

DATE IN 7-1-10	SUSPENSE	ENGINEER DB	LOGGED IN 7-1-10	TYPE NSL	PTG W APP NO. 1018257579
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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



Apache (873)
 JR Phillips #11
 6232

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

☐ * Revised Bottom-Hole Location

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.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Michelle Hanson

Michelle Hanson

Landman

6/30/10

Print or Type Name

Signature

Title

Date

Michelle.hanson@apachecorp.com
 e-mail Address

RECEIVED OCD
 2010 JUN 31 P 2:17

RECEIVED OCD
 2010 JUL 1 P 2:24

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

40 acres – 1280' FNL & 467' FEL
Section 1, Township 20 South, Range 36 East, NMPM
Lea County, New Mexico

PRIMARY OBJECTIVES: Paddock

In support:

1. Apache Corporation (Apache) is the operator of the proposed **J R Phillips #11** well (**Exhibit 1**).
2. Pool rules that apply to the proposed location is the Monument; Paddock. The proposed unorthodox location encroaches on spacing unit 1H, which currently has one well producing from the aforementioned zone (**Exhibit 1**). The cumulative and daily production values are displayed on **Exhibit 2**.

API					Cum thru 12-09	Daily
30025	Op.	Well	Loc	Pool	O/G/W	O/G/W
04134	Apache Corp	J R Phillips #5	A	Monument; Paddock	205 / 0 / 0	4 / 1 / 2
04134	Apache Corp	J R Phillips #5	A	Monument; Abo	18 / 132 / 7	5 / 3 / 2
04134	Apache Corp	J R Phillips #5	A	Monument; McKee- Ellenburger	80 / 8,342 / 0	P&A'd
04136	Apache Corp	J R Phillips #7	H	Monument; Paddock	141 / 25 / 106	12 / 410 / 1,117
04136	Apache Corp	J R Phillips #7	H	Monument; Abo	61 / 130 / 9	TA'd
04138	Apache Corp	J R Phillips #9	A	Monument; Paddock	113 / 143 / 388	13 / 14 / 40
04138	Apache Corp	J R Phillips #9	A	Eunice Monument; Grbg-San Andres	27 / 26 / 568	TA'd
04138	Apache Corp	J R Phillips #9	A	Monument; Blaine	3 / 0 / 0	TA'd
39148	Apache Corp	J R Phillips #10	A	Monument; Paddock	0 / 10 / 0	152 / 225 / 195

MBO
MMCFG
MBW

BOPD
MCFGPD
BWPD

3. The proposed J R Phillips #11 unorthodox location of 1280' from north line and 467' from the east line is based upon drainage considerations.

Location and Drainage

The proposed JR Phillips #11 is a 20 acre infill location between existing Paddock producers. It is approximately equidistant from those wells and should encounter an undrained reservoir volume.

The following table provides drainage areas of the offset wells calculated from SophiH taken off contoured isopach maps or from log calculations.

		21S 37E		SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	J R Phillips #5	A	Paddock	7	39	205	0
Apache	J R Phillips #7	H	Paddock	12.5	15	141	25
Apache	J R Phillips #9	A	Paddock	6	25	113	143
Apache	J R Phillips #10	A	Paddock	11	60	433	654

