



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

Daniel Sanchez
Acting Division Director
Oil Conservation Division



March 16, 2011

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

Administrative Order NSL-6352

Re: Owen B Well No. 14
API No. 30-025
1160 feet FSL & 2023 feet FWL
Unit N, Section 34-21S-37E
Lea County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-05651471**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 25, 2011, and

(b) the Division's records pertinent to this request.

Apache Corporation (Apache) [OGRID 873] has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SE/4 SW/4 of Section 34 will be dedicated to this well in order to form standard, 40-acre oil spacing unit in the Blinebry Oil & Gas Pool (6660), the Tubb Oil & Gas Pool (60240), the Drinkard Pool (19190) and the Wantz Abo Pool (62700). Spacing in the Blinebry and Tubb is governed by the Special Rules and Regulations for the Blinebry Oil and Gas Pool, and the Special Rules and Regulations for the Tubb Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986. Spacing in the Drinkard and Abo is governed by statewide Rule 15.9. All applicable rules

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provide that standard oil units shall consist of 40 acres, with wells located at least 330 feet from any unit outer boundary or quarter-quarter section line. This location is less than 330 feet from the northern unit boundary.

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

It is our understanding that you are seeking this location for engineering reasons, in order to maximize efficient drainage of reserves in this reservoir.

It is also understood that notice of this application 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.

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 'J. Daniel Sanchez', with a long horizontal flourish extending to the right.

J. Daniel Sanchez
Acting Director

JDS/db

cc: New Mexico Oil Conservation Division - Hobbs