

Order Number

DHC
HOB-508

API Number

30-25-40798

Operator

Apache Corp

County

Lea

Order Date

12-7-12

Well Name

Werta Federal

Number

2

Location

0

UL

35

Sec

195

T (+Dir)

38E

R (+Dir)

Oil %

Gas %

Pool 1

33230

House Blinberry

39%

39%

Pool 2

33470

House Tubb North

22%

30%

Pool 3

33250

House Drinkard

39%

31%

Pool 4

Comments:

Posted in RBDMS 12-7-2012 CHM

30-025-40798
OAC-HOB-508

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corp

PROPERTY NAME: Werta Federal

WNULSTR: 2 - 0 - 35 - 195 - 38 E

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>House Blinebry</u>	<u>142</u> <u>284</u> MCF
POOL NO. 2 <u>House Tubb North</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> <u>852</u>	

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>House Blinebry</u>	<u>39%</u>	<u>39%</u>
POOL NO. 2 <u>House Tubb North</u>	<u>22%</u>	<u>30%</u>
POOL NO. 3 <u>House Drinkard</u>	<u>39% X 426 = 166.14</u>	<u>31%</u>
POOL NO. 4 _____	<u><166></u>	

<u>OIL</u>	<u>GAS</u>
SECTION III: <u>39% ÷ 142 = 364.10</u>	<u><364></u>

SECTION IV: <u>39% X 364 = 141.96</u>	<u><142></u>
<u>22% X 364 = 80.08</u>	<u><80></u>
<u>39% X 364 = 141.96</u>	<u><142></u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

OCD Hobbs

DEC 06 2012

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

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-14812

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

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

8. Well Name and No.
Werta Federal #002 (OCD 30238)

9. API Well No.
30-025-40798

4. Location of Well (Footage, Sec., T., R., M., or Survey/Description)

990' FSL & 1650' FEL, UL O, Sec 35, T19S, R38E

10. Field and Pool or Exploratory Area
House; Blinbry/House; Tubb, North/House; Drinkard

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 recompleat 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 recompleat 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.)

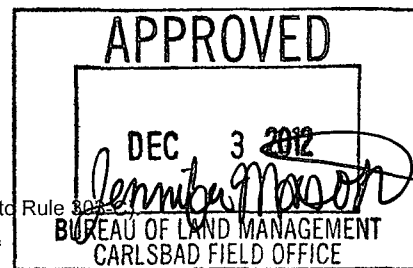
Apache requests permission to DHC the Blinbry-Tubb-Drinkard, per the following:

Pool Names: House; Blinbry	33230	Perforations: Blinbry	6105'-6519'
House; Tubb, North	33470	Tubb	6757'-6809'
House; Drinkard	33250	Drinkard	7003'-7060'

The allocation method will be as follows based on offset production (See attached application for exception to Rule 302-10)

	OIL	GAS	Water
Blinbry	39%	39%	40%
Tubb	22%	30%	16%
Drinkard	39%	31%	44%

**SUBJECT TO LIKE
APPROVAL BY STATE**



**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

DHC-HOB-508

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

Reesa Holland

Title Sr. Staff Reg Tech

Signature

Date 11/26/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

MW/OCD 12/7/12

Office

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.

(Instructions on page 2)

DEC 10 2012



November 21, 2012

Mr. Wesley Ingram
Bureau of Land Mgmt - CFO
620 E Greene St
Carlsbad, NM 88220

RE: Downhole Commingling Application
Werta Federal #2 API 30-025-40798
Unit O, Section 35, T19S, R38E
House; Blinbry (33230), House; Tubb, North (33470) & House; Drinkard (33250)
Lea County, New Mexico

Dear Mr. Ingram,

Enclosed please find form 3160-5 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 cursive script that reads "Reesa Holland". The signature is written in black ink and is positioned above the printed name and title.

Reesa Holland
Sr. Staff Regulatory Technician

GL=3584'
KB=3597'
Spud: 10/15/12

Apache Corporation – Werta Federal #2

Wellbore Diagram – Current Status

Date : 10/29/2012

API: 30-025-40798

Surface Location

R. Taylor



990' FSL & 1650' FEL, Unit O
Sec 35, T19S, R38E, Lea County, NM

Surface Casing

8-5/8" 24# J-55 @ 1680' w/ 625 sx to surface

Hole Size
=12 1/4"

Hole Size
=7-7/8"

TAC @ TBD'
SN @ TBD'

TBD: Perf Upr Blinebry @ 6105-11; 6115-25; 6150-54; 6174-79;
6233-37 w/ 2 & 4 jspf (84 holes). Acidized w/ 2500 gal 15% NEFE;
Frac'd w/ XXX gal and XXXK# 20/40 RCS

