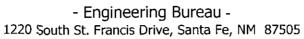
SUSPENSE !

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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION





ADMINISTRATIVE APPLICATION CHECKLIST

| TI | HIS CHECKLIST IS MA | NDATORY FOR ALL ADMINISTRATIVE APPLICA WHICH REQUIRE PROCESSING AT T | | LES AND REGULATIONS |
|--------|-------------------------------|---|---|---|
| Applic | [DHC-Dowr | : dard Location] [NSP-Non-Standard P hole Commingling] [CTB-Lease Co ol Commingling] [OLS - Off-Lease S | Proration Unit] [SD-Simultaneous mmingling] [PLC-Pool/Lease Co storage] [OLM-Off-Lease Measu Pressure Maintenance Expansion -Injection Pressure Increase] | ommingling] irement] n] |
| [1] | TYPE OF AP | PLICATION - Check Those Which A Location - Spacing Unit - Simultaneo NSL NSP SD | pply for [A] - DHc- ous Dedication - AP | -3770-A ech econp 873 |
| | Check [B] | One Only for [B] or [C] Commingling - Storage - Measureme ☐ DHC ☐ CTB ☐ PLC [| | AMENDO DHG-3770 |
| | [C] | Injection - Disposal - Pressure Increase WFX PMX SWD | | 7ED 001 |
| | [D] | Other: Specify | | # D |
| 2] | . [A] | ON REQUIRED TO: - Check Those Working, Royalty or Overriding | Royalty Interest Owners | ly <u>Poul</u> -Huus e Blinebra 33230 |
| | [B] . [C] | ☐ Application is One Which Requi | A Burrace Owner | -HU45t, DAINK, 33252 -HU45e; Abu |
| | [D] | Notification and/or Concurrent A U.S. Bureau of Land Management - Commissioner | Approval by BLM or SLO | -H045e; Abu 3321U |
| | [E] | For all of the above, Proof of No | tification or Publication is Attache | ed, and/or, |
| | [F] | Waivers are Attached | | |
| [3] | | CURATE AND COMPLETE INFORTION INDICATED ABOVE. | RMATION REQUIRED TO PRO | OCESS THE TYPE |
| | val i s accurate an | TION: I hereby certify that the informated complete to the best of my knowled; urired information and notifications are | ge. I also understand that no actio | |
| | Note: | Statement must be completed by an individu | al with managerial and/or supervisory ca | apacity. |
| | A HOLLAND FISHER or Type Name | Signature Signature | SR STAFF REG ANALYST Title | 10/22/2015 Date |
| | REDTA | G #2 | Reesa.Fisher@apachecorpe-mail Address | p.com |



October 22, 2015

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

Redtag #2 API 30-025-35630 Unit K, Section 2, T20S, R38E

House; Blinebry (33230), House; Drinkard (33250) & House; Abo (33210)

Lea County, New Mexico

Dear Mr. Goetze:

Enclosed please find form C-107A & attachments to amend Order DHC-3770 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.

This well was recently brought to our attention by the Hobbs OCD office and needs to be corrected for record and production accounting corrections. In the original 2006 application, the gas percentages did not total 100% and the Abo was not allocated any production. The Abo was never squeezed off and should have received the remaining 3% gas allocation percentage that was assigned to the Drinkard for approval. The wellbore has and still does produce from all three open zones.

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

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107A Revised June 10, 2003

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III 1000 Rie Brazes Road, Aziec, NM 87410

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

E-MAIL ADDRESS Reesa.Fisher@apachecorp.com

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

APPLICATION TYPE X Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

| Apache Corporation | | 3 Veterans Airpark Lane Suite 100 | 0 Midland TX 79705 |
|---|--|---|--|
| Operator Redtag | Add 2 K | ress 2 20S 38E | Lea |
| Lease | | Section-Township-Range | County |
| OGRID No. 873 Property Co | de 303228 API No. 30-025 | i-35630 Lease Type: | _Federal _X_StateFee |
| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
| Pool Name | House; Blinebry | House; Drinkard | House; Abo |
| Pool Code | 33230 | 33250 | 33210 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 5933'-6035' | · 6996'-7011' | 7370'-7522' |
| 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) | 35.5 | 36.0 | 35.5 |
| Producing, Shut-In or New Zone | Producing | Producing | Producing |
| 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: 8/17/2006 | Date: 8/17/2006 | Date: 8/17/2006 |
| estimates and supporting data.) | Rates: 131 MCF 2 BW | Rates: 10 MCF 1 BW | Rates: 4 MCF 1 BW |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or | Oil Gas 75 % 90 % | Oil Gas 7 % | Oil Gas |
| explanation will be required.) | | | |
| | | NAL DATA | |
| Are all working, royalty and overriding f not, have all working, royalty and over | | | Yes X No |
| Arc all produced fluids from all commi | ngled zones compatible with each o | other? | YesX No |
| Will commingling decrease the value of | f production? | | Yes NoX |
| f this well is on, or communitized with or the United States Bureau of Land Ma | | | Yes No_ X |
| NMOCD Reference Case No. applicable | c to this well: | | _ |
| Attachments: C-102 for each zone to be comming Production curve for each zone for a For zones with no production histor Data to support allocation method o Notification list of working, royalty Any additional statements, data or d | at least one year. (If not available, y, estimated production rates and sur formula. and overriding royalty interests for | attach explanation.) upporting data. r uncommon interest cases. | |
| | PRE-APPRO | VED POOLS | |
| If application is | to establish Pre-Approved Pools, th | e following additional information wi | Il be required: |
| List of other orders approving downhold List of all operators within the proposed Proof that all operators within the proposed Bottomhole pressure data. | Pre-Approved Pools | | |
| hereby certify that the information | - 1 | , , | |
| SIGNATURE Klesa / U | TITLE Sr. | Staff Regulatory Analyst | DATE 10/22/2015 |
| TYPE OR PRINT NAME_ Reesa | Fisher | TELEPHONE NO. (43 | 2) 818-1062 |

P. O. Box 1980 HBbbs, NM 88241-1980

DISTRICT []
P. O. Drower DO

State of New Mexico Minerals, and Natural Resources De. EDA.

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Revised 02-10-94 instructions on pack

Submit to the Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

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Artesio, NM 88211-0719 OIL CONSERVATION DIVISION P. O. Box 2088 DISTRICT III 1000 Rio Brozos Rd. Aztec, NM 87410

Santa Fe, New Mexico 87504-2088

· MENDED REPORT

P. O. Box 2088
Sonto Fe, NM 87507-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT

| I LPI Numbe | <u>r</u> | | | 1 Pool | Code | | 1 70 | ol Ne | ₩• | | | | | | | |
|-----------------------------|----------|------------------------------|----------------------|------------|-------------|------------------------|-----------|---|-------------|--------------|--------------|---------------|------|---|--|-------------|
| 30-025 | | 563 | 0 | | | 33230 | | | Hou | 15 e | В | lii | ieb | TY. | | |
| Property Code Property Name | | | | | | REDTAG House: Blinebry | | | | | | 1 Vell Number | | | | |
| OGRED HO. | | | Operator 1 | (eme | | 04747 | 70504 | ~ * * * * * * * * * * * * * * * * * * * | C 7110 | | | . ~ - | | · · · · · · · · · · · · · · · · · · · | 1 Elevation | |
| 3659 | | | | | CA | PATAZ | | <u> </u> | | | אטרו | AIL | ע. | | 357 | <u> </u> |
| · · · | | | | | | " SVI | | - | CATION | | | | | | | |
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| | | | "BOTT | M HO | LE | LOCATI | ON IF | DI | FFERE | NT | FR | MC | SL | JRFACE | | |
| UL or lot no. | Soot | ion | Township | | Rang | • | iol ida | Feet | from the | Kol | rtb/50 | utb | ەھئا | Feet from the | Beet/Vert line | County |
| К | 2 | | 20S | 38E | | | | | 2410 | L | Sol | ı£b | | 2310 | West | Lea |
| Dedicated Ac | 1700 | 13 Job | nt or infill | 14 Consoli | idatio | Code | # Order) | | Q 1 | t t | - | | Δ. | | | |
| 160 | | | | | | | | | <u> SL-</u> | | - | | | | | |
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| | | | | | | | | | | | | | í 🛌 | Signature | N Consequent | . Denet. |
| | | | | | | | | 1 | | | | Ì | L | Princed Name H. SCOT | T DAVIS | |
| | | | | | | | | | | | |] | - [| nu. <mark>∴∆GENT</mark> | · | |
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| | |]] [| | | | | | | , | | | | γ. | L. BEZNER | R.P.S. # | |

P. O. Box 1980 Hobbs, NM 88241-1980

State of New Mexico Minerals, and Natural Resources Da-

lent

Revised 02-10-94

instructions on boc-

DISTRICT II P. O. Drower DD Artesia, NM 88211-0719 DISTRICT III 1000 Rio Brezos Rd. Aztec, NM 87410

OIL CONSERVATION DIVISION P. O. Box 2088 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate Oistrict Office State Lease — 4 capies Fee Lease — 3 capies

AMENDED REPORT

DISTRICT IV.

EDA

| 30-025-35630 Property Code 27082 REDTAG REDTAG REDTAG OCRID No. 3659 CAPATAZ OPERATING INCORPORATED "SURFACE LOCATION "SURFACE LOCATION | | | 77-2008 WE | | | | REAGE DE | DICATION | PL | AT | | |
|--|----------------|------------|--------------------|----------------|-------------|---------|----------|---------------|-----------------------|---------------------------------------|---|-------------|
| Property Name | 1 | | 20 | Pool Code | | 3 Poo | | ania Baselini | • | • | | |
| REDTAG ***OORD NO. 3659 ***CAPATAZ OPERATING INCORPORATED ***SURFACE LOCATION ***UNITARIA SOUTH SOUTH 2310** ***BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE ***UL OF 161 DG. Section Township Banges Location Fresh From the Section From t | | | | | 30 | | nou | se Drin | kar | <u>d</u> | 1 Yell Numbe | 7 |
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| Printed Name H. SCOTT DAVIS TULE Dels SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was platted from field notes: of actual surveys made, by me or under my supervision, and that the some is true add; carect to the bast of my belief. Data of Survey. Captificate No. Captificate No. Captificate No. V. L. BEZNER R.P.S. #7920 | | | j | | } | | İ | | $\parallel \parallel$ | to the best of | my knowledge of | nd belief. |
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| H SCOTT DAVIS TILL DAGENT O6/18/01 SURVEYOR CERTIFICATION I hereby certify that the mell location shown on this plat was platted from field notes of actual surveys made by me or under my supervision, and that the same is true and capted to the bast of my belief. Date of Survey. MARCH-8, 2001 Signature and Seal of Professional Surveyor 2410' Agrant Syrvey 3.7.21 Cestificate No. V. L. BEZNER R.P.S. #7920 | } | | } | | | | ļ | | # | Personal Marsa | W | |
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| Professional Surveyor 2410' Ann Janes 3.7.01 Cestificate No. V. L. BEZNER R.P.S. #7920 | | | į | | | | į | J | | MARC | H-8, 2001 | |
| Correction No. V. L. BEZNER R.P.S. #7920 | | |) + | | | | | | SI Pi | gnature and Se rofessional Surv | ed of Teror | |
| Correspondent No. U. V. L. BEZNER R.P.S. #7920 | | | ! | 2410' | | | | i | | • | | : |
| Correspondent No. U. V. L. BEZNER R.P.S. #7920 | | | ! ! ! | | | | | | | 10 | _ | |
| Correspondent No. U. V. L. BEZNER R.P.S. #7920 | | | ; ! ! | | | | į | | 1 | 4 | 2 | |
| Correspondent No. U. V. L. BEZNER R.P.S. #7920 | • | | | | | | } | | 1/ | Denn 11- | Franco 2. | 7.01 |
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P. O. Box 1980 Hobbs, NM 88241-1980 DISTRICT II P. O. Drower DD

Artesio, NM 88211-0719

DISTRICT III 1000 Rio Brozos Rd. Aztec, NM 87410

Epa.

State of New Mexico Minerals, and Natural Resources De 19nt

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Revised 02-10-91

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OIL CONSERVATION DIVISION P. 0; Box 2088 Santa Fe, New Mexico 87504-2088

AMBNDED REPORT

P. O. Box 2088

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Administrative Order DHC-3770

Capataz Operating Inc. PO Box 10549 Midland, TX 79702

Attention: H Scott Davis

Redtag Well No. 2 API No. 30-025-35630

Unit K, Section 2, Township 20 South, Range 38 East, NMPM,

Lea County, New Mexico

Undesignated House-Blinebry (Oil 33230) and Undesignated House-Drinkard (Oil 33250) Pools

Dear Mr. Davis:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

| House-Blinebry Oil Pool | Oil-75% | Gas-90% |
|-------------------------|---------|---------|
| House-Drinkard Oil Pool | Oil-25% | Gas-10% |

These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on August 14, 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.

Director

cc: Oil Conservation Division – Hobbs State Land Office – Oil, Gas, and Minerals Division



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