

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

HOBBS OCD

OIL CONSERVATION DIVISION

AUG 24 2011
220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

| |
|---|
| WELL API NO. 30-025-40144 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. NA |
| 7. Lease Name or Unit Agreement Name Bunin |
| 8. Well Number 009 |
| 9. OGRID Number 873 |
| 10. Pool name or Wildcat Blinebry Oil & Gas(Oil)/Tubb Oil & Gas(Oil) |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3465' GR |

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 A : 990 feet from the North line and 330 feet from the East line
Section 13 Township 21S Range 37E NMPM County Lea

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

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. R-11363

Pool Names:

Actual Perforations:

Blinebry Oil & Gas (Oil) 6660
Tubb Oil & Gas (Oil) 60240

Blinebry 5915'-6372'
Tubb 6491'-6716'

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

| | OIL | GAS | Water |
|----------|-----|-----|-------|
| Blinebry | 81% | 46% | 60% |
| Tubb | 19% | 54% | 40% |

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

Spud Date: 06/07/2011

Rig Release Date: 06/17/2011

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

SIGNATURE Reesa Holland TITLE Sr. 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 RECEIVED DATE AUG 25 2011

Conditions of Approval (if any):

AUG 29 2011

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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 30-025-40144 | Pool Code 6660 | Pool Name BLUEBRY OIL & GAS (OIL) |
| Property Code 306053 | Property Name BUNIN | Well Number 9 |
| OGRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3465' |

Surface Location

| | | | | | | | | | |
|---------------------------|----------------------|-------------------------|----------------------|---------|-----------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot No. A | Section 13 | Township 21 S | Range 37 E | Lot Idn | Feet from the 990 | North/South line NORTH | Feet from the 330 | East/West line EAST | County 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

| | | |
|---|--|---|
| <p>SURFACE LOCATION Lat - N 32°29'00.69" Long - W 103°06'33.12" NMSPCE - N 541803.474 E 918811.414 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°29'00.27" Long - W 103°16'31.43" NMSPCE - N 541744.449 E 877627.343 (NAD-27)</p> | | <p>OPERATOR CERTIFICATION</p> <p>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.</p> <p>Reesa Holland 8/2/11 Signature Date</p> <p>REESA HOLLAND Printed Name</p> <p>Reesa.Holland@apachecorp.com Email Address</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>Date Surveyed Signature & Seal of Professional Surveyor 7977</p> <p>GARY L. JONES Professional Surveyor No. 24670</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 24670</p> |

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State of New Mexico
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 30-025-40144 | Pool Code 60240 | Pool Name TUBB OIL + GAS (OIL) |
| Property Code 306053 | Property Name BUNIN | Well Number 9 |
| OGRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3465' |

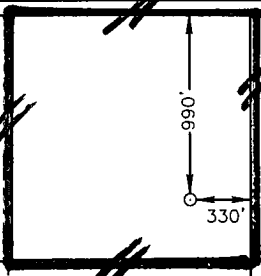
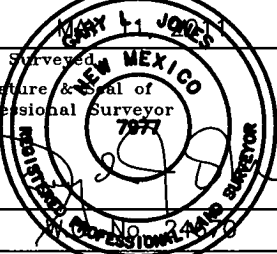
Surface Location

| | | | | | | | | | |
|---------------------------|----------------------|-------------------------|----------------------|---------|-----------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot No. A | Section 13 | Township 21 S | Range 37 E | Lot Idn | Feet from the 990 | North/South line NORTH | Feet from the 330 | East/West line EAST | County 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

| | | | | |
|---|--|---|--|--|
| <u>SURFACE LOCATION</u> Lat - N 32°29'00.69" Long - W 103°06'33.12" NMSPCE- N 541803.474 E 918811.414 (NAD-83) | |  | 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. Reesa Holland 8/22/11 Signature Date REESA HOLLAND Printed Name Reesa.Holland@apachecorp.com Email Address | |
| <u>SURFACE LOCATION</u> Lat - N 32°29'00.27" Long - W 103°16'31.43" NMSPCE- N 541744.449 E 877627.343 (NAD-27) | | | 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 24670 | |



August 22, 2011

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

HOBBS OCD

AUG 24 2011

RECEIVED

RE: Application for Exception to Rule 303-C – Downhole Commingling
Bunin #9
Unit A, Section 13, T21S, R37E
Blinebry Oil & Gas (Oil) & Tubb Oil & Gas (Oil)
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.

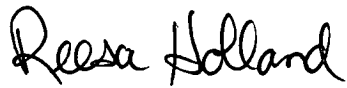
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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**

| Lease Name | Well Number | 10DIGIT API | Location | Cum Oil (BBL) | | Cum Gas (MCF) | | Cum Water (BBL) | |
|-----------------|-------------|-------------|----------------------|---------------|--------|---------------|---------|-----------------|-------|
| | | | | Blinetry | Tubbs | Blinetry | Tubbs | Blinetry | Tubbs |
| OWEN | 1 | 3002506339 | 14E 21S 37E | | 49654 | | | | |
| DRINKARD UNIT | 13 | 3002506476 | 11C 21S 37E | 100365 | | 695307 | | 13276 | |
| DRINKARD UNIT | 12 | 3002506477 | 11D 21S 37E | 107103 | | 622024 | | 37125 | |
| DRINKARD UNIT | 17 | 3002506478 | 11O 21S 37E | 209824 | | 2366090 | | 9031 | |
| DRINKARD UNIT | 18 | 3002506479 | 11A 21S 37E | 163011 | | 604541 | | 6253 | |
| DRINKARD UNIT | 19 | 3002506480 | 11H 21S 37E | 252880 | | 1770169 | | 41709 | |
| DRINKARD UNIT | 20 | 3002506481 | 11I 21S 37E | 174441 | | 1562950 | | 12145 | |
| DRINKARD UNIT | 21 | 3002506523 | 11B 21S 37E | 182507 | | 2813057 | | 11398 | |
| LOCKHART B 11 | 3 | 3002506525 | 11E 21S 37E W2 SW NW | 127730 | | 2073161 | | 10898 | |
| DRINKARD UNIT | 16 | 3002506526 | 11A 21S 37E | 50913 | | 398626 | | 17528 | |
| DRINKARD UNIT | 22 | 3002506528 | 11P 21S 37E | 124277 | | 2001889 | | 5804 | |
| DRINKARD UNIT | 23 | 3002506529 | 11G 21S 37E | 210952 | | 1970421 | | 6802 | |
| DRINKARD UNIT | 24 | 3002506530 | 11J 21S 37E | 208468 | | 1341043 | | 14406 | |
| DRINKARD UNIT | 25 | 3002506531 | 11F 21S 37E | 196012 | | 2272861 | | 35014 | |
| J H NOLAN | 2 | 3002506533 | 11N 21S 37E SE SW | | 35871 | | | | |
| GUTMAN | 1 | 3002506537 | 11L 21S 37E | | 1689 | | 87692 | | 30 |
| 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 | |
| CHESHER | 1 | 3002506549 | 12K 21S 37E NE SW | 78280 | | 227036 | | 820 | |
| 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 | | 175622 | | 514 | |
| LOCKHART B 13 A | 1 | 3002506555 | 13M 21S 37E | 85536 | | 2092334 | | 6261 | |
| 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 | |
| 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 | |
| EUBANKS | 2 | 3002506569 | 14L 21S 37E | 97576 | 70239 | 1099732 | 4574784 | 4446 | 285 |
| EUBANKS | 1 | 3002506570 | 14M 21S 37E | 253776 | | 6389826 | | 6379 | |
| EUBANKS | 3 | 3002506571 | 14K 21S 37E | 146680 | | 3796308 | | 4794 | |
| EUBANKS | 4 | 3002506572 | 14N 21S 37E | 219232 | | 2050107 | | 4064 | |
| DRINKARD UNIT | 43 | 3002506573 | 14H 21S 37E | 61371 | | 5449570 | | 9314 | |
| DRINKARD UNIT | 44 | 3002506574 | 14P 21S 37E C SE SE | 69476 | 17491 | 1762380 | 1310182 | 6771 | |
| DRINKARD UNIT | 45 | 3002506575 | 14A 21S 37E | 160714 | | 1610515 | | 11568 | |
| LOCKHART B-14 A | 4 | 3002506576 | 14I 21S 37E | 93005 | | 1235361 | | 6040 | |
| NAOMI KEENUM | 1 | 3002506577 | 14J 21S 37E | 261118 | | 1728173 | | 25244 | |
| NAOMI KEENUM | 2 | 3002506578 | 14O 21S 37E | 131160 | 124511 | 603394 | 4330361 | 13942 | 27016 |
| DRINKARD UNIT | 49 | 3002506582 | 14G 21S 37E C SW NE | | 5837 | | 172709 | | 237 |
| DRINKARD UNIT | 50 | 3002506583 | 14B 21S 37E | 277261 | | 2898234 | | 14250 | |
| DRINKARD UNIT | 51 | 3002506584 | 14G 21S 37E | 179650 | | 3523677 | | 14383 | |
| SARKEYS | 1 | 3002506759 | 23M 21S 37E | | 21420 | | 3333159 | | |
| ROY BARTON | 1 | 3002506763 | 23G 21S 37E | | 18186 | | 1937823 | | 173 |
| S J SARKEYS | 2 | 3002506767 | 23O 21S 37E | | 14367 | | 1297123 | | |
| D A WILLIAMSON | 1 | 3002506769 | 23A 21S 37E | | 3219 | | 209182 | | |
| D A WILLIAMSON | 2 | 3002506771 | 23E 21S 37E | | 35052 | | 2572497 | | 2836 |
| NANCY STEPHENS | 1 | 3002506774 | 24D 21S 37E | 56080 | 40994 | 1857670 | 548838 | 5496 | 16592 |
| NANCY STEPHENS | 2 | 3002506775 | 24E 21S 37E | 81433 | 11629 | 1771881 | 29055 | 11504 | 7977 |
| NANCY STEPHENS | 3 | 3002506776 | 24C 21S 37E | 64307 | | 78230 | | 1508 | |
| STEPHENS ESTATE | 1 | 3002506777 | 24L 21S 37E | 33942 | | 1188939 | | 3172 | |
| STEPHENS ESTATE | 2 | 3002506778 | 24M 21S 37E | 57784 | | 1401814 | | 12020 | |
| SARKEYS | 2 | 3002509932 | 23K 21S 37E | 91951 | 23372 | 4465416 | 1173700 | 3571 | 2152 |
| ROY BARTON | 1 | 3002521347 | 23G 21S 37E | | 21217 | | 2184305 | | 505 |
| SARKEYS | 5 | 3002521350 | 23O 21S 37E | | 7238 | | 2867307 | | 455 |
| NANCY | 1 | 3002523219 | 24N 21S 37E SE SW | 8933 | 5551 | 60772 | | 25316 | 111 |

Bunin #9
 API 30-025-40144
 Apache Corp

| Lease Name | Well Number | 10DIGITAPI | Location | Cum Oil (BBL) | | Cum Gas (MCF) | | Cum Water (BBL) | |
|-----------------|-------------|------------|----------------------|---------------|---------|---------------|------------|-----------------|---------|
| | | | | Blinebry | Tubb | Blinebry | Tubb | Blinebry | Tubb |
| FEDERAL 7 | 1 | 3002527058 | 7D 21S 38E | 20802 | | 22273 | | 59040 | |
| NANCY STEPHENS | 4 | 3002527902 | 24F 21S 37E | 28552 | 56438 | 104843 | 213934 | 6651 | 42334 |
| DRINKARD UNIT | 42 | 3002528011 | 13N 21S 37E | | 9417 | | 77120 | | 11257 |
| LOCKHART B-13 A | 10 | 3002528131 | 24B 21S 37E | 8794 | | 22106 | | 21806 | |
| DRINKARD UNIT | 52 | 3002536810 | 14B 21S 37E NW NW NE | 9082 | 3293 | 98785 | 95086 | 2894 | 7724 |
| LOCKHART B 24 | 1 | 3002538759 | 24J 21S 37E NW NW SE | 6096 | 1235 | 6603 | 7600 | | |
| TOTALS | | | | 6,978,841 | 577,920 | 82,682,878 | 30,674,776 | 723,952 | 119,684 |
| AVERAGES | | | | 112,562 | 26,269 | 1,333,595 | 1,533,739 | 11,868 | 7,979 |

| Proposed Allocations | Oil | Gas | Water |
|----------------------|------|------|-------|
| Blinebry | 81% | 46% | 60% |
| Tubb | 19% | 54% | 40% |
| TOTAL | 100% | 100% | 100% |