

**Stogner, Michael**

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**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  
con. 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**

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**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**

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**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**

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**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

**Stogner, Michael**

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**From:** JamesBruc@aol.com  
**Sent:** Friday, February 27, 2004 8:11 AM  
**To:** mstogner@state.nm.us  
**Subject:** Apacahe unorthodox locations

Mike: OXY doesn't show up in the applications because it assigned its interest to Apache. I'm faxing you the assignment.

Jim

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This email has been scanned by the MessageLabs Email Security System.  
For more information please visit <http://www.messagelabs.com/email>

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(3:30 PM)  
2/26/2004

Talked w/ Jim Bauer  
about OXY's interest not  
mentioned in this application  
like the other previously approved  
applications. He thinks w/ Apache  
and will get back w/ me.



2/27/2004

JAMES BRUCE  
Attorney at Law  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Telephone: (505) 982-2043  
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Michael E. Stogner

COMPANY: Oil Conservation Division

CITY: Santa Fe, New Mexico

FAX NUMBER: (505) 476-3462

NUMBER OF PAGES: 4 (Including Cover Sheet)

DATE SENT: 2/27/04

MEMO: Mike: Regarding the Apache unorthodox well locations in 21S-37E: I was partly correct. OXY did own record title (but no operating rights) in the NW 1/4. However, OXY has just assigned those rights to Apache. See the enclosure. That is why OXY doesn't show up in the most recent applications (although it did in the applications filed late last year).

CONFIDENTIALITY NOTICE

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Feb-27-2004 07:53am From-APACHE CORP

8184914854

T-236 P.001/002 F-840

U. S. DEPT. OF THE INTERIOR

Houston

ONE  
2/10/04



State of New Mexico  
Commissioner of Public Lands

310 OLD SANTA FE TRAIL

P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

PATRICK H. LYONS  
COMMISSIONER

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.mnstatepubliclands.org

01/30/04

RECEIVED

FEB 08 2004

TULSA  
LAND DEPT.

APACHE CORP  
6120 S. WALE  
SUITE 1500  
TULSA, OK 74136

RE: Assignment of Lease# B01557-0001

Dear Sir or Madam:

This letter is in response to your request to execute an assignment of the above mentioned lease.

We have approved the assignment of the following land to Lease# B01557-0002, totalling 160.00 acres.

Township Range Section Land Description

21S 17E 16 NW4

Please be aware that, before you commence exploration or drilling operations on the leased lands, all surface improvement damage requirements must be met. Failure to do so may result in possible cancellation of your lease. Thank you, if you have already complied with this requirement.

If you should need additional bond information, please contact Anna Villa at (505) 827-5789.

Very truly yours,

Patrick H. Lyons  
COMMISSIONER OF PUBLIC LANDS

By:  
Jami Bailey, Director  
Oil, Gas & Minerals Division  
(505) 827-5744

PL/jb/av

Post-It Fax Note	7671	Date	2/27/04	Page	3
To	Jim Bailey	From	C. M. S. G. 21		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	505-982-2101	Fax #			

Feb-27-2004 07:53am From-APACHE CORP

0184914854

T-238 P.002/003 F-840

From Lease Number  
B-1557-1To Lease Number  
B-1557-2

RECEIVED

2004 JAN 28 AM 9 57

# NEW MEXICO STATE LAND OFFICE ASSIGNMENT OF OIL AND GAS LEASE SANTA FE, N.M.

P A R T I A L

FOR VALUE RECEIVED, Occidental Permian Limited Partnership OGRID No. 157984  
Name (include name of spouse, if any, or type of business entity)(Assignee whether one or more), assign and convey to: Apache Corporation OGRID No. 000873(Assignee whether one or more), whose mailing address is Two Warren Place, Suite 1500, 6120 South Yale, Tulsa, Oklahoma 74136-6224the entire interest and title in and to Oil and Gas Lease No. R-1557 (the Lease) initially made by the New Mexico State Land Office to:Shoshone Oil & Gas Company, dated 12-27-02, insofar as the Lease covers the following land in La

County, New Mexico:

Township 21 South, Range 37 East  
Section 16: NW/4

together with the rights incident thereto, and improvements thereon, if any.

Assignee assumes and agrees to perform all duties and obligations to the Commissioner of Public Lands including payment of rentals and royalties, and to do such other acts as are required by the Lease, to the same extent and in the same manner as if the provisions of the Lease were fully set out herein.

Assignor warrants the leasehold estate herein assigned, except as to any valid overriding royalty, production payment, operating agreement or sub-lease, if any, now of legal record, and covenants to the Assignee and the Commissioner of Public Lands that the leasehold estate assigned is valid, and that all rentals and royalties due under the Lease have been paid in full, and that all other Lease obligations presently due have been fully performed.

EXECUTED this 6 day of January, 2004By: Occidental Permian Limited Partnership  
By: Occidental Permian Manager LLC, General PartnerStephen S. Flynn, Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing Assignment was acknowledged before me this 6th day of January, 2004by Stephen S. FLYNN, Attorney-in-Fact of Occidental Permian Manager LLC, a Delaware limited liability company, as General Partner of Occidental Permian Limited Partnership, a Texas limited partnership, on behalf of Occidental Permian Limited Partnership.

