



December 4, 2013

Earl E. DeBrine, Jr.  
505.848.1800  
Fax: 505.848.1891  
edebrine@modrall.com

**VIA ELECTRONIC FILING**

Ms. Jami Bailey, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14944*

Re: Application of Apache Corporation for Retroactive Surface  
Commingling and an Exception to the Metering Requirements  
of Division Rule 15.12.10(C)(1) NMAC, Lea County, New  
Mexico

Dear Ms. Bailey:

On behalf of Apache Corporation, please find enclosed our referenced  
application which we request be set for hearing on the Examiner's docket now  
scheduled for January 24, 2013.

Also enclosed is our proposed advertisement of this case for the  
NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to be 'E. DeBrine, Jr.', written over a horizontal line.

Earl E. DeBrine, Jr.

EED/hta/Y:\dox\client\13454\0129\CORRES\W1813446.DOCX

Enclosures

cc: Michelle Hanson  
Thomas Kellahin

Modrall Sperling  
Roehl Harris & Sisk P.A.

Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com

PROPOSED ADVERTISEMENT

Case 14949 Application of Apache Corporation for approval, retroactively, for surface commingling and an exception to the metering requirements of Division Rule 19.15.12.10(C)(1) NMAC, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to allow for surface commingling and allocation of production by well tests, retroactively, to the date that oil and gas was first surface commingling for its wells located within its Hawk B-1 lease (comprising the SE/4 and E/2 SW/4 of Section 8 and the S/2 and E/2 NW/4 of Section 9, Township 21 South Range 37 East, Lea County, New Mexico. In addition, Applicant seeks approval to add future wells to the Hawk B-1 Federal Tank Battery and/or the Hawk B-1 Tank Battery. The center of said area is located approximately 4 miles north from Eunice, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**APPLICATION OF APACHE CORPORATION  
FOR APPROVAL, RETROACTIVELY, FOR SURFACE  
COMMINGLING AND AN EXCEPTION TO THE  
METERING REQUIREMENTS OF DIVISION RULE  
19.15.12.10(C)(1) NMAC,  
LEA COUNTY NEW MEXICO**

**CASE NO. 14944**

**A P P L I C A T I O N**

Comes now APACHE CORPORATION "Apache", by and through its attorneys, Earl DeBrine, Modrall Law Firm and W. Thomas Kellahin of Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval, including retroactive approval, of the surface commingling of production for 34 wells located within its Hawk B-1 lease, comprising portions of Sections 8 and 9, Township 21 South Range 37 East, Lea County, New Mexico. Applicant, in the above-styled cause, in accordance with Division Rule 19.15.12 NMAC, is requesting surface commingling approval be made retroactive to the date that oil and gas production was first surface commingled from the Hawk B-1 lease, a lease containing lease line and non-consent wells, creating diversity in ownership. In addition, the applicant seeks, retroactively, to allocate production by monthly well tests in lieu of separately metering each well's production. Applicant also seeks authority to surface commingling future wells and add them to either its Hawk B-1 Federal Tank Battery or its Hawk B-1 Tank Battery.

In support of its application, Apache Corporation ("Apache"), states:

- (1) The Hawk B-1 Lease is currently operated by 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.

- (2) 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.
- (3) 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.
- (4) Therefore, Apache also requests that approval be made retroactive to the date that oil and gas was first surface commingling.
- (5) The Hawk B-1 #12 (Grayburg formation) and the Hawk B-1 #6 (San Andres formation) were being surface commingled at the time they were acquired by Apache effective April 1, 1999. Thereafter, Apache continued to surface commingle these wells and new wells on this lease, but failed to recognize that it needed to obtain Division approval to allocate production by monthly well tests in lieu of separately metering each well's production.
- (6) Apache's Hawk B-1 lease is a federal oil & gas lease, numbered NMNM-90161, consisting of the E/2 SW/4 and SE/4 of Section 8 and the E/2 NW/4 and S/2 of Section 9, T21S, R37E. Within this lease, Apache currently operates the following-described wells:
  - a. Twenty-five wells ("normal wells") with common ownership whose production is from either or both the Penrose Skelly-Grayburg Pool and/or the East Hare San Andres Pool whose production is taken to and stored on lease at the Hawk B-1 Tank Battery located in Unit K of Section 9.
    - i. Those specific wells are further identified on Exhibit "B" attached;
    - ii. The ownership for this group of wells is set forth on Exhibit "C" attached.
  - b. Six "leaseline" wells are located at approved unorthodox well locations "NSLs" near the outer boundaries of the Hawk B-1 lease having been drilled, completed and produced in accordance with Cooperative Well Agreements approved by the BLM and the working interest owners. Each Cooperative Well Agreement allows for each well to be drilled at an NSL within a 40-acre spacing unit within the Hawk B-1 lease, with common ownership, but the production is shared with the owners that are different within the offsetting leases that might be affected by that well's production.

These agreements allow for the sharing of production in such a way as to result in "diverse ownership" of that production. That production is also taken and stored on lease at the Hawk B-1 Tank Battery located in Unit K of Section 9.

- i. Those specific wells are further identified on Exhibit "D" attached;
    - ii. The ownership for each of these wells is diverse and different as set forth on Exhibit "E"
  - c. Two additional wells: (a) the Hawk B-1 #69 (leaseline well) (Wantz-Abo Pool ID-62700) at an approved unorthodox well location on the Hawk B-1 lease having been drilled, completed and produced in accordance with a Communitization Agreement approved by the BLM and the working interest owners that allow for the sharing of production in such a way as to result in "diverse ownership" of that production; (b) The Hawk B-1 #70 "normal well" was recently drilled to the Wantz Abo Pool. Production from the Hawk B-1 #69 well is separately metered before being surface commingled with production from the Hawk B-1 #70 well. Further, the production from both wells is taken and stored on lease at the Hawk Federal B-1 Tank Battery located in Unit K of Section 9.
    - i. Those specific wells are further identified on Exhibit "F" attached;
    - ii. The ownership for each of these wells is diverse and is set forth on Exhibit "G".
  - d. One non-consent well, the Hawk B-1 #55 (Penrose Skelly-Grayburg Pool), is located on the Hawk B-1 lease at a standard well location. The diverse ownership of this well is a result of certain working interest owners going non-consent in the drilling of the well. Consequently, the ownership of this well is diverse until payout. The production from this well is taken and stored on lease at the Hawk B-1 Tank Battery located in Unit K of Section 9.
    - i. This specific well is further identified on Exhibit "H" attached;
    - ii. The ownership for this well is diverse and is set forth on Exhibit "I".
- (7) **The Hawk B-1 and Hawk Federal B-1 Tank Battery Facility Diagram** is attached and shown as Exhibit "J".
- (8) **Affected Wellbores and Effect Date:** Attached to this application are Exhibits "B", "D", "F" and "H", which list the affected wellbores by well name and number and further provides the API number, the date that each well's production was first commingled at the surface, each well's current daily production rate and reference to any associated regulatory orders and/or agreements pertaining to a certain well.

- (9) **Notice:** Notice has been given to all interest owners in accordance with Subsection C of 19.15.12.10 NMAC. Attached, as Exhibit "C", "E", "G" and "I".
- (10) **Process Flow Through the Hawk B-1 Battery:** The Hawk B-1 battery currently consists of a free water knock out, a heater treater, two test separators, a fluid scrubber, two 500 bbl steel oil storage tanks, a LACT meter run, two water storage tanks and two gas sales meters along with associated piping and valves between vessels. Oil, water, and gas production enters the battery at the production header through individual well flow lines. The production stream from each well is then directed through either a common pool line or through one of two test lines by virtue of a valve system at the production header.
- (11) **Process Flow Through the Hawk Federal B-1 Battery:** The Hawk Federal B-1 battery currently consists of two 3-phase test separators, a gas scrubber, a heater treater, two 400 bbl steel oil storage tanks, two water storage tanks (same two water storage tanks as are mentioned in the Process Flow Through the Hawk B-1 Battery) and one common gas sales meter. Production from the Hawk B-1 #69 and Hawk B-1 #70 Abo wells both enter a common header system, which isolates each well from the other via a valve system. Each well's production first enters their own 3-phase separator where oil, gas & water are all individually metered by well. The two gas streams are then commingled and sent through a gas scrubber prior to a common gas sales meter. Oil production from the two separators is then commingled and sent through a common heater treater prior to storage in the common oil tanks before being trucked to sales. Water production from both separators is sent to the common water storage tanks prior to trucking to disposal. The heater treater is only fired during the colder months with gas from the common scrubber prior to sales.
- (12) **Apache's Monthly Allocation Method:**
- a. Each day, two wells are tested for a 24-hour period through one of two test separators that measure oil, water, and gas production. Oil is metered and then sent through the heater treater prior to storage in one of the two 500 BBL storage tanks. Periodically the oil is then sold through the LACT meter at the battery. Water is metered and then sent to one of two 500 BBL water tanks prior to pumping to disposal. Gas is metered through a meter run with an orifice plate prior to flowing through one of two gas sales meters.
  - b. All other wells (that are not in test on that day) are directed through the pool line to the free water knock out and the heater treater in order to separate the oil and gas for sales, and water for disposal.

- c. Oil and gas production volumes are then allocated back to each individual well based on the well tests that were recorded each month in proportion to the monthly oil and gas sales that were attributed to the Hawk B-1 battery.

(13) **Cost Reduction:** Apache is requesting a hearing to permit commingling of oil and gas production from the Hawk B-1 lease wells with diverse ownership and allocate production to the wells based upon monthly well tests. An exception to 19.15.12.9 NMAC is necessary to prevent waste and promote conservation by utilizing the existing tank battery equipment to process oil and gas, thereby reducing the incremental investment capital that would be needed to install separate metering vessels for each well with diverse interests. An exception to 19.15.12.9 NMAC would also prevent waste and promote conservation by reducing the lease operating expense to maintain the number of individual test separators necessary for all wells with diverse ownership.

(14) **Marginal Production:**

- a. Most of the Hawk B-1 wells currently operate at a marginally economic level and keeping the operating cost at a minimum will allow the entire lease to have a much longer economic producing life. In turn this would result in ultimately recovering maximum reserves from this lease. **Attached as Exhibit "K" is a production summary.**
- b. Without permission to commingle the oil and gas production from the Hawk B-1 wells with diverse ownership and allocate production based upon monthly well tests, an additional 8 production separators with related metering equipment would have to be purchased and installed at an estimated cost of at least \$320,000. The maintenance costs for the additional equipment would also negatively impact each well's economics. The net effect of the required additional capital and operating expenses would be a decrease in the economic life of the lease, and an increase in oil and gas reserves left in the ground.

(15) **Beneficial Use of Fuel:** The fuel gas for the Hawk B-1 heater treater comes directly off of the free water knock out from the wells. This vessel is fired year round and benefits only the production from the Hawk B-1 Lease wells.

(16) **Prevention of Waste:** An exception to 19.15.12.9 NMAC would prevent waste and promote conservation by utilizing the existing production facilities to process oil and gas. Utilizing the existing equipment would benefit all of the working interest owners in the Hawk B-1 lease by allowing them to recover reserves with less capital investment. Utilizing the existing equipment would

benefit all royalty interest owners by decreasing the operating expense on the lease, thereby extending the economic life of the lease and increasing royalty payments. In summary, lower capital and lower operating expenses mean longer life and more royalties over the life of the lease.

- (17) **Form C-107-B:** The applicant has attached a proposed Division Form C-107-B to this application as Exhibit "L".
- (18) **Future Wells:** Applicant also seeks authority to surface commingling future wells and add them to either its Hawk B-1 Federal Tank Battery or its Hawk B-1 Tank Battery.
- (19) **Hearing Date:** Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for January 24, 2013.
- (20) **In Summary,** Apache Corporation is seeking:

**HAWK B-1 TANK BATTERY:**

- (1) Surface commingling authority, retroactively to the date the wells were first commingled, for 32 wells producing from either or both the Penrose Skelly-Grayburg and East Hare-San Andres Pools on its Hawk B-1 Lease;
- (2) An exception to the metering requirements of Division Rule 19.15.12.10(C)(1) to allow allocation or production from diversely-owned wells on this lease by means of monthly well tests; and
- (3) Authority to add wells to this surface commingling approval at such time as new wells are drilled on the Hawk B-1 Lease. This may include wells drilled to the Penrose Skelly-Grayburg, East Hare-San Andres Pool, or other producing pools in this area.

**HAWK FEDERAL B-1 TANK BATTERY:**

- (1) Surface commingling authority, retroactive to the date the wells were first commingled, for the diversely owned Hawk B-1 Wells No. 69 and 70 producing from the Wantz-Abo Pool.
- (2) Since production from the Hawk B-1 Wells No. 69 & 70 are both being separately metered prior to commingling, an exception is requested only for surface commingling for the diversely owned wells, and no exception is requested for allocation by well tests.
- (3) Authority to add wells to this surface commingling approval at such time as new wells are drilled on the Hawk B-1 Lease. This may include wells drilled to the Penrose Skelly-Grayburg, East Hare-San Andres Pool, or other producing pools in this area.



WHEREFORE Applicant requests that this matter be set for hearing on January 24, 2013 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 


Earl E. DeBrine, Jr.  
Post Office Box 2168  
Bank of America Centre  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: (505) 848-1800

and

W. Thomas Kellahin  
KELLAHIN and KELLAHIN  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
Telephone: (505) 982-4285

Attorneys for Applicant

[illegible]

- 
- Hawk B-1 Lease Outline

**The large circles illustrate the lands described in the Cooperative Well Agreement for each Leaseline Well**

*Apache*

Exhibit "B"  
Request for Surface Commingling  
Hawk B-1 Lease  
Normal Well List

**NORMAL LEASE WELLS (COMMON INTEREST OWNERSHIP)**

Apache Property No.	Well Name	API	Proration Unit Letter	Current Producing Reservoir	Pool Code	Current Producing Status	Current Daily BBLs	Current Daily MCF	NGLs	Date Surface Commingled	WI	NRI	NSL Order No.	Link to NSL Order
19037801	Hawk Federal B-1 #6	30-025-09907	Sec 9: N	Hare; San Andres, East	96801	Producing	2	107	See total	1955	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #12	30-025-06435	Sec 8: O	Penrose Skelly; Grayburg	50350	Producing	6	77	See total	1952	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #18	30-025-35795	Sec 8: P	Penrose Skelly; Grayburg	50350	Producing	1	49	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #19	30-025-35796	Sec 9: M	Penrose Skelly; Grayburg	50350	Producing	2	40	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #20	30-025-35876	Sec 9: L	Penrose Skelly; Grayburg	50350	Producing	4	22	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #21	30-025-35877	Sec 8: I	Penrose Skelly; Grayburg	50350	Producing	1	40	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #22	30-025-35878	Sec 8: J	Penrose Skelly; Grayburg	50350	Producing	1	108	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #23	30-025-35879	Sec 9: C	Penrose Skelly; Grayburg	50350	Producing	3	43	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #24	30-025-35797	Sec 9: F	Penrose Skelly; Grayburg	50350	Producing	6	71	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #25	30-025-35798	Sec 9: J	Penrose Skelly; Grayburg	50350	Producing	3	57	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #26	30-025-35799	Sec 9: K	Penrose Skelly; Grayburg	50350	Producing	2	49	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #27	30-025-35806	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	1	69	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #28	30-025-35880	Sec 9: O	Penrose Skelly; Grayburg	50350	Producing	3	74	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #29	30-025-35807	Sec 8: K	Penrose Skelly; Grayburg	50350	Producing	3	76	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #30	30-025-35881	Sec 9: I	Penrose Skelly; Grayburg	50350	Producing	3	52	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #31	30-025-35882	Sec 9: N	Penrose Skelly; Grayburg	50350	Producing	1	31	See total	2002	75.0000%	65.6250%	N/A	
19037801	Hawk Federal B-1 #32	30-025-38158	Sec 8: I	Penrose Skelly; Grayburg	50350	Producing	4	39	See total	2003	75.0000%	65.6250%	NSL-4840 (SD)	<a href="#">NSL ORDER HAWK B-1 #32 GRAYBURG</a>
19037801	Hawk Federal B-1 #36	30-025-36530	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	3	51	See total	2004	75.0000%	65.6250%	NSL-4955 (SD)	<a href="#">NSL ORDER HAWK B-1 #36 GRAYBURG</a>
19037801	Hawk Federal B-1 #36	30-025-36530	Sec 9: P	Hare; San Andres, East	96801	Producing	1	65	See total	2010	75.0000%	65.6250%	NSL-4955-B (SD)	<a href="#">NSL ORDER HAWK B-1 #36 SAN ANDRES</a>
19037801	Hawk Federal B-1 #38	30-025-36531	Sec 9: O	Penrose Skelly; Grayburg	50350	Producing	1	70	See total	2004	75.0000%	65.6250%	DHC-4234	<a href="#">DHC ORDER HAWK B-1 #36</a>
19037801	Hawk Federal B-1 #39	30-025-38532	Sec 8: P	Penrose Skelly; Grayburg	50350	Producing	1	59	See total	2004	75.0000%	65.6250%	NSL-4959 (SD)	<a href="#">NSL ORDER HAWK B-1 #38 GRAYBURG</a>
19037801	Hawk Federal B-1 #40	30-025-36533	Sec 9: M	Penrose Skelly; Grayburg	50350	Producing	2	63	See total	2004	75.0000%	65.6250%	NSL-4954 (SD)	<a href="#">NSL ORDER HAWK B-1 #39 GRAYBURG</a>
	Hawk Federal B-1 #40	30-025-36533	Sec 9: M	Hare; San Andres, East	96801	Producing	2	63	See total	2010	75.0000%	65.6250%	NSL-4956 (SD)	<a href="#">NSL ORDER HAWK B-1 #40 GRAYBURG</a>
01483001	Hawk Federal B-1 #50	30-025-38014	Sec 8: I	Penrose Skelly; Grayburg	50350	Producing	8	34	See total	2006	75.0000%	65.6250%	DHC-4231	<a href="#">NSL ORDER HAWK B-1 #40 CORRECTION</a>
01483001	Hawk Federal B-1 #51	30-025-37997	Sec 8: N	Penrose Skelly; Grayburg	50350	Producing	4	72	See total	2006	75.0000%	65.6250%	NSL-4958-A (SD)	<a href="#">NSL ORDER HAWK B-1 #40 SAN ANDRES</a>
01483001	Hawk Federal B-1 #52	30-025-37998	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	26	See total	2006	75.0000%	65.6250%	DHC-4231	<a href="#">DHC ORDER HAWK B-1 #40</a>
01483001	Hawk Federal B-1 #52	30-025-37998	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	26	See total	2006	75.0000%	65.6250%	NSL-5387 (SD)	<a href="#">NSL ORDER HAWK B-1 #51 GRAYBURG</a>
01483001	Hawk Federal B-1 #52	30-025-37998	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	26	See total	2006	75.0000%	65.6250%	NSL-4955-C (SD)	<a href="#">NSL ORDER HAWK B-1 #51 CORRECTION</a>
01483001	Hawk Federal B-1 #52	30-025-37998	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	26	See total	2006	75.0000%	65.6250%	NSL-4955-C (SD)	<a href="#">NSL ORDER HAWK B-1 #52</a>
01483001	Hawk Federal B-1 #52	30-025-37998	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	26	See total	2006	75.0000%	65.6250%	NSL-4955-C (SD)	<a href="#">NSL ORDER HAWK B-1 #52 CORRECTION 1</a>
01483001	Hawk Federal B-1 #52	30-025-37998	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	26	See total	2006	75.0000%	65.6250%	NSL-4955-C (SD)	<a href="#">NSL ORDER HAWK B-1 #52 CORRECTION 2</a>
01908101	Hawk Federal B-1 #68	30-025-38959	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	3	52	See total	2008	75.0000%	65.6250%	N/A	

132

Total Current Daily NGLs from Normal Wells

Exhibit "C"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Normal Wells

**WORKING INTEREST OWNERS:**

APACHE CORPORATION 75%  
303 VETERANS AIRPARK LANE  
SUITE 3000  
MIDLAND, TX 79705

CHEVRON USA INC 25%  
ATTN: NOJV Group  
PO BOX 2100  
HOUSTON, TX 77252

**ROYALTY INTEREST OWNER(S):**

OFFICE OF NATURAL RESOURCES REVENUE  
PO BOX 25627  
DENVER, CO 80225-0627

Exhibit "D"  
Request for Surface Commingling  
Hawk B-1 Lease  
Leaseline Well List

**LEASLINE WELLS (DIVERSE OWNERSHIP)**

Well Name	API	Proration Unit Letter	Current Producing Reservoir	Pool Code	Current Producing Status	Current Daily BBLs	Current Daily MCF	Current Daily NGLs	Date Surface Commingled	WI	NRI	NSL Order No.	Link to NSL Order	Comments
Hawk Federal B-1 #33	30-025-36683	Sec 9: L	Penrose Skelly; Grayburg	50350	Producing	5	64	6	6/9/2004	75.0000%	84.2101%	NSL-5026-A	<a href="#">NSL ORDER HAWK B-1 #33 GRAYBURG</a>	Well is subject to Cooperative Well Agreement, dated December 1, 2003 (Federal Contract No. <a href="#">NMNM111011</a> ). BLM and Working Interest Owners approved commingling production between Apache's Hawk B-1 Federal Lease No. NMNM-90161 and Apache's Hawk A Federal Lease No. NMLC-031741A.
Hawk Federal B-1 #35	30-025-36662	Sec 9: P	Penrose Skelly; Grayburg	50350	Producing	2	130	23	5/27/2004	42.4200%	37.1175%	NSL-4955-A (SD)	<a href="#">NSL ORDER HAWK B-1 #35 GRAYBURG</a>	Well is subject to Cooperative Well Agreement, dated December 1, 2003 (Federal Contract No. <a href="#">NMNM111012</a> ). BLM, Working Interest Owners and Offset Operator approved commingling production between Apache's Hawk B-1 Federal Lease No. NMNM-90161 and Chevron's Leonard 'E' State Lease No. NM B0 4792
Hawk Federal B-1 #37	30-025-36686	Sec 9: I	Penrose Skelly; Grayburg	50350	Producing	3	33	3	6/15/2004	83.9200%	73.8481%	NSL-5032 (SD)	<a href="#">NSL ORDER HAWK B-1 #37 GRAYBURG</a>	Well is subject to Cooperative Well Agreement, dated December 1, 2003 (Federal Contract No. <a href="#">NMNM111013</a> ). BLM and Working Interest Owners approved commingling production between Apache's Hawk B-1 Federal Lease No. NMNM-90161 and Apache's Southland R royalty 'A' Fee Lease
Hawk Federal B-1 #41	30-025-36664	Sec 9: K	Penrose Skelly; Grayburg	50350	Producing	6	87	8	6/3/2004	79.9875%	70.2228%	NSL-5031 (SD)	<a href="#">NSL ORDER HAWK B-1 #41 GRAYBURG</a>	Well is subject to Cooperative Well Agreement, dated December 1, 2003 (Federal Contract No. <a href="#">NMNM111015</a> ). BLM and Working Interest Owners approved commingling production between Apache's Hawk B-1 Federal Lease No. NMNM-90161 and Apache's Southland R royalty 'A' Fee Lease
Hawk Federal B-1 #43	30-025-38173	Sec 9: F	Penrose Skelly; Grayburg	50350	Producing	20	48	5	2/9/2007	75.0000%	64.1873%	NSL-5488	<a href="#">NSL ORDER HAWK B-1 #43</a>	Well is subject to Cooperative Well Agreement, dated May 1, 2006 (Federal Contract No. <a href="#">NMNM116237</a> ). BLM and Working Interest Owners approved commingling production between Apache's Hawk B-1 Federal Lease Nos. NMNM-90161 and Apache's Hawk A Lease No. NMLC-031741A
Hawk Federal B-1 #58	30-025-38493	Sec 8: J	Penrose Skelly; Grayburg	50350	Producing	4	89	9	9/25/2007	75.0000%	62.9458%	NSL-5669	<a href="#">NSL ORDER HAWK B-1 #58</a>	Well is subject to Cooperative Well Agreement, dated May 1, 2007 (Federal Contract No. <a href="#">NMNM116318</a> ). BLM and Working Interest Owners approved commingling production between Apache's Hawk B-1 Federal Lease No. NMNM-90161 and Apache's Hawk A Federal Lease No. NMLC-031741A

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

**HAWK B-1 #33**

Hawk B-1 Lease Allocation	72.69%
Hawk A Lease Allocation	27.31%
Apache Corporation	50.00% WI
ZPZ Delaware I LLC	25.00% WI*
Chevron U.S.A., Inc.	25.00% WI
Office of Natural Resources Revenue	12.5% RI

**HAWK B-1 #43**

Hawk B-1 Lease Allocation	74.44%
Hawk A Lease Allocation	25.56%
Apache Corporation	50.00% WI
ZPZ Delaware I LLC	25.00% WI*
Chevron U.S.A., Inc.	25.00% WI
Office of Natural Resources Revenue	12.5% RI

**HAWK B-1 #58**

Hawk B-1 Lease Allocation	52.37%
Hawk A Lease Allocation	47.63%
Apache Corporation	50.00% WI
ZPZ Delaware I LLC	25.00% WI*
Chevron U.S.A., Inc.	25.00% WI
Office of Natural Resources Revenue	12.5% RI

\* ZPZ Delaware I LLC is a wholly owned subsidiary of Apache Corporation

**OVERRIDING ROYALTY INTEREST OWNERS in the HAWK B-1 #33, #43 and #58 Wellbores:**

ALLIE M LEE TRUST  
WELLS FARGO BANK NA TRUSTEE  
PO BOX 40909  
AUSTIN, TX 78704-0016

ANN E PERKINS  
803 JUNIPERO SERRA  
STOCKTON, CA 95210

BETTY KYTE DREESSEN IRREV TST  
INGRID DREESSEN POWELL TR  
PO BOX 1665  
LOS ALTOS, CA 94022

BOYS CLUB OF AMERICA  
NATIONAL HEADQUARTERS  
1275 PEACHTREE ST NE  
ATLANTA, GA 30309-3506

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

CECIL BOND KYTE  
PO BOX 30864  
SANTA BARBARA, CA 93130

CECILE MARIE DREESSEN  
PO BOX 1696  
POULSBORO, WA 98370

CHARLES H COLL  
P O BOX 1818  
ROSWELL, NM 88202-1818

CHARLES R HAWK  
6466 262ND RD  
EFFINGHAM, KS 66023-4186

CHOSEN PEOPLE MINISTRIES INC  
1300 CROSS BEAM DR  
CHARLOTTE, NC 28217

CLARKE C COLL  
PO BOX 1818  
ROSWELL, NM 88202-1818

DAVID MCINTOSH – UNKNOWN ADDRESS  
PAY TX COMPTROLLER OF PUB ACCT  
UNCLAIMED PROPERTY SECTION  
PO BOX 12019  
AUSTIN, TX 78711-2019

DERRILE PEABODY  
2477 CENTRAL PARK DRIVE  
LODI, CA 95242

DIANA J SOLARSKI  
6320 KALEE DR  
AMARILLO, TX 79109

EDWARD T DREESSEN JR  
PO BOX 830  
PALO CEDRO, CA 96073

ELKS NATIONAL FOUNDATION  
ATTN JIM OKELLY DIRECTOR  
2750 N LAKEVIEW AVE  
CHICAGO, IL 60614-2256

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

ELLEN HIGLEY  
6640 N W PARK PLAZA DRIVE  
KANSAS CITY, MO 64151

ELLIOTT INDUSTRIES  
PO BOX 1328  
SANTA FE, NM 87504

ELLIOTT-HALL CO  
ATTN: GEORGE HALL  
P O BOX 1231  
OGDEN, UT 84402

ERIC J COLL  
PO BOX 1818  
ROSWELL, NM 88202-1818

FLOYD J & DORIS C SUTTON REV LIVING TRST DTD 5/3/90  
ATTN: FLOYD J OR DORIS C SUTTON  
1100 PACIFIC CT  
ATCHISON, KS 66002-2774

FOREST HOME INC  
c/o DAVID CARLSON CFO  
40000 VALLEY OF THE FALLS  
FOREST FALLS, CA 92339

GERALD DALE HIGLEY  
13521 GREEN CEDAR LN  
OKLAHOMA CITY, OK 73131

HAZEL K SHOEMAKER  
2100 N E 140 APT 307A  
EDMOND, OK 73013

HELEN L WASER REVOC LIV TR 4 1 93  
HELEN L WASER TRUSTEE  
20055 306TH RD  
ATCHISON, KS 66002-8235

HIEH THI NGO NGUYEN  
27753 WHITTINGTON RD  
MENIFEE, CA 92584

INGRID DREESSEN POWELL  
PO BOX 416  
LOS ALTOS, CA 94023



Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

JAMES C UNDERWOOD  
303 E 400  
MULLINVILLE, KS 67109

JOHN BLUMBERG  
123 E STANTON RD  
ANDOVER, KS 67002

JON F COLL  
P O BOX 1818  
ROSWELL, NM 88202-1818

JON F COLL II  
7335 WALLA WALLA  
SAN ANTONIO, TX 78250

JON F COLL II  
7335 WALLA WALLA  
SAN ANTONIO, TX 78250

KATHRYN ANN PRICE  
1148 BRIARCLIFF  
WICHITA, KS 67207

KEVIN K LEONARD CHILD'S TRUST  
KEVIN K LEONARD, TRUSTEE  
PO BOX 50688  
MIDLAND, TX 79710-0688

LARRY BLUMBERG  
2344 ARBOR LAKE CT  
HENDERSON, NV 89044

MARGARET F EMERY  
16 EMERY ROAD  
CLAYTON, NM 88415

MARLENA K WEISHAAR, INDIVIDUALLY AND AS  
TRUSTEE OF THE MARLENA K WEISHAAR REV TRUST  
917 S E 42ND TERRACE  
TOPEKA, KS 66609-1657

MAX COLL II  
83 LA BARBERIA TRAIL  
SANTA FE, NM 87505-9008

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

MAX W COLL III  
7625-2 EL CENTRO BLVD  
LAS CRUCES, NM 88012

MELANIE COLL DETEMPLE  
5653 TOBIAS AVE  
VAN NUYS, CA 91411

MICHAEL KYLE LEONARD CHILD'S TRUST  
MICHAEL KYLE LEONARD, TRUSTEE  
PO BOX 2625  
EAGLE PASS, TX 78853

MOLLY M AZOPARDI, INDIVIALLY AND AS  
TRUSTEE FOR THE MOLLY M AZOPARDI CHILD'S TRUST  
PO BOX 620  
WIMBERLY, TX 78676

PATRICK LEONARD CHILD'S TRUST  
PATRICK LEONARD, TRUSTEE  
PO BOX 700633  
SAN ANTONIO, TX 78270

PERRY H UNDERWOOD  
PO BOX 304  
OSAWATOMIE, KS 66064

R JANE EPPES  
BOX 962  
FLIPPIN, AR 72634

RAYMOND FOSTER REV LIVING TRST  
PO BOX 231  
HORTON, KS 66439

REX BLUMBERG  
294 SUNSET LN  
HENDERSON, NC 27537-5081

ROBERT J LEONARD  
THE LEONARD TRUST DTD 11-10-93  
P O BOX 400  
ROSWELL, NM 88202-0400

ROBERT KNIGHT  
c/o J ROBERT SHINE POA  
8003 COUNTY ROAD 6910  
LUBBOCK, TX 79407

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

ROBERTA BUCKELEW  
2762 STEELE CANYON RD  
RANCHO SAN DIEGO, CA 92019

SABINE ROYALTY TRUST  
LBX 840887  
DALLAS, TX 75284-0887

SALLY RODGERS  
1528 ARROYO HONDO ROAD  
SANTA FE, NM 87508

SHANNON C LEONARD CHILD'S TRUST  
SHANNON C LEONARD, TRUSTEE  
1018 SUNSET CANYON DR N  
DRIPPING SPRINGS, TX 78620

SHRINERS HOSPITALS FOR CHILDREN  
c/o THE NORTHERN TRUST COMPANY  
PO BOX 226270  
DALLAS, TX 75222-6270

STANLEY WHITE  
PO BOX 1533  
OVERGAARD, AZ 85933

THE BISHOP WIPPLE SCHOOLS  
ADDRESS UNKNOWN

THE HAWK TRUST  
WILMA J HAWK TRUSTEE  
408 COLORADO STREET  
HIGHLAND, KS 66035

THOMAS CARLTON HIGLEY  
3812 PARAMOUNT BLVD  
AMARILLO, TX 79109

UNIVERSITY OF NEW MEXICO REGENTS  
c/o DIRECTOR OF REAL ESTATE MSC06 3595  
2811 CAMPUS BLVD NE  
ALBUQUERQUE, NM 87131

WILBUR C HIGLEY JR – UNKNOWN ADDRESS  
PAY TX COMPTROLLER OF PUB ACCT  
UNCLAIMED PROPERTYSECTION  
PO BOX 12019  
AUSTIN, TX 78711-2019

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

**HAWK B-1 #35**

Hawk B-1 Lease Allocation	56.56%
Leonard 'E' State Lease Allocation	43.44%
Apache Corporation	28.28% WI
ZPZ Delaware I LLC	14.14% WI*
Chevron U.S.A., Inc.	57.58% WI
Office of Natural Resources Revenue	7.07005% RI
State of New Mexico	5.42995% RI

\* ZPZ Delaware I LLC is a wholly owned subsidiary of Apache Corporation

**THERE ARE NO OVERRIDING ROYALTY INTEREST OWNERS in the HAWK B-1 #35 Wellbore**

**HAWK B-1 #37**

Hawk B-1 Lease Allocation	64.32%
Southland Royalty 'A' Lease Allocation	35.68%
Apache Corporation	67.84% WI
ZPZ Delaware I LLC	16.08% WI*
Chevron U.S.A., Inc.	16.08% WI
Office of Natural Resources Revenue	8.04% RI

**HAWK B-1 #41**

Hawk B-1 Lease Allocation	80.05%
Southland Royalty 'A' Lease Allocation	19.95%
Apache Corporation	59.975% WI
ZPZ Delaware I LLC	20.0125% WI*
Chevron U.S.A., Inc.	20.0125% WI
Office of Natural Resources Revenue	10.00625% RI

\* ZPZ Delaware I LLC is a wholly owned subsidiary of Apache Corporation

**OVERRIDING ROYALTY INTEREST OWNERS in the HAWK B-1 #37 and #41 Wellbores:**

ALBERT D WHITE JR  
2402 SWEETWATER COUNTRY CLUB DR  
APOPKA, FL 32712

ANNA BESS CALFIN  
MIKE M CALFIN POA  
3412 56TH ST  
LUBBOCK, TX 79413-4747

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

BETTY OWENS DOLPH  
2913 LIVE OAK DRIVE  
ROWLETT, TX 75088

BEVERLY B BLAIR  
2635 BAMBOO DR  
LAKE HAVASU CITY, AZ 86403

BILL J MARKHAM ESTATE TRUST  
ROSEMARIE MARKHAM TRUSTEE  
PO BOX 716  
RUIDOSO, NM 88355

BURLINGTON RESOURCES OIL & GAS CO LP  
c/o CONOCOPHILLIPS COMPANY  
P.O. BOX 2197  
HOUSTON, TX 77252-2197

C B JR MARKHAM ESTATE TRUST DTD 5-21-87  
DTD 5-21-87 DONNA EDWARDS TTEE  
2512 METZGAR RD SW  
ALBUQUERQUE, NM 87105-6336

CLARENCE RICHARD MARKHAM FAMILY TRUST  
CLARENCE R. & JOYCE S. MARKHAM, TRUSTEES  
3110-38TH STREET  
LUBBOCK, TX 79413

COLLEGE OF THE SOUTHWEST  
6610 LOVINGTON HWY  
HOBBS, NM 88240-9120

DONALD MARSHALL MARKHAM FAMILY DTD 4-12-95  
DONALD MARSHALL TTEE  
PO BOX 241  
CENTER POINT, TX 78010-0241

DP OIL & GAS LLC  
1500 BROADWAY SUITE 1212  
LUBBOCK, TX 79401

ELDON K TURNER & RUEDELE S TURNER  
REVOCABLE LIVING TRUST  
8609 NICHOLS WAY  
N RICHLND HLS, TX 76180-5357

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

FAIRWAY OIL & GAS COMPANY  
P.O. BOX 845  
SPARTA, NJ 07871

GENE L DUKE & CLEBBIE F DUKE REV LIV TRST DTD 1/14/04  
8303 ROCHESTER AVE  
LUBBOCK, TX 79424

HERD PARTNERS LTD  
P O BOX 130  
MIDLAND, TX 79702-0130

HERSHEL T & JUDY B OWENS REVOC LIVING TRUST  
HERSHEL & JUDY OWENS TRUSTEES  
9702 E 90TH CT N  
OWASSO, OK 74055-7270

J L BURKE III  
8928 MEADOW KNOLL DRIVE  
DALLAS, TX 75243

JAMES M OWENS  
P O BOX 1003  
DUMAS, TX 79029-1003

JAMES RUSSELL PROCTOR  
145 N MCRAE LANE  
ST DAVID, AZ 85630

JANET E CARTER  
2918 LIVE OAK DRIVE  
ROWLETT, TX 75088

JOHN REDFERN III  
P O BOX 50890  
MIDLAND, TX 79710

JULIA BENHAM TESTAMENTARY TRST  
ALLEN W VILLEMARETTE TRUSTEE  
10157 S RUNNYMEDE PL  
BATON ROUGE, LA 70815

KATHERINE A KECK  
1801 AVE OF THE STARS STE 446  
LOS ANGELES, CA 90067-5906

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

KNOTT TRUST  
LAURIE A KNOTT TTEES  
2713 N GOLD CT  
HOBBS, NM 88240

LANA OWENS  
764 WILDWOOD TRAIL  
WEATHERFORD, TX 76085

MARILYN BURKE SALTER  
20031 82 AVE W  
EDMONDS, WA 98026

MONTGOMERY PETROLEUM INC  
4925 GREENVILLE AVE STE 915  
DALLAS, TX 75206

NANCY I FARMER  
5136 E 35TH STREET  
TULSA, OK 74135

NM O&G LTD  
JIM CONE GENERAL PARTNER  
PO BOX 10217  
LUBBOCK, TX 79408

RONALD O HOLMAN  
5949 SHERRY LANE STE 1700  
DALLAS, TX 75225

SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY  
c/o BAPTIST FOUNDATION OF TX  
1601 ELM ST STE 1700  
DALLAS, TX 75201-4741

TEXAS TECHNOLOGICAL UNIVERSITY  
PO BOX 45025  
LUBBOCK, TX 79409-5025

THE OHIO STATE UNIVERSITY  
PLANNING AND REAL ESTATE  
53 W 11TH AVE  
COLUMBUS, OH 43201

THE TEXAS A&M UNIV SYSTEM ON BEHALF OF WEST TX ST UNIV  
A&M SYSTEM BUILDING  
200 TECHNOLOGY WAY STE 2003  
COLLEGE STATION, TX 77845

Exhibit "E"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Leaseline Wells

WAIKIKI PARTNERS LP  
P O BOX 2127  
MIDLAND, TX 79702-2127

WILLIAM RAY PROCTOR  
PO BOX 7156  
ODESSA, TX 79760-7156



Exhibit "F"  
Request for Surface Commingling  
Hawk B-1 Lease  
Abo Well List

LEASELINE WELL

Property No.	Well Name	API	Proration Unit Letter	Current Producing Reservoir	Pool Code	Current Producing Status	Current Daily BBLs	Current Daily MCF	Current Daily NGLs	Date Surface Commingled	WI	NRI	NSL Order No.	NSL Order Link	Comments
01565301	Hawk Federal B-1 #69	30-025-40458	Sec 8: J	Wantz; Abo	62700	Producing	61	206	16	6/20/2012	75.0000%	63.5775%	NSL-6504	Not imaged yet	Production from this well is separately metered before flowing to Hawk Federal B-1 Battery. This Well is subject to Federal Communitization Agreement, dated February 1, 2012 (Federal Contract No. <u>NM128074</u> ). BLM and Working Interest Owners approved commingling production between Apache's Hawk B-1 Federal Lease No. NMNM-90161 and Apache's Hawk A Federal Lease No. NMLC-031741A.

NORMAL LEASE WELL

Property No.	Well Name	API	Proration Unit Letter	Current Producing Reservoir	Pool Code	Current Producing Status	Current Daily BBLs	Current Daily MCF	Current Daily NGLs	Date Surface Commingled	WI	NRI	NSL Order No.	NSL Order Link	Comments
1719101	Hawk Federal B-1 #70	30-025-40678	Sec 8: K	Wantz; Abo	62700	Producing	21	533	N/A	10/23/2012	75.0000%	65.6250%	N/A		

Exhibit "G"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Abo Wells

**HAWK B-1 #69 (Leaseline Abo Well)**

Hawk B-1 Lease Allocation	63.60%
Hawk A Lease Allocation	36.40%
Apache Corporation	50.00% WI
ZPZ Delaware I LLC	25.00% WI*
Chevron U.S.A., Inc.	25.00% WI
Office of Natural Resources Revenue	12.5% RI

\* ZPZ Delaware I LLC is a wholly owned subsidiary of Apache Corporation

**OVERRIDING ROYALTY INTEREST OWNERS in the HAWK B-1 #69 Wellbore:**

ALLIE M LEE TRUST  
WELLS FARGO BANK NA TRUSTEE  
PO BOX 40909  
AUSTIN, TX 78704-0016

ANN E PERKINS  
803 JUNIPERO SERRA  
STOCKTON, CA 95210

BETTY KYTE DREESSEN IRREV TST  
INGRID DREESSEN POWELL TR  
PO BOX 1665  
LOS ALTOS, CA 94022

BOYS CLUB OF AMERICA  
NATIONAL HEADQUARTERS  
1275 PEACHTREE ST NE  
ATLANTA, GA 30309-3506

CECIL BOND KYTE  
PO BOX 30864  
SANTA BARBARA, CA 93130

CECILE MARIE DREESSEN  
PO BOX 1696  
POULSBORO, WA 98370

CHARLES H COLL  
P O BOX 1818  
ROSWELL, NM 88202-1818

CHARLES R HAWK  
6466 262ND RD  
EFFINGHAM, KS 66023-4186

Exhibit "G"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Abo Wells

CHOSEN PEOPLE MINISTRIES INC  
1300 CROSS BEAM DR  
CHARLOTTE, NC 28217

CLARKE C COLL  
PO BOX 1818  
ROSWELL, NM 88202-1818

DAVID MCINTOSH – UNKNOWN ADDRESS  
PAY TX COMPTROLLER OF PUB ACCT  
UNCLAIMED PROPERTY SECTION  
PO BOX 12019  
AUSTIN, TX 78711-2019

DERRIL E PEABODY  
2477 CENTRAL PARK DRIVE  
LODI, CA 95242

DIANA J SOLARSKI  
6320 KALEE DR  
AMARILLO, TX 79109

EDWARD T DREESSEN JR  
PO BOX 830  
PALO CEDRO, CA 96073

ELKS NATIONAL FOUNDATION  
ATTN JIM OKELLY DIRECTOR  
2750 N LAKEVIEW AVE  
CHICAGO, IL 60614-2256

ELLEN HIGLEY  
6640 N W PARK PLAZA DRIVE  
KANSAS CITY, MO 64151

ELLIOTT INDUSTRIES  
PO BOX 1328  
SANTA FE, NM 87504

ELLIOTT-HALL CO  
ATTN: GEORGE HALL  
P O BOX 1231  
OGDEN, UT 84402

ERIC J COLL  
PO BOX 1818  
ROSWELL, NM 88202-1818

Exhibit "G"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Abo Wells

FLOYD J & DORIS C SUTTON REV LIVING TRST DTD 5/3/90  
ATTN: FLOYD J OR DORIS C SUTTON  
1100 PACIFIC CT  
ATCHISON, KS 66002-2774

FOREST HOME INC  
c/o DAVID CARLSON CFO  
40000 VALLEY OF THE FALLS  
FOREST FALLS, CA 92339

GERALD DALE HIGLEY  
13521 GREEN CEDAR LN  
OKLAHOMA CITY, OK 73131

HAZEL K SHOEMAKER  
2100 N E 140 APT 307A  
EDMOND, OK 73013

HELEN L WASER REVOC LIV TR 4 1 93  
HELEN L WASER TRUSTEE  
20055 306TH RD  
ATCHISON, KS 66002-8235

HIEN THI NGO NGUYEN  
27753 WHITTINGTON RD  
MENIFEE, CA 92584

INGRID DREESSEN POWELL  
PO BOX 416  
LOS ALTOS, CA 94023

JAMES C UNDERWOOD  
303 E 400  
MULLINVILLE, KS 67109

JOHN BLUMBERG  
123 E STANTON RD  
ANDOVER, KS 67002

JON F COLL  
P O BOX 1818  
ROSWELL, NM 88202-1818

JON F COLL II  
7335 WALLA WALLA  
SAN ANTONIO, TX 78250

Exhibit "G"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Abo Wells

JON F COLL II  
7335 WALLA WALLA  
SAN ANTONIO, TX 78250

KATHRYN ANN PRICE  
1148 BRIARCLIFF  
WICHITA, KS 67207

KEVIN K LEONARD CHILD'S TRUST  
KEVIN K LEONARD, TRUSTEE  
PO BOX 50688  
MIDLAND, TX 79710-0688

LARRY BLUMBERG  
2344 ARBOR LAKE CT  
HENDERSON, NV 89044

MARGARET F EMERY  
16 EMERY ROAD  
CLAYTON, NM 88415

MARLENA K WEISHAAR, INDIVIDUALLY AND AS  
TRUSTEE OF THE MARLENA K WEISHAAR REV TRUST  
917 S E 42ND TERRACE  
TOPEKA, KS 66609-1657

MAX COLL II  
83 LA BARBERIA TRAIL  
SANTA FE, NM 87505-9008

MAX W COLL III  
7625-2 EL CENTRO BLVD  
LAS CRUCES, NM 88012

MELANIE COLL DETEMPLE  
5653 TOBIAS AVE  
VAN NUYS, CA 91411

MICHAEL KYLE LEONARD CHILD'S TRUST  
MICHAEL KYLE LEONARD, TRUSTEE  
PO BOX 2625  
EAGLE PASS, TX 78853

MOLLY M AZOPARDI, INDIVIDUALLY AND AS  
TRUSTEE FOR THE MOLLY M AZOPARDI CHILD'S TRUST  
PO BOX 620  
WIMBERLY, TX 78676

Exhibit "G"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Abo Wells

PATRICK LEONARD CHILD'S TRUST  
PATRICK LEONARD, TRUSTEE  
PO BOX 700633  
SAN ANTONIO, TX 78270

PERRY H UNDERWOOD  
PO BOX 304  
OSAWATOMIE, KS 66064

R JANE EPPES  
BOX 962  
FLIPPIN, AR 72634

RAYMOND FOSTER REV LIVING TRST  
PO BOX 231  
HORTON, KS 66439

REX BLUMBERG  
294 SUNSET LN  
HENDERSON, NC 27537-5081

ROBERT J LEONARD  
THE LEONARD TRUST DTD 11-10-93  
P O BOX 400  
ROSWELL, NM 88202-0400

ROBERT KNIGHT  
c/o J ROBERT SHINE POA  
8003 COUNTY ROAD 6910  
LUBBOCK, TX 79407

ROBERTA BUCKELEW  
2762 STEELE CANYON RD  
RANCHO SAN DIEGO, CA 92019

SABINE ROYALTY TRUST  
LBX 840887  
DALLAS, TX 75284-0887

SALLY RODGERS  
152B ARROYO HONDO ROAD  
SANTA FE, NM 87508

SHANNON C LEONARD CHILD'S TRUST  
SHANNON C LEONARD, TRUSTEE  
1018 SUNSET CANYON DR N  
DRIPPING SPRINGS, TX 78620

Exhibit "G"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Abo Wells

SHRINERS HOSPITALS FOR CHILDREN  
c/o THE NORTHERN TRUST COMPANY  
PO BOX 226270  
DALLAS, TX 75222-6270

STANLEY WHITE  
PO BOX 1533  
OVERGAARD, AZ 85933

THE BISHOP WIPPLE SCHOOLS  
ADDRESS UNKNOWN

THE HAWK TRUST  
WILMA J HAWK TRUSTEE  
408 COLORADO STREET  
HIGHLAND, KS 66035

THOMAS CARLTON HIGLEY  
3812 PARAMOUNT BLVD  
AMARILLO, TX 79109

UNIVERSITY OF NEW MEXICO REGENTS  
c/o DIRECTOR OF REAL ESTATE MSC06 3595  
2811 CAMPUS BLVD NE  
ALBUQUERQUE, NM 87131

WILBUR C HIGLEY JR – UNKNOWN ADDRESS  
PAY TX COMPTROLLER OF PUB ACCT  
UNCLAIMED PROPERTYSECTION  
PO BOX 12019  
AUSTIN, TX 78711-2019

**HAWK B-1 #70 (Normal Abo Well)**

Apache Corporation	50% WI
ZPZ Delaware I LLC	25% WI*
Chevron U.S.A., Inc.	25% WI
Office of Natural Resources Revenue	12.5% RI

\* ZPZ Delaware I LLC is a wholly owned subsidiary of Apache Corporation

Exhibit "H"  
Request for Surface Commingling  
Hawk B-1 Lease  
Non-Consent Well List

**NON-CONSENT WELL (DIVERSE OWNERSHIP UNTIL PAYOUT)**

Apache Property No.	Well Name	API	Proration Unit Letter	Current Producing Reservoir	Pool Code	Current Producing Status	Current Daily BBLs	Current Daily MCF	Current Daily NGLs	Date Surface Commingled	WI	NRI	NSL Order No.	Comments
01649001	Hawk Federal B-1 #55	30-025-39511	Sec 8: K	Penrose Skelly; Grayburg	50350	Producing	2	46	7	11/18/2009	100%	87.5%	N/A	Revenue Interest ownership is common with the Normal Lease Wells, but Working Interest ownership differs while well is in Before Payout status.



Exhibit "I"  
Hawk B-1 Lease  
Request for Surface Commingling  
Ownership of Non-Consent Well

**WORKING INTEREST OWNERS:**

APACHE CORPORATION 100%  
303 VETERANS AIRPARK LANE  
SUITE 3000  
MIDLAND, TX 79705

CHEVRON USA INC 0% Before Payout (25% After Payout)  
ATTN: NOJV Group  
PO BOX 2100  
HOUSTON, TX 77252

**ROYALTY INTEREST OWNER(S):**

OFFICE OF NATURAL RESOURCES REVENUE  
PO BOX 25627  
DENVER, CO 80225-0627



Exhibit "K"  
Hawk B-1 Lease  
Request for Surface Commingling  
Production Summary

Continuing to allocate production by monthly well test will not increase operating expense or require any capital expenditure. These marginal wells will be able to produce maximum reserves until their economic limit is reached.

If separate metering equipment is required, an immediate capital expense of +/- \$40,000 per well will be required to purchase and install a test separator on the following 7 wells: Hawk B-1 #33, #35, #37, #41, #43, #55 & #58, plus 1 test separator for the Normal Wells (8 test separators total). With the exception of well #43 (20 BOPD & 48 MCFD), the rest of the wells' production averages range from 2 - 6 BOPD and 35 - 135 MCF/D. Payout of the capital expenditure alone would be between 4 - 5 months assuming current realized product prices of \$90 / BO and \$2.70 / MCF. At least 3 of the wells (#35, #37 & #55) may not be economically able to withstand this expense.

In addition to the capital expenditure, an estimated increase of \$2,000 per year in operating expense would be incurred primarily through calibration of the oil, water & gas meters on each vessel. This additional cost would also cause the above wells to reach their economic limit much sooner.

Apache ran economic cases for the Hawk B-1 Lease comparing the remaining reserves producing the wells As Is allocating production by well tests versus installing individual metering vessels. The results are as follows:

	<u>MBO</u>	<u>MMCF</u>	<u>MBO NGL</u>	<u>\$M PV(12)</u>	<u>Life (Yrs)</u>	<u>Capital Cost \$M</u>	<u>Op Exp/Yr</u>
As Is Case	138.7	1,170.6	162.9	2,287.6	11.7	0	0
<u>Indiv. Sep</u>	<u>124.9</u>	<u>1,054.1</u>	<u>146.7</u>	<u>1,699.9</u>	<u>10.0</u>	<u>320</u>	<u>2,000</u>
Loss	13.8	116.5	16.2	587.7	1.7		

Should Apache install individual separators at a total cost of \$320K with an additional \$2,000 per year per well operating cost, the life of the lease will be shortened by almost 2 years with a potential economic loss of 13.8 MBO, 116.5 MMCFG, 16.2 MBO NGLs and \$587,700 loss in present value.

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., 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-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: APACHE CORPORATION  
OPERATOR ADDRESS: 303 VETERANS AIRPARK LANE, STE 3000, MIDLAND, TX 79705  
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☐ Yes ☒ No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.  
(4) Measurement type: ☐ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Pool Name and Code.  
(2) Is all production from same source of supply? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☐ Metering ☒ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

TYPE OR PRINT NAME \_\_\_\_\_ TELEPHONE NO.: \_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_

**EXHIBIT**

L