



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 26, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

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

Administrative Order NSL-4955-A (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-408553292*) dated February 5, 2004 filed on behalf of the operator, Apache Corporation ("Apache"); (ii) your e-mail on Monday morning, February 23, 2004; (iii) our telephone conversation late Monday afternoon, February 23, 2004; (iv) Ms. Cindy McGee's e-mail with attachments on Tuesday, February 24, 2004 to supplement this application; (v) our e-mail correspondence on Wednesday, February 25, 2004; (vi) your e-mail on Tuesday morning March 23, 2004 checking on the status of Apache's remaining applications in this area; and (vii) the Division's records in Santa Fe, including the files on Division Administrative Orders NSL-4955 (SD) and NSL-4959 (SD): all concerning Apache Corporation's request for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 (Unit P) of Section 9, Township 21 South, Range 37 East, NMPM, Penrose Skelly (Grayburg) Pool (50350), Lea County, New Mexico.

The Division Finds That:

(1) All of Section 9 is within the Penrose Skelly (Grayburg) Pool; an oil pool governed under Division Rule 104.B (1), which provides for 40-acre oil spacing and proration units and requires wells be located no closer than 330 feet to the outer boundary of such unit.

(2) The 958.25-acre area in Lea County, New Mexico comprising the SW/4 NE/4 and NW/4 SW/4 of Section 13, Township 20 South, Range 37 East, NMPM; Lot 1 of Section 30, Township 20 South, Range 38 East, NMPM; and Lots 3 and 6 of Section 4, the NE/4 SE/4 and S/2 SE/4 of Section 6; the E/2 SW/4 and SE/4 of Section 8; and the E/2 NW/4 and S/2 of Section 9, all in Township 21 South, Range 37 East, NMPM, is a single federal lease (Hawk "B-1") issued by the U. S. Bureau of Land Management (U. S. government lease No. NM-90161) with common ownership in which: (i) Apache, Chevron U.S.A., Inc. ("Chevron"), and BP America Production Company ("BP") each own undivided operating rights; and (ii) Apache is the leasehold operator.

(3) This 40-acre Grayburg unit is currently simultaneously dedicated to Apache's Hawk "B-1" Well No. 27 (API No. 30-025-35806) located at a standard oil well location 830 feet from the South line and 900 feet from the East line of Section 9.

(4) By Division Administrative Order NSL-4955 (SD), dated October 31, 2003, Apache was granted authorization to drill its Hawk "B-1" Well No. 36 (API No. 30-025-36530) at an unorthodox infill oil well location 1310 feet from the South and East lines of Section 9 and to simultaneously dedicate this well to the subject 40-acre Grayburg unit.

(5) Apache now seeks to drill its Hawk "B-1" Well No. 35 at an unorthodox infill oil well location within this 40-acre Grayburg unit 160 feet from the South line and 1310 feet from the East line of Section 9.

(6) The NE/4 of Section 16, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico is a single state lease (Harry Leonard NCT-E) issued by the New Mexico State Land Office (State Lease No. B-1732-1) with common ownership in which Chevron is the lessee of record and leasehold operator. The two-affected standard 40-acre Grayburg oil spacing and proration units operated by Chevron to the south that Apache's proposed Hawk "B-1" Well No. 35 is encroaching are:

(a) the NE/4 NE/4 (Unit A) of Section 16 which is currently dedicated to Chevron's Harry Leonard NCT-E Well No. 6 (API No. 30-025-25198), located at a standard oil well location 330 feet from the North line and 600 feet from the East line of Section; and

(b) the NW/4 NE/4 (Unit B) of Section 16 which is currently dedicated to Chevron's Harry Leonard NCT-E Well No. 3 (API No. 30-025-06622), located at a standard oil well location 660 feet from the North line and 1980 feet from the East line of Section 16.

(7) This request is based on geologic and engineering reasons in that this location is approximately equidistance to other offsetting Penrose Skelly (Grayburg) oil producers within the immediate area.

(8) Apache, BP, Chevron, the New Mexico State Land Office, and the U. S. Bureau of Land Management have entered into a "cooperative lease/well agreement" providing for the allocation of proceeds of Penrose Skelly (Grayburg) oil production from Apache's proposed Hawk "B-1" Well No. 35 in the following manner:

(a) 56.56% to be attributed to the subject Hawk "B-1" federal lease (U. S. government lease No. NM-90161); and

(b) 43.44% attributed to Chevron's Harry Leonard NCT-E state lease (State lease No. B-1732-1).

(9) This allocation formula for the proceeds from Apache's proposed Hawk "B-1" Well No. 35 serves to benefit all mineral interests within the Penrose Skelly (Grayburg) Pool to be impacted by this well's drainage.

(10) Approval of this application is in the best interest of conservation, will serve to prevent waste, protects correlative rights, exhibits sound engineering practices, and allows for the recovery of additional reserves that might not otherwise be produced.

It Is Therefore Ordered That:

(1) Pursuant to Division Rule 104.F (2), of the New Mexico Oil Conservation Division's ("Division") Rules and Regulations, the administrative application of Apache Corporation (Apache") (*administrative application reference No. pMES0-408553292*) for its proposed Hawk "B-1" Well No. 35 to be drilled at an unorthodox infill oil well location 160 feet from the South line and 1310 feet from the East line (Unit P) of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and completed in the Penrose Skelly (Grayburg) Pool (50350), is hereby approved.

(2) For the Division's production reporting, prorationing, and well spacing purposes, Grayburg oil production from the above-described Hawk "B-1" Well No. 35 is to be simultaneously dedicated, with the following two wells, to the SE/4 SE/4 (Unit P) of Section 9, being a standard 40-acre oil spacing and proration unit in the Penrose Skelly (Grayburg) Pool:

(a) Apache's existing Hawk "B-1" Well No. 27 (API No. 30-025-35806) located at a standard oil well location 830 feet from the South line and 900 feet from the East line of Section 9; and

(b) Apache's proposed Hawk "B-1" Well No. 36 (API No. 30-025-36530) to be located at an unorthodox infill oil well location [approved by Division Administrative Order NSL-4955 (SD), dated October 31, 2003] 1310 feet from the South and East lines of Section 9.

(3) The distribution of proceeds from Penrose Skelly (Grayburg) oil production from Apache's proposed Hawk "B-1" Well No. 35 are to be allocated in the following manner:

(a) 56.56% attributed to the subject Hawk "B-1" federal lease (U. S. government lease No. NM-90161); and

(b) 43.44% attributed to Chevron's Harry Leonard NCT-E state lease (State lease No. B-1732-1).

