



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 5 , 2006

Apache Corporation
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5516

Re: Gill Well No. 6
K-31-21S-37E
Lea County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS06-25451984**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 11, 2006, on behalf of Apache Corporation (Apache);

(b) your supplemental letter dated November 13, 2006; and

(c) the Division's records pertinent to your request.

Apache has requested to drill its Gill Well No. 6 at an unorthodox Blinebry, Tubb and Drinkard oil well location, 1370 feet from the South line and 1300 feet from the West line (Unit K) of Section 31, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The NE/4 SW/4 of Section 31 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Blinebry Oil and Gas Pool (6660), the Drinkard Pool (19190) and the undesignated Tubb Oil and Gas Pool (60240).

This location is governed, as to the Blinebry and the Tubb, 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, respectively, as adopted by Order R-8170, effective March 28, 1986, and as to the Drinkard, by Statewide Rule 104.B, all of which provide that a well shall be located at

least 330 feet from any unit boundary. The proposed location is approximately 50 feet and 150 feet, respectively, from the southern and western unit boundaries.

Your application on behalf of Apache has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

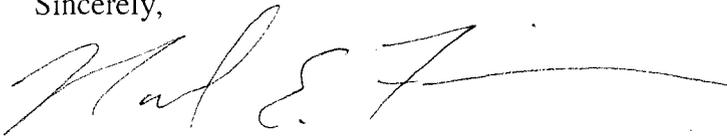
It is our understanding that this location is being requested because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

We also understand that Apache owns 100% of the working interest in entire the SW/4 of Section 31, Township 21S, Range 37E, including all of the units towards which this location encroaches, as well as the unit that will be dedicated to this well. Accordingly, no notice of this application is required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox well location is hereby approved.

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 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs