



TWO WARREN PLACE / SUITE 1500 / 6120 S. YALE / TULSA, OKLAHOMA 74136-4224

WWW.APACHECORP.COM  
Telephone: (918) 491-4900

July 3, 2007

Chevron U.S.A. Inc.  
11111 S. Wilcrest  
Houston, Texas 77099  
Attn: Mr. Todd Kratz

BP America Production Company  
501 Westlake Park Blvd.  
Houston, Texas 77079  
Attn: Mr. Tom Furtwangler

**RE: West Blinebry-Drinkard Unit**  
Lea County, New Mexico

Apache Corporation (Apache) proposes unitizing the Blinebry, Tubb and Drinkard formations in Sections ~~1, 8, 9, 16, 17, and 21~~ (totaling ~~2,720.00~~ acres) in T21S, R37E to perform secondary recovery operations through water flooding of the Blinebry/Tubb/Drinkard reservoirs. As an active operator in this area, Apache Corporation will be the Operator of this Unit since Apache operates approximately 61% of the wells included within the boundaries of the proposed unit. Apache therefore invites you as a working interest owner to participate in Apache's proposal to form the West Blinebry-Drinkard Waterflood Unit.

As a result of the aforementioned and in accordance with our previous conversations pertaining to Apache's desire to form the West Blinebry-Drinkard Unit, enclosed for your review and further comments are the Unit Agreement and the Unit Operating Agreement in its draft form for the West Blinebry-Drinkard Unit. Exhibits A, B-1, B-2, B-3, and C are found at the end of the Unit Agreement. Exhibit "A" shows the proposed unitized area. Exhibit "B-1" describes each tract and its respective ownership, Exhibit "B-2" gives individual Unit participation of each tract, Exhibit "B-3" describes lease and tract participation factor and Exhibit "C" identifies the Unitized Formation. Please note that the Exhibits are not in their final form as Apache has three (3) more lease line wells to drill. When the final lease line well is drilled, final participation factors can be established for the Unit, and as a result, will change working interest's for all the owners participating in said Unit. Further the body of the enclosed Unit and Unit Operating Agreements are identical in form to the agreements both Chevron and BP executed for the East Blinebry Drinkard Unit. The only exception is on the new Unit Agreement, State of New Mexico language has been inserted (see attached red lined version), and on the Unit Operating Agreement, the non-consent language has been deleted (see attached red lined version).

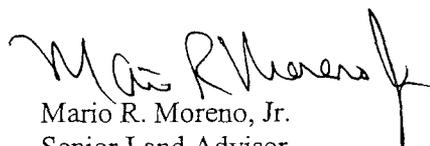
Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. 10B

Page 2-West Blinebry-Drinkard Unit  
July 3, 2007

Should you have any questions pertaining to this proposed project, please feel free to contact the undersigned at (918) 491-4963 or Kevin Mayes (Reservoir Engineer) at (918) 491-4972. We look forward to your support in facilitating the implementation of this project.

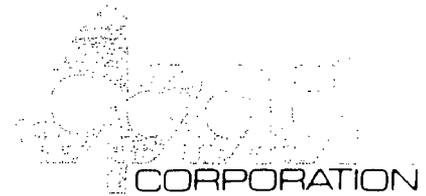
Yours truly,

APACHE CORPORATION

A handwritten signature in black ink, appearing to read "Mario R. Moreno, Jr.", with a stylized flourish at the end.

Mario R. Moreno, Jr.  
Senior Land Advisor

Encls: Unit Agreement  
Unit Operating Agreement



Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

December 13, 2007

Six Aeches Company  
203 West Wall Street  
Midland, Texas 79701

Attn: Mr. O. F. Hedrick

**RE: West Blinebry-Drinkard Unit**  
Lea County, New Mexico

Dear Mr. Hedrick:

Apache Corporation (Apache) proposes unitizing the Blinebry, Tubb and Drinkard formations in Sections 1, 8, 9, 16, 17, and 21 (totaling 2,720.00 acres) in T21S, R37E to perform secondary recovery operations through water flooding of the Blinebry/Tubb/Drinkard reservoirs. As an active operator in this area, Apache Corporation will be the Operator of this Unit since Apache operates approximately 61% of the wells included within the boundaries of the proposed unit. Apache therefore invites you as a working interest owner to participate in Apache's proposal to form the West Blinebry-Drinkard Waterflood Unit.

Since our last meeting, Apache has had several meetings with Chevron U.S.A. and BP America Production Company with good results. Each company has expressed an interest in going forward with this project and are currently reviewing the Unit and Unit Operating Agreements covering this proposed Unit. Upon Chevron's final election to participate in said Unit, Apache will then have the required voting interest required by the New Mexico Oil Conversation Division to move forward with getting final Division approval for this project. At such time as Apache receives Chevron's confirmation to participate, all the working interest owners will be notified.

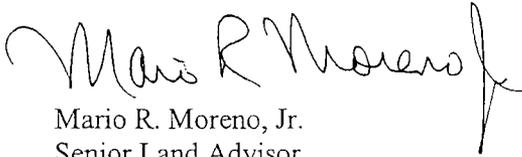
As a result of the aforementioned and in accordance with our previous conversations pertaining to Apache's desire to form the West Blinebry-Drinkard Unit, enclosed for your and your partners review and approval are four (4) sets of the Unit Agreement and the Unit Operating Agreements for the West Blinebry-Drinkard Unit. Exhibits A, B-1, B-2, B-3, and C are found at the end of the Unit Agreement. Exhibit "A" shows the proposed unitized area. Exhibit "B-1" describes each tract and its respective ownership, Exhibit "B-2" gives individual Unit participation of each tract, Exhibit "B-3" describes lease and tract participation factor and Exhibit "C" identifies the Unitized Formation.

Page 2-West Blinebry-Drinkard Unit  
December 13, 2007

Should you have any questions pertaining to this proposed project, please feel free to contact the undersigned at (918) 491-4963 or Kevin Mayes (Reservoir Engineer) at (918) 491-4972. We look forward to your support in facilitating the implementation of this project.

Yours truly,

APACHE CORPORATION

A handwritten signature in cursive script that reads "Mario R. Moreno, Jr." with a stylized flourish at the end.

Mario R. Moreno, Jr.  
Senior Land Advisor

Encls: Unit Agreement  
Unit Operating Agreement

Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

December 17, 2007

Stephens and Johnson  
811 6<sup>th</sup> St, Suite 300  
Wichita Falls, TX 76307-2249

Attn: Mr. Bob Gilmore

Re: West Blinebry Drinkard Unit  
Lea County, New Mexico

Dear Mr. Gilmore:

Reference is made to our up coming meeting set for December 18, 2007 pertaining to the Apache Corporation's proposed West Blinebry Drinkard Unit which will include your Weatherly Lease covering the NW/4, W/2NE/4 Section 21, T21S, R37E, wherein Stephens and Johnson operates seven (7) Blinebry/Tubb and Drinkard wells. Please be advised that since Apache's New Mexico Team last visited you with the proposal of forming a Blinebry/Tubb/Drinkard waterflood unit, due to manpower and budget constraints, Apache had to defer the forming of this unit.

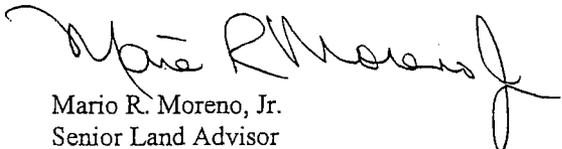
Apache has now received Managements go ahead to move forward with implementing the formation of the West Blinebry Drinkard Unit. Since our last meeting, Apache has had several meetings with Chevron U.S.A. and BP America Production Company with good results. Each company has expressed an interest in going forward with this project and are currently reviewing the Unit and Unit Operating Agreements covering this Unit. Upon Chevron's final election to participate in said Unit, Apache will then have the required voting interest required by the New Mexico Oil Conversation Division to move forward with getting the entire Unit approved by the Division. At such time that Apache receives Chevron's confirmation to participate in said Unit, all working interest owners will be notified.

As a result of the foregoing, enclosed is one (1) set of the Unit and Unit Operating Agreements for your and your partners review and final approval. The Unit and Unit Operating Agreements will be limited to the Unitized Formations being the Blinebry/Tubb/Drinkard formations only.

Should you have any questions pertaining to the agreements enclosed please do not hesitate to call me at (918) 491-4963, or should you have any technical questions, please call Kevin Mayes at (918) 491-4972. Thank you for your consideration of Apache's Unit proposal.

