

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
 [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

30-025-27696
WERTA FED #1
30-025-40798
WERTA FED #2
30-025-40799
WERTA FED #3
Apache Corp.

370

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

REESA HOLLAND
Print or Type Name

Reesa Holland
Signature

SR STAFF REG TECH
Title

2/25/2013
Date

WERTA FEDERAL #1,2,3

Reesa.Holland@apachecorp.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Apache Corporation

OPERATOR ADDRESS: 303 Veterans Airpark Lane Midland TX 79705

APPLICATION TYPE:

WERTA FEDERAL #'s 1,2,3

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
House; Blinbry (33230)				See Attached
House; Tubb, North (33470)				See Attached
House; Drinkard (33250)				See Attached

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☐ Metering ☒ Other (Specify) WELL TEST

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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 Regulatory Tech

DATE: 2/20/2013

TYPE OR PRINT NAME

REESA HOLLAND

TELEPHONE NO.: 432-818-1062

E-MAIL ADDRESS: Reesa.Holland@apachecorp.com

Oil Sales to Truck

I. Production Phase (OT 1)

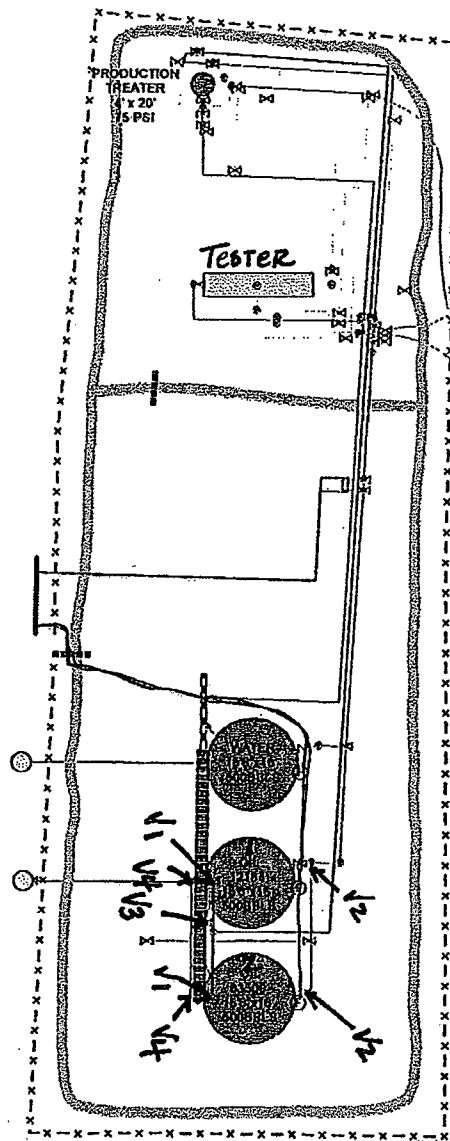
- 1.) Valve #1 open
- 2.) Valve #3 open
- 3.) Valve #4 Sealed Closed
- 4.) Valves on OT 2
 - A.) Valve #1 Closed
 - B.) Valve #2 Sealed
 - C.) Valve #4 Sealed Closed

II. Sales Phase (OT 1)

- 1.) Valves 1, 2, 3 Sealed Closed
- 2.) Valve #4 on OT 1 open
- 3.) Valves on OT 2
 - A.) Valve #1 open
 - B.) Valve #2 Sealed
 - C.) Valve #4 Sealed Closed

Gas Sales

0 5 10 20 FT



Site Security Plan @
2350 W. MARLAND BVD
HOBBS, NM 88240

Wells:
Werta Federal
#1, #2, #3

Legend

- ⊙ CONTAINMENT
- ⊕ FLOW METER
- ⋈ VALVE
- VERTICAL PIPE
- ===== CROSSOVER
- BURIED LINE
- ELECTRICAL PANEL
- SURFACE ELECTRICAL LINE
- ▤ BERM
- ▤ CATWALK
- - - BARBED WIRE FENCE
- SCALE
- STAIRS
- GAS LINE
- MIXED FLUID LINE
- OIL LINE
- UNDETERMINED
- WATER LINE
- ▤ SEPARATOR
- ▤ PUMP
- ▤ 12184 15'6"x16' 500BBLs
- ▤ 15'6"x16' 500BBLs
- ▤ 63509 15'6"x16' 500BBLs
- ▤ TREATER

