

Order Number
LHC
HOB-0367

API Number
30-025-39655

Operator
Apache Corp

County
Lea/Sr

Order Date
4/7/10

Well Name
Red tag

Number
3

Location
205
38e

R(+Dir)

T(+Dir)

UL
J

Sec

Gas %

Oil %

13%

11%

House Blinebry

29%

13%

House Tubb

58%

76%

House Drinkard

WTR
2723
2076
510

Pool 1

Pool 2

Pool 3

Pool 4

Comments:

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corp

PROPERTY NAME: Redtag

WNULSTR: #3-J, 2-205-38e

| SECTION I: | ALLOWABLE AMOUNT | | |
|----------------------------------|------------------------|----------------|-------------|
| POOL NO. 1 <u>House Blinebry</u> | <u>142</u> | <u>284</u> MCF | <u>2000</u> |
| POOL NO. 2 <u>House Tubb</u> | <u>142</u> | <u>284</u> MCF | <u>2000</u> |
| POOL NO. 3 <u>House Drinkard</u> | <u>142</u> | <u>284</u> MCF | <u>2000</u> |
| POOL NO. 4 _____ | | | |
| | POOL TOTALS <u>426</u> | <u>852</u> | |

| SECTION II: | | | |
|----------------------------------|------------|---------------------------|------------|
| POOL NO. 1 <u>House Blinebry</u> | <u>9%</u> | | <u>GAS</u> |
| POOL NO. 2 <u>House Tubb</u> | <u>11%</u> | | <u>29%</u> |
| POOL NO. 3 <u>House Drinkard</u> | <u>13%</u> | | <u>20%</u> |
| POOL NO. 4 _____ | | | <u>51%</u> |
| | | <u>76% x 426 = 323.76</u> | |
| | | <u><324></u> | |

| | <u>OIL</u> | <u>GAS</u> |
|--------------|---------------------------------------|------------|
| SECTION III: | | |
| | <u>76% ÷ 142 = 186.84 <187></u> | |
| SECTION IV: | | |
| | <u>11% x 187 = 20.57 <21></u> | |
| | <u>13% x 187 = 24.31 <24></u> | |
| | <u>76% x 187 = 142</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. /
 30-025-39655

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 B0-9652

7. Lease Name or Unit Agreement Name
 Redtag

8. Well Number 3

9. OGRID Number
 873

10. Pool name or Wildcat
 House; Blinebry/Tubb/Drinkard

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3575' GL

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
 6120 S Yale Ave, Suite 1500 Tulsa, OK 74136

4. Well Location
 Unit Letter J : 1650 feet from the South line and 2310 feet from the East line
 Section 2 Township 20S Range 38E NMPM County Lea

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

| | | | |
|--|--|--|--|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: Request DHC Blinebry/Tubb/Drinkard <input checked="" 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.

Pursuant to Division Order R-11363:

| | |
|-------------------------|-------------------------|
| Pool Names: | Proposed Perforations: |
| - House; Blinebry 33230 | Blinebry: 6040' - 6416' |
| - House; Tubb 78760 | Tubb: 6532' - 6828' |
| - House; Drinkard 33250 | Drinkard: 6980' - 7100' |

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

| | OIL | GAS | WATER |
|-----------------|-----|-----|-------|
| House; Blinebry | 11% | 13% | 29% |
| House; Tubb | 13% | 29% | 20% |
| House; Drinkard | 76% | 58% | 51% |

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

DHC-HOB-0367

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 04/01/2010

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 APR 07 2010
 Conditions of Approval (if any):

RECEIVED

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

| | | | |
|----------------------------|-------------------------------------|--------------------|--------------------------|
| API Number 30-025-39655 | | Pool Code 78760 | Pool Name House; Tubb |
| Property Code 303228 | Property Name Redtag | | Well Number 3 |
| OGRID No. 873 | Operator Name Apache Corporation | | Elevation 3575' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J | 2 | 20S | 38E | | 1650 | South | 2310 | 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.

| | | | | | | |
|----|--|--|--|--|--|--|
| 16 | | | | | 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 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> Signature _____ Date 03/30/2010 Amber Cooke Printed Name _____ | |
| | | | | | 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 _____ | |