My commission expires: \_\_\_\_\_

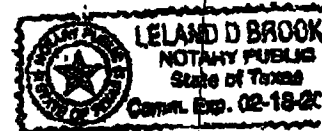
Robert D. Brooks  
Notary Public

ASSIGNEE'S ACCEPTANCE

The undersigned Assignee named above hereby agrees to be bound by all of the terms, covenants, and conditions of the Lease and this Assignment and shall succeed to the rights and benefits under the Lease.

EXECUTED this 19th day of January, 2004By: Assignee

Name of spouse, if any, or title, if signing in representative capacity



Feb-27-2004 07:53am From-APACHE CORP

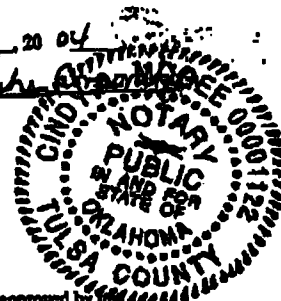
9184814854

T-228 P.003/003 P-840

## ACKNOWLEDGMENT

STATE OF OklahomaCOUNTY OF TulsaThe foregoing Assignment's Assignment was acknowledged before me this 19th day of January, 20 04by Rob Johnson, K.P. Explorer Development Central Region for Apache Corporation

Type if signing in representative capacity

My commission expires: 2-26-04Cindy M. Muehle  
Notary Public

## APPROVAL OF THE COMMISSIONER

Office of the Commissioner of Public Lands  
Santa Fe, New Mexico

I hereby certify that this Assignment was filed in my office on

JAN 22 2004

and was approved by

JAN 29 2004

and shall be effective as to the State of New Mexico on

Richard H. Brown  
COMMISSIONER OF PUBLIC LANDS

## INSTRUCTIONS AND INFORMATION

1. **ANNUAL RENTAL:** The annual rental for the land in this Assignment is 1.00 per acre. The rental is due in advance and shall be paid to the Commissioner of Public Lands on the anniversary date of the original Lease agreement. The date of this Assignment does not change the annual rental due date. For any Assignment of any Lease initially issued prior to June 15, 1985, the annual rental shall not be less than six dollars (\$6.00). For any Assignment of any Lease initially issued after June 14, 1985, or of any Lease which has been assigned to the new ten year Lease, the minimum rental is forty dollars (\$40.00).
2. **FIXED TEN-YEAR LEASE:** This Lease provides for a fixed ten-year term, and for so long as oil or gas is produced in paying quantities. The ten-year period is divided into a primary term of five years, followed by a secondary term of five years. If no production is had during the primary term, the rental for the secondary term is double the rental of the primary term, or equal to the highest prevailing rental rate in the district, whichever is higher. Rentals continue even though production is had.
3. **FIXED FIVE-YEAR LEASE:** This Lease provides for a fixed five-year term, and for so long as oil and gas is produced in paying quantities. The fixed five-year term has no secondary term. Rentals continue even though production is had.
4. **FILING:** All Assignments must be filed in the State Land Office in triplicate, with original signatures on all three copies, within one hundred days from the date of signing, and must be accompanied by the recording fee.
5. **RECORDING FEE:** The recording fee for each Assignment is thirty dollars (\$30.00). If, however, the Assignment is filed more than one hundred days from the date of signing, an additional fee of seventy-five dollars (\$75.00) is charged.
6. **PERSONAL CHECKS:** When an Assignment is accompanied by a personal check, the Commissioner of Public Lands reserves the right to withhold approval of the Assignment until the check is paid.
7. **ASSIGNMENT DISAPPROVAL:** An Assignment will not be approved when it is made:
  - A. to more than two persons;
  - B. for less than a regular subdivision. (Regular subdivision means forty acres or a tract described by lot number, which tract may be more or less than forty acres);
  - C. for an undivided interest;
  - D. in the name of a trust, unless the trust document is attached or on file, and not more than two persons are named as trustees;
  - E. after a lis pendens is filed;
  - F. including any change or addition to the language contained in the Assignment form;
  - G. where survey requirements have not been met; or
  - H. where the lease is not in good standing; provided, however, that approval by the Commissioner does not waive any rights or claims the Commissioner may have to rental, royalties, or other obligations due to the Commissioner. Approval of the assignment by the Commissioner does not constitute a finding by the Commissioner that the lease is in good standing. Assignors must perform their own due diligence.
8. **COMPLETE ADDRESS:** An Assignment must show the complete post office address of the Assignor.
9. **ACKNOWLEDGMENT:** An Assignment must be executed before an officer authorized to take acknowledgments of deeds. Persons executing on behalf of a corporation or other business entity must indicate title or authority to execute.
10. **MARITAL STATUS:** An Assignment must show whether the Assignors are married or single; if married, both husband and wife must sign the Assignment. The Certificate of Acknowledgment must show the marital status of the Assignors.
11. **BLANKET ASSIGNMENTS:** Must have an Exhibit A attached that includes lease number, original lessee of record, lease issue date, county, and land description. Provide a copy of the original assignment form and the exhibit for every lease.
12. **BLANKET ASSIGNMENTS:** Will only be approved for record title. All other types of assignments (operating rights, depth limitations, undivided interests, etc.) will be filed as miscellaneous instrument documents for record purposes only.
13. **COMMUNICATIONS:** All official business, letters and communications must be addressed directly to the Commissioner of Public Lands, Oil, Gas, & Minerals Division.
14. **PAYMENT:** Make all payments for annual rental, recording, and approval of lease to:

COMMISSIONER OF PUBLIC LANDS  
P.O. Box 1148  
Santa Fe, NM 87504-1148