



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

March 15, 2004

Apache Corporation
Two Warren Place, Suite 1500
6120 South Yale
Tulsa, Oklahoma 74136-4224

Attention: Rick Crist

Re: Extension of Administrative Order SWD-860

Dear Mr. Crist:

As per your request on behalf of Apache Corporation received in this office March 15, 2004, and for the reasons outlined in your letter, a one-year extension of the deadline in which to convert to injection the Argo Well No. 7 (API No. 30-025-09915), approved by Division Order No. SWD-860, is hereby granted.

Provided: The operator shall not begin injection into this well until all pre-conditions contained in the original order are complied with.

The injection authority for this well shall expire on November 21, 2005, if the operator has not commenced injection operations.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Jones".

William V. Jones
Engineer

cc: Oil Conservation Division – Hobbs
File: SWD-860

March 12, 2004

Mr. William Jones
Engineering Bureau
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Argo No. 7
Convert to SWD well In San Andres
Lea County, NM

RECEIVED

MAR 15 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Jones,

Apache Corporation respectfully requests approval to re-extend Administrative Order SWD-860, permission to recomplete the Argo No. 7 (API 30-025-09915) to inject produced water into the San Andres formation. This order expired on November 21st, 2003 and we wish for it to be extended for 1 year.

Apache proposes to begin work as soon as approval for this project is granted.

After original approval was granted for Administrative Order SWD-859 (Argo No. 6) and 860, the Argo No. 6 was converted to inject produced water in the San Andres. Prior to any work beginning on the Argo No. 7, Apache began a study to convert this well into a Ellenburger formation disposal well instead of the originally planned San Andres formation SWD well. Unfortunately the permit period expired before this examination was completed. Ultimately, Apache has made the decision to follow the original plan and convert the Argo No. 7 into a San Andres formation SWD well.

Your consideration in approving this Administrative Order extension for the Argo No. 7 well is greatly appreciated.

Very truly yours,

APACHE CORPORATION



Rick Crist
Production Engineer