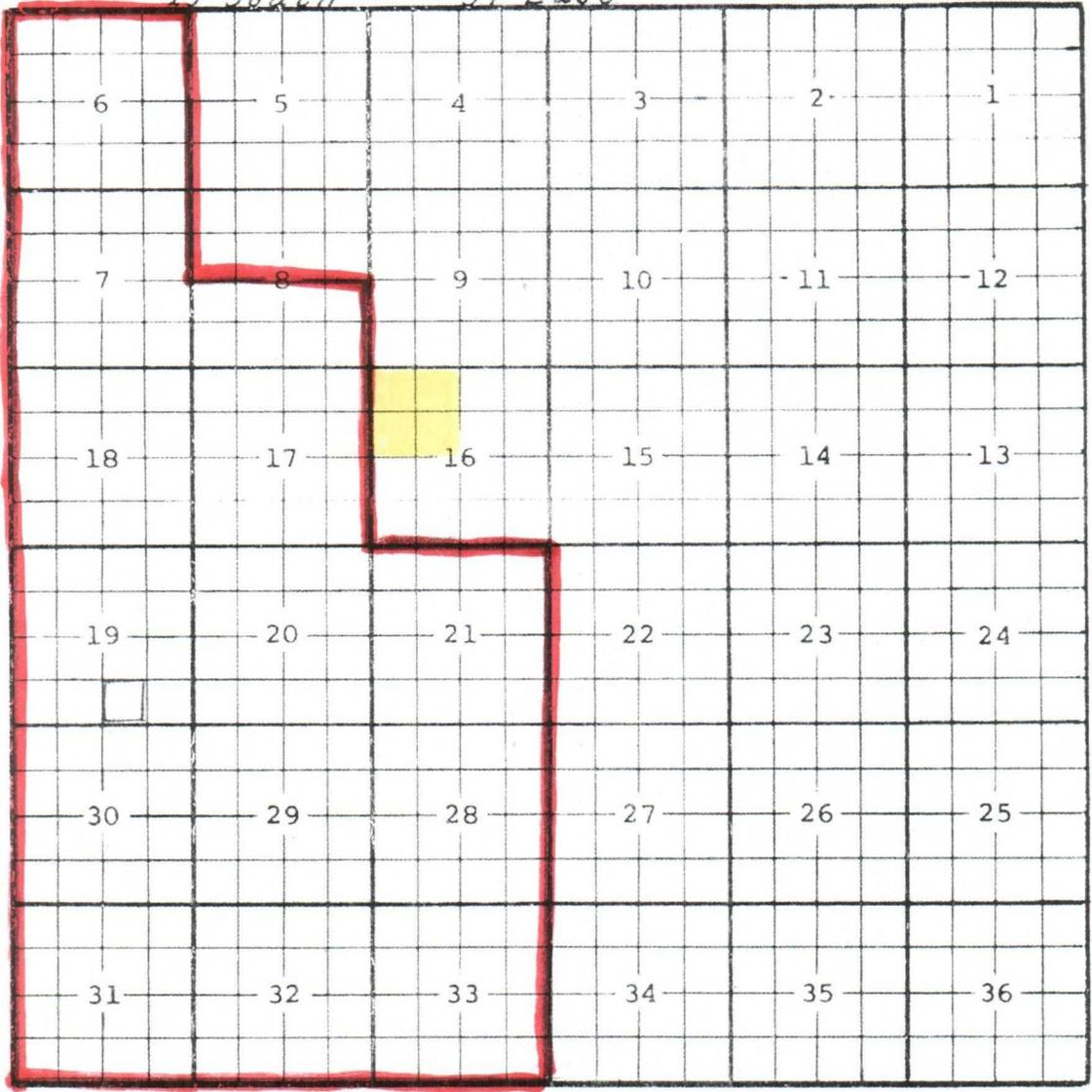
Texaco Exploration & Production Inc.  
15 Smith Road  
Midland, Texas 79705

Yarbrough Oil LP  
P.O. Box 1769  
Eunice, New Mexico 88231

Samedan Oil Corp.  
110 West Broadway  
Ardmore, Oklahoma 73401

COUNTY Lea POOL Talmat Gas (T-Y-SR)

TOWNSHIP 23-South RANGE 37-East NMPM



Description: All Secs. 6 & 7;  $\frac{1}{2}$  Sec. 8; All Secs. 17 thru 21; All Secs. 28 thru 33, (R-520, 8-12-54)

Contract vertical limits to a subsurface depth of 3362 feet  $\frac{SW}{4}$   $\frac{SE}{4}$  Sec. 19 (A-6618, 3-6-81)

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ONGARD  
 INQUIRE LAND BY SECTION

Sec : 16 Twp : 23S Rng : 37E Section Type : NORMAL

<p>D            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>	<p>C            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>	<p>B            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>	<p>A            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>
<p>E            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>	<p>F            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>	<p>G            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>	<p>H            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>
<p>L            40.00            CS            E04958 0001            ELK OIL CO            01/10/61            A A</p>	<p>K            40.00            CS            E04958 0001            ELK OIL CO            01/10/61            A A</p>	<p>J            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A A</p>	<p>I            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A</p>
<p>M            40.00            CS            E04958 0001            ELK OIL CO            01/10/61            A A A</p>	<p>N            40.00            CS            E04958 0001            ELK OIL CO            01/10/61            A A</p>	<p>O            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A A</p>	<p>P            40.00            CS            B00158 0019            APACHE CORPORATIO            01/15/39            A A</p>