

Order Number
DHC
580B-0364

API Number
30-025-3955T

Operator
Apache Corp

County
Lea/Kee

Order Date
3/25/10

Well Name
Marshall B

Number
14

Location
255
T(+Dir)

37e
R(+Dir)

K
UL

22
Sec

WTR
19%

Gas %
35%

Oil %
22%

Blinebry DAG <GAS>

72480

Pool 1

Tubb DAG <GAS>

86440

Pool 2

Drinkard

1990

Pool 3

Pool 4

Comments: Posted KBOMS 3/28/10 dm

about 3 copies To Appropriate District
 Office
 Street 1
 25 N. French Dr., Hobbs, NM 88240
 Street 2
 01 W. Grand Ave., Artesia, NM 88210
 Street 3
 00 Rio Chisos Rd., Aztec, NM 88010
 Street 4
 20 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008

RECEIVED
 MAR 24 2010
 HOBBS OGD

CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-39551
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. NA
7. Lease Name or Unit Agreement Name Marshall B
8. Well Number 014
9. OGRID Number 873
10. Pool name or Wildcat Bli O&G (Gas), Tubb O&G (Gas), Drinkard
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3412' GR

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

Type of Well: Oil Well Gas Well Other:

Name of Operator
 Apache Corporation

Address of Operator
 20 S Yale Avenue, Suite 1500, Tulsa, OK 74136-4224

Well Location
 Unit Letter K : 1845 feet from the South line and 1765 feet from the West line
 Section 27 Township 21S Range 37E NMPM County Lea

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPS <input type="checkbox"/>	PLUG AND A <input type="checkbox"/>
WELL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OWN WELLS COMMINGLE <input checked="" 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. R-11363

Pool Names:	Proposed Perforations:
Blinebry Oil & Gas (Pro Gas) 72480	Blinebry 5486' - 5788'
Tubb Oil & Gas (Pro Gas) 86440	Tubb 5982' - 6196'
Drinkard 19190	Drinkard 6443' - 6608'

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

	OIL	GAS	Water
Blinebry	22%	35%	19%
Tubb	9%	40%	8%
Drinkard	69%	25%	73%

DHC-HOB-0363

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

and Date: Rig Release Date:

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

Signature: Sophie Mackay TITLE Engineering Technician DATE 03/19/2010

Operator Name: Sophie Mackay E-mail address: sophie.mackay@apachecorp.com PHONE: 918-491-4164

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 25 2010

Conditions of Approval (if any):

Submit 3 Copies To Appropriate District
 Office
 District I
 25 N. French Dr., Hobbs, NM 88240
 District II
 61 W. Grand Ave., Artesia, NM 88210
 District III
 600 Rio Arriba Rd., Aztec, NM 87410
 District IV
 20 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

** Amended* Form C-103
 June 19, 2008

RECEIVED
 MAR 24 2010
 HOBBS OGD

CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO.
 30-025-39551

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 NA

7. Lease Name or Unit Agreement Name
 Marshall B

8. Well Number 014

9. OGRID Number
 873

10. Pool name or Wildcat
 Bli O&G (Gas), Tubb O&G (Gas), Drinkard

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3412' GR

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 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
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 PROPOSALS.)

Type of Well: Oil Well Gas Well Other:

Name of Operator
 Apache Corporation

Address of Operator
 20 S Yale Avenue, Suite 1500, Tulsa, OK 74136-4224

Well Location
 Unit Letter K : 1845 feet from the South line and 1765 feet from the West line
 Section 27 Township 21S Range 37E NMPM County Lea

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND A <input type="checkbox"/>
WELL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OWN WELLS COMMINGLE <input checked="" 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. R-1156's

Pool Names:	Proposed Perforations:
Blinelry Oil & Gas (Pro Gas) 72480	Blinelry 5486' - 5788'
Tubb Oil & Gas (Pro Gas) 86440	Tubb 5962' - 6196'
Drinkard 19190	Drinkard 6443' - 6608'

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

	OIL	GAS	Water
Blinelry	22%	35%	19%
Tubb	9%	40%	8%
Drinkard	69%	25%	73%

** DHC-HOB-0364*

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

Well Date: Rig Release Date:

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

PREPARED BY: Sophie Mackay TITLE: Engineering Technician DATE: 03/19/2010

Print name: Sophie Mackay E-mail address: sophie.mackay@apachecorp.com PHONE: 918-491-4834
 Print Use Only

APPROVED BY: [Signature] TITLE: PETROLEUM ENGINEER DATE: MAR 25 2010
 Signature of Approval (if any):

March 19, 2010

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

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MAR 24 2010
HOBBSOCD

RE: Application for Exception to Rule 303-C – Downhole Commingling
Marshall B #14
Unit K, Section 27, T-21-S, R-37-E
Blinebry Oil & Gas (Pro Gas), Tubb Oil & Gas (Pro Gas) and Drinkard Pools
Lea County, New Mexico

Dear Mr. Kautz,

Enclosed please find an administrative application 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 were 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. This method has been used multiple times for up to five completions in the same wellbore. The NMOCD in Santa Fe and the district office in Aztec along with the BLM office in Farmington have approved this method. By using this allocation method all three 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) 491-4842.

Sincerely,

A handwritten signature in cursive script that reads "Darrin Steed". The signature is written in black ink and includes a horizontal line extending from the end of the name.

Darrin Steed, P.E.
Sr Staff Production Engineer

Enclosures

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MAR 24 2010

HOBBSOUD 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 APL Number -025-3 0551		2 Pool Code 72480		3 Pool Name Blinebry Oil & Gas (Pro Gas)	
4 Property Code 6608		5 Property Name Marshall B			6 Well Number 014
7 OG RID No. 3		8 Operator Name Apache Corporation			9 Elevation 3412'

10 Surface Location

or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	27	21S	37E		1845	South	1765	West	Lea

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No. NSP-1784-A
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allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the COMMISSION.

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

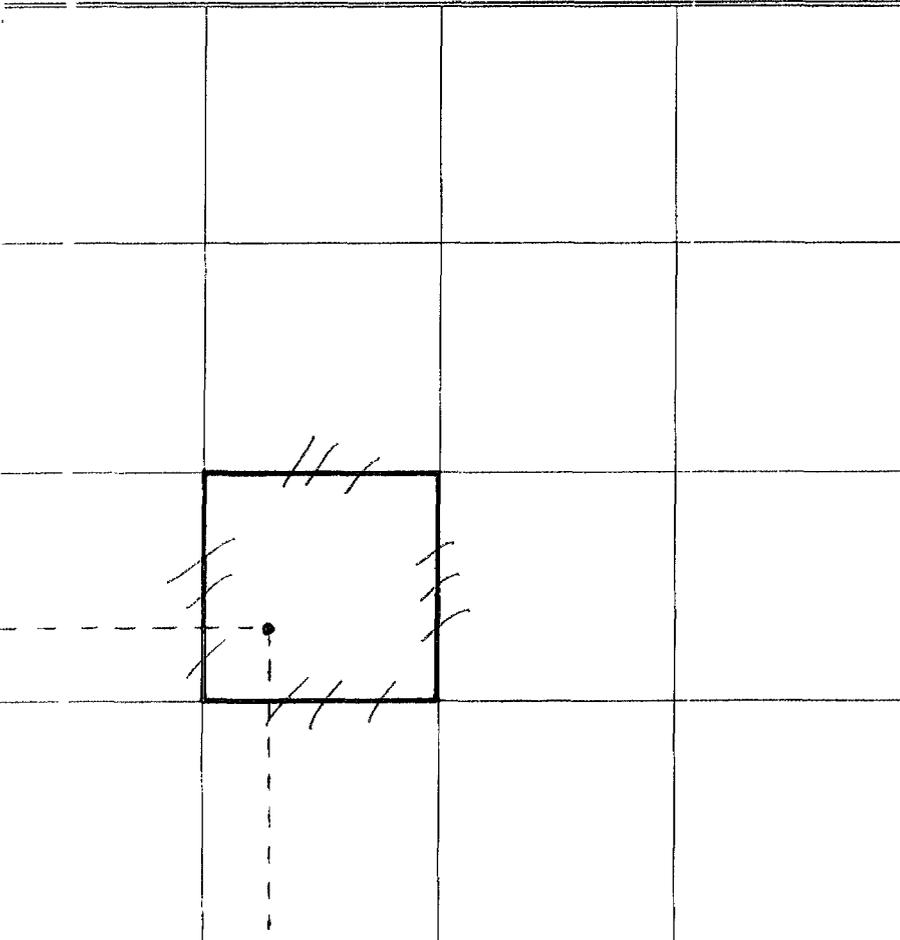
S. Mackay 03/19/2010
 Signature Date
 Sophie Mackay
 Printed Name

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



RECEIVED

State of New Mexico

Form C-102

Section I
N. French Dr., Hobbs, NM 88240
Section II
W. Grand Avenue, Artesia, NM 88210
Section III
Rio Brazos Rd., Aztec, NM 87410
Section IV
S. St. Francis Dr., Santa Fe, NM 87505

MAR 24 2010

HOBBS

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

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 025-31551		2 Pool Code 86440		3 Pool Name Tubb Oil & Gas (Pro Gas)	
4 Property Code 8608		5 Property Name Marshall B			6 Well Number 014
7 OG RID No. 3		8 Operator Name Apache Corporation			9 Elevation 3412'

10 Surface Location

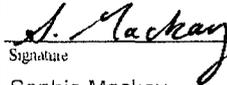
Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Lea	County
27	21S	37E		1845	South	1765	West		

11 Bottom Hole Location If Different From Surface

Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 0	13 Joint or Intill	14 Consolidation Code	15 Order No. NSP-1934
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allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the Division.

	17 OPERATOR CERTIFICATION	
	<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 style="text-align: right;">  03/19/2010 Signature Date Sophie Mackay Printed Name </p>	
	18 SURVEYOR CERTIFICATION	
	<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>	
	Certificate Number	

