

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 18, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Apache Corporation
2000 Post Oak Boulevard - Suite 100
Houston, Texas 77056-4400
Attention: Debra J. Anderson, Sr. Engineering Technician

Administrative Order NSL-4535

Dear Mr. Anderson:

Reference is made to your application dated December 13, 2000 for an exception to Rule 4 of the "*Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool*," as promulgated by Division Order No. R-3816, as amended, in order to drill its proposed State Sec "9" Well No. 2 at an unorthodox oil well location 1610 feet from the North line and 1517 feet from the West line (Unit F) of Section 9, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

The E/2 NW/4 of Section 9, being a standard 80-acre oil spacing and proration unit for the Undesignated Northeast Lovington-Pennsylvanian Pool, is to be dedicated to this well.

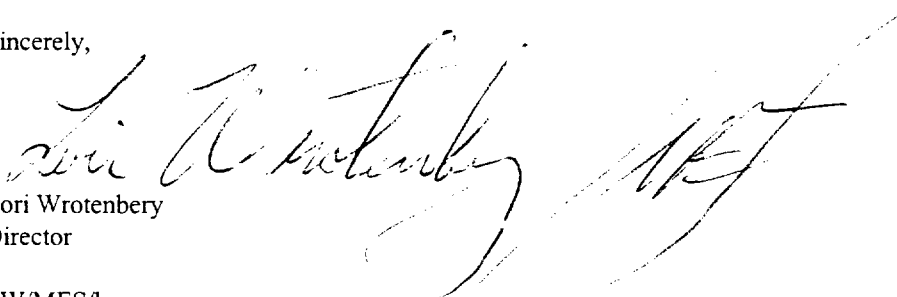
The subject application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the rules governing the Northeast Lovington-Pennsylvanian Pool.

It is our understanding that Apache Corporation is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Strawn formation underlying the subject 80-acre unit.

Further, the Division's records indicate that the N/2 of Section 9 is a single state lease issued by the New Mexico State Land Office (State Lease No. V-00339) in which Apache Corporation is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Apache Corporation.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F (2), the unorthodox oil well location of the proposed State Sec "9" Well No. 2 is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe