

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



February 10, 2010

Apache Corporation
Attn: Ms. Michelle Hanson
6120 S. Yale, Suite 1500
Tulsa, OK 74136

Administrative Order NSL-6144-A

Re: State C Tract 13 Well No. 14
API No. 30-025
1331 feet FNL and 1530 feet FWL
Unit F, Section 36-21S-37E
Lea County, New Mexico

Dear Ms. Hanson:

This Order is being issued to replace Administrative Order NSL-6144, at the request of the applicant, due to its decision to change the requested location of the subject well. Administrative Order NSL-6144, issued on February 3, 2010, is hereby superseded in its entirety.

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-03550825**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 4, 2010, and

(b) the Division's records pertinent to this request, including the Division's records in the file relating to Administrative Order NSP-1940, issued on February 1, 2010.

Apache Corporation [OGRID 873] (Apache) has requested to drill the above-referenced well as a directional well to the Blinberry, Tubb and Drinkard formations, at a location that will be unorthodox under Division Rule 16.14.B. The proposed surface location and bottom-hole location of the well are as follows:

Surface Location: 1331 feet from the North line and 1530 feet from the West line



(Unit F) of Section 36, Township 21S, Range 37E, NMPM,
Lea County, New Mexico

Terminus 1331 feet from the North line and 1330 feet from the West line
 (Unit F) of said section

The SE/4 NW/4 of Section 36 will be dedicated to the proposed well to form standard 40-acre oil spacing and proration units in the Blinebry Oil and Gas (Oil) Pool (6660), the Tubb Oil and Gas (Oil) Pool (60240) and the Drinkard Pool (19190). Spacing in the Blinebry and Tubb pools is governed by the Special Rules and Regulations for the Blinebry Oil and Gas Pool and the Special Rules and Regulations for the Tubb Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986. Spacing in the Drinkard Pool is governed by statewide Rule 15.9. However, in all of these pools, the applicable rules provide for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because the bottom-hole location will be less than 330 feet from the northern and western unit boundaries.

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

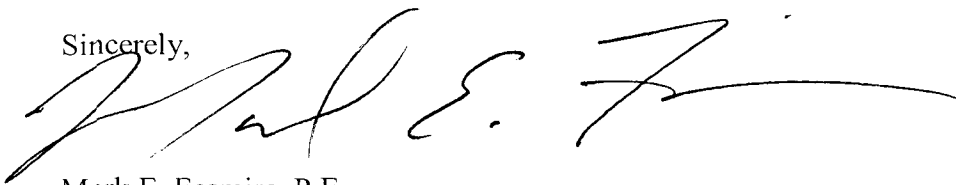
It is our understanding that you are seeking this location for engineering reasons, in order to efficiently drain the reserves in these reservoirs underlying the NW/4 of Section 36. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved PROVIDED, HOWEVER, that nothing in this Order shall authorize the simultaneous dedication of any of the units hereby established to both a gas well and an oil well in the same formation in any one of the three formations named herein.

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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
 New Mexico State Land Office - Santa Fe