

Order Number

DHC-499

API Number

30-025-40450

Operator

Apache Corporation

County

Lea

Order Date

9-6-2012

Well Name

Mark Owen W

Number

2

Location

L

UL

18

Sec

215

T (+Dir)

38E

R (+Dir)

Oil %

85%

Gas %

87%

Pool 1

60660

Blinebru Oil + Gas

Pool 2

60240

Tubb Oil + Gas

15%

13%

Pool 3

Pool 4

Comments

Posted in RBOMS 9-6-2012 CAM

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-40450

OPERATOR: Apache Corporation

DHC-HOB-499

PROPERTY NAME: Mark Owen W #2

WNULSTR: 2-L-18-215-38E

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	<u>Blinebry Oil + Gas</u>	<u>107</u>	<u>428</u> MCF
POOL NO. 2	<u>Tubb Oil + Gas</u>	<u>142</u>	<u>284</u> MCF
POOL NO. 3	_____	_____	_____ MCF
POOL NO. 4	_____	_____	_____ MCF
POOL TOTALS		<u>249</u>	<u>712</u>

SECTION II:		<u>Oil</u>	<u>Gas</u>
POOL NO. 1	<u>Blinebry Oil + Gas</u>	<u>85% x</u>	<u>87%</u>
POOL NO. 2	<u>Tubb Oil + Gas</u>	<u>15% x 249 = 37.35</u>	<u>13%</u>
POOL NO. 3	_____	<u><37></u>	
POOL NO. 4	_____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>15% ÷ 142 = 946.66</u>	<u><947></u>
SECTION IV:	<u>85% x 947 = 804.95</u>	<u><805></u>
	<u>15% x 947 = 142.05</u>	<u><142></u>
	_____	_____
	_____	_____

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 87003
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 June 19, 2008

WELL-API NO. 30-025-40450

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
 Mark Owen W

8. Well Number 002

9. OGRID Number 873

10. Pool name or Wildcat
 Blinebry O&G(O) 6660/Tubb O&G(O) 60240

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3469' GL

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other:

2. Name of Operator
 Apache Corporation

3. Address of Operator
 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705

4. Well Location
 Unit Letter L : 2300 feet from the South line and 330 feet from the West line
 Section 18 Township 21S Range 38E NMPM County Lea

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Apache requests permission to complete and DHC the Blinebry-Abo, per the following: **R-11363**

Pool Names: Blinebry O&G (Oil)	6660	Perforations: Blinebry	6320'-6427'
Tubb O&G (Oil)	60240	Tubb	6580'-6755'

The allocation method will be as follows based on offset production (See attached application for exception to Rule 303-C).

	OIL	GAS	Water
Blinebry	85%	87%	49%
Tubb	15%	13%	51%

Downhole commingling will not reduce the value of these pools. Ownership is the same for each of these pools.

Spud Date: 07/06/2012 Rig Release Date: 07/17/2012

DHC- HOB- 499

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Reesa Holland TITLE Sr. Staff Reg Tech DATE 08/30/2012

Type or print name Reesa Holland E-mail address: Reesa.Holland@apachecorp.com PHONE: 432/818-1062

For State Use Only
 APPROVED BY: [Signature] TITLE Petroleum Engineer DATE SEP 06 2012

Conditions of Approval (if any):

SEP 06 2012

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD

SEP 04 2012

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-40450	Pool Code 6660	Pool Name BLINEBRY O+G (OIL)
Property Code 39081	Property Name MARK OWEN W	Well Number 002
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3469'

Surface Location

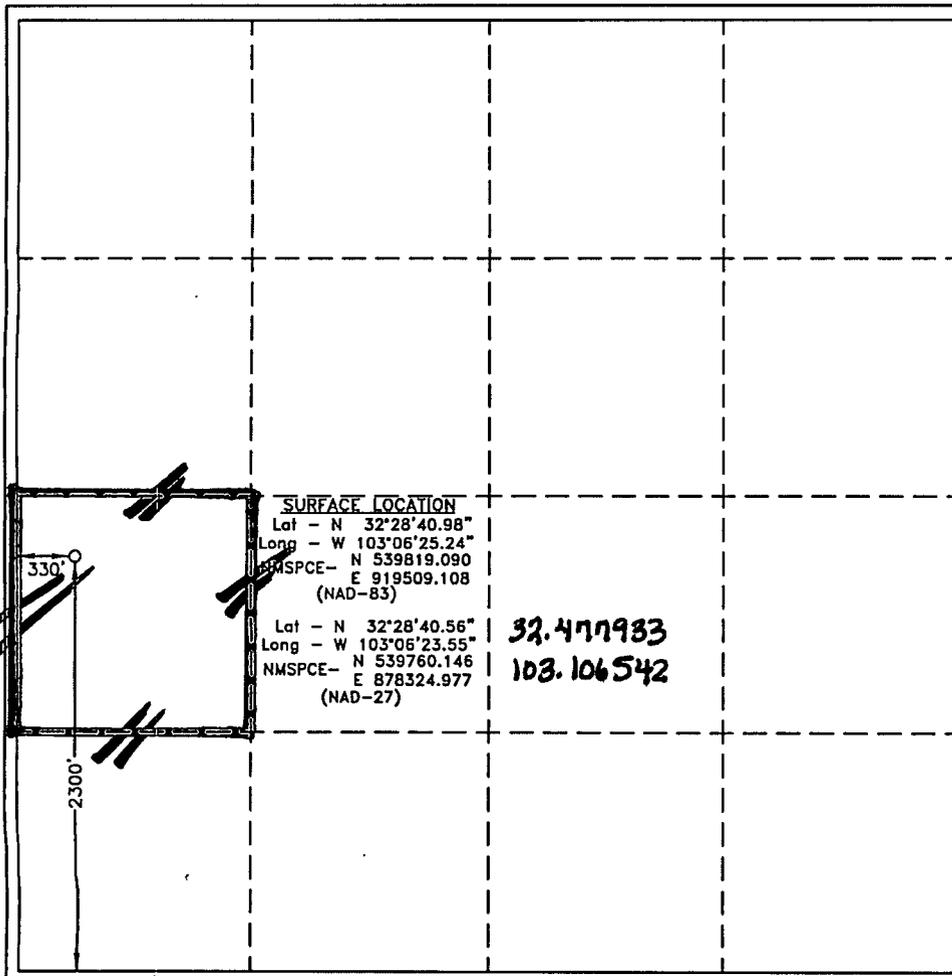
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	18	21 S	38 E		2300	SOUTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC-HOB-499
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Reesa Holland 8/14/12
Signature Date

REESA HOLLAND
Printed Name

Reesa.Holland@apachecorp.com
Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

DECEMBER 10 2011
Date Surveyed

[Signature]
Signature & Seal of Professional Surveyor 7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 25864

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

HOBBS OCD

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

Submit one copy to appropriate
District Office

SEP 04 2012
OIL

CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-40450	Pool Code 60240	Pool Name TUBB O+G (OIL)
Property Code 39081	Property Name Mark Owen W	Well Number 002
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3469'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	18	21 S	38 E		2300	SOUTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC-HOB-499
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	<p>SURFACE LOCATION Lat - N 32°28'40.98" Long - W 103°06'25.24" NMSPCS - N 539819.090 E 919509.108 (NAD-83)</p>	<p>32.477933 103.106542</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Reesa Holland</i> 8/14/12 Signature Date</p> <p>REESEA HOLLAND Printed Name</p> <p><i>Reesa.Holland@apachecorp.com</i> Email Address</p>
	<p>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p>		
	<p>DECEMBER 14 2011 Date Surveyed</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor 7977</p>		
	<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 25864</p>		



November 10, 2011

Mr. Paul Kautz
New Mexico Oil Conservation Division
1625 N French Drive
Hobbs, New Mexico 88240

HOBBS OCD

SEP 04 2012

RECEIVED

RE: Application for Exception to Rule 303-C – Downhole Commingling
Mark Owen W #2 API 30-025-40450
Unit L, Section 18, T21S, R38E
Blinebry Oil & Gas (Oil) 6660 & Tubb Oil & Gas (Oil) 60240
Lea County, New Mexico

Dear Mr. Kautz,

Enclosed please find form C-103 and attachments for downhole commingling the captioned well. The ownerships (WI, NRI and ORRI) of these pools are identical in this wellbore. The fluids from each of these pools are compatible as seen in other similar commingles in the area. Combining these fluids will not result in any damage to these pools. Commingling will improve the efficiency of present and future recovery operations. Cross flow will not be a problem due to having a production lift system capable of keeping the well pumped off thereby maximizing production. This commingling will not reduce the value of the total remaining production.

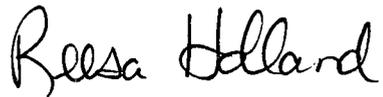
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the area of review. The totals for each phase were then divided by the number of wells associated with this pool yielding an average. This average was used to determine the percentage allocation.

The main reason for using this method is based on economics and minimizing reservoir damage. Past completion practices had all three zones perforated and fracture stimulated during one full week. Each zone was isolated by a retrievable bridge plug to allow for production testing of each zone for allocation purposes. This testing period lasted as long as one month before a stabilized rate was observed thus allowing the next zone to be brought on and tested. During this time period the completion fluids used were still confined to the other reservoirs causing gel damage. It is a common practice to get these fluids out of the wellbore as soon as possible to help maximize productivity. On a cost basis it is more expensive to have a completion rig move in and out multiple times to bring on each new zone. Several other factors such as weather, other new completions and regulatory well work may interfere with these new wells.

The area of review used encompasses what has been accepted as a good statistical representation for allocation purposes. By using this allocation method all zones will be brought online in a more effective and efficient manner. This will in turn generate a higher productive rate and quicker revenue streams not only for the operator but for the State of New Mexico too.

