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July 8, 2004

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13315

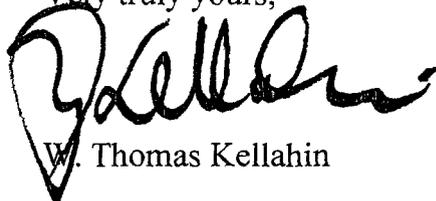
Re: House "13" Well No. 1
Unit B, NE/4NW/4 of Section 13, T20S, R38E
Application of Apache Corporation
for Compulsory Pooling
Lea County, New Mexico

2004 JUL 8 AM 9 00

Dear Mr. Fesmire:

On behalf of Apache Corporation, find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for August 5, 2004. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Apache Corporation
Attn: Mario Moreno

CASE 13315: Application of Apache Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4NW/4 of Section 13, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any production from the surface to the base of the Abo formation, including but not limited to the D-K-Abo Pool, the House (Drinkard) Pool and the Undesignated East House-Tubb Pool. This unit is to be dedicated to its House "13" Well No. 1 to drilled at a standard well location in Unit B of this section. Also to be considered will be the costs of the drilling this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 3 miles south from Nadine, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE APPLICATION
OF APACHE CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. *13315*

APPLICATION

Apache Corporation ("Apache") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4NW/4 of Section 13, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any production from the surface to the base of the Abo formation, including but not limited to the D-K-Abo Pool, the House (Drunkard) Pool and the Undesignated East House-Tubb Pool. This unit is to be dedicated to its House Well No. 1 to drilled at a standard well location in Unit B of this section. Also to be considered will be the costs of the drilling this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Apache states:

1. Apache has a working interest ownership in the oil and gas minerals from the surface to the base of the Abo formation underlying the NE/4NW/4 of Section 13, T20S, R38E, NMPM, Lea County, New Mexico.

2. The subject tract is located within the outer boundaries of the D-K-Abo Pool, the House (Drinkard) Pool and within one mile of the outer boundaries of the East House-Tubb Pool all of which are subject to Division Rule 104 providing in part for 40-acre oil spacing and proration units.

3. Apache has proposed this well to the working interest owners in the NE/4NW/4 of this section in order to form a standard 40-acre oil spacing unit consisting of the NE/4NW/4 of this section to be dedicated to its proposed House Well No. 1 to be drilled at a standard oil well location to an approximate depth of 7,800 feet to test the Blinbry/Tubb/Drinkard/Abo formations.

4. Apache despite its efforts has been unable to obtain the voluntary agreement the working interest owner in the NE/4NW/4 of this section for the proposed 40-acre oil spacing unit all as identified on Exhibit "A."

5. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Apache needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for August 5, 2004.

WHEREFORE, Apache, as applicant, requests that this application be set for hearing on August 5, 2004 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

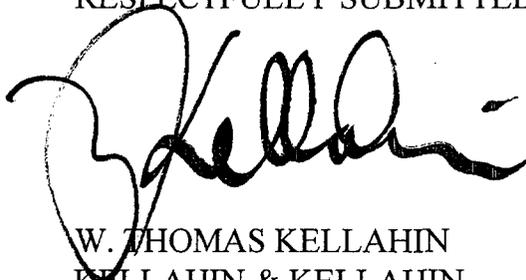
(1) Apache Corporation be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

NMOCD Application
Apache Corporation
-Page 3-

- (3) In the event a mineral interest or working interest owner production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



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Exhibit "A"

**JTD Resources, L.L.C.
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Attn: Dan M. Leonard**