

Order Number

DHE  
HOB-512

API Number

30-025-39899

Operator

Apache Corp

County

Lea

Order Date

2-7-13

Well Name

V. Laughlin

Number

8

Location

C

UL

9

Sec

205

T (+Dir)

37E

R (+Dir)

Oil %

12%

Gas %

15%

Pool 1

47090

Monument Tubb

Pool 2

57000

Skaggs Drinkard

Pool 3

Pool 4

Comments:

Posted in RBDM S 02-06-2013 CHM

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corporation

PROPERTY NAME: V. Laughlin

WNULSTR: 8-C-9-205-37E

DHC-HOB-512  
30-025-39899

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>Monument Tubb</u>	<u>222</u> <u>2220</u> MCF
POOL NO. 2 <u>Skaggs Drinkard</u>	<u>142</u> <u>1420</u> MCF
POOL NO. 3 _____	_____ MCF
POOL NO. 4 _____	_____ MCF
POOL TOTALS <u>364</u> <u>3640</u>	

SECTION II:	OIL	GAS
POOL NO. 1 <u>Monument Tubb</u>	<u>12%</u>	<u>15%</u>
POOL NO. 2 <u>Skaggs Drinkard</u>	$88\% \times 364 = 320.32$	<u>85%</u>
POOL NO. 3 _____	<u>&lt;320&gt;</u>	
POOL NO. 4 _____		

SECTION III:	OIL	GAS
$88\% \div 142 = 161.36$	<u>&lt;161&gt;</u>	

SECTION IV:

$12\% \times 161 = 19.92$	<u>&lt;20&gt;</u>
$88\% \times 161 = 141.68$	<u>&lt;142&gt;</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 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  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
June 19, 2008

WELL API NO. 30-025-39899
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name V Laughlin
8. Well Number 008
9. OGRID Number 873
10. Pool name or Wildcat Monument;Tubb(47090)/Skaggs;Drnk(57000)

**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 C : 950 feet from the North line and 2310 feet from the West line  
Section 9 Township 20S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3550' GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: ☐

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. R-11363

Apache would like to DHC the following pools:

Pool Names:		Perforations:
Monument; Tubb	47090	Tubb 6402'-6522'
Skaggs; Drinkard	57000	Drinkard 6700'-6844'

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

	OIL	GAS	WATER
Tubb	12%	15%	19%
Drinkard	88%	85%	81%

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

Spud Date: 11/27/2010

Rig Release Date: 12/13/2010

DHC-HOB-512

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 02/01/2013

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

FEB 07 2013

Conditions of Approval (if any):

FEB 07 2013



**February 1, 2013**

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

**RE: Application for Exception to Rule 303-C – Downhole Commingling  
V Laughlin #8 API 30-025-39899  
Unit C, Section 9, T20S, R37E  
Monument; Tubb (47090) & Skaggs; Drinkard (57000)  
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.**

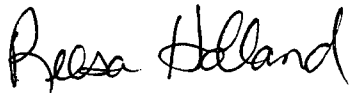
**The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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, stylized "R" and "H".

Reesa Holland  
Sr. Staff Regulatory Technician

V Laughlin #8  
30-025-39899  
Apache Corp.

Lease Name	Well Number	10D/GIT/ARI	Location	Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)	
				Tubb	Drinkard	Tubb	Drinkard	Tubb	Drinkard
PHILLIPS HOUSE STATE	1	3002507725	20S 38E 2O		103291		494100		26177
STATE U	1	3002507727	20S 38E 2P		157611		97687		184324
RUTH TERRY FURNEAUX	1	3002521835	19S 38E 26D		41884		634130		9930
MCNEIL	1	3002526880	19S 38E 27A		12652		159692		11974
WERTA FEDERAL	1	3002527696	19S 38E 35O SW SE	14640	11778	10262	24012	10929	29470
L & M	1	3002528287	20S 38E 2N C S2 SW	10319	584	134601	2409	1684	1144
CARDINAL	1	3002529793	19S 38E 27G SW NE		20105		367515		5978
EMERALD	1	3002530027	19S 38E 25P SE SE		36250				34617
TIFFANY	1	3002530589	19S 38E 26E SW NW		45344		382700		19066
TIFFANY	2	3002530656	19S 38E 26F SE NW		51820		422043		6456
LIA	1	3002530720	19S 38E 26L	1087	20709	5467	148363	1653	23952
TIFFANY	3	3002530730	19S 38E 26C NE NW		26949		224185		3295
NADINE 27	1	3002530804	19S 38E 27I NE SE		9381		82314		2951
NADINE 25	1	3002531170	19S 38E 25K NE SW		72711		178662		260014
REDTAG	1	3002535333	20S 38E 2J NW NW SE	4966	4740	16600	27237	26858	36068
PLOW BOY FEDERAL	1	3002536962	19S 38E 35J NW NW SE	133	133	980	1159		
ROUND-UP	1	3002537100	19S 38E 35H SW SE NE		9426		20350		
SALEM	1	3002537316	20S 38E 3A SE NE NE		8977		25858		4965
SCHUBERT FARMS	1	3002537548	19S 38E 25B NE NW NE		58		1976		
L & M	2	3002539450	20S 38E 2	1775	13427	45313	107628	8685	31852
L & M	3	3002539652	20S 38E 2	1671	12702	20361	48359	5186	18672
REDTAG	3	3002539655	20S 38E 2	2334	13641	17313	34633	15064	38415
REDTAG	4	3002539966	20S 38E 2K NE SW	615	3603	18836	38398		
L & M	8	3002540262	20S 38E 2N	229	1744	2554	6067	1100	4036
TOTALS				37,769	679,520	272,287	3,529,477	71,159	753,356
AVERAGES				3,777	28,313	27,229	153,456	8,895	37,668

Proposed Allocations	Oil	Gas	Water
Tubb	12%	15%	19%
Drinkard	88%	85%	81%
TOTAL	100%	100%	100%

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

HOBBS OCD

FEB 04 2013

DECLINED WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-39899	<sup>2</sup> Pool Code 47090	<sup>3</sup> Pool Name Monument; Tubb
<sup>4</sup> Property Code 302374	<sup>5</sup> Property Name V Laughlin	<sup>6</sup> Well Number 008
<sup>7</sup> OGRID No. 873	<sup>8</sup> Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705	<sup>9</sup> Elevation 3550'

<sup>10</sup> Surface Location

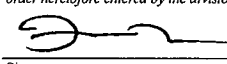
UL or lot no. C	Section 09	Township 20S	Range 37E	Lot Idn	Feet from the 950	North/South line North	Feet from the 2310	East/West line West	County Lea
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 40.00	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. DAC-HOB-512
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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.

<div><p><sup>16</sup></p></div>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p><i>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.</i></p> <p> 01/30/2013</p> <p>Signature Date</p> <p>Fatima Vasquez</p> <p>Printed Name</p> <p>Fatima.Vasquez@apachecorp.com</p> <p>E-mail Address</p>
	<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

# State of New Mexico

**HOBBBS OIL**  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

RECEIVED  
FEB 04 2013

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-39899		<sup>2</sup> Pool Code 57000	<sup>3</sup> Pool Name Skaggs; Drinkard
<sup>4</sup> Property Code 302374	<sup>5</sup> Property Name V Laughlin		<sup>6</sup> Well Number 008
<sup>7</sup> OGRID No. 873	<sup>8</sup> Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705		<sup>9</sup> Elevation 3550'

### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	09	20S	37E		950	North	2310	West	Lea

### <sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40.00	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. DAC-HOB-512
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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.

	<b><sup>17</sup> OPERATOR CERTIFICATION</b> 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.	
	Signature Fatima Vasquez	Date 01/30/2013
	Printed Name Fatima Vasquez@apachecorp.com	
	E-mail Address	
	<b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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.	
	Date of Survey	
	Signature and Seal of Professional Surveyor:	
	Certificate Number	