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ADP NO. PTDS 0625451984

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive. Santa Fe. NM 87505



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| | ADMINISTRATIVE APPLICATION CHECKLIST | 5516 |
| THIS CHECKLIST | S MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES A WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE | AND REGULATIONS |
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| | APPLICATION - Check Those Which Apply for [A] | |
| [A] | Location - Spacing Unit - Simultaneous Dedication NSL NSP D SD | |
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| (B) | cck One Only for [B] or [C] Commingling - Storage - Measurement | SEP |
| | ☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM | 7 |
| [C] | Injection - Disposal - Pressure Increase - Enhanced Oil Recovery | |
| | ☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR | AM |
| (D) | Other: Specify | 11 |
| NOTIFICA | ATION REQUIRED TO: - Check Those Which Apply, Does Not Apply | 72 |
| [A] | | 7 |
| [B] | Offset Operators, Leaseholders or Surface Owner | |
| [C] | Application is One Which Requires Published Legal Notice | |
| [0] | 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 | nd/or, |
| (F) | Waivers are Attached | |
| | CCURATE AND COMPLETE INFORMATION REQUIRED TO PROCE CATION INDICATED ABOVE. | SS THE TYPE |
| roval is accurat | ATION: I hereby certify that the information submitted with this application for and complete to the best of my knowledge. I also understand that no action will required information and notifications are submitted to the Division. | administrative |
| | vie: Statement must be completed by an individual with managerial and/or supervisory capacit | 9/11/15 |
| mes Bruce | Attorney for application of the | |
| nt or Type Name | Signature Title | Date |
| | jamesbruc@aol.com e-mail Address | |
| ` | e-man Audiess | |

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

September 11, 2006

Hand Delivered

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

Dear Mr. Fesmire:

Pursuant to Division Rule 104.F(2), Apache Corporation applies for administrative approval of an unorthodox oil well location for the following well:

Well Name:

Gill Well No. 6

30-025-3728

Well Location:

1370 feet FSL & 1300 FWL

Well Unit:

NE¹/₄SW¹/₄ of Section 31, Township 21 South, Range 37 East,

N.M.P.M., Lea County, New Mexico

The well will test the Blinebry (Blinebry Oil and Gas Pool), Tubb (Tubb Oil and Gas Pool), and Drinkard (Drinkard Pool) formations, and applicant requests unorthodox location approval in all three zones. The Blinebry, Tubb, and Drinkard zones are expected to be oil productive.

The application is based on geological and engineering reasons. A complete discussion, with exhibits, is attached as Exhibit A. The well is in the approximate center of existing Blinebry, Tubb, and Drinkard wells, and the proposed location will drain additional undrained reserves.

The well unit will be simultaneously dedicated to the proposed well and to the existing Gill Deep Well No. 25.

- 30 - 025 - 37208

Exhibit B is a land plat. The Gill lease covers, among other acreage, the SW¼ of Section 31. No offset owner is adversely affected by the application, and notice has not been provided to anyone.

Please call me if you need any further information on this matter.

Very truly yours,

Application of Apache Corporation for administrative approval of an unorthodox well location:

40 acres – 1370 FSL & 1300' FWL Section 31, Township 21 South, Range 37 East, NMPM Lea County, New Mexico

PRIMARY OBJECTIVES:

Blinebry, Tubb, and Drinkard

In support:

- 1. Apache Corporation (Apache) is the operator of the proposed **Gill Deep #6** well (**Exhibit 1**).
- 2. The proposed unorthodox location encroaches toward following wells, which are, or have been, productive from various combinations of the Blinebry, Tubb, and Drinkard (Exhibit 2). Exhibit 2 displays only those wells with a total depth equal to, or greater than, 5250', sufficient to penetrate at least part of the Blinebry, Tubb, and Drinkard interval. Production from the three reservoirs is assigned to individual Blinebry Oil and Gas, Tubb Oil and Gas, and Drinkard Pools, but downhole commingling is pre-approved pending submission of allocations to the Hobbs District Office.