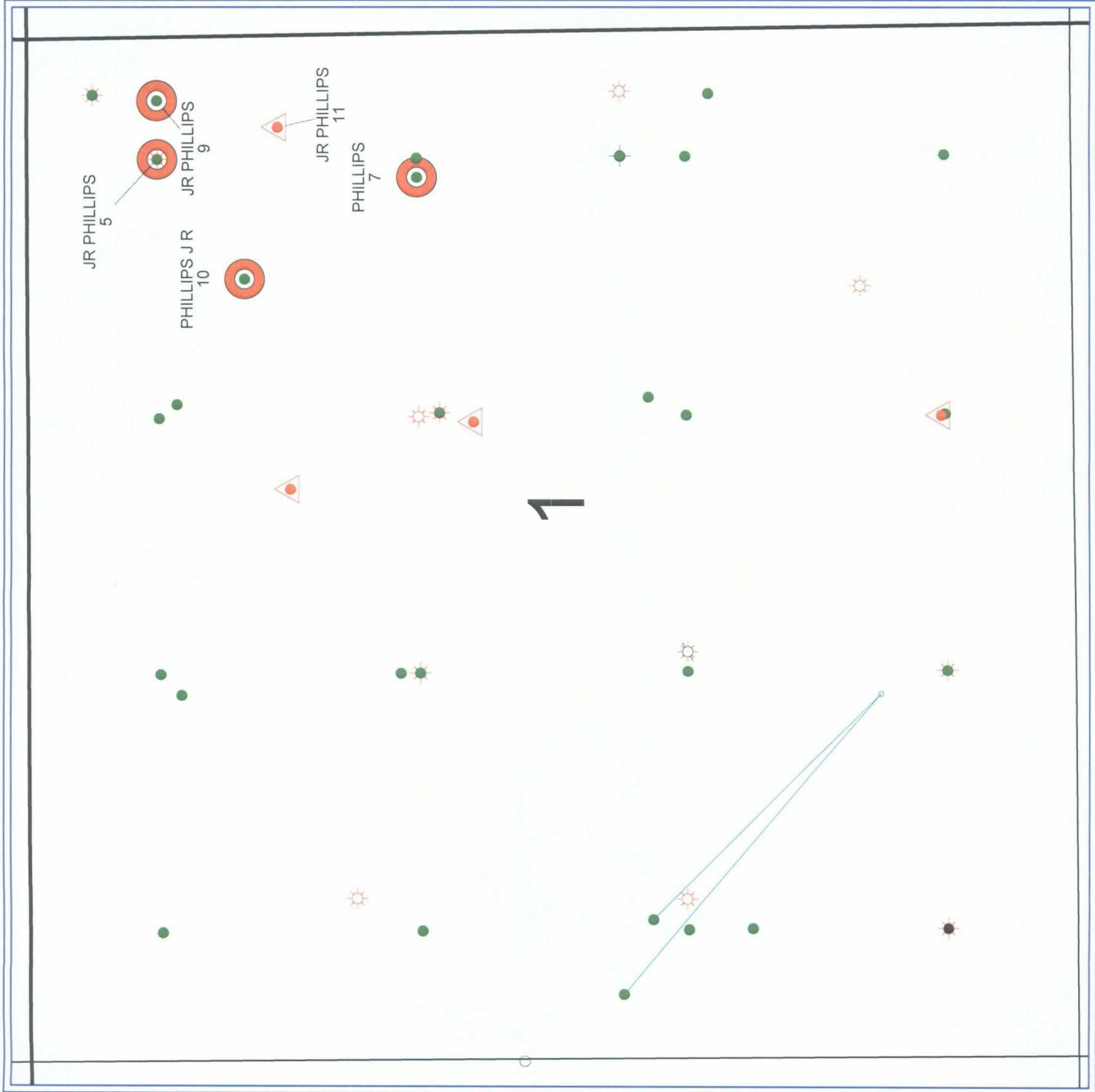
Reserves for the proposed location were calculated by averaging the offset drainage areas and SophiH and applying it to the new location. Any competitive drainage is shared between the proposed well and the existing offset wells. The results are as follows:

				SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	J R Phillips #11	A	Paddock	10	8	57.7	57.7

4. Notice

The proposed **J R Phillips #11** only encroaches toward Apache operated Paddock wells. Further, Apache owns 100% leasehold interest, and revenue interest ownership is common, as to the Paddock, in the NE/4 of Section 1-T20S-R36E.

- 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 will do so without violating correlative rights.



