

Order Number

437

API Number

30-025-39390

Operator

Apache Corporation

County

Lea

Order Date

01-31-11

Well Name

Hawk A-5

Number

004

Location

P

UL

5

Sec

215

T (+Dir)

37E

R (+Dir)

Pool 1

16660

Blinebry Oil + Gas

Oil %

32%

Gas %

35%

Pool 2

160240

Tubb Oil + Gas

11%

35%

Pool 3

19190

Drinkard

57%

30%

Pool 4

Comments:

Posted to RBOMS 2-1-11 GTH

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-39390
PAC-HOB-0437

OPERATOR: Apache Corporation

PROPERTY NAME: Hawk A-5

WNULSTR: 4-P-5-215-37E

SECTION I:	ALLOWABLE AMOUNT	
POOL NO. 1 <u>Blinebry Oil + Gas</u>	<u>107</u>	<u>428</u> MCF
POOL NO. 2 <u>Tubb Oil + Gas</u>	<u>142</u>	<u>284</u> MCF
POOL NO. 3 <u>Drinkard</u>	<u>142</u>	<u>852</u> MCF
POOL NO. 4 _____		_____ MCF
	POOL TOTALS <u>391</u>	_____

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Blinebry Oil + Gas</u>	<u>32%</u>	<u>35%</u>
POOL NO. 2 <u>Tubb Oil + Gas</u>	<u>11%</u>	<u>35%</u>
POOL NO. 3 <u>Drinkard</u>	<u>57% X 391 = 222.87</u>	<u>30%</u>
POOL NO. 4 _____		<u>< 223 ></u>

SECTION III:	<u>OIL</u>	<u>GAS</u>
<u>57% X 391 = 249.122</u>		<u>< 249 ></u>

SECTION IV:		
<u>32% X 249 = 79.68</u>		<u>< 80 ></u>
<u>11% X 249 = 27.39</u>		<u>< 27 ></u>
<u>57% X 249 = 141.93</u>		<u>< 142 ></u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

JAN 27 2011

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
LC 031741A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Apache Corporation

3a. Address
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

3b. Phone No. (include area code)
432/818-1062

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
450' FSL & 450' FEL Unit Ltr P-Sec 5-T21S-R37E

7. If Unit of CA/Agreement, Name and/or No.
NA

8. Well Name and No.
Hawk A-5 #004

9. API Well No.
30-025-39390

10. Field and Pool or Exploratory Area
Bline O&G(6660)/Tubb O&G(60240)/Drinkard(19190)

11. Country or Parish, State
Lea County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other DHC
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

R-11363

Apache requests permission to complete and DHC the Blinebry-Tubb-Drinkard, per the following:

Pool Names: Blinebry Oil & Gas	6660	Perforations: Blinebry	5707'-5948'
Tubb Oil & Gas	60240	Tubb	6261'-6465'
Drinkard	19190	Drinkard	6605'-6873'

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

	OIL	GAS	Water
Blinebry	32%	35%	47%
Tubb	11%	35%	13%
Drinkard	57%	30%	40%

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

DHC-HOB-0437

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Reesa Holland

Title Sr. Engr Tech

Signature *Reesa Holland*

Date 01/25/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title *[Signature]* Date

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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JAN 27 2011

HOBBSUOD

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 30-025-39390		² Pool Code 19190		³ Pool Name Drinkard	
⁴ Property Code 31036		⁵ Property Name Hawk A-5			⁶ Well Number 004
⁷ OGRID No. 873		⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705			⁹ Elevation 3494' GL

¹⁰ Surface Location

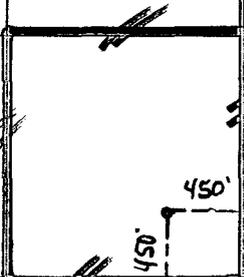
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	5	21S	37E		450	South	450	East	Lea

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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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> <u>Reesa Holland</u> 01/25/2011 Signature Date Reesa Holland 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		



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JAN 27 2011

HOBBSOCD

January 6, 2011

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
Hawk A-5 #4
Unit P, Section 5, T21S, R37E
Blinebry Oil & Gas, Tubb Oil & Gas and Drinkard
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.

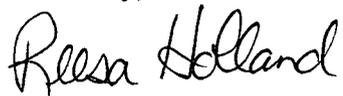
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the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

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)			
				Blinbery	Tubb	Drinkard	Blinbery	Tubb	Drinkard	Blinbery	Tubb	Drinkard	
HAWK A	4	3002506389	4M 21S 37E	47448		22125	275292		144291	29983		13989	
HAWK B 4	1	3002506391	4 21S 37E	162213			704481			23625			
E C HILL A	1	3002506392	4 21S 37E	122847			562679			39949			
HILL	1	3002506394	4 21S 37E E2 NW SE	77527	2212		2856969	6954		12671	6351		
SOUTHLAND ROYALTY A	3	3002506395	4N 21S 37E W2 SE SW	18867	45196	148761	259667	408458	835332	6769	8099	21943	
SOUTHLAND ROYALTY A	4	3002506396	4 21S 37E C SE SE	69211	35274	177285	305283	3699969	781800	5424	4092	9651	
SOUTHLAND ROYALTY A	5	3002506397	4I 21S 37E	163317		128913	3398075		1173264	44286		25721	
LIVINGSTON	10	3002506398	4P 21S 37E NE SE			76810			1061898			5093	
LIVINGSTON	12	3002506399	4I 21S 37E			753			21210			1	
GULF HILL	1	3002506401	4J 21S 37E C NW SE	44495			3604271			154			
GULF HILL	2	3002506402	4 21S 37E	72567			1614636			31526			
GULF HILL	3	3002506403	4 21S 37E	80040			3753231			16211			
HAWK A	2	3002506432	8H 21S 37E	30911	3214	127522	432280	45969	794010	16415	8640	9395	
HAWK B 1	10	3002506433	8P 21S 37E			361041			2165250			39320	
HAWK B 1	11	3002506434	8I 21S 37E	12305		215081	432699		1398917	3951		7558	
HAWK B 1	12	3002506435	8O 21S 37E			75730							
HAWK B 1	1	3002506437	9F 21S 37E	56547		312645	4034815		1714156	5174		12351	
HAWK B 1	2	3002506438	9J 21S 37E	97288		346442	5106406		1195795	30805		30346	
HAWK B 1	7	3002506439	9P 21S 37E C SE SE	24510	74001	11665	619996	4690633	369526	12740	260	32891	
HAWK A	3	3002506440	9E 21S 37E	52076		209609	492861		1866240	9409		10704	
HAWK B 1	9	3002506441	9M 21S 37E C SW SW	33130	2502	218929	1142763	111299	1934151	5931	2213	11862	
SOUTHLAND ROYALTY A	1	3002506442	9G 21S 37E	100106	7306	187324	1083782	710846	2575495	10860	2459	9738	
SOUTHLAND ROYALTY A	2	3002506443	9B 21S 37E	79985	38822	304145	612743	3448426	959696	37714	23075	47162	
SOUTHLAND ROYALTY A	6	3002506444	9H 21S 37E	183464		92973	5352929		1079479	37961		17893	
SOUTHLAND ROYALTY A	7	3002506445	9A 21S 37E E2 NE NE	119219	931	81770	1042548	12444	913742	13566	656	8811	
HAWK B 1	8	3002509906	9Q 21S 37E	28983		251812	618836		3881829	5116		34253	
HAWK B 1	6	3002509907	9N 21S 37E	79772		171296	1840720		389814			392	
HAWK B 1	5	3002509908	9K 21S 37E C NE SW	2741	38181	233532	21325	744964	2453819	1228	6143	11185	
HAWK B 1	3	3002509909	9C 21S 37E	52835	24243	187807	561357	2418897	1191581	14614	2728	3883	
HAWK B 1	4	3002509910	9L 21S 37E	88522		235843	2073912		1786851	18548		3127	
GULF HILL	4	3002512759	4 21S 37E	9073		7482	393688		566376	42			
SOUTHLAND ROYALTY A	8	3002520069	4O 21S 37E	43272	40308	87469	621215	1230082	1325964	8838	9682	16683	
HAWK B 1	13	3002520178	9I 21S 37E	181310		129758	2079040		1371044	44297		36220	
STATE J	6	3002520336	32N 20S 37E	166712			173599			141330			
HAWK A	5	3002521225	9D 21S 37E C NW NW	28554		29201	255303		255230	7847		4115	
HAWK A	6	3002521621	8G 21S 37E C SW NE	33089		112269	240024		1576435	17534		20097	
HAWK B 1	14	3002522859	8J 21S 37E	78996		22622	1295378		386625	102229		1633	
H T MATTERN NCT C	9	3002525254	7P 21S 37E W2 SE SE	16123		24324	79298		213254	73897		83252	
H T MATTERN NCT C	10	3002525411	8F 21S 37E SW SE NW			29581			617800			9358	
H T MATTERN NCT C	11	3002525500	8M 21S 37E S2 SW SW	26230		11977	199035		57976	58996		35748	
H T MATTERN NCT C	12	3002525547	8E 21S 37E	20679		13701	131604		116066	194812		145902	
HAWK A	7	3002526265	8C 21S 37E	21939		17738	186114		107650	24738		25109	
HAWK B 1	15	3002526266	8K 21S 37E			24618			1894147			7103	
HAWK B 1	16	3002526601	8N 21S 37E	14514		50774	70285		734006	31588		176966	
HAWK A	8	3002526967	8A 21S 37E	42915		34244	717761		107988	88229		93660	
LIVINGSTON	13	3002526990	4I 21S 37E	4073		1907	23253		8107	4723		2007	
M L GOINS	4	3002527439	7I 21S 37E SE NE SE	7302		182	95		58	24		6306	
HAWK A	9	3002527599	8B 21S 37E	51697		21039	571311		110521	49262		25388	
GULF HILL	5	3002529472	4 21S 37E	25569		3694	327104		34100	67859		200	
EXXON FEE	1	3002533439	4 21S 37E			21591			227293			17988	
STATE PC COM	1	3002533672	32O 20S 37E	19022			48350			16289			
DECK ESTATE 7	1	3002533677	7 21S 37E SE NW SW	27790			95390			23884			
SOUTHLAND ROYALTY A	19	3002536314	4P 21S 37E SW SE SE				22552			283814		11734	
HAWK A	19	3002536339	8H 21S 37E NE SE NE				16840	22006	21946	88895	991	12961	
SOUTHLAND ROYALTY A	16	3002536340	9B 21S 37E SE NW NE				26740			308743		15106	
HAWK B 1	34	3002536344	9N 21S 37E NW SE SW	5138	17190	5055	8130	368481	81814	1424	9473	1046	
GULF HILL	7	3002536811	4 21S 37E NE SW NE	12641	409	778	54136	4901	5359	3764	15161	5992	
HAWK B 1	42	3002537020	8J 21S 37E SE NW SE	5572	1155		67603	84246		10386	3476		
SOUTHLAND ROYALTY A	20	3002537030	9G 21S 37E NW SW NE	5635	2484	3309	57654		110012	975	3474	2920	
SOUTHLAND ROYALTY A	21	3002537031	4P 21S 37E NE SE SE	10830			100686			32238			
SOUTHLAND ROYALTY A	22	3002537200	9H 21S 37E SE SE NE	596	4693	7018	45666	67046	125026	1752	1960	4987	
LEA COUNTY FEDERAL	2	3002537236	5 21S 37E SE NE SE	2512	1501	4072	3759	890	7516	4629	4585	4906	
HAWK A-5	3	3002537380	5O 21S 37E SE SW SE	15337	8144	6305	160189	64732	1926	39063	32836	65660	
SOUTHLAND ROYALTY A	23	3002537463	4I 21S 37E NE NE SE	4118		2216	50397		63362	7144		4576	
HAWK A-5	5	3002538129	5I 21S 37E SE	5058	4583	2107	27793	5316	15840	4641	15628	1829	
HILL	2	3002539062	4 21S 37E SW SW NE				8384		40838			44637	
TOTALS				2,787,222	352,349	4,929,360	50,910,422	18,146,499	41,552,111	1,498,055	161,971	1,251,358	
AVERAGES				50,677	17,617	89,625	909,115	907,325	769,484	27,237	7,713	23,611	

Proposed Allocations	Oil	Gas	Water
Blinbery	32%	35%	47%
Tubb	11%	35%	13%
Drinkard	57%	30%	40%
TOTAL	100%	100%	100%