

## McMillan, Michael, EMNRD

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**From:** Glover, James <jglover@blm.gov>  
**Sent:** Tuesday, January 16, 2018 1:38 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Jones, William V, EMNRD; Goetze, Phillip, EMNRD; Lowe, Leonard, EMNRD; Brooks, David K, EMNRD; Podany, Raymond, EMNRD  
**Subject:** Re: Case 15874 Apache Thunderbird Resource Unit

Hi Mike,

BLM is no longer approving "Resource Development Units" using the form of the agreement that has been used in the past.

However, this Apache unit had already been given preliminary approval by BLM prior to this new policy so it was grandfathered in, albeit with modifications to the agreement language that made it satisfactory to BLM.

There are still a few resource development units that had been given preliminary approval by BLM prior to the change in policy. OCD will probably see these in the near future. BLM did request changes to the language in these agreements and will still give final approval for those units if and when the operators submit them for final approval. Beyond those handful of units, BLM is not using the term "resource development unit" anymore and will be using the exploratory form of the agreement for all new units moving forward.

As for the Thunderbird Unit, if OCD has reason to deny the unit (in this case, the depth severance issue), BLM would not oppose that action. For Federal units, the BLM designates only what the operator proposes for unitization. In this case, the unitized interval was proposed by Apache and it sounds like they should have proposed a different interval so as to match the OCD pool. BLM does not check the operators' proposals against OCD pools - the burden falls on the operator to do their due diligence to make sure their proposal satisfies both BLM and the State. Should OCD not approve the unit for that reason, Apache can always change their proposed unitized interval and re-submit to BLM for designation of the new interval.

If you have any questions or would like to discuss further, please just let me know.

Thanks  
James

**James Glover**  
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On Thu, Jan 4, 2018 at 9:38 AM, McMillan, Michael, EMNRD <[Michael.McMillan@state.nm.us](mailto:Michael.McMillan@state.nm.us)> wrote:

James:

Apache Corporation wanted to go to hearing for the proposed Thunderbird Resource Unit comprised of either entire or portions of Sections 32-36, Township 16 South, Range 30 East, and Section 4, Township 17 South, Range 30 East, Eddy County.

Can you tell me the BLM status of Resource Development Units-I thought BLM was not going to approved the Resource Development Units?

The OCD has a problem with a depth severance within the proposed Unit. The vertical limit of the Thunderbird Unit is from the top of the Yeso formation to the top of the Tubb formation as defined in the Chi Operating Inc Aspen Federal Well No. 1 (API 30-015-31656). So the Tubb and Drinkard formations are not part of the Unit.

Further, WPX went to hearing in the Northwest for a Resource Unit in which the lower 1/3 of the Mancos was excluded, and the OCD did not approve the Unit.

Also, COG Operating LLC drilled the Carmen 3 Federal Com Well No. 91H (API 30-015-44271) which is dedicated to the Loco Hills; Glorieta-Yeso Pool. So the Unit will most likely be dedicated to this pool which does not depth severances in the entire Yeso formation.

Thanks

Mike

Michael McMillan

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