



NSL-4908
PKRUD-313329875

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 21, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Apache Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4908-A (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-430130853*) that was submitted to the New Mexico Oil Conservation Division ("Division") on October 26, 2004; (ii) your e-mail correspondence with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on December 3, 2004; and (iii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-4908: all concerning Apache Corporation's request for an unorthodox infill oil well location within the Blinebry Oil and Gas Pool (6660), Tubb Oil and Gas Pool (60240), and Drinkard Pool (19190) for its proposed Southland Royalty "A" Well No. 21 to be drilled 1310 feet from the South line and 480 feet from the East line (Unit X) of Irregular Section 4, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

The SE/4 SE/4 of Irregular Section 4, being a standard 40-acre oil spacing and proration unit for all three intervals, is currently dedicated to Apache Corporation's Southland Royalty "A" Well No. 19 (API No. 30-025-36314) located at an unorthodox oil well location (approved by Division Administrative Order NSL-4908, dated June 27, 2003) 130 feet from the South line and 1270 feet from the East line of Irregular Section 4.

This application has been duly filed under the provisions of: (i) Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

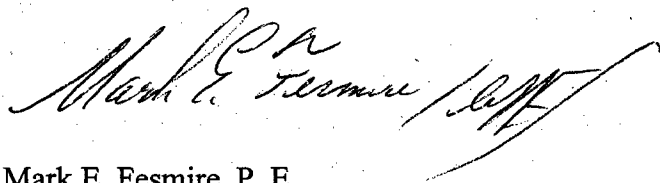
It is further understood that the S/2 SE/4 of Irregular Section 4 and the NE/4 of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is a single fee lease with common ownership in which Apache Corporation is the leasehold operator; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within the Blinebry, Tubb, and Drinkard intervals.

Approval of the proposed unorthodox oil well location request should enable Apache Corporation to further develop and deplete the Blinebry, Tubb, and Drinkard intervals within its Southland Royalty "A" fee lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2), as revised, and the applicable provisions of the special pool rules governing both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool, the above-described unorthodox oil well location of Apache Corporation's proposed Southland Royalty "A" Well No. 21 is hereby approved for the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool, and Drinkard Pool.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire", followed by a large, stylized flourish or initial.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: NSL-4908