Yours truly,

APACHE CORPORATION

  
Mario R. Moreno, Jr.  
Senior Land Advisor

Encls: Unit Agreement  
Unit Operating Agreement

6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136



Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

January 28, 2008

Elliott Industries Limited partnership  
P.O. Box 3300  
Roswell, New Mexico 88202

Attn: Mr. Steve Elliott

**RE: Apache Corporation Proposed  
West Blinebry-Drinkard Unit  
Lea County, New Mexico**

Dear Mr. Elliott:

Apache Corporation (Apache) proposes unitizing the Blinebry, Tubb and Drinkard formations in Sections 1, 8, 9, 16, 17, and 21 (totaling 2,720.00-acres) in T21S, R37E to perform secondary recovery operations through water flooding of the Blinebry/Tubb/Drinkard reservoirs. As an active operator in this area, Apache Corporation will be the Operator of this Unit since Apache operates approximately 61% of the wells included within the boundaries of the proposed unit.

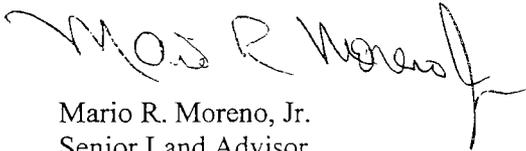
As a result of the aforementioned and in accordance with our previous conversations pertaining to Apache's desire to form the West Blinebry-Drinkard Unit, enclosed for your review and further comments are the Unit Agreement and the Unit Operating Agreement in its draft form for the West Blinebry-Drinkard Unit. Exhibits A, B-1, B-2, B-3, and C are found at the end of the Unit Agreement. Exhibit "A" shows the proposed unitized area. Exhibit "B-1" describes each tract and its respective ownership, Exhibit "B-2" gives individual Unit participation of each tract, Exhibit "B-3" describes lease and tract participation factor and Exhibit "C" identifies the Unitized Formation. Please note that the Exhibits are not in their final form as Apache is currently trying to purchase certain working interest owners interests through out the Unit.

Page 2- West Blinebry-Drinkard Unit  
January 28, 2008

Should you have any questions pertaining to this proposed project, please feel free to contact the undersigned at (918) 491-4963 or Kevin Mayes (Reservoir Engineer) at (918) 491-4972. We look forward to your support in facilitating the implementation of this project.

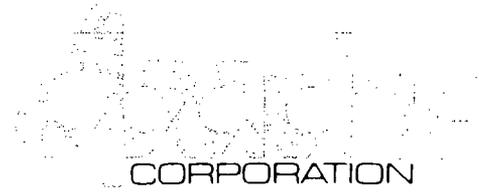
Yours truly,

APACHE CORPORATION

A handwritten signature in black ink, appearing to read "MARIO R. MORENO, JR.", written in a cursive style.

Mario R. Moreno, Jr.  
Senior Land Advisor

Encls: Unit Agreement  
Unit Operating Agreement



Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

February 18, 2008

WORKING INTEREST OWNERS  
(See Attached Address List)

**RE: West Blinebry-Drinkard Unit**  
Sections 4, 8, 9, 16, 17 & 21, T21S, R37E, Lea County, NM

Apache Corporation (Apache) proposes unitizing the Blinebry, Tubb and Drinkard formations in Sections 4, 8, 9, 16, 17, and 21 (totaling 2,480.00 acres) in T21S, R37E to perform secondary recovery operations through waterflooding of the Blinebry and Drinkard reservoirs. It is proposed that Apache be the Operator of this Unit since Apache operates approximately 90% of the wells included within the boundaries of the proposed unit. This portion of the field should perform in an analogous manner to the offsetting Central Drinkard, Northeast Drinkard and Warren waterflood units. As a result, Apache invites you to participate in Apache's proposal to form the West Blinebry-Drinkard Waterflood Unit.

Geologic study indicates the productive intervals, though compartmentalized, are laterally continuous enough to waterflood. Production performance indicates the reservoir to be currently acting under a solution gas drive mechanism. The proposed unit area has cumulative primary production of 13.4 MMBO from the Blinebry, Tubb and Drinkard formations. Remaining primary production is 2.1 MMBO, yielding ultimate primary recovery of 15.5 MMBO.

Recoverable secondary reserves are estimated to be 6.2 MMBO, or 40% of the proposed primary recovery utilizing the existing well spacing to develop 80 acre five spot injection patterns. The total capital costs for this project are estimated to be \$10,447,000.00.

Economic evaluation indicates this waterflood expansion project will yield a 67% rate of return, net present after tax value of \$77 MM and a development cost of less than \$2/barrel. The majority of the wellbores are still active and can be converted to injection without extensive well work.

