



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

June 27, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Apache Corporation
2000 Post Oak Boulevard - Suite 100
Houston, Texas 77056-4400
Attention: Debra J. Anderson

RE: NMOCD Correspondence Reference No. SD-01-03: *Blinebry Oil and Gas Pool gas development within an existing non-standard 120-acre gas spacing and proration unit ("GPU") comprising the W/2 SW/4 and SE/4 SW/4 of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.*

Dear Ms. Anderson:

Reference is made to your letter dated May 8, 2001 notifying the New Mexico Oil Conservation Division's ("Division") Santa Fe office of Apache Corporation's plans for further Blinebry gas development within the above-described 120-acre GPU, which was approved by Division Administrative Order NSP-1823 (L) (SD), dated July 6, 2000, as corrected by order dated May 22, 2001.

The rules currently governing directional drilling, spacing, well locations, and allowables for the Blinebry Oil and Gas Pool include, but not necessarily limited to:

- (a) *"Special Rules and Regulations for the Blinebry Oil and Gas Pool"*, as promulgated by Division Order No. R-8170, as amended; and
- (b) Division Rules 104, 605, 111.A (7), and 111.C (1).

It is our understanding that gas production attributed to the Blinebry Oil and Gas Pool within this 120-acre GPU is to be simultaneously dedicated to the following three wells:

- (1) the existing Owen "B" Well No. 4 (API No. 30-025-06999), located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 34;
- (2) the existing Owen "B" Well No. 6 (API No. 30-025-34321), located at an unorthodox gas well location [also approved by Division Administrative Order NSP-1823 (L) (SD)] 1980 feet from the South line and 2180 feet from the West line (Unit K) of Section 34; and

(3) the proposed Owen "B Well No. 10 to be directionally drilled from a surface 1137 feet from the South line and 495 feet from the West line (Unit M) of Section 34 to a targeted standard bottomhole gas well location that is to be approximately 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 34.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", is written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-1823 (L) (SD)