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District I

1625 N. French Dr., Hobbs, NM 88241

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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

*** Amended** Form C-103
June 19, 2008

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.)		WELL API NO. 30-025-40116
1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other:		5. Indicate Type of Lease STATE ☐ FEE ☒
2. Name of Operator Apache Corporation		6. State Oil & Gas Lease No.
3. Address of Operator 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705		7. Lease Name or Unit Agreement Name Mark Owen
4. Well Location Unit Letter <u>M</u> : 1310 feet from the <u>South</u> line and <u>467</u> feet from the <u>West</u> line Section <u>35</u> Township <u>21S</u> Range <u>37E</u> NMPM County <u>Lea</u>		8. Well Number <u>028</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3381' GL		9. OGRID Number 873
		10. Pool name or Wildcat Bline(6660)/Tubb(60240)/Drinkard(19190)

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 ☒

SUBSEQUENT REPORT OF:

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

OTHER: AMEND DHC

☒

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 amending the Blinebry and Tubb pools for DHC-HOB-468 to the following:

Pool Names: Blinebry O&G (Oil)	6660	Perforations: Blinebry	5459'-5942'
Tubb O&G (Oil)	60240	Tubb	6057'-6153'
Drinkard	19190	Drinkard	6384'-6522'

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

	OIL	GAS	Water
Blinebry	26%	39%	51%
Tubb	12%	34%	21%
Drinkard	62%	27%	28%

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

Spud Date: 05/08/2011

Rig Release Date: 05/17/2011

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

SIGNATURE Reesa Holland TITLE Sr. Staff Engr Tech DATE 11/10/2011

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 ACTING DISTRICT ENGINEER DATE DEC 13 2011

Conditions of Approval (if any):

DEC 13 2011



HOBBS OCD

NOV 15 2011

RECEIVED

November 10, 2011

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

RE: AMEND DHC-HOB-468
Application for Exception to Rule 303-C – Downhole Commingling
Mark Owen #28 API 30-025-40116
Unit M, Section 35, T21S, R37E
Blinebry Oil & Gas (Oil) 6660, Tubb Oil & Gas (Oil) 60240 & Drinkard
19190
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.

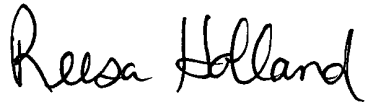
The main reason for using this method is based on economics and minimizing reservoir damage. Past completion practices had all three zones perforated and fracture stimulated during one full week. Each zone was isolated by a retrievable bridge plug to allow for production testing of each zone for allocation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

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)	Cum Gas (MCF)	Cum Water (BBL)
SARKEYS	2	3002506779	25D 21S 37E	36253	22081	1204633
EVA OWENS A	1	3002506780	25M 21S 37E	81532	85907	617978
SARKEYS	1	3002506781	25E 21S 37E	39118	34868	2567106
CHEVRON S E CONE	1	3002506783	26K 21S 37E	146178	5022	1274357
SARKEY A	1	3002506784	26G 21S 37E	175914	101938	3463320
S J SARKEYS	1	3002506785	26B 21S 37E	115881	8064	212232
S E CONE	1	3002506786	26J 21S 37E	55858	29614	1239119
J R CONE AB	1	3002506787	26M 21S 37E C SW SW	89753	10485	26929
J R CONE A	2	3002506788	26L 21S 37E C NW SW	65219	16113	4496
J R CONE B	1	3002506789	26N 21S 37E	29185	1432	12325
ELMER C HILL	1	3002506790	26P 21S 37E	120606	104762	4496
S J SARKEYS	1	3002506791	26E 21S 37E C SW NW	58878	21949	12325
S J SARKEYS 26	2	3002506792	26D 21S 37E C NW NW	332022	116633	5010
S J SARKEYS	3	3002506793	26C 21S 37E C NE NW	105402	108245	26868
S J SARKEYS	4	3002506794	26F 21S 37E	91391	25963	20603
LOCKHART A 27	10	3002506795	27G 21S 37E	45009	242949	20603
LOCKHART A 27	12	3002506796	27D 21S 37E NW NW NW	2613	31560	5304
LOCKHART A 27	11	3002506797	27H 21S 37E	99423	103538	15297
LOCKHART A 27	1	3002506800	27C 21S 37E NW NE NW	29004	1021	5383
LOCKHART A 27	9	3002506802	27E 21S 37E	182206	3047	30603
LOCKHART A 27	5	3002506803	27A 21S 37E	31968	85208	16351
LOCKHART A 27	6	3002506804	27B 21S 37E	76990	8930823	18
LOCKHART A 27	8	3002506805	27D 21S 37E S2 NW NW	38895	112649	14229
LOCKHART A 27	7	3002506806	27C 21S 37E	126871	3805998	32054
LOCKHART A 27	3	3002506807	27E 21S 37E W2 SW NW	361	47485	1486
F F HARDISON B	5	3002506808	27O 21S 37E C NE SE	4247	9402	1213
F F HARDISON B	6	3002506809	27J 21S 37E NW SE	17965	208910	18003
F F HARDISON B	7	3002506810	27P 21S 37E	5629	15675	8429
F F HARDISON B	8	3002506811	27I 21S 37E	40333	258742	705
MARSHALL B	2	3002506819	27M 21S 37E SW SW	27907	177482	7547
MARSHALL B	3	3002506820	27K 21S 37E NE SW	3200	79588	9308
W S MARSHALL B	4	3002506821	27L 21S 37E C NW SW	28285	164569	1917
MARSHALL B	7	3002506822	27L 21S 37E NW NW SW	2201	7126051	4279
W S MARSHALL B	2	3002506824	27M 21S 37E	21675	218980	7048
MARSHALL B	8	3002506825	27L 21S 37E	29209	3198585	336
MARSHALL B	9	3002506826	27K 21S 37E NW NE SW	67206	96710	14951
J R CONE B	2	3002506860	26O 21S 37E	110818	202964	36324
OWEN B	1	3002506996	34M 21S 37E	5376	107962	44318
OWEN B	2	3002506997	34L 21S 37E	77925	212645	3289
OWEN B	3	3002506998	34K 21S 37E	198875	5864720	46354
OWEN B	4	3002506999	34N 21S 37E	77103	187369	1520993
OWEN B	2	3002507000	34L 21S 37E	78621	10267483	1925439
MARK OWEN	4	3002507003	34J 21S 37E	7717	4763	279065
MARK OWEN	5	3002507004	34P 21S 37E	4091	33716	70512
MARK OWEN	6	3002507005	34O 21S 37E SW SW SE	42903	403	14624
F F HARDISON B	1	3002507008	34H 21S 37E	34700	2473	13408
F F HARDISON B	2	3002507009	34A 21S 37E	66502	10398	2234
F F HARDISON B	3	3002507010	34G 21S 37E SE SW NE	17588	20	580
F F HARDISON B	4	3002507011	34B 21S 37E	60862	239828	4622
MARSHALL COM	2	3002507012	34F 21S 37E SE NW	11813	127908	765
MARSHALL COM	1	3002507013	34E 21S 37E E2 SW NW	7050	141717	995
MARSHALL COM	3	3002507014	34D 21S 37E	42837	101562	20431
MARSHALL COM	5	3002507016	34C 21S 37E	8297	12699	16052
OWEN	1	3002507021	35P 21S 37E SE SE	45749	222562	250
MARK OWEN	3	3002507022	34I 21S 37E	23791	172418	3132
OWEN	2	3002507023	35O 21S 37E	3213	226436	6266
OWEN	3	3002507024	35J 21S 37E	9379	36802	17679
OWEN	7	3002507028	35I 21S 37E	63663	212012	2323478
LOCKHART B 35	1	3002507029	35G 21S 37E	59420	89143	13123
LOCKHART A 35	1	3002507030	35D 21S 37E	40066	211348	5316570
LOCKHART A 35	2	3002507031	35F 21S 37E	75079	6904	552036
LOCKHART A 35	3	3002507032	35C 21S 37E	49650	22692	88096
LOCKHART B 35	2	3002507033	35B 21S 37E	61575	151317	60088
LOCKHART B 35	3	3002507034	35H 21S 37E	62703	14043	20634
LOCKHART B 35	4	3002507035	35A 21S 37E SW NE NE	83444	4091	5209
E M ELLIOTT	1	3002507036	35E 21S 37E	52684	51	5070
MARK OWEN	1	3002507037	35L 21S 37E NW SW	3448	252845	8998
MARK OWEN	2	3002507038	35M 21S 37E	44118	140348	10865
MARK OWEN	3	3002507039	35N 21S 37E	19516	36680	25025
MARK OWEN	4	3002507040	35K 21S 37E	22125	178243	6684
STATE 367	1	3002507043	36M 21S 37E C SW SW	56795	212746	123600
STATE 367	2	3002507044	36L 21S 37E C NW SW	68056	201290	572101
STATE 367	3	3002507045	36K 21S 37E C NE SW	48235	44863	182156
STATE Q	1	3002507046	36N 21S 37E	46960	28022	552039
STATE C TR 13	8	3002507050	36D 21S 37E	10493	20545	24203
STATE C TR 13	5	3002507051	36E 21S 37E	41368	4288	19963
MARSHALL B	1	3002509934	27N 21S 37E	41239	167235	21677
ALICE PADDOCK	3	3002509936	1P 22S 37E	22645	95911	3526
ANNIE CHRISTMAS	1	3002509937	1N 22S 37E SE SW	27193	36423	2319
ALICE PADDOCK	1	3002509938	1O 22S 37E	62342	330199	5209
ALICE PADDOCK	2	3002509939	1J 22S 37E C NW SE	84494	1904398	8998
ALICE PADDOCK	4	3002509940	1G 22S 37E C SW NE	59367	3289	10865
ALICE PADDOCK	5	3002509941	1ZS 37E	49349	51823	20191
WALTER LYNCH	1	3002509942	1K 22S 37E NE SW	57252	76330	2697
WALTER LYNCH	2	3002509943	1L 22S 37E	64039	22922	11403
WALTER LYNCH	3	3002509944	1M 22S 37E SW SW	78760	46571	10580
LYNCH CHRISTMAS COM	4	3002509945	1L 22S 37E	31014	23044	13491

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)	Cum Gas (MCF)	Cum Water (BBL)
WALTER LYNCH	4	3002509949	1D 22S 37E	56169	34494	24522
WALTER LYNCH	5	3002509950	1 22S 37E C NE NW	16299		955608
NEW MEXICO S STATE	7	3002509956	2N 22S 37E	3687	637001	7246931
NEW MEXICO S	12	3002509961	2A 22S 37E	82897	4068	10570
NEW MEXICO S STATE	13	3002509962	2 22S 37E		35060	2246
NEW MEXICO S STATE	14	3002509963	2C 22S 37E	79989	163176	10570
NEW MEXICO S STATE	16	3002509965	2D 22S 37E			2246
NEW MEXICO S STATE	20	3002509969	2E 22S 37E		33516	100076
NEW MEXICO S	21	3002509970	2L 22S 37E	34721	20318	5370253
NEW MEXICO S	22	3002509971	2M 22S 37E	100704	167921	2293588
BRUNSON B	3	3002509976	3M 22S 37E		105274	4292
BRUNSON B	6	3002509978	3M 22S 37E SW SW SW	13343		525
BRUNSON B	7	3002509980	3N 22S 37E SE SE SW		858	16225
BRUNSON C	4	3002509986	3J 22S 37E C NW SE	185813	705	18
BRUNSON C	5	3002509987	3O 22S 37E	11924	179775	30553
BRUNSON C	6	3002509988	3I 22S 37E NE NE SE	464	34081	4
BRUNSON C	7	3002509989	3P 22S 37E NE SE SE	33228	1027	175
MARK	2	3002509991	3 22S 37E		6059	626
OWEN A	2	3002509992	3F 22S 37E	55820	97307	10364
BRUNSON	6	3002509993	3L 22S 37E		9035	7727
MARK	3	3002509995	3G 22S 37E C SW NE	100416		1569
MARK	4	3002509996	3H 22S 37E		3884	12399
MARK	7	3002509997	3H 22S 37E	60566	97659	10036
MARK	8	3002509998	3 22S 37E	15546		4512
E OWENS	1	3002509999	3D 22S 37E C NW NW	12584	10500	2469
EVA OWEN	3	3002510001	3 22S 37E NE NE NW	22868		10554
R L BRUNSON	8	3002510004	3L 22S 37E NW SW	12625		21545
OWEN A	1	3002510005	3E 22S 37E SW NW	12193		17777
MARK	5	3002510049	3 22S 37E		74244	1896
NEW MEXICO S STATE	23	3002512556	2P 22S 37E	48406	33761	19603
BRUNSON B	2	3002512573	3K 22S 37E NE SW	5491		184
NEW MEXICO S STATE	25	3002520283	2N 22S 37E	8430		523
NEW MEXICO S STATE	24	3002520390	2J 22S 37E S2 NW NE	62		96
S E CONE	2	3002521119	26I 21S 37E NW NE SE		555	12
S J SARKEYS A	1	3002521278	26A 21S 37E	91423		53
STATE C TRACT 13	9	3002521311	36F 21S 37E		41763	15105
SARKEY A	2	3002521602	26H 21S 37E	114672		1953
ELMER C HILL	2	3002521878	26P 21S 37E NW SE SE	1412	687	14424
S J SARKEYS B	2	3002521920	26B 21S 37E	16245		11319
S J SARKEYS 26	5	3002522023	26C 21S 37E NE NE NW		19225	11952
S J SARKEYS	4	3002522090	26F 21S 37E		30933	2491
S E CONE	4	3002522141	26I 21S 37E	75305		310
GULF SARKEYS	1	3002522733	25C 21S 37E	68660		21794
GULF SARKEYS	2	3002522816	25F 21S 37E	45147		29037
ROYALTY HOLDING	1	3002522851	25B 21S 37E	730		99614
ROYALTY HOLDING	2	3002522852	25G 21S 37E	16473		75617
ART YEAGER	1	3002522888	25J 21S 37E	13065		31740
ROYALTY HOLDING	3	3002522892	25H 21S 37E			4866
J R CONE B	3	3002522959	26O 21S 37E S2 SW SE		1497	21426
J R CONE B	4	3002523041	26N 21S 37E E2 SE SW	1141		19252
MARSHALL COM	5	3002524471	34C 21S 37E		15168	2417
ALICE PADDOCK	6	3002524815	1O 22S 37E		85	1876
MARK OWEN	3	3002525130	35N 21S 37E E2 SE SW		37628	7474
WALTER LYNCH	6	3002525131	1F 22S 37E	14996		36328
NEW MEXICO S	27	3002525144	2K 22S 37E	59124		1996
NEW MEXICO S	28	3002525268	2F 22S 37E	74955		12868
NEW MEXICO S STATE	29	3002525276	2L 22S 37E			
NEW MEXICO S	32	3002525277	2G 22S 37E	87377		
NEW MEXICO S	30	3002525280	2I 22S 37E			
NEW MEXICO S	31	3002525281	2H 22S 37E	9956		
NEW MEXICO S STATE	33	3002525299	2P 22S 37E	139592		
NEW MEXICO S	34	3002525330	2O 22S 37E	51964		
NEW MEXICO S STATE	36	3002525456	2 22S 37E	34114		
OWEN	8	3002525479	35I 21S 37E NE SE		10061	
MARK OWEN	2	3002525481	35M 21S 37E	49207	8322	
WALTER LYNCH	7	3002525486	1 22S 37E			
NEW MEXICO S STATE	38	3002525508	2E 22S 37E	34216		
NEW MEXICO S STATE	39	3002525513	2 22S 37E	79026		
NEW MEXICO S STATE	40	3002525514	2M 22S 37E		4473	
LYNCH CHRISTMAS COM	5	3002525522	1M 22S 37E		8661	
WALTER LYNCH	8	3002525644	1E 22S 37E	11474		
F F HARDISON B	10	3002525929	34A 21S 37E			
MARK	11	3002526051	3 22S 37E NW NE NE	15571		
STATE C TRACT 13	10	3002526071	36C 21S 37E	9108		
ALICE PADDOCK	4	3002526286	1J 22S 37E NW NW SE		7294	
STATE 367	8	3002526560	36J 21S 37E C NW SE	16908	31927	
ALICE PADDOCK	9	3002527055	1P 22S 37E			
EVA OWENS A	2	3002528222	25L 21S 37E	15209	10254	
EVA OWENS A	3	3002528420	25K 21S 37E	17751	9007	
ALICE PADDOCK	10	3002529117	1I 22S 37E NE SE	39382		
MARK OWEN	9	3002529468	35L 21S 37E NW SW	23189		
MARSHALL B	10	3002529797	27M 21S 37E SW SW	12226		
S J SARKEYS 26	7	3002533851	26D 21S 37E		23055	
LOCKHART A 27	15	3002534171	27F 21S 37E	5570	10134	
LOCKHART A 27	16	3002534312	27B 21S 37E NW NE	2167		
OWEN B	6	3002534321	34K 21S 37E NE SW	584	1130	
OWEN B	10	3002535638	34L 21S 37E	6645		

