

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 25, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5930
Administrative Order SD-200822

Re: Apache Corporation
A.B. Baker Well No. 9
API No. 30-025-
Unit P, Section 10, Twsp 22S, Range 37E
Lea County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative non-standard location [NSL] application reference No. pKVR08-24129412**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on August 28, 2008,

(b) your application (**administrative simultaneous dedication [SD] application reference No. pKVR08-24129804**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache, on August 28, 2008, and

(c) the Division's records pertinent to your request, including, but not limited to, the Division's records pertinent to Administrative Orders NSP-932, issued on December 2, 1996 and NSL-3964 (SD), issued on March 9, 1998.



Non-Standard Location (NSL) Application

Apache has requested to drill the above-referenced well (the proposed well) to an unorthodox Blinebry gas well bottom-hole location, 360 feet from the South line and 360 feet from the East line (Unit P) of Section 10, Township 22 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. An existing non-standard gas spacing unit (the unit) in the Blinebry Oil and Gas Pool (72480), comprising the E/2 SE/4 of Section 10, Township 22 South, Range 37 East, N.M.P.M., will be dedicated to the proposed well. This 80-acre non-standard gas spacing unit was previously established by Administrative Order NSP-932.

Spacing in this pool is governed by the Special Rules and Regulation for the Blinebry Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard gas units shall consist of 160 acres, and any gas well to which a unit larger than 40 acres is dedicated shall be located at least 660 feet from any unit outer boundary and 330 feet from any quarter-quarter section line. This location is less than 660 feet from the southern and eastern unit boundaries.

Your NSL application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location for geologic and engineering reasons, in order to achieve maximum drainage of this reservoir within then unit.

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 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Simultaneous Dedication Application

Apache has also requested to simultaneously dedicate the proposed well, along with the existing A.B. Baker Well No. 4 (API No. 30-025-10158), a gas well located 880 feet from the South line and 880 feet from the East line (Unit P) of Section 10, Township 22 South, Range 37 East, and the existing A.B. Baker Well No. 6 (API No. 30-025-33794), a gas well located 2315 feet from the South line and 829 feet from the East line (Unit I) of Section 10, Township 22 South, Range 37 East, to the unit.

Your application has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A.

It is our understanding that you are seeking simultaneous dedication of this unit to the threw wells described for geologic and engineering reasons, in order to prevent waste and maximize production from this unit.

We also understand that you have given due notice of this application to all "affected persons," as defined in Rule 1210.A(2)(a), in all existing spacing units in the Blinebry adjoining the proposed unit.

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Ordering Provisions

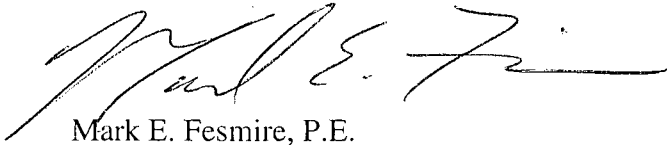
Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Pursuant to the authority conferred by Division Rule 104.D(3), the above-described simultaneous dedication 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 40.

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 "Mark E. Fesmire", is written over a horizontal line.

Mark E. Fesmire, P.E.

Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs