

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 12, 2011

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

Administrative Order NSL-6341-A

Re: Lou Worthan Well No. 30
API No. 30-025-40080
467 feet FNL and 1338 feet FWL
Unit C, Section 11-22S-37E
Lea County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-13153140**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 11, 2011, and

(b) the Division's records pertinent to this request, including the Division's records pertaining to Administrative Order NSL-6341/SD-2011001, issued on February 25, 2011.

By Order NSL-6341/SD-2011001, 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 Blinbry Oil and Gas Pool (Pro Gas) (72480), 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 NW/4 of Section 11 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

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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 western 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.

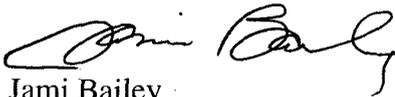
Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], the above-described unorthodox location is hereby approved.

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-6341/SD-2011001 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