



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 16, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Apache Corporation
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Administrative Order NSL-5279

Dear Mr. Kellahin:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-521743064*) on behalf of Apache Corporation that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 4, 2005; (ii) your e-mail on Wednesday morning, September 14, 2005 checking on the status of this application; and (iii) the Division's records in Hobbs and Santa Fe: all concerning Apache Corporation's request for an unorthodox oil well location in the Blinebry Oil and Gas Pool (6660), Tubb Oil and Gas Pool (60240), Drinkard Pool (19190); and Undesignated Wantz-Abo Pool (62700), for its proposed State Land "15" Well No. 11 to be drilled 330 feet from the South line and 1330 feet from the West line (Unit N) of Section 16, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of: (i) Division Rules 104.F and 1207.A (2), soon to be renumbered 1210.A (2); (ii) the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

The SE/4 SW/4 (Unit N) of Section 16, being a standard 40-acre oil spacing and proration unit for all four intervals, is to be dedicated to this well.

It is the Division's understanding that the S/2 S/2 of Section 16 comprises a single state lease issued by the New Mexico State Land Office (*State Lease No. B-08105-0003*) with common mineral interests; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within these four oil-bearing intervals.

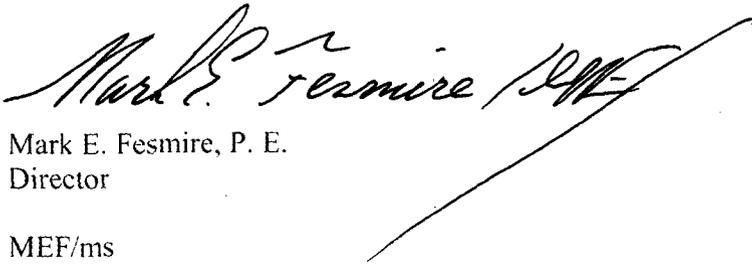
Approval of the proposed unorthodox oil well location request should enable the operator to further develop and/or deplete the Blinebry, Tubb, Drinkard, and Abo intervals within this portion of the aforementioned state lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2) and the applicable provisions of the special pool rules governing both the Blinebry and Tubb Oil and Gas Pools, the above-described unorthodox oil well location for Apache Corporation's proposed State Land "15" Well No. 11 is hereby approved for the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool, Drinkard Pool, and Undesignated 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire P.E.", with a long, sweeping underline that extends to the right.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe