

2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400

CORPORATION

[713] 296-6000

April 26, 1999

State of New Mexico  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

**Re: Application for a Non-Standard Proration Unit – Blinebry Gas Well  
Gulf Hill No. 3  
Blinebry Oil & Gas Pool  
Lea County, New Mexico**

As per your letter dated March 22, 1999, Apache Corporation is reclassifying the referenced well as a gas well. At this time, we would like to request administrative approval for the reduction of acreage from 80 acres to 40 acres (reference Administrative Order NSP-892 issued 10/25/72) and approval of a non-standard proration unit for the referenced well.

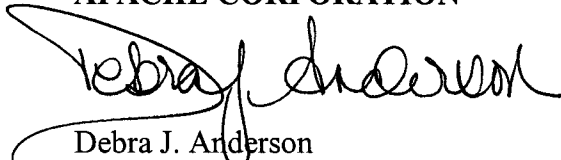
To support this request we submit the following information:

- 1) Apache Corporation currently operates the Gulf Hill # 1 Blinebry Gas well on a 40 acre non-standard proration unit (Reference NSP-926)
- 2) Apache Corporation does not operate the Gulf Hill # 2 well
- 3) The proposed 40-acre non-standard unit consists of contiguous quarter-quarter sections
- 4) The non-standard gas proration unit lies wholly within a single governmental long section (see attached plats)
- 5) The entire non-standard gas proration unit is productive in the Blinebry gas pool
- 6) Offset operators have been notified by certified mail and furnished a copy of this application

If you have any questions or require additional information regarding this application, please contact me at 713-296-6338. Thank you.

Sincerely,

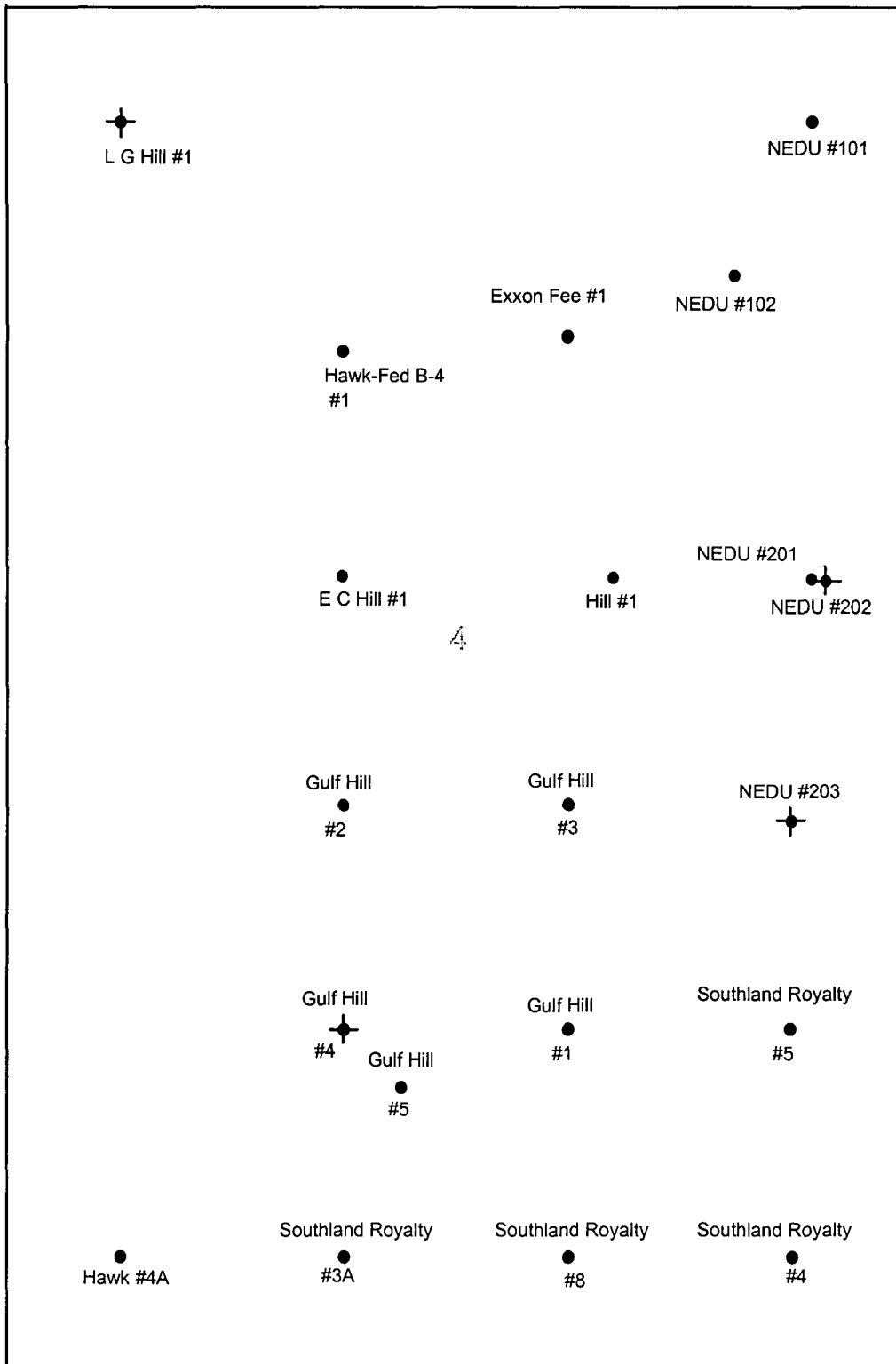
**APACHE CORPORATION**



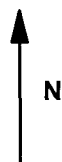
Debra J. Anderson  
Engineering Technician

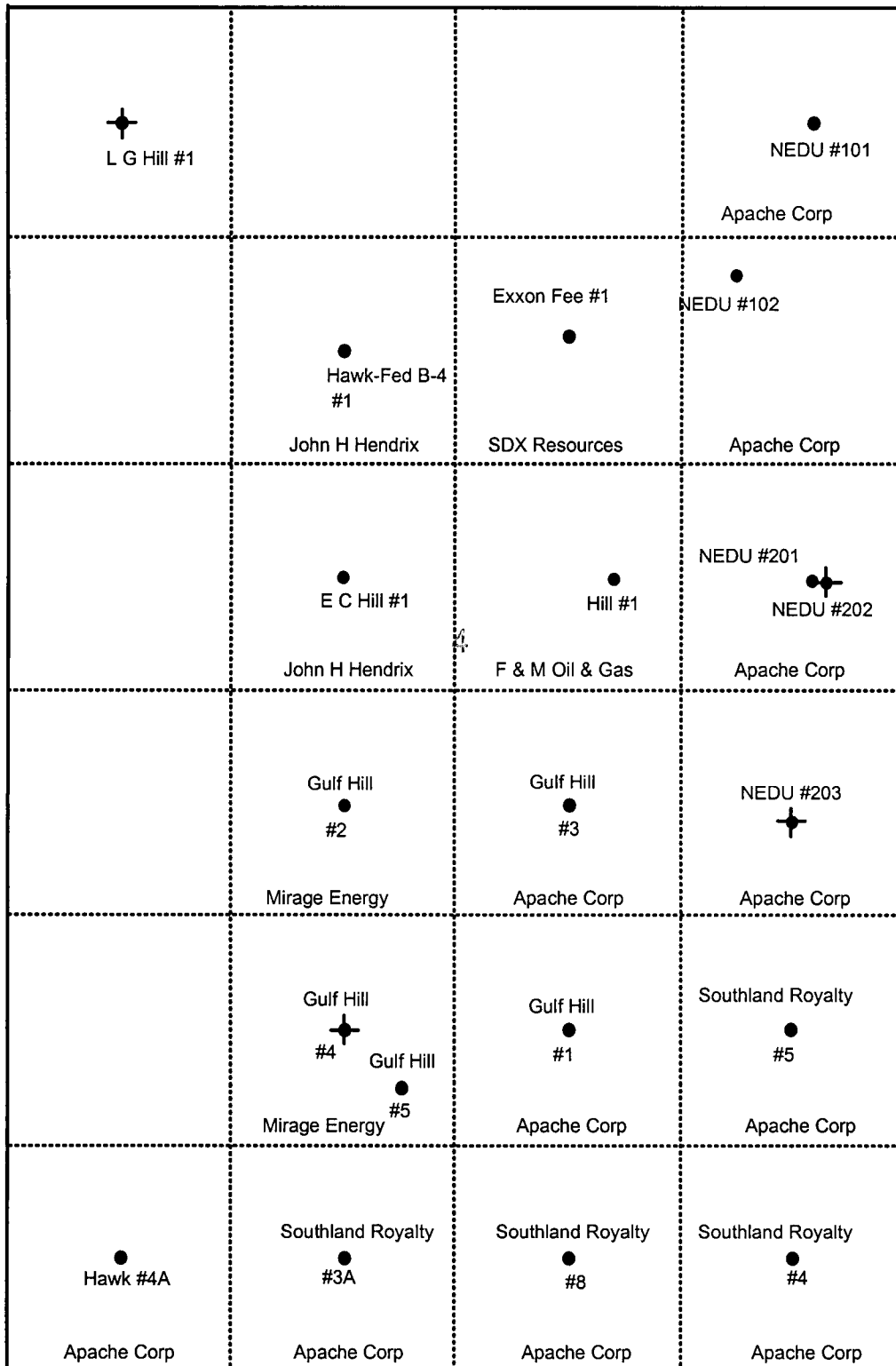
Attachment

cc: New Mexico Oil Conservation Division  
District I  
1625 N. French Drive  
Hobbs, New Mexico 88240

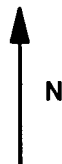


APACHE CORPORATION  
SEC. 4,  
TOWNSHIP 21S , RANGE 37 EAST  
LEA COUNTY, NEW MEXICO  
SCALE 1" = 1000'

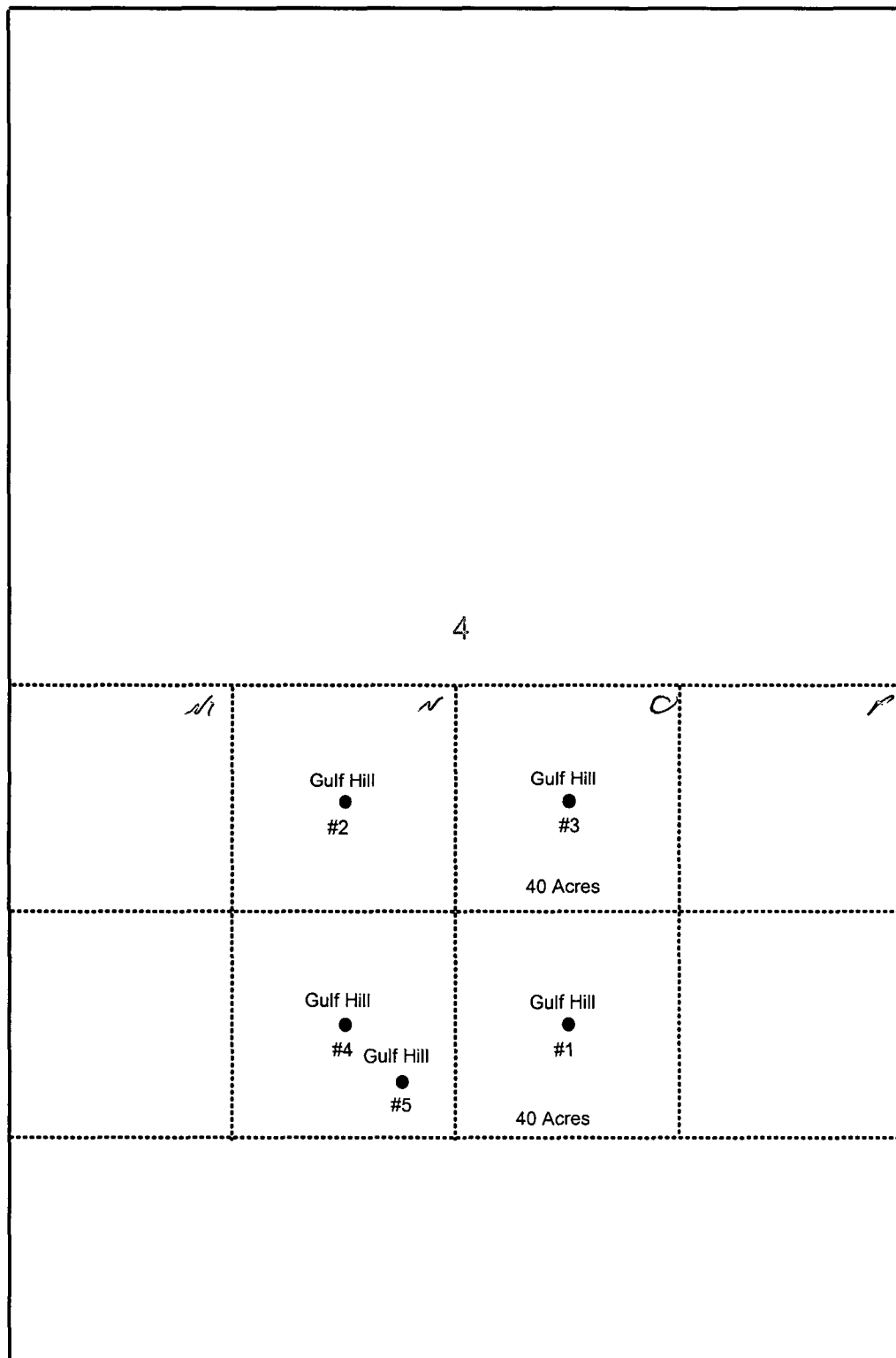




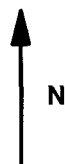
APACHE CORPORATION  
 SEC. 4,  
 TOWNSHIP 21S, RANGE 37 EAST  
 LEA COUNTY, NEW MEXICO  
 SCALE 1" = 1000'



2640  
 660  
 2300



APACHE CORPORATION  
GULF HILL LEASE  
SEC. 4,  
TOWNSHIP 21S, RANGE 37 EAST  
LEA COUNTY, NEW MEXICO  
SCALE 1" = 1000'



**GULF HILL # 3  
OFFSET OPERATORS**

F & M Oil & Gas Company  
Box 891  
Midland, Texas 79702  
Certified Mail Rcpt # Z-116-148-697

Mirage Energy Inc.  
Box 551  
Lovington, New Mexico 88260  
Certified Mail Rcpt # Z-116-148-698

John H Hendrix Corporation  
Box 3040  
Midland, Texas 79702-3040  
Certified Mail Rcpt # Z-116-148-699

SDX Resources Inc.  
Box 5061  
Midland, Texas 79704  
Certified Mail Rcpt # Z-116-148-700

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(713) 296-6000

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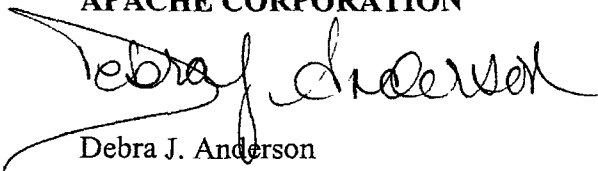
Offset Operator

**Re: Application for a Non-Standard Proration Unit – Blinebry Gas Well  
Gulf Hill No. 3  
Blinebry Oil & Gas Pool  
Lea County, New Mexico**

Attached please find a copy of an Application for a Non-Standard Proration Unit that Apache Corporation has filed with the New Mexico Oil Conservation Division. If you have an objection to this application, you must notify the OCD in writing within 20 days from the date of this letter.

Sincerely,

**APACHE CORPORATION**



Debra J. Anderson  
Engineering Technician

Attachment