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MICHAEL E. STOGNER
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
U. S. Bureau of Land Management - Roswell
U. S. Bureau of Land Management - Carlsbad
File: NSL-4955 (SD)

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

Form 3160-4
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-1037
Expires: November 30, 2000

5. Lease Serial No.
NM-90161

1a. Type of Well: Oil Well Gas Well Dry Other

b. Type of Completion: New Well Workover Deepen Plug Back Diff. Resrv. Other

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

8. Lease Name and Well No.
Hawk B-1 #35

2. Name of Operator
Apache Corporation

9. API Well No.
30-025-36662

3. Address
6120 S. Yale, Suite 1500, Tulsa, OK 74136

3a. Phone No. (include area code)
918-491-4957

10. Field and Pool, or Exploratory
Penrose Skelly, Grayburg

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface 160' FSE, 1310' FEL, Unit P (SE/4, SE/4)

11. Sec., T., R., M., or Block and Survey or Area
Sec. 9, T-21S, R37E

12. County or Parish
Lea Co.

13. State
NM

14. Date Spudded 5/7/2004

15. Date T.D. Reached 5/12/2004

16. Date Completed D & A Ready to Produce 05/27/04

17. Elevations (DF, RKB, RT, GL) *
3471' GL

18. Total Depth: MD 4350' TVD

19. Plug Back T.D.: MD 4301' TVD

20. Depth Bridge Plug Set: MD TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
CSL, DSN-SDL

22. Was well cored? No Yes (Submit analysis)
Was DST run? No Yes (Submit report)
Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sls. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12-1/4	8-5/8	24#	0	425		325	78	Ci to surf	
7-7/8	5-1/2	17#	0	4350		1000	362	Ci to surf	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8	4042							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Part Status
Penrose Skelly, Grayburg	3802	3876	3802 - 3876	4"	25	Producing

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material
3802-3876	Acidized w/ 2,500 gals 15% HCL
3802-3876	Frac'd w/ 47,544 gals gel & 100,000# 20/40 sand

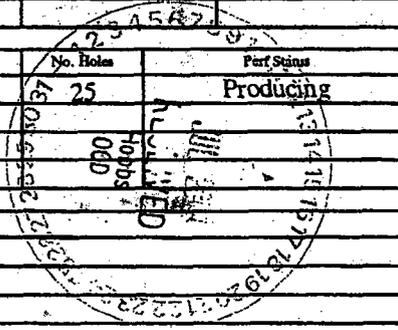
28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
5/27/04	6/9/2004	24	→	155	231	224	38.8		Pumping
Choke Size	Tubing Pressure Flwg. SI	Casing Pressure	24 Hour Rate	Oil BBL	Gas MCF	Water BBL	Gas: Oil Ratio	Well Status	
			→				1490		Producing

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tubing Pressure Flwg. SI	Casing Pressure	24 Hour Rate	Oil BBL	Gas MCF	Water BBL	Gas: Oil Ratio	Well Status	
			→						

ACCEPTED FOR RECORD
JUL 13 2004
GARY GOURLEY
PETROLEUM ENGINEER



KZ

(See instructions and spaces for additional data on reverse side)

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tubing Pressure Pwg. SI	Casing Pressure	24 Hour Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tubing Pressure Pwg. SI	Casing Pressure	24 Hour Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

30. Summary of Porous Zones (include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, Etc.	Name	Top Measured Depth
				Rustler	1285
				Yates	2640
				Seven Rivers	2857
				Queen	3424
				Grayburg	3733
				San Andres	3977

32. Additional remarks (include plugging procedure):

33. Mark enclosed attachments:

- Electrical/Mechanical Logs (1 full set req'd.)
 Geologic Report
 DST Report
 Directional Survey
 Sundry Notice / Plugging / Cement Verification
 Core Analysis
 Other Deviation Rpt/NM-OCD C-104

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Kara Coday
 Signature Kara Coday

Title Sr. Engineering Tech.
 Date 6/21/2004

Title 18 U.S.C. Section 1001 and title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious fraudulent statements or representations as to any matter within its jurisdiction.

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-104
Revised June 1, 2000

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

Submit to Appropriate District Office
5 Copies

AMENDED REPORT

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Operator Name and Address APACHE CORPORATION 6120 S YALE, SUITE 1500 TULSA, OK 74136		OGRID Number 000873
API Number 30-025-36662		Reason for Filing Code / Effective Date NW-5/27/04
Property Code 24427	Pool Name Penrose Skelly Grayburg	Pool Code 50350
	Property Name Hawk B-1	Well Number 35

II. Surface Location

U or lot no. M-P	Section 9	Township 21S	Range 37E	Lot. Idn.	Feet from the 1310	North/South line South	Feet from the 1280	East/West line E West	County Lea
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Bottom Hole Location

U or lot no.	Section	Township	Range	Lot. Idn.	Feet from the	North/South line	Feet from the	East/West line	County

Lea Code F	Producing Method Code P	Gas Connection Date 5/27/2004	C-129 Permit Number	C-129 Effective Date	C-129 Expiration Date
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III. Oil and Gas Transporters

18 Transporter OGRID	19 Transporter Name and Address	20 POD	21 O/G	22 POD ULSTR Location and Description
037480	EOTT ENERGY PIPELINE LP P O BOX 4666 HOUSTON, TX 77210-4666	0768710	O	K, Sec. 9, T21S, R37E
024650	DYNEGY MIDSTREAM SERVICES 1000 LOUISIANA, SUITE 5800 HOUSTON, TX 77002	0768730	G	K, Sec. 9, T21S, R37E

IV. Produced Water

23 POD 0768750	24 POD ULSTR Location and Description K, Sec. 9, T21S, R37E
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V. Well Completion Data

25 Spud Date	26 Ready Date	27 TD	28 PBTD	29 Partitions	30 DRG MC
5/7/2004	5/27/2004	4350'	4301'	3802-3876	
31 Hole Size	32 Casing & Tubing Size	33 Depth Set	34 Cement		
12-1/4	8-5/8	425	325 sx 7/8" circ to surface		
7-7/8	5-1/2	4350	1000 sx 7/8" circ to surface		
	2-7/8	4042			

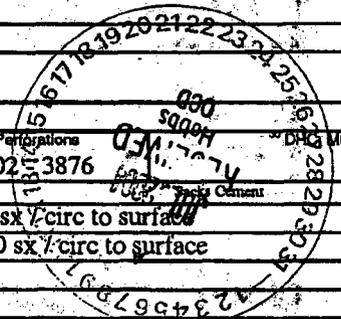
VI. Well Test Data

35 Date New Oil	36 Gas Delivery Date	37 Test Date	38 Test Length	39 Tbg. Pressure	40 Csg. Pressure
5/27/04	5/27/04	6/9/2004	24		
41 Choke Size	42 Oil	43 Water	44 Gas	45 AOF	46 Test Method
	155	224	231		Pumping

