



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 23, 2011

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

Administrative Order NSL-6446
Administrative Application Reference No. pTWG11-20935325

Apache Corporation
OGRID 873
E.W. Walden Well No. 17
API No. 30-025-40208

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
2140 FSL & 1200 FWL	L	15	22S	37E	Lea

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NW/4 SW/4 Section 15	40	Paddock	49210
		Blinebry Oil & Gas (Oil)	6660
		Tubb Oil & Gas (Oil)	60240
		Drinkard	19190
		Wantz-Abo	62700

Reference is made to your application received on July 28, 2011.

You have requested to drill or re-complete this well at an unorthodox oil well location described above, in each of the referenced pools. This location, as to the Paddock, Drinkard and Wantz-Abo Pools, is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], and as to the Blinebry Oil & Gas and Tubb Oil & Gas Pools, is governed by applicable special pool rules. For all of these pools, the applicable rules provide for 40-acre units for oil wells, with wells located

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at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit boundary.

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 to in order to recover additional reserves from the target reservoirs that will otherwise not be drained by existing wells.

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

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

It is EXPRESSLY UNDERSTOOD, however, that if the subject well produces from either the Blinberry or the Tubb formation at a gas/oil ratio that will cause the well to be classified as a gas well, it shall not be further produced from that formation until a standard or approved non-standard gas spacing unit is dedicated thereto.

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].

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