

Order Number

DAC
HOB-509

API Number

30-025-40799

Operator

Apache Corporation

County

Lea

Order Date

01-04-13

Well Name

Werta Federal

Number

3

Location

P

UL

35

Sec

195

T (+Dir)

38 E

R (+Dir)

Oil %

25%

Gas %

36%

Pool 1

33230

House Blinebry

Pool 2

33470

House Tubb N

Pool 3

33250

House Drinkard

Pool 4

Comments:

Posted in RBDMs 01-04-2013 CHM

JAN 08 2013

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-40799
DHC-HOB-509

OPERATOR: Apache Corporation

PROPERTY NAME: Werta Federal #3

WNULSTR: P-35-195-38E

SECTION I:	ALLOWABLE AMOUNT
POOL NO. 1 <u>House Blinebry</u>	<u>142</u> <u>284</u> MCF
POOL NO. 2 <u>House Tubb N.</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 426 852

SECTION II:
POOL NO. 1 <u>House Blinebry</u>
POOL NO. 2 <u>House Tubb N</u>
POOL NO. 3 <u>House Drinkard</u>
POOL NO. 4 _____

Oil
25%
9%

Gas
36%
10%
54%

$66\% \times 426 = 281.16$
281

<u>OIL</u>	<u>GAS</u>
SECTION III: $106\% \div 142 = 215.15$	<u><215></u>

SECTION IV: $25\% \times 215 = 53.75$	<u><54></u>
$9\% \times 215 = 19.35$	<u><19></u>
$66\% \times 215 = 141.90$	<u><142></u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

DEC 31 2012

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS** RECEIVED
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 ☐ Other2. Name of Operator
Apache Corporation3a. Address
303 Veterans Airpark Lane, Suite 3000
Midland, TX 797053b. 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 #003 (OCD 302384)9. API Well No.
30-025-4079910. Field and Pool or Exploratory Area
House; Blinebry/House; Tubb, North/House; Drinkard

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

33S° FSL & 990° FEL, UL P, Sec 35, T19S, R38E

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 Blinebry-Tubb-Drinkard, per the following:

Pool Names: House; Blinebry 33230 Perforations: Blinebry 6108'-6478'
House; Tubb, North 33470 Tubb 6644'-6784'
House; Drinkard 33250 Drinkard 7028'-7057'

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

	OIL	GAS	Water
Blinebry	25%	36%	27%
Tubb	9%	10%	14%
Drinkard	66%	54%	59%

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

DHC-HOB-509

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

Reesa Holland

Title Sr. Staff Reg Tech

Signature

Reesa Holland

Date 12/28/2012

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.

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)

JAN 08 2013



December 28, 2012

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

**RE: Downhole Commingling Application
Werta Federal #3 API 30-025-40799
Unit P, 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.

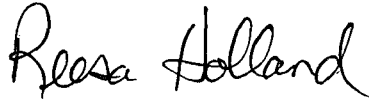
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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 black ink that reads "Reesa Holland". The signature is written in a cursive style with a large, stylized "R" and "H".