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Kara Coday*
Printed Name: **Kara Coday**
Title: **Sr. Engineering Technician**
Date: **6/21/2004** Phone: **(918) 491-4957**

Approved by: *Paul G. Hunt*
Title: **PETROLEUM ENGINEER**
Approval Date: **SEP 01 2004**



47 If this is a change of operator fill in the OGRID number and name of the previous operator

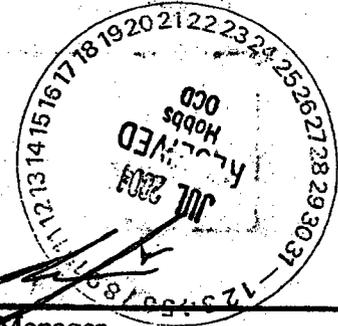
Previous Operator Signature:	Printed Name	Title	Date
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Apache Corporation
 6120 S. Yale Ste 1500
 Tulsa, OK 74136

Hawk B-1 # 35
 Lea County New, Mexico

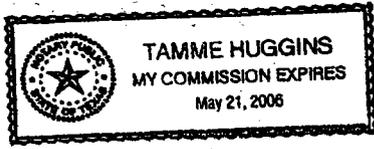
P - 9.215-37e
 160/S & 1310/E
 30-025-36662

190	1.90	1/4	0.44	0.83	0.83
395	2.05	3/4	1.31	2.69	3.52
797	4.02	3/4	1.31	5.28	8.80
1299	5.02	3/4	1.31	6.59	15.39
1674	3.75	1 1/4	2.19	8.20	23.59
2168	4.94	1 3/4	3.06	15.13	38.72
2478	3.10	2 1/4	3.94	12.21	50.93
2978	5.00	1	1.75	8.75	59.68
3529	5.51	1	1.75	9.64	69.32
4033	5.04	1	1.75	8.82	78.14
4350	3.17	1 1/4	2.19	6.93	85.07



Michael Roghair
 Michael Roghair - General Manager

The attached instrument was acknowledged before me on the 28th day of May 2004 by Michael Roghair - General Manager, CapStar Drilling, L.P.



Tamme Huggins
 Notary Public

KZ

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMMN90161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
HAWK B-1 #35

9. API Well No.
30-025-36662

10. Field and Pool, or Exploratory Area
PENROSE SKELLY; GRAYBURG

11. County or Parish, State
LEA, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
APACHE CORP.

3a. Address
6120 S. YALE, STE 1500 TULSA, OK 74136

3b. Phone No. (include area code)
918-491-4900

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

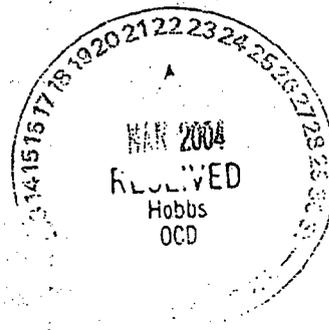
AT SURFACE SESE 160FSL 1310FEL
AT PROPOSED PROD. ZONE SESE 160 FSL 1310FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>ADD POOL</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

ADD PROPOSED POOL: HARE; SAN ANDRES (GAS) (78080)



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Michelle Hanson

Title **Engineering Tech., Drlg. Dept.**

Signature *Michelle Hanson*

Date **3/11/2004**

APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **(ORIG. SGD.) DAVID R. GLASS**

Title _____ Date _____

Office _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 48 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

G
W
W

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM90161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
HAWK B-1 #35

9. API Well No.
30-025-36662

10. Field and Pool, or Exploratory Area
PENROSE SKELLY; Grayburg

11. County or Parish, State
LEA, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
APACHE CORP.

3a. Address
6120 S. YALE, STE 1500 TULSA, OK 74136

3b. Phone No. (include area code)
918-491-4900

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

AT SURFACE SESE 160FSL 1310FEL
AT PROPOSED PROD. ZONE SESE 160FSL 1310FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input checked="" type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input checked="" type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

EXTEND TOTAL DEPTH FROM 4125' TO 4800'.



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Michelle L. Hanson

Title Engineering Tech., Drilling Dept.

Signature *[Signature]*

Date 2/23/2004

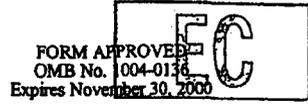
APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGR) [Signature]	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 49 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

OPER. OGRID NO. 873
 PROPERTY NO. 24427
 POOL CODE 50350
 EFF. DATE _____



APPLI API NO. 30-025-36662

5. Lease Serial No.
NMNM90161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
HAWK B-1 35

9. API Well No.
30-025-36662

10. Field and Pool, or Exploratory
PENROSE SKELLY

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 9 T21S R37E Mer NMP
SME: FEE

12. County or Parish
LEA

13. State
NM

17. Spacing Unit dedicated to this well
40.00

20. BLM/BLA Bond No. on file

23. Estimated duration
7 DAYS

24. Attachments
Carbon Controlled Water Basin

1a. Type of Work: DRILL REENTER

CONFIDENTIAL

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple-Zone

2. Name of Operator
APACHE CORPORATION

Contact: BONNIE JONES
E-Mail: bonitaj@cableone.net

3a. Address
6120 SOUTH YALE, SUITE 1500
TULSA, OK 74136-4224

3b. Phone No. (include area code)
Ph: 505.624.9799
Fx: 505.624.9799

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface SESE 160FSL 1310FEL
At proposed prod. zone SESE 160FSL 1310FEL

14. Distance in miles and direction from nearest town or post office*
2.5 MILES NORTHWEST OF EUNICE, NM

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
160'

16. No. of Acres in Lease
958.25

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.
722.7'

19. Proposed Depth
4125 MD
4125 TVD

21. Elevations (Show whether DF, KB, RT, GL, etc.)
3471 GL

22. Approximate date work will start
12/15/2003

25. Signature (Electronic Submission)

Name (Printed/Typed)
BONNIE JONES

Date
11/17/2003

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

Title
AGENT

Approved by (Signature)
/s/ JOE G. LARA

Name (Printed/Typed)
/s/ JOE G. LARA

Date
DEC 15 2003

Office
FIELD MANAGER

Office
CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

Electronic Submission #25166 verified by the BLM Well Information System
For APACHE CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by LINDA ASHONG on 11/17/2003 (04LA0017AE)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DECLARED WATER BASIN
CEMENT BEHIND THE 8 1/2" CEMENT BEHIND THE 5 1/2"
CASING MUST BE CIRCULATED CASING MUST BE CIRCULATED

** BLM REVISED **

KZ

DISTRICT I
P.O. Box 2888, Santa Fe, NM 87504-2888

DISTRICT II
P.O. Box 2888, Santa Fe, NM 87504-2888

DISTRICT III
1000 Elva Brown Rd., Santa Fe, NM 87505

DISTRICT IV
P.O. Box 2888, Santa Fe, N.M. 87504-2888

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2888
Santa Fe, New Mexico 87504-2888

EXHIBIT D-1

Submit

Fee Issues - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-36662	Pool Code 50350	Pool Name Penrose Skelly; Grayburg
Property Code 24427	Property Name HAWK B-1	Well Number 35
OWNER No. 873	Operator Name APACHE CORPORATION	ELEVATION 3471'

Surface Location

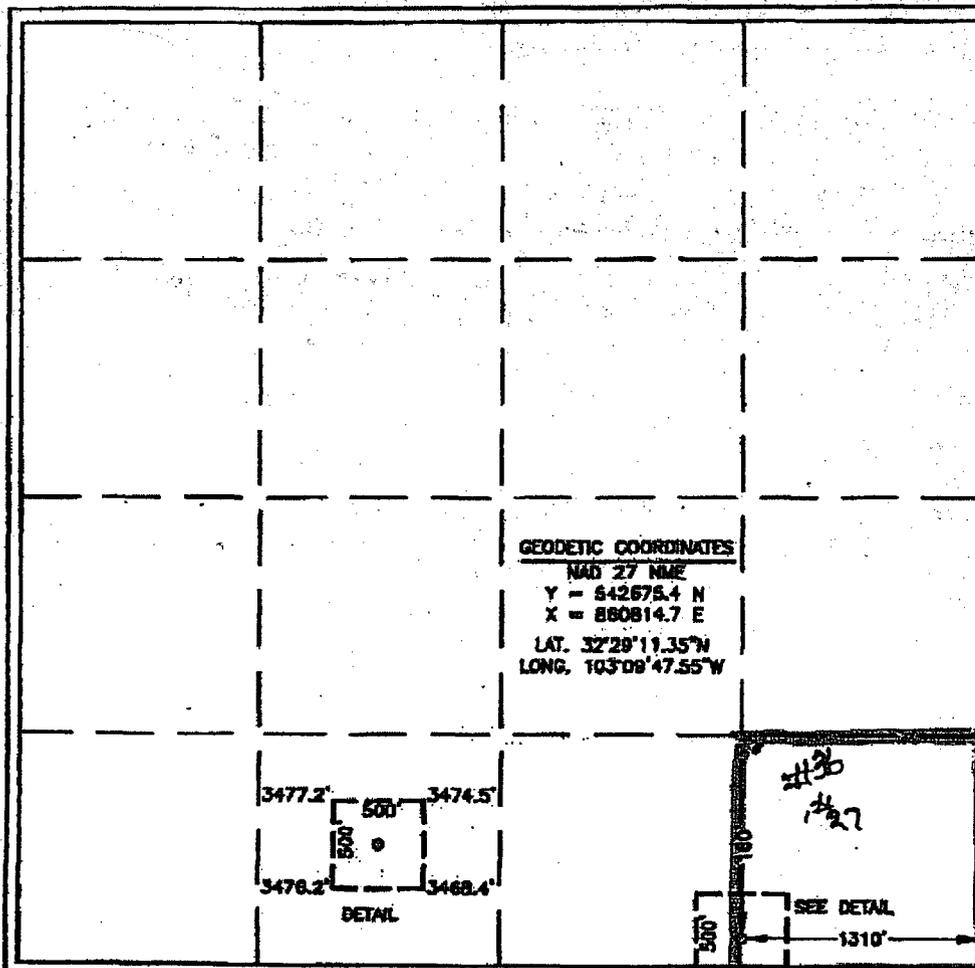
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	9	21-S	37-E		160'	SOUTH	1310'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40.00	Joint or Infill	Consolidation Code	Order No. NSL-4955-A (SD)
---------------------------------	-----------------	--------------------	-------------------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



GEODETC COORDINATES
NAD 27 NME
Y = 542575.4 N
X = 860814.7 E
LAT. 32°28'11.35"N
LONG. 103°08'47.55"W

OPERATOR CERTIFICATION

I hereby certify the the information contained herein to true and complete to the best of my knowledge and belief.

Michelle Hanson
Signature

Michelle Hanson
Printed Name

Drilling Tech
Title

9/22/03
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

August 08, 2003

Date Surveyed

Ronald J. Eidson
Signature

Ronald J. Eidson
Professional Surveyor

SW MEXICO
003110813
PROFESSIONAL SURVEYOR

August 15, 2003

12241

DISTRICT I
P.O. Box 1282, Santa Fe, NM 87501-1282

DISTRICT II
P.O. Box 1282, Santa Fe, NM 87501-1282

DISTRICT III
1600 Rio Grande Rd., Santa Fe, NM 87410

DISTRICT IV
P.O. Box 1282, Santa Fe, NM 87501-1282

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

EXHIBIT D-2

Submit 1

State Lease - 4 Copies
Fee Lease - 2 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name HAWK B-1	Well Number 33-35
OBNS No.	Operator Name APACHE CORPORATION	ELEVATION 3471'

