

DATE IN 6/27/00	SUSPENSE 7/17/00	ENGINEER DC	LOGGED RN	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

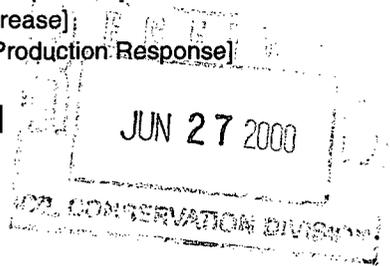
2779

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling
 NSL NSP DD 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

[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 if 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] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

<u>Doug O'Neil</u>		<u>Region Production Manager</u>	<u>6/22/00</u>
Print or Type Name	Signature	Title	Date



2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400

WWW.APACHECORP.COM
[713] 296-6000

June 22, 2000

Attn: David Catanach
State of New Mexico - Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

**Re: Application to Downhole Commingle
Rinewalt No. 5
Eumont; Yates-7 Rvrs-Queen (Pro Gas) Pool (76480)
Penrose; Skelly (Grayburg) Pool (50350)
Sec. 4, T22S - R37E
Lea County, New Mexico**

Apache Corporation would like to request administrative approval to downhole commingle production from the referenced pools in our Rinewalt No. 5 well.

To support this request we submit the following:

- 1) New Mexico - OCD Form C-107A
- 2) New Mexico - OCD Form C-102 for Penrose; Skelly (Grayburg) Pool
- 3) New Mexico - OCD Form C-102 for Eumont; Yates-7 Rvrs-Queen (Pro Gas) Pool
- 4) Production Curve for the Rinewalt No. 5 in the Penrose; Skelly (Grayburg) Pool
- 5) Production Curve for offset well J G Hare No. 8 in the Eumont; Yates-7 Rvrs-Queen (Pro Gas) Pool
- 6) Allocation formula explanation

- 7) Copy of letter sent (by Certified Mail) to Offset operators within one-half mile of the Rinewalt No. 5
- 8) Plat of Rinewalt lease showing all wells within a one-half mile radius
- 9) Wellbore Diagram of the current and proposed completion

If you have any questions or require additional information regarding this application, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION



Debra J. Anderson
Sr. Engineering Technician

Attachments

cc: New Mexico Oil Conservation Division
District I
1625 N. French Drive
Hobbs, New Mexico 88240

DISTRICT I
1625 N. French Drive, Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107A
Revised August 1999
APPROVAL PROCESS:
 Administrative
 Hearing
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLE

APACHE CORPORATION 2000 POST OAK BLVD., SUITE 100, HOUSTON, TX 77056-4400
Operator Address
RINEWALT 5 LOT 3 / 4 / 22S / 37E LEA
Lease Well No. Unit Ltr.-Sec-Twp-Rng County
Spacing Unit Lease Types: (one or more)

OGRID NO. 000873 Property Code 23110 API No. 30-025-34582 Federal State Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Eumont; Yates - 7 Rvrs - Queen (Pro Gas) 76480		Penrose; Skelly (Grayburg) 50350
2. Top and Bottom of Pay Section (Perforations)	3520 - 3556 (Proposed)		3678 - 3920 (Existing)
3. Type of production (Oil or Gas)	Gas		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	a. (Current) b. (Original) 1200	a. b.	a. b. 1150
6. Oil Gravity (°API) or Gas BTU Content	1070		36.3
7. Producing or Shut-In? Production Marginal? (Yes or No) ° If Shut-In, give 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 ° If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Behind Pipe Yes Date: Rates: J G Hare # 8 Offset Well Avg MCFD For Last 12 Months Date: Rates: 0 x 95 x 0		Producing Yes Date: Rates: 5/26/00 Date: Rates: 11 x 175 x 105
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: Gas: 0% 35%	Oil: Gas: % %	Oil: Gas: 100% 65%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method. submit attachments with supporting data and / or explaining method and providing rate projections or other required data.
10. Are all working, overriding and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding and royalty interests been notified by certified mail? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations be undamaged, will any cross-flow production be recovered and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on or communitized with state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: Order No.s _____
16. 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, overriding, and royalty interests for uncommon interest cases.
 - ° Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Debra L Anderson TITLE Sr. Engineering Technician DATE 6/22/00
TYPE OR PRINT NAME Debra L Anderson TELEPHONE NO. 713-296-6338

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 18, 1994

District II
P O Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

Instruction on Back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2040 S. Pacheco
Santa Fe, New Mexico 87505

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34582		² Pool Code 76480		³ Pool Name Eumont; Yates - 7 Rvrs - Queen (Pro Gas)		
⁴ Property Code 23110		⁵ Property Name Rinewalt				⁶ Well Number 5
⁷ OGRID No. 000873		⁸ Operator Name Apache Corporation				⁹ Elevation 3450

¹⁰ Surface Location

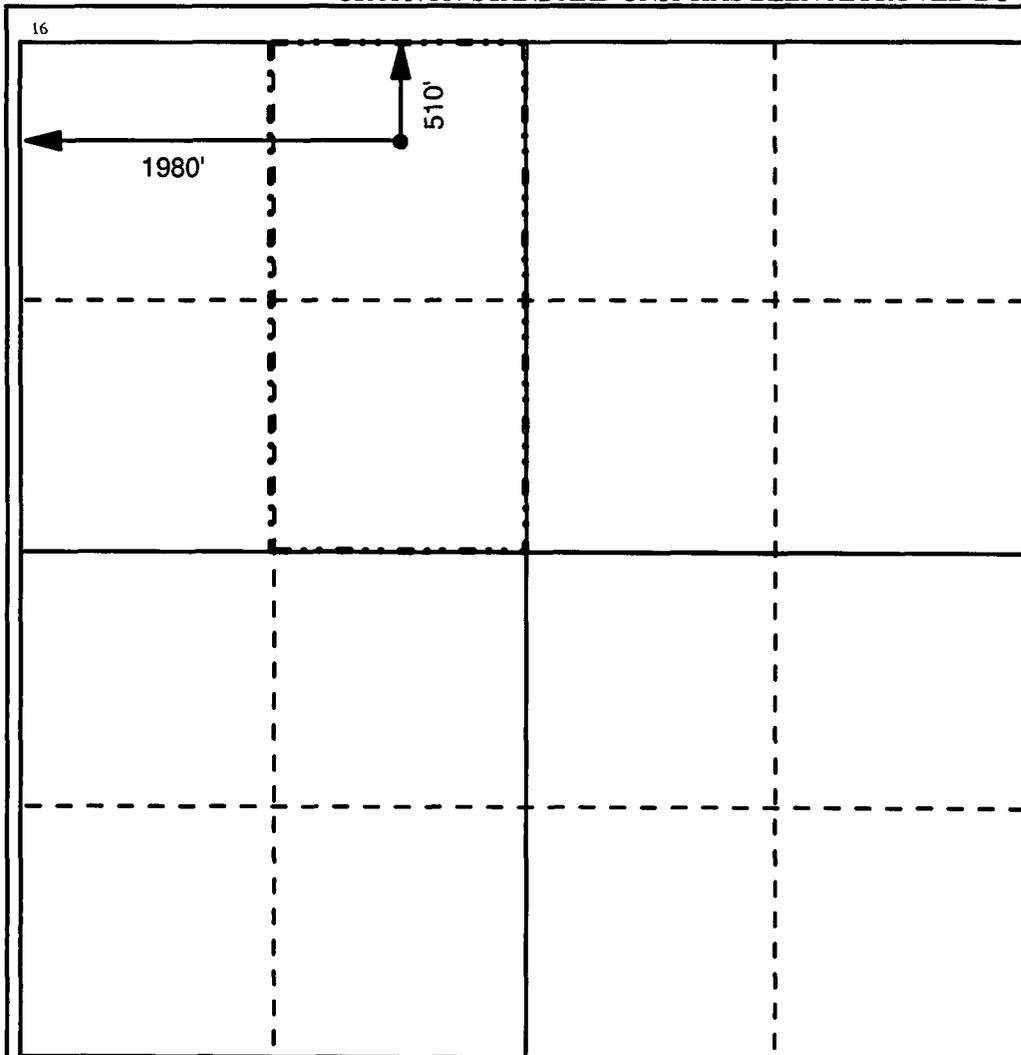
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	4	22S	37E		510	North	1980	West	Lea

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

¹² Dedicated Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁴ 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



¹⁷ OPERATOR CERTIFICATION

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

Signature: *Debra J. Anderson*

Printed Name: Debra J. Anderson

Title: Sr. Engineering Technician

Date: 6/22/00

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.

Date Surveyed

Signature and Seal of Professional Surveyor

Certificate Number

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 18, 1994

District II
P O Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

Instruction on Back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2040 S. Pacheco
Santa Fe, New Mexico 87505

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34582		² Pool Code 50350		³ Pool Name Penrose; Skelly (Grayburg)			
⁴ Property Code 23110		⁵ Property Name Rinewalt				⁶ Well Number 5	
⁷ OGRID No. 000873		⁸ Operator Name Apache Corporation				⁹ Elevation 3450	

¹⁰ Surface Location

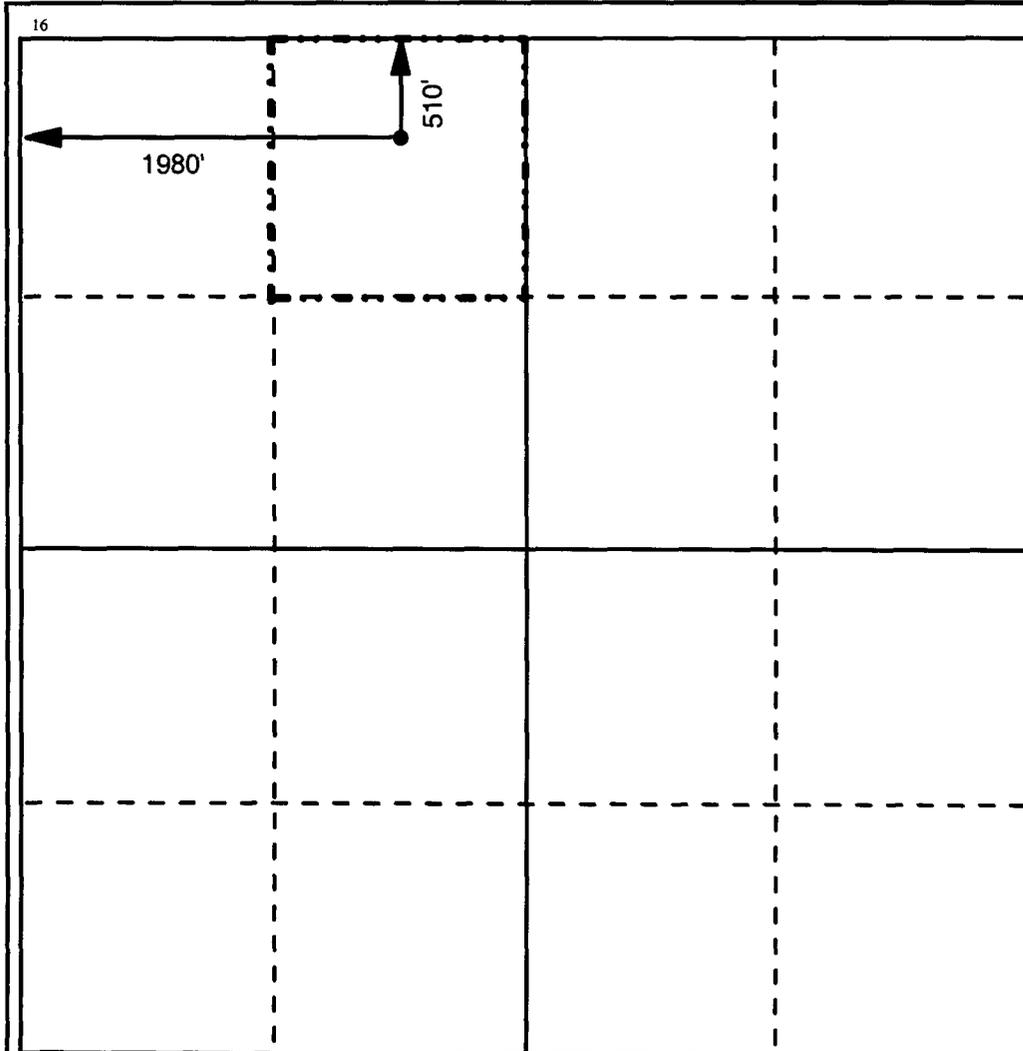
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	4	22S	37E		510	North	1980	West	Lea