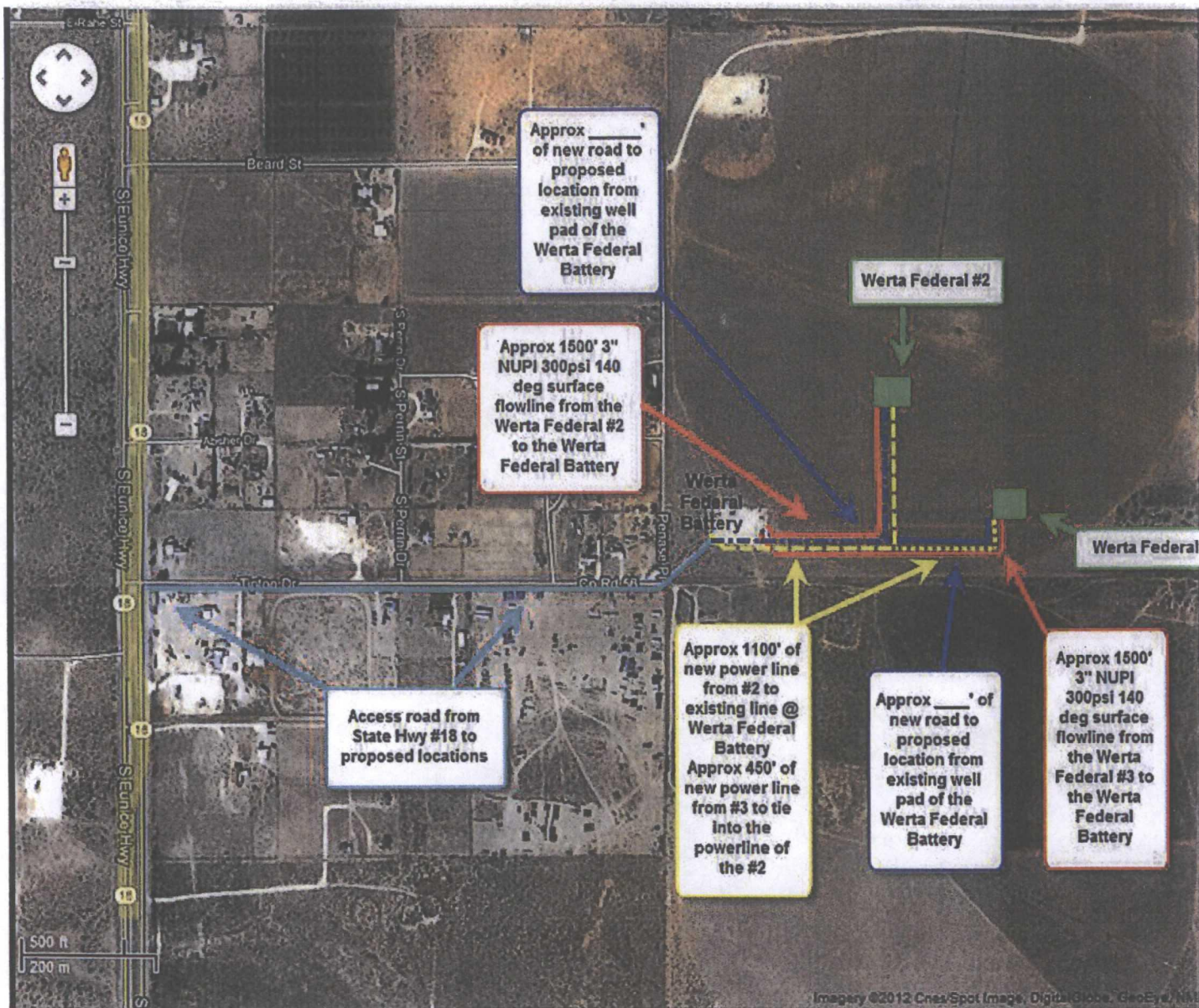


APACHE
WERTA FEDERAL #1
BATTERY

UL O SECTION 35
T-19-S R-38-E
LEA COUNTY, NM

GPS date: 1/18/13 TO
Drawing date: 1/21/13
Drafted by: Tony Grieco





APACHE CORP
 WERTA FEDERAL BTRY
 UL O 35-195-38E
 LEA CO, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
NMNM 14812

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Apache Corporation (873)

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

3b. Phone No. (include area code)
432/818-1062

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple - See Below

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
Werta Federal #001, 002 & 003 (OCD 30238)

9. API Well No.
Multiple - See Below

10. Field and Pool or Exploratory Area
House; Blinebry/House; Tubb, North/House; Drinkard

11. Country or Parish, State
Lea County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>SURFACE</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>COMMINGLE</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Apache requests permission to surface commingle the following wells:

Werta Federal #001	30-025-27696	O-35-19S-38E	330 FSL & 2310 FEL	Blinebry	old DHC-378
Werta Federal #002	30-025-40798	O-35-19S-38E	990 FSL & 1650 FEL	BTD	DHC-508
Werta Federal #003	30-025-40799	P-35-19S-38E	335 FSL & 990 FEL	BTD	DHC-509

Pool Names: House; Blinebry (33230)
House; Tubb, North (33470)
House; Drinkard (33250)

Supporting documentation attached. Per the attached Interest Owner Letter from our Land Dept., interests only differ in the #3 well, where a separate heater treater is being used. Each interest owner will be contacted via letter and phone to seek more timely approval. (Interest Owner list also attached.)

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Reesa Holland

Title Sr. Staff Reg Tech

Signature

Reesa Holland

Date 02/25/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

DISTRICT I
1623 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88213

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87503

HOBBS OGD

OCT 01 2012

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40798	Pool Code 33250	Pool Name House, Drinkard
Property Code 30238	Property Name WERTA FEDERAL	Well Number 2
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3586'

Surface Location

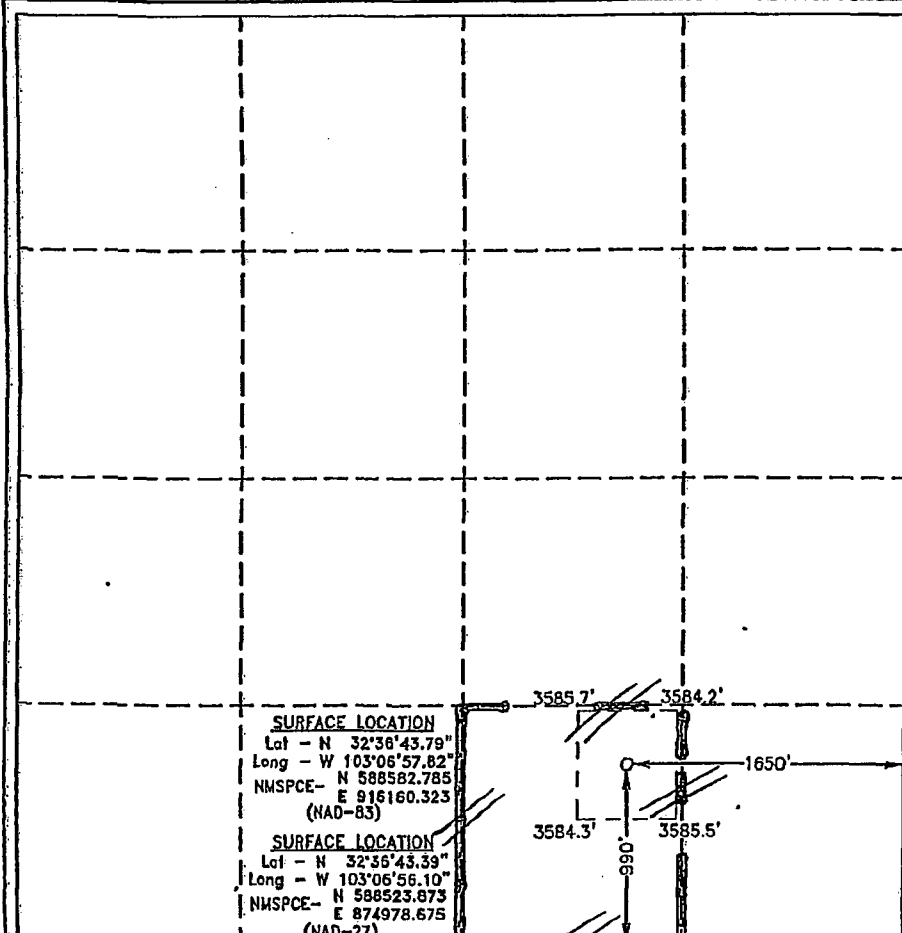
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	35	19 S	38 E		990	SOUTH	1650	EAST	LEA

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-508
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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

 <p>SURFACE LOCATION Lat - N 32°38'43.79" Long - W 103°06'57.82" NMSPC- N 588582.785 E 916160.323 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°36'43.39" Long - W 103°06'56.10" NMSPC- N 588523.873 E 874978.675 (NAD-27)</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><u>Sorina L. Flores</u> Signature Date</p> <p><u>Sorina L. Flores</u> Printed Name</p> <p><u>Sorina.L.Flores@apachecorp.com</u> 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>Date Surveyed <u>APR 24 2012</u></p> <p>Signature of Professional Surveyor <u>[Signature]</u></p>
	<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 27106</p>

OCT 4 2 2012

HOBBS OCD

OCT 01 2012

DISTRICT I

1025 N. French Dr., Hobbs, NM 88240

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 16, 2010

Submit one copy to appropriate
District Office

RECEIVED

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40798	Pool Code 33470	Pool Name House ; Tubb, North
Property Code 30238	Property Name WERTA FEDERAL	Well Number 2
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3586'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	35	19 S	38 E		990	SOUTH	1650	EAST	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-508						

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

<p>SURFACE LOCATION Lat - N 32°36'43.79" Long - W 103°06'57.82" NAD83 - N 588582.785 E 916160.323 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°36'43.38" Long - W 103°06'56.10" NAD83 - N 588523.873 E 874978.675 (NAD-27)</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>Sorina L. Flores</i> Signature _____ Date _____</p> <p>Sorina L. Flores Printed Name _____</p> <p>Sorina.Flores@apachecorp.com 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 are true and correct to the best of my belief.</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 27106</p>

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

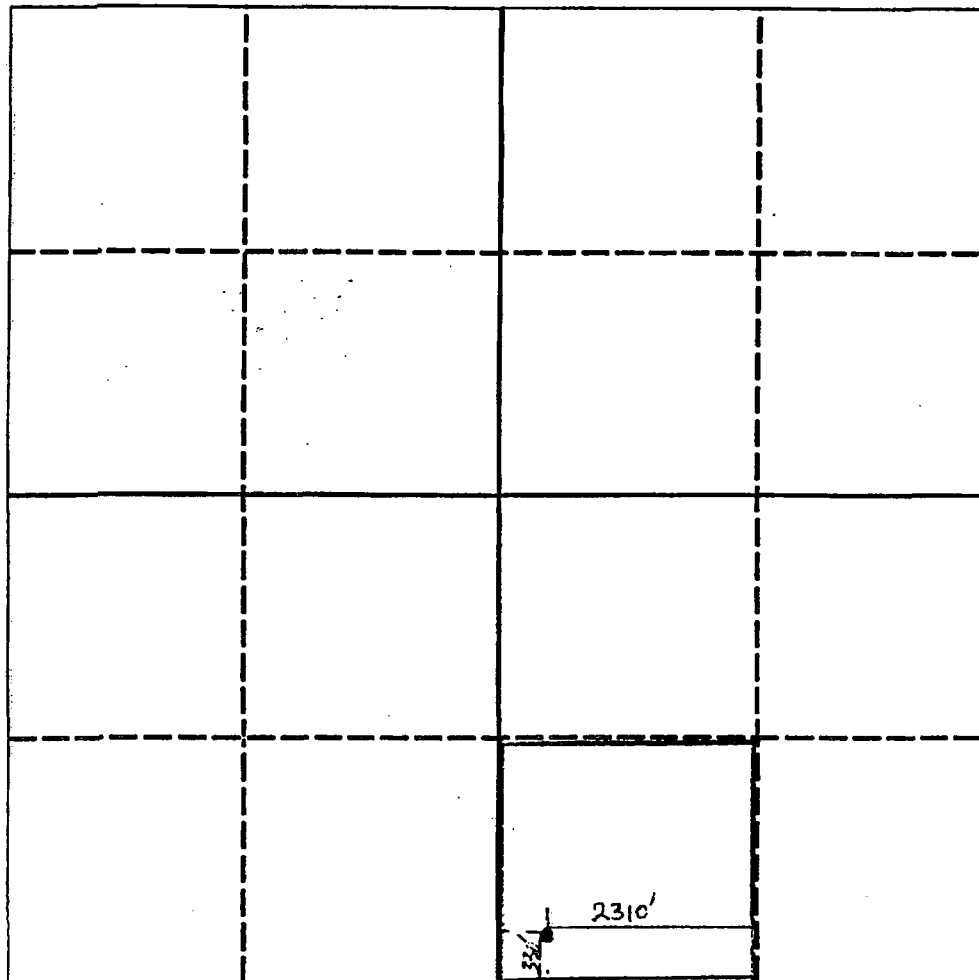
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Drum Energy Corporation			Lease Werta Federal		Well No. 1
Unit Letter 0	Section 35	Township 19 S	Range 38 E	County Lea	
Actual Footage Location of Well: 2310 feet from the east line and 330 feet from the south line					
Ground level Elev. 3577 feet	Producing Formation Blinebry		Pool House Blinebry		Dedicated Acreage: 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Signature

David R. Mussett

Printed Name

President

Position

Drum Energy Corp.

Company

Oct. 20, 1992

Date

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 knowledge and belief.

Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

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

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 16, 2010

Submit one copy to appropriate
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40799	Pool Code 33 230	Pool Name House; Blinbry
Property Code 30 238	Property Name WERTA FEDERAL	Well Number 3
OGEID No. 873	Operator Name APACHE CORPORATION	Elevation 3579'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	19 S	38 E		335	SOUTH	990	EAST	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-509						

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. Sorina L. Flores 8/2/12 Signature Date Sorina L. Flores Printed Name Sorina.Flores@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 are true and correct to the best of my belief. Date Surveyed Signature of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 27106
	SURFACE LOCATION Lat - N 32°36'37.32" Long - W 103°06'50.12" NMSPC- N 587936.121 E 916826.559 (NAD-83) SURFACE LOCATION Lat - N 32°36'36.91" Long - W 103°06'48.40" NMSPC- N 587877.250 E 875644.885 (NAD-27)

OCT 02 2012

DISTRICT I

1823 N. French Dr., Hobbs, NM 88240

DISTRICT II

1901 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87401

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 16, 2010

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CONSERVATION DIVISION

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

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40799	Pool Code 33470	Pool Name House; Tubb, North
Property Code 30238	Property Name WERTA FEDERAL	Well Number 3
OGRD No. 873	Operator Name APACHE CORPORATION	Elevation 3579'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	19 S	38 E		335	SOUTH	990	EAST	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-509
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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

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		<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>APR 27 2012 Date Surveyed</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor 7877</p> <p>Certificate No. Gary L. Jones 7977</p>
		<p>BASIN SURVEYS 27106</p>

DISTRICT I
1825 N. French Dr., Hobbs, NM 88241

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

HOBBS OCD
OCT 01 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 30-025-40799	Pool Code 33250	Pool Name House; Drinkard
Property Code 30238	Property Name WERTA FEDERAL	Well Number 3
OCRID No. 873	Operator Name APACHE CORPORATION	Elevation 3579'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	19 S	38 E		335	SOUTH	990	EAST	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-509				

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. Sorina L. Flores 8/2/12 Signature Date Sorina L. Flores Printed Name sorina.flores@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. Date Surveyed Signature of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 27106



February 21, 2013

OVERRIDING ROYALTY INTEREST OWNERS

(See attached list)

RE: Request for Approval to surface commingle production
Werta Federal #1, #2 and #3 Wells
Blinebry, Tubb and Drinkard formations
Section 35, Township 19 South, Range 38 East
Lea County, New Mexico

Dear Interest Owners,

Apache Corporation ("Apache") hereby requests your approval to surface commingle production from the Werta Federal #1 (API No. 30-025-27696), located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, the Werta Federal #2 (API No. 30-025-40798), also located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, and the Werta Federal #3 (API No. 30-025-40799), located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, all in Section 35, Township 19 South, Range 38 East, Lea County, New Mexico. Apache plans to set a heater treater for the #3 well and will test the well separately prior to sending production to the existing battery. Additionally, Apache requests your approval to commingle production from any future well(s) drilled by Apache, or its successors and assigns, in the E $\frac{1}{2}$ SE $\frac{1}{4}$ or SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35. Should Apache drill additional wells located in the E $\frac{1}{2}$ SE $\frac{1}{4}$, Apache plans to utilize the heater treater for the #3 and allocate production among the wells located in the E $\frac{1}{2}$ SE $\frac{1}{4}$ using monthly wells tests.

All three (3) Werta Federal wells are located on the same Federal Oil and Gas Lease (NMNM-14812) and are burdened by a 1/8th federal royalty interest; however, please be aware that the overriding royalty interest ownership in the Werta Federal #1 and #2 wells differ from the ownership in the Werta Federal #3 well. Therefore, in order to commingle production from all three (3) wells at the surface and account for each well's production in the manner proposed above, Apache must first obtain approval from the overriding royalty interest owners.

Apache believes that commingling will not decrease the value of production from each well. Further, Apache believes commingling will prevent waste and promote conservation by utilizing the existing tank battery equipment, located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of same Section 35, to process oil and gas, thereby reducing the incremental investment capital that would be needed to build a separate facility for the Werta Federal #3 well, and the same for any additional wells drilled in the E $\frac{1}{2}$ SE $\frac{1}{4}$, and as a result will extend the economic life of the wells and lease.

Please evidence your approval of Apache's proposal by executing below and returning one (1) copy to my attention using the enclosed prepaid envelope provided for your convenience. Should you have any questions, please do not hesitate to contact me at (432) 818-1093.

Sincerely,

APACHE CORPORATION

Michelle Hanson

Landman

(432) 818-1190 fax

Michelle.hanson@apachecorp.com

The undersigned hereby approves to surface commingle production from the Werta Federal #1, #2 and #3 wells, and any future wells drilled, as provided for above, and further approves to account for each well's production in the manner set forth above, all subject to further approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

Company: _____

By: _____

Title: _____

Date: _____

OVERRIDING ROYALTY INTEREST OWNERS

Section 35, Township 19 South, Range 38 East, Lea County, New Mexico:

E $\frac{1}{2}$ SE $\frac{1}{4}$:

DOH Oil Company
Madison M. and Susan M. Hinkle
Rolla R. Hinkle III
Morris E. Schertz
JTD Resources, LLC
Worrall Investment Corporation
Eureka Gas Company, Inc.

SW $\frac{1}{4}$ SE $\frac{1}{4}$:

DOH Oil Company
Jase Family Ltd.
Northern Oil
Marian Mussett
Marshall A. Lerner
Robert W. Lansford

Well Test History Report

Page 1 of 2
2/20/2013 2:29:37 pm

Select By: Field
Display: All well tests between 01/01/2012 - 02/18/2013

Test Date	Effective Date	Measured Hours	Type	24 Hour Volumes					Ratios					Fluid Level
				Gr Liquid	OIL	GAS	WAT	LIFT	GOR	GLR	IGOR	IGLR	TGLR	
Field: HOUSE														
WERTA FEDERAL #1 BUNEERY														
1/27/2012	1/27/2012	24	A	12	6	28	6	0	4,667	2,333	0	0	2,333	
2/24/2012	2/24/2012	24	A	12	6	27	6	0	4,500	2,250	0	0	2,250	
3/24/2012	3/24/2012	24	A	12	6	27	6	0	4,500	2,250	0	0	2,250	
4/27/2012	4/27/2012	24	A	12	6	28	6	0	4,667	2,333	0	0	2,333	
5/21/2012	5/21/2012	24	A	12	6	28	6	0	4,667	2,333	0	0	2,333	
6/28/2012	6/28/2012	24	A	12	6	27	6	0	4,500	2,250	0	0	2,250	
7/20/2012	7/20/2012	24	A	12	6	27	6	0	4,500	2,250	0	0	2,250	
8/24/2012	8/24/2012	24	A	12	6	29	6	0	4,833	2,417	0	0	2,417	
9/22/2012	9/22/2012	24	A	12	5	29	7	0	5,800	2,417	0	0	2,417	
10/22/2012	10/22/2012	24	A	13	5	28	8	0	5,600	2,154	0	0	2,154	
11/19/2012	11/19/2012	24	A	12	5	27	7	0	5,400	2,250	0	0	2,250	
12/17/2012	12/17/2012	24	A	12	5	27	7	0	5,400	2,250	0	0	2,250	
1/29/2013	1/29/2013	24	A	12	6	26	6	0	4,333	2,167	0	0	2,167	
Averages by Completion				12	6	28	6	0						
WERTA FEDERAL #2 (BLINEERY) BTD														
12/13/2012	12/13/2012	24	A	223	0	0	223	0		0		0	0	
12/14/2012	12/14/2012	24	A	232	0	0	232	0		0		0	0	
12/15/2012	12/15/2012	24	A	247	0	0	247	0		0		0	0	
12/16/2012	12/16/2012	24	A	226	0	0	226	0		0		0	0	
12/17/2012	12/17/2012	24	A	242	0	0	242	0		0		0	0	
12/18/2012	12/18/2012	24	A	240	0	5	240	0		21		0	21	
12/19/2012	12/19/2012	10	A	199	0	7	199	0		36		0	36	
12/20/2012	12/20/2012	24	A	261	0	3	261	0		11		0	11	
12/21/2012	12/21/2012	24	A	255	0	0	255	0		0		0	0	
12/22/2012	12/22/2012	24	A	225	0	5	225	0		22		0	22	
12/23/2012	12/23/2012	24	A	245	0	3	245	0		12		0	12	
12/24/2012	12/24/2012	24	A	252	22	14	230	0	636	56	0	0	56	
12/25/2012	12/25/2012	24	A	242	49	28	193	0	571	116	0	0	116	
12/26/2012	12/26/2012	24	A	265	52	29	213	0	558	109	0	0	109	
12/28/2012	12/28/2012	24	A	268	82	36	186	0	439	134	0	0	134	
12/29/2012	12/29/2012	24	A	282	109	115	173	0	1,055	408	0	0	408	
12/30/2012	12/30/2012	24	A	314	110	76	204	0	691	242	0	0	242	
12/31/2012	12/31/2012	24	A	276	56	63	220	0	1,125	228	0	0	228	
1/2/2013	1/2/2013	24	A	296	60	49	236	0	817	166	0	0	166	
1/10/2013	1/10/2013	24	A	281	71	65	210	0	915	231	0	0	231	

** All values are recorded using imperial units.

Well Test History Report

Page 2 of 2
2/20/2013 2:29:37 pm

Select By: Field

Display: All well tests between 01/01/2012 - 02/18/2013

Test Date	Effective Date	Measured Hours	Type	24 Hour Volumes					Ratios					Fluid Level
				Gr Liquid	OIL	GAS	WAT	LIFT	GOR	GLR	IGOR	IGLR	TGLR	
Field: HOUSE														
WERTA FEDERAL #2 (CLINEBRY) STD														
1/11/2013	1/11/2013	24	A	271	71	69	200	0	972	255	0	0	255	
1/12/2013	1/12/2013	24	A	308	72	108	236	0	1,500	351	0	0	351	
1/13/2013	1/13/2013	24	A	314	75	101	239	0	1,347	322	0	0	322	
1/14/2013	1/14/2013	24	A	261	61	78	200	0	1,279	299	0	0	299	
1/25/2013	1/25/2013	24	A	256	55	99	201	0	1,800	387	0	0	387	
1/26/2013	1/26/2013	24	A	226	52	77	174	0	1,481	341	0	0	341	
1/29/2013	1/29/2013	24	A	271	63	89	208	0	1,413	328	0	0	328	
2/3/2013	2/3/2013	24	A	268	80	40	188	0	500	149	0	0	149	
2/4/2013	2/4/2013	24	A	283	85	45	198	0	529	159	0	0	159	
2/5/2013	2/5/2013	24	A	275	70	45	205	0	643	164	0	0	164	
2/12/2013	2/12/2013	24	A	254	60	65	194	0	1,083	256	0	0	256	
2/13/2013	2/13/2013	24	A	251	70	56	181	0	800	223	0	0	223	
2/14/2013	2/14/2013	24	A	225	63	54	162	0	857	240	0	0	240	
2/15/2013	2/15/2013	24	A	209	52	63	157	0	1,212	301	0	0	301	
2/16/2013	2/16/2013	24	A	208	46	72	162	0	1,565	346	0	0	346	
2/17/2013	2/17/2013	24	A	181	52	74	129	0	1,423	409	0	0	409	
Averages by Completion				254	46	45	208	0						

AVG CORR GRAV = 37.6

** All values are recorded using imperial units.