



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

June 17, 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-4900(SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (administrative application reference No. pKRV0-313329659) on behalf of the operator, Apache Corporation ("Apache") that was submitted to the New Mexico Oil Conservation Division ("Division") on May 28, 2003; (ii) your previous administrative application to the Division concerning this matter which was denied; (iii), your meeting with Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe, New Mexico on May 13, 2003; (iiii) your fax to Mr. Richard Ezeanyim on June 17, 2003, requesting immediate attention to this application; (iiiii) your telephone conversation with Mr. William V. Jones on June 17, 2003; and (iiiii) the Division's records in Santa Fe; all concerning Apache's request for an unorthodox infill oil well location and simultaneous dedication within an existing standard 40-acre oil spacing and proration unit comprising Unit D (NW/4 NW/4 equivalent) of Section 16, Township 21 South, Range 37 East, NMPM, 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 proration unit is currently dedicated to completions in the Blinebry Oil & Gas Pool (Oil 6660) and the Drinkard Pool (Oil 19190); both in Apache's State C Tract 12 Well No. 7 (API No. 30-025-06629) located at a standard oil well location 660 feet from the North and West lines of Section 16.

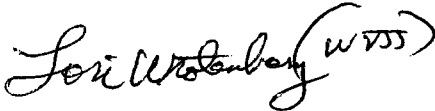
It is our understanding that the NW/4 of Section 16 is covered by a single State Lease (B-1557-1), which has identical ownership in which Apache is the leasehold operator; therefore, there are no adversely affected 40-acre-spaced offsets to the subject 40-acre tract.

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 Unit D of Section 16 and completed by down hole commingle (permit to be obtained from the Division) in the Blinebry Oil & Gas Pool (Oil 6660), the Tubb Oil & Gas Pool (Oil 60240), and the Drinkard Pool (Oil 19190); is hereby approved:

**State C Tract 12 Well No. 14
1240' FNL & 1270' FWL**

Further, both the State C Tract 12 Well No. 7 and the proposed State C Tract 12 Well No. 14 are approved for simultaneous dedication to the subject 40-acre unit in the Blinebry Oil & Gas Pool (Oil 6660) and the Drinkard Pool (Oil 19190).

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery" followed by a circled set of initials "WVSJ".

Lori Wrotenbery
Director

LW/wvjj

cc: New Mexico Oil Conservation Division - Hobbs
State Land Office – Minerals Management Division