



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



May 12, 2008

Mr. James Bruce  
P.O. Box 1056  
Santa Fe, NM 87504

## Administrative Order NSL-5821

**Re: Apache Corporation**  
**Lockhart A-35 Well No. 5**  
**API No. 30-025-**  
**Unit F-Section 35-21S-37E**  
**Lea County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-08539053**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on March 25, 2008, and

(b) the Division's records pertinent to this request.

Apache has requested to drill the above-referenced well at an unorthodox oil well location, 1330 feet from the North line and 1650 feet from the West line (Unit F) of Section 35, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The SE/4 NW/4 of Section 35 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Blinebry Oil and Gas Pool (6660), the Tubb Oil and Gas Pool (60240) and the Drinkard Pool (19190). Spacing in the Blinebry is governed by the Special Rules and Regulation for the Blinebry Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard oil units shall consist of 40 acres, with wells located at least 330 feet from any unit outer boundary or quarter-quarter section line. Spacing in the Tubb is governed by the Special Rules and Regulation for the Tubb Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which establish the same requirements. Spacing in the Drinkard Pool is governed by statewide Rule 104.B(1), which establishes the same spacing requirements. This location is less than 330 feet from the northern unit boundary.



Your application on behalf of Apache has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that this location is being requested because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,



*2* Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs  
United States Bureau of Land Management - Carlsbad