Reesa Holland
Sr. Staff Regulatory Technician

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard
L D JONES	1	3002507722	20S 38E 1H SE NE	3476			186180			5043		
PHILLIPS HOUSE STATE	1	3002507725	20S 38E 2O			103291			494100			26177
STATE U	1	3002507727	20S 38E 2P			157611			97687			184324
RUTH TERRY FURNEAUX	1	3002521835	19S 38E 26D			41884			634130			9930
MCNEIL	1	3002526880	19S 38E 27A			12652			159692			11974
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
CARDINAL	1	3002529793	19S 38E 27G SW NE	1753		20105	1425		367515	8661		5978
EMERALD	1	3002530027	19S 38E 25P SE SE			36250						34617
TIFFANY	1	3002530589	19S 38E 26E SW NW			45344			382700			19066
TIFFANY	2	3002530656	19S 38E 26F SE NW			51820			422043			6456
LIA	1	3002530720	19S 38E 26L		1087	20709		5467	148363		1653	23952
TIFFANY	3	3002530730	19S 38E 26C NE NW			26949			224185			3295
NADINE 27	1	3002530804	19S 38E 27I NE SE	9932		9381	60014		82314	6488		2951
NADINE 25	1	3002531170	19S 38E 25K NE SW			72711			178662			260014
FRANCES EVELYN	1	3002532163	19S 38E 35N SE SW	5470			61072			35070		
DREESSEN	1	3002534857	20S 38E 1G C SW NE	2199			7175			23039		
HOWSER	1	3002534970	20S 38E 1J C NW SE	1371			28097			35934		
REDTAG	1	3002535333	20S 38E 2J NW NW SE	27744	4966	4740	82918	16600	27237	17293	26858	36068
REDTAG	2	3002535630	20S 38E 2K NE NE SW	17624			920161			6826		
TOPAZ	1	3002535906	19S 38E 25C NE NE NW	5381			42746			14451		
WHITE OWL	1	3002536689	20S 38E 2D NW NW NW	36966			134593			9450		
PLOW BOY FEDERAL	1	3002536962	19S 38E 35J NW NW SE	25231	133	133	93025	980	1159			
ROUND-UP	1	3002537100	19S 38E 35H SW SE NE			9426			20350			
SALEM	1	3002537316	20S 38E 3A SE NE NE	4495		8977	11646		25858	11848		4965
SCHUBERT FARMS	1	3002537548	19S 38E 25B NE NW NE			58			1976			
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				198,508	37,769	679,520	1,957,173	272,287	3,529,477	286,619	71,159	753,356
AVERAGES				10,448	3,777	28,313	103,009	27,229	153,456	16,860	8,895	37,668

Proposed Allocations	Oil	Gas	Water
Blinbry	25%	36%	27%
Tubb	9%	10%	14%
Drinkard	66%	54%	59%
TOTAL	100%	100%	100%

GL=3579'
KB=3590'
Spud: 12/9/12

Apache Corporation – Werta Federal #3

Wellbore Diagram – Current Status

Date : 12/20/2012

API: 30-025-40799

Surface Location R. Taylor



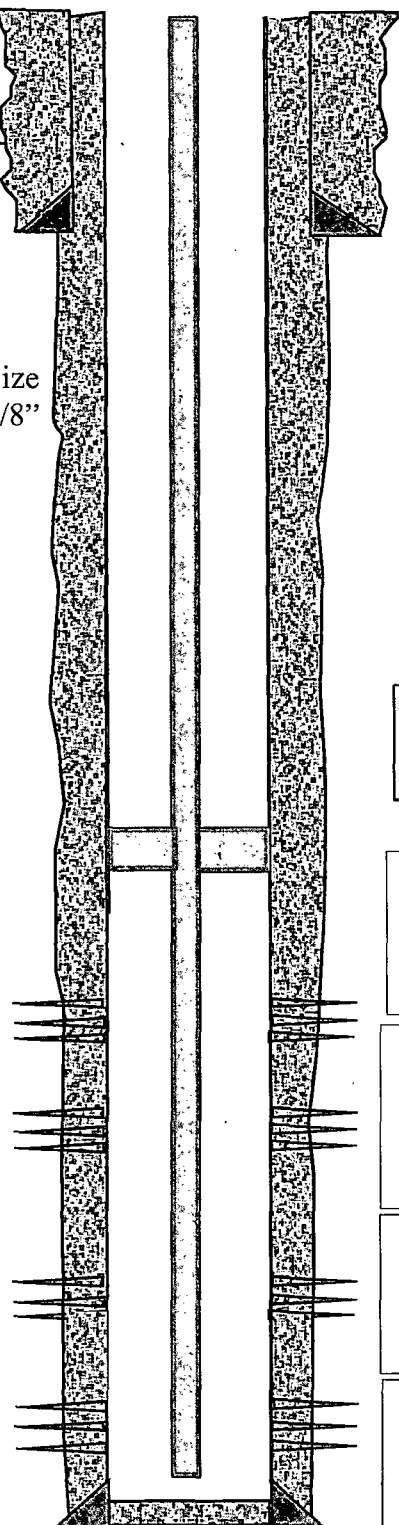
335' FSL & 990' FEL,
Sec 35, T19S, R38E, Lea County, NM

