



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 13, 2011

Apache Corporation
c/o Mr. David Catanach
6120 S. Yale, Suite 1500
Tulsa, OK 74136

Administrative Order SD-201106

**Re: Apache Corporation
Roitan Well No. 3
API No. 30-025-40018
2310 FNL & 2310 FEL
Unit G, Section 14-20S-38E
Lea County, New Mexico**

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pTGW11-13926475**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 19, 2011, on behalf of Apache Corporation (Apache) [OGRID 873]; and

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

Apache has requested to simultaneously dedicate the SW/4 NE/4 of Section 14, Township 20 South, Range 38 East in Lea County, New Mexico, in the Blinbry Oil & Gas (Pro Gas) Pool (72480), to:

(a) its proposed Roitan Well No. 3 (API No. 30-025-40018) (the proposed well), a gas well to be drilled at an orthodox location 2310 feet from the North line and 2310 feet from the East line (Unit G) of Section 14; and

Oil Conservation Division
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(b) its existing Roitan Well No. 1 (API No. 30-025-34735) (the existing well), a gas well completed in the Blinebry formation at an orthodox location 1650 feet from the North line and 1650 feet from the East line (Unit G) of Section 14.

Apache expects to complete the Roitan Well No. 3 as a gas well in the Blinebry formation and as an oil well in the Tubb and Drinkard formations. Since applicable rules permit up to four oil wells per unit in the Tubb and Drinkard, simultaneous dedication approval for those completions is not required.

The SW/4 NE/4 of Section 14 is an existing, non-standard 40-acre gas spacing and proration unit in the Blinebry Oil & Gas Pool, established by Administrative Order NSP-1910, dated December 27, 2006. Well density in this pool 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, which allow only one gas well in a 40-acre gas unit. Accordingly, division approval for simultaneous dedication is required in the Blinebry.

Your application on behalf of Apache has been duly filed under the provisions of Division Rules 15.11.C [19.15.15.11.C NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].


It is our understanding Apache has proposed the simultaneous dedication of this unit to the two wells described for geologic and engineering reasons, in order to prevent waste and maximize ultimate recovery from this unit.

We further understand that all affected persons who are owners of interests in offsetting units or tracts within the Blinebry formation have been duly notified of the filing of this application.

Pursuant to the authority granted by Rule 15.11.C [19.15.15.11.C NMAC], the above-described simultaneous dedication is hereby approved.

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 "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Hobbs