



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

July 21, 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-4924 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application (*administrative application reference No. pKRV0-313329445*) that was submitted to the New Mexico Oil Conservation Division ("Division") on May 9, 2003; (ii) the Division's initial response by letter dated May 13, 2003 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) yours and Mr. Stogner's meeting with various Apache Corporation representatives on Wednesday morning, May 14, 2003; (iv) your re-submittal of this application to the Division on May 28, 2003; (v) the supplemental data furnished the Division on June 3, 2003 to support this application; (vi) your telefax transmission to Mr. Stogner on June 4, 2003 with information concerning this application; (vii) your e-mail to Mr. Stogner on July 21, 2003 seeking the status of this request; and (viii) the Division's records in Santa Fe: all concerning Apache Corporation's request for exceptions to:

(a) the "*Special Rules and Regulations for the Blinbry Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended;

(b) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended; and

(c) Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that Apache Corporation proposes to drill its Hawk "A" Well 19 at an unorthodox oil well location in the Blinbry Oil and Gas (6660), Tubb Oil and Gas (60240), and Drinkard (19190) Pools 1420 feet from the North line and 150 feet from the East line (Unit H) of Section 8, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

Oil production from the Blinbry Oil and Gas Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 8, which is currently dedicated to Apache Corporation's Hawk "A" Well No. 2 (API No. 30-025-06432), located at a standard oil well location 1980 feet from the North line and 660 feet from the East line of Section 8.

Oil production from the Tubb Oil and Gas Pool is to be included within an existing standard 40-acre oil spacing and proration unit that also comprises the SE/4 NE/4 (Unit H) of Section 8 and is also dedicated to Apache Corporation's Hawk "A" Well No. 2.

Further, this well is to be a replacement oil well within a former standard 40-acre oil spacing and proration unit in the Drinkard Pool that also comprises the SE/4 NE/4 (Unit H) of Section 8. Initial development of Drinkard oil production within this 40-acre unit commenced in 1950 when Continental Oil Company drilled and completed the aforementioned Hawk "A" Well No. 2, (initially named the W. C. Hawk "A-8" Well No. 1). Drinkard oil production ceased in February, 1998 when Conoco, Inc. abandoned this zone. According to the Division's records Apache Corporation took over operation of this well from Conoco, Inc. on April 1, 1999.

It is further understood that the NE/4 of Section 8 and the W/2 NW/4 of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is included within a single federal lease [U. S. Government lease No. LC-031741 (a)] 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 infill/replacement oil well location request should enable Apache Corporation to further develop and deplete the Blinebry, Tubb, and Drinkard intervals within its Hawk "A" 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 "A" Well No. 19 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,



Lori Wrotenbery
Director

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