Surface Casing

8-5/8" 24# J-55 @ 1674' w/ 708 sx to surface

Hole Size
=12 1/4"

Hole Size
=7-7/8"



TAC @ TBD'
SN @ TBD'

TBD: Perf Upr Blinebry @ 6108-11; 6116-25; 6151-58; 6178-86; 6234-39 w/ 2 & 4 jspf (74 holes). Acidized w/ 2500 gal 15% NEFE; Frac'd w/ XX gal Slick water w/ XXk# 100 mesh and XXX gal 15# XL w/ XXXk# 20/40 white and RC

TBD: Perf Lwr Blinebry @ 6323-30; 6340-43; 6361-67; 6382-88; 6421-25; 6469-72; 6474-78 w/ 2&4 jspf (72 holes). Acidized w/ 3000 gal 15% NEFE; Frac'd w/ XXX gal Slick water w/ XXk# 100 mesh and XXXX gal 15# XL w/ XXXk# 20/40 white and RC

TBD: Perf Tubb @ 6644-52; 6696-6705; 6774-84 w/ 2 & 3 jspf (63 holes). Acidized w/ 2100 gal 15% NEFE; Frac'd w/ XXXX gal Slick water w/ XXXk# 100 mesh and XXXX gal 15# XL w/ XXXk# 20/40 white and RC

TBD: Perf Drinkard @ 7028-32; 7034-40; 7048-57 w/ 3 jspf (57 holes). Acidized w/ 2600 gal 15% NEFE; Frac'd w/ XXXX gal Slick water w/ XXXk# 100 mesh and XXX gal 15# XL w/ XXXk# 20/40 white and RC

PBTD = 7260'
TD = 7306'

Production Casing

5-1/2" 17# L-80 @ 7306' W/ 1096 sxs

DISTRICT I
1625 N. French Dr., Hobbs, NM 88241

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

OCT 01 2012

OIL CONSERVATION DIVISION

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

HOBBS OGD

DEC 31 2012

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40799	Pool Code 33 230	Pool Name House; Blinbry
Property Code 30 23 8	Property Name WERTA FEDERAL	Well Number 3
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3579'

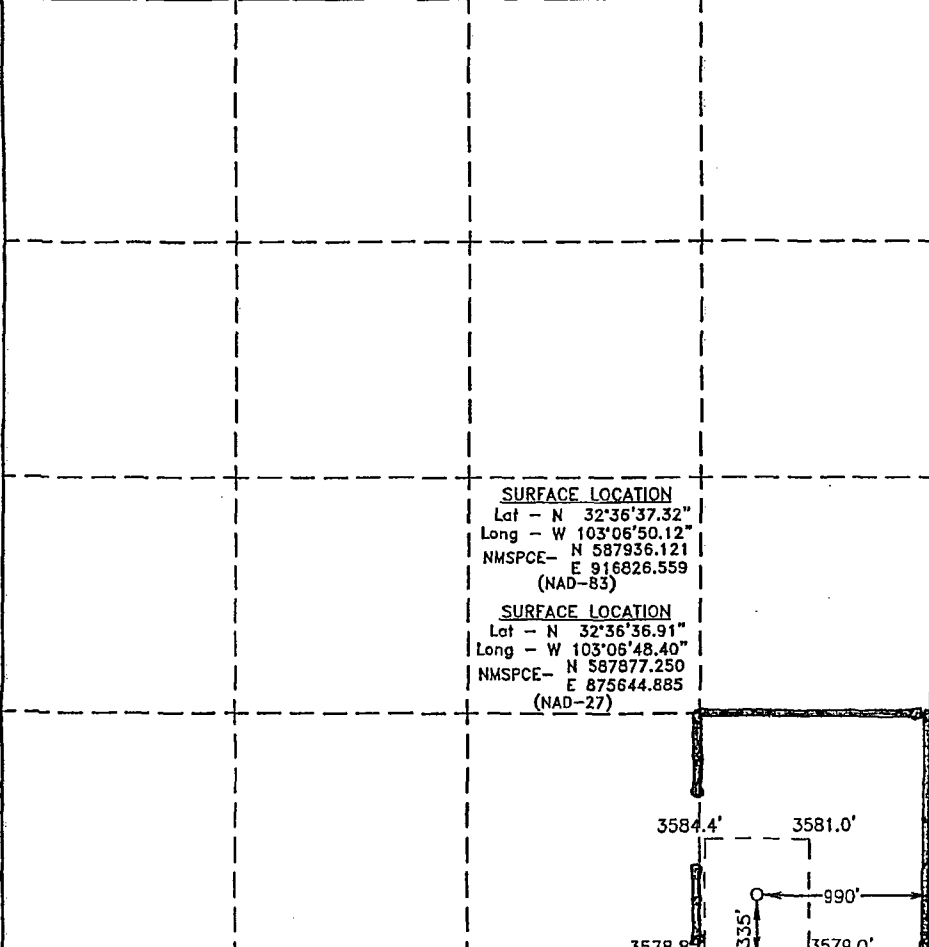
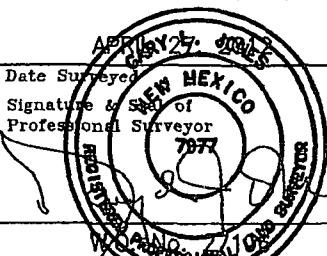
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	19 S	38 E		335	SOUTH	990	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-509						

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>Sorina L. Flores</u> 8/2/12 Signature Date <u>Sorina L. Flores</u> Printed Name <u>sorina.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

OCT 02 2012

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 87401

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

CONSERVATION DIVISION

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

DEC 31 2012

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40799	Pool Code 33470	Pool Name House; Tubb, North
Property Code 30238	Property Name WERTA FEDERAL	Well Number 3
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3579'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	19 S	38 E		335	SOUTH	990	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-509
------------------------------	-----------------	--------------------	---------------------------------

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>SURFACE LOCATION Lat - N 32°36'37.32" Long - W 103°06'50.12" NMSPCE- N 587936.121 E 916826.559 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°36'36.91" Long - W 103°06'48.40" NMSPCE- N 587877.250 E 875644.885 (NAD-27)</p> <p>Distances: 3584.4', 3581.0', 990', 3578.6', 3579.0'</p>	<p>OPERATOR CERTIFICATION</p> <p>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</u> 8/2/12 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</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>APPROVED: 08/02/12</p> <p>Date Surveyed</p> <p>Signature of Professional Surveyor</p> <p>7977</p>
	<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 27106</p>

DISTRICT I

1625 N. French Dr., Hobbs, NM 88241

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised July 16, 2010

Submit one copy to appropriate
District Office

HOBBS OGD

DEC 31 2012

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-40799	Pool Code 33250	Pool Name House; Drinkard
Property Code 30238	Property Name WERTA FEDERAL	
OGRID No. 873	Operator Name APACHE CORPORATION	Well Number 3
		Elevation 3579'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	19 S	38 E		335	SOUTH	990	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-1408-509						

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>OPERATOR CERTIFICATION</p> <p>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</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</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> Date Surveyed Signature & Seal of Professional Surveyor 7977</p>
	<p>Certificate No. Gary L. Jones 7977</p>
	<p>BASIN SURVEYS 27106</p>