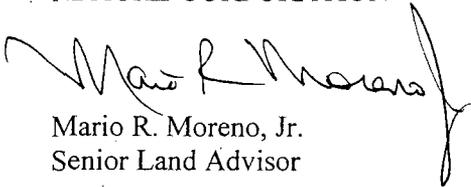
As a result of the aforementioned, enclosed for your review and further handling are the Unit Agreement and the Unit Operating Agreement in its FINAL FORM for the West Blinebry-Drinkard Unit which has been executed on behalf of Apache Corporation. Exhibits A, B-1, B-2, B-3, and C are found at the end of the Unit Agreement. Exhibit "A" shows the proposed boundary for the unitized area. Exhibit "B-1" describes each tract and its respective working, royalty and overriding royalty ownerships, Exhibit "B-2" gives working interest owner Unit participation of each tract, Exhibit "B-3" describes lease and tract participation factor and Exhibit "C" identifies the Unitized Formation.

Based on our prior discussions and meetings, Apache respectfully requests your early reply and consideration in joining the proposed West Blinebry-Drinkard Unit as proposed. Also, the BLM has indicated it expects to send Apache its Preliminary Approval Letter for Apache's proposed West Blinebry-Drinkard Waterflood Unit within the next week. Upon receipt of the BLM's approval letter, said letter will be sent out to all working interest owners of the Unit for its files and records. Apache's target date for initiating injection operations in this unit is set for the 4<sup>th</sup> Qtr 2008.

Thank you for your immediate attention in this matter and if all is in order, please sign and return three (3) original signature pages each to the Unit and Unit Operating Agreements along with three (3) originals of the Ratification and Joinder of Unit Agreement to the undersigned in the enclosed self addressed envelope provided for your convenience. Should you have any questions pertaining to this proposed project, please feel free to contact the undersigned at (918) 491-4963 or Kevin Mayes (Reservoir Engineer) at (918) 491-4972. We look forward to your support in facilitating the implementation of this project.

Yours truly,

APACHE CORPORATION



Mario R. Moreno, Jr.  
Senior Land Advisor

Encls: Unit Agreement  
Unit Operating Agreement  
Unit Ratifications  
Return Envelope

**WORKING INTEREST OWNER LIST**  
**West Blinebry-Drinkard Unit**  
**Lea County, New Mexico**

	<b>PH I</b>	<b>PH II</b>
	<u>Unit WI</u>	<u>Unit WI</u>
Apache Corporation 6120 South Yale Avenue, Suite 1500 Tulsa, OK, 74136 Attn: Mr. Mario R. Moreno, Jr.	74.005%	70.535%
Chevron U.S.A. Inc. 11111 South Wilcrest Houston, Texas 77099 Attn: Mr. Todd Kratz	16.040%	16.039%
BP America Production Company 501 Westlake Park Blvd Houston, Texas 77079 Attn: Mr. Tom Furtwangler	9.170%	8.391%
Geodyne Nominee Corporation 200 North Loraine Street, Suite 1010 Midland, Texas 79701 Attn: Mr. Tom Land	0.000%	0.094%
Elliott Industries Limited Partnership 500 N. Kentucky Ave, P. O. Box 3300/88202 Roswell, New Mexico 88201 Attn: Mr. Stephen L. Elliott	0.105%	1.413%
Elliott – Hall Company 2668 Grant, Suite 104 P.O. Box 1231 Ogden, Utah 84402 Attn: Mr. George E. Hall	0.105%	1.413%
Six Aeches Company Wall Towers West Bldg 203 West Wall Street, Suite 405 P.O. Box 401 203 West Wall Street Midland, Texas 79701 Attn: Mr. O. F. Hedrick	0.213%	0.794%

	<u>PH I</u> <u>Unit WI</u>	<u>PH II</u> <u>Unit WI</u>
John P. Searls 1011 E. 7 <sup>th</sup> Street P. O. Box 7018/79760 Odessa, Texas 79761 Attn: Mr. Roy Collier	0.067%	0.248%
Susan Searls Collier 1011 E. 7 <sup>th</sup> Street P. O. Box 7018/79760 Odessa, Texas 79761 Attn: Mr. Roy Collier	0.067%	0.248%
Linda Searls Neidert 1011 E. 7 <sup>th</sup> Street P. O. Box 7018/79760 Odessa, Texas 79761 Attn: Mr. Roy Collier	0.027%	0.099%
Osado Oil & Gas, Ltd. 500 West Texas Street, Suite 800 Midland, Texas 79701 Attn: Mr. Austen S. Campbell	0.117%	0.430%
Campbell Estate Partnership 500 West Texas Street, Suite 800 Midland, Texas 79701 Attn: Mr. Austen S. Campbell	0.081%	0.298%



