

DHC-HOB

Order Number

391

API Number

30-025-39547

Operator

Apache Corp

County

Lea/Kee

Order Date

6/28/10

Well Name

Bunin

Number

6

Location

A

UL

13

Sec

21 S

T (+Dir)

37 E

R (+Dir)

Pool 1

06660

Blaine bry Oil & Gas (OIL)

Oil %

50%

Gas %

37%

WTR

37%

Pool 2

60240

Tubb Oil & Gas (OIL)

12%

44%

26%

Pool 3

19190

Drinkard

38%

19%

37%

Pool 4

Comments:

Post RBOMS dwn 6/30/10

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corp

PROPERTY NAME: Bunin

WNULSTR: #6-A, 13-21s-37e

DHC- 1408- 0391

API # 30-025-39547

SECTION I:

	ALLOWABLE AMOUNT	
POOL NO. 1 <u>Blinbry O&G <OIL></u>	<u>107</u> <u>428</u> MCF	<u>4000</u>
POOL NO. 2 <u>Tubh O&G <OIL></u>	<u>142</u> <u>284</u> MCF	<u>2000</u>
POOL NO. 3 <u>Drinkard</u>	<u>142</u> <u>852</u> MCF	<u>6000</u>
POOL NO. 4 _____	_____ MCF	

POOL TOTALS 391 1564

SECTION II:

	<u>OIL</u>	<u>GAS</u>
POOL NO. 1 <u>Blinbry O&G <OIL></u>	<u>50%</u>	<u>37%</u>
POOL NO. 2 <u>Tubh O&G <OIL></u>	<u>12%</u>	<u>44%</u>
POOL NO. 3 <u>Drinkard</u>	<u>38%</u>	<u>19%</u>
POOL NO. 4 _____		

$38\% \times 391 = 148.58$
<149>

OIL

GAS

SECTION III:

$38\% \div 142 = 373.68$ <374>

SECTION IV:

$50\% \times 374 = 187$

$12\% \times 374 = 44.88$ <45>

$38\% \times 374 = 142.12$ <142>

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88240
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

Form C-103
June 19, 2008

RECEIVED
JUN 28 2010
CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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)		WELL API NO. 30-025-39547
1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other: ☒		5. Indicate Type of Lease STATE ☐ FEE ☒
2. Name of Operator Apache Corporation		6. State Oil & Gas Lease No. NA
3. Address of Operator 6120 S Yale Ave, Ste 1500 Tulsa, OK 74136-4224		7. Lease Name or Unit Agreement Name Bunin
4. Well Location Unit Letter A : 351 feet from the North line and 980 feet from the East line Section 13 Township 21S Range 37E NMPM County Lea		8. Well Number 006
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3460' GR		9. OGRID Number 873
		10. Pool name or Wildcat Blinebry Oil & Gas

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☒			
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

Pool Names:	Actual Perforations:
Blinebry Oil & Gas (Oil) 6660	Blinebry 5846'-6250'
Tubb Oil & Gas (Oil) 60240	Tubb 6412'-6635'
Drinkard 19190	Drinkard 6740'-6911'

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

	OIL	GAS	Water
Blinebry	50%	37%	37%
Tubb	12%	44%	26%
Drinkard	38%	19%	37%

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

Spud Date:

11/08/2009

Rig Release Date:

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

SIGNATURE

Reesa Holland

TITLE Sr. Engr Tech

DATE 06/24/2010

Type or print name Reesa Holland

E-mail address: reesa.holland@apachecorp.com

PHONE: 918/491-4853

For State Use Only

APPROVED BY:

[Signature]

TITLE

PETROLEUM ENGINEER

DATE

JUN 28 2010

Conditions of Approval (if any):

Rm

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

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HOBBS CO

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 October 12, 2005

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39547	Pool Code 19190	Pool Name Drinkard
Property Code 306053	Property Name BUNIN	Well Number 6
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3460'

Surface Location

UL or lot No. A	Section 13	Township 21 S	Range 37 E	Lot Idn	Feet from the 351	North/South line NORTH	Feet from the 980	East/West line EAST	County LEA
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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									

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

<u>SURFACE LOCATION</u> Lat - N 32°29'07.01" Long - W 103°06'40.71" NMSPCE- N 542434.466 E 918154.342 (NAD-83)	351'	
	980'	
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 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. <u>Amber Cooke</u> 2/8/10 Signature Date <u>Amber Cooke</u> Printed Name		
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. <u>GARY L. JONES</u> Date Surveyed <u>GARY L. JONES</u> Signature & Seal of Professional Surveyor <u>W.O. No. 21782</u> Certificate No. Gary L. Jones 7977 BASIN SURVEYS		

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 87412

DISTRICT IV

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

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Energy, Minerals and Natural Resources DepartmentForm C-102
Revised October 12, 2005

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OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39547 ✓	Pool Code 60240 ✓	Pool Name Tubb Oil & Gas (Oil) ✓
Property Code 306053 ✓	Property Name BUNIN ✓	Well Number 6 ✓
OGRID No. 873 ✓	Operator Name APACHE CORPORATION ✓	Elevation 3460'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	21 S	37 E		351	NORTH	980	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.			

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

SURFACE LOCATION Lat - N 32°29'07.01" Long - W 103°06'40.71" NMSPEC- N 542434.466 E 918154.342 (NAD-83)	351' 980'	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 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>Amber Cooke</i> 3/24/10 Signature Date Amber Cooke Printed Name
		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. GARY L. JONES Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 21782 Certificate No. Gary L. Jones 7977 BASIN SURVEYS

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RECEIVED

NOV 18 2009

HOBBSUCD

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39547	Pool Code 6660	Pool Name Blinebry Oil & Gas Pool
Property Code 306053	Property Name BUNIN	Well Number 6
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3460'

Surface Location

UL or lot No. A	Section 13	Township 21 S	Range 37 E	Lot Idn	Feet from the 351	North/South line NORTH	Feet from the 980	East/West line EAST	County LEA
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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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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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

<u>SURFACE LOCATION</u> Lat - N 32°29'07.01" Long - W 103°06'40.71" NMSPCE- N 542434.466 E 918154.342 (NAD-83)	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 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. David Catanach 11/16/09 Signature Date David Catanach Printed Name 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. GARY L. JONES OCTOBER 22 2009 Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 21782 Certificate No. Gary L. Jones 7977 BASIN SURVEYS
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Lease Name	Well Number	10DIGITAP	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinbery	Tubb	Drnkard	Blinbery	Tubb	Drnkard	Blinbery	Tubb	Drnkard
OWEN	1	3002506339	14E 21S 37E		49654	231099		3652319	986795			6
DRINKARD UNIT	13	3002506476	11C 21S 37E	100365		23497	695307		309881	13276		6706
DRINKARD UNIT	12	3002506477	11D 21S 37E	107103		99517	622024		361191	37125		21499
DRINKARD UNIT	17	3002506478	11O 21S 37E	209824		56911	2366090		750134	9031		11744
DRINKARD UNIT	18	3002506479	11A 21S 37E	163011			604541			6253		
DRINKARD UNIT	19	3002506480	11H 21S 37E	252880		49090	1770169		396984	41709		27595
DRINKARD UNIT	20	3002506481	11I 21S 37E	174441		47908	1562950		433391	12145		9371
DRINKARD UNIT	14	3002506482	11B 21S 37E			116816			1009396			41925
DRINKARD UNIT	21	3002506523	11B 21S 37E	182507			2813057			11398		
LOCKHART B 11	3	3002506525	11E 21S 37E W2 SW NW	127730			2073161			10898		
DRINKARD UNIT	16	3002506526	11A 21S 37E	50913			398626			17528		
DRINKARD UNIT	15	3002506527	11A 21S 37E			78506			709424			28307
DRINKARD UNIT	22	3002506528	11P 21S 37E	124277			2001889			5804		
DRINKARD UNIT	23	3002506529	11G 21S 37E	210952			1970421			6802		
DRINKARD UNIT	24	3002506530	11J 21S 37E	208468		105625	1341043		1155406	14406		16839
DRINKARD UNIT	25	3002506531	11F 21S 37E	196012		60624	2272861		379922	35014		20374
J H NOLAN	1	3002506532	11M 21S 37E			125741			1059066			10939
J H NOLAN	2	3002506533	11N 21S 37E SE SW		35871	56370			616486			6141
J H NOLAN	3	3002506534	11K 21S 37E			65773			372183			11913
DRINKARD UNIT	27	3002506535	11E 21S 37E			254876			1664091			8531
DRINKARD UNIT	26	3002506536	11G 21S 37E			123444			1306823			68285
GUTMAN	1	3002506537	11L 21S 37E		1689	190265		87692	620318		30	6902
DRINKARD UNIT	28	3002506538	12D 21S 37E	57579		2000	388643			7812		
DRINKARD UNIT	30	3002506539	12E 21S 37E	19149		53646	151770		148258	3515		12771
DRINKARD UNIT	31	3002506541	12C 21S 37E	149383			656081			7613		
DRINKARD UNIT	32	3002506542	12D 21S 37E	125199			260813			3116		
DRINKARD UNIT	33	3002506543	12F 21S 37E	139466			550995			3109		
DRINKARD UNIT	34	3002506544	12G 21S 37E	59337			231505			11251		
DRINKARD UNIT	35	3002506545	12B 21S 37E	84354			413958			14577		
DRINKARD UNIT	36	3002506546	12E 21S 37E	76046			267087			5357		
DRINKARD UNIT	3	3002506548	12C 21S 37E			53526			258309			19101
CHESHER	1	3002506549	12K 21S 37E NE SW	78280			227036			820		
DRINKARD UNIT	48	3002506550	12M 21S 37E	132856			848747			15307		
DRINKARD UNIT	47	3002506551	12J 21S 37E	98064			303686			14960		
DRINKARD UNIT	46	3002506552	12L 21S 37E	166214			949138			21967		
FIELDS	1	3002506553	12O 21S 37E	47463			101724			12286		
PLUMLEE	1	3002506554	12N 21S 37E	66745		17683	175622		40362	514		6260
LOCKHART B 13 A	1	3002506555	13M 21S 37E	85536			2092334			6261		
DRINKARD UNIT	37	3002506556	13E 21S 37E	103580		6442	3025657			14152		
DRINKARD UNIT	38	3002506557	13F 21S 37E	135002			1048206			12352		
LOCKHART B 13 A	4	3002506558	13K 21S 37E	88372			513291			4853		
LOCKHART B 13 A	5	3002506559	13N 21S 37E	115906			674137			15604		
DRINKARD UNIT	39	3002506560	13G 21S 37E	44891			149588			16750		
DRINKARD UNIT	40	3002506561	13J 21S 37E	41306			124484			16797		
DRINKARD UNIT	8	3002506562	13L 21S 37E	79385			3183803			11897		
DRINKARD UNIT	53	3002506566	13C 21S 37E	164462			1045288			2798		
DRINKARD UNIT	54	3002506567	13B 21S 37E	112252			475667			590		
DRINKARD UNIT	55	3002506568	13D 21S 37E	180756			1104870			4132		
EUBANKS	2	3002506569	14L 21S 37E	97576	70239	145129	1099732	4574784	401328	4446	285	354
EUBANKS	1	3002506570	14M 21S 37E	253776		129574	6389826		994579	6379		1858
EUBANKS	3	3002506571	14K 21S 37E	146680		366992	3796308		1386140	4794		2719
EUBANKS	4	3002506572	14N 21S 37E	219232		99797	2050107		899313	4064		4000
DRINKARD UNIT	43	3002506573	14H 21S 37E	61371		123728	5449570		439267	9314		10018
DRINKARD UNIT	44	3002506574	14P 21S 37E C SE SE	69476	17491		1762380	1310182		6771		
DRINKARD UNIT	45	3002506575	14A 21S 37E	160714			1610515			11568		
LOCKHART B-14 A	4	3002506576	14I 21S 37E	93005			1235361			6040		
NAOMI KEENUM	1	3002506577	14J 21S 37E	261118		173782	1728173		921669	25244		25009
NAOMI KEENUM	2	3002506578	14O 21S 37E	131160	124511	30375	603394	4330361		13942	27016	
OWEN	2	3002506579	14D 21S 37E			233970			963617			44
ANDREWS	1	3002506580	14F 21S 37E			153918			1003910			1744
ANDREWS	2	3002506581	14C 21S 37E NE NW			21976			93283			478
DRINKARD UNIT	49	3002506582	14G 21S 37E C SW NE		5837			172709			237	
DRINKARD UNIT	50	3002506583	14B 21S 37E	277261		109488	2898234		938318	14250		7773
DRINKARD UNIT	51	3002506584	14G 21S 37E	179650		203804	3523677		1100834	14383		5219
SARKEYS	1	3002506759	23M 21S 37E		21420	94433		3333159	1563936			930
SARKEYS	3	3002506760	23L 21S 37E			104886			1543064			1054
SARKEYS	4	3002506761	23N 21S 37E			144664			592006			907
ROY BARTON	1	3002506763	23G 21S 37E		18186			1937823			173	
ROY BARTON	2	3002506764	23B 21S 37E			88009			382291			7018
ROY BARTON	3	3002506765	23H 21S 37E			52319			159604			876
S J SARKEYS	1	3002506766	23J 21S 37E			11766			162097			672
S J SARKEYS	2	3002506767	23O 21S 37E		14367	157074		1297123	1724391			6385
S J SARKEYS	3	3002506768	23I 21S 37E NE SE			53011			516649			2960
D A WILLIAMSON	1	3002506769	23A 21S 37E		3219	50851		209182	444764			11273
D A WILLIAMSON	1	3002506770	23D 21S 37E			106677			750271			7085
D A WILLIAMSON	2	3002506771	23E 21S 37E		35052	41044		2572497			2836	
D A WILLIAMSON	3	3002506772	23F 21S 37E			76901						
NANCY STEPHENS	1	3002506774	24D 21S 37E	56080	40994	73425	1857670	548838	254589	5496	16592	7659
NANCY STEPHENS	2	3002506775	24E 21S 37E	81433	11629	55812	1771881	29055	189670	11504	7977	6890
NANCY STEPHENS	3	3002506776	24C 21S 37E	64307		42653	78230		312142	1508		16880
STEPHENS ESTATE	1	3002506777	24L 21S 37E	33942		41331	1188939		255934	3172		3391
STEPHENS ESTATE	2	3002506778	24M 21S 37E	57784		30226	1401814		216823	12020		15152
SARKEYS	2	3002509932	23K 21S 37E	91951	23372		4465416	1173700		3571	2152	
GUTMAN	2	3002520218	11L 21S 37E			49031			2326778			30578
ROY BARTON	1	3002521347	23G 21S 37E		21217	90790		2184305	622883		505	4240