If you need additional information or have any questions, please give me a call at (432) 818-1062.

Sincerely,

A handwritten signature in black ink that reads "Reesa Holland". The signature is written in a cursive style with a large initial "R" and "H".

Reesa Holland
Sr. Staff Regulatory Technician

Mark Owen W #2
 30-025-40450
 Apache Corporation

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)		
				Blinebry	Tubb	Blinebry	Tubb	Blinebry	Tubb	
DRINKARD UNIT	28	3002506538	21S 37E 12D	57579		388643		7812		
DRINKARD UNIT	30	3002506539	21S 37E 12E	19149		151770		3515		
DRINKARD UNIT	31	3002506541	21S 37E 12C	149383		656081		7613		
DRINKARD UNIT	32	3002506542	21S 37E 12D	125199		260813		3116		
DRINKARD UNIT	33	3002506543	21S 37E 12F	139466		550995		3109		
DRINKARD UNIT	34	3002506544	21S 37E 12G	59337		231505		11251		
DRINKARD UNIT	35	3002506545	21S 37E 12B	84354		413958		14577		
DRINKARD UNIT	36	3002506546	21S 37E 12E	76046		267087		5357		
CHESHER	1	3002506549	21S 37E 12K NE SW	78280		227036		820		
DRINKARD UNIT	48	3002506550	21S 37E 12M	132856		848747		15307		
DRINKARD UNIT	47	3002506551	21S 37E 12J	98064		303686		14960		
DRINKARD UNIT	46	3002506552	21S 37E 12L	166214		949138		21967		
FIELDS	1	3002506553	21S 37E 12O	47463		101724		12286		
PLUMLEE	1	3002506554	21S 37E 12N	66745		175622		514		
LOCKHART B 13 A	1	3002506555	21S 37E 13M	85536		2092334		6261		
DRINKARD UNIT	37	3002506556	21S 37E 13E	103580		3025657		14152		
DRINKARD UNIT	38	3002506557	21S 37E 13F	135002		1048206		12352		
LOCKHART B 13 A	4	3002506558	21S 37E 13K	88372		513291		4853		
LOCKHART B 13 A	5	3002506559	21S 37E 13N	115906		674137		15604		
DRINKARD UNIT	39	3002506560	21S 37E 13G	44891		149588		16750		
DRINKARD UNIT	40	3002506561	21S 37E 13J	41306		124484		16797		
DRINKARD UNIT	8	3002506562	21S 37E 13L	79385		3183803		11897		
DRINKARD UNIT	53	3002506566	21S 37E 13C	164462		1045288		2798		
DRINKARD UNIT	54	3002506567	21S 37E 13B	112252		475667		590		
DRINKARD UNIT	55	3002506568	21S 37E 13D	180756		1104870		4132		
NANCY STEPHENS	1	3002506774	21S 37E 24D	56080	43619	1857670	558421	5496	17554	
NANCY STEPHENS	2	3002506775	21S 37E 24E	81855	12893	1773423	36077	12567	7977	
NANCY STEPHENS	3	3002506776	21S 37E 24C	64307		78230		1508		
STEPHENS ESTATE	1	3002506777	21S 37E 24L	34016		1196743		3172		
STEPHENS ESTATE	2	3002506778	21S 37E 24M	58350		1410510		12020		
NANCY	1	3002523219	21S 37E 24N SE SW	9408	5874	61997		25406	172	
FEDERAL 7	1	3002527058	21S 38E 7D	20802		22273		59040		
NANCY STEPHENS	4	3002527902	21S 37E 24F	30374	56438	110616	213934	7768	42334	
DRINKARD UNIT	42	3002528011	21S 37E 13N		9417		77120		11257	
LOCKHART B-13 A	10	3002528131	21S 37E 24B	8900		22145		22482		
LOCKHART B 24	1	3002538759	21S 37E 24J NW NW SE	9183	2111	8981	14204			
BUNIN	7	3002539284	21S 38E 18D	2942	655	5419	1038	5573	6767	
BUNIN	6	3002539547	21S 37E 13A NE NE	17783		42380		55378		
M W COLL	1	3002539823	21S 37E 12P SE SE	5688	1507	7351	9450	33394	21246	
M W COLL	2	3002540013	21S 37E 12I	12928	3438	13391	17042			
BUNIN	9	3002540144	21S 37E 13A	3177	744	2974	3489	16690	11126	
ELLIOTT 7 FEDERAL	3	3002540317	21S 38E 7M	201	7	409	16	1187	668	
TOTALS				2,867,577	136,703	25,578,642	930,791	490,071	119,101	
AVERAGES				69,941	12,428	623,869	93,079	12,566	13,233	

Proposed Allocations	Oil	Gas	Water
Blinebry	85%	87%	49%
Tubb	15%	13%	51%
TOTAL	100%	100%	100%