

Order Number

439

API Number

30-025-39839

Operator

Apache Corporation

County

Lea

Order Date

2-3-11

Well Name

US Howse

Number

2

Location

I

UL

12

Sec

205

T (+Dir)

38E

R (+Dir)

Oil %

30%

Gas %

36%

Pool 1

33230

House Blinebry

Pool 2

78760

House Tubb

9%

19%

Pool 3

33250

House Drinkard

61%

45%

Pool 4

Comments:

Posted in RBDMS 2-3-2011 COH

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-39839
DHC-HOB-0439

OPERATOR: Apache Corporation

PROPERTY NAME: US House

WNULSTR: 2-I-12-205-38E

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

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>House Blinebry</u>	<u>30%</u>	<u>36%</u>
POOL NO. 2 <u>House Tubb</u>	<u>9%</u>	<u>19%</u>
POOL NO. 3 <u>House Drinkard</u>	<u>61%</u>	<u>45%</u>
POOL NO. 4 _____		
	<u>61% x 426 = 259.86</u>	
	<u>< 260 ></u>	

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>61% ÷ 142 = 232.78</u>	_____
SECTION IV: <u>30% x 233 = 69.9</u>	<u>< 70 ></u>
<u>9% x 233 = 20.97</u>	<u>< 21 ></u>
<u>61% x 233 = 142.13</u>	<u>< 142 ></u>

RECEIVED
Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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

JAN 28 2011

HOBBS

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.
NMNM 017252

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)

1650' FSL & 990' FEL Sec 12 T20S R37E UL I

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

8. Well Name and No.
USA Howse #002

9. API Well No.
30-025-39839

10. Field and Pool or Exploratory Area
House Bli/33230; House Tu/78760; House Drkd/33250

11. Country or Parish, State
Lea Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other DHC
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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:

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Pool Names: House; Blinebry 33230⁵ Perforations: Blinebry 6061'-6539'
House; Tubb 78760 Tubb 6626'-6776'
House; Drinkard 33250 Drinkard 7002'-7110'

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

	OIL	GAS	Water
Blinebry	30%	36%	44%
Tubb	9%	19%	14%
Drinkard	61%	45%	42%

SUBJECT TO LIKE
APPROVAL BY STATE

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

DHC- HOB- 439

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

Reesa Holland

Title Sr. Engr Tech

Signature

Reesa Holland

Date 12/02/2010

FEB 03 2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

[Signature]

Title

Office

JAN 25 2011

Date

/s/ Dustin Winkler

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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 any statement or representation as to any matter within its jurisdiction.

(Instructions on page 2)

DISTRICT I
1625 N. FRANCH DR., HOHNS, NM 87220

DISTRICT II
1301 W. GRAND AVENUE, ARTISIA, NM 87210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 11, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Pool Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39839	Pool Code 33225	Pool Name HOUSE 1 BLINEBRY, SOUTH
Property Code 38243	Property Name USA - HOWSE	Well Number 2
COORD No 873	Operator Name APACHE CORPORATION	Elevation 3566'

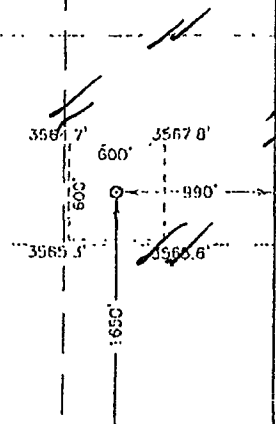
Surface Location

UL or lot No.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
1	12	20-S	38-E		1650	SOUTH	990	FAST	LFA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=578680.3 N X=881033.2 E LAT = 32°58'40.8" N LONG = 103°09'29.8" W LAT = 32°35'05.31" N LONG = 103°05'46.67" W		OPERATOR CERTIFICATION I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Sam Shoun</i> 7/19/2010 Signature Date SAM SHOUN Printed Name 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. <i>Ronald J. Bidson</i> Date Surveyed: JANUARY 5, 2010 Signature & Seal of Professional Surveyor Certificate No. GARY G. HUDSON 12841 RONALD J. BIDSON 3239
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DISTRICT I
1625 N. FRENCH DR., HOHOBOK, NJ 07030

DISTRICT II
1941 W. GRAND AVENUE, ARTESIA, NM 87210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 11, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Pool Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDMENT REPORT

API Number 30-025-39839	Pool Code 78760	Pool Name HOUSE TURB
Property Code 38243	Property Name USA - HOWSE	Well Number 2
COORD. No. 873	Operator Name APACHE CORPORATION	Elevation 3566'

Surface Location

UT. or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	12	20-S	38-E		1650	SOUTH	990	FAST	LEA

Bottom Hole Location If Different From Surface

UT. or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

GEODETIC COORDINATES NAD 27 NNE SURFACE LOCATION Y=578660.3 N X=881033.2 E LAT.=32 58'48.0" N LONG.=103.096298" W LAT.=32 35'05.31" N LONG.=103 05'46.67" W	3566.7' 600' 3567.8' 990' 3565.3' 3567.6' 1650'	OPERATOR CERTIFICATION I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>SAM SHOUN</i> 7/19/2010 Signature Date SAM SHOUN Printed Name 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. <i>Ronald J. Bidson</i> Date Surveyed: JANUARY 5, 2010 Signature & Seal of Professional Surveyor Certificate No. GARY C. BIDSON 12811 RONALD J. BIDSON 3230
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DISTRICT I
1625 N. FRENCH DR., HOHOBOK, NM 87220

DISTRICT II
1351 W. GRAND AVENUE, ARTISIA, NM 87210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Pool Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30.025-39839		Pool Code 33250	Pool Name HOUSE: DRINKARD
Property Code 38243	Property Name USA - HOWSE		Well Number 2
COORD No 873	Operator Name APACHE CORPORATION		Elevation 3566'

Surface Location									
UT. or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	12	20-S	38-E		1650	SOUTH	990	EAST	LEA

Bottom Hole Location If Different From Surface									
UT. or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		Joint or Infill		Consolidation Code		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

GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=578680.3 N X=881033.2 E LAI = 32°58'40.0"N LONG = 103°09'29.8"W LAI = 32°35'05.31"N LONG = 103°05'46.67"W		OPERATOR CERTIFICATION I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Sam Shoun</i> 7/19/2010 Signature Date SAM SHOUN Printed Name	
		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. JANUARY 5, 2010 Date Surveyed <i>Ronald J. Bidson</i> Signature & Seal of Professional Surveyor 09:44:12.21 Certificate No. GARY C. EIDSON 12641 RONALD J. BIDSON 3239	



