

DHC-HOB

Order Number

412

API Number

30-25-39732

Operator

Apache Corporation

County

Lea

Order Date

10-5-10

Well Name

Owen B

Number

13

Location

N

UL

34

Sec

21S

T (+Dir)

37E

R (+Dir)

Oil %

19%

Gas %

34%

Pool 1

6660

Blinetruy Oil & Gas

Pool 2

60240

Tubb Oil & Gas

7%

31%

Pool 3

19190

Drinkard

55%

24%

Pool 4

62700

Wantz - Aba

19%

11%

Comments:

Posted in RBOMS - COH 10-6-10

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corporation

DHC-HOB-0412

PROPERTY NAME: Owen B

30-025-39732

WNULSTR: #13-N-34-215-37E

SECTION I:

POOL NO. 1 Blinebry O+G

ALLOWABLE AMOUNT

107 428 MCF

POOL NO. 2 Tubb O+G

142 284 MCF

POOL NO. 3 Drinkard

142 852 MCF

POOL NO. 4 Wantz-Abo

187 1122 MCF

POOL TOTALS 578

2686

SECTION II:

POOL NO. 1 Blinebry O+G

Oil

Gas

19%

34'

POOL NO. 2 Tubb O+G

7%

31

POOL NO. 3 Drinkard

55%

24

POOL NO. 4 Wantz-Abo

19% X 578 = 109.82 11

<110>

OIL

GAS

SECTION III:

19% ÷ 187 = 984.210

<984>

SECTION IV:

19% X 984 = 186.96

<187>

7% X 984 = 68.88

<69>

55% X 984 = 541.20

<541>

19% X 984 = 186.96

<187>

Office

Energy, Minerals and Natural Resources

June 19, 2008

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 87411

District IV

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

87505

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OCT 04 2010

HOBBSUCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-39732

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Owen "B"

8. Well Number 013

9. OGRID Number

873

10. Pool name or Wildcat

Bli O&G(Oil)/Tubb O&G(Oil)/Drk/Wantz; Abo

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

303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705

4. Well Location

Unit Letter N : 1120 feet from the South line and 1650 feet from the West line

Section 34 Township 21S Range 37E NMPM County Lea

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

3443' 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.

Apache would like to DHC the following pools, per R-11363.

Pool Names:

Perforations:

Blinebry Oil & Gas (Oil)	6660	Blinebry	5512'-5740'
Tubb Oil & Gas (Oil)	60240	Tubb	5994'-6157'
Drinkard	19190	Drinkard	6428'-6636'
Wantz; Abo	62700	Abo	6730'-7027'

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

	OIL	GAS	WATER
Blinebry	19%	34%	14%
Tubb	7%	31%	6%
Drinkard	55%	24%	66%
Abo	19%	11%	14%

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

Spud Date: 05/01/2010

Rig Release Date: 05/10/2010

DHC-HOB-0412

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 10/01/2010

Type or print name Reesa Holland

E-mail address: Reesa.Holland@apachecorp.com

PHONE: 432/818-1062

For State Use Only

APPROVED BY:

[Signature]

TITLE

PETROLEUM ENGINEER

DATE

OCT 05 2010

Conditions of Approval (if any):

Dr

Division I

1825 N. Frank Dr. Hobbs NM 88240
Phone (505) 395-6161 Fax (505) 395-6172

Division II

1501 W. Grand Ave. Artesia NM 88210
Phone (505) 743-1233 Fax (505) 748-9721

Division III

1000 Rio Bravo Rd. Alamo NM 87410
Phone (505) 334-6173 Fax (505) 334-6170

Division IV

1220 S. St Francis Dr. Santa Fe, NM 87505
Phone (505) 476-3477 Fax (505) 476-3462

State of New Mexico**Energy, Minerals and Natural Resources****Oil Conservation Division****1220 S. St Francis Dr.****Santa Fe, NM 87505**

Form O-102
Rev. 11/18/00

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-39752	2. Pool Code 6667	3. Pool Name BLENEBRY OIL AND GAS (OIL)
4. Property Code 23879	5. Property Name OWEN B	6. Well No. 015
7. OGEID No. 875	8. Operator Name APACHE CORP	9. Elevation 3443

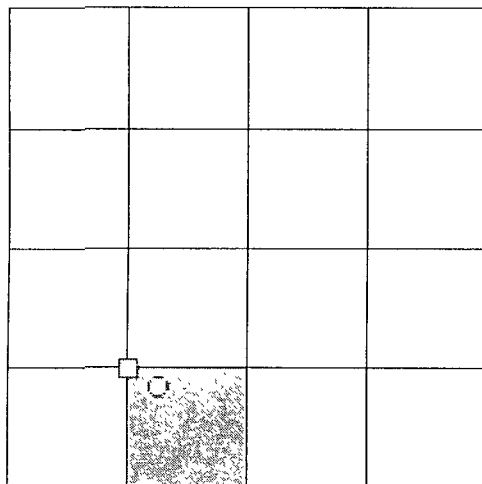
10. Surface Location

UT - Loc N	Section 34	Township 21S	Range 37E	Location N	Feet From 1120	N/S Line S	Feet From 1650	E/W Line W	County LEA
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11. Bottom Hole Location If Different From Surface

UT - Loc N	Section 34	Township 21S	Range 37E	Location N	Feet From 1310	N/S Line S	Feet From 1330	E/W Line W	County LEA
12. Dedicated Acres 40.00		13. Joint or Infill		14. Completion 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

**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, is working interest or undivided mineral interest in the land including the proposed bottom hole location(s) 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.

E-Signed By: Lana Williams

Title: Engineering Tech

Date: 3/31/2010

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.

Surveyed By: Ronald Eldson

Date of Survey: 1/25/2010

Certificate Number: 3239

Division I

1020 N. Francis Dr. - Hobbs, NM 88240
Phone (505) 393-6191 Fax (505) 393-6720

Division II

1511 W. Grand Ave. - Artesia, NM 88210
Phone (505) 748-1213 Fax (505) 748-6720

Division III

1100 Rio Bravo Rd. - Aztec, NM 87410
Phone (505) 354-6175 Fax (505) 354-6176

Division IV

1220 S. St. Francis Dr. - Santa Fe, NM 87505
Phone (505) 476-3470 Fax (505) 476-3462

State of New Mexico**Energy, Minerals and Natural Resources****Oil Conservation Division****1220 S. St Francis Dr.****Santa Fe, NM 87505**

Form O-102
Permit 111690

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 Well Number 91-025-38732	2 Pool Code 68240	3 Pool Name TUBB OIL AND GAS (OIL)
4 Property Code 22879	5 Property Name OWENB	6 Well No 013
7 CGLRD No 873	8 Operator Name APACHE CORP	9 Elevation 3443

10. Surface Location

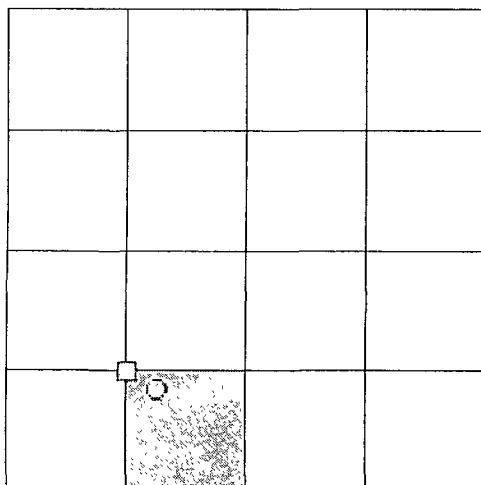
10 - Lot	Section	Township	Range	Latitude	Feet From	N/S Line	Feet From	E/W Line	County
N	34	21S	37E	N	1120	S	1650	W	LEA

11. Bottom Hole Location If Different From Surface

11 - Lot	Section	Township	Range	Latitude	Feet From	N/S Line	Feet From	E/W Line	County
N	34	21S	37E	N	1310	S	1650	W	LEA

12. Dedicated Acres 40.00	13. Joint or Well	14. Consolidation Code	15. Order No
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**OPERATOR CERTIFICATION**

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E-Signed By: Lana Williams

Title: Engineering Tech

Date: 3/31/2010

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.

Surveyed By: Ronald Eidson

Date of Survey: 1/20/2010

Certificate Number: 3238

District I

1625 S. Fourth Dr. Hobbs, NM 88240
Phone (505) 534-6151 Fax (505) 534-6120

District II

1301 W. Grand Ave. - Artesa, NM 88210
Phone (505) 748-1213 Fax (505) 748-9720

District III

1000 Rio Blanco Rd. - Artesa, NM 88210
Phone (505) 534-6175 Fax (505) 534-6170

District IV

1220 S. St. Francis Dr. - Santa Fe, NM 87505
Phone (505) 476-3470 Fax (505) 476-3462

State of New Mexico

Form O-162
Rev. 11/16/00

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 16-025-59732	2. Pool Code 19190	3. Pool Name DRINKAPD
4. Property Code 22879	5. Property Name OWENB	6. Well No 013
7. OGRID No 875	8. Operator Name APACHE CORP	9. Elevation 3445

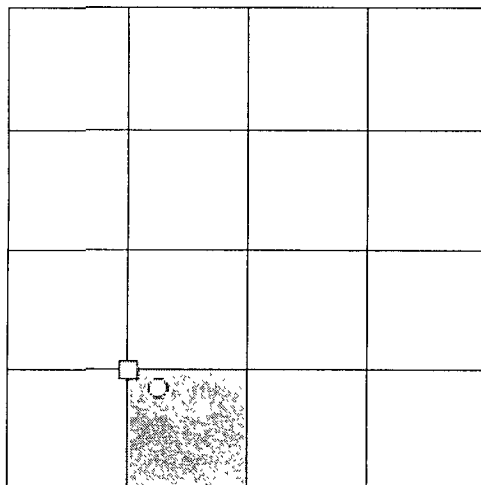
10. Surface Location

10 - Lot N	Section 34	Township 21S	Range 37E	Location N	Feet From 1120	N/S Line S	Feet From 1650	E/W Line W	County LEA
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11. Bottom Hole Location If Different From Surface

10 - Lot N	Section 34	Township 21S	Range 37E	Location N	Feet From 1510	N/S Line S	Feet From 1650	E/W Line W	County LEA
12. Dedicated acres 40.00		13. Joint or Drill		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



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 undivided mineral interest in the land including the proposed bottom hole location(s), 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.

E-Signed By: Lana Williams

Title: Engineering Tech

Date: 3/31/2010

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.

Surveyed By: Ronald Eidson

Date of Survey: 1/29/2010

Certificate Number: 3238

District I

1422 N. Francis Dr. Hobbs NM 88241
Phone (505) 395-5151 Fax (505) 395-3710

District II

1301 W. Grand Ave. Artesia NM 88218
Phone (505) 745-1203 Fax (505) 745-9721

District III

1001 E. Bruce Rd. Aztec NM 87410
Phone (505) 334-6171 Fax (505) 334-6170

District IV

1220 S. St Francis Dr. Santa Fe, NM 87505
Phone (505) 476-3470 Fax (505) 476-3462

State of New Mexico

Form O-112
Rev 11/1990

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 51-025-39732	2. Pool Code 62700	3. Pool Name WANTZABO
4. Property Code 00379	5. Property Name OWEN B	6. Well No. 013
7. OGSFD No. 875	8. Operator Name APACHE CORP	9. Elevation 7843

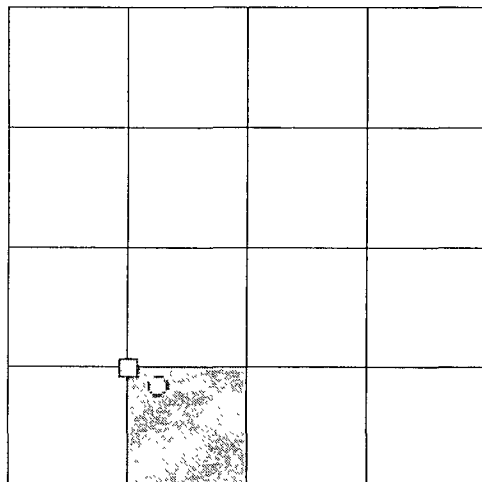
10. Surface Location

UL - Lot	Section	Township	Range	Latitude	Feet From	N/S Line	Feet From	E/W Line	County
N	34	21S	37E	N	1120	S	1650	W	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Latitude	Feet From	N/S Line	Feet From	E/W Line	County
N	34	21S	37E	N	1330	S	1330	W	LEA
12. Dedicated Acres 40.00		13. Joint or Drift		14. Consolidation Code		15. Order No.			

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OPERATOR CERTIFICATION

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E-Signed By: Lana Williams

Title: Engineering Tech

Date: 3/31/2017

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.

Surveyed By: Ronald Eidson

Date of Survey: 1/26/2016

Certificate Number: 5239



RECEIVED

Telephone (432) 818-1000
WWW.APACHECORP.COM

October 1, 2010

OCT 04 2010
HOBBSOCD

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

RE: Application for Exception to Rule 303-C – Downhole Commingling
Owen B #13
Unit N, Section 34, T21S, R37E
Blinebry Oil & Gas (Oil), Tubbs Oil & Gas (Oil), Drinkard & Wantz; Abo
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.

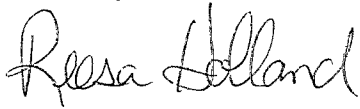
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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 (432) 818-1062.

Sincerely,

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

**Reesa Holland
Sr. Engineering Technician**

