

Stogner, Michael

(ii)

From: JamesBruc@aol.com
Sent: Monday, February 23, 2004 7:12 AM
To: mstogner@state.nm.us
Subject: Apache Corporation unorthodox locations in 21S-37E

Mike: I know you are cleaning out pre-February administrative applications, but I ask if you can help me with a few of the above applications.

Late last year the Division approved 5 unorthodox locations for Apache in 21S-37E, and Apache has now begun drilling those wells (which usually take about 5-6 days to drill). It now appears the drilling is proceeding much faster than initially anticipated, so in order to keep ahead of the rig I ask if you can review and (I hope) approve 3-4 of the 9 applications I submitted the first week in January.

The approvals will allow Apache to prepare wellsites ahead of rig arrival. In addition, it will keep the rig running on these locations -- if it has to be de-activated and moved, it will cost about \$60,000+ to move it back to these wells.

If you need any further information, please let me know. Thanks.

Jim Bruce
982-2043



State of New Mexico
OIL CONSERVATION COMMISSION

2/23/04
5:10 P.M.
From

MICHAEL E. STOBNER
PETROLEUM ENGINEER

Memo

To

Note To File

in

Re: Apache Corp.
Penrose Skelly Infill
Wells

Talked w/ Jim Bruce:
- Is providing me a copy of all
com. agreements. All have been
signed by Chevron and BP
where applicable.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

Stogner, Michael

From: Stogner, Michael
Sent: Wednesday, February 25, 2004 1:18 PM
To: Jim Bruce (E-mail)
Subject: Apache

I have prepared and ready to release the first Apache infill Penrose Skelly NSL adm. order; however, I'd like for you to, off the record, look it over and comment on it. Thanks.



NSL-4957.a.doc

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Stogner, Michael

From: JamesBruc@aol.com
Sent: Wednesday, February 25, 2004 1:54 PM
To: MSTOGNER@state.nm.us
Subject: Re: Apache

Mike: I think you have it exactly correct. As you'll see with applications involving federal lands, the BLM simply signed off on the cooperative lease line agreements, rather than requiring a communitization agreement. I met with the Land Office (Jeff Albers and Pete Martinez), and explained that the spacing unit must still be the 40 acre tract on which the well was located. I know that they are aware of that. However, they said that without a communitization agreement their computer could not track payment of revenue to the Land Office.

The long and short of it is that I see no problem in referring to it as a cooperative agreement.

The order looked fine to me.

Jim

Stogner, Michael

From: JamesBruc@aol.com
Sent: Tuesday, March 23, 2004 7:51 AM
To: mstogner@state.nm.us
Subject: Apache unorthodox locations/21S-37E



MR. Stogner: Thank you for the 4 unorthodox location orders on the above lands, issued a few weeks ago. Apache has been drilling its locations in 21S-37E (which includes 6 wells on which unorthodox locations were approved last November), and is now on the 7th of the 10 wells. The wells take about 4-5 days to drill. In order to keep the drilling rig on site, Apache requests that the remaining unorthodox locations be approved (I think there are 5 more). This will avoid the costs of moving the rig to a different township, and then moving it back. That cost would probably be in excess of \$60,000. Thank you for your consideration of this request.

James Bruce
982-2043