

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Apache
 RECEIVED OGD
 2011 FEB 14
 Mark Owen #5
 30-025-39558

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 Amend Order No. NSL-6127

Amend
 NSL-6127

- [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.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Apache Corporation
 Title

2/4/11
 Date

drcatanach@netscape.com
 E-Mail Address

February 4, 2011

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Daniel Sanchez
Acting Division Director

Re: Application to Amend Order No. NSL-6127 ✓
Mark Owen No. 5 (API No. 30-025-39558)
Surface Location: 1460' FSL & 1510' FWL (Unit K)
Bottomhole Location: 1376' FSL & 1370' FWL (Unit K)
Section 35, T-21S, R-37E
Lea County, New Mexico

Dear Mr. Sanchez:

Order No. NSL-6127 dated December 17, 2009 authorized Apache Corporation ("Apache") to drill its Mark Owen No. 5 from a surface location 1460 feet from the South line and 1510 feet from the West line (Unit K) to an unorthodox bottomhole location 1355 feet from the South and West lines (Unit K), all in Section 35, Township 21 South, Range 37 East, NMPM, to test the Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Prorated Gas-86440), Drinkard Pool (Oil-19190), Wantz-Abo Pool (Oil-62700) and Wantz-Granite Wash Pool (Oil-62730).

The NE/4 SW/4 of Section 35 was to be dedicated to the Mark Owen No. 5 in the Blinebry Oil & Gas (Oil-6660), Drinkard, Wantz-Abo and Wantz-Granite Wash Pools thereby forming a standard 40-acre oil spacing and proration unit for those pools. The SW/4 of Section 35 was to be dedicated to the Mark Owen No. 5 in the Tubb Oil & Gas Pool (Prorated Gas-86440) thereby forming a standard 160-acre gas spacing and proration unit for that pool.

Subsequent to the completion of drilling operations on the Mark Owen No. 5 it was determined that the bottomhole location of the well was 1376 feet from the South line and 1370 feet from the West line (Unit K) of Section 35. **Consequently, Apache seeks to amend Order No. NSL-6127 to reflect the actual bottomhole location of the well.**

The Mark Owen No. 5 has been completed as an oil well in the Blinebry Oil & Gas Pool, a gas well in the Tubb Oil & Gas Pool, and an oil well in the Drinkard Pool and the well is currently being produced as a downhole commingled completion pursuant to the DHC order issued by the Hobbs OCD office (Order No. HOB-384).

The Blinebry and Tubb Oil & Gas Pools are currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry and Tubb Oil & Gas Pools as established by Order No. R-8170, as amended. These rules require standard 160-acre gas spacing and proration units and 40-acre oil spacing and proration units. Setback requirements for gas wells to which more than 40 acres is dedicated are 660 feet to the outer boundary of the spacing unit or of the quarter section, and 330 feet to any governmental quarter-quarter section. The setback requirement for oil wells and gas wells to which no more than 40 acres is dedicated is 330 feet to the outer boundary of the spacing unit.

The Drinkard, Wantz-Abo and Wantz-Granite Wash Pools are subject to Division Rule 19.19.15.9.

Apache seeks approval of the amended bottomhole location as to all pools listed above in the event the well is recompleted in the future.

Please note that Apache filed an administrative application on February 2, 2011 to establish four 40-acre non-standard gas spacing and proration units in the Tubb Oil & Gas Pool comprising the NW/4 SW/4, NE/4 SW/4, SW/4 SW/4 and SE/4 SW/4 of Section 35. In addition, Apache has requested approval to simultaneously dedicate the NE/4 SW/4 of Section 35 to the Mark Owen No. 5, and to the proposed Mark Owen No. 29 which will be drilled 2173 feet from the South line and 1330 feet from the West line (Unit K) of Section 35.

The affected offset acreage includes the NW/4 SW/4 and S/2 SW/4 of Section 35. All offset acreage is operated by Apache, and the interest ownership within the entire SW/4 of Section 35 is common throughout. Consequently, notice of this application is not required to any party.

Approval of the requested amendment will allow Apache to recover additional oil and gas reserves from the Binebry, Tubb, Drinkard, Abo and Granite Wash formations that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
6120 S. Yale, Suite 1500
Tulsa, Oklahoma 74136
Xc: OCD-Hobbs

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 15, 2009
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39558		² Pool Code 6660; 86440; 19190; 62700; 62730		³ Pool Name Blinebry Oil & Gas Pool; Tubb Oil & Gas Pool; Drinkard Pool; Wantz-Abo Pool, Wantz-Granite Wash Pool	
⁴ Property Code 306607	⁵ Property Name Mark Owen			⁶ Well Number 5	
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation			⁹ Elevation 3377	

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
K	35	21 South	37 East		1460'	South	1510'	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
K	35	21 South	37 East		1376'	South	1370'	West	Lea

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. Administrative application to establish a 40-acre non-standard gas spacing and proration unit in the Tubb Oil & Gas Pool (86440) is pending.
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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 	¹⁷ OPERATOR CERTIFICATION <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 _____ Date _____ Printed Name _____
	¹⁸ SURVEYOR CERTIFICATION <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 _____