| API | | | | | Cum | Daily |
|-------|--------------|--------------|------|------------------|------------|---------|
| 30025 | Op. | Well | Loc | Pool | O/G/W | O/G/W |
| 25118 | Apache Corp. | Gill Deep #2 | 31-L | Blinebry (06660) | 28/492/143 | 1/24/ |
| 25118 | Apache Corp. | Gill Deep #2 | 31-L | Drinkard (19190) | 58/543/5 | . 0/0/0 |
| 25208 | Apache Corp. | Gill Deep #4 | 31-K | Blinebry (06660) | 21/126/120 | 2/10/41 |
| 25208 | Apache Corp. | Gill Deep #4 | 31-K | Drinkard (19190) | 88/990/67 | 1/15/35 |
| 25119 | Apache Corp. | Gill Deep #3 | 31-N | Blinebry (06660) | 18/178/177 | 426/75 |
| 25119 | Apache Corp. | Gill Deep #3 | 31-N | Drinkard (19190) | 47/545/38 | 0/0/0 |
| 25030 | Apache Corp. | Gill Deep #1 | 31-M | Blinebry (06660) | 77/518/82 | 6/49/60 |
| 25030 | Apache Corp. | Gill Deep #1 | 31-M | Tubb (60240) | 0.3/1/1 | 0/0/0 |
| 25030 | Apache Corp. | Gill Deep #1 | 31-M | Drinkard (19190) | 54/304/227 | 0/0/0 |

MBO MMCFG MBW BOPD MCFGPD BWPD

- 2. Apache expects the proposed **Gill Deep #6** to test as an oil well in each of the three reservoirs. Should any reservoir test gas, Apache will either gain the appropriate approvals from the OCD to produce or abandon the reservoir.
- 3. The proposed **Gill Deep #6** location of 1370' from south line and 1300' from west line is based upon drainage considerations.

a. Geology



The Blinebry, Tubb, and Drinkard Formations are members of the Yeso Group, Permian Leonardian in age. Fluid contacts, specifically Blinebry GOC at -2255 and Drinkard OWC at -3225, employed by Shell in the unitization hearing for the NorthEast Drinkard Unit, just to the east, were used in the petrophysical evaluation of the reservoirs.

All three formations are shallow marine carbonates, consisting primarily of dolomite. The Tubb has appreciable clastic content and the Drinkard can become limey toward its base. Anhydrite can occur throughout the interval. Pay zones are thin, erratically distributed, and separated by thick impermeable intervals. Porosity and permeability are low. Wells are not generally capable of draining a full 40 Acre spacing unit. In fact, Apache's calculations indicate drainage area usually approximates 20 Acres.

Apache routinely fracture stimulates perforations in each of the three formations then produces them commingled and allocates production based upon well tests. At this stage in the history of all three pools, economics will not permit development of individual reservoirs. Thus, pay from all three reservoirs must be considered for well proposals. A combined Blinebry, Tubb, Drinkard map extracted from a larger area map is, therefore, presented (**Exhibit 3**).

The reservoir was analyzed by mapping hydrocarbon pore volume (SoPhiH) (**Exhibit 3**) of the entire Blinebry, Tubb, and Drinkard interval. SoPhiH is the product of feet of net pay (H) times average porosity (PhiA) times oil saturation (So). The values were obtained as follows:

- 1. Net Pay was read from modern neutron-density logs which have contractor calculated cross-plotted porosity (XPhi) using a minimum of 5% and a maximum of 20%. Additionally, gamma ray (40 APIU in the Blinebry and Drinkard and 50 APIU in the Tubb) and water saturation (10% 50%, using a standard equation with a=1 and m=n=2) cutoffs were also employed.
- Average Porosity was calculated for intervals meeting those criteria.
- 3. Oil Saturation is the additive inverse of water saturation.

