



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 19, 2005

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-5280 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-522745880*) on behalf of the operator, Apache Corporation, that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 15, 2005; and (ii) the Division's records in Hobbs and Santa Fe: all concerning Apache Corporation's request for exceptions to:

(a) the oil well location provisions of the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended;

(b) the oil well location provisions of the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended; and

(c) Division Rule 104.B (1).

It is the Division's understanding that Apache Corporation proposes to drill its Hawk "B-1" Well No. 46 at an unorthodox oil well location in the Blinebry Oil and Gas (6660), Tubb Oil and Gas (60240), Drinkard (19190); and Wantz-Abo (62700) Pools 1475 feet from the South line and 80 feet from the East line (Unit I) of Section 8, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

Oil production from the Blinebry Oil and Gas Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 SE/4 (Unit I) of Section 8, which is currently dedicated to Apache Corporation's Hawk "B-1" Well No. 11 (API No. 30-025-06434), located at a standard oil well location 1980 feet from the South line and 660 feet from the East line of Section 8.

Also, oil production from the Drinkard Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 8, which is currently dedicated to Apache Corporation's above-described Hawk "B-1" Well No. 11.

Apache Corporation's proposed Hawk "B-1" Well No. 46 will be an initial well within this standard 40-acre oil spacing and proration unit (NE/4 SE/4 of Section 8) for an oil completion in the Tubb, and Abo intervals.

It is the Division's understanding that the E/2 SW/4 and the SE/4 of Section 8 and the E/2 NW/4 and the S/2 of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, comprises a single federal lease (*U. S. Government lease No. NM-90161*) with common mineral interests 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 these four oil-bearing intervals.

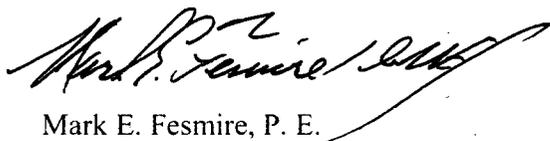
Approval of the proposed unorthodox oil well location request should enable Apache Corporation to further develop and deplete the Blinebry, Tubb, Drinkard, and Abo intervals within its Hawk "B-1" federal lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2) and 605.B 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 Hawk "B-1" Well No. 46 is hereby approved for the Blinebry Oil and Gas Pool, Undesignated Tubb Oil and Gas Pool, Drinkard Pool, and Wantz-Abo Pool.

If after completion within the Blinebry and Tubb formations, production from either zone is classified as "gas," the operator shall request an amendment to this order seeking such relief as deemed appropriate and in compliance with the special rules governing both prorated gas pools.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Carlsbad