

DATE IN <u>1.1.12</u>	SUSPENSE	ENGINEER <u>WWT</u>	LOGGED IN <u>1.6.12</u>	TYPE <u>BHC</u>	APP NO. <u>1200651257</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Apache 873

VED OOD

FW Walden #17

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-40208

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

Application Acronyms:

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

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

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

Check One Only for [B] or [C]

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

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

[D] Other: Specify _____

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

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

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

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

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

REESA HOLLAND
 Print or Type Name

Reesa Holland
 Signature

SR STAFF ENGR TECH
 Title

1/4/2012
 Date

Reesa.Holland@apachecorp.com
 e-mail Address

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Apache Corporation 303 Veterans Airpark Lane Ste 3000 Midland TX 79705
Operator Address
E W Walden 017 L 15 22S 37E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 873 Property Code 26467 API No. 30-025-40208 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinebry Oil & Gas (Oil)	Tubb Oil & Gas (Oil)	Drinkard
Pool Code	6660	60240	19190
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5687'-5877' (Perf)	5990'-6129' (Perf)	6402'-6531' (Perf)
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)	N/A	N/A	N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35 degrees	40 degrees	39 degrees
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: See attached Rates: Offset Production	Date: See attached Rates: Offset Production	Date: See attached Rates: Offset Production
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 24 % 39 %	Oil Gas 15 % 24 %	Oil Gas 52 % 26 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☐ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

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

PRE-APPROVED POOLS

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

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

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

SIGNATURE Reesa Holland TITLE Sr Staff Engr Tech DATE 1/4/2012

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

E-MAIL ADDRESS Reesa.Holland@apachecorp.com

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Apache Corporation 303 Veterans Airpark Lane Ste 3000 Midland TX 79705
Operator Address
E W Walden 017 L 15 22S 37E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 873 Property Code 26467 API No. 30-025-40208 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wantz; Abo		
Pool Code	62700		
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6658'-7224' (Perf)		
Method of Production (Flowing or 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)	N/A		
Oil Gravity or Gas BTU (Degree API or Gas BTU)	41 degrees		
Producing, Shut-In or New Zone	New Zone		
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: See attached Rates: Offset Production	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 9 % 11 %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

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

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

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:
List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Reesa Holland TITLE Sr Staff Engr Tech DATE 1/4/2014
TYPE OR PRINT NAME Reesa Holland TELEPHONE NO. (432) 818-1062
E-MAIL ADDRESS Reesa.Holland@apachecorp.com

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
June 19, 2008

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

WELL API NO. 30-025-40208
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name EW Walden
8. Well Number 017
9. OGRID Number 873
10. Pool name or Wildcat BliO&G-Oil/TubbO&G-Oil/Drnkrd/Wantz;Abo

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other:	
2. Name of Operator Apache Corporation	
3. Address of Operator 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705	
4. Well Location Unit Letter L : 2140 feet from the South line and 1200 feet from the West line Section 15 Township 22S Range 37E NMPM County Lea	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3399' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☒			
OTHER: ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Apache requests permission to DHC, per the following:

Pool Names:	Blinebry Oil & Gas (Oil)	6660	Perforations:	Blinebry	5687'-5877'
	Tubb Oil & Gas (Oil)	60240		Tubb	5990'-6129'
	Drinkard	19190		Drinkard	6402'-6531'
	Wantz; Abo	62700		Abo	6658'-7224'

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

	OIL	GAS	WTR
Blinebry	24%	39%	57%
Tubb	15%	24%	6%
Drinkard	52%	26%	21%
Abo	9%	11%	16%

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

Spud Date: 10/07/2011

Rig Release Date: 10/15/2011

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

SIGNATURE Reesa Holland TITLE Sr. Staff Engr Tech DATE 12/28/2011

Type or print name Reesa Holland E-mail address: Reesa.Holland@apachecorp.com PHONE: 432/818-1062

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

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

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 30-025-40208	Pool Code 66660	Pool Name BLUEBRY O+G (OIL)
Property Code 26467	Property Name E.W. WALDEN	Well Number 017
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3399

Surface Location

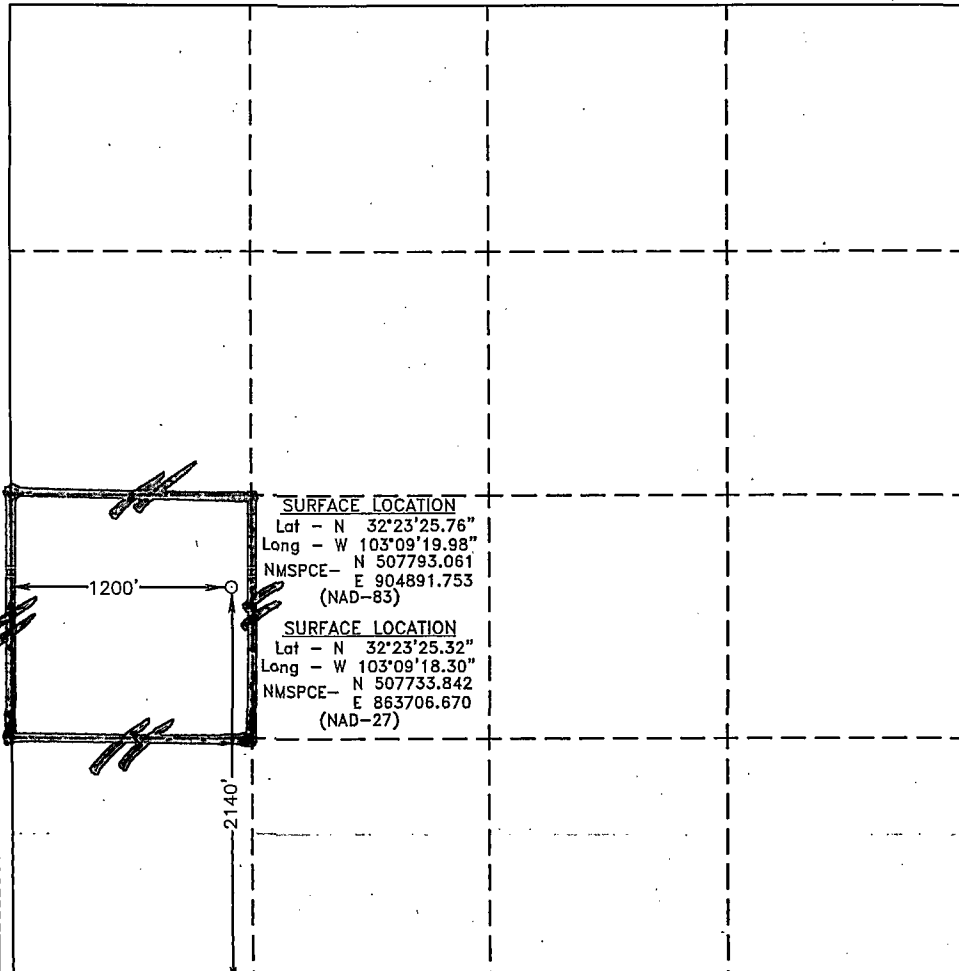
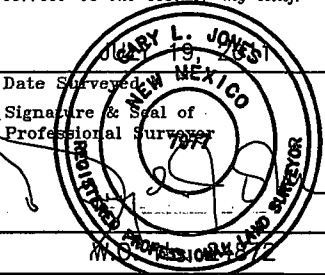
UL or lot No. L	Section 15	Township 22 S	Range 37 E	Lot Idn	Feet from the 2140	North/South line SOUTH	Feet from the 1200	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

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.
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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. <i>Reesa Holland</i> 12/28/11 Signature Date REESEA HOLLAND Printed Name <i>Reesa.Holland@apachecorp.com</i> 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 24872
--	--

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

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 30-025-40208	Pool Code 60240	Pool Name TUBBOIL+GAS(OIL)
Property Code 26467	Property Name E.W. WALDEN	Well Number 017
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3399

Surface Location

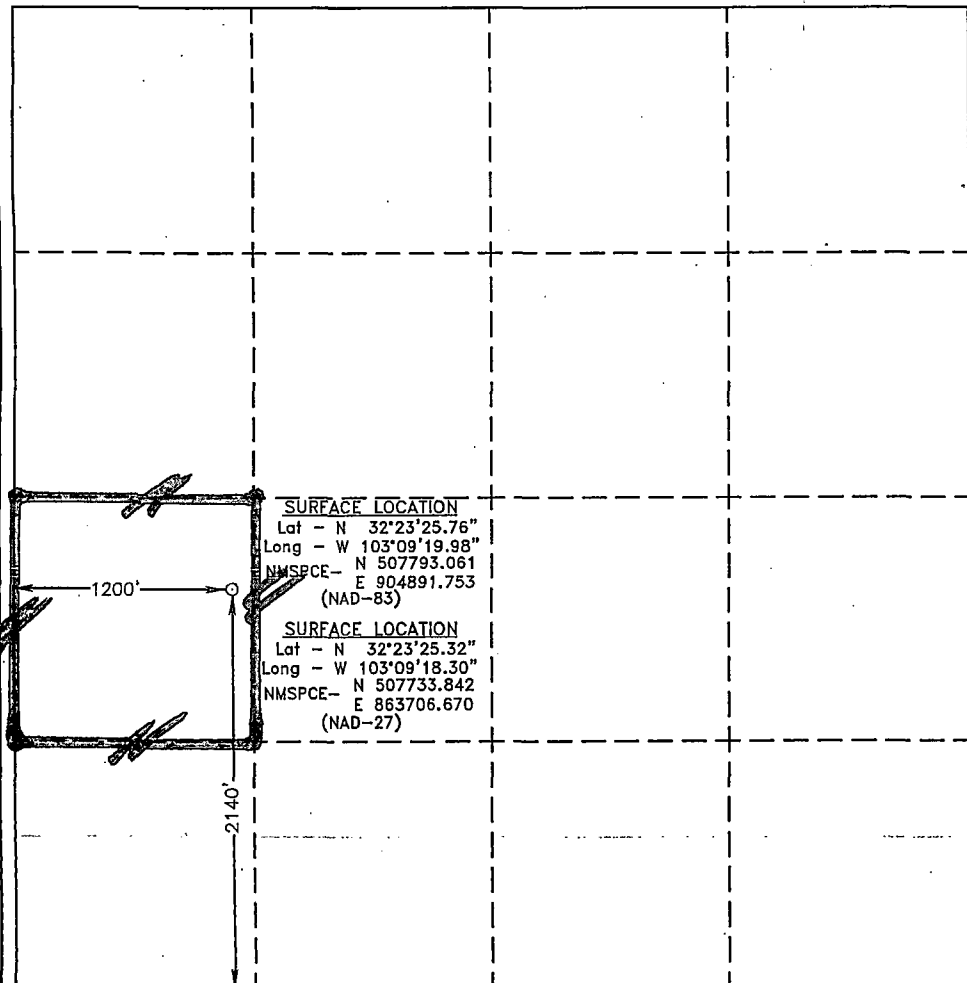
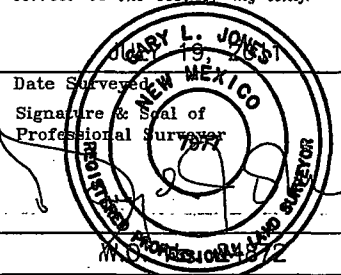
UL or lot No. L	Section 15	Township 22 S	Range 37 E	Lot Idn	Feet from the 2140	North/South line SOUTH	Feet from the 1200	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

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.
------------------------------	-----------------	--------------------	-----------

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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. <i>Reesa Holland</i> 12/28/11 Signature Date REESEA HOLLAND Printed Name <i>Reesa.Holland@apachecorp.com</i> 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 24872
--	---

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40208	Pool Code 19190	Pool Name DRINKARD
Property Code 26467	Property Name E.W. WALDEN	Well Number 017
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3399

Surface Location

UL or lot No. L	Section 15	Township 22 S	Range 37 E	Lot Idn	Feet from the 2140	North/South line SOUTH	Feet from the 1200	East/West line WEST	County LEA
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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.					

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. <i>Reesa Holland</i> 12/28/11 Signature Date REESEA HOLLAND Printed Name <i>Reesa.Holland@apachecorp.com</i> 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 24872
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Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40208	Pool Code 62700	Pool Name WANTZ; ABO
Property Code 26467	Property Name E.W. WALDEN	Well Number 017
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3399

Surface Location

UL or lot No. L	Section 15	Township 22 S	Range 37 E	Lot Idn	Feet from the 2140	North/South line SOUTH	Feet from the 1200	East/West line WEST	County LEA
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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.						

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. <i>Reesa Holland</i> 12/28/11 Signature Date REESEA HOLLAND Printed Name <i>Reesa.Holland@apachecorp.com</i> 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 24872
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December 28, 2011

Mr. Will Jones
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-4225

RE: Application for Exception to Rule 303-C – Downhole Commingling
EW Walden #17 API 30-025-40208
Unit L, Section 15, T22S, R37E
Blinebry Oil & Gas (Oil) 6660, Tubb Oil & Gas (Oil) 60240, Drinkard (19190) &
Wantz; Abo (62700)
Lea County, New Mexico

Dear Mr. Kautz,

Enclosed please find form C-107A 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.

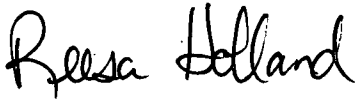
The main reason for using this method is based on economics and minimizing reservoir damage. Past completion practices had all three zones perforated and fracture stimulated during one full week. Each zone was isolated by a retrievable bridge plug to allow for production testing of each zone for allocation 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 Engineering Technician

		Cum Oil (BBL)				Cum Gas (MCF)				Cum Water (BBL)					
Lease Name	Well Number	10DIGITAPI	Location	Blinetry	Tub	Drinkard	Abo	Blinetry	Tub	Drinkard	Abo	Blinetry	Tub	Drinkard	Abo
J L GREENWOOD	1	3002510122	9P 22S 37E			130684				135691				72	
J L GREENWOOD	8	3002510129	9K 22S 37E C NE SW	53784		2404		258959		661320		67619		5729	
J L GREENWOOD	9	3002510130	9J 22S 37E	34813	8696	2363		1048410	165529	749656		23901	6906	5586	
J L GREENWOOD	10	3002510131	9P 22S 37E NW SE SE	15285	3902	2623		296092	66850	775686		38226	9331	2433	
J L GREENWOOD	11	3002510132	9I 22S 37E	24914		166941	3719	4259346		581267	344690	3919		3678	
J L GREENWOOD	12	3002510133	9O 22S 37E	23607			2008	510913			41925	18752		1300	
J L GREENWOOD	13	3002510134	9L 22S 37E	9838	17630	81095	6657	3096667	583821		416293	10384	1262	4423	
J L GREENWOOD	15	3002510136	9M 22S 37E	161631		70579		896104		608114		651959		2050	
BRUNSON ARGO	1	3002510137	9B 22S 37E	56728	563	69769		2210404	5020			19986			
BRUNSON ARGO	9	3002510141	9B 22S 37E			7421				889634				2654	
BRUNSON ARGO	10	3002510142	9G 22S 37E	12293		17003		395764		1802812		52059		5774	
BRUNSON ARGO	12	3002510144	9H 22S 37E NE SE NE	4650		115752		229743		455060		186763		1297	
BRUNSON ARGO	13	3002510145	9A 22S 37E	33073	18777	110336		2507724	951158	1128475		163838	1902	7998	
PENROSE	3	3002510147	9E 22S 37E SW NW			14487				694283				35353	
PENROSE	4	3002510148	9E 22S 37E C SW NW			189283				3569571				14201	
ELLIOTT B 9	5	3002510149	9C 22S 37E		4410				1572996				2557		
PENROSE FEDERAL	1	3002510150	9F 22S 37E	26610		15262		760342		624865		17858		2457	
ELLIOTT B 9	4	3002510151	9C 22S 37E			32624				2989569				44124	
ELLIOTT B 9	5	3002510152	9C 22S 37E	83550	3421			2212506	919994			74633	1154		
ELLIOTT B 9	3	3002510154	9D 22S 37E	14720		40375		738230				21626		2464	
A B BAKER	3	3002510157	10I 22S 37E	15559	16597	55704		1798987	1682624	2931184			171	351	
A B BAKER	4	3002510158	10P 22S 37E NW SE SE	3381	1091	124524		2424851	21797	1919282		4028	3419	16554	
ROLLON BRUNSON	4	3002510161	10G 22S 37E	33681		111270		3141082		2445987		15697		1111	
ROLLON BRUNSON	6	3002510162	10B 22S 37E NW NW NE	2391	235	108920		519827	370251	2299699		3132	334	1508	
EAVES	3	3002510165	10A 22S 37E		11706		6603		351690		1112171		10490		4266
BAKER B	7	3002510166	10J 22S 37E		10552	183341		2403189		3107665			2118	6144	
EAVES	5	3002510168	10H 22S 37E	28155	39035	122485		1766839	3365910	2082413		44521	413	1724	
EAVES	6	3002510169	10A 22S 37E	38941		92408		6663443		3442136		24364		2573	
BRUNSON ARGO	6	3002510174	10E 22S 37E	19524	17130	32368		5876003	1040650	692286		14315		2407	
BRUNSON ARGO	15	3002510176	10F 22S 37E		10171	135813		1375669		3977575		10048		44268	
BRUNSON ARGO	17	3002510178	10D 22S 37E	5580	1683	113841		398621	127311	1609039		8303	5963	7691	
BRUNSON ARGO	18	3002510179	10C 22S 37E	13926		110823		1101075		2608725		20290		5940	
BAKER B	5	3002510186	10N 22S 37E			1399				45771				4087	
BAKER B	6	3002510187	10M 22S 37E			176107	313			2767212	9948			33476	2336
BAKER B	8	3002510188	10K 22S 37E	1215		183374		1055741		1699697		985		9904	
BAKER B	9	3002510189	10L 22S 37E			184996				1557766				4912	
BAKER B	11	3002510191	10O 22S 37E			222141				6628754				34174	
BAKER B	13	3002510193	10L 22S 37E	4086	2517			498866	175441			7167	2614	9118	
BAKER B	14	3002510194	10M 22S 37E	4412				146227				71612			
BAKER B	15	3002510195	10J 22S 37E	66021	41967			11126996	3395678			15904			
S E LONG	2	3002510202	11J 22S 37E			12418				6607130				11469	
S E LONG	3	3002510203	11O 22S 37E SW SE			8165	20118			1541242	237590			4215	19909
S E LONG	5	3002510206	11O 22S 37E	23526	846	94769		2126287	26959	425264		21244	972	1003	
S E LONG	7	3002510208	11J 22S 37E S2 NE SE	10801	8257	73226		1256399	150466	2594398		20704	3690	5667	
S E LONG	8	3002510209	11J 22S 37E	24773	32724	7770		9368342	4659886			15428	1573		
LOU WORTHAN	4	3002510213	11G 22S 37E	138508				1515805				1658			
LOU WORTHAN	5	3002510214	11C 22S 37E	51063				3287473				639			
LOU WORTHAN	11	3002510215	11F 22S 37E		25244				5121640				916		
LOU WORTHAN	9	3002510218	11E 22S 37E NW SW NW	51787	25960	16876		13745127	4314370			1479	240		
LOU WORTHAN	10	3002510219	11D 22S 37E		35479	77281			1199444	3493034			2313	1207	
LOU WORTHAN	11	3002510220	11F 22S 37E NE SE NW	3961	33046	44374		396537	4723419	1962743		2386	2863	8380	
LOU WORTHAN	12	3002510221	11H 22S 37E	63959		28872		14433257		279248		677			
THOMAS LONG	1	3002510222	11N 22S 37E SE NW			110775				4061907				7642	
THOMAS LONG	2	3002510223	11M 22S 37E			99831				4593466				3527	
THOMAS LONG	3	3002510224	11K 22S 37E			101291				4245229				3378	
THOMAS LONG	4	3002510225	11L 22S 37E			98408				3787654				3506	
THOMAS LONG	5	3002510230	11N 22S 37E	35761	24949			8261377	5774176			8166	9161		
HUGH	1	3002510257	14D 22S 37E	9058		8950	1036	1214724		1250674	766159	3392		1542	2072
HUGH	3	3002510259	14B 22S 37E	37853		181611		582693		2329786		44381		6940	
HUGH	4	3002510260	14A 22S 37E	36014	22018	173438		1120977	3768254	774241		43519	794	1033	
HUGH	5	3002510261	14F 22S 37E	17		99430	96424	385548		1258098	1966107	1245		5048	25912
HUGH	6	3002510262	14H 22S 37E W2 SE NE	35053	9227	78026		6416665	382862	870550		8429	17221	1038	
PARKS	2	3002510263	14M 22S 37E SW SW	19419	433	216327		452815	6085	520696		24791	681	22345	
HUGH	7	3002510264	14C 22S 37E	95459	36749	32591		7891404	3031889			13193	862		
PARKS A	3	3002510265	14P 22S 37E	26974	99	88610	15766	1228545	6456	1118692	268432	7502	76	5071	6137
PARKS A	4	3002510267	14I 22S 37E	1744	74571	96402		16658	3489130	2191103		186		5615	
PARKS A	5	3002510268	14O 22S 37E	87360		73247		8016554		562976		10783		40186	
PARKS	6	3002510269	14L 22S 37E NW SW	46993	43622	5283		4778480	4011052	1403150		13	17	6434	
E W WALDEN	2	3002510270	15K 22S 37E	35881		77096		1806581		605082		60301		400	
E W WALDEN	3	3002510271	15N 22S 37E NE SE SW		4181				115564				6153		
E W WALDEN	4	3002510272	15L 22S 37E	24450		22935		216980		1864259		20781		203	
E W WALDEN	5	3002510273	15L 22S 37E		45793	82667			938872				11436		
E W WALDEN	6	3002510274	15M 22S 37E	35335	1272	131901		142759	27868	545864		120881		1875	
E W WALDEN	7	3002510275	15N 22S 37E	50169		105280		2912027		818229		51554		2295	
ELLIOTT B 15	1	3002510277	15G 22S 37E			1295		329341	110061	170016				4424	
ELLIOTT B 15	2	3002510279	15I 22S 37E			31014				854988				33068	
ELLIOTT B 15	3	3002510281	15J 22S 37E		51662	60742			2214464	1438688			4364	8045	
ELLIOTT A 15	4	3002510282	15O 22S 37E			146973				1485333				12678	
ELLIOTT A 15	5	3002510283	15P 22S 37E		17560				867329				9659		
ELLIOTT A 15	6	3002510284	15P 22S 37E	33539		114608		5377662		1331396		5097		24891	
WALDEN A	5	3002510291	15E 22S 37E SE SW NW	14075		86298		374259		778269		9811		24046	
ELLIOTT A 15	2	3002510293	15J 22S 37E SW NW SE		2970	131568			227472	3109005			871	17181	
ELLIOTT B 15	1	3002510294	15B 22S 37E			118431				2554744				32907	
WALDEN A	3	3002510301	15F 22S 37E SE SE NW	14086		171520		374318		815606		9852		70419	
ELLIOTT B 15	4	3002510302	15A 22S 37E	15317		75140		7915873		3051798		878		6275	
E W WALDEN	3	3002510304	15C 22S 37E	20703	106			6447284	741411			2507	31		
E W WALDEN	4	3002510305	15C 22S 37E		1782	149366				512755				1313	
E W WALDEN	7	3002510308	15D 22S 37E			70604			1239329	1787156			91	13310	
ELLIOTT B 15	1	3002510309	15H 22S 37E C SE NE			9442									
R E COLE NCT A	4	3002510316	16A 2												

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)				Cum Gas (MCF)				Cum Water (BBL)			
				Blinberry	Tubb	Drinkard	Abo	Blinberry	Tubb	Drinkard	Abo	Blinberry	Tubb	Drinkard	Abo
WILL CARY	4	3002510409	22E 22S 37E			34717				39244				8646	
WILL CARY	5	3002510410	22F 22S 37E	6026		4427		25220		52374		21408		8453	
WILL CARY	7	3002510412	22F 22S 37E	8625		43198		38768		29733		76237		1083	
WILL CARY	8	3002510413	22L 22S 37E			46069				1029176				47781	
J V BAKER	9	3002510415	22N 22S 37E NE SE SW	3319	3817	62906		35432	17944	458280		6307	7744	23379	
EUGENE WOOD	5	3002510420	22B 22S 37E	24422				859907				76549			
PENROSE SAND UT TR16	1	3002510423	23M 22S 37E			55119									
O I BOYD	2	3002510424	23O 22S 37E	13972		184787		125746		228608		19703		1692	
O I BOYD	3	3002510425	23K 22S 37E	17540		168163		4577269		242976		6354		2363	
BOYD	1	3002510426	23G 22S 37E			112927				1296887				3020	
BOYD	2	3002510427	23H 22S 37E	52641				8389538				4417			
BOYD	2Y	3002510428	23H 22S 37E	31731		106714		1616986		1782503		4368		4987	
BOYD	3	3002510429	23A 22S 37E C NE NE	34299	487	151337		1543311	24284	1191794		5184	147	25251	
BOYD	4	3002510430	23B 22S 37E			2157									
BOYD	5	3002510431	23B 22S 37E		24357	75822			2926717	1831241			1897	6231	
BOYD	2	3002510434	23D 22S 37E NW NW	7846	2524	31544		2663032	413416			4402	111		
OLLIE J BOYD	4	3002510436	23F 22S 37E SE NW	12751		70043		7014837		81949		956			
OLLIE J BOYD	5	3002510437	23E 22S 37E			51354				262517				1633	
BOYD	1	3002510438	23J 22S 37E			118812				1264158					
LEE	1	3002510439	23I 22S 37E NE SE	86543	1609	163687		6254502	30984	1675497		15852	484	1998	
S E LONG	6	3002511373	11P 22S 37E	22051		84273		913843		2558088		63638		15915	
A B BAKER	3	3002512574	10I 22S 37E		16400				1644934				17		
OLLIE I BOYD	1	3002521444	23N 22S 37E			30551				1338703				150	
HUGH	8	3002521625	14E 22S 37E SW SW NW	3703		39728		266324		3202818		5950		11715	
R E COLE NCT A	8	3002522109	16K 22S 37E	7423		15315		115866		456460		9394		21367	
R E COLE NCT A	9	3002522168	16N 22S 37E	32917		27603		364985		451450		68590		34452	
LEE	2	3002522253	23P 22S 37E	37364	555	178143		755149	13667	464203		8498	140	352261	
R E COLE NCT A	11	3002522382	16J 22S 37E C NW SE	28491		22069		444398		827866		9858		12604	
O I BOYD	4	3002522383	23O 22S 37E			19308				720540				52400	
BOYD	2	3002522508	23J 22S 37E			6307				344796				9810	
R E COLE NCT A	13	3002523044	16O 22S 37E			13217				441348				13484	
KARLES	1	3002523205	23L 22S 37E	5760		21553		360523		659161		13129		9284	
WALDEN	1	3002523581	21A 22S 37E			53611				1495360				161889	
POLARIS PARKS	7	3002524070	14K 22S 37E			7176		5943		2363060				3038	
PARKS A	8	3002524210	14J 22S 37E NW SE	3790		6874		119564		1413806		193		3936	
PARKS	9	3002524211	14N 22S 37E SE SW	36727	164	5645		1226724	3815	1300560		35854	43	807	
COSSATOT F	1	3002524279	23C 22S 37E			16881				2085817				4187	
COSSATOT F	3	3002524449	23D 22S 37E			16409				2552057				9693	
COSSATOT F	4	3002524532	23F 22S 37E			10487				2042238				2265	
J L GREENWOOD	17	3002524604	9P 22S 37E			8012				981365				8273	
HUGH	9	3002524637	14G 22S 37E	48400		7491		1304073		1019227		55499		990	
R E COLE NCT A	15	3002524763	16L 22S 37E E2 NW SW	19874		17236		301315		445926		995822		22006	
COSSATOT F	5	3002524913	23E 22S 37E			17890				2047592				8347	
LOU WORTHAN	13	3002524943	11C 22S 37E			2657	7752			2413342	1848369			3390	2236
HUGH	10	3002525003	14C 22S 37E SE NE NW		37180	14457	10233		3085062	3070045		437175	1081	10673	9524
COSSATOT L	1	3002525024	11N 22S 37E				354				2299				133
THOMAS LONG A	1	3002525052	11K 22S 37E	34046				1294584				22564			
HUGH	11	3002525069	14B 22S 37E N2 NW NE		671		34896		15174		1147824		2767		11597
THOMAS LONG A	2	3002525089	11L 22S 37E	29180				1090759				20735			
COSSATOT M	2	3002525095	11M 22S 37E NE SW SW				892				372154				2149
LOU WORTHAN	14	3002525255	11A 22S 37E NE NE	19926	319	6306		930971	546430	939727		12811	100	1432	
LOU WORTHAN	15	3002525304	11G 22S 37E		15227	3401	4442		688015	1869514	3122987		1686	4370	4297
R E COLE NCT A	16	3002525305	16G 22S 37E	33949		11281		389218		493185		59265		8585	
BAKER B	16	3002525312	10N 22S 37E SE SW	702	592	23		558409	75701	671678		1777	12325	72	
S E LONG	8	3002525322	11J 22S 37E NW SE		33236		1978		5573234		44905		1858		2574
R E COLE NCT A	17	3002525356	16P 22S 37E SW SE SE	13467		6399		179631		83673		67430		2838	
LOU WORTHAN	16	3002525383	11B 22S 37E		60295				646368				24815		
LOU WORTHAN	17	3002525405	11E 22S 37E			3232	7425			479626	2625956			4876	6388
MANDA	1	3002525438	21N 22S 37E	16160		47848		64240		148802		117151		140194	
LOU WORTHAN	18	3002525568	11H 22S 37E NW SE NE		122444		1661	1163573		251030		3501			973
R E COLE NCT A	18	3002525689	16M 22S 37E NE SW SW	10537		29898		54751		559547		50506		32145	
HUGH	12	3002525739	14H 22S 37E SE SE NE				24679			410007				30232	
HUGH	13	3002525906	14A 22S 37E SE NE NE		22810		18526	4490260		468643		992		15063	
HUGH	14	3002526122	14G 22S 37E			16118				351907				5432	
EAVES	7	3002526212	10H 22S 37E SE SE NE			1407				200484				5618	
R E COLE NCT A	21	3002526474	16B 22S 37E			25175				547278				26529	
R E COLE NCT A	22	3002526784	16A 22S 37E	44543				861589				111135			
HUGH	15	3002528292	14E 22S 37E		10176		17142		647776		1344038		6458		31199
OLLIE J BOYD	6	3002528449	23H 22S 37E N2 SE NE				16755				579784				10136
PARKS	10	3002528476	14K 22S 37E N2 NE SW	15837			28982	618159		269587		4323		7314	
PARKS A	12	3002528678	14I 22S 37E NE SE	29820			5713	1436175		96979		13620		90	
LOU WORTHAN	19	3002529469	11D 22S 37E NW NW	15309			2015	1167784		480578		3505		3155	
LOU WORTHAN	20	3002530285	11F 22S 37E SE NW				1397			1495159				4518	
J L GREENWOOD	16	3002530455	9N 22S 37E SE SW	78289				1106849				36443			
PENROSE FEDERAL	5	3002532510	9E 22S 37E SW NW	36648				1417151				15018			
OLLIE J BOYD	7	3002532757	23C 22S 37E NE NW	28932				547447				29890			
BAKER B	17	3002533117	10N 22S 37E			9090	10553			400446	352373			32425	30398
BAKER B	18	3002533376	10K 22S 37E				7576				240265				4455
LOU WORTHAN	21	3002533426	11B 22S 37E	32667			82	3445037			678671	2240			
A B BAKER	5	3002533528	10P 22S 37E				6166				1090097				5612
OLLIE J BOYD	8	3002533546	23E 22S 37E NW SW NW	4466				67073				4698			
A B BAKER	6	3002533794	10I 22S 37E	2691			1514	186077			90087	19800			9092
BRUNSON ARGO	20	3002533810	9A 22S 37E			9688	39767			195136	335440			23469	45370
BRUNSON ARGO	21	3002533824	10F 22S 37E	7071			716	822835			26557	11275			2221
BRUNSON ARGO	22	3002533825	10C 22S 37E SW NE NW				4315	6239		144062	615252			1025	36975
BRUNSON ARGO	23	3002533826	10E 22S 37E			4915	29802			379906	687346			2728	43032
BRUNSON ARGO	24	3002533827	9H 22S 37E				1414				7458				1162
BRUNSON ARGO	26	3002533994	10D 22S 37E S2 NW NW			5824	16325			74404	406507			1564	39141
THOMAS LONG A	3	3002534035	11M 22S 37E	25167				1128405				21145			
PARKS	13	3002534079	14J 22S 37E	33003	6		6	936312	419		419	35486	7		7
BOYD	8	3002534084	23G 22S 37E	11876				448739				3952			
BOYD	7	3002534088	23B 22S 37E W2 NW NE	52272	2355			691276	30253			17333	717		
ELLIOTT B	3	3002534120	15H 22S 37E	7449	78	4655		368054	3331	314398	1664	21610		8048	
SARAH JOHNST															

Lease Name	Well Number	10DIGITAP	Location	Cum Oil (BBL)				Cum Gas (MCF)				Cum Water (BBL)			
				Blinebry	Tubb	Drinkard	Abo	Blinebry	Tubb	Drinkard	Abo	Blinebry	Tubb	Drinkard	Abo
EUGENE WOOD	14	3002539687	22G 22S 37E SW NE	798	559	1839	2649	16853	10534	10113	14516	20110	3128	9831	25125
E W WALDEN	16	3002539696	15M 22S 37E NE SW	3329	2315	7387	1449	54192	35653	35652	17114	26111	2332	9792	8393
LOU WORTHAN	30	3002540080	11C 22S 37E	435	244	818	242	10092	7571	7010	3366	843	178	510	689
TOTALS				3,294,319	1,284,457	9,488,028	512,720	241,305,430	91,438,380	190,172,765	26,604,925	4,678,250	245,534	2,137,158	521,774
AVERAGES				27,453	17,358	60,821	10,464	1,977,913	1,219,178	1,302,553	532,099	40,330	3,665	15,050	11,102

Proposed Allocations	Oil	Gas	Water
Blinebry	24%	39%	57%
Tubb	15%	24%	6%
Drinkard	52%	26%	21%
Abo	9%	11%	16%
TOTAL	100%	100%	100%