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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁴ 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



¹⁷ OPERATOR CERTIFICATION

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

Signature
Debra J. Anderson

Printed Name
Debra J. Anderson

Title
Sr. Engineering Technician

Date
6/22/00

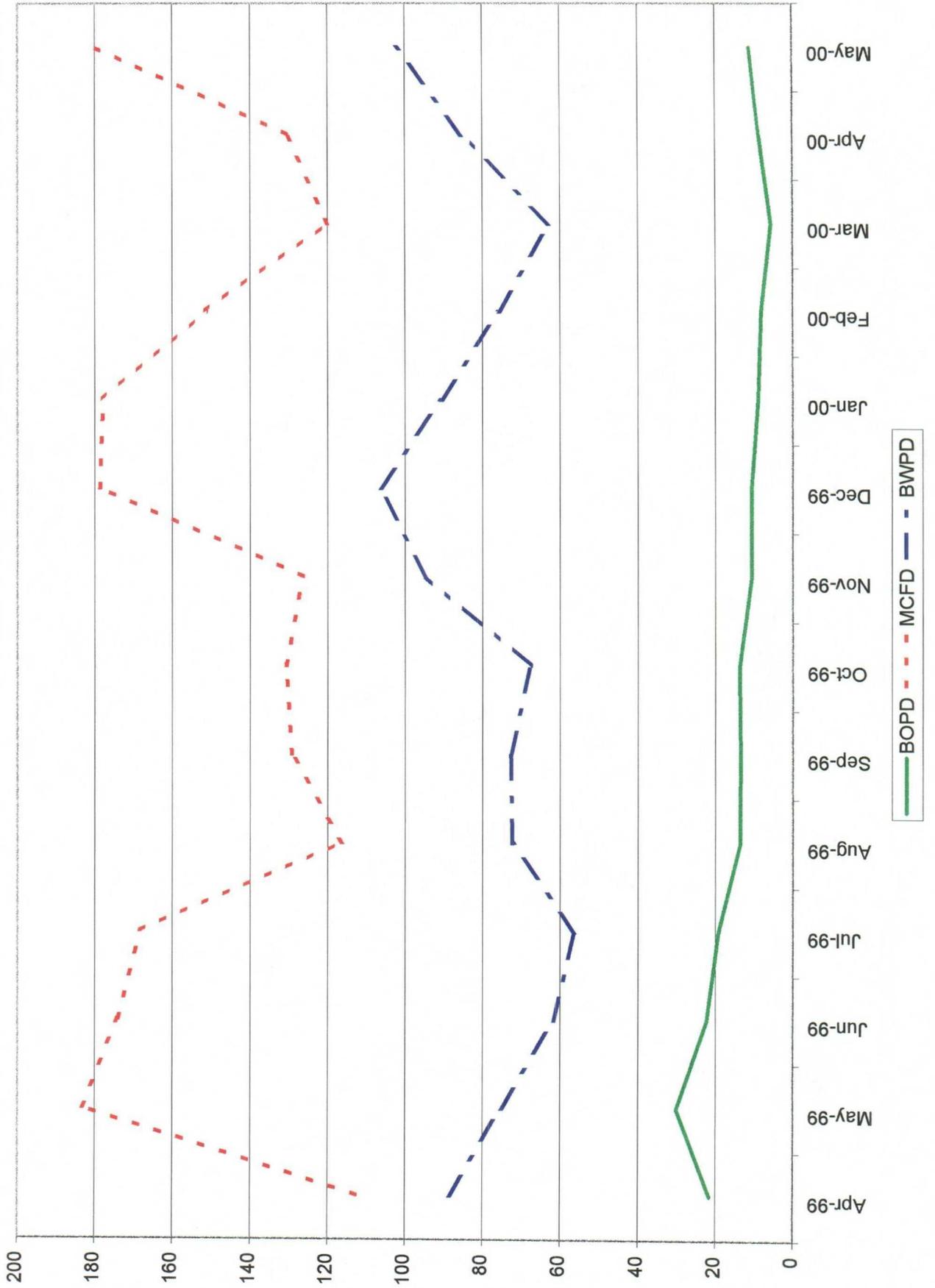
¹⁸ SURVEYOR CERTIFICATION

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.

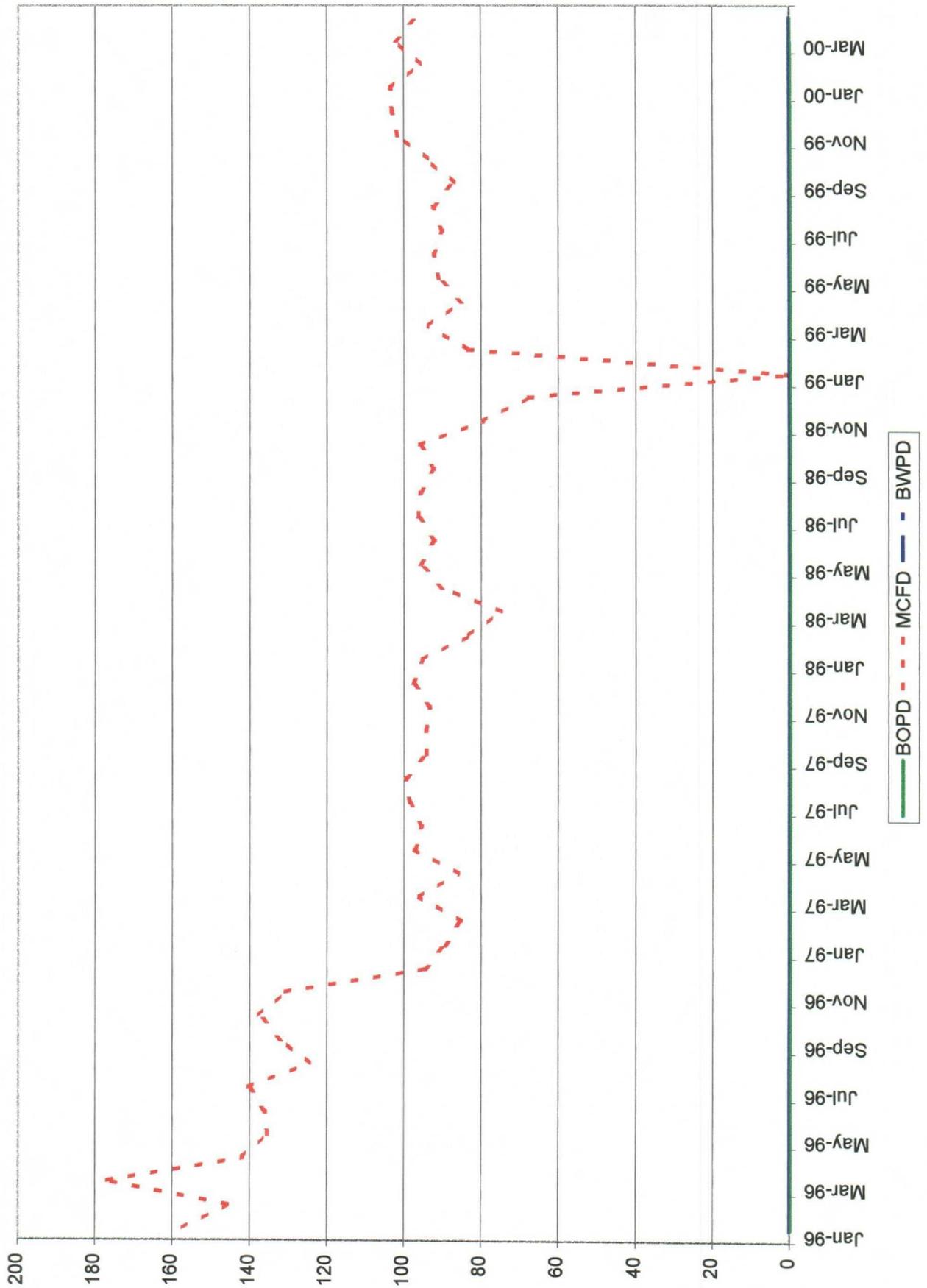
Date Surveyed
Signature and Seal of Professional Surveyor

