

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

HOBBS OCD
AUG 24 2011

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

SUNDRY RECEIVED 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)		WELL API NO. 30-025-39284
1. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other:		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Apache Corporation		6. State Oil & Gas Lease No. NA
3. Address of Operator 303 Veterans Airpark Lane, Suite 3000 Midland TX 79705		7. Lease Name or Unit Agreement Name Bunin
4. Well Location Unit Letter D : 330 feet from the North line and 330 feet from the West line Section 18 Township 21S Range 38E NMPM County Lea		8. Well Number 007
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3482' GR		9. OGRID Number 873
		10. Pool name or Wildcat Blinebry O&G(Oil)/Tubb O&G(Oil)/Wantz;Abo

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. 2-11303

Pool Names:	Actual Perforations:
Blinebry Oil & Gas (Oil) 6660	Blinebry 5953'-6425'
Tubb Oil & Gas (Oil) 60240	Tubb 6543'-6736'
Wantz; Abo 62700	Abo 7331'-7370'

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

	OIL	GAS	Water
Blinebry	54%	73%	28%
Tubb	12%	14%	34%
Abo	34%	13%	38%

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

Spud Date: 05/28/2011 Rig Release Date: 06/07/2011

DHC-HOB-479

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

SIGNATURE Reesa Holland TITLE Sr. Engr Tech DATE 08/22/2011

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 AUG 25 2011

Conditions of Approval (if any):

AUG 29 2011

OK
11/13/10

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88211

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

AUG 24 2011
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39284	Pool Code 66660	Pool Name Blinberry Oil and Gas (oil)
Property Code 306053	Property Name BUNIN	Well Number 7
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3482'

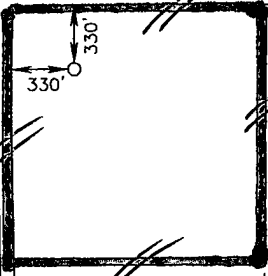
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	21-S	38-E		330	NORTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		Joint or Infill	Consolidation Code	Order No.					

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

	GEODETIC COORDINATES NAD 27 NME Y=542408.5 N X=878285.3 E LAT.=32.485212° N LONG.=103.106573° W LAT.=32°29'06.76" N LONG.=103°06'23.66" W	OPERATOR CERTIFICATION I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Sorina L. Flores</u> Date: <u>5/11/11</u> Printed Name: <u>Sorina L. Flores</u>	
		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: <u>NOVEMBER 6, 2008</u> Signature & Seal of Professional Surveyor: <u>Ronald J. Eidson</u> Certificate No. <u>12641</u> Gary Eidson Ronald J. Eidson <u>3239</u>	

HOBBS OCD

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

AUG 24 2011

Revised October 12, 2005

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

RECEIVED

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39284	Pool Code 60240	Pool Name Tubb Oil and Gas (Oil)
Property Code 306053	Property Name BUNIN	Well Number 7
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3482'

Surface Location

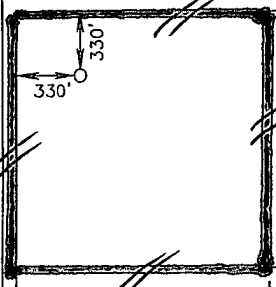
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	21-S	38-E		330	NORTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
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	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=542408.5 N X=878285.3 E</p> <p>LAT.=32.485212° N LONG.=103.106573° W</p> <p>LAT.=32°29'06.76" N LONG.=103°06'23.66" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Sorina L. Flores</u> 5/11/11 Signature Date</p> <p><u>Sorina L. Flores</u> Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>RONALD J. EIDSON NOVEMBER 6, 2008 Date Surveyed JC</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Ronald J. Eidson</u> 11/14/08 08111693</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
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HOBBS OCD

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88241

AUG 24 2011

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

RECEIVED

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Drazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39284	Pool Code 62700	Pool Name Wantz; ABO
Property Code 306053	Property Name BUNIN	Well Number 7
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3482'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	21-S	38-E		330	NORTH	330	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=542408.5 N X=878285.3 E</p> <p>LAT.=32.485212° N LONG.=103 106573" W</p> <p>LAT.=32°29'06.76" N LONG.=103°06'23.66" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorina R Flores</i> 5/19/11 Signature Date</p> <p>Sorina L. Flores Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>NOVEMBER 6, 2008</p> <p>Date Surveyed JC</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 11/14/08 08.11.1693</p> <p>Certificate No. GARY EIDSON 12841 RONALD J. EIDSON 3230</p>



HOBBS OCD

AUG 24 2011

August 22, 2011

RECEIVED

**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
Bunin #7
Unit D, Section 18, T21S, R38E
Blinbry Oil & Gas (Oil) 6660, Tubb Oil & Gas (Oil) 60240 & Wantz; Abo 62700
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.

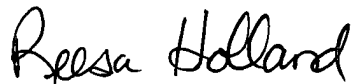
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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 script is cursive and fluid, with the first name "Reesa" and last name "Holland" clearly distinguishable.

**Reesa Holland
Sr. Engineering Technician**

Bunin #7
API 30-025-39284
Apache Corp

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinebry	Tubb	Abo	Blinebry	Tubb	Abo	Blinebry	Tubb	Abo
DRINKARD UNIT	28	3002506538	12D 21S 37E	57579			388643			7812		
DRINKARD UNIT	30	3002506539	12E 21S 37E	19149			151770			3515		
DRINKARD UNIT	31	3002506541	12C 21S 37E	149383			656081			7613		
DRINKARD UNIT	32	3002506542	12D 21S 37E	125199			260813			3116		
DRINKARD UNIT	33	3002506543	12F 21S 37E	139466			550995			3109		
DRINKARD UNIT	34	3002506544	12G 21S 37E	59337			231505			11251		
DRINKARD UNIT	35	3002506545	12B 21S 37E	84354			413958			14577		
DRINKARD UNIT	36	3002506546	12E 21S 37E	76046			267087			5357		
LOCKHART B 12	2	3002506547	12D 21S 37E			216						523
DRINKARD UNIT	3	3002506548	12C 21S 37E			127012			577418			15111
CHESHER	1	3002506549	12K 21S 37E NE SW	78280		43408	227036		53495	820		15179
DRINKARD UNIT	48	3002506550	12M 21S 37E	132856			848747			15307		
DRINKARD UNIT	47	3002506551	12J 21S 37E	98064			303686			14960		
DRINKARD UNIT	46	3002506552	12L 21S 37E	166214			949138			21967		
FIELDS	1	3002506553	12O 21S 37E	47463			101724			12286		
PLUMLEE	1	3002506554	12N 21S 37E	66745		61633	175622		103477	514		19072
LOCKHART B 13 A	1	3002506555	13M 21S 37E	85536		44032	2092334		92085	6261		9376
DRINKARD UNIT	37	3002506556	13E 21S 37E	103580			3025657			14152		
DRINKARD UNIT	38	3002506557	13F 21S 37E	135002			1048206			12352		
LOCKHART B 13 A	4	3002506558	13K 21S 37E	88372			513291			4853		
LOCKHART B 13 A	5	3002506559	13N 21S 37E	115906			674137			15604		
DRINKARD UNIT	39	3002506560	13G 21S 37E	44891			149588			16750		
DRINKARD UNIT	40	3002506561	13J 21S 37E	41306			124484			16797		
DRINKARD UNIT	8	3002506562	13L 21S 37E	79385			3183803			11897		
GULF BUNIN	1	3002506563	13D 21S 37E			73792			197555			6381
BUNIN ESTATE	1	3002506564	13A 21S 37E			2499						
BUNIN	3Y	3002506565	13A 21S 37E			2938			2994			7133
DRINKARD UNIT	53	3002506566	13C 21S 37E	164462			1045288			2798		
DRINKARD UNIT	54	3002506567	13B 21S 37E	112252			475667			590		
DRINKARD UNIT	55	3002506568	13D 21S 37E	180756			1104870			4132		
NANCY STEPHENS	1	3002506774	24D 21S 37E	56080	41960		1857670	553275		5496	17024	
NANCY STEPHENS	2	3002506775	24E 21S 37E	81652	12284		1772505	31900		12224	7977	
NANCY STEPHENS	3	3002506776	24C 21S 37E	64307		135916	78230		296401	1508		17607
STEPHENS ESTATE	1	3002506777	24L 21S 37E	33982		107304	1193096		221841	3172		11342
STEPHENS ESTATE	2	3002506778	24M 21S 37E	58099			1406447			12020		
E M ELLIOTT	1	3002507049	8F 21S 38E			8274						
E M ELLIOTT	6	3002507890	8G 21S 38E			130310			179432			13529
PARCELL FEDERAL	4	3002507894	8J 21S 38E			314991			549053			42566
BUNIN	2	3002507903	18E 21S 38E			38414			67589			21705
PARCELL FEDERAL	1	3002507904	19B 21S 38E			15130						
BUNIN	1	3002522796	18D 21S 38E			11668			19156			13591
OWENS FEDERAL	1	3002522883	19M 21S 38E			8105			22860			20536
ROSA LEE FEDERAL	1	3002522893	19F 21S 38E			35890			53886			29697
BUNIN	5	3002522949	18F 21S 38E			70282			106310			27006
OWENS FEDERAL	2	3002522969	19L 21S 38E			528			494			5566
MARK W OWENS	1	3002523016	18N 21S 38E			13622			29002			12864
PARCELL FEDERAL	1	3002523027	19G 21S 38E			79						
PARCELL FEDERAL	2	3002523028	19B 21S 38E			458			315			3358
NANCY	1	3002523219	24N 21S 37E SE SW	9202	5736	69744	61286		165828	25316	111	5358
TERRY FEDERAL	1	3002523295	18G 21S 38E			1835			660			2209
ELLIOTT FEDERAL	1	3002527014	8H 21S 38E			35090			146416			47902
FEDERAL 7	1	3002527058	7D 21S 38E	20802			22273			59040		
NANCY STEPHENS	4	3002527902	24F 21S 37E	30044	56438		110261	213934		7018	42334	
DRINKARD UNIT	42	3002528011	13N 21S 37E		9417	33942		77120	72653		11257	24461
LOCKHART B-13 A	10	3002528131	24B 21S 37E	8856		19161	22129		42475	21892		30432
STEPHENS ESTATE	5	3002534957	24K 21S 37E NW NE SW			15900			46326			3731
LOCKHART B 24	1	3002538759	24J 21S 37E NW NW SE	7975	1768		7987	11445				
BUNIN	6	3002539547	13A 21S 37E NE NE	11644		3360	25226		4885	36571		5642
M W COLL	1	3002539823	12P 21S 37E SE SE	3542	942		4512	5803		13826	8797	
M W COLL	2	3002540013	12I 21S 37E	4318	1148		3740	4760				
TOTALS				2,842,086	129,693	1,425,533	25,529,492	898,237	3,052,606	426,473	87,500	411,877
AVERAGES				74,792	16,212	47,518	671,829	128,320	122,104	11,846	14,583	15,841

Proposed Allocations	Oil	Gas	Water
Blinebry	54%	73%	28%
Tubb	12%	14%	34%
Abo	34%	13%	38%
TOTAL	100%	100%	100%