



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

May 13, 2003

Lori Wrotenberg
Director
Oil Conservation Division

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

Re: Administrative applications on behalf of Apache Corporation for the following five unorthodox Blinebry, Tubb, and Drinkard oil well locations in Township 21 South, Range 37 East, NMPM, Lea County, New Mexico: (i) Hawk "B-1" Well No. 34 to be drilled 1270' FSL & 1220' FWL (Unit M) of Section 9 (administrative application reference No. pKRV0-313329552); (ii) Southland Royalty "A" Well No. 19 to be drilled 130' FSL & 1270' FEL (Unit P) of Section 4 (administrative application reference No. pKRV0-313329875); (iii) State "C" Tract 12 Well No. 14 to be drilled 1240' FNL & 1270' FWL (Unit D) of Section 16 (administrative application reference No. pKRV0-313329659); (iv) Southland Royalty "A" Well No. 16 to be drilled 1210' FNL & 1470' FEL (Unit B) of Section 9 (administrative application reference No. pKRV0-313329766); and (v) Hawk "A" Well No. 19 to be drilled 1420' FNL & 150' FEL (Unit H) of Section 8 (administrative application reference No. pKRV0-313329445).

Dear Mr. Bruce:

Per your request this morning, Tuesday, May 13, 2003, the first application listed above for Apache Corporation's proposed Hawk "B-1" Well No. 34 is hereby dismissed and is being returned to you at this time.

After our telephone conversation this morning I gave the remaining four applications cursory reviews, whereby it quickly became apparent that these applications could not be approved as requested. Apache Corporation in all five applications is seeking location exceptions under the special pool rules governing the North Eunice-Blinebry-Tubb-Drinkard Pool (22900), as promulgated by Division Order No. R-8539, as amended. The North Eunice-Blinebry-Tubb-Drinkard Pool was created specifically and concurrently at the time the Northeast Drinkard Unit Area (see Division Order No. R-8540, issued in Case No. 9231 on November 9, 1987) and Northeast Drinkard Unit Waterflood Project (see Division Order No. R-8541, as amended) were established. Within all five of Apache Corporation's proposed well locations, the Blinebry interval is within the boundary of the Blinebry Oil and Gas Pool (72480), the Drinkard interval is within the Drinkard Pool (19190), and the Tubb interval is within the Tubb Oil and Gas Pool (86440). The Drinkard Pool is governed under the Division's statewide spacing and well location rules [see Rule 104.B (1)]; however, both the Blinebry and Tubb pools have special rules governing the respective zones.

Since the Division cannot process the four remaining applications listed above, they are hereby denied and are being returned to you along with the application for the proposed Hawk "B-1" Well No. 34.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
NMOCD, Santa Fe - Attention: Kathy Valdes

JAMES BRUCE
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FAX COVER SHEET

DELIVER TO: Michael E. Stogner
COMPANY: Oil Conservation Division
CITY: Santa Fe, New Mexico
FAX NUMBER: (505) 476-3162
NUMBER OF PAGES: 1 (Including Cover Sheet)
DATE SENT: 6/4/03

MEMO: Mike: Regarding the 5 unorthodox location applications I submitted on behalf of Apache Corporation, the first wells to be drilled will be the State C Tract 12 Well No. 14 and the two Southland Royalty wells. The other two are on federal land, so it will take another couple weeks to get the APDs for those well approved by the BLM.

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Stogner, Michael

From: JamesBruc@aol.com
Sent: Monday, July 21, 2003 6:44 AM
To: mstogner@state.nm.us
Subject: Apache Corporation

Mike: Three of the five locations I submitted on Apache's behalf still need approval. Due to rig scheduling, I need them ASAP. If you don't have time (which I understand), could you give me verbal approval? Sorry to bother you, but I'm getting some heat. Thanks.

Jim
982-2043