



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

November 3, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-4958 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-330733911*) dated October 29, 2003 on behalf of the operator Apache Corporation; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: 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 SW/4 SE/4 (Unit O) of Section 17, Township 21 South, Range 37 East, NMPM, Penrose Skelly (Grayburg) Pool (50350), Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre Grayburg unit is currently dedicated to Apache Corporation's Percy Hardy Well No. 4 (API No. 30-025-23795) located at a standard oil well location 990 feet from the South line and 2310 feet from the East line of Section 17.

Further, the area comprising the S/2 SE/4 of Section 17 is within a single fee lease in which Apache Corporation is the leasehold operator.

The proposed infill oil well location will enable Apache Corporation to further develop and deplete the Grayburg reserves within the Percy Hardy fee lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox "infill" oil well location within the SW/4 SE/4 (Unit O) of Section 17 is hereby approved:

Percy Hardy Well No. 9
330' FSL & 1520' FEL.

Further, the existing Percy Hardy Well No. 4 and the proposed Percy Hardy Well No. 9 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,


Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs