



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



February 25, 2011

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

Administrative Order NSL-6341
Administrative Order SD-2011-001

Re: Apache Corporation
Lou Wortham Well No. 30
API No. 30-025- 40080
467 feet FNL & 1338 feet FWL
Unit C, Section 11, Twsp 22S, Range 37E
Lea County, New Mexico

Dear Mr. Catanach:

Reference is made to the following:

(a) your application (**administrative non-standard location [NSL] application reference No. pTGW11-02833185**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation [OGRID 873] (Apache), on January 28, 2011,

(b) your application (**administrative simultaneous dedication [SD] application reference No. pTGW11-02838257**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache, on January 28, 2011, and

(c) the Division's records pertinent to your request, including, but not limited to, the Division's records pertinent to Administrative Orders NSP-1937-A-npt, issued on January 12, 2010.



Non-Standard Location (NSL) Application

Apache has requested to drill the above-referenced well (the proposed well) at an unorthodox location, 467 feet from the North line and 1338 feet from the West line (Unit C) of Section 11, Township 22 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. An existing non-standard, 40-acre gas spacing unit (the unit) in the Blinebry Oil and Gas (Pro Gas) Pool (72480), comprising the NE/4 NW/4 of Section 11, Township 22 South, Range 37 East, N.M.P.M., will be dedicated to the proposed well. This 40-acre non-standard gas spacing unit was previously established by Administrative Order NSP-1937-A-npt. The NE/4 NW/4 of Section 11 will also be dedicated to this well as a standard, 40-acre oil spacing and proration unit in the Tubb Oil & Gas (Oil) Pool (60240) and in the Drunkard Pool (19190).

Spacing in the Blinebry Oil and 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 any gas well to which a non-standard unit consisting of 40 acres or less is dedicated shall be 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 Regulations for the Tubb Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, and spacing in the Drinkard Pool is governed by statewide Rule 15.9. Applicable rules for both the Tubb and the Drinkard 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.

This location is less than 330 feet from the western unit boundary.

Your NSL application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for geologic and engineering reasons, in order to optimize recovery of hydrocarbons from this reservoir.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Simultaneous Dedication Application

Apache has also requested to simultaneously dedicate the proposed well, along with the existing Lou Wortham Well No. 5 (API No. 30-025-10214), a Blinebry gas well located 660 feet from the North line and 1980 feet from the East line (Unit C) of Section 11.

Your application has been duly filed under the provisions of Division Rules 15.11.C and 4.12.A.

It is our understanding that you are seeking simultaneous dedication of this unit to the wells described for geologic and engineering reasons, in order to prevent waste and maximize production from this unit.

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We also understand that you have given due notice of this application to all "affected persons," as defined in Rule 4.12.A(2)(a), in all existing spacing units in the Blinebry adjoining the unit to be simultaneously dedicated.

Ordering Provisions

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

Pursuant to the authority conferred by Division Rule 15.11.C, the above-described simultaneous dedication 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 40.

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

Sincerely,

J. Daniel Sanchez
Acting Director

JDS/db

cc: New Mexico Oil Conservation Division - Hobbs