Central Region Land Department  
(918) 491-4900  
(918) 491-4854 (FAX)

March 10, 2008

WORKING INTEREST OWNERS  
(See Attached Address List)

**RE: Bureau of Land Management Designation  
of West Blinebry-Drinkard Unit**  
Sections 4, 8, 9, 16, 17, & 21, T21S, R37E, Lea County, NM

Pursuant to the Bureau of Land Management's (BLM) request, enclosed for your records and further handling is a copy of the BLM's letter dated February 28, 2008 which indicates BLM Designation and acceptance of the form of Unit Agreement to be used for Apache's proposed West Blinebry-Drinkard Unit to unitize the Blinebry, Tubb and Drinkard formations in Sections 4, 8, 9, 16, 17, and 21 (totaling 2,480.00 acres) in T21S, R37E to perform secondary recovery operations through waterflooding of the Blinebry/Tubb/Drinkard reservoirs in the West Blinebry-Drinkard Waterflood Unit.

Should you have any questions pertaining to Apache's proposed project, please feel free to contact Mario Moreno at (918) 491-4963 for any Land questions or Kevin Mayes (Reservoir Engineer) at (918) 491-4972 for any Technical questions. We look forward to your support in facilitating the implementation of this project.

APACHE CORPORATION

A handwritten signature in cursive script that reads "Mario R. Moreno, Jr.".

Mario R. Moreno, Jr.  
Senior Land Advisor

Encls: BLM Letter dated February 28, 2008

cc: Jim Bruce

**WORKING INTEREST OWNER LIST**  
**West Blinebry-Drinkard Unit**  
**Lea County, New Mexico**

	<b>PH I</b>	<b>PH II</b>
	<u>Unit WI</u>	<u>Unit WI</u>
Apache Corporation 6120 South Yale Avenue, Suite 1500 Tulsa, OK, 74136 Attn: Mr. Mario R. Moreno, Jr.	74.005%	70.535%
Chevron U.S.A. Inc. 11111 South Wilcrest Houston, Texas 77099 Attn: Mr. Todd Kratz (281) 561-3630	16.040%	16.039%
BP America Production Company 501 Westlake Park Blvd Houston, Texas 77079 Attn: Mr. Tom Furtwangler (281) 366-0390	9.170%	8.391%
Geodyne Nominee Corporation 200 North Loraine Street, Suite 1010 Midland, Texas 79701 Attn: Mr. Tom Land (432) 686-6309	0.000%	0.094%
Elliott Industries Limited Partnership 500 N. Kentucky Ave, P. O. Box 3300/88202 Roswell, New Mexico 88201 Attn: Mr. Stephen L. Elliott (575) 622-5840	0.105%	1.413%
Elliott - Hall Company 2668 Grant, Suite 104 P.O. Box 1231 Ogden, Utah 84402 Attn: Mr. George E. Hall (801) 399-5871	0.105%	1.413%
Six Aeches Company Wall Towers West Bldg 203 West Wall Street, Suite 405 P.O. Box 401 203 West Wall Street Midland, Texas 79701 Attn: Mr. O. F. Hedrick (432) 684-4393	0.216%	0.794%

	<u>PH I</u> <u>Unit WI</u>	<u>PH II</u> <u>Unit WI</u>
John P. Searls 1011 E. 7 <sup>th</sup> Street P. O. Box 7018/79760 Odessa, Texas 79761 Attn: Mr. Roy Collier(432) 332-2011	0.067%	0.248%
Susan Searls Collier 1011 E. 7 <sup>th</sup> Street P. O. Box 7018/79760 Odessa, Texas 79761 Attn: Mr. Roy Collier (432) 332-2011	0.067%	0.248%
Linda Searls Neidert 1011 E. 7 <sup>th</sup> Street P. O. Box 7018/79760 Odessa, Texas 79761 Attn: Mr. Roy Collier(432) 332-2011	0.027%	0.099%
Osado Oil & Gas, Ltd. 500 West Texas Street, Suite 800 Midland, Texas 79701 Attn: Mr. Austen S. Campbell (432) 682-6389	0.117%	0.430%
Campbell Estate Partnership 500 West Texas Street, Suite 800 Midland, Texas 79701 Attn: Mr. Austen S. Campbell (432) 682-6389	0.081%	0.298%