



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 20, 2004

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-5142

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-430130955*) that was submitted to the New Mexico Oil Conservation Division ("Division") on October 26, 2004; (ii) your e-mail correspondence with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on December 3, 2004; and (iii) the Division's records in 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), and Drinkard Pool (19190) for its proposed Hawk "B-1" Well No. 42 to be drilled 1365 feet from the South line and 1420 feet from the East line (Unit J) of Section 8, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

The NW/4 SE/4 (Unit J) of Section 8, being a standard 40-acre oil spacing and proration unit for all three intervals, is to be dedicated to this well.

This application has been duly filed under the provisions of: (i) Division Rules 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; (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.

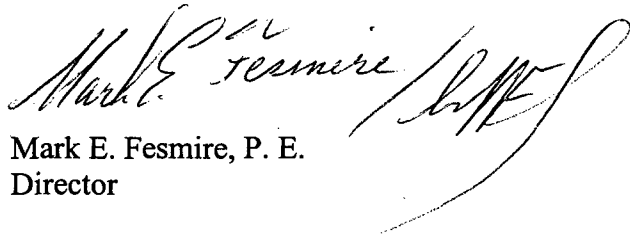
It is the Division's understanding that the E/2 SW/4 and the SE/4 of Section 8 and the E/2 NW/4 and the S/2 of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, comprises a single federal lease (U. S. Government lease No. NM-90161) with common mineral interests in which Apache Corporation is the leasehold operator; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within the Blinebry, Tubb, and Drinkard intervals.

Approval of the proposed unorthodox oil well location request should enable Apache Corporation to further develop and deplete the Blinebry, Tubb, and Drinkard 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), as revised, 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. 42 is hereby approved for the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool, and Drinkard Pool.

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", followed by a large, stylized flourish or signature mark.

Mark E. Fesmire, P. E.
Director

MEF/ms

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