

March 17, 2005

(918) 491-4900
(918) 491-4853 (FAX)
(918) 491-4854 (FAX)

ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
(See Attached Owner List)

RE: East Blinebry-Drinkard Unit
Sections 1, 11, 12, 13, & 14, T21S, R37E, Lea County, NM

Apache Corporation proposes unitizing the Blinebry, Tubb and Drinkard formations in Sections 1, 11, 12, 13, and 14 (totaling 2,080.00 acres) in T21S, R37E to perform secondary recovery operations through waterflooding of the Blinebry/Tubb/Drinkard reservoirs. As an active operator in this area, Apache Corporation will be the Operator of this Unit since Apache operates approximately 69% of the wells included within the boundaries of the proposed unit. This field is nearing depletion and without unitization and waterflooding, most of the wells will be abandoned in the near future. As a result, as a royalty and overriding royalty interest owner, Apache invites you to participate in Apache's proposal to form the East Blinebry-Drinkard Waterflood Unit.

The proposed area has cumulative primary production of 8.3 MMBO from the Blinebry, Tubb and Drinkard formations. Remaining primary production is 0.2 MMBO, yielding ultimate primary recovery of 8.5 MMBO. The majority of the wells in this area are low rate, downhole commingled producers, making less than 5 BOPD.

Geologic study indicates the productive intervals are laterally continuous, while production performance indicates the reservoir to be acting under a solution gas drive mechanism. Recoverable secondary reserves are estimated to be 3.7 MMBO, or 44% of the proposed primary recovery utilizing the existing well spacing to develop 80 acre five spot injection patterns. The total capital costs for this project are estimated to be \$2,400,000.00. The majority of the wellbores are still active and can be converted to injection without extensive well work.

Economic evaluation indicates said waterflood project will yield a 30% rate of return, 5.7MM\$ net present value, after income tax, and a development cost of less than \$1/barrel to the working interest owners. It will yield 6.2MM\$ of present value to the mineral and royalty interest owners and 4.4MM\$ of present value to the State of New Mexico in the form of tax revenues.

As a result of the aforementioned, enclosed for your review and further handling are the Unit Agreement and the Unit Operating Agreement for the East Blinebry-Drinkard Unit which has been executed on behalf of Apache Corporation. Exhibits A, B-1, B-2, B-3, and C are found at the end of the Unit Agreement. Exhibit "A" shows the proposed unitized area. Exhibit "B-1" describes each tract and its respective ownership, Exhibit "B-2" gives individual Unit participation of each tract, Exhibit "B-3" describes lease and tract participation factor and Exhibit "C" identifies the Unitized Formation.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. Exhibit No. _____
Submitted By: _____
Apache Corporation
Hearing Date: June 16, 2005

Apache Corporation respectfully requests your early reply and concurrence in joining the proposed East Blinebry-Drinkard Unit as proposed. Also, for your information, Apache has received preliminary approval from the Bureau of Land Management (**majority royalty owner**) for Apache's proposed unit boundary and tract participation formula of said unit by letter dated January 13, 2005. Consequently, Apache now has the required 75% working interest owner and majority royalty interest owner approval needed to proceed forward in filing for statutory unitization for this project by the New Mexico Oil Conservation Division. The targeted date for initiating injection into this unit is set for the 4th Qtr 2005.

Should you have any questions pertaining to Apache's proposed project, please feel free to contact Larry Phillips at (432) 682-9162 or Michelle Hanson (918) 491-4838, for any Land questions or Kevin Mayes (Reservoir Engineer) at (918) 491-4972 for any Technical questions, otherwise **please execute one (1) original Ratification and Joinder signature page to the Unit and Unit Operating Agreements enclosed, have properly notarized, and return same to Larry Phillips in the enclosed self-addressed envelope provided for your convenience within the next twenty (20) days.** We look forward to your support in facilitating the implementation of this project.

