



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 9, 2008

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

Administrative Order NSL-5759

**Re: Apache Corporation
Turner Well No. 6
Unit P, Section 29-21S-37E
Lea County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-33728950**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on November 30, 2007, and

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

Apache has requested to drill the above-referenced well at an unorthodox Grayburg oil well location, 360 feet from the South line and 1090 feet from the East line (Unit P) of Section 29, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The SE/4 SE/4 of Section 29 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Penrose Skelly-Grayburg Pool (50350). Spacing in this pool is governed by statewide Rule 104.B(1), 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 western unit boundary.

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

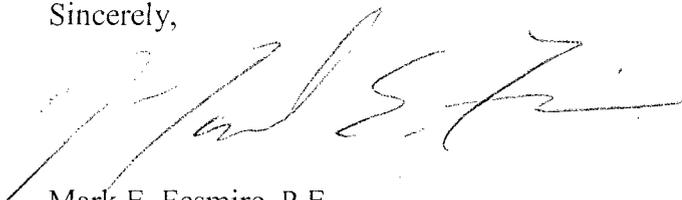
It is our understanding that this location is being requested because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells at standard locations.

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.

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

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', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs