



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



December 29, 2009

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

Administrative Order NSP-1937

Re: Lou Wortham Well No. 4 (API No. 30-025-10213)
Lou Wortham Well No. 5 (API No. 30-025-10214)
Lou Wortham Well No. 9 (API No. 30-025-10218)
Lou Wortham Well No. 10 (API No. 30-025-10219)
Lou Wortham Well No. 11 (API No. 30-025-10220)
Lou Wortham Well No. 12 (API No. 30-025-10221)
Lou Wortham Well No. 14 (API No. 30-025-25255)
Lou Wortham Well No. 15 (API No. 30-025-25304)
Lou Wortham Well No. 16 (API No. 30-025-25383)
Lou Wortham Well No. 18 (API No. 30-025-25568)
Lou Wortham Well No. 19 (API No. 30-025-29469)
Lou Wortham Well No. 21 (API No. 30-025-33426)
N/2 of Section 11
Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico

Dear Ms. Hanson:

Reference is made to the following:

(a) your administrative non-standard proration unit (NSP) application (**administrative application reference No. pTGW09-33758091**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 3, 2009; and

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

Apache Corporation [OGRID 873] has requested approval of eight non-standard 40-acre gas spacing and proration units in the Blinebry Oil and Gas (Prorated Gas) Pool (72480) and in



the Tubb Oil & Gas (Prorated Gas) Pool (86440), consisting, respectively, of (A) the NE/4 NE/4 of Section 11, (B) the NW/4 NE/4 of Section 11, (C) the NE/4 NW/4 of Section 11, (D) the NW/4 NW/4 of Section 11, (E) the SW/4 NW/4 of Section 11, (F) the SE/4 NW/4 of Section 11, (G) the SW/4 NE/4 of Section 11 and (H) the SE/4 NE/4 of Section 11; all in Township 22 South, Range 37 East, NMPM, in Lea County, New Mexico.

In the Blinebry:

(a) Unit B will be dedicated to your existing Lou Wortham Well No. 21, which is producing as a gas well in the Blinebry formation at a location 660 feet from the North line and 1350 feet from the East line of Section 11, and may also be dedicated to your proposed Lou Wortham Well No. 3 (API No. 30-025-39549), to be located 990 feet from the North line and 2310 feet from the East line of Section 11, IF AND ONLY IF said well produces in the Blinebry as a gas well.

(b) Unit C will be dedicated to your existing Lou Wortham Well No. 5, which is producing as a gas well in the Blinebry formation at a location 660 feet from the North line and 1980 feet from the West line of Section 11.

(c) Unit F will be dedicated to your existing Lou Wortham Well No. 11, which, although it is presently classified as an oil well, is producing as a gas well in the Blinebry formation at a allocation 1905 feet from the North line and 2055 feet from the West line of Section 11.

(d) Unit H will be dedicated to your existing Lou Wortham Well No. 12, which is producing as a gas well in the Blinebry formation at a location 1980 feet from the North line and 560 feet from the East line of Section 11.

There are producing Blinebry oil wells located on Units D, E and G. You have requested that these units be authorized, so that they can be dedicated, respectively, to your existing Lou Wortham Well No. 19, located in Unit D, Lou Wortham Well No. 9, located in Unit E, and Lou Wortham Well No. 4, located on Unt G, if and when any of those wells produces as a Blinebry gas well.

There is not an existing Blinebry well on Unit A, but that unit may be dedicated to a future Blinebry gas well should one be completed on that unit, so long as there is no producing Blinebry oil well on that Unit.

Spacing in this pool is governed by the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard gas units shall consist of 160 acres. Non-standard gas units consisting of less than 160 acres may be established by administrative order, but no unit or portion of a unit may be dedicated to both a producing gas well and a producing oil well in this pool.

In the Tubb:

(a) Unit D will be dedicated to your existing Lou Wortham Well No. 10, which is producing as a gas well in the Tubb formation at a location 585 feet from the North line and 660 feet from the West line of Section 11.

(b) Unit E will be dedicated to your existing Lou Wortham Well No. 9, which is producing as a gas well in the Tubb formation at a location 1905 feet from the North line and 440 feet from the West line of Section 11.

(c) Unit G will be dedicated to your existing Lou Wortham Well No. 15, which is producing as a gas well in the Tubb formation at a location 1980 feet from the North line and 1860 feet from the East line of Section 11.

There are producing Tubb oil wells located on Units A, B, F and H. You have requested that these units be authorized, so that they can be dedicated, respectively, to your existing Lou Wortham Well No. 14, located in Unit A, Lou Wortham Well No. 16, located in Unit B, Lou Wortham Well No. 11, located on Unit F, and Lou Wortham Well No. 18, located on Unit H, if and when any of those wells produces as a Tubb gas well. Unit B may also be dedicated to your proposed Lou Wortham Well No. 3 as a standard Tubb oil unit if that well produces as an oil well in the Tubb. If the Lou Wortham tests as a gas well in the Tubb, Unit B MAY NOT BE DEDICATED to that well so long as the Lou Wortham Well No. 16 is producing as a Tubb oil well.

Also, there is not an existing Tubb well on Unit C, but that unit may be dedicated to a future Tubb gas well should one be completed on that unit.

Spacing in this pool is governed by the Special Rules and Regulations for the Tubb Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard gas units shall consist of 160 acres. Non-standard gas units consisting of less than 160 acres may be established by administrative order, but no unit or portion of a unit may be dedicated to both a producing gas well and a producing oil well in this pool.

Your NSP application has been duly filed under the provisions of Division Rules 15.11.B(2) and 4.12.A(3).

We understand that you are seeking the establishment of the proposed non-standard 40-acre units because there are existing wells producing as oil wells from each of the subject formations within each quarter section of the N/2 Section 11, thereby precluding dedication of any standard, 160-acre gas unit in either of these pools unless these producing oil wells are shut in.

It is further understood that no notice to owners within the N/2 of Section 11 is not required since ownership of all interest is uniform throughout the entire N/2 of the section. It is also understood that due notice of this application has been given to all offsetting operators and owners pursuant to the Division's directive for this application.

Pursuant to the authority of Rule 15.11.B(2), the above-described non-standard 40-acre gas spacing and proration units are hereby approved; PROVIDED, HOWEVER, that nothing in this Order shall authorize simultaneous dedication of any of the Blinebry units hereby established to both a gas well and an oil well producing in the Blinebry formation, or simultaneous dedication of any of the Tubb units hereby established to both a gas well and an oil well producing in the Tubb formation.

December 29, 2009
Page 4

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.
Director

MEF/db

cc: New Mexico Oil Conservation Division – Hobbs