



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

July 21, 2003

Lori Wrotenbery
Director

Oil Conservation Division

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

Administrative Order NSL-4922 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application (*administrative application reference No. pKRV0-313329766*) that was submitted to the New Mexico Oil Conservation Division ("Division") on May 9, 2003; (ii) the Division's initial response by letter dated May 13, 2003 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) yours and Mr. Stogner's meeting with various Apache Corporation representatives on Wednesday morning, May 14, 2003; (iv) your re-submittal of this application to the Division on May 28, 2003; (v) your telefax transmission to Mr. Stogner on June 4, 2003 containing additional information concerning this application; (vi) your e-mail to Mr. Stogner on July 21, 2003 seeking the status of this request; and (vii) the Division's records in Santa Fe: all concerning Apache Corporation's request for an unorthodox infill oil well location within the Blinebry Oil and Gas Pool (6660), Tubb Oil and Gas Pool (60240), and Drinkard Pool (19190) for its proposed Southland Royalty "A" Well No. 16 to be drilled 1210 feet from the North line and 1470 feet from the East line (Unit B) of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

The NW/4 NE/4 of Section 9, being a standard 40-acre oil spacing and proration unit in the Blinebry, Tubb, and Drinkard intervals, is currently dedicated to Apache Corporation's Southland Royalty "A" Well No. 2 (API No. 30-025-06443) located at a standard oil well location 660 feet from the North line and 1980 feet from the East line of Section 9.

This application has been duly filed under the provisions of: (i) Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (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.

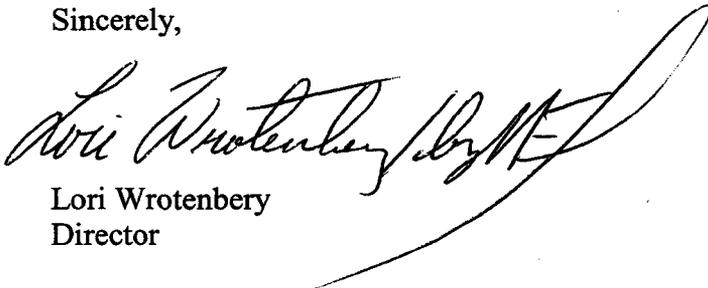
It is the Division's understanding that the NE/4 of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is included within a single fee lease with common ownership in which Apache Corporation is the leasehold operator; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within the Blinebry, Tubb, and Drinkard intervals.

Approval of the proposed unorthodox oil well location request should enable Apache Corporation to further develop and deplete the Blinebry, Tubb, and Drinkard intervals within its Southland Royalty "A" fee lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rules 104.F (2), as revised, 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 Southland Royalty "A" Well No. 16 is hereby approved for the Blinebry Oil and Gas Pool, Tubb Oil and Gas Pool, and Drinkard Pool.

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

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Hobbs