Surface Location

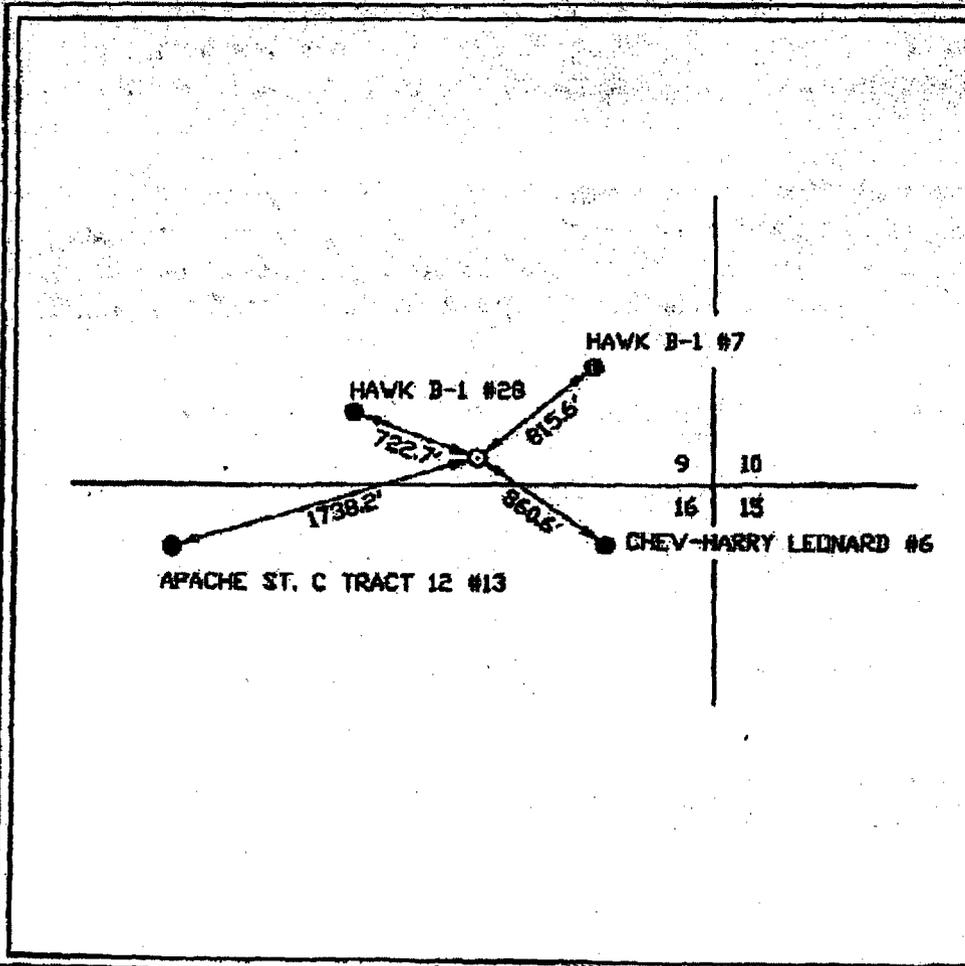
UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West line	County
P	9	21-S	37-E		160'	SOUTH	1310'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

August 06, 2003

Date Surveyed _____ A.W.B.

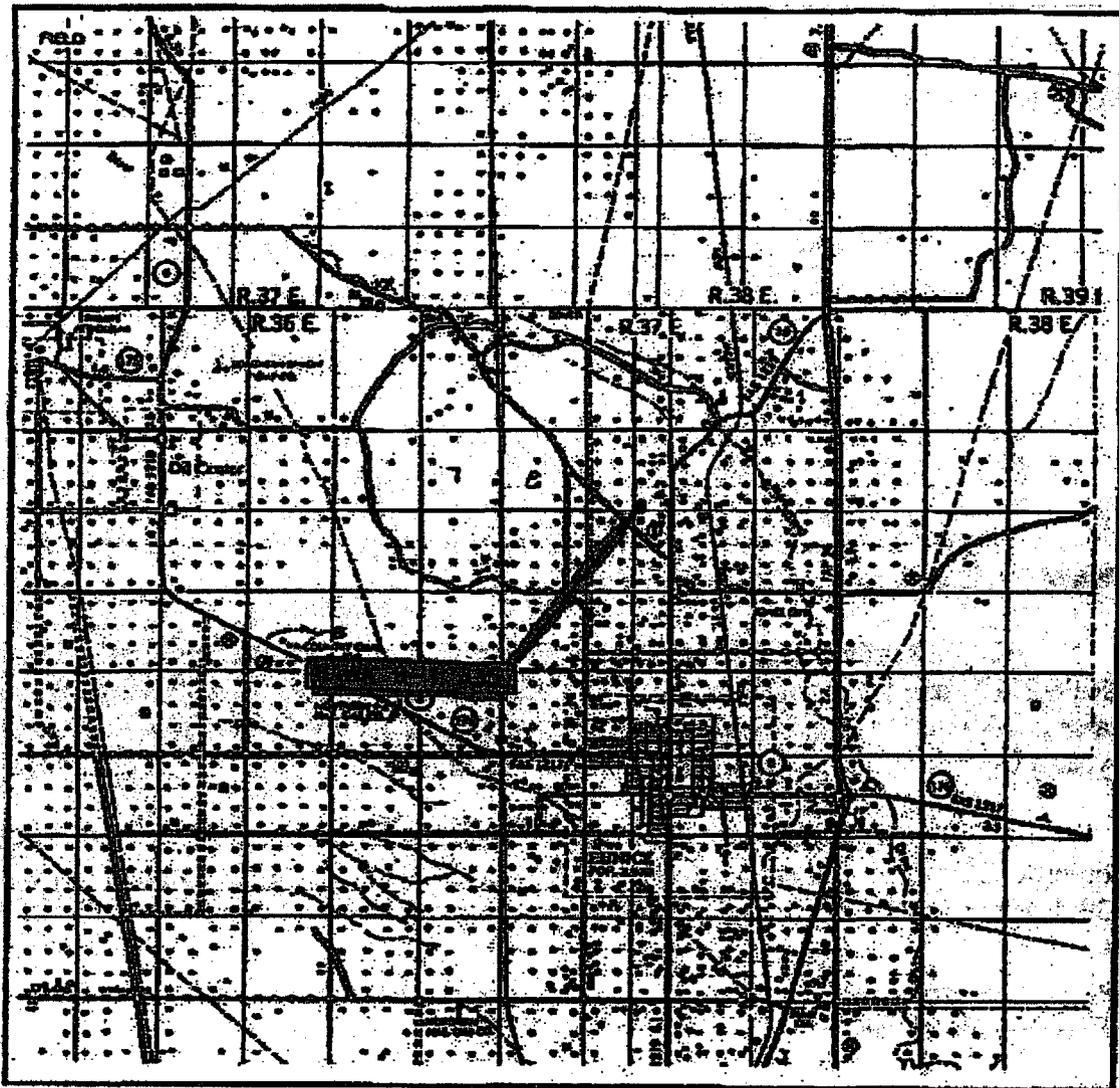
Signature & Seal of Professional Surveyor _____