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinbry	Tubb	Dnnkard	Blinbry	Tubb	Dnnkard	Blinbry	Tubb	Dnnkard
S J SARKEYS	4	3002521349	23P 21S 37E SE SE			57847			932614			3630
SARKEYS	5	3002521350	23O 21S 37E		7238			2867307			455	
S J SARKEYS	6	3002521351	23J 21S 37E NW SE			41480			290688			3292
ROSA LEE FEDERAL	1	3002522893	19F 21S 38E			5527			15909			24358
NANCY	1	3002523219	24N 21S 37E SE SW	8933	5551		60772			25316	111	
NAOMI KEENUM	3	3002524854	14O 21S 37E			106469			1120886			22431
FEDERAL 7	1	3002527058	7D 21S 38E	20802		4315	22273		6938	59040		18548
NANCY STEPHENS	4	3002527902	24F 21S 37E	28552	56438		104843	213934		6651	42334	
DRINKARD UNIT	42	3002528011	13N 21S 37E		9417	12881		77120	16774		11257	11000
LOCKHART B-13 A	10	3002528131	24B 21S 37E	8794		2955	22106		18450	21806		14920
DRINKARD UNIT	52	3002536810	14B 21S 37E NW NW NE	9082	3293		98785	95086		2894	7724	
LOCKHART B 24	1	3002538759	24J 21S 37E NW NW SE	6096	1235	2637	6603	7600	4864			
TOTALS				6,978,841	577,920	5,210,886	82,682,878	30,674,776	36,145,693	723,952	119,684	616,554
AVERAGES				112,562	26,269	86,848	1,333,595	1,533,739	657,194	11,868	7,979	11,418

Proposed Allocations	Oil	Gas	Water
Blinbry	50%	37%	37%
Tubb	12%	44%	26%
Dnnkard	38%	19%	37%
TOTAL	100%	100%	100%



June 24, 2010

RECEIVED

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

JUN 28 2010

HOBBSOCD

RE: Application for Exception to Rule 303-C – Downhole Commingling
Bunin #6
Unit A, Section 13, T-21-S, R-37-E
Blinebry Oil & Gas (Oil), Tubb Oil & Gas (Oil) & Drinkard
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.

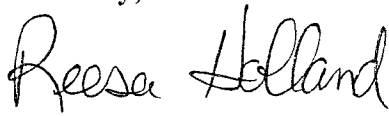
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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 (918) 491-4864.

Sincerely,

A handwritten signature in black ink that reads "Reesa Holland". The signature is written in a cursive, flowing style.

**Reesa Holland
Engineering Technician**