Certificate Number

RINEWALT No. 5
PENROSE; SKELLY (GRAYBURG)



**J G HARE No. 8
EUMONT; YATES-7 RVRs-QUEEN**



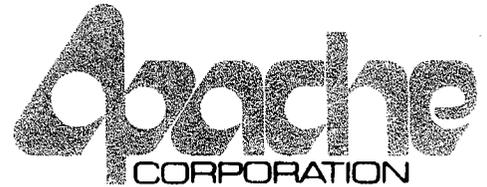
ALLOCATION EXPLANATION:

The Rinewalt No. 5 was completed in the Grayburg in March 1999. Additional lower Grayburg pay was added in November 1999. Current production is 11 BOPD x 175 MCFD x 105 BWPD.

The Rinewalt No. 5 has behind pipe pay in the Eumont from 3520' - 3560'. The Eumont is productive one-half mile north in the J.G. Hare No. 8 (cumulative production 1.3 BCF). The Rinewalt No. 5 Eumont completion is expected to yield 500 MMCF, with a stabilized rate of 100 MCFD. **(Per Apache Reservoir Engineering).**

Allocation rates are based on the current production from the Rinewalt No. 5 in the Penrose; Skelly (Grayburg) pool and a twelve month average from the J G Hare No. 8 in the Eumont; Yates-7 Rvrs-Queen (Pro Gas) pool.

The Eumont; Yates-7 Rvrs-Queen (Pro Gas) pool will be tested in the Rinewalt No. 5 before commingling to establish a stabilized rate and if necessary, the allocation formula will be adjusted at that time.



June 22, 2000

Offset Operators

**Re: Application to Downhole Commingle
Rinewalt No. 5
Penrose; Skelly (Grayburg) Pool (50350)
Eumont; Yates-7 Rvrs-Queen (Pro Gas) Pool (76480)
Sec. 4, T22S - R37E
Lea County, New Mexico**

Attached please find a copy of an Application to Downhole Commingle production from the referenced pools in the Rinewalt No. 5 well that Apache Corporation has filed with the New Mexico Oil Conservation Division. If you have an objection to this application, you must notify the OCD in writing within 20 days from the date of this letter. Thank you.

Sincerely,

APACHE CORPORATION

A handwritten signature in black ink that reads "Debra J. Anderson". The signature is written in a cursive style with a large, sweeping initial "D".

