



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Daniel Sanchez
Acting Division Director
Oil Conservation Division

Brett F. Woods, Ph.D.
Acting Cabinet Secretary



February 18, 2011

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

Administrative Order NSL-6339

Re: Grizzell Well No. 18
API No. 30-025
467 feet FSL & 1308 feet FEL
Unit P, Section 8-22S-37E
Lea County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-03854163**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 2, 2011, 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 SE/4 of Section 8 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Blinebry Oil & Gas Pool (Oil) (6660), the Tubb Oil & Gas Pool (Oil) (60240) and the Drinkard Pool (19190). Spacing in the Blinebry Oil & Gas 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. Spacing in the Tubb Oil and Gas Pool is governed by the Special Rules and Regulation 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.A. All of the referenced rules provide for 40-acre oil spacing and proration units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



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 establish a drainage pattern that will optimize recovery of oil from these pools.

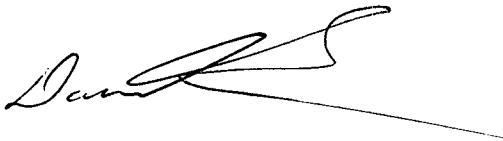
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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

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 'Daniel Sanchez', with a long horizontal line extending from the end of the signature.

Daniel Sanchez
Acting Director

DS/db

cc: New Mexico Oil Conservation Division - Hobbs