December 2, 2010

**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
USA Howse #2
Unit I, Section 12, T-20-S, R-38-E
House; Blinbry, House; Tubb & House; 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)		
				Blinébry	Tubb	Drinkárd	Blinébry	Tubb	Drinkárd	Blinébry	Tubb	Drinkárd
L D JONES	1	3002507722	1H 20S 38E SE NE	3476			186180			5043		
PHILLIPS HOUSE STATE	1	3002507725	2O 20S 38E			101663			478825			25395
STATE U	1	3002507727	2P 20S 38E			157611			97687			184324
ARNOLD A	1	3002507761	11F 20S 38E	994	29437	670	3214	1365734		6492	5004	
HOUSE B	1	3002507764	11P 20S 38E		9855			118752				
BLANKENSHIP	1	3002507766	12E 20S 38E			54657			16638			7010
BLANKENSHIP	2	3002507767	12L 20S 38E	3906	20	134312	9570	42	1177187	2664	114	37126
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	5714	8753	39616	32387	47423	2435461	5156	15478	22235
CONE A	1	3002507770	12F 20S 38E		16965	206457		66347	237557		56499	84014
CONE B	1	3002507771	12J 20S 38E			239833			591551			69199
HESTER 12	3	3002507772	12O 20S 38E			150171			853402			32702
HESTER 12	2	3002507773	12N 20S 38E			82932			540453			17896
HESTER 12	1	3002512549	12K 20S 38E			97448			457760			16669
CROWN	1	3002520195	13B 20S 38E NW NW NE		9146	57149		42602	687081			11360
HOWSE C	1	3002522165	11H 20S 38E SE NE			26370			143078			6340
CONE B	2	3002525921	12G 20S 38E			398			86772			1460
L & M	1	3002528287	2L 20S 38E C S2 SW	847	9550	210	8349	130317	982	1180	509	344
HOUSE	1	3002531006	13D 20S 38E NW NW	33143	217	36700	786914	8772	515800	15436		13278
SHARPS	1	3002534060	13M 20S 38E	38621			200848			43044		
SHARPS	2	3002534061	13N 20S 38E	32558			137341			30537		
JOE CAMEL	1	3002534160	13K 20S 38E	37485	222	396	65389	711	858	68650		
BULL DURHAM	1	3002534187	14P 20S 38E S2 SE SE	46571	7528		1071355			41393	9293	
JOE CAMEL	2	3002534211	13F 20S 38E SW SE NW	18616	1840		63960	3896		39522	581	
DIAMONDBACK	1	3002534274	14J 20S 38E NW SE	30003			199467			36775		
PEARL	1	3002534275	13J 20S 38E NW SE	11389			35691			27839		
LUCKY STRIKE	1	3002534285	14I 20S 38E NE SE	78820			1058547			68515		
CAPPS FEDERAL	2	3002534289	13O 20S 38E SW SE	34886	6878		144836	42262		32964	9535	
BULL DURHAM	2	3002534363	14O 20S 38E SW SE	36132	181		322936	1342	730	56540		
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	26640	225	523	739914	59149	6759	36636		
BUGLER	1	3002534506	13L 20S 38E NW NW SW	73986	652		430809	96169		43272	608	
MOONEY	1	3002534569	13I 20S 38E NE SE			21688			31520			96197
PAIGE	1	3002534570	13P 20S 38E SE SE	7358		18768	14898		28825	17258		26466
VICEROY	1	3002534625	13E 20S 38E SW NW	30835			521892			75010		
PALL MALL	1	3002534634	14A 20S 38E NE NE	737	294	30268	829	14428	339927	157	495	74812
KOOL	1	3002534642	14B 20S 38E NW NE	36374	536	3213	336341	2397	3837	34773		
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		14160	26336	1244	68498	380666			17895
ROITAN	1	3002534735	14G 20S 38E SW NE	23698	5419		573710	125419		53256		
DREESSEN	1	3002534857	1G 20S 38E C SW NE	2199			7175			23039		
MARLBORO	1	3002534968	14C 20S 38E S2 NE NW	1245			11219					
HOWSER	1	3002534970	1J 20S 38E C NW SE	1371			28097			35934		
MERIT	1	3002535240	11O 20S 38E E2 SW SE		9457			592343			7350	
BEECHNUT	1	3002535241	14E 20S 38E SE SW NW	540			2239					
REDTAG	1	3002535333	2J 20S 38E NW NW SE	27061	3936	741	73083	9314	7929	3480		
MERIT II	1	3002535448	11G 20S 38E C SW NE	3188	16829	21816	14450	27945	151633	11887	19464	
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818	32292		38544	136873	8390	26341	
REDTAG	2	3002535630	2K 20S 38E NE NE SW	15329			864500			2484		
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE		7353			512946				
WHITE OWL	1	3002536689	2 20S 38E NW NW NW	32435			120485			9450		
BIG KICK	1	3002536745	13C 20S 38E W2 NE NW	15795	990	9391	232010	14512	64056	2410		2526
HESTER 12	6	3002536795	12N 20S 38E	26566	8025	11431	319353	181043	60280	28093	6612	5050
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	15526	5006	4450	259882	118402	107385	40701		2576
SALEM	1	3002537316	3A 20S 38E SE NE NE	2790		8551	8152		25242	6374		2941
JOE CAMEL	3	3002538033	13F 20S 38E NW SE NW	3937	1764	1087	191418	160170	39063	6440	1750	1011
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	12697	3817	3657	122794	86130	54621	9708	10953	4235
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	18619	5543	10854	175303	77529	75632	38556	5549	241
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	6168	7068	3037	55263	52065	30997	15734	8199	10035
MELOT	1	3002538370	11C 20S 38E SW NE NW	4690	6029	2675	43432	33780	19307	22568	21926	19992
BULL DURHAM	3	3002538379	14P 20S 38E NE SE SE	5540	7363		70868	62604		613		
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	2835	3049	6259	12602	21173	21644	11153	4612	3460
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	12119	4509	5636	41534	81642	245830	19800	4400	3302
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	6641	5269	1187	29618	1683	60635	8247	604	11259
KOOL	2	3002538439	14B 20S 38E SW NW NE	7806	1266	733	15498	27252				
RHINO	2	3002538484	11N 20S 38E SE NE SW	8952	2468	4935	25066	16994				
MAGNOLIA	1	3002538660	11E 20S 38E NE NW NW	5326	5124	3797	77078	14965	15942	16575	2522	32136
DIXIE QUEEN	2	3002538661	11P 20S 38E NE SE SE	10836	2948	4846	54597	24795	47600			
HESTER 12	10	3002538662	12O 20S 38E NE SW SE	4095	402	3165	31363	8687	23170	25359	3421	8895
HESTER 12	11	3002538663	12P 20S 38E SW SE SE	1428	1299	2471	77536	77427	7450	6011	7979	4565
BIG KICK	2	3002538664	13C 20S 38E SE NE NW	8295	1387	3408	24901		64378	36946	15778	5258
HOUSE	2	3002538665	13D 20S 38E SE NW NW	4461	1983		32895	2498				
LUCKY STRIKE	2	3002538668	14I 20S 38E SW NE SE	3902	1280		24189	6485				
BUGLER	2	3002538689	13L 20S 38E SW NW SW	6092	1508		55821	20739		12545	4241	
MELOT	2	3002538700	11C 20S 38E NW NE NW	14402	4698	1847	39539	6976	20337	14372	18372	13778
HESTER 12	9	3002538791	12K 20S 38E NE NE SW	1817	1145	4270	44277	5380	4979	19159	4947	10903
MAGNOLIA	2	3002539090	11D 20S 38E NE NW NW	1596	509	4280	59579	32494	88465	14656	3140	3140
L & M	2	3002539450	2N 20S 38E	1030	737	5588	15623	19733	46869	8667	4332	15889
DIXIE QUEEN	3	3002539451	11I 20S 38E	1422	367	2798	4654	1978	5003			
CROWN	2	3002539457	13B 20S 38E	614	279	503	1249	637	771			
MELOT	3	3002539458	11B 20S 38E	1305	339	2569	5245	2228	5638	11608	2132	9949
BLANKENSHIP	7	3002539488	12E 20S 38E				1844	782	1981	9173	1911	8025
MAGNOLIA	3	3002539489	11E 20S 38E	1147	296	2258	17993	7647	19341	10259	1883	8794
ARNOLD A	2	3002539490	11F 20S 38E	800	202	1503	8802	3740	9462	6051	1235	5063
CONE A	2	3002539491	12F 20S 38E	687	190	1488	2540	1142	2667	3416	698	2859
PALL MALL	2	3002539530	14A 20S 38E	999	454	819	16202	8453	10565	6168	1921	2022
CHESTERFIELD	2	3002539573	14H 20S 38E	392	179	323	46305	24159	30198			
ARNOLD A	3	3002539636	11F 20S 38E NE SE NW	1365	340	2559	5448	2316	5857	8446	1725	7067

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBU)		
				Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard
BUGLER	3	3002539648	13L 20S 38E	233	127	306	682	424	737	1878	805	1150
DIAMONDBACK	2	3002539649	14J 20S 38E	284	155	374						
DIXIE QUEEN	4	3002539650	11I 20S 38E	309	80	608	1377	585	1481			
L & M	3	3002539652	2N 20S 38E	173	123	937	1046	1321	3138	779	377	1357
MERIT	2	3002539653	11O 20S 38E	220	71	494	2202	1132	2956			
REDTAG	3	3002539655	2J 20S 38E	108	128	744	396	883	1766			
TOTALS				920,175	255,827	1,668,076	10,324,045	4,577,937	10,635,234	1,238,964	267,767	998,005
AVERAGES				12,605	3,936	26,064	139,514	72,666	171,536	20,999	6,694	19,960

Proposed Allocations	Oil	Gas	Water
Blinbry	30%	36%	44%
Tubb	9%	19%	14%
Drinkard	61%	45%	42%
TOTAL	100%	100%	100%

USA HOWSE #2

1650' FSL & 990' FEL

Sec 12, T-20S, R-38E

Lea Co., NM

B-T-D Completion

Prod Csg: 5-1/2", 17# J55 & L-80, LT&C csg fr/ 0'-7300'. Cmt'd w/ 1250 sx
Marker Jt @ 5906'. Float Collar @ 7255'

1. MI 7,150', 2-7/8", 6.5#, J-55, EUE, 8rd tbg.
2. Run GR/CCL/CBL log fr/ PBTD – surf under 1,000 psig. Correlate w/ Weatherford Compensated Photo Density Compensated Neutron Spectral Gamma Ray log dated 11/19/10.
3. Pressure test csg to 4,000 psig for 30". Release pressure.
4. Perf Drinkard w/ 3-1/8" slick gun w/ 1 JSPF (not inclusive) & 120° phasing as follows:

Depth	ft	holes
7002-04'	2	2
7009-11'	2	2
7019-21'	2	2
7026-28'	2	2
7034-36'	2	2
7052-54'	2	2
7062-64'	2	2
7072-76'	2	2
7084-86'	2	2
7090-92'	2	2
7108-10'	2	2
Total	22'	22 holes

6. TIH w/ treating pkr, SN & tbg. Spot 3 bbl acid across Drinkard perfs. PUH w/ pkr to ~6,950'. Rev circ w/ 5 bbls wtr. Set pkr @ 6,950'. BD perfs & EIR. Acidize w/ 2,000 gals of 15% NEFE HCl acid & 44 BS @ 5 BPM. Max TP = 5,000 psig. Flush w/ wtr. Record ISIP.
7. Run pkr thru perfs. Set pkr @ 6,750'. Pump 2 drums (110 gal scale inhibitor) & 1 drum (55 gal) corrosion inhibitor. Flush w/ wtr. POH w/ tbg & pkr. Install frac valve & pressure test.
8. MIRU frac equip. Frac Drinkard perfs 7,002' – 7,110' down 5-1/2" csg @ 30 BPM w/ 35# XL gel wtr & 70,000 # 20/40 resin coated sand per frac company

USA HOWSE #2

1650' FSL & 990' FEL

Sec 12, T-20S, R-38E

Lea Co., NM

recommendation. Do not exceed 5,000 psig. Flush w/ 24 bbls (1,000 gals 15% HCl) and linear gel. Record ISIP. SWI & do not flow back.

9. Set composite BP & +/-6980'. Perf Tubbs w/ 3-1/8" slick gun w/ 1 JSPF (not inclusive) & 120° phasing as follows:

Depth	ft	holes
6468-70'	2	2
6494-96'	2	2
6517-19'	2	2
6537-39'	2	2
6624-26'	2	2
6650-52'	2	2
6675-77'	2	2
6690-92'	2	2
6739-41'	2	2
6748-50'	2	2
6760-62'	2	2
6774-76'	2	2
Total	24'	24 holes

10. BD perfs & EIR. Acidize w/ 2,000 gal of 15% NEFE HCl & 48 BS. Surge balls off & RIH w/ junk basket on WL to knock off balls.
11. Frac Tubbs perfs @ 30 BPM w/ 30 # XL gel carrying 130,000# 20/40 resin coated sand per frac company recommendation. Do not exceed 5,000 psig. Flush w/ 24 bbls (1,000 gals 15% HCl) and linear gel. Record ISIP. SWI & do not flow back
12. Set composite BP @ 6450'. Perf Blinbry w/ 3-1/8" slick gun w/ 1 JSPF (not inclusive) & 120° phasing as follows:

Depth	ft	holes
6061-63'	2	2
6069-71'	2	2
6075-77'	2	2
6096-98'	2	2
6122-24'	2	2
6136-38'	2	2
6152-54'	2	2
6207-09'	2	2
6271-73'	2	2
6320-22'	2	2

USA HOWSE #2

1650' FSL & 990' FEL

Sec 12, T-20S, R-38E

Lea Co., NM

6352-54'	2	2
Total	22'	22 holes

13. BD perfs & EIR. Acidize w/ 2,000 gal of 15% NEFE HCl & 44 BS. Surge balls off & RIH w/ junk basket on WL to knock off balls. Frac Blinbry perfs @ 30 BPM w/ 30 # XL gel carrying 130,000 # 20/40 resin coated sand. Do not exceed 5,000 psig. Flush w/ linear gel (3 bbls underflush). Record ISIP, 5", 10", & 15" SIP's.
14. RDMO frac equip.
15. TIH w/ bit, SN, & tbg. CO sand & DO CBP's. CO sand to PBTD. Circ hole clean. POH w/ tbg, SN, & bit.
16. TIH w/ production string. Set pumping unit. RDMO PU. Turn well to sales. Report daily volumes.

Apache Corporation
NM-17252: USA Howse #2
API: 30-025-39839
Lea County, New Mexico

RE: Downhole Commingle – Conditions of Approval

There is to be no surface disturbance beyond the originally approved pad. A closed loop system is to be used. H2S monitoring and protection equipment is to be on site.

5000 (5M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

5M systems shall require two independent power sources, one of which may be nitrogen bottles (three minimum) maintaining a charge equal to the manufacturer's recommendations.

Submit subsequent report and completion report with well test once work is completed.

DHW 012511