

Order Number

DHC
HDB-383

API Number

30-025-39221

Operator

Apache Corp

County

Lea/Kee

Order Date

6/7/10

Well Name

Chesterfield

Number

3

Location

H

UL

14

Sec

20S

T (+Dir)

38E

R (+Dir)

Pool 1

06660

Blinbry OAG <Oil>

Oil %

44%

Gas %

46%

WTR

60%

Pool 2

78760

House Tubb

28%

24%

19%

Pool 3

33250

House Drinkard

36%

30%

21%

Pool 4

Comments:

Posted RBDMS on 6/8/10

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corp

PROPERTY NAME: Chesterfield

WNULSTR: #3-H, 14-205-38E

DAC - HOB - 383
API # 30-025-39721

SECTION I:

POOL NO. 1 Blinbry O&G (OIL)

ALLOWABLE AMOUNT

107 428 MCF 4000

POOL NO. 2 House Tubb

142 284 MCF 2000

POOL NO. 3 House Drinkard

142 284 MCF 2000

POOL NO. 4 _____

POOL TOTALS 391 675 MCF

SECTION II:

POOL NO. 1 Blinbry O&G (OIL)

OIL

44%

GAS

46%

POOL NO. 2 House Tubb

20%

24%

POOL NO. 3 House Drinkard

36% x 391 =

30%

POOL NO. 4 _____

OIL

GAS

SECTION III:

$36\% \div 142 = 394.44$ (394)

SECTION IV:

$44\% \times 394 = 173.36$ (173)

$20\% \times 394 = 78.8$ (79)

$36\% \times 394 = 141.84$ (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 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources
JUN 7 2010
HOBBS
CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
June 19, 2008

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. 30-025-39721
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, Suite 1500 Tulsa, OK 74136		7. Lease Name or Unit Agreement Name Chesterfield
4. Well Location Unit Letter H : 2430 feet from the North line and 990 feet from the East line Section 14 Township 20S Range 38E NMPM County Lea		8. Well Number 3
11. Elevation (Show whether DR, RKB, RT, GR, etc) 3566'		9. OGRID Number 873
		10. Pool name or Wildcat Blinebry O&G (Oil), House; Tubb/Drinkard

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: DHC-BTD ☒	

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.

Pursuant to Division Order R-11363
Pool Names:

Blinebry Oil & Gas (Oil) 6660
House; Tubb 78760
House; Drinkard 33250

Proposed Perforations:

Blinebry 6814' - 7040'
Tubb 6478' - 6770'
Drinkard 6008' - 6374'

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

	OIL	GAS	WATER
Blinebry	44%	46%	60%
Tubb	20%	24%	19%
Drinkard	36%	30%	21%

DHC-HOB-383

Spud Date:

Rig Release Date:

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

SIGNATURE Amber Cooke TITLE Engineering Tech DATE 06/07/2010

Type or print name Amber Cooke E-mail address: amber.cooke@apachecorp.com PHONE: 918.491.4968

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE JUN 07 2010
Conditions of Approval (if any):

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 & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39721	² Pool Code 6660	³ Pool Name Blinebry Oil & Gas (Oil)
⁴ Property Code 303213	⁵ Property Name Chesterfield	⁶ Well Number 003
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation	⁹ Elevation 3566'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	20S	38E		2430	North	990	East	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

2430' 990'	¹⁷ 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. Signature <i>Amber Cooke</i> Date 06/07/2010 Printed Name Amber Cooke
	¹⁸ 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 of Survey Signature and Seal of Professional Surveyor.
	Certificate Number

District I

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Revised October 12, 2005

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39721	¹ Pool Code 78760	¹ Pool Name House; Tubb
¹ Property Code 303213	¹ Property Name Chesterfield	¹ Well Number 003
¹ OGRID No. 873	¹ Operator Name Apache Corporation	¹ Elevation 3566'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	20S	38E		2430	North	990	East	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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¹⁶ 	¹⁷ 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 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 	Date 06/07/2010
	Printed Name Amber Cooke	
	¹⁸ 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 of Survey Signature and Seal of Professional Surveyor.		
Certificate Number		

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Revised October 12, 2005
Submit to Appropriate District Office
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39721	² Pool Code 33250	³ Pool Name House; Drinkard
⁴ Property Code 303213	⁵ Property Name Chesterfield	⁶ Well Number 003
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation	⁹ Elevation 3566'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	20S	38E		2430	North	990	East	Lea

¹¹ 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
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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.

2430' 990'	¹⁷ OPERATOR CERTIFICATION <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 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.</i> Signature: <u>Amber Cooke</u> Date: <u>06/07/2010</u> Printed Name: <u>Amber Cooke</u>	
	¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey: _____ Signature and Seal of Professional Surveyor: _____	
	Certificate Number: _____	



TWO WARREN PLACE / SUITE 1500 / 6120 S. YALE / TULSA, OKLAHOMA 74136-4224

WWW.APACHECORP.COM
Telephone: (918) 491-4900

June 7, 2010

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

RE: Application for Exception for Downhole Commingling
Chesterfield #3-House Field-API # 30-025-39721
Unit H, Section 14, T-20-S, R-38-E
Blinebry Oil & Gas (Oil), House; Tubb and House; Drinkard Pools
Lea County, New Mexico

Dear Mr. Kautz,

I am proposing to use offset production allocation data to determine the allocation percentages used when downhole commingling the Blinebry, Tubb, and Drinkard Oil & Gas pools. I have enclosed the administrative application form (C-103) and attachments used to determine the new allocation method proposed for the Chesterfield #3 completion. The ownership (WI, NRI, and ORRI) of these pools are identical in this well. The fluids from each of these zones are compatible as seen in other surrounding commingled wells in this area. Commingling these fluids together will not damage the wellbore nor have any impact on the value of the total remaining production. The wells in this area are operated by a production lift system which maximizes production by keeping the well pumped off. This system can easily handle cross flow without encountering any problems. Overall, commingling will improve the efficiency of our present and future recovery operations.

This allocation method was found by calculating the cumulative and average production data for each individual zone in a nine section area surrounding the Chesterfield #3. By analyzing the average oil, gas and water production for the Blinebry, Tubb and Drinkard pools, I was unable to calculate the percentage production allocation for each zone. Please refer to the attached spreadsheets for my calculations.

If you need additional information or have any questions, please give me a call at (918) 491-4968.

