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August 12, 2003

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Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division

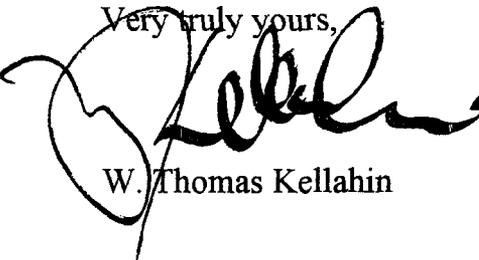
Re: Thompson Well No. 2
Unit B, NW/4 Irregular Section 6, T21S, R37E
Application of Apache Corporation
for Compulsory Pooling
Lea County, New Mexico

Case 13138

Dear Ms. Wrotenbery:

On behalf of Apache Corporation, find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for September 4, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Apache Corporation
Attn: Mario Mareno

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF APACHE CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. *13138*

APPLICATION

Apache Corporation ("Apache") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests from the base of the Queen formation to the base of the Strawn formation underlying the NE/4 of Section 6, T21S, R37E, NMPM, Lea County, New Mexico, forming a standard 160-acre oil spacing and proration unit for any production from the base of the Queen formation to the base Strawn formation, including but not limited to the North Hardy-Strawn Pool. This unit is to be dedicated to its Thompson Well No. 2 which is to be drilled at a standard well location in Unit B of this section. Also to be considered will be the costs of the drilling this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Apache states:

1. Apache has a working interest ownership in the oil and gas minerals from the base of the Queen formation to the base of the Strawn formation underlying the NE/4 of Section 6, T21S, R37E, NMPM, Lea County, New Mexico.

2. The subject tract is located within one mile of the outer boundaries of the North Hardy-Strawn Pool.

3. The special rules for the North Hardy-Strawn Pool include a provision for 160-acre oil spacing units. See **Order R-11221, dated July 12, 1999.**

4. Apache has proposed this well to the working interest owners in the NE/4 of this section in order to form a standard 160-acre oil spacing unit consisting of the NE/4 of this section.

5. Apache despite its efforts has been unable to obtain the voluntary agreement the working interest owner in the NE/4 of this section for the proposed 160-acre oil spacing unit all as identified on Exhibit "A."

5. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Apache needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for September 4, 2003.

WHEREFORE, Apache, as applicant, requests that this application be set for hearing on September 4, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Apache Corporation be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a circular stamp or mark.

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Exhibit "A"

ChevronTexaco
15 Smith Road
Midland, Texas 79705
Attn: James Baca

Anadarko Petroleum Corporation
P.O. Box 1330
Houston, Texas 77070
Attn: Robert McCommon