

Stogner, Michael

From: JamesBruc@aol.com
Sent: Monday, February 23, 2004 7:12 AM
To: mstogner@state.nm.us
Subject: Apache Corporation unorthodox locations in 21S-37E

Mike: I know you are cleaning out pre-February administrative applications, but I ask if you can help me with a few of the above applications.

Late last year the Division approved 5 unorthodox locations for Apache in 21S-37E, and Apache has now begun drilling those wells (which usually take about 5-6 days to drill). It now appears the drilling is proceeding much faster than initially anticipated, so in order to keep ahead of the rig I ask if you can review and (I hope) approve 3-4 of the 9 applications I submitted the first week in January.

The approvals will allow Apache to prepare wellsites ahead of rig arrival. In addition, it will keep the rig running on these locations -- if it has to be de-activated and moved, it will cost about \$60,000+ to move it back to these wells.

If you need any further information, please let me know. Thanks.

Jim Bruce
982-2043

2/23/2004



State of New Mexico
OIL CONSERVATION COMMISSION

2/23/04
5:10 PM
From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Note To File

Re: Apache Corp.
Penrose Skelly Infill
Wells

Talked w/ Jim Bruce:
- Is providing me a copy of all
com. agreements. All have been
signed by Chevron and BP
where applicable.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

Stogner, Michael

From: JamesBruc@aol.com
Sent: Monday, February 23, 2004 5:42 PM
To: mstogner@state.nm.us
Subject: Apache Corporation unorthodox locations in 21S-37E

Mike: I have asked Apache to e-mail complete copies of all communitization agreements to you. If you don't receive them by Tuesday morning, let me know.

All communitization agreements have been signed by all affected working interest owners, because they will share in well costs and in production.

Jim Bruce

2/23/2004

Stogner, Michael

From: Stogner, Michael
Sent: Wednesday, February 25, 2004 1:18 PM
To: Jim Bruce (E-mail)
Subject: Apache

I have prepared and ready to release the first Apache infill Penrose Skelly NSL adm. order; however, I'd like for you to, off the record, look it over and comment on it. Thanks.



NSL-4957.a.doc

Page 1 of 1

Stogner, Michael

From: JamesBruc@aol.com
Sent: Wednesday, February 25, 2004 1:54 PM
To: MSTOGNER@state.nm.us
Subject: Re: Apache

Mike: I think you have it exactly correct. As you'll see with applications involving federal lands, the BLM simply signed off on the cooperative lease line agreements, rather than requiring a communitization agreement. I met with the Land Office (Jeff Albers and Pete Martinez), and explained that the spacing unit must still be the 40 acre tract on which the well was located. I know that they are aware of that. However, they said that without a communitization agreement their computer could not track payment of revenue to the Land Office.

The long and short of it is that I see no problem in referring to it as a cooperative agreement.

The order looked fine to me.

Jim