APACHE CORPORATION

Mario R. Moreno, Jr.
Senior Staff Landman

Encls: Unit Agreement
Unit Operating Agreement
Ratification and Joinder of
Unit & Unit Operating Agreement
Initial Plan of Operations

ROYALTY AND OVERRIDING ROYALTY INTEREST OWNER LIST

June D. Speight
P.O. Drawer 1687
Lovington, NM 88260-1687

Jon F. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Charles H. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Trubee Buford
P.O. Box 1059
Brawley, CA 92227

J. Hiram Moore Trust
P.O. Box 910833
Dallas, TX 75391-0833

Allie M. Lee Trust
P.O. Box 5383
Denver, CO 80217

Lynn Lawrence
1710 W. Euclio Ave, SPC 2
El Centro, CA 92243

Illene Gulick Living Trust
RR 2, Box 2
Ringwood, OK 73768

Habell Trust dtd 11/15/84
6507 N. Lober Place
San Gabriel, CA 91775

Margaret C. Lemaster
1400 S. Sun Kist St, Space 43
Anaheim, CA 92806-5616

Stacia Ann Lemaster
655 W. 13th St.
Medford, OR 97501

Richard Grant Lemaster
711 Pacific Coast HWY #431
Huntington Beach, CA 92648

Cindy Macias
9411 Kaschube Way
Santee, CA 92071

Medora M. Lemaster
814 S. 5th
Ponca City, OK 74601

Robin G. Lemaster
P.O. Box 1281
Brawley, CA 92227

Edith A. Schmidt
P.O. Box 431
Poway, CA 92074-0431

National Finance Credit Corp.
P.O. Box 1897
Ft. Worth, TX 76101

Sue Sanders
P.O. Box 232
Brawley, CA 92227

The Black Trust
419 W. Cain
P.O. Box 278
Hobbs, NM 88241-0278

Gerald R. Sharp
P.O. Box 757
Peace, AZ 85625-0757

BMCM Partnership LP
5661 S. Crestbrook DR
Morrison, CO 80465

Max Coll II
83 la Barberia Trail
Santa Fe, NM 87505-9008

Shriners Hospitals for Children
c/o The Northern Trust Bank of TX
P.O. Box 226270
Dallas, TX 75222-6270

Roy G. SR & Opal Barton Rev. TR
1919 N. Turner St.
Hobbs, NM 88240-2712

Eric J. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Sally Rodgers
152B Arroyo Honda Road
Santa Fe, NM 87508

Max W Coll III
7625-2 El Centro Blvd
Las Cruces, NM 88012

Charles F. Malone Living Trust
P.O. Drawer 700
Roswell, NM 88202-0700

New Mexico Western Minerals Inc
P.O. Box 1738
Roswell, NM 88202-1738

Jon F. Coll II
7335 Walla Walla
San Antonio, TX 78280-5242

AMCO Resources
P.O. Box 3025
Oklahoma City, OK 73101

Gilbert J. Eaton
461 Rittenhouse Blvd.
Jeffersonville, PA 19403

James T. Coppedge
P.O. Box 43
Spencer, IN 47460

Clarke C. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Joyce Ann Bivins Bellan
38415 Waverly RD
Palm Desert, CA 92211-1255

Kenneth Noel Headley
P.O. Box 1q359
Tijeras, NM 87059

Melanie Coll de Temple
5653 Tobias Ave
Van Nuys, CA 91411

J G Burson

Wayman Weldon Holmes
P.O. Box 158
Robert Lee, TX 76945

Laquita Rodgers Cross
1802 E. 43rd St.
Odessa, TX 79762

Davis A. Coppedge
466 Goodwin DR
Richardson, TX 75081

Lillian I Long
903 S. 1st St.
Tucumcari, NM 88401

Bill Herron
4654 Lemonwood Lane
Odessa, TX 79761

Janice Rodgers Griffith
1402 Fairview DR
Alvin, TX 77511

Dorothy Leathers
1806 Patton DR
Odessa, TX 79761

Frank H. Hults
811 Tiffany Court
Los Alamos, NM 87544

Roberta Herron
2523 Roper
Odessa, TX 79761

Norma D & Charles B. Owen
RR 3
4102 La Joya RD
Roswell, NM 88201

Michael H. Moore
P.O. Box 1669
Santa Rosa Beach, FL 32459

Kay Parker Adkins

Sara Brown Marshall

Margie Pearl Patterson
P.O. Box 1966
Eunice, NM 88231

A.V. Rodgers
P.O. Box 1891
Eunice, NM 88231

Dorothy Scribner
6395 Quay Road AL
Tucumcari, NM 88401

Norma J. Reger
P.O. Box 1149
Susanville, CA 96130

Clifford J. Roth
8647 E. Davenport DR
Scottsdale, AZ 85260

Glen Warren Roth
P.O. Box 13861
Scottsdale, AZ 85267-3821

Charlene Bruhn
P.O. Box 38
Logan, NM 88426

Siewert Family Trust
11494 Scottsdale DR
Yuma, AZ 85365-7664

Judith Lee Taylor
P.O. Box 8537
Mesa, AZ 85214-9537

Cindy Ann Allen, Trustee of the
Reeder Legacy Trust
1218 East Indigo
Mesa, AZ 85203

