Order Number	API Number	Operator	County
442	30-025-40014	Apache Corporation	Lea

Order Date	Well Name	Number	Location			
			UL	Sec	T (+Dir)	R (+Dir)
3-4-11	Walter Lynch	14	C	1	22S	37E

			Oil %	Gas %
Pool 1	6660	Blinebry Oil + Gas	74	50
Pool 2	60240	Tubb Oil + Gas	26	50
Pool 3				
Pool 4				

Comments: Posted in RBDMS 3-4-11 COA

30-025-40014
DHC-HOB-442

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corporation

PROPERTY NAME: Walter Lynch # 14

WNULSTR: C-1-22S-37E

SECTION I:		ALLOWABLE AMOUNT	
POOL NO. 1	Blinebry Oil + Gas	107	4000 MCF
POOL NO. 2	Tubb Oil & Gas	142	2000 MCF
POOL NO. 3			MCF
POOL NO. 4			MCF
	POOL TOTALS	249	6000

SECTION II:		Oil	Gas
POOL NO. 1	Blinebry Oil + Gas	74%	50%
POOL NO. 2	Tubb Oil + Gas	26% x 249 = 64.74 <65>	50%
POOL NO. 3			
POOL NO. 4			

	OIL	GAS
SECTION III:	26% ÷ 142 = 546.15	<546>
SECTION IV:	74 x 546 = 404.04	<404>
	26 x 546 = 141.96	<142>

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

RECEIVED
MAR 03 2011
HOBBSOCD

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
June 19, 2008

WELL API NO. 30-025-40014	
5. Indicate Type of Lease STATE ☐ FEE ☒	
6. State Oil & Gas Lease No.	

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:	7. Lease Name or Unit Agreement Name: Walter Lynch
	8. Well Number 014
2. Name of Operator: Apache Corporation	9. OGRID Number: 873
3. Address of Operator: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705	10. Pool name or Wildcat: Blinebry O&G(Oil)6660/Tubb O&G(Oil)60240

4. Well Location
Unit Letter C : 330 feet from the North line and 1650 feet from the West line
Section 1 Township 22S Range 37E NMPM County Lea

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3360' GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☒			
OTHER: ☐		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: R-11363

Pool Names:		Perforations:	
Blinebry Oil & Gas (Oil)	6660	Blinebry	5490'-5940'
Tubb Oil & Gas (Oil)	60240	Tubb	6100'-6274'

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

	OIL	GAS	WATER
Blinebry	74%	50%	78%
Tubb	26%	50%	22%

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

Spud Date: 02/09/2011 Rig Release Date:

DHC-HOB-442

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 03/01/2011

Type or print name Reesa Holland E-mail address: Reesa.Holland@apachecorp.com PHONE: 432/818-1062

For State Use Only

APPROVED BY: TITLE PETROLEUM ENGINEER DATE MAR 04 2011

Conditions of Approval (if any):

March 1, 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
Walter Lynch #14, API 30-025-40014
Unit C, Section 1, T-22-S, R-37-E
Blinebry Oil & Gas (Oil) & Tubb Oil & Gas (Oil)
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,

Reesa Holland

Reesa Holland
Sr. Engineering Technician

Walter Lynch #14
API 30-025-40014
Apache Corp.

				Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)	
Lease Name	Well Number	10DIGITAPI	Location	Blinebry	Tubb	Blinebry	Tubb	Blinebry	Tubb
HAWK A	4	3002506389	4M 21S 37E	47448		275292		29983	
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	259667	408458	6769	8099
SOUTHLAND ROYALTY A	4	3002506396	4 21S 37E C SE SE	69211	35274	305283	3699969	5424	4092
SOUTHLAND ROYALTY A	5	3002506397	4I 21S 37E	163317		3398075		44286	
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	432280	45969	16415	8640
HAWK B 1	11	3002506434	8I 21S 37E	12305		432699		3951	
HAWK B 1	1	3002506437	9F 21S 37E	56547		4034815		5174	
HAWK B 1	2	3002506438	9J 21S 37E	97288		5106406		30805	
HAWK B 1	7	3002506439	9P 21S 37E C SE SE	24510	74001	619996	4690633	12740	260
HAWK A	3	3002506440	9E 21S 37E	52076		492861		9409	
HAWK B 1	9	3002506441	9M 21S 37E C SW SW	33130	2502	1142763	111299	5931	2213
SOUTHLAND ROYALTY A	1	3002506442	9G 21S 37E	100106	7306	1083782	710846	10860	2459
SOUTHLAND ROYALTY A	2	3002506443	9B 21S 37E	79985	38822	612743	3448426	37714	23075
SOUTHLAND ROYALTY A	6	3002506444	9H 21S 37E	183464		5352929		37961	
SOUTHLAND ROYALTY A	7	3002506445	9A 21S 37E E2 NE NE	119219	931	1042548	12444	13566	656
HAWK B 1	8	3002509906	9O 21S 37E	28983		618836		5116	
HAWK B 1	6	3002509907	9N 21S 37E	79772		1840720			
HAWK B 1	5	3002509908	9K 21S 37E C NE SW	2741	38181	21325	744964	1228	6143
HAWK B 1	3	3002509909	9C 21S 37E	52835	24243	561357	2418897	14614	2728
HAWK B 1	4	3002509910	9L 21S 37E	88522		2073912		18548	
GULF HILL	4	3002512759	4 21S 37E	9073		393688		42	
SOUTHLAND ROYALTY A	8	3002520069	4O 21S 37E	43272	40308	621215	1230082	8838	9682
HAWK B 1	13	3002520178	9I 21S 37E	181310		2079040		44297	
STATE J	6	3002520336	32N 20S 37E	166712		173599		141330	
HAWK A	5	3002521225	9D 21S 37E C NW NW	28554		255303		7847	
HAWK A	6	3002521621	8G 21S 37E C SW NE	33089		240024		17534	
HAWK B 1	14	3002522859	8J 21S 37E	78996		1295378		102229	
H T MATTERN NCT C	9	3002525254	7P 21S 37E W2 SE SE	16123		79298		73897	
H T MATTERN NCT C	11	3002525500	8M 21S 37E S2 SW SW	26230		199035		58996	
H T MATTERN NCT C	12	3002525547	8E 21S 37E	20679		131604		194812	
HAWK A	7	3002526265	8C 21S 37E	21939		186114		24738	
HAWK B 1	16	3002526601	8N 21S 37E	14514		70285		31588	
HAWK A	8	3002526967	8A 21S 37E	42915		717761		88229	
LIVINGSTON	13	3002526990	4I 21S 37E	4073		23253		4723	
M L GOINS	4	3002527439	7I 21S 37E SE NE SE	7302		95		24	
HAWK A	9	3002527599	8B 21S 37E	51697		571311		49262	
GULF HILL	5	3002529472	4 21S 37E	25569		327104		67859	
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	
HAWK A	19	3002536339	8H 21S 37E NE SE NE			22006	21946	991	980
HAWK B 1	34	3002536344	9N 21S 37E NW SE SW	5138	17190	8130	368481	1424	9473
GULF HILL	7	3002536811	4 21S 37E NE SW NE	12641	409	54136	4901	3764	15161
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	57654		975	3474
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	45666	67046	1752	1960
LEA COUNTY FEDERAL	2	3002537236	5 21S 37E SE NE SE	2512	1501	3759	890	4629	4585
HAWK A-5	3	3002537380	5O 21S 37E SE SW SE	15337	8144	160189	64732	39063	32836
SOUTHLAND ROYALTY A	23	3002537463	4I 21S 37E NE NE SE	4118		50397		7144	
HAWK A-5	5	3002538129	5I 21S 37E SE	5058	4583	27793	5316	4641	15628
			TOTALS	**2,787,222**	**352,349**	**50,910,422**	**18,146,499**	**1,498,055**	**161,971**
			AVERAGES	**50,677**	**17,617**	**909,115**	**907,325**	**27,237**	**7,713**

Proposed Allocations	Oil	Gas	Water
Blinebry	74%	50%	78%
Tubb	26%	50%	22%
TOTAL	100%	100%	100%