TBD: Perf Lwr Blinebry @ 6322- 29; 6335-40; 6368-71; 6377-81;
6441-50; 6456-63; 6491-6500; 6512-19 w/ varying jspf (123 holes).
Acidized w/ 3000 gal 15%; Frac'd w/ XXX gal and XXXK# 20/40
RCS

TBD: Perf Tubb @ 6757-64; 6769-71; 6792-96; 6803-09 w/ 3 jspf
(87 holes). Acidized w/ 2500 gal 15% NEFE; Frac'd w/ XXX gal
and XXXK# 20/40 RCS

TBD: Perf Drinkard @ 7003-08; 7014-19; 7028-35; 7053-60 w/ 3
jspf (72 holes). Acidized w/ 3000 gal 15% NEFE; Frac'd w/ XXX
gal and XXXk# 20/40 RCS

PBTD = 7250'
TD = 7300'

Production Casing

5-1/2" 17# L-80 @ 7295' W/ 1063 sxs

Werta Federal #2
30-025-40798
Apache Corp.

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard
WERTA FEDERAL	1	3002527696	19S 38E 35O SW SE	46469	14640	11778	230648	10262	24012	56471	10929	29470
L & M	1	3002528287	20S 38E 2N C S2 SW	2365	10319	584	20481	134601	2409	3910	1684	1144
L & M	2	3002539450	20S 38E 2	2475	1775	13427	35875	45313	107628	17374	8685	31852
L & M	3	3002539652	20S 38E 2	2338	1671	12702	16119	20361	48359	10719	5186	18672
REDTAG	3	3002539655	20S 38E 2	1973	2334	13641	7760	17313	34633	21842	15064	38415
REDTAG	4	3002539966	20S 38E 2K NE SW	925	615	3603	15216	18836	38398			
L & M	8	3002540262	20S 38E 2N	321	229	1744	2022	2554	6067	2200	1100	4036
TOTALS				56,866	31,583	57,479	328,121	249,240	261,506	112,516	42,648	123,589
AVERAGES				8,124	4,512	8,211	46,874	35,606	37,358	18,753	7,108	20,598

Proposed Allocations	Oil	Gas	Water
Blinbry	39%	39%	40%
Tubb	22%	30%	16%
Drinkard	39%	31%	44%
TOTAL	100%	100%	100%

HOBBS OCD

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 87412

DISTRICT IV

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised July 16, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40798	Pool Code 33230	Pool Name House; Blinbry
Property Code 30238	Property Name WERTA FEDERAL	Well Number 2
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3586'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	35	19 S	38 E		990	SOUTH	1650	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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC-HOB-508
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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

	OPERATOR CERTIFICATION 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. <u>Sorinah P. Flores</u> 8/2/12 Signature Date <u>Sorinah. Flores</u> Printed Name <u>Sorinah.Flores@apachecorp.com</u> Email Address
	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. Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 27106
	SURFACE LOCATION Lat - N 32°36'43.79\" Long - W 103°06'57.82\" NMSPE - N 588582.785 E 916160.323 (NAD-83)
	SURFACE LOCATION Lat - N 32°36'43.39\" Long - W 103°06'56.10\" NMSPE - N 588523.873 E 874978.675 (NAD-27)

OCT 02 2012

OCT 01 2012

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1501 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 and Natural Resources Department

CONSERVATION DIVISION

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

Form C-102

Revised July 16, 2010

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District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40798	Pool Code 33470	Pool Name House; Tubb, North
Property Code 30238	Property Name WERTA FEDERAL	Well Number 2
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3586'

Surface Location

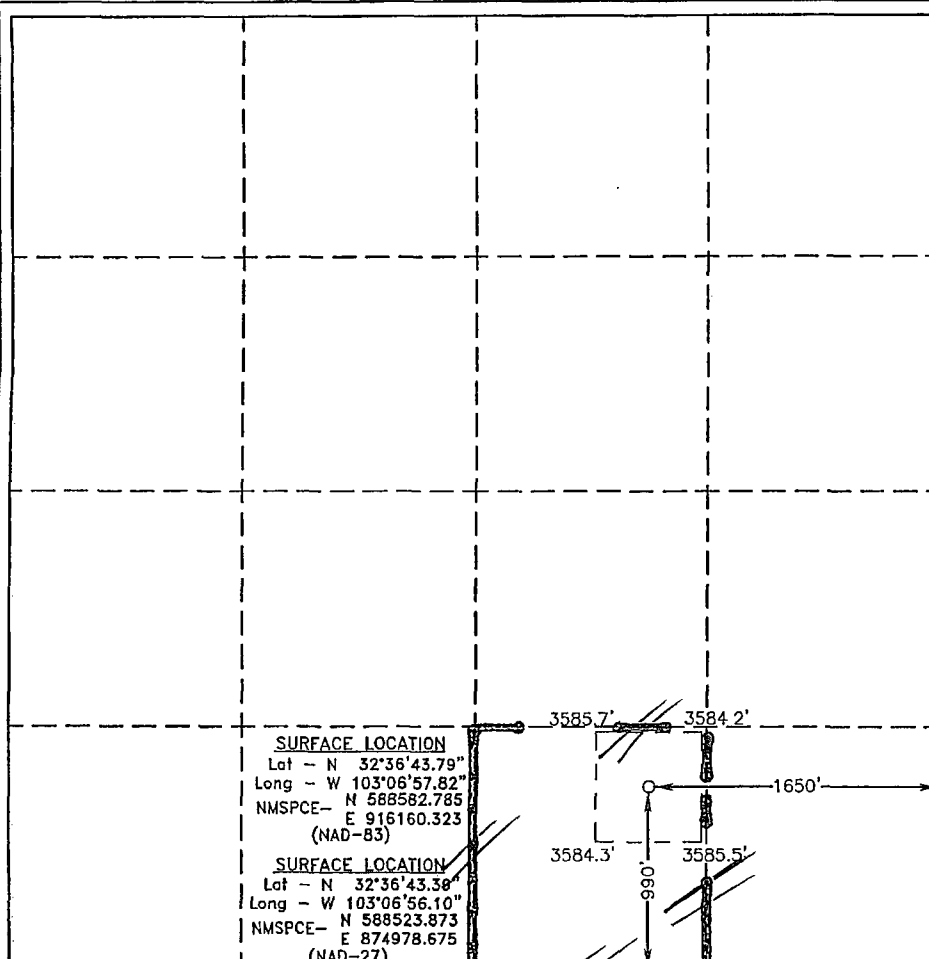
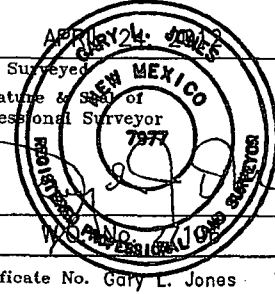
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	35	19 S	38 E		990	SOUTH	1650	EAST	LEA

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
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC-HOB-508
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

 <div style="position: absolute; bottom: 10px; left: 10px; width: 300px;"> <p>SURFACE LOCATION Lat - N 32°36'43.79" Long - W 103°06'57.82" NMSPCE- N 588582.785 E 916160.323 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°36'43.38" Long - W 103°06'56.10" NMSPCE- N 588523.873 E 874978.675 (NAD-27)</p> </div>	<p>OPERATOR CERTIFICATION</p> <p><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></p> <p><u>Sorina L. Flores & Alia</u> Signature _____ Date _____</p> <p><u>Sorina L. Flores</u> Printed Name _____</p> <p><u>Sorina.L.Flores@apachecorp.com</u> Email Address _____</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p><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></p> <div style="text-align: center;">  </div> <p>Date Surveyed _____ Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. Gary L. Jones 7977</p> <p style="text-align: right;">BASIN SURVEYS 27106</p>
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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

HOBBS OCD

OCT 01 2012

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40798	Pool Code 33250	Pool Name House; Drinkard
Property Code 30238	Property Name WERTA FEDERAL	Well Number 2
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3586'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	35	19 S	38 E		990	SOUTH	1650	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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC-HOB-508
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<p>SURFACE LOCATION Lat - N 32°36'43.79" Long - W 103°06'57.82" NMSPC- N 588582.785 E 916160.323 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°36'43.39" Long - W 103°06'56.10" NMSPC- N 588523.873 E 874978.675 (NAD-27)</p>	<p>OPERATOR CERTIFICATION 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.</p> <p><u>Sorina L. Flores & Alia</u> Signature Date</p> <p><u>Sorina L. Flores</u> Printed Name</p> <p><u>Sorina.flores@apachecorp.com</u> Email Address</p>
	<p>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.</p>
	<p>Date Surveyed <u>APR 24, 2012</u></p> <p>Signature & Seal of Professional Surveyor <u>[Signature]</u> 7977</p>
	<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 27106</p>

**Werta Federal #002
30-025-40798
Apache Corporation
Conditions of Approval**

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. Subsequent sundry and completion report required.**

JAM 120312