

FDSM 0933422393

Order Number

DAC
HDB. D350

API Number

30-025-39421

Operator

Apache Corp

County

Lea/Fee

Order Date

11/25/09

Well Name

Cone A

Number

2

Location

F
UL

12
Sec

205
T (+Dir)

38e
R (+Dir)

Pool 1

33230

House Blinebry

Oil %

29

Gas %

40

WTR
42%

Pool 2

78760

House Tubb

8

18

Pool 3

33250

House Drinkard

63

42

Pool 4

Comments:

Posted ABDMs 11/30/09 dm

DOWNHOLE COMMINGLE CALCULATIONS:

API# 30-025-30491

DHC-HOB-0360

OPERATOR: Apache Corp

PROPERTY NAME: Lone A

WNULSTR: 2-F, 12-20s - 38e

SECTION I:

ALLOWABLE AMOUNT

POOL NO. 1 House Blinbry 142 284 MCF 2000

POOL NO. 2 House Tubb 142 284 MCF

POOL NO. 3 House Drinkard 142 284 MCF

POOL NO. 4 _____ MCF

POOL TOTALS 426 852

SECTION II:

Oil

GAS

POOL NO. 1 House Blinbry 29%

40%

POOL NO. 2 House Tubb 8%

18%

POOL NO. 3 House Drinkard 63% $\times 426 = 268.38$

42%

POOL NO. 4 _____

OIL

GAS

SECTION III:

$63\% \div 142 = 225.39$

SECTION IV:

$29\% \times 225 = 65.25$

$8\% \times 225 = 18.00$

$63\% \times 225 = 141.75 < 142$

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HOBBSOCD

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-39491

5. Indicate Type of Lease

STATE ☐FEE ☒

6. State Oil & Gas Lease No.

NA

7. Lease Name or Unit Agreement Name

Cone A

8. Well Number 002

9. OGRID Number

873

10. Pool name or Wildcat

House: Blinebry/Tubb/Drinkard

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 Avenue, Suite 1500, Tulsa, OK 74136-4224

4. Well Location

Unit Letter F : 2310 feet from the North line and 1650 feet from the West lineSection 12 Township 20S Range 38E NMPM County Lea

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

3565' GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐

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:

House; Blinebry 33230

House; Tubb 78760

House; Drinkard 33250

Proposed Perforations:

Blinebry 6044' - 6520'

Tubb 6544' - 6810'

Drinkard 6864' - 7085'

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

	OIL	GAS	Water
Blinebry	29%	40%	49%
Tubb	8%	18%	10%
Drinkard	63%	42%	41%

DHC-HOB-0350

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

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

Sophie MackayTITLE Engineering TechnicianDATE 11/23/2009Type or print name Sophie MackayE-mail address: sophie.mackay@apachecorp.comPHONE: 918-491-4864

For State Use Only

APPROVED BY:

Mark Whitte

TITLE

Compliance Officer

DATE

11-25-09

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

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 30-025-39491		² Pool Code 33230	³ Pool Name House; Blinebry
⁴ Property Code 37780	⁵ Property Name Cone A		⁶ Well Number 002
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation		⁹ Elevation 3565'

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
F	12	20S	38E		2310	North	1650	West	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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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.

	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: <u>S. Mackay</u> Date: <u>11/23/2009</u> Printed Name: <u>Sophie Mackay</u>
	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

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39491		² Pool Code 78760	³ Pool Name House; Tubb
⁴ Property Code 37780	⁵ Property Name Cone A		⁶ Well Number 002
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation		⁹ Elevation 3565'

¹⁰ Surface Location

UL or lot no. F	Section 12	Township 20S	Range 38E	Lot Idn	Feet from the 2310	North/South line North	Feet from the 1650	East/West line West	County Lea
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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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	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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OIL CONSERVATION DIVISION

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Form C-102

Revised October 12, 2005

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39491		² Pool Code 33250	³ Pool Name House; Drinkard
⁴ Property Code 37780	⁵ Property Name Cone A		⁶ Well Number 002
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation		⁹ Elevation 3565'

¹⁰ Surface Location

UL or lot no. F	Section 12	Township 20S	Range 38E	Lot Idn	Feet from the 2310	North/South line North	Feet from the 1650	East/West line West	County Lea
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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.

	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>S. Mackay</i> Date 11/23/2009 Printed Name Sophie Mackay	
	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	



November 23, 2009

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

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RE: Application for Exception for Downhole Commingling
Cone A #2 - House Field - API 30-025-39491
Unit F, Section 12, T-20-S, R-38-E
Blinebry, Tubb, and Drinkard Pools
Lea County, New Mexico

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 Cone A #2 completion. The ownership (WI, NRI, and ORRI) of these pools are identical in this well. The fluids from each of these three 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 Cone A #2. By analyzing the average oil, gas, and water production for the Blinebry, Tubb, and Drinkard pools, I was able to calculate the percentage production allocation for each zone. Please refer to the attached spreadsheets for my calculations. It is also noted that you approved the same allocation method for three other nearby offsets.

Thank you. If you have any questions or comments please contact me at (918) 491-4982 or e-mail at jeff.frederick@apachecorp.com.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jeff Frederick".

Jeff Frederick, P.E.
Production Engineer

Enclosures

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinberry	Tubb	Drinkard	Blinberry	Tubb	Drinkard	Blinberry	Tubb	Drinkard
L D JONES	1	3002507722	1H 20S 38E SE NE	3476	0	0	186180	0	0	5043	0	0
PHILLIPS HOUSE STATE	1	3002507725	2O 20S 38E	0	0	101022	0	0	472015	0	0	25019
STATE U	1	3002507727	2P 20S 38E	0	0	157611	0	0	97687	0	0	184324
ARNOLD A	1	3002507761	11F 20S 38E	0	27203	670	0	1355259	0	0	4442	0
HOUSE B	1	3002507764	11P 20S 38E	0	9855	0	0	118752	0	0	0	0
BLANKENSHIP	1	3002507766	12E 20S 38E	0	0	54657	0	0	16638	0	0	7010
BLANKENSHIP	2	3002507767	12L 20S 38E	3821	0	134312	9274	0	1177187	2256	0	37126
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	4354	8567	39616	27228	45611	2435461	3109	14720	22235
CONE A	1	3002507770	12F 20S 38E	0	16653	206383	0	65582	236084	0	56289	83804
CONE B	1	3002507771	12J 20S 38E	0	0	239833	0	0	591551	0	0	69199
HESTER 12	3	3002507772	12O 20S 38E	0	0	150171	0	0	853402	0	0	32702
HESTER 12	2	3002507773	12N 20S 38E	0	0	82932	0	0	540453	0	0	17896
SHELL WALDREP	1	3002507980	6L 20S 39E	0	0	208009	0	0	225644	0	0	4554
BILBERRY	1	3002507981	6E 20S 39E	0	0	90523	0	0	44600	0	0	46302
HESTER 12	1	3002512549	12K 20S 38E	0	0	97448	0	0	457760	0	0	16669
CROWN	1	3002520195	13B 20S 38E NW NW NE	0	7517	57149	0	36870	687081	0	0	11360
HOWSE C	1	3002522165	11H 20S 38E SE NE	0	0	26370	0	0	143078	0	0	6340
CONE B	2	3002525921	12G 20S 38E	0	0	398	0	0	86772	0	0	1460
L & M	1	3002528287	2L 20S 38E C S2 SW	0	9277	0	0	128311	0	0	0	0
HOUSE	1	3002531006	13D 20S 38E NW NW	32766	126	35865	762830	6678	515800	15436	0	13278
SHARPS	1	3002534060	13M 20S 38E	37417	0	0	196877	0	0	35874	0	0
SHARPS	2	3002534061	13N 20S 38E	31752	0	0	133711	0	0	28709	0	0
JOE CAMEL	1	3002534160	13K 20S 38E NE SW	36806	0	0	63475	0	0	59704	0	0
BULL DURHAM	1	3002534187	14P 20S 38E S2 SE SE	46327	5072	0	1054715	0	0	40971	1277	0
JOE CAMEL	2	3002534211	13F 20S 38E SW SE NW	18119	961	0	59203	2224	0	37223	353	0
DIAMONDBACK	1	3002534274	14J 20S 38E NW SE	28983	0	0	192879	0	0	31289	0	0
PEARL	1	3002534275	13J 20S 38E NW SE	11006	0	0	33921	0	0	26123	0	0
LUCKY STRIKE	1	3002534285	14I 20S 38E NE SE	76389	0	0	1042620	0	0	68515	0	0
CAPPS FEDERAL	2	3002534289	13O 20S 38E SW SE	32406	6820	0	140901	41519	0	25108	9290	0
BULL DURHAM	2	3002534363	14O 20S 38E SW SE	35686	39	0	316053	289	157	53971	0	0
MCCASLAND 18 FEE	1	3002534391	18K 20S 39E NE SW	16738	1986	2775	426100	131445	11350	73643	6180	1338
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	26209	0	0	734711	39133	3857	36636	0	0
BUGLER	1	3002534506	13L 20S 38E NW NW SW	72217	434	0	428854	59037	0	38228	343	0
MCCASLAND 18 FEE	2	3002534523	18F 20S 39E SW SE NW	24826	8469	4452	15307	119896	19130	19080	7291	3816
MOONEY	1	3002534569	13I 20S 38E NE SE	0	0	21316	0	0	31111	0	0	91751
PAIGE	1	3002534570	13P 20S 38E SE SE	7176	0	18672	14496	0	28773	16145	0	26466
VICEROY	1	3002534625	13E 20S 38E SW NW	29814	0	0	499588	0	0	75010	0	0
PALL MALL	1	3002534634	14A 20S 38E NE NE	0	0	29967	0	0	337481	0	0	73482
KOOL	1	3002534642	14B 20S 38E NW NE	36016	417	2497	327638	1897	3037	34773	0	0
PICAYUNE	1	3002534734	11J 20S 38E C NW SE	0	12976	24231	292	64046	370173	0	0	17895
ROITAN	1	3002534735	14G 20S 38E SW NE	23698	4001	0	567995	87183	0	53256	0	0
DREESSEN	1	3002534857	1G 20S 38E C SW NE	2199	0	0	7175	0	0	23039	0	0
MARLBORO	1	3002534968	14C 20S 38E S2 NE NW	649	0	0	7332	0	0	0	0	0
HOWSER	1	3002534970	1J 20S 38E C NW SE	1371	0	0	28097	0	0	35934	0	0
MERIT	1	3002535240	11O 20S 38E E2 SW SE	0	9058	0	0	567182	0	0	7350	0
BEECHNUT	1	3002535241	14E 20S 38E SE SW NW	540	0	0	2239	0	0	0	0	0
REDTAG	1	3002535333	2J 20S 38E NW NW SE	23683	3936	406	61804	9314	4169	3480	0	0
MERIT II	1	3002535448	11G 20S 38E C SW NE	1647	15964	21816	7445	24992	150650	0	11887	19464
DUKES	1	3002535614	11K 20S 38E E2 NE SW	0	7818	29211	0	38544	121873	0	8390	26341
REDTAG	2	3002535630	2K 20S 38E NE NE SW	13849	0	0	831373	0	0	2484	0	0
BOURDON 18	1	3002536233	18O 20S 39E C SW SE	0	13497	12077	0	68516	80125	0	15143	13172
BOURDON 18	2	3002536385	18P 20S 39E C SE SE	0	0	27068	0	0	88127	0	0	7555
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE	0	6916	0	0	485625	0	0	0	0
WHITE OWL	1	3002536689	2 20S 38E NW NW NW	29837	0	0	110860	0	0	9450	0	0
BIG KICK	1	3002536745	13C 20S 38E W2 NE NW	13611	670	9229	203845	10538	63062	2410	0	2526
BOURDON 18	4	3002536793	18J 20S 39E C NW SE	551	2050	0	6906	19967	0	0	4478	0
HESTER 12	6	3002536795	12N 20S 38E SW SE SW	23909	7394	8583	298534	165595	50736	20937	4951	4318
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	14419	3761	3343	249610	93860	85126	31255	0	1865
BOURDON 18	5	3002537015	18H 20S 39E C SE NE	2687	1535	0	9386	5933	0	9102	574	0
JOE CAMEL	3	3002538033	13F 20S 38E NW SE NW	3291	1475	907	161812	135397	33021	4848	1317	762
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	10944	3023	2897	111005	71484	45333	8060	9094	3515
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	16816	4710	8866	160032	67220	63034	32371	4884	0
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	4876	5669	2139	42386	40180	22743	13412	6771	7832
MELOT	1	3002538370	11C 20S 38E SW NE NW	3346	4302	1911	33782	26274	15016	16550	16079	14662
BULL DURHAM	3	3002538379	14P 20S 38E NE SE SE	5109	5523	0	53276	38210	0	613	0	0
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	2088	2245	4936	9537	16024	17599	7339	3035	2278
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	9475	3418	4183	35637	62266	186862	14452	3211	2410
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	5451	3838	858	23033	1178	42403	5120	376	6990
KOOL	2	3002538439	14B 20S 38E SW NW NE	5920	917	487	10805	18142	0	0	0	0
RHINO	2	3002538484	11N 20S 38E SE NE SW	6826	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	1898	5067	18005	1023	2660
HESTER 12	11	3002538663	12P 20S 38E SW SE SE	1041	857	1537	56849	55392	5201	4588	5793	3089
BIG KICK	2	3002538664	13C 20S 38E SE NE NW	5509	894	2197	15563	0	39133	26201	10405	3466
HOUSE	2	3002538665	13D 20S 38E SE NW NW	3427	1478	0	21373	1798	0	0	0	0
LUCKY STRIKE	2	3002538668	14I 20S 38E SW NE SE	2529	402	0	13364	1844	0	0	0	0
BUGLER	2	3002538669	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	8994
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	1762	29801	16255	44252	7756	1662	1662
MCCASLAND	1	3002539091	7L 20S 39E SW NW SW	783	997	0	5706	14672	0	5833	5606	0
TOTALS				882,289	244,134	1,943,774	10,048,402	4,410,406	10,593,151	1,133,209	241,703	957,498
AVERAGES				10,760	2,977	23,705	122,541	53,785	129,185	13,820	2,948	11,677

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blaine	Tubb	Drinkard	Blaine	Tubb	Drinkard	Blaine	Tubb	Drinkard

Proposed Allocations	Oil	Gas	Water
Blaine	29%	40%	49%
Tubb	8%	18%	10%
Drinkard	63%	42%	41%
TOTAL	100%	100%	100%