

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

OIL CONSERVATION DIVISION

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

JAN 28 2013

WELL API NO. 30-025-40148
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name V Laughlin
8. Well Number 011
9. OGRID Number 873
10. Pool name or Wildcat Blaine(63780)/Tubb(47090)/Drinkard(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 <u>B</u> : <u>330</u> feet from the <u>North</u> line and <u>2220</u> feet from the <u>East</u> line Section <u>9</u> Township <u>20S</u> Range <u>37E</u> NMPM County <u>Lea</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3553' GR	

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: ☐

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. Per R-11363 EFF 11/18/2011

Apache would like to DHC the following pools:

Pool Names:

Perforations:

Weir; Blinebry	63780	Blinebry	5802'-5858'
Monument; Tubb	47090	Tubb	6454'-6670'
Skaggs; Drinkard	57000	Drinkard	6774'-7012'

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

	OIL	GAS	WATER
Blinebry	25%	36%	27%
Tubb	9%	10%	14%
Drinkard	66%	54%	59%

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

Spud Date:

07/04/2011

Rig Release Date:

07/16/2011

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 Reg Tech

DATE 01/23/2013

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 05 2013

Conditions of Approval (if any):

DHC - HBB - 0511

FEB 06 2013



January 23, 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 #11 API 30-025-40148
Unit B, Section 9, T20S, R37E
Weir; Blinebry (63780), 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 style with a large, stylized "R" and "H".

Reesa Holland
Sr. Staff Regulatory Technician

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinebry	Tubb	Drinkard	Blinebry	Tubb	Drinkard	Blinebry	Tubb	Drinkard
L D JONES	1	3002507722	20S 38E 1H SE NE	3476			186180			5043		
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	46469	14640	11778	230648	10262	24012	56471	10929	29470
L & M	1	3002528287	20S 38E 2N C S2 SW	2365	10319	584	20481	134601	2409	3910	1684	1144
CARDINAL	1	3002529793	19S 38E 27G SW NE	1753		20105	1425		367515	8661		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	9932		9381	60014		82314	6488		2951
NADINE 25	1	3002531170	19S 38E 25K NE SW			72711			178662			260014
FRANCES EVELYN	1	3002532163	19S 38E 35N SE SW	5470			61072			35070		
DREESSEN	1	3002534857	20S 38E 1G C SW NE	2199			7175			23039		
HOWSER	1	3002534970	20S 38E 1J C NW SE	1371			28097			35934		
REDTAG	1	3002535333	20S 38E 2J NW NW SE	27744	4966	4740	82918	16600	27237	17293	26858	36068
REDTAG	2	3002535630	20S 38E 2K NE NE SW	17624			920161			6826		
TOPAZ	1	3002535906	19S 38E 25C NE NE NW	5381			42746			14451		
WHITE OWL	1	3002536689	20S 38E 2D NW NW NW	36966			134593			9450		
PLOW BOY FEDERAL	1	3002536962	19S 38E 35J NW NW SE	25231	133	133	93025	980	1159			
ROUND-UP	1	3002537100	19S 38E 35H SW SE NE			9426			20350			
SALEM	1	3002537316	20S 38E 3A SE NE NE	4495		8977	11646		25858	11848		4965
SCHUBERT FARMS	1	3002537548	19S 38E 25B NE NW NE			58			1976			
L & M	2	3002539450	20S 38E 2	2475	1775	13427	35875	45313	107628	17374	8685	31852
L & M	3	3002539652	20S 38E 2	2338	1671	12702	16119	20361	48359	10719	5186	18672
REDTAG	3	3002539655	20S 38E 2	1973	2334	13641	7760	17313	34633	21842	15064	38415
REDTAG	4	3002539966	20S 38E 2K NE SW	925	615	3603	15216	18836	38398			
L & M	8	3002540262	20S 38E 2N	321	229	1744	2022	2554	6067	2200	1100	4036
TOTALS				198,508	37,769	679,520	1,957,173	272,287	3,529,477	286,619	71,159	753,356
AVERAGES				10,448	3,777	28,313	103,009	27,229	153,456	16,860	8,895	37,668

Proposed Allocations	Oil	Gas	Water
Blinebry	25%	36%	27%
Tubb	9%	10%	14%
Drinkard	66%	54%	59%
TOTAL	100%	100%	100%

HOBBS OCD

JAN 28 2013

DISTRICT I

1415 H. French Dr., Hobbs, NM 88240

DISTRICT II

1231 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1900 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

1120 E. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form O-102

Revised July 18, 2010

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40148	Pool Code 63780	Pool Name Weir; Blinebry
Property Code 302374	Property Name V. LAUGHLIN	Well Number O11
OCRID No. 873	Operator Name APACHE CORPORATION	Elevation 3553'

Surface Location

Ul. or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
B	9	20 S	37 E		330	NORTH	2220	EAST	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

SURFACE LOCATION Lot - N 32°35'38.42" Long - W 103°15'18.45" HMSPC - N 581517.446 E 873403.024 (HAD-83) SURFACE LOCATION Lot - N 32°35'38.02" Long - W 103°15'18.74" HMSPC - N 581455.545 E 832221.258 (HAD-27)	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. Signature: <i>Beverly Hatfield</i> Date: 7-14-11 Printed Name: Beverly Hatfield Email Address: beverly.hatfield@apache.com 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 are true and correct to the best of my belief. Date Surveyed: 7-12-2011 Signature & Seal of Professional Surveyor: <i>[Signature]</i> Certificate No. Gary L. Jones 7977 BASIN SURVEYS 24672
---	--

HOBBS OCD

JAN 28 2013

RECEIVED

DISTRICT I
1415 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Alameda, NM 88210
DISTRICT III
4000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 W. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form O-102
Revised July 16, 2010
Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30.025.40148	Pool Code 47090	Pool Name Monument; Tubb
Property Code 302374	Property Name V. LAUGHLIN	Well Number 011
OCRID No. 873	Operator Name APACHE CORPORATION	Elevation 3553'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
8	9	20 S	37 E		330	NORTH	2220	EAST	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 80	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

SURFACE LOCATION Lat - N 32°35'38.47" Long - W 103°15'18.45" NAD83 E 073403.024 (HMO-83) SURFACE LOCATION Lat - N 32°35'38.02" Long - W 103°15'16.74" NAD83 E 832221.258 (HMO-27)		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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the state. Signature <i>Bey Hatfield</i> Date <i>12-14-11</i> Printed Name Bey Hatfield Email Address beverly.hatfield@apacincorp.com
		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 <i>12-14-11</i> Signature & Seal of Professional Surveyor <i>[Signature]</i> Certificate No. Gory L. Jones 7977 BASIN SURVEYS 24672

HOBBS OCD

JAN 28 2013

RECEIVED

DISTRICT I
1525 N. French Dr., Hobbs, NM 88240

DISTRICT II
1331 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV
1129 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form O-102
Revised July 10, 2010

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40148	Pool Code 57000	Pool Name SKaggs; Drinkard
Property Code 302374	Property Name V. LAUGHLIN	Well Number 011
OCRID No. 873	Operator Name APACHE CORPORATION	Elevation 3553'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	9	20 S	37 E		330	NORTH	2220	EAST	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

SURFACE LOCATION Lat - N 32°35'30.47" Long - W 103°15'10.45" NADSPCC - N 581517.448 E 873403.024 (NAD-83) SURFACE LOCATION Lat - N 32°35'30.02" Long - W 103°15'10.74" NADSPCC - N 581455.543 E 872221.258 (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 undivided 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 previously entered by the Division. <i>Beverly Hatfield</i> 7-14-11 Signature Date Beverly Hatfield Printed Name beverly.hatfield@apachecorp.com 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. <i>Gary L. Jones</i> Date Surveyed 1-14-13 Signature & Seal of Professional Surveyor W. L. HARRIS Certificate No. Gary L. Jones 7977 BASIN SURVEYS 24672