

8/19/2014 DATE IN	SUSPENSE	ENGINEER MAM	8/19/2014 LOGGED IN	DHL TYPE	PM 8/14 2354181 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

REESA FISHER
Print or Type Name

Reesa Fisher
Signature

SR STAFF REG ANALYST
Title

8/18/2014
Date

Reesa.Fisher@apachecorp.com
e-mail Address

MCDONALD STATE AC 2 #38

- well
NSL
Application

- DHL
- Apache Corp
873
well
- McDONALD STATE
AC 2 #38
30-025-41812
Pool
- Tub Oil and
GAS (oil)
60240
- DRINK AND
19140
- WANTZ
Ab0
62700

RECEIVED OGD
4414 MM
2014 8 15 P 2:5

August 12, 2014

Mr. Phillip Goetze
New Mexico Oil Conservation Division
Engineering Bureau
1220 South St Francis Drive
Santa Fe, New Mexico 87505

RE: Application for Exception to Rule 303-C – Downhole Commingling Amendment
McDonald State AC 2 #38 API 30-025-41812
Unit H, Section 13, T22S, R36E
Tubb Oil & Gas (Oil) 60240, Drinkard 19190 & Wantz; Abo (62700)
Lea County, New Mexico

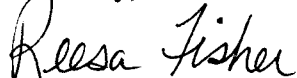
Dear Mr. Goetze:

Enclosed please find form C-107A & attachments for downhole commingling the captioned well. The ownerships (WI, NRI and ORRI) of these pools are identical in this wellbore (100% Apache with State Royalty). 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 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 or send me an email at Reesa.Fisher@apachecorp.com.

Sincerely,



Reesa Fisher
Sr. Staff Regulatory Analyst

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools

EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Apache Corporation 303 Veterans Airpark Lane Suite 1000 Midland TX 79705
Operator Address
McDonald State AC 2 038 H 13 22S 36E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 873 Property Code 306616 API No. 30-025-41812 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Tubb Oil & Gas (Oil)	Drinkard	Wantz; Abo
Pool Code	60240	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6258' - 6387'	6513' - 6719'	6835' - 7033'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37.0	37.0	38.0
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: New Well Rates:	Date: New Well Rates:	Date: New Well Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 13 % 14 %	Oil Gas 77 % 81 %	Oil Gas 10 % 5 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐
NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Reesa Fisher TITLE Sr. Staff Regulatory Analyst DATE 8/12/2014

TYPE OR PRINT NAME Reesa Fisher TELEPHONE NO. (432) 818-1062

E-MAIL ADDRESS Reesa.Fisher@apachecorp.com

Lease Name	Well Number	10DIGITAPI	Location	Tubb	Drinkard	Abo	Tubb	Drinkard	Abo	Tubb	Drinkard	Abo
H T MATTERN NCT E	13	3002508889	22S 36E 12H		25843			270009				47995
H T MATTERN NCT D	14	3002525081	22S 37E 7C	29645	41949		190292	311894		1023528	451620	
H T MATTERN NCT D	15	3002525092	22S 37E 7D	12147	56729		106665	255819		38223	61060	
H T MATTERN NCT D	16	3002525104	22S 37E 7E SW NW	1944	26799		15058	168414		6278	23051	
H T MATTERN NCT D	17	3002525113	22S 37E 7F	4526	32159		40713	205568		6645	17334	
A L CHRISTMAS NCT C	9	3002525499	22S 37E 18G		54136			286738			17164	
A L CHRISTMAS NCT C	10	3002525530	22S 37E 18F		44788			962891			404276	
A L CHRISTMAS NCT C	11	3002525594	22S 37E 18H		28141			437115			23865	
A L CHRISTMAS NCT C	12	3002525624	22S 37E 18E		60832			1107597			84673	
A L CHRISTMAS NCT C	13	3002525634	22S 37E 18A	1708	80304		13352	655747		65951	260936	
A L CHRISTMAS NCT C	14	3002525645	22S 37E 18D		117591			611055			237355	
A L CHRISTMAS NCT C	15	3002525657	22S 37E 18L		54541			154048			57950	
DECK FEDERAL	1	3002525665	22S 37E 18B NW NE		78419			822257			32673	
DECK FEDERAL	2	3002525666	22S 37E 18C		101135			998498			30368	
A L CHRISTMAS NCT C	16	3002525670	22S 37E 18M SW SW	9400			151196			18393	5075	
STATE PA	4	3002525878	22S 37E 18K		26547			101782			20450	
MCDONALD STATE AC 2	29	3002525884	22S 36E 13H SE NE	1233	145500		1775	821281		4866	309011	
LITTLE V	1	3002525891	22S 37E 7N		56561			582336			61782	
MCDONALD STATE AC 2	30	3002525926	22S 36E 13A E2 NE NE	4363	79256		13066	297255		70081	71741	
MCDONALD STATE AC 2	31	3002525932	22S 36E 13G		71518			311038			67801	
MCDONALD STATE AC 2	32	3002525933	22S 36E 13B NW NE		59516			294732			112727	
MATTERN	1	3002525970	22S 37E 7K		35946			169956			59915	
NEW MEXICO M STATE	49	3002526015	22S 37E 18J SE		3319			10499			7308	
LITTLE V	2	3002526145	22S 37E 7M		48920			555734			75651	
STATE 157 D	9	3002526146	22S 36E 12P		49172			99456			53534	
LITTLE V	3	3002526320	22S 37E 7O		91429			418836			31797	
STATE 157 D	10	3002526391	22S 36E 12O		41966			116855			49856	
LITTLE V	4	3002526471	22S 37E 7P		90999			507151			28802	
STATE 157 D	209	3002526534	22S 36E 12N		36852			209675			22759	
STATE 157 D	13	3002526624	22S 36E 12I		55950			270795			70598	
STATE 157 D	15	3002526628	22S 36E 12M		8784			29984			32814	
STATE 157 D	205	3002526659	22S 36E 12K		20077			42849			59916	
MATTERN	2	3002526673	22S 37E 7J		37410			193792			69291	
MATTERN	3	3002526913	22S 37E 7I		51288			190372			121148	
MCDONALD STATE AC 2	34	3002526959	22S 36E 13C NE NW SE		19770			103519			29769	
H T MATTERN NCT E	14	3002529105	22S 36E 12A		29918			212132			74745	
NEW MEXICO M STATE	51	3002537355	22S 37E 18I NW NE SE		4025			7195			1038	
NEW MEXICO M STATE	52	3002537613	22S 37E 18J SW NW SE	9009	48914		14891	181279		25623	16336	
NEW MEXICO M STATE	54	3002537665	22S 37E 18P NE SE SE		36418			103463			169308	
NEW MEXICO M STATE	53	3002537692	22S 37E 18O SE SW SE		21852			60840			14816	
NEW MEXICO M STATE	361	3002538432	22S 37E 18P NW SE SE		7625			29583			138302	
ENCORE M STATE	2	3002539541	22S 37E 19		11196			32866			73071	
ENCORE M STATE	3	3002539751	22S 37E 19C		9858	8321		28599	25075		85907	79336
ENCORE M STATE	4	3002540091	22S 37E 19H		16700			69721			66898	
ENCORE M STATE	5	3002540299	22S 37E 19A		9362	6448		28914	19167		76639	68274
ENCORE M STATE	6	3002540398	22S 37E 19I		8111	7303		25611	24459		53296	1201
ENCORE M STATE	7	3002540399	22S 37E 19B		5956	5943		24543	24164		18257	503
STATE PA	7	3002540540	22S 37E 18N	3462	3276		10066	6824		17398	26589	
STATE PA	8	3002540541	22S 37E 18N	1971	1969	654	9158	5232	2618	12984	12984	4328
STATE PA	9	3002540543	22S 37E 18K	1941	2874		6702	6901		19737	37678	
ENCORE M STATE	8	3002540721	22S 37E 19J		2892	2892		6945	6935		6723	6710
TOTALS				81,349	2,055,092	31,561	572,934	13,406,195	102,418	1,309,707	3,984,652	160,352
AVERAGES				6,779	41,102	5,260	47,745	268,124	17,070	109,142	78,130	26,725

Proposed Allocations	Oil	Gas	Water
Tubb	13%	14%	51%
Drinkard	77%	81%	37%
Abo	10%	5%	12%
TOTAL	100%	100%	100%

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
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DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41812	Pool Code 60240	Pool Name Tubbs Oil & Gas
Property Code 306616	Property Name McDONALD STATE A/C 2	Well Number 38
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3465'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	22-S	36-E		2525	NORTH	1070	EAST	LEA

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
H	13	22-S	36-E		2310	NORTH	990	EAST	LEA
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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>BOTTOM HOLE LOCATION Y=508368.2 N X=845768.8 E</p> <p>LAT.=32.392640° N LONG.=103.213162° W</p> <p>LAT.=32° 23' 31" N LONG.=103° 12' 48" W</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=508152.5 N X=845692.2 E</p> <p>LAT.=32.392050° N LONG.=103.213417° W</p> <p>LAT.=32° 23' 31" N LONG.=103° 12' 48" W</p> <p>CORNER COORDINATES TABLE</p> <p>A - Y=509359.0 N, X=845422.3 E B - Y=509375.1 N, X=846743.4 E C - Y=508061.4 N, X=846763.6 E D - Y=508043.8 N, X=845438.4 E</p>	<p>GRID AZ.=19°33'14" HORIZ. DIST.=228.9'</p> <p>B.H. 990' S.L. 1070'</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Michelle Cooper</i> 4-28-14 Signature Date <i>Michelle Cooper</i> Printed Name michelle.cooper@apachecorp.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 19, 2014 Date of Survey Signature & Seal of Professional Surveyor: GARY G. EIDSON 12641 Certificate Number Ronald Eidson 3239 DSS Rev. 4/25/11 JESSIE SWSC W.O.: 14.11.0286</p>
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DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
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DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
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Santa Fe, New Mexico 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41812	Pool Code 19190	Pool Name Drinkard
Property Code 306616	Property Name McDONALD STATE A/C 2	Well Number 38
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3465'

Surface Location

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41812	Pool Code 62700	Pool Name Wantz; ABO
Property Code 306616	Property Name McDONALD STATE A/C 2	
OGRID No. 873	Operator Name APACHE CORPORATION	
		Well Number 38
		Elevation 3465'

Surface Location

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>BOTTOM HOLE LOCATION Y=508368.2 N X=845768.8 E</p> <p>LAT.=32.392640° N LONG.=103.213162° W</p> <p>LAT.=32° 23' 31" N LONG.=103° 12' 48" W</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=508152.5 N X=845692.2 E</p> <p>LAT.=32.392050° N LONG.=103.213417° W</p> <p>LAT.=32° 23' 31" N LONG.=103° 12' 48" W</p> <p>CORNER COORDINATES TABLE</p> <p>A - Y=509359.0 N, X=845422.3 E B - Y=509375.1 N, X=846743.4 E C - Y=508061.4 N, X=846763.6 E D - Y=508043.8 N, X=845438.4 E</p>		<p>OPERATOR CERTIFICATION</p> <p>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, unless 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.</p> <p><i>Michelle Cooper</i> 4-28-14 Signature Date <i>Michelle Cooper</i> Printed Name <i>michelle.cooper@apachecorp.com</i> E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 19, 2014</p> <p>Date of Survey Signature & Seal of Professional Surveyor: Certificate Number DSS Rev. 4/25/07 WSC W.O. 14.11.0286</p>
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September 9, 2014

State of New Mexico
OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Down Hole Commingling (Identical Ownership)
McDonald St AC 2 #38
Township 22 South, Range 36 East
Section 13
Lea County, NM


Ladies and Gentlemen:

Identical ownership (working, royalty and overriding royalty owners) exists as to all formations underlying the McDonald State AC 2 #38 in the following described lands:

Township 22 South, Range 36 East
Section 13: All, save and except the unitized
formation of the Arrowhead Grayburg Unit in
the E1/2, NE1/4SW1/4, NW1/4NW1/4 and
E1/2NW1/4
Lea County, NM

If you have any question regarding the aforementioned, please do not hesitate contacting the undersigned at (432) 818-1871.

Sincerely,
APACHE CORPORATION


Casey Addison
Landman
(432) 818-1190 Fax
casey.addison@apachecorp.com

RF:

Apache

CERTIFIED MAIL™



7013 1710 0001 7905 3289



APACHE CORPORATION

303 VETERANS AIRPARK LANE / SUITE 3000 / MIDLAND, TX 79705-4561

ADDRESS SERVICE REQUESTED

STATE LAND OFFICE
COMMISSIONER OF PUBLIC LANDS
PO Box 1148
SANTA FE NM 87504-1148

7013 1710 0001 7905 3289

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PS Form 3800, August 2006 See Reverse for Instructions	

McMillan, Michael, EMNRD

From: Vashler, Jay <Jay.Vashler@apachecorp.com>
Sent: Tuesday, September 09, 2014 12:46 PM
To: McMillan, Michael, EMNRD
Cc: Fisher, Reesa; Vashler, Jay; Addison, Casey
Subject: McDonald State AC2 #38
Attachments: McDonald St AC2 #38 DHC.pdf

Mr. McMillan,

Per your request, the following reason is why Apache is requesting a Non-Standard Location for our McDonald St AC2 #38 well located in Unit H, Sec 13, T-22S, R-36E, Lea County NM.

The original "standard" location for this well was supposed to be at 2310' FNL & 990' FEL of unit letter H in Sec 13. Unfortunately due to a surface obstruction, the surface location was moved to the southwest at 2525' FNL & 1070' FEL of unit H. The well was then directionally drilled back to the original target location of 2310' FNL & 990' FEL.

Unfortunately the bottom hole target location was missed and ended up being at 2306' FNL & 991' FEL of unit H meaning that the well was 1' outside of the standard proration unit to the west.

This also meant that as the well was completed uphole back towards the surface location, all perforated zones were now also outside of the standard proration area in unit H. The following footage calls are approximately in the middle of each completed interval:

Tubb perms : 6258' – 6387'. (2346' FNL & 1002' FEL @ 6300')

Drinkard perms : 6513' – 6719'. (2333' FNL & 997' FEL @ 6585').

Abo perms : 6835' – 7033'. (2327' FNL & 995' FEL @ 6868').

For this reason, Apache is requesting approval of an NSL for each interval so that we may also be granted a DHC order and begin to produce the McDonald St AC2 #38.

Also as requested, I have attached the offset data that Apache used to estimate the oil, water & gas allocations for this well.

Please let me know if you need any additional information in order to process our NSL & DHC applications.

Thank-you for your help,

Jay Vashler
Sr. Staff Production Engineer
New Mexico
Apache Corp.