



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



August 1, 2011

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

Administrative Order NSL-6427

**Re: D State Well No. 58
API No. 30-015-38588
2460 feet FSL & 1140 feet FWL
Unit L, Section 26-17S-28E
Eddy County, New Mexico**

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-18932327**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 7, 2011, and

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

Apache Corporation (Apache) [OGRID 873] has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 SW/4 of Section 26 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Artesia Glorieta-Yeso Pool (96830). This pool is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], 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 unit boundaries.

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

It is our understanding that you are seeking this location for topographic reasons.

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



It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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 [19.15.5.9 NAMC].

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 - Artesia
New Mexico State Land Office