

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF APACHE CORPORATION FOR
AN EXCEPTION TO DIVISION ORDER NO. R-9922-E
TO PERMIT A THIRD WELL ON A WELL UNIT,
EDDY COUNTY, NEW MEXICO.

Case No. 14177

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APPLICATION

Apache Corporation applies for an order approving a third well in the Indian Basin-Upper Pennsylvanian Associated Pool (the "Associated Pool") in a well unit comprised of Lots 1, 2, S½NE¼, and SW¼ (the E½) of Section 2, Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in and the operator of the E½ of Section 2, comprising 336.81 acres, which is dedicated, in the Associated Pool to (i) the Conoco State Well No. 6, located 2250 feet from the north line and 1500 feet from the east line, and (ii) the Conoco State Well No. 8, located 1710 feet from the south line and 880 feet from the east line.

2. Under Division Order No. R-9922, as amended, the Associated Pool has special rules providing for (i) 320 acre spacing, (ii) four wells per well unit, with two wells per quarter section, (iii) wells to be located no closer than 660 feet to a quarter section line nor closer than 330 feet to a quarter-quarter section line, (iv) an oil allowable of 1400 barrels of oil per day, and (v) a gas:oil ratio of 7000 cubic feet of gas per barrel of oil.

3. Division Order No. R-9922-E contracted the Indian Basin-Upper Pennsylvanian Gas Pool to delete the E½ of Section 2, and expanded the Associated Pool to include the E½ of Section 2. The order also provided that only one well in the Associated Pool shall be allowed per quarter section in the E½ of Section 2 (and other lands not involved in this application).

Order No. R-9922-E, Ordering Paragraph (9).

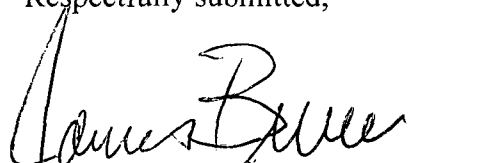
4. Applicant proposes to drill the Conoco State Well No. 11, at a location 860 feet from the north line and 1900 feet from the east line of Section 2, and complete it in the Associated Pool. The E½ of Section 2 will be simultaneously dedicated to the Conoco State Well Nos. 6, 8, and 11. Thus, applicant requests an exception to the provisions of Order No. R-9922-E to allow a third well in the Associated Pool in the E½ of Section 2.

5. The Conoco State Well No. 11 will produce reserves that will not be recovered by the Conoco State Well Nos. 6 and 8.

6. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order granting the relief requested above.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for Apache Corporation