J. R. Phillips #11

EXHIBIT 1 to NSL Application

BHL: 1280' FNL & 467' FEL

Sec 1-T20S-R36E, Lea Co., NM



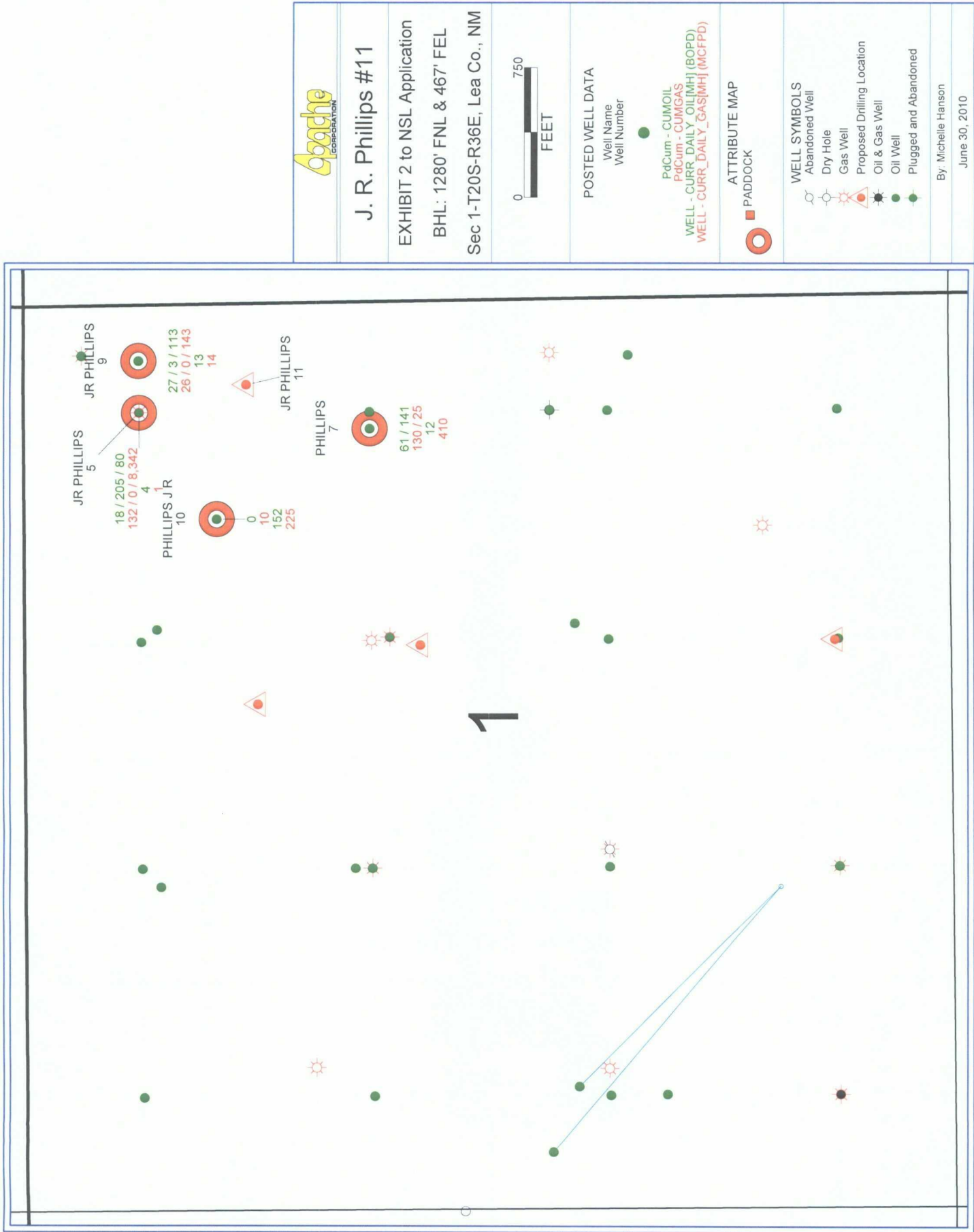
POSTED WELL DATA
Well Name
Well Number

ATTRIBUTE MAP
PADDOCK

- WELL SYMBOLS
- Abandoned Well
 - Dry Hole
 - Gas Well
 - Proposed Drilling Location
 - Oil & Gas Well
 - Oil Well
 - Plugged and Abandoned

By: Michelle Hanson

June 30, 2010



Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, July 06, 2010 9:58 AM
To: 'Hanson, Michelle'
Subject: JR Phillips #11; NSL Application

Dear Ms. Hanson

We have received the referenced application for the JR Phillips Well #11, proposed in the Paddock at 1280 FNL & 467 FEL, 1-20S-36E.

Previously, on 9-4-08, we issued Order NSL-5914, approving a NSL for the JR Phillips #11 well at 1310 feet FNL & FEL, 1-20S-36E, in the Paddock, Blinbry and Abo. Apparently that well was never drilled, as I do not find a well file for it.

Does the present request supersede that which was approved in 2008?

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Tuesday, July 06, 2010 10:21 AM
To: Brooks, David K., EMNRD
Subject: RE: JR Phillips #11; NSL Application

Hi David,

NSL-5914 was actually for the JR Phillips #10. Please see NSL Order No. 5914-B. It amended the Well Number.

However, I did submit a previous NSL application for the #11 well (was never approved), but that application located the well at 330' FEL which was too close to the SE corner of Unit Letter H (Sec 1). As a result, we re-staked this well to be 467' FEL to make it far enough away from the SE corner of Unit Letter H to not have to notify offset owners.

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, July 06, 2010 10:58 AM
To: Hanson, Michelle
Subject: JR Phillips #11; NSL Application

Dear Ms. Hanson

We have received the referenced application for the JR Phillips Well #11, proposed in the Paddock at 1280 FNL & 467 FEL, 1-20S-36E.

Previously, on 9-4-08, we issued Order NSL-5914, approving a NSL for the JR Phillips #11 well at 1310 feet FNL & FEL, 1-20S-36E, in the Paddock, Blinebry and Abo. Apparently that well was never drilled, as I do not find a well file for it.

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Sincerely

David K. Brooks
Legal Examiner

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