Lease Name	Well Number	ID/GITAPI	Location	Cum Oil (BBL)	Cum Gas (MCF)	Cum Water (BBL)
OWEN B	12	3002537239	34M 21S 37E SE SW SW	14980	5214	6816
STATE Q	3	3002537483	36O 21S 37E NW SW SE	9972	5398	7617
LOCKHART B 35	9	3002539037	35A 21S 37E NE NE NE	5187	1235	444
LOCKHART A 35	5	3002539050	35F 21S 37E NW SE NW	4257	1238	1633
LOCKHART A 27	23	3002539114	27C 21S 37E SE NE NW	620	2062	5670
LOCKHART A 27	26	3002539115	27H 21S 37E NE SE NE	4736	2103	2244
STATE C TRACT 13	14	3002539286	36F 21S 37E	2295	974	3687
WALTER LYNCH	10	3002539550	1 22S 37E	1527	1019	22008
MARSHALL B	14	3002539551	27K 21S 37E	1159	474	3010
MARK OWEN	5	3002539558	35K 21S 37E	941	435	2241
OWEN B	13	3002539732	34N 21S 37E		1563	
WALTER LYNCH	14	3002540014	1 22S 37E	381	132	1687
TOTALS				6,276,645	1,681,162	14,142,752
AVERAGES				43,287	18,680	100,303