03.11.0843

Certificate No. RONALD J. HUBBARD 2222
GARY HUBBARD 12544

VICINITY MAP

EXHIBIT E-1



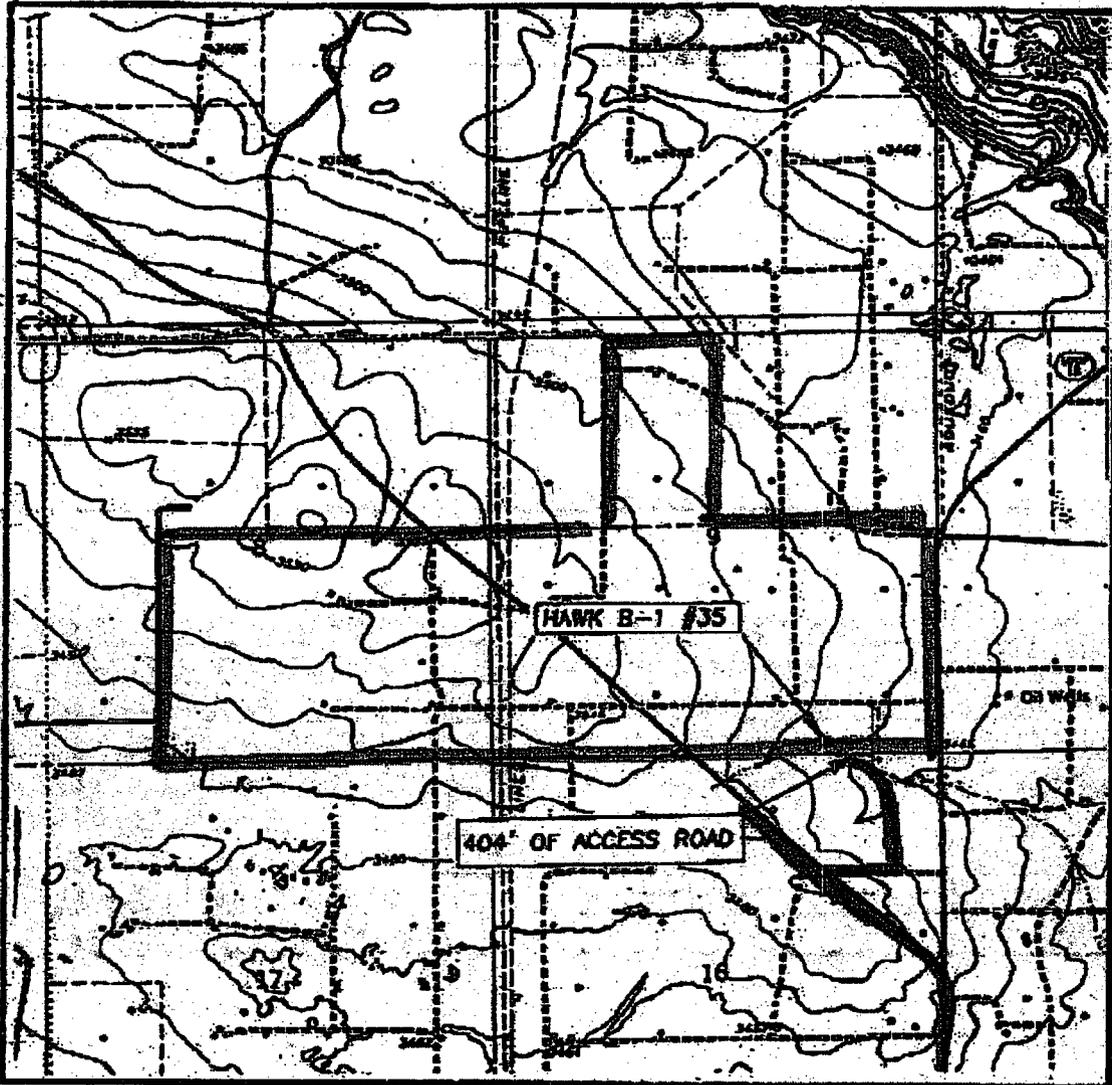
SCALE: 1" = 2 MILES

SEC. 9 TWP. 21-S. RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 150' FSL & 1310' FEL
 ELEVATION 3471'
 OPERATOR APACHE CORPORATION
 LEASE HAWK B-1

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP

EXHIBIT E-2



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
EUNICE, N.M.

SEC. 9 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 180' FSL & 1310' FEL

ELEVATION 3471'

OPERATOR APACHE CORPORATION

LEASE HAWK B-1

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.

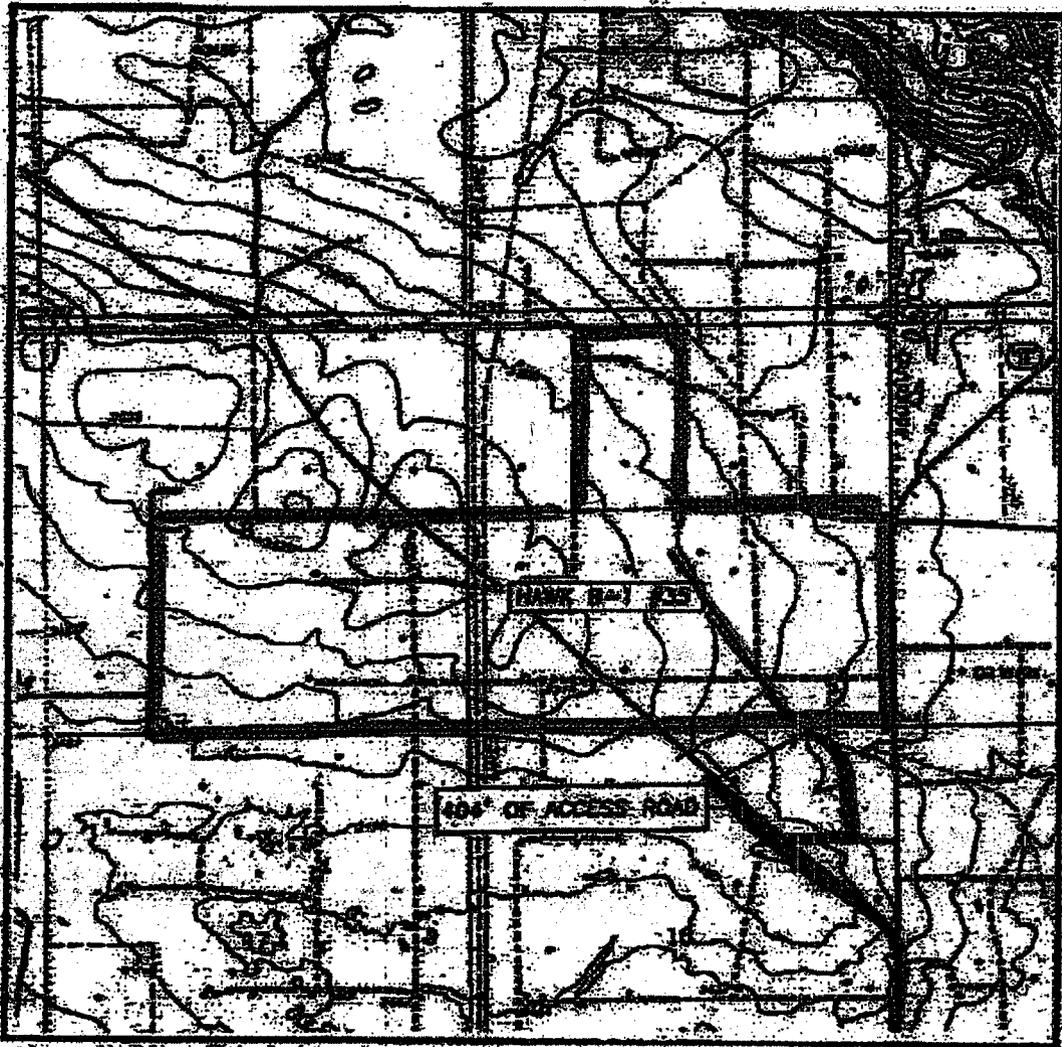
JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