Sincerely,


Amber Cooke

Production Engineering Tech

Lease Name	Well Number	10DIGITAP	Location	Cum Oil (BBL)	Cum Gas (MCF)	Cum Water (BBL)
ARNOLD A	1	3002507761	11F 20S 38E	0	27203	0
HOUSE B	1	3002507764	11P 20S 38E	0	9855	0
BLANKENSHIP	1	3002507766	12E 20S 38E	0	54657	0
BLANKENSHIP	2	3002507767	12L 20S 38E	3821	0	134312
BLANKENSHIP	3	3002507769	12M 20S 38E NE SW SW	4354	0	97448
CONE A	1	3002507770	12F 20S 38E	0	16653	0
CONE B	1	3002507771	12J 20S 38E	0	239833	0
HESTER 12	3	3002507772	12O 20S 38E	0	150171	0
HESTER 12	2	3002507773	12N 20S 38E	0	82932	0
HESTER 12	1	3002512549	12K 20S 38E	0	97448	0
CROWN	1	3002520195	13B 20S 38E NW NW NE	0	7517	0
HOWSE C	1	3002522165	11H 20S 38E SE NE	0	26370	0
LINDA FEDERAL	1	3002524724	23K 20S 38E C NE SW	52877	0	435603
LINDA FEDERAL	2	3002526758	23L 20S 38E	21514	0	147797
LINDA FEDERAL	3	3002526759	23E 20S 38E	3866	0	38008
LINDA FEDERAL	4	3002525760	23F 20S 38E	28869	0	174350
LLANO FEDERAL	1Y	3002525870	23M 20S 38E	72804	0	166429
CONE B	2	3002525921	12G 20S 38E	0	398	0
LINDA FEDERAL	5	3002526043	23N 20S 38E SE SW	16080	0	25283
TUBB WF	70	3002526841	22P 20S 38E	14229	0	56448
SIMS FEDERAL	1	3002527653	23O 20S 38E	52201	0	179328
KYTE	1	3002530793	23J 20S 38E C NW SE	72883	0	284183
HOUSE	1	3002531006	13D 20S 38E NW NW	32766	0	35865
FEDERAL 24	1	3002533182	24M 20S 38E C SW SW	16890	0	69888
KYTE	3	3002533427	23I 20S 38E C NE SE	31012	0	118190
KYTE	4	3002533683	23H 20S 38E C SE NE	33904	0	271010
PAYDAY	1	3002533706	24L 20S 38E	68822	0	419614
FEDERAL 24	2	3002533779	24N 20S 38E C SE SW	24924	0	84834
PAYDAY	2	3002533833	24K 20S 38E	30255	0	395695
NMFU FEDERAL	1	3002533836	23P 20S 38E C SE SE	22700	0	111868
M & M	1	3002533837	24E 20S 38E	18140	0	339125
M & M	2	3002533879	24F 20S 38E	45189	0	406180
M & M	3	3002533880	24D 20S 38E	40554	0	544581
KYTE	5	3002533927	23G 20S 38E C SW NE	20971	0	219150
M & M	4	3002534018	24C 20S 38E	40423	0	436683
SHARPS	1	3002534080	13M 20S 38E	37417	0	196877
SHARPS	2	3002534061	13N 20S 38E	31752	0	133711
FEDERAL 24	4	3002534104	24P 20S 38E S2 SE SE	12987	0	55092
KYTE	7	3002534107	23A 20S 38E SE NE NE	28343	0	734734
TERRY	1	3002534157	24G 20S 38E SW NE	13956	0	148226
JOE CAMEL	1	3002534160	13K 20S 38E NE SW	36006	0	83475
BULL DURHAM	1	3002534187	14P 20S 38E S2 SE SE	46327	0	1054715
FEDERAL 24	5	3002534189	24J 20S 38E C NW SE	14534	0	70559
FEDERAL 24	6	3002534200	24I 20S 38E S2 NE SE	6671	0	24293
JOE CAMEL	2	3002534211	13F 20S 38E SW SE NW	18119	0	58203
CAPPS FEDERAL	1	3002534267	24B 20S 38E C NW NE	32743	0	207068
DIAMONDBACK	1	3002534274	14J 20S 38E NW SE	28983	0	182879
PEARL	1	3002534275	13J 20S 38E NW SE	11006	0	33921
LUCKY STRIKE	1	3002534285	14I 20S 38E NE SE	76369	0	1042620
CAPPS FEDERAL	2	3002534289	13O 20S 38E SW SE	32406	0	140901
KYTE	8	3002534296	23B 20S 38E NW NE	20718	0	346962
BULL DURHAM	2	3002534363	14O 20S 38E SW SE	36866	0	318053
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	28209	0	734711
KYTE	9	3002534457	23C 20S 38E C NE NW	12496	0	49054
BUGLER	1	3002534506	13L 20S 38E NW NW SW	72217	0	428854
MOONEY	1	3002534569	13I 20S 38E NE SE	0	0	21316
PAIGE	1	3002534570	13P 20S 38E SE SE	7176	0	18872
VICEROY	1	3002534625	13E 20S 38E SW NW	29814	0	499588
PALL MALL	1	3002534634	14A 20S 38E NE NE	0	0	29967
KOOL	1	3002534642	14B 20S 38E NW NE	36016	0	2497
PICAYUNE	1	3002534734	11J 20S 38E C NW SE	0	12976	24231
ROITAN	1	3002534735	14G 20S 38E SW NE	23688	0	567995
MARLBORO	1	3002534988	14C 20S 38E S2 NE NW	649	0	7332
GINGER MC	1	3002535203	24A 20S 38E SW NE NE	3034	0	19095
MERIT	1	3002535240	11O 20S 38E E2 SW SE	0	0	9058
BEECHNUT	1	3002535241	14E 20S 38E SE SW NW	540	0	2239
MERIT II	1	3002535448	11G 20S 38E C SW NE	1847	0	15964
DUKES	1	3002535614	11K 20S 38E E2 NE SW	0	0	7818
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE	0	0	6918
BIG KICK	1	3002536745	13C 20S 38E W2 NE NW	13611	0	870
HESTER 12	6	3002536795	12N 20S 38E SW SE SW	23909	0	7394
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	14419	0	3761
JOE CAMEL	3	3002536833	13F 20S 38E NW SE NW	3291	0	1475
HESTER 12	8	3002536876	12K 20S 38E SW NE SW	10944	0	3023
M & M	5	3002538112	24C 20S 38E NE NE NW	2156	0	3460
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	18818	0	4710
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	4876	0	5669
MELOT	1	3002538370	11C 20S 38E SW NE NW	3346	0	4302
BULL DURHAM	3	3002538379	14P 20S 38E NE SE SE	5109	0	5523
M & M	6	3002538380	24E 20S 38E SW SW NW	3420	0	3609
PAYDAY	3	3002538381	24L 20S 38E SW NW SW	5076	0	3309
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	2088	0	4936
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	8475	0	3418
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	5451	0	3838
KOOL	2	3002538439	14B 20S 38E SW NW NE	5920	0	917

