



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



September 17, 2008

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

Administrative Order NSL-5914-A

Administrative Order NSL-5914 is hereby amended to read as follows:

Re: Apache Corporation
J.R. Phillips Well No. 10
API No. 30-025- 39148
1110 feet FNL and 1240 feet FEL
Unit A, Section 1-20S-36E, NMPM
Lea County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22457432**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on August 11, 2008,

(b) your amended application (**administrative application reference No. pDKB08-26132082**) submitted to the Division in Santa Fe, New Mexico, on behalf of Apache on September 16, 2008, and

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

Apache has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 NE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Monument-Paddock Pool (47080), the Monument-Blinybry Pool (46990) and the Monument-Abo Pool (46970). These pools are 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 southern and western unit boundaries.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



September 17, 2008

Page 2

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

It is our understanding that you are seeking this location 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 located at standard locations.

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 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to Apache's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Administrative Order NSL-5914, issued September 4, 2008, is superseded in its entirety by this order.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



2 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs