

January 23, 2014

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Unorthodox Well Location
AAO Federal No. 15
API No. (Not Yet Assigned)
1130' FNL & 2408' FEL (Unit B/Lot 2)
Section 1, T-18 South, R-27 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed AAO Federal No. 15. This well will be drilled as a development oil well in the Northeast Red Lake Glorieta-Yeso Pool (96836) at an unorthodox oil well location 1130 feet from the North line and 2408 feet from the East line (Unit B/Lot 2) of Section 1, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

The proposed AAO Federal No. 15 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Northeast Red Lake Glorieta-Yeso Pool comprising the NW/4 NE/4 of Section 1. This unit is currently dedicated to Apache's existing AAO Federal No. 3 (API No. 30-015-32309) located at a standard well location 330 feet from the North line and 1690 feet from the East line.

The Northeast Red Lake Glorieta-Yeso Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The attached vicinity map shows that the proposed unorthodox location is necessary in order to avoid existing pipelines within the drill tract.

The affected offset tracts are: 1) the NE/4 NW/4 of Section 1. This tract is an existing 40-acre spacing unit in the Northeast Red Lake-Glorieta Yeso Pool operated by Apache; 2) the SE/4 NW/4 of Section 1. This tract is an existing 40-acre spacing unit in the Northeast Red Lake-Glorieta Yeso Pool operated by Apache; and 3) the SW/4 NE/4

of Section 1. There are currently no wells producing from the Northeast Red Lake Glorieta-Yeso Pool on this tract, however, Apache is the lease owner. Please note that the working interest ownership between the three affected offset tracts and the NW/4 NE/4 (drill tract) of Section 1 is common. Consequently, notice of this application is not required to any party.

Attached is a Form C-102 showing the proposed well, spacing unit, other wells in the spacing unit and the affected offset acreage. Also attached is a vicinity map.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Northeast Red Lake Glorieta-Yeso Pool underlying the NW/4 NE/4 of Section 1 that may otherwise not be recovered by the existing or proposed producing wells, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705

Xc: OCD-Artesia