ACCESS 

LEASE BOUNDARY 

LOCATION VERIFICATION MAP

EXHIBIT E-3



SCALE 1" = 2000'

COUNTY INTERVAL 10'
EUNICE, N.M.

SEC. 9 - TWP. 21-S. RGE. 57-E

*3750'
Flowline*

Flow-line Route

SURVEY N.M.P.M.

COUNTY LEA

JOHN WEST SURVEYING

DESCRIPTION 100' x 130' 20'

BOBBS - NEW MEXICO

ELEVATION 745'

(505) 393-3117

OPERATOR ARACIS CORPORATION

LEASE HOLD E-1

ACCESS

USGS TOPOGRAPHIC MAP
EUNICE, N.M.

LEASE BOUNDARY

EXHIBIT "F"

Hawk B-1 #35

160' FSL & 1310' FEL, Sec. 9, T21S-R37E

Lea County, NM

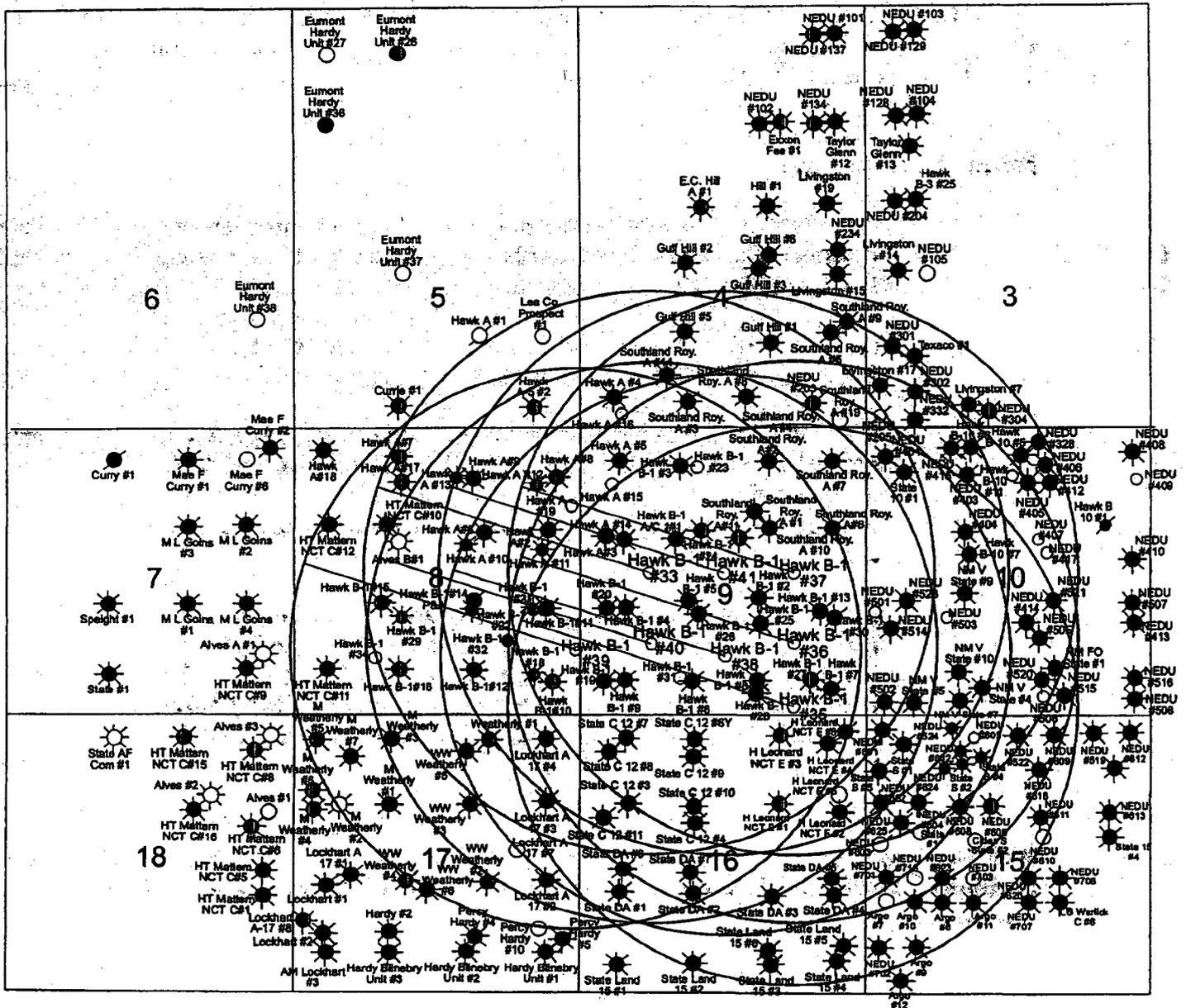


EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN
CULTURAL RESOURCES SURVEY
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: HAWK B-1 #35
OPERATOR: APACHE CORPORATION

LOCATION: SE $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 9, T21S-R37E, N.M.P.M.
LEA COUNTY, NEW MEXICO

SUBMITTED TO:

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
2909 WEST 2ND STREET
ROSWELL, NEW MEXICO 88201
TELEPHONE (505) 627-0272

This plan is submitted to provide permitting agencies with information necessary to allow an appraisal of the environmental effects associated with the proposed drilling operations. Within the context of typical drilling operations, this plan provides for protection of surface resources and other environmental components. This plan has been developed in conformity with the United States Geological Survey NTL-6 guidelines, Bureau of Land Management Oil and Gas Order No. 1, and in connection and consultation with the private surface owner of record, if other than the United States of America, as well as the Roswell District Office for the Bureau of Land Management and the United States Department of the Interior personnel.

