



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



February 8, 2010

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

Administrative Order NSL-6150

Re: Chesterfield Well No. 3
API No. 30-025
2430 feet FNL and 990 feet FEL
Unit H, Section 14-20S-38E
Lea County, New Mexico

Dear Ms. Hanson:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-02228714**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 22, 2010, and

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

Apache Corporation [OGRID 873] (Apache) 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 NE/4 of Section 14 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Blinebry Oil & Gas (Oil) Pool (6660), the House Tubb Pool (78760) and the House Drinkard Pool (33250). Spacing in the Blinebry is governed by the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986. Spacing in the Tubb and Drinkard Pools is governed by statewide Rule 15.9.A. All applicable rules provide 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 unit boundary.

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



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It is our understanding that you are seeking this location to avoid interference with an existing pipeline.

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

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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