

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

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March 15, 2008

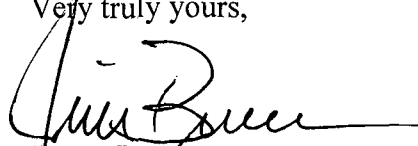
*Case 14125*

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Apache Corporation, are an original and one copy of (i) an application for statutory unitization, and (ii) an application for approval of a waterflood project, *etc.*, together with proposed advertisements. The advertisements have also been e-mailed to the Division. Please set these matters for the May 15, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Apache Corporation

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF APACHE CORPORATION  
FOR STATUTORY UNITIZATION, LEA  
COUNTY, NEW MEXICO.

Case No. 14125

APPLICATION

Apache Corporation, for its application, states:

1. Applicant is engaged in the business of producing and selling oil and gas as defined in the Statutory Unitization Act, NMSA 1978 §§70-7-1 *et seq.* (the "Act").

2. Applicant is a working interest owner in, and the operator of, the proposed West Blinebry Drinkard Unit Area (the "Unit Area"), which covers the following lands located in Lea County, New Mexico:

Township 21 South, Range 37 East, N.M.P.M.

Section 4: Lot 15, S $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$

Section 8: E $\frac{1}{2}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , and E $\frac{1}{2}$ SW $\frac{1}{4}$

Section 9: All

Section 16: All

Section 17: E $\frac{1}{2}$  and E $\frac{1}{2}$ SW $\frac{1}{4}$

Section 21: E $\frac{1}{2}$ NE $\frac{1}{4}$

*2 mi. North of Eunice*

Containing 2,480.00 acres of state, federal, and fee lands.

A plat of the Unit Area is attached hereto as Exhibit A.

3. The vertical limits of the unitized formation are defined as:

The interval occurring between a point 75 feet above the stratigraphic Blinebry marker down to the top of the Abo formation, as found on the Type Log for the Hawk B-1 Well No. 34, located 1,040 feet from the south line and 1,470 feet from the west line of Section 9, Township 21 South, Range 37 East, N.M.P.M., which is that interval correlative to the interval from 5,584-6,690 feet below the surface measured from the derrick floor as shown on the Type Log (attached to the Unit Agreement as Exhibit "C"). The Blinebry marker is defined by the New Mexico Oil Conservation Division as a depth of 5,457 feet below the surface (elevation: 3380 feet; subsea datum -2,077 feet) in the Exxon State S Well No. 20, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 2, Township 22 South, Range 37 East, N.M.P.M.

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The reservoir within the unitized formation underlying the Unit Area has been reasonably defined by development.

4. Applicant proposes to institute a waterflood project in the Unit Area, as further described in an injection application filed concurrently with this application.

5. The plan of unitization for the Unit Area is embodied in the Unit Agreement, which is attached hereto as Exhibit B. The plan of unitization is fair, reasonable, and equitable, and the participation formula contained therein allocates the produced and saved hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable, and equitable basis.

6. The operating plan for the Unit Area, covering the manner in which the Unit Area will be supervised and managed, and costs allocated and paid, is embodied in the Unit Operating Agreement, which is attached hereto as Exhibit C.

7. The unitized management, operation, and further development of the unitized formation underlying the Unit Area is reasonably necessary in order to effectively carry on waterflood operations and to substantially increase the ultimate recovery of oil and gas therefrom.

8. The waterflood project, as applied to the unitized formation underlying the Unit Area, is feasible, will prevent waste, and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized formation than would otherwise be recovered.

9. The estimated additional costs of conducting unitized operations will not exceed the estimated value of the additional oil and gas recovered thereby, plus a reasonable profit.

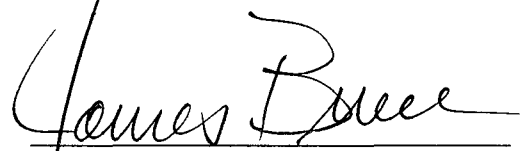
10. Unitization and approval of the waterflood project will benefit the working interest owners and royalty owners in the unitized formation underlying the Unit Area.

11. Applicant has made a good faith effort to secure the voluntary unitization of interest owners in the Unit Area.

12. Approval of this application will prevent waste and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order approving statutory unitization of the unitized formation underlying the Unit Area.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Apache Corporation

[illegible]

A

APACHE CORP., OPERATOR

⑪ UNIT TRACT NUMBER

 FEDERAL LANDS

 PATENTED (FEE) LANDS

 STATE

 TANK BATTERY

	ACREAGE	PERCENTAGE
FEDERAL	1160.00	46.77
PATENTED (FEE)	680.00	27.42
STATE	<u>640.00</u>	<u>25.81</u>
TOTALS	2480.00	100%

