



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 10, 2011

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

Administrative Order NSL-6339-A

Re: Grizzell Well No. 18
API No. 30-025-40082
467 feet FSL & 1308 feet FEL
Unit P, Section 8-22S-37E
Lea County, New Mexico

Dear Mr. Catanach:

This order supplements Administrative Order NSL-6339, issued on February 18, 2011, which remains in effect as amended and supplemented hereby.

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-13963553**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 19, 2011, and

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

Apache Corporation (Apache) has requested to complete the above-referenced well in the Abo formation, in addition to the formations and pools described in Administrative Order NSL-6339, 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 Wantz-Abo Pool (62700). Spacing in the Wantz-Abo Pool is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC] which provides for 40-acre oil spacing and

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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.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

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 this pool.

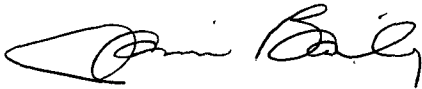
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], 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 [19.15.5.9 NMAC].

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 "Jami Bailey", written over a horizontal line.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Hobbs