



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Mark Fesmire
Division Director
Oil Conservation Division



December 11, 2009

Apache Corporation
Attn: Ms. Michelle Hanson
6120 S. Yale, Suite 1500
Tulsa, OK 74136

Administrative Order NSP-1934
Administrative Order SD-200909

Re: Marshall B Well No. 7 (API No. 30-025-06822)
Marshall B Well No. 14 (API No. 30-025-39551)
N/2 SW/4 and SE/4 SW/4 of Section 27
Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico

Dear Ms. Hanson:

Reference is made to the following:

(a) your administrative non-standard proration unit (NSP) application (**administrative application reference No. pTGW09-32353068**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 19, 2009;

(b) your administrative simultaneous dedication (SD) application (**administrative application reference No. pTGW09-32351103**), submitted the same date; and

(c) the Division's records pertinent to Apache's request, including the Division's records pertaining to Administrative Orders NSP-1784 and NSL-4490(SD)

Non-Standard Proration Unit (NSP) Application:

Apache Corporation [OGRID 873] has requested establishment of a non-standard 120-acre gas spacing and proration unit in the Tub Oil and Gas (Prorated Gas) Pool (86440) consisting of the N/2 SW/4 and SE/4 SW/4 of Section 27, Township 21 South, Range 37 East, NMPM, in Lea County, New Mexico.



Spacing in this pool is governed by the Special Rules and Regulations for the Tubb Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard gas units shall consist of 160 acres, and any gas well to which a unit larger than 40 acres is dedicated shall be located at least 660 feet from any unit outer boundary and 330 feet from any quarter-quarter section line. Non-standard gas units consisting of less than 160 acres may be established by administrative order, but no unit or portion of a unit may be dedicated to both a producing gas well and a producing oil well in this pool.

Your NSP application has been duly filed under the provisions of Division Rules 15.11.B(2) and 4.12.A(3).

We understand that you are seeking the establishment of the proposed non-standard 120-acre unit because your Marshall B Well No. 2 (API No. 30-025-06819), located in the SW/4 SW/4 of Section 27, is now classified as an oil well, thus precluding dedication of a standard 160-acre Tubb gas unit in the SW/4 of Section 27.

It is further understood that no notice to owners within the SW/4 of Section 17 is required since ownership of all interest is uniform throughout that quarter section. It is also understood that due notice of this application has been given to all offsetting operators and owners pursuant to the Division's directive for this application.

Pursuant to the authority of Rule 15.11.B(2), the above-described non-standard 120-acre spacing and proration unit is hereby approved.

Simultaneous Dedication Application – Tubb:

Apache Corporation [OGRID 873] has requested approval to simultaneously dedicate the above-described non-standard 120-acre gas spacing and proration unit in the Tubb Oil and Gas Pool to the following wells:

Marshall B Well No. 7 (API No. 30-025-06822), located 2310 feet from the South line and 330 feet from West line (Unit L) of Section 27; and

Marshall B Well No. 14 (API No. 30-025-39551), located 1845 feet from the South line and 1765 feet from the West line (Unit K) of Section 27.

It is our understanding that the Marshall B Well No. 7 is producing as a gas well in the Tubb formation, and the Marshall B Well No. 14 is expected to produce as a gas well in the Tubb formation. The unorthodox location of the Marshall B Well No. 7 was approved by Division Administrative Order NSL-4490(SD), issued on July 17, 2000.

Your SD application has been duly filed under the provisions of Division Rules 15.11.C and 4.12.A(9).

We understand that you are seeking simultaneous dedication of your proposed non-standard gas unit to these two wells in order to prevent waste by fully developing the gas reserves within this unit.

Pursuant to the authority of Rule 15.11.C, the simultaneous dedication of the Marshall B Well No. 7 and Marshall B Well No. 14 to the non-standard 120-acre gas spacing and proration unit hereby established in the Tubb Oil and Gas Pool is approved.

Simultaneous Dedication Application – Blinebry:

Apache Corporation [OGRID 873] has also requested approval to simultaneously dedicate the SW/4 of Section 27, Township 21 South, Range 37 East, NMPM, in Lea County, New Mexico, as a standard, 160-acre gas spacing and proration unit in the Blinebry Oil and Gas (Prorated Gas) Pool (72480) to the following wells:

Marshall B Well No. 1 (API No. 30-025-09934), located 589 feet from the South line and 2051 feet from the West line (Unit N) of Section 27;

Marshall B Well No. 10 (API No. 30-025-29797), located 634 feet from the South line and 632 feet from the West line (Unit M) of Section 27; and

Marshall B Well No. 14 (API No. 30-025-39551), located 1845 feet from the South line and 1765 feet from the West line (Unit K) of Section 27.

This request cannot be granted at this time because: (a) information you have furnished indicates that the Marshall B Well No. 1 is presently dedicated to a non-standard 40-acre Blinebry gas spacing and proration unit consisting of the SE/4 SW/4 of Section 27, which was established by Administrative Order NSP-1784, issued on February 9, 1998, thus precluding dedication of the SW/4 as a standard gas unit in the Blinebry; and (b) the Marshall B Wells No. 1 and 10 are at unorthodox locations for a 160-acre gas unit, under the applicable Special Pool Rules for the Blinebry Oil and Gas Pool. Since neither re-configuration of the existing unit for the Marshall B Well No. 1, nor approval of the unorthodox locations of the Marshall B Well No. 1 or the Marshall B Well No. 10, is requested in this application, a new application will be necessary.

Accordingly, that portion of your application seeking simultaneous dedication of a gas spacing and proration unit in the Blinebry Oil and Gas Pool is hereby dismissed without prejudice.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division – Hobbs