

## HISTORICAL SUMMARY

The Hawk B-1 Lease is currently operated by Apache Corporation ("Apache") and has a total of 34 wells, all as shown on the locator plat attached as Exhibit "A". Thirty-two of these wells are currently producing from either or both the Penrose Skelly-Grayburg (50350) and/or East Hare-San Andres (96601) Pools. Production from these 32 wells is being processed, stored and commingled at the Hawk B-1 Tank Battery located in Unit K of Section 9. The two remaining wells on this lease, the Hawk B-1 Wells No. 69 and 70 are producing from the Wantz-Abo Pool (62700). Production from these wells is being processed, stored and commingled at the Hawk Federal B-1 Tank Battery located in Unit K of Section 9.

As a result of internal review of its operations on this lease, Apache has determined that through prior acquisitions, it has obtained wells in which surface commingling has been already occurring but it is unclear whether Division approval was obtained.

Therefore, Apache also requests that approval be made retroactive to the date that oil and gas was first surface commingling.