Debra J. Anderson
Sr. Engineering Technician

Attachments

cc: New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

**OFFSET OPERATORS
RINEWALT NO. 5**

Arch Petroleum Inc.
10 Desta Drive, Suite 420E
Midland, Texas 79705
Certified Receipt # Z-207-261-374

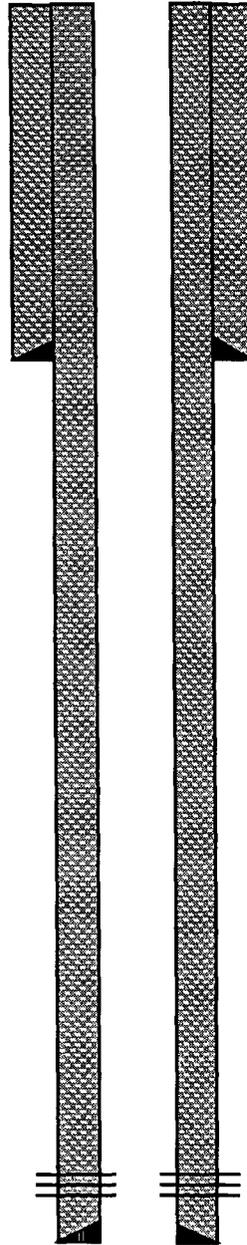
Collins & Ware Inc.
303 W. Wall, Suite 2200
Midland, Texas 79701
Certified Receipt # Z-207-261-376

Chevron USA Inc.
P O Box 1150
Midland, Texas 79702
Certified Rcpt. # Z-207-261-375

Wiser Oil Company
3504 N. West County Road
Hobbs, New Mexico 88241
Certified Receipt # Z-207-261-377

Well: Rinewalt No. 5
Pool: Penrose; Skelly (Grayburg)
Location: 510' FNL & 1980' FWL
Lot 3, Section 4, Township 22S, Range 37E
API#: 30-025-34582

Current Status: **Active Oil**
Penrose; Skelly (Grayburg)



Surface Casing: 12-1/4" Hole
8-5/8" 24# CSA 1037'
Cement w / 490 sx
Circulated to Surface

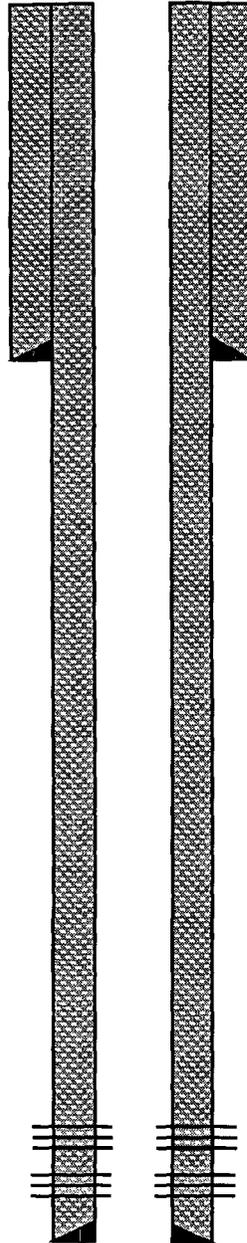
Penrose; Skelly (Grayburg) Perfs:
3678-80, 83-88, 94-99, 3702-10,
17-60, 3840-54, 84-96, 3907-20
4" - 443 Holes

Production Casing: 7-7/8" Hole
5-1/2" 17# CSA 3950'
Cement w / 950 sx
Circulated to Surface

TD @ 3950'

Well: Rinewalt No. 5
Pool: Penrose; Skelly (Grayburg)
Eumont; Yates-7 Rvrs-Queen (Pro Gas)
Downhole Commingle
Location: 510' FNL & 1980' FWL
Lot 3, Section 4, Township 22S, Range 37E
API#: 30-025-34582

Proposed Status: **Active Oil**
Penrose; Skelly (Grayburg)
Active Gas
Eumont; Yates-7 Rvrs-Queen



Surface Casing: 12-1/4" Hole
8-5/8" 24# CSA 1037'
Cement w / 490 sx
Circulated to Surface

Eumont; Yates-7 Rvrs-Queen Perfs:
3520-3556

Penrose; Skelly (Grayburg) Perfs:
3678-80, 83-88, 94-99, 3702-10,
17-60, 3840-54, 84-96, 3907-20
4" - 443 Holes

Production Casing: 7-7/8" Hole
5-1/2" 17# CSA 3950'
Cement w / 950 sx
Circulated to Surface

TD @ 3950'