This analysis requires modern neutron-density and resistivity logs. Although water saturations can be adequately estimated from offsetting modern wells, many wells had to be excluded from analysis because of the vintage or type of porosity logs. SoPhiH isopach lines were modeled after cumulative production isopach lines where new well control is lacking. This procedure has proved successful for Apache in recent drilling in the area.

b. Drainage

The following table provides drainage areas calculated from the SoPhiH map and reserves of the offsetting wells in the four spacing units

impacted. SoPhiH values are either from modern logs, or estimated from the grid. Wells with values determined from modern logs will be in bold and the others are estimated from the grid.

| | <u></u> | | | SoPhiH | Area | EUR | EUR |
|--------------|--------------|------|-----------|--------|------|-----|-------|
| Op. | Well | Loc | Reservoir | FT | Α | МВО | MMCFG |
| Apache Corp. | Gill Deep #2 | 31-L | BTD | 4.9 | 27.2 | 86 | 1035 |
| Apache Corp. | Gill Deep #4 | 31-K | BTD | 14.2 | 11.9 | 108 | 1116 |
| Apache Corp. | Gill Deep #3 | 31-N | BTD | 5.3 | 19.2 | 65 | 723 |
| Apache Corp. | Gill Deep #1 | 31-M | BTD | 12.7 | 16.1 | 131 | 823 |

The proposed **Gill Deep #6** was planned as a "true" 20 Acre infill location between existing Blinebry, Tubb, and Drinkard producers. The location was placed in the center of the vacant area between the existing wells, and then moved due to surface conditions and cultural obstructions.

Reserves for the proposed location were calculated by planimetering the undrained area of the SoPhiH isopach which lies under a drainage circle (the size of which is the average of the direct offset drainage areas) centered on the proposed location. Any competitive drainage is shared between the proposed well and the existing offset wells. The results are as follows:

| | | | | SoPhiH | Area | EUR | EUR |
|--------|--------------|------|-----------|--------|------|-----|-------|
| Op. | Well | Loc | Reservoir | Ft | Α | MBO | MMCFG |
| Apache | Gill Deep #6 | 31-L | BTD | 10.0 | 16 | 100 | 800 |

4. Notice

Apache is the operator of the Blinebry, Tubb, and Drinkard wells toward which the proposed well will encroach, so no other parties need to be notified.

5. Approval of this application will afford the interest owners in these spacing units an opportunity to recover oil and gas which would not otherwise be recovered and to do so without violating correlative rights.

DISTRICT 1

State of New Mexico

1625 N. FRENCH DR., HOBBS, NW 88240

Energy, Minerals and Natural Resources Department

DISTRICT II 1301 W. CRAND AVENUE, ARTESIA, NW 80210

1000 Rio Brazos Rd., Aztec, NM 87410

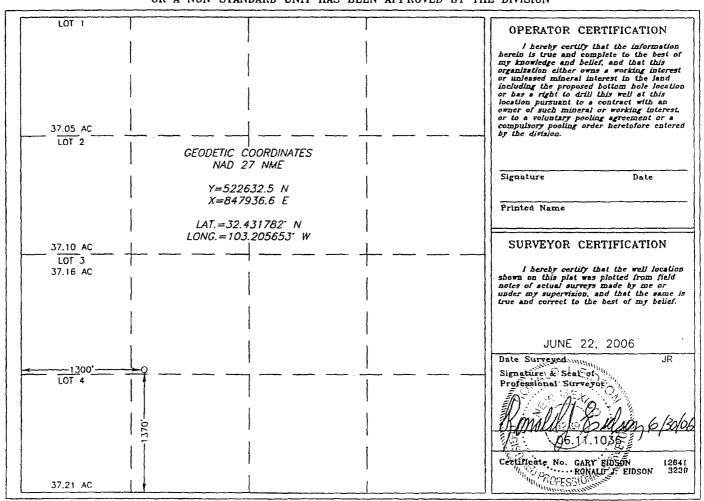
DISTRICT III

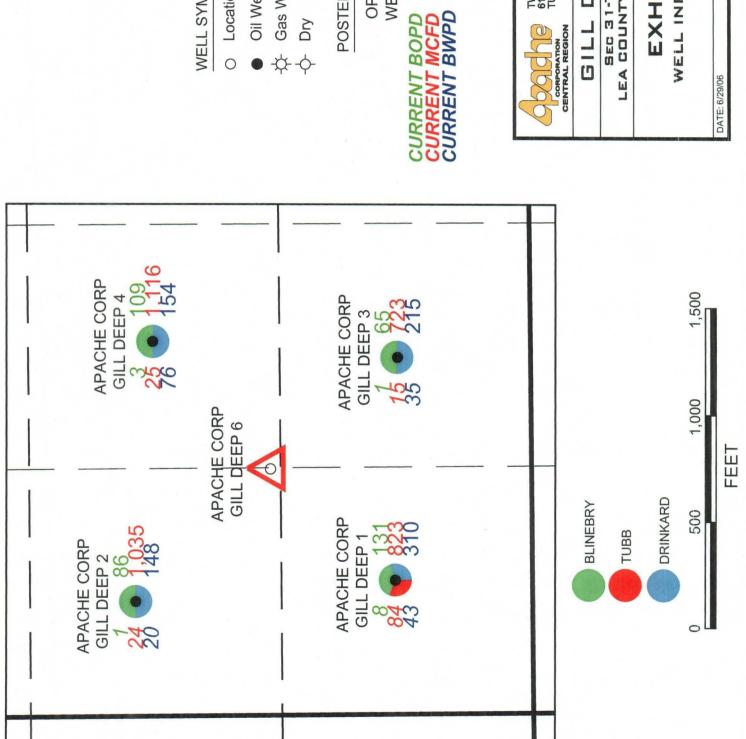
OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

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

DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT ☐ AMENDED REPORT 1220 S. ST. FRANCIS DR., SANTA PE, NW 87505 API Number Pool Code Pool Name Property Code Property Name Well Number GILL DEEP 6 OGRID No. Operator Name Elevation APACHE CORPORATION 3469 Surface Location UL or lot No. Township Lot Idn Feet from the North/South line Section Range Feet from the East/West line County K 31 21-S 37-E 1370 SOUTH 1300 WEST LEA Bottom Hole Location If Different From Surface North/South line UL or lot No. Section Range Lot Idn Feet from the Feet from the Township East/West line County Joint or Infill Consolidation Code Order No. Dedicated Acres 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





WELL SYMBOLS

- Location Only
- Oil Well
- ☆ Gas Well
 - 0 Pry

POSTED WELL DATA

WELL LABEL OPERATOR

MMCFG MBO

MBW

9 Soldhe CENTRAL REGION

TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224

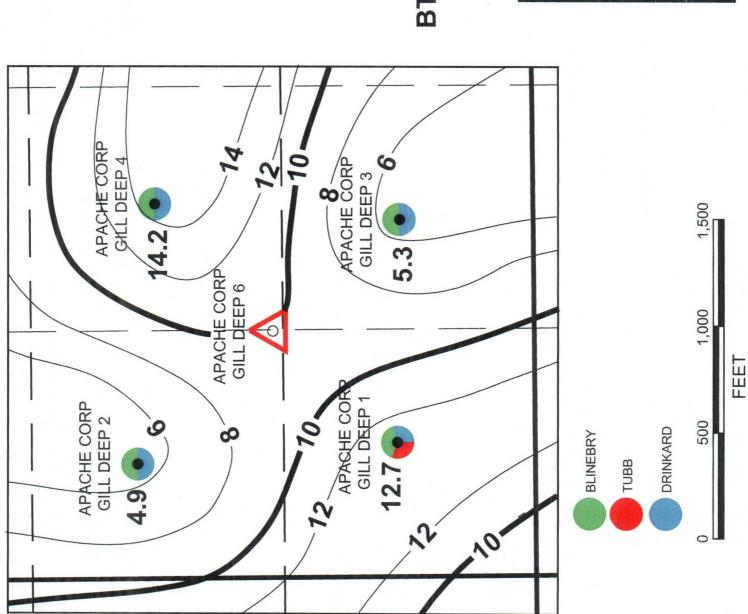
GILL DEEP #6

LEA COUNTY, NEW MEXICO SEC 31-T215-R37E

WELL INFORMATION EXHIBIT 2

DATE: 6/29/06

DWG: CURTIS/GILL DEEP (EX2)



WELL SYMBOLS

- Location Only
- Oil Well
- ☆ Gas Well
 - 0 Dry

POSTED WELL DATA

OPERATOR WELL LABEL

BTD SOPHIH



TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224

GILL DEEP #6

SEC 31-T21S-R37E LEA COUNTY, NEW MEXICO

EXHIBIT 3

BTD SOPHIH

DATE: 7/13/06

DWG: CURTIS/GILL DEEP (EX3)

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD

Sent: Wednesday, November 08, 2006 5:15 PM

To: 'JamesBruc@aol.com'

Subject: Apache Application pTDS06-25451984 Gill #6

Dear Jim

The referenced application does not contain sufficient information for us to determine if notices are required.

The application states, "The Gill lease covers, among other acreage, the SW1/4 of Section 31. No offset owner is adversely affected by the application . . ." The application does not, however, state that Apache is the owner of 100% of the Gill lease as to all of the SW/4 of Section 31, or otherwise state that ownership of the working interest in the SW/4 of Section 31 is common throughout the quarter section.

Please furnish a statement to the effect that, if such is the case, either Apache owns 100% of Gill lease as to all of the SW/4 of Section 31, or ownership of the working interest is uniform throughout the quarter section.

Thanks

David Brooks Assistant General Counsel 505-476-3450

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

2006 NOV 13 PM 1 17

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

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

jamesbruc@aol.com

November 13, 2006

Hand Delivered

David K. Brooks Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Apache Corporation

Well Name: Gill Well No. 6

Well Location: 1370 feet FSL & 1300 FWL

Well Unit: NE¼SW¼ of Section 31, Township 21 South, Range 37

East, N.M.P.M., Lea County, New Mexico

Dear David:

In response to your e-mail of November 8th: The Gill lease covers, among other acreage, the SW¼ of Section 31. In the Blinebry, Tubb, and Drinkard formations Apache Corporation is the sole working interest owner, and royalty and overriding royalty ownership is common. Therefore, no offset owner is adversely affected by the application.

Very truly yours,

ames Bruce

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

November 13, 2006

Hand Delivered

David K. Brooks Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re:

Apache Corporation

Well Name:

H. Corrigan Well No. 20

Well Location:

1480 feet FNL & 330 feet FEL

Well Unit:

SE¹/₄NE¹/₄ of Section 4, Township 22 South, Range 37 East,

2006 NOV 13 PM 1 16

N.M.P.M., Lea County, New Mexico

Dear David:

In response to your e-mail of November 9th: The Corrigan lease covers the NE¼ of Section 4. Working, royalty, and overriding royalty interests in the lease are common. Therefore, no offset owner is adversely affected by the application.

Very truly yours,

James Bruce

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

9822151

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 97501

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

jamesbruc@aol.com

November 13, 2006

Hand Delivered

David K. Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re:

Apache Corporation

Well Name:

Gill Well No. 6

Well Location:

1370 fcet FSL & 1300 FWL

Well Unit:

NE'4SW14 of Section 31, Township 21 South, Range 37

East, N.M.P.M., Lea County, New Mexico

Dear David:

In response to your e-mail of November 8th: The Gill lease covers, among other acreage, the SW4 of Section 31. In the Blinebry, Tubb, and Drinkard formations Apache Corporation is the sole working interest owner, and royalty and overriding royalty ownership is common. Therefore, no offset owner is adversely affected by the application.

truly yours,

James Bruce

| | TRANSAC | CTION 1 | REPORT | _ | NOV-28-2006 T | UE 04:51 | Pi |
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