PART #1:

- 1) Surface Location:
SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
160' FSL, 1310' FEL, Unit P
See attached Exhibits "D" and "E"
- 2) Bottom Hole Location:
SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
160' FSL, 1310' FEL, Unit P
See attached Exhibits "D" and "E"
- 3) Leases Issued: NM-90161
- 4) Record Lessee:

Apache Corporation	50%
BP America Production Co.	25%
Chevron USA Inc.	25%

- 5) Acres in Lease:
Township 20 South, Range 37 East, NMPM
Section 13: SW $\frac{1}{4}$ /NE $\frac{1}{4}$, NW $\frac{1}{4}$ /SW $\frac{1}{4}$
Township 20 South, Range 38 East, NMPM
Section 30: Lot 1
Township 21 South, Range 37 East, NMPM
Section 4: Lots 3, 6
Section 6: NE $\frac{1}{4}$ /SE $\frac{1}{4}$, S $\frac{1}{2}$ /SE $\frac{1}{4}$
Section 8: SE $\frac{1}{4}$, E $\frac{1}{2}$ /SW $\frac{1}{4}$
Section 9: S $\frac{1}{2}$, E $\frac{1}{2}$ /NW $\frac{1}{4}$

Total Acres: 958.25

- 6) Acres Dedicated to Well:
There are 40.00 acres dedicated to this well, which takes in the SE $\frac{1}{4}$ /SE $\frac{1}{4}$ of Section 9, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

PART #2:

- 1) Existing Roads:
Exhibits "E-1" & "E-2" comprise maps showing the proposed well site in relation to existing roads and State Highway 18. The well is \pm 2.5 miles northwest of Eunice, New Mexico. From Eunice, go north approximately 2.5 miles on State Highway 18. Turn northwest on existing lease roads to location as illustrated on Exhibit "E-2".
- 2) Planned Access:
A. Length and Width: A new 404' access road, 20' wide, will be constructed from the existing lease/access road to the well site. Extra width may be needed in the turns. Application for a buried pipeline will be made if it becomes necessary.
B. Construction: The existing roads will be lightly graded and topped with compacted caliche as needed.
C. Turnouts: None required.
D. Culverts: None required.
E. Cuts and Fills: As needed.
F. Gates and Cattleguards: None required.
- 3) Location of Existing Wells:
Exhibit "F" shows existing wells within a 1-mile radius of the proposed well.
- 4) Location of Existing and/or Proposed Facilities:
A. There are production facilities within the area of the Northeast Drinkard Unit, which is adjacent to the wellsite.
B. If the oil well proves to be commercial, any necessary production facilities will be installed on the drilling pad, and flow lines will be installed along the proposed and existing roads to the production facilities and storage tanks. See Exhibit "E-3" for flow-line route.
- 5) Location and Type of Water Supply:
Apache Corporation plans to drill the proposed well with fresh and brine water which will be transported by truck over proposed and existing access roads.
- 6) Source of Construction Materials:
Caliche for surfacing access roads and the wellsite pad will be obtained from the location itself or from BLM pits in the area.
- 7) Method of Handling Waste Material:
A. Drill cuttings will be disposed of in the reserve pits.
B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
D. Water produced during operations will be collected in tanks until hauled to an approved disposal system.
E. Oil produced during operation will be stored in tanks until sold.

F. Apache Corporation will comply with current laws and regulations pertaining to the disposal of human waste.

G. All waste materials will be contained to prevent scattering by the wind and will be removed from the well site within 30 days after drilling and/or completion operations are finished.

8) Ancillary Facilities: None planned.

9) Well Site Layout:

A. Exhibit "G" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged.

B. Mat Size: 140' x 200' plus reserve pits as shown on Exhibit "G".

C. Cut & Fill: Only minor leveling of the drilling site is anticipated.

D. The surface will be topped with compacted caliche and the reserve pits will be lined with 6 mil plastic.

10) Plans for Restoration of the Surface:

A. After completion of drilling and/or completion operations, all equipment and other material, not needed for operations, will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.

B. Any unguarded pits containing fluids will be fenced until they are filled.

C. If the proposed well is non-productive, Apache Corporation will comply with all rehabilitation and/or vegetation requirements of the Bureau of Land Management, and such rehabilitation will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11) Other Information:

A. Topography: The wellsite and access road are located in the Querecho Plains and are relatively flat.

B. Soil: The proposed location, access road and production facilities consist of sandy soil. Slope in the proposed area ranges from zero (0) to five (5) degrees.

C. Flora and Fauna: Vegetation is one of a grassland environment and a scrub-grass, scrub disclimax community. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.

D. Ponds and Streams: There are no ponds, lakes, streams or feeder creeks in the immediate area.

E. Residences and Other Structures: There are no occupied residences or other structures on or near the proposed location.

F. Land Use: The land is used for grazing cattle.

G. Surface Ownership: The surface is owned by the Trustee of the Millard Deck Estate, c/o Tim Wolters, Bank of America, P. O. Box 270, Midland, TX 79702, 915-685-2864. A Surface Damage Release agreement for this tract has been executed by the Millard Deck Estate and Apache Corporation.

H. Archaeological, Historical, and Other Cultural Sites:

Don Clifton, Archaeological Consultant, of Pep, New Mexico, will be conducting an archaeological survey of the proposed HAWK B-1 #35 well which covers the drilling location, production facilities, and access road, including a corridor along said access road for power and flow lines. His report will be filed under separate cover.

I. Senior Representative (Manager, Engineering & Production):

Jim McKinney
Apache Corporation
Suite 1500 - Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4800

Project (Operations Engineer):

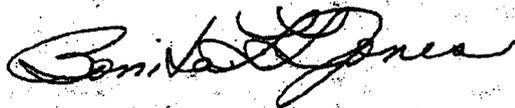
Kevin Mayes
Apache Corporation
Suite 1500 - Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4972

Drilling Operations (Operations Engineer):

Glenn Bone
Apache Corporation
Suite 1500 - Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4907

CERTIFICATION

I hereby certify that Apache Corporation has inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Apache Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



Bonita L. L. Jones, RLP, Consulting Landman
Agent for Apache Corporation
P. O. Box 8309
Roswell, New Mexico 88202-8309
(505) 624-9799 FAX (505) 624-9799
E-Mail: bonita@dfn.com

Date: 11-3-03