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JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

February 18, 2005

Michael E. Stogner Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

> Re: Request to Amend Division Administrative Order NSL-4955(SD) to include the San Andres formation

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Apache Corporation applies for administrative approval of an unorthodox oil well location in the San Andres formation for the following well:

<u>Well</u> :	Hawk B-1 Well No. 36
Location:	1310 feet FSL & FEL
Well Unit:	SE%SE% of Section 9, Township 21 South, Range
	37 East, N.M.P.M., Lea County, New Mexico

The well was originally drilled to and completed in the Grayburg formation (Penrose Skelly (Grayburg) Pool). The Grayburg unorthodox location was approved by NSL-4955-SD.

The well was also drilled deep enough to test the San Andres formation (which at that time was in the Hare-San Andres Gas Pool, spaced on 160 acres). The well was at an orthodox gas well location. The well is now located in the East Hare-San Andres (Oil) Pool,¹ which is developed on statewide rules, with 40 acre spacing and wells to be located no closer than 330 feet to a quarter-quarter section line.

The well tests show that there is San Andres potential, and producing the wells from both zones will make the well more economical and extend the life of the well. An engineering and geological discussion is attached as Exhibit A.

1 <u>See</u> Division Order No. R-12190.

Attached as Exhibit B is a land plat, highlighting the proposed well's location. The S½ of Section 9 (and other acreage) is covered by a single federal lease (NM 90161), which has common royalty, overriding royalty, and working interest ownership in the Grayburg and San Andres formations. Although the well is very unorthodox, there are no adversely affected interest owners, and no one has been notified of this application.

Please call me if you need any further information on this matter.

Very truly yours,

1

Attorney for Apache Corporation

Application of Apache Corporation for administrative approval of an unorthodox well location:

40 acres – 1310' FSL & 1310' FEL Section 9, Township 21 South, Range 37 East, NMPM Lea County, New Mexico

PRIMARY OBJECTIVE: SAN ANDRES

In support:

- 1. Apache Corporation (Apache) is the operator of the **Hawk B-1 #36** well. The total depth drilled is 4732' in the San Andres formation. The well previously tested as a San Andres oil well and is currently perforated in and productive from the Grayburg.
- The Hawk B-1 #36 well was drilled as a standard location in the Hare; San Andres Gas Pool and as an NSL in the Penrose Skelly; Grayburg Oil Pool. Administrative Order NSL-4955 was issued for the Grayburg reservoir. Order R-12190 now extends the East Hare San Andres Oil Pool over this location. As to the San Andres reservoir, the location encroaches toward no currently productive San Andres well (Exhibit 1).
- 3. The **Hawk B-1 #36** unorthodox San Andres location of 1310' from south line and 1310' from east line is based on wellbore availability.
 - a) **Exhibit 1** (Well Information) illustrates that the well tested and is capable of producing hydrocarbons from the San Andres.
 - b) **Exhibit 2** (San Andres Net Pay) illustrates that sufficient reservoir is present to contain and produce commercial amounts of hydrocarbons.
 - c) Even though the location is unorthodox, the entire drainage area is contained within the Hawk B-1 lease.
 - d) Volumetrics and reserves for the Hawk B-1 #39 are:

OPER	WELL	LOC	AREA A	EUR MBO	EUR MMCFG
Apache	Hawk B-1 #36	09-P	40	4	382

4. Notice

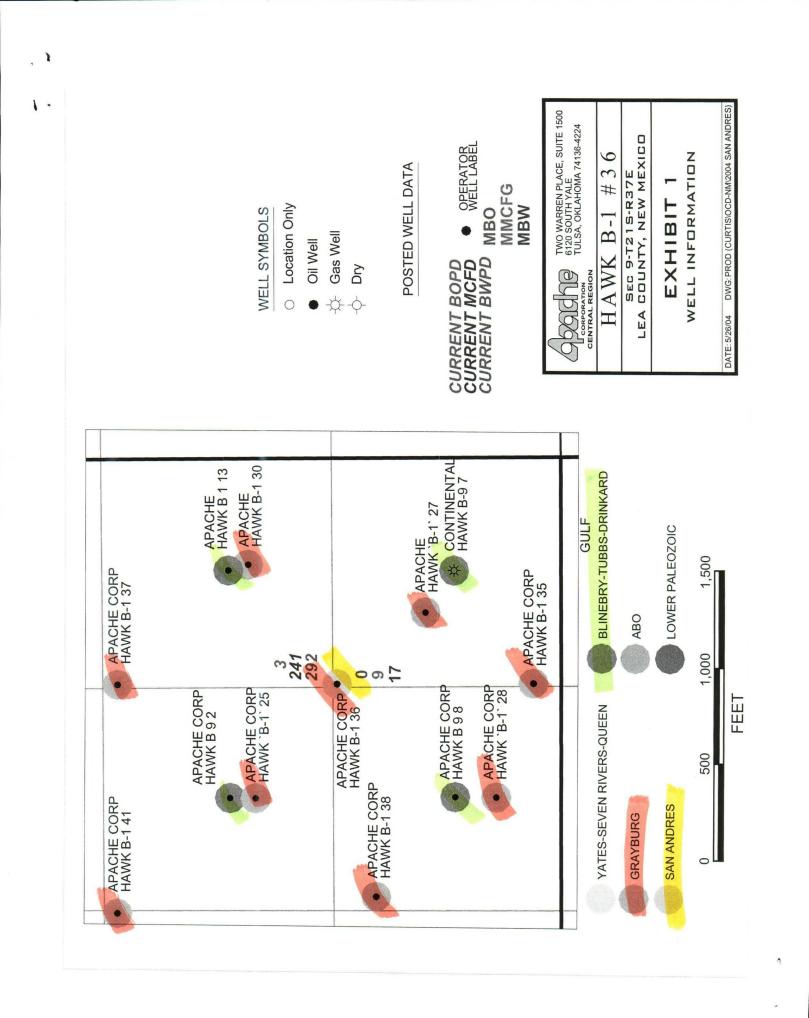
a. The Hawk Federal Lease covers, among other acreage, the SE¹/₄ §9. Interest ownership in the San Andres Formation is common in the lease.

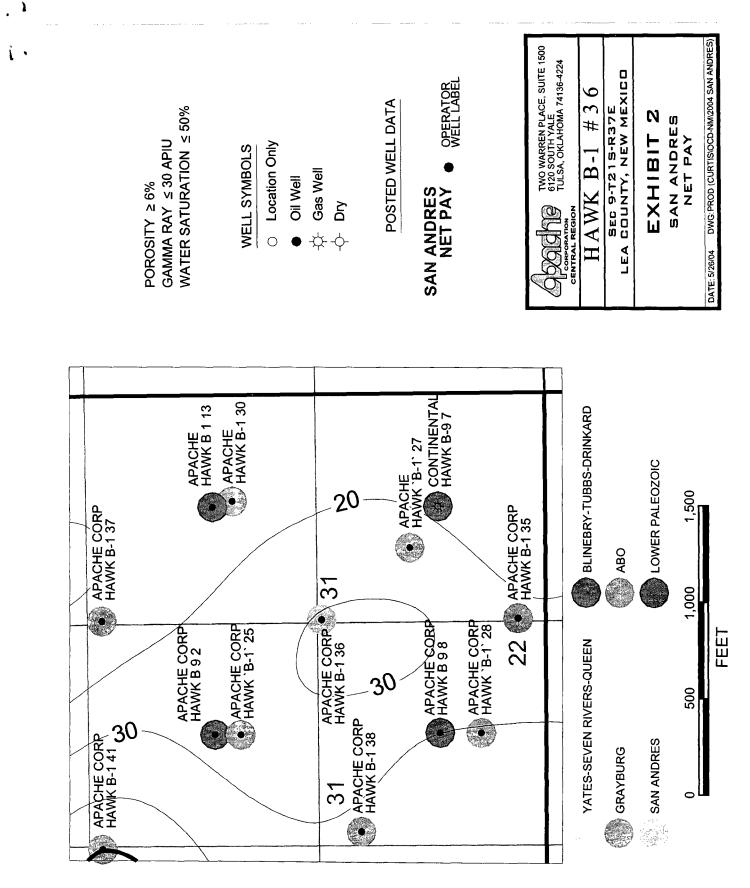


Therefore, there are no adversely affected parties and no one was notified of the application.

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5. Approval of this application will afford the interest owners in this spacing unit an opportunity to recover oil and gas which would not otherwise be recovered.





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