Proposed Allocations	Oil	Gas	Water
Blinbry	26%	39%	51%
Tubb	12%	34%	21%
Drinkard	62%	27%	28%
TOTAL	100%	100%	100%

Well Test History Report

Page 1 of 1
11/10/2011 3:50:40 pm

Select By: Field

Display: All well tests between 07/01/2011 - 11/08/2011

Test Date	Effective Date	Measured Hours	Type	24 Hour Volumes					Ratios					Fluid Level
				Gr Liquid	OIL	GAS	WAT	LIFT	GOR	GLR	IGOR	IGLR	TGLR	
Field: DRINKARD														
OWEN, MARK #05 (BLINEBRY)														
7/14/2011	7/14/2011	24	A	9	7	318	2	0	45,429	35,333	0	0	35,333	
8/5/2011	8/5/2011	24	A	12	8	327	4	0	40,875	27,250	0	0	27,250	
8/6/2011	8/6/2011	24	A	13	9	348	4	0	38,667	26,769	0	0	26,769	
8/7/2011	8/7/2011	24	A	14	9	345	5	0	38,333	24,643	0	0	24,643	
8/8/2011	8/8/2011	24	A	16	9	340	7	0	37,778	21,250	0	0	21,250	
8/30/2011	8/30/2011	24	A	55	10	294	45	0	29,400	5,345	0	0	5,345	
9/1/2011	9/1/2011	24	A	62	13	300	49	0	23,077	4,839	0	0	4,839	
10/3/2011	10/3/2011	24	A	16	7	284	9	0	40,571	17,750	0	0	17,750	
11/4/2011	11/4/2011	24	A	14	5	284	9	0	56,800	20,286	0	0	20,286	
Averages by Completion				23	9	316	15	0						

** All values are recorded using imperial units.