No.	Lease Name	Well Number	10DIGIT APN	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
					Blinbry	Tubb	Onnkard	Blinbry	Tubb	Onnkard	Blinbry	Tubb	Onnkard
RHINO		2	3002538484	11N 20S 38E SE NE SW	6828	1814	3628	18613	12319	0	0	0	0
MAGNOLIA		1	3002538660	11E 20S 38E NE SW NW	3932	3415	2403	53774	10235	10199	13851	1873	22533
DIXIE QUEEN		2	3002538661	11P 20S 38E NE SE SE	7110	1883	2031	30019	13152	19145	0	0	0
HESTER 12		10	3002538662	12O 20S 38E NE SW SE	2971	91	722	18538	1888	5067	18005	1023	2660
HESTER 12		11	3002538663	12P 20S 38E SW SE SE	1041	857	1537	58849	55392	5201	4588	5793	3089
BIG KICK		2	3002538664	13C 20S 38E SE NE NW	5509	894	2197	15583	0	39133	28201	10405	3466
HOUSE		2	3002538685	13D 20S 38E SE NW NW	3427	1478	0	21373	1798	0	0	0	0
M & M		7	3002538688	24E 20S 38E NE SW NW	827	340	0	4237	1649	0	3430	1077	0
PAYDAY		4	3002538687	24L 20S 38E NE NW SW	3256	6441	0	6216	32491	0	8044	6751	0
LUCKY STRIKE		2	3002538888	14I 20S 30E SW NE SE	2529	402	0	13364	1844	0	0	0	0
BUGLER		2	3002538889	13L 20S 38E SW NW SW	3629	350	0	31069	4914	0	9490	1308	0
MELOT		2	3002538700	11C 20S 38E NW NE NW	10360	2841	1116	25444	3782	11030	12247	11994	8894
HESTER 12		9	3002538791	12K 20S 38E NE NE SW	1246	810	2582	27530	3972	2963	14280	4314	7378
MAGNOLIA		2	3002539090	11D 20S 38E NE NW NW	656	210	1782	20801	16255	44252	7756	1562	1662
TOTALS					1,648,473	773,427	1,355,802	15,041,896	7,771,895	9,587,934	2,082,396	654,243	706,262
AVERAGES					16,651	7,812	13,696	151,938	78,504	96,848	21,034	6,609	7,134

Proposed Allocations	Oil	Gas	Water
Blinbry	44%	46%	60%
Tubb	20%	24%	19%
Onnkard	36%	30%	21%
TOTAL	100%	100%	100%