



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



July 14, 2010

Apache Corporation

Attn: Ms. Michelle Hanson

6120 S. Yale, Suite 1500

Tulsa, OK 74136

Administrative Order NSL-6232

**Re: J.R. Phillips Well No. 11
API No. 30-025
1280 feet FNL & 467 feet FEL
Unit A, Section 1-20S-36E
Lea County, New Mexico**

Dear Ms. Hanson:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-18257579**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 1, 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 NE/4 NE/4 of Section 1 will be dedicated to this well in order to form a standard, 40-acre oil spacing and proration unit in the Monument-Paddock Pool (47080). This pool is governed by statewide Rule 15.9.A, 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 unit boundary.

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

It is our understanding that you are seeking this location for engineering reasons, in order to maximize drainage of reserves existing within this unit.



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

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs