



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 16, 2005

Mark Fesmire

Director

Oil Conservation Division

Apache Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-5254

Dear Mr. Bruce:

Reference is made to the following: (a) your application (*administrative application reference No. pSEM0-521437516*) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 27, 2005; and (b) the Division's records in Hobbs and Santa Fe including the files on Division Administrative Orders NSL-4923 and NSL-5142: all concerning Apache Corporation's request for: (i) a non-standard infill oil well within an existing standard 40-acre oil spacing and proration unit in the Drinkard Pool (19190); and (ii) an unorthodox oil well location in the Blinebry Oil and Gas Pool (6660), Undesignated Tubb Oil and Gas Pool (60240), and Wantz-Abo Pool (62700), for its proposed Hawk "B-1" Well No. 45 to be drilled 1332 feet from the South line and 2629 feet from the West line (Unit K) of Section 8, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of: (i) Division Rules 104.F and 1207.A (2); (ii) the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

Drinkard oil production from this well is to be included within an existing standard 40-acre oil spacing and proration unit for the Drinkard Pool comprising the NE/4 SW/4 (Unit K) of Section 8, which is currently dedicated to Apache Corporation's existing Hawk "B-1" Well No. 15 (API No. 30-025-26266) located at a standard oil well location 2093 feet from the South line and 1867 feet from the West line of Section 8.

The proposed Hawk "B-1" Well No. 45 will be an initial well within this standard 40-acre oil spacing and proration unit for a completion in the Blinebry, Tubb, and Abo intervals.

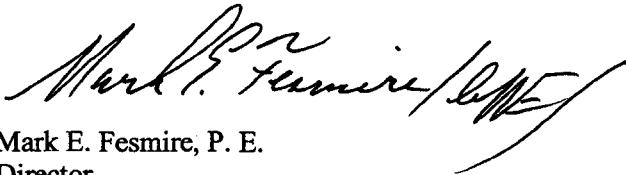
It is the Division's understanding that the E/2 SW/4 and the SE/4 of Section 8 and the E/2 NW/4 and the S/2 of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, comprises a single federal lease (*U. S. Government lease No. NM-90161*) with common mineral interests in which Apache Corporation is the leasehold operator; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within these four oil-bearing intervals.

Approval of the proposed unorthodox oil well location request should enable Apache Corporation to further develop and deplete the Blinebry, Tubb, Drinkard, and Abo intervals within its Hawk "B-1" federal lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2) and the applicable provisions of the special pool rules governing both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool, the above-described unorthodox oil well location of Apache Corporation's proposed Hawk "B-1" Well No. 45 is hereby approved for the Blinebry Oil and Gas Pool, Undesignated Tubb Oil and Gas Pool, Drinkard Pool, and Wantz-Abo Pool.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Carlsbad
File: NSL-4924 (SD)
NSL-5142