



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 27, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSL-5296

Dear Mr. Kellahin:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-521743227*) on behalf of Apache Corporation that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 4, 2005; (ii) your e-mail sent to Mr. Michael E. Stogner, Engineer with the Division in Santa Fe on Wednesday morning, September 14, 2005 checking on the status of this application; (iii) Mr. Stogner's reply by e-mail on Monday morning, September 19, 2005 concerning development of the Tubb Oil and Gas Pool (60240) within the immediate area; (iv) yours and Mr. Stogner's ensuing e-mails of September 26, 2005, including your request to withdraw the Tubb interval from consideration in this matter; (v) your e-mail on Wednesday morning, October 26, 2005 again checking on the status of this matter; and (vi) the Division's records in Hobbs and Santa Fe, including the record in Apache Corporation's companion applications (*administrative application reference Nos. pSEM0-521743227 and pMES0-530038567*) that resulted in Division Administrative Order NSL-5279, dated September 16, 2005, as amended by order dated October 27, 2005: all concerning Apache Corporation's request for two unorthodox oil well locations within the SW/4 SE/4 (Unit O) of Section 16, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, being a standard 40-acre oil spacing and proration unit in the Blinebry Oil and Gas Pool (6660), Drinkard Pool (19190); and Undesignated Wantz-Abo Pool (62700), for its proposed:

- (A) State Land "15" Well No. 9 to be drilled 910 feet from the South line and 1330 feet from the East line of Section 16; and
- (B) State Land "15" Well No. 10 to be drilled 330 feet from the South line and 1330 feet from the East line of Section 16.

Your application for Apache Corporation has been duly filed under the provisions of: (i) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005]; and (ii) the "Special Rules and Regulations for the Blinebry Oil and Gas Pool", as promulgated by Division Order No. R-8170, as amended.

It is the Division's understanding that the S/2 S/2 of Section 16 comprises a single state lease issued by the New Mexico State Land Office (*State Lease No. B-08105-0003*) with common mineral interests; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within these four oil-bearing intervals.

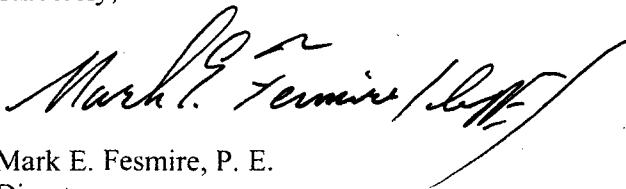
Approval of Apache Corporation's request for the two proposed unorthodox oil well locations within the SW/4 SE/4 (Unit O) of Section 16 should enable them to further develop and/or deplete the Blinebry, Drinkard, and Abo intervals within this portion of the aforementioned state lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2) and the applicable provisions of the special pool rules governing the Blinebry Oil and Gas Pool, the above-described unorthodox oil well locations for Apache Corporation's proposed State Land "15" Wells No. 9 and 10 are hereby approved for the Blinebry Oil and Gas, Drinkard, and Undesignated Wantz-Abo Pools.

IT IS FURTHER ORDERED HOWEVER THAT if after completion within the Blinebry formation in either well, and production from the Blinebry formation is classified as "gas," the operator shall request an amendment to this order seeking such relief as deemed appropriate.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
File: Division Administrative Order NSL-5279 (*administrative application reference No. pSEM0-521743064*)
AMENDED Administrative Order NSL-5279 (*administrative application reference No. pMES0-530038567*)