



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



February 1, 2010

Apache Corporation
Attn: Ms. Michelle Hanson
6120 S. Yale, Suite 1500
Tulsa, OK 74136

Administrative Order NSP-1940

**Re: State C Tract 13 Well No. 5 (API No. 30-005-07051)
State C Tract 13 Well No. 9 (API No. 30-025-21311)
NW/4 of Section 36
Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico**

Dear Ms. Hanson:

Reference is made to the following:

(a) your administrative non-standard proration unit (NSP) application (**administrative application reference No. pTGW10-00755645**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 7, 2010; and

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

Apache Corporation [OGRID 873] has requested approval of four non-standard, 40-acre gas spacing and proration units in the Blinebry Oil and Gas (Prorated Gas) Pool (72480) and in the Tubb Oil and Gas (Prorated Gas) Pool (86440) consisting, respectively, of the NE/4 NW/4 of Section 36, the NW/4 NW/4 of Section 36, the SW/4 NW/4 of Section 36 and the SE/4 NW/4 of Section 36, all in Township 21 South, Range 37 East, NMPM, in Lea County, New Mexico.

The SW/4 NW/4 unit will be dedicated in both pools to your existing State C Tract 13 Well No. 5, which is producing as a gas well in both the Blinebry and the Tubb formations at a location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 36. The SE/4 NW/4 Tubb gas unit will not be dedicated to any well at this time because there is a producing Tubb oil well located on that tract. However, you have requested that this unit be



authorized so that it can be dedicated to your existing State C Tract 13 Well No. 9, located in Unit F of Section 36, if and when that well produces as a Tubb gas well. The remaining units approved by this order will not be dedicated to any well at this time because there are no currently producing wells completed in those units. However, you have requested that these units be authorized, so that they can be dedicated to future Blinebry or Tubb gas wells if needed.

Spacing in these pools 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, both of which provide that standard gas units shall consist of 160 acres. Non-standard gas units consisting of less than 160 acres may be established by administrative order, but no unit or portion of a unit may be dedicated to both a producing gas well and a producing oil well in the same pool.

Your NSP application has been duly filed under the provisions of Division Rules 15.11.B(2) and 4.12.A(3).

We understand that you are seeking the establishment of the proposed non-standard, 40-acre units in the Tubb because your State C Tact 13 Well No. 5 (API No. 30-025-07051), located in the SW/4 NW/4 of Section 36, is now classified as a Tubb gas well. However, the SE/4 NW/4 of Section 36 is dedicated to an existing, producing oil well in the Tubb formation, thus precluding dedication of a standard 160-acre Tubb gas unit to the State C Tract 13 Well No. 5. It is further understood that you are seeking the establishment of 40-acre gas units in the Blinebry for engineering reasons, in order to efficiently produce the reserves in this quarter section.

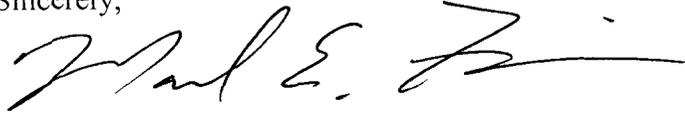
It is further understood that no notice to owners within the NW/4 of Section 36 is required since ownership of all interests is uniform throughout that quarter section. It is also understood that due notice of this application has been given to all offsetting operators and owners pursuant to the Division's directive for this application.

Pursuant to the authority of Rule 15.11.B(2), the above-described non-standard 40-acre gas spacing and proration units are hereby approved; PROVIDED, HOWEVER, that nothing in this Order shall authorize the simultaneous dedication of any of the units hereby established to both a gas well and an oil well producing in the Blinerbry or to both a gas well and an oil well producing in the Tubb formation.

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 "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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