Dennis A. Whorton
10512 Bing DR
Ft. Worth, TX 76108

Ina Bell Berryman
2221 N. Cielo DR
Hobbs, NM 88240

Edith Coppedge Wheeler
P.O. Box 64035
Lubbock, TX 79464

Betty Ann Philley
P.O. Box 132
San Jon, NM 88434

McWhorter Family Trust
Brent W. McWhorter or Ruth A.
McWhorter, Trustees
6140 E. Voltaire
Scottsdale, AZ 85254

Ann Dennard Allison
P.O. Box 64035
Lubbock, TX 79464

Tate Byrne Jennings
3535 23rd St.
Boulder, CO 80304

Earl W. Lyon
5215 Foothills DR
Bertoud, CO 80513

Maura Smyrl Jennings
1810 S. Breton PL
Tucson, AZ 85748

Howard P. Chandler
3810 Humboldt DR
Huntington Beach, CA 92649

Bruce Reeves
904 Peach Hill Lane #105
Chesterfield, MO 63017

Pat R. Chandler
12301 Manitoba NE
Albuquerque, NM 87111

Francis R. Reeves
2416 NW 111th St.
Oklahoma City, OK 73120

Ethan A. Walker III
203 Red Oak Lane
Newalla, OK 74857

Virginia Denalta Phillips
1460 E. 52nd St.
Tulsa, OK 74105

Lynn Reeves
Box 3312
Bartlesville, OK 74006

Texaco Exploration & Prod.
P.O. Box 200778
Houston, TX 77216-0778

Mary Anne Fauble
815 Seminary St
Warsaw, MO 65355

John Morris Plumlee
2902 Lincoln RD #16
Hattiesburg, MS 39402-3072

Fairway Oil & Gas Co.
P.O. Box 845
Sparta, NM 07871

Jack Markham
1500 Broadway, Suite 1212
Lubbock, TX 79401

John Redfern III
P.O. Box 50890
Midland, TX 79710

Montgomery Petroleum, Inc.
P.O. Box 600490
Dallas, TX 75360-0490

J.R. Cone et ux
P.O. Box 10217
Lubbock, TX 79408

Waikiki Partners LP
P.O. Box 2127
Midland, TX 79702-2127

Estate of R.H. Fulton
P.O. Box 16860
Lubbock, TX 79490-6860

Ronald O. Holman
5949 Sherry Lane, Suite 1700
Dallas, TX 75225

Charles D. Sands
12801 NE 139th Place
Ft. McCoy, FL 32134

Benischek Properties LLC
3600 N. Harvey Pkwy.
Oklahoma City, OK 73118

CCTC Ltd. Successor Trust FBO
P.O. Box 13570
Odessa, TX 79768-3570

M.H. McGrail Test. Trust
P.O. Box 840738
Dallas, TX 75284-0738

Pure Resources LP
500 W. Illinois
Midland, TX 79701
Attn: OBO JI Accounting

Joy M. Winn
P.O. Box 155093
Ft. Worth, TX 76155

Smith-Todd Properties Ltd. Co.
4810 Sage Rd.
Las Cruces, NM 88001

Frances May Reeder, Life Estate

Jimmy Long

Daniel L. Viers
1209 Cuthbert
Midland, TX 79701

N.B. Bunin Properties
P.O. Box 65
Lincoln City, OR 97367

John Abney
P.O. Box 4428
Tulsa, OK 74159-0428

Patricia D. Lee

Grooms Trust UAD 12/15/1982
F Andrews Groom Trustee
P.O. Box 2328
Roswell, NM 88202-2328

Mitchell Minerals LLC
P.O. Box 488
Hennryetta, OK 74437

Graham Royalty, Ltd.

Jo Ann Long
1744 Blume NE
Albuquerque, NM 87112

June S. Brown

Priscilla F. Gilmore