



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



July 18, 2011

Apache Corporation
Attn: Mr. David Catanach
6120 S. Yale, Suite 1500
Tulsa, OK 74136

Administrative Order NSL-6423
Administrative Application Reference No. pWVJ11-18654790

Apache Corporation
OGRID 873
Turner Well No. 31
API No. 30-025-40175

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1580 FSL & 540 FEL	I	22	21S	37E	Lea

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NE/4 SE/4 Sec. 22	40	Penrose Skelly-Grayburg	50350
NE/4 SE/4 Sec. 22	40	Paddock	49210

Reference is made to your application received on July 5, 2011.

You have requested to drill or re-complete this well at an unorthodox oil well location described above in the referenced pools. This location is governed, as to both such pools, by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



It is our understanding that you are seeking this location for engineering reasons (to optimize recovery from these reservoirs) and to avoid interference with existing surface uses.

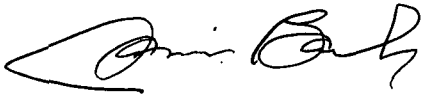
It is also understood that notice to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9 [19.15.15.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized flourish at the end.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office