



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



May 13, 2011

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

Administrative Order NSL-6371

Re: D State Well No. 59
API No. 30-015-38470
290 feet FSL & 175 feet FEL
Unit P, Section 26-17S-28E
Eddy County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-11246650**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 22, 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 SE/4 of Section 26 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Artesia Glorieta-Yeso Pool (96830). This pool is governed 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 the southern and eastern unit boundaries.

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 due to surface obstructions that preclude drilling this well at a standard location.

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 [19.15.15.13.B NMAC], 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 [19.15.5.9 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, flowing script.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office