

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



October 14, 2009

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

Administrative Order NSL-6101

Re: Livingston Well No. 26
API No. 30-025-39526
350 feet FSL and 2500 feet FWL
Unit N, Section 3-21S-37E
Lea County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. p09-26138321**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 18, 2009, and

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

Apache Corporation (Apache) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SE/4 SW/4 (geographically the SE/4 SW/3) of irregular Section 3 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Penrose Skelly-Grayburg Pool (50350). This pool is governed by statewide Rule 15.9.A, 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 the eastern unit boundary.

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

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

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



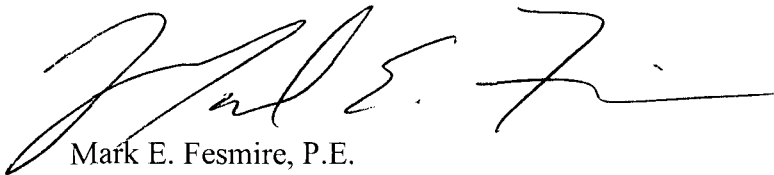
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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.

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', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs