

Order Number

DHE
HOB-512

API Number

30-025-39899

Operator

Apache Corp

County

Lea

Order Date

2-7-13

Well Name

V. Laughlin

Number

8

Location

C

UL

9

Sec

20S

T (+Dir)

37E

R (+Dir)

Pool 1

47090

Monument Tubb

Oil %

12%

Gas %

15%

Pool 2

57000

Skaggs Drinkard

88%

85%

Pool 3

Pool 4

Comments:

Posted in RBDM 5 02-06-2013 CHM

DOWNHOLE COMMINGLE CALCULATIONS:

DHC-HOB-512
30-025-39899

OPERATOR: Apache Corporation

PROPERTY NAME: V. Laughlin

WNULSTR: B-C-9-205-37E

| SECTION I: | | ALLOWABLE AMOUNT | |
|------------|------------------------|------------------|------------------------|
| POOL NO. 1 | <u>Monument Tubb</u> | <u>222</u> | <u>2220</u> MCF |
| POOL NO. 2 | <u>Skaggs Drinkard</u> | <u>142</u> | <u>1420</u> MCF |
| POOL NO. 3 | _____ | _____ | _____ MCF |
| POOL NO. 4 | _____ | _____ | _____ MCF |
| | | POOL TOTALS | <u>364</u> <u>3640</u> |

| SECTION II: | | | |
|-------------|------------------------|----------------------------|------------|
| POOL NO. 1 | <u>Monument Tubb</u> | <u>Oil</u> | <u>Gas</u> |
| | | <u>12%</u> | <u>15%</u> |
| POOL NO. 2 | <u>Skaggs Drinkard</u> | $88\% \times 364 = 320.32$ | <u>85%</u> |
| POOL NO. 3 | _____ | <u><320></u> | |
| POOL NO. 4 | _____ | | |

| | <u>OIL</u> | <u>GAS</u> |
|--------------|--------------------------|--------------------|
| SECTION III: | $88\% \div 142 = 161.36$ | <u><161></u> |

| SECTION IV: | | |
|-------------|----------------------------|--------------------|
| | $12\% \times 161 = 19.92$ | <u><20></u> |
| | $85\% \times 161 = 141.68$ | <u><142></u> |

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

Form C-103
 June 19, 2008

HOBBS OCD
FEB 04 2013

| |
|---|
| WELL API NO. 30-025-39899 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name V Laughlin |
| 8. Well Number 008 |
| 9. OGRID Number 873 |
| 10. Pool name or Wildcat Monument;Tubb(47090)/Skaggs;Drnk(57000) |

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 C : 950 feet from the North line and 2310 feet from the West line
 Section 9 Township 20S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3550' GR

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

| | | | |
|--|---|--|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> | | | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

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. **R-11363**

Apache would like to DHC the following pools:

| | |
|------------------------|----------------------|
| Pool Names: | Perforations: |
| Monument; Tubb 47090 | Tubb 6402'-6522' |
| Skaggs; Drinkard 57000 | Drinkard 6700'-6844' |

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

| | | | |
|----------|-----|-----|-------|
| | OIL | GAS | WATER |
| Tubb | 12% | 15% | 19% |
| Drinkard | 88% | 85% | 81% |

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

DHC-HOB-512

Spud Date: 11/27/2010

Rig Release Date: 12/13/2010

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 Reg Tech DATE 02/01/2013

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

For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE FEB 07 2013

Conditions of Approval (if any):

FEB 07 2013



February 1, 2013

Mr. Paul Kautz
New Mexico Oil Conservation Division
1625 N French Drive
Hobbs, New Mexico 88240

RE: Application for Exception to Rule 303-C – Downhole Commingling
V Laughlin #8 API 30-025-39899
Unit C, Section 9, T20S, R37E
Monument; Tubb (47090) & Skaggs; Drinkard (57000)
Lea County, New Mexico

Dear Mr. Kautz,

Enclosed please find form C-103 and attachments for downhole commingling the captioned well. The ownerships (WI, NRI and ORRI) of these pools are identical in this wellbore. The fluids from each of these pools are compatible as seen in other similar commingles in the area. Combining these fluids will not result in any damage to these pools. Commingling will improve the efficiency of present and future recovery operations. Cross flow will not be a problem due to having a production lift system capable of keeping the well pumped off thereby maximizing production. This commingling will not reduce the value of the total remaining production.

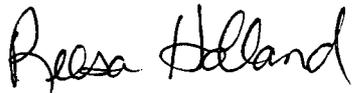
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the area of review. The totals for each phase were then divided by the number of wells associated with this pool yielding an average. This average was used to determine the percentage allocation.

The main reason for using this method is based on economics and minimizing reservoir damage. Past completion practices had all three zones perforated and fracture stimulated during one full week. Each zone was isolated by a retrievable bridge plug to allow for production testing of each zone for allocation purposes. This testing period lasted as long as one month before a stabilized rate was observed thus allowing the next zone to be brought on and tested. During this time period the completion fluids used were still confined to the other reservoirs causing gel damage. It is a common practice to get these fluids out of the wellbore as soon as possible to help maximize productivity. On a cost basis it is more expensive to have a completion rig move in and out multiple times to bring on each new zone. Several other factors such as weather, other new completions and regulatory well work may interfere with these new wells.

The area of review used encompasses what has been accepted as a good statistical representation for allocation purposes. By using this allocation method all zones will be brought online in a more effective and efficient manner. This will in turn generate a higher productive rate and quicker revenue streams not only for the operator but for the State of New Mexico too.

If you need additional information or have any questions, please give me a call at (432) 818-1062.

Sincerely,

A handwritten signature in black ink that reads "Reesa Holland". The signature is written in a cursive, flowing style.

**Reesa Holland
Sr. Staff Regulatory Technician**

V Laughlin #8
 30-025-39899
 Apache Corp.

| Lease Name | Well Number | 10DIGITAPI | Location | Cum Oil (BBL) | | Cum Gas (MCF) | | Cum Water (BBL) | |
|----------------------|-------------|------------|----------------------|---------------|----------------|----------------|------------------|-----------------|----------------|
| | | | | Tubb | Drinkard | Tubb | Drinkard | Tubb | Drinkard |
| PHILLIPS HOUSE STATE | 1 | 3002507725 | 20S 38E 2O | | 103291 | | 494100 | | 26177 |
| STATE U | 1 | 3002507727 | 20S 38E 2P | | 157611 | | 97687 | | 184324 |
| RUTH TERRY FURNEAUX | 1 | 3002521835 | 19S 38E 26D | | 41884 | | 634130 | | 9930 |
| MCNEIL | 1 | 3002526880 | 19S 38E 27A | | 12652 | | 159692 | | 11974 |
| WERTA FEDERAL | 1 | 3002527696 | 19S 38E 35O SW SE | 14640 | 11778 | 10262 | 24012 | 10929 | 29470 |
| L & M | 1 | 3002528287 | 20S 38E 2N C S2 SW | 10319 | 584 | 134601 | 2409 | 1684 | 1144 |
| CARDINAL | 1 | 3002529793 | 19S 38E 27G SW NE | | 20105 | | 367515 | | 5978 |
| EMERALD | 1 | 3002530027 | 19S 38E 25P SE SE | | 36250 | | | | 34617 |
| TIFFANY | 1 | 3002530589 | 19S 38E 26E SW NW | | 45344 | | 382700 | | 19066 |
| TIFFANY | 2 | 3002530656 | 19S 38E 26F SE NW | | 51820 | | 422043 | | 6456 |
| LIA | 1 | 3002530720 | 19S 38E 26L | 1087 | 20709 | 5467 | 148363 | 1653 | 23952 |
| TIFFANY | 3 | 3002530730 | 19S 38E 26C NE NW | | 26949 | | 224185 | | 3295 |
| NADINE 27 | 1 | 3002530804 | 19S 38E 27I NE SE | | 9381 | | 82314 | | 2951 |
| NADINE 25 | 1 | 3002531170 | 19S 38E 25K NE SW | | 72711 | | 178662 | | 260014 |
| REDTAG | 1 | 3002535333 | 20S 38E 2J NW NW SE | 4966 | 4740 | 16600 | 27237 | 26858 | 36068 |
| PLOW BOY FEDERAL | 1 | 3002536962 | 19S 38E 35J NW NW SE | 133 | 133 | 980 | 1159 | | |
| ROUND-UP | 1 | 3002537100 | 19S 38E 35H SW SE NE | | 9426 | | 20350 | | |
| SALEM | 1 | 3002537316 | 20S 38E 3A SE NE NE | | 8977 | | 25858 | | 4965 |
| SCHUBERT FARMS | 1 | 3002537548 | 19S 38E 25B NE NW NE | | 58 | | 1976 | | |
| L & M | 2 | 3002539450 | 20S 38E 2 | 1775 | 13427 | 45313 | 107628 | 8685 | 31852 |
| L & M | 3 | 3002539652 | 20S 38E 2 | 1671 | 12702 | 20361 | 48359 | 5186 | 18672 |
| REDTAG | 3 | 3002539655 | 20S 38E 2 | 2334 | 13641 | 17313 | 34633 | 15064 | 38415 |
| REDTAG | 4 | 3002539966 | 20S 38E 2K NE SW | 615 | 3603 | 18836 | 38398 | | |
| L & M | 8 | 3002540262 | 20S 38E 2N | 229 | 1744 | 2554 | 6067 | 1100 | 4036 |
| TOTALS | | | | 37,769 | 679,520 | 272,287 | 3,529,477 | 71,159 | 753,356 |
| AVERAGES | | | | 3,777 | 28,313 | 27,229 | 153,456 | 8,895 | 37,668 |

| Proposed Allocations | Oil | Gas | Water |
|----------------------|-------------|-------------|-------------|
| Tubb | 12% | 15% | 19% |
| Drinkard | 88% | 85% | 81% |
| TOTAL | 100% | 100% | 100% |

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office.

AMENDED REPORT

RECEIVED
HOBBS OCD
FEB 04 2013

DECLINED LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|---|--|--|---------------------------------|
| ¹ API Number 30-025-39899 | | ² Pool Code 47090 | | ³ Pool Name Monument; Tubb | |
| ⁴ Property Code 302374 | | ⁵ Property Name V Laughlin | | | ⁶ Well Number 008 |
| ⁷ OGRID No. 873 | | ⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705 | | | ⁹ Elevation 3550' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 09 | 20S | 37E | | 950 | North | 2310 | West | Lea |

¹¹ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

¹² Dedicated Acres: 40.00
¹³ Joint or Infill:
¹⁴ Consolidation Code:
¹⁵ Order No.: DAC-HOB-512

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | |
|----------------------|---|
| <p>¹⁶</p> | <p>¹⁷ 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 released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: Date: 01/30/2013</p> <p>Printed Name: Fatima Vasquez</p> <p>E-mail Address: Fatima.Vasquez@apachecorp.com</p> |
| | <p>¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: _____ Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: _____</p> |

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Phone: (505) 476-3460 Fax: (505) 476-3462

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FEB 04 2013

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|---|--|--|---------------------------------|
| ¹ API Number 30-025-39899 | | ² Pool Code 57000 | | ³ Pool Name Skaggs; Drinkard | |
| ⁴ Property Code 302374 | | ⁵ Property Name V Laughlin | | | ⁶ Well Number 008 |
| ⁷ OGRID No. 873 | | ⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705 | | | ⁹ Elevation 3550' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 09 | 20S | 37E | | 950 | North | 2310 | West | Lea |

¹¹ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--|-------------------------------|----------------------------------|---|
| ¹² Dedicated Acres 40.00 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. DAC-HOB-512 |
|--|-------------------------------|----------------------------------|---|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | |
|----------------------|---|
| <p>¹⁶</p> | <p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature: Date: 01/30/2013</p> <p>Printed Name: Fatima Vasquez</p> <p>E-mail Address: Fatima.Vasquez@apachecorp.com</p> |
| | <p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> |
| | <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p> |