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

November 22, 2011

Apache Corporation
Attn: Mr. David Catanach

Administrative Order NSL-6504
Administrative Application Reference No. pTWG11-29753213

Apache Corporation
OGRID 873
Hawk Federal B-1 Well No. 69
API No. 30-025

Proposed Location:

Footages	Unit	Section	Township	Range	County
2480 FSL & 1805 FEL	J	8	21S	37E	Lea

Proposed Unit:

Description	Acres	Pool	Pool Code
NW/4 SE/4 of Section 8	40	undesignated Wantz-Abo	62700

Reference is made to your application received on October 24, 2011.

You have requested to drill or re-complete this well at an unorthodox oil well location described above, in the referenced pool or formation. This location 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 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].

It is our understanding that you are seeking this location so that this well, if unproductive in the Abo, can be used as a development well in the West Blinebry Drinkard Unit Waterflood Project.
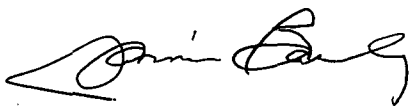
It is also understood that notice to offsetting operators or owners is unnecessary due to common working interest ownership.

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 [19.15.5.9 NMAC].

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

Sincerely,

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
       United States Bureau of Land Management