



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 7, 2006

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 NSP-1899

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Apache Corporation, filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 6, 2006 (*administrative application reference No. pTDS0-618734647*); and (ii) the Division's records in Santa Fe: all concerning Apache Corporation's request for a non-standard 160-acre gas spacing unit comprising the following acreage in the Undesignated Jalmat Gas Pool (79240):

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 16: NW/4.

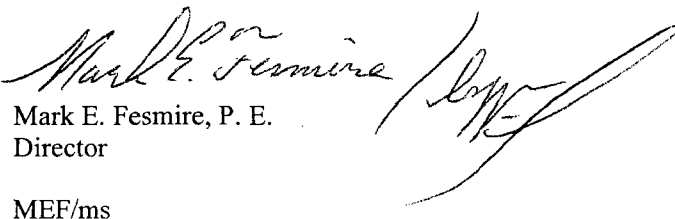
This application has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

It is the Division's understanding this proposed unit is to be dedicated to Apache Corporation's existing New Mexico "BZ" State (NCT-8) Well No. 2 (**API No. 30-025-10747**), located at a standard Jalmat gas well location 1980 feet from the North and West lines (Unit F) of Section 16.

By the authority granted me under the provisions of Rules 4 (C) (1) (a) and 4 (D) of the special rules governing the Jalmat Gas Pool, the above-described 160-acre non-standard gas spacing unit is hereby approved.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent 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