



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-5757

**Re: Apache Corporation
Owen B Well No. 13
1120 feet FSL and 1650 feet FWL
Unit N, Section 34-21S-37E
Lea County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-33728301**) 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 from the surface location described above to at an unorthodox Blinebry/Tubb/Drinkard bottom-hole oil well location, 1310 feet from the South line and 1330 feet from the West line (Unit N) of Section 34, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The SE/4 SW/4 of Section 34 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Blinebry Oil & Gas Pool (6660), Tubb Oil & Gas Pool (86440) and 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, which provide that standard oil units shall consist of 40 acres, with wells located at least 330 feet from any unit outer boundary or quarter-quarter section line. Spacing in the Tubb Oil & 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, which provide that standard oil units shall consist of 40 acres, with wells located at least 330 feet from any unit outer boundary or quarter-quarter section line. The Drinkard 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 northern and western unit boundaries.

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 notice of this application to offsetting operators or owners is unnecessary because working interest ownership in the units towards which this location encroaches is identical with the subject unit.

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