



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



May 9, 2011

Apache Corporation
Attn: David Catanach
6120 S. Yale, Suite 1500
Tulsa, OK 74136

Administrative Order NSL-6342-A

Re: Dayton Hardy Well No. 9
API No. 30-025-40078
1331 feet FSL and 467 feet FEL
Unit I, Section 20-21S-37E
Lea County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-12540325**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 5, 2011, and

(b) the Division's records pertinent to this request, including the Division's records pertaining to Administrative Order NSL-6342, issued on February 28, 2011.

By Order NSL-6342, the Division granted the application of Apache Corporation [OGRID 873] (Apache) to drill the above-referenced well at an unorthodox location described above in the caption of this letter, to be completed in the Blinebry Oil and Gas Pool (Oil) (6660), the Tubb Oil and Gas Pool (Oil) (60240) and the Drinkard Pool (19190). Apache now seeks authorization to complete this well at the same unorthodox location in the Wantz-Abo Pool (62700).

The NE/4 SE/4 of Section 20 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Wantz-Abo Pool. Spacing in the Wantz-Abo Pool is governed by statewide Rule 15.9 [19.15.15.9 NMAC], which provides that standard oil units shall consist of 40 acres, with wells

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



located at least 330 feet from any unit outer boundary or quarter-quarter section line. The proposed location for this well is less than 330 feet from the southern unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13.C [19.15.15.13.C NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this approval in order to utilize an existing wellbore.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

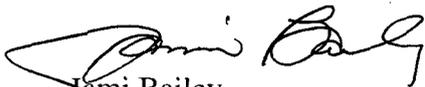
Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], the above-described unorthodox location is hereby approved.

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].

Order NSL-6342 remains in full force and effect as supplemented by this Order.

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