



Apache. 4

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

January 14, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Re: Administrative application on behalf of the operator, Apache Corporation, to drill its proposed Lockhart "A-17" Well No. 8 as a replacement Grayburg oil well location within a former standard 40-acre oil spacing and proration unit in the Penrose Skelly (Grayburg) Pool (50350) comprising the NW/4 SW/4 (Unit L) of Section 17, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, at an unorthodox oil well location 1480 feet from the South line and 330 feet from the West line of Section 17.

Dear Mr. Kellahin:

The New Mexico Oil Conservation Division ("Division") received your application on January 2, 2003, and assigned it **NMOCD application reference No. pKRV0-300352303**. Please refer to this number in future correspondence with the Division.

Attached please find copies of the following: (i) my e-mail to you that requested supplemental data concerning the mineral interests between the NW/4 SW/4 (Unit L) and the SW/4 SW/4 (Unit M) of Section 17, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico; and (ii) a letter from Mr. O. F. Hedrick, with Campbell & Hedrick of Midland, Texas, dated January 8, 2003.

Without the requested information and an acceptable response to Mr. Hedrick's letter, your application is considered to be incomplete at this time. The Division cannot proceed with your application until the required information is submitted. Please submit the above stated information and a reply by Wednesday, January 22, 2003. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "mstogner@state.nm.us." Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs
Mr. O. F. Hedrick, Campbell & Hedrick – Midland