Office	e of New Mexico	Form C-103
District I Energy, Mine	erals and Natural Resources	June 19, 2008 WELL API NO.
1625 N. French Dr., Hobbs, NM 8824 District II	EDVATION DIVISION	30-025-40290
1501 W. Gland Hies, Intesta, Interozio	ERVATION DIVISION outh St. Francis Dr.	5. Indicate Type of Lease
1000 Rio Brazos Rd., Aztec, NM 87410 RECEIVED	ta Fé, NM 87505	STATE FEE 6. State Oil & Gas Lease No.
District IV L Galler L L L L L L L L L L L L L L L L L L L	ta i c, i vivi 67505	6. State Off & Gas Lease No.
SUNDRY NOTICES AND REPORT		7. Lease Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" PROPOSALS.)		White Owl (303233)
1. Type of Well: ⊠Oil Well □ Gas Well □ Other:		8. Well Number 002
2. Name of Operator Apache Corporation		9. OGRID Number 873
3. Address of Operator		10. Pool name or Wildcat
303 Veterans Airpark Lane, Suite 3000 Midland, TX 79	705	House;Blinebry/House;Tubb/House;Drinkard
4. Well Location		· · · · · · · · · · · · · · · · · · ·
	the North line and 1075	
Section 2 Townsh		NMPM County Lea
11. Elevation <i>(Sha</i> 3574' GL	ow whether DR, RKB, RT, GR, etc.)	
12. Check Appropriate Box	to Indicate Nature of Notice, 1	Report or Other Data
NOTICE OF INTENTION TO:	SUBS	SEQUENT REPORT OF:
PERFORM REMEDIAL WORK PLUG AND ABAN		
TEMPORARILY ABANDON CHANGE PLANS	— 1	
PULL OR ALTER CASING MULTIPLE COMF DOWNHOLE COMMINGLE		JOB []
OTHER:	OTHER:	
13. Describe proposed or completed operations. (C of starting any proposed work). SEE RULE 11	learly state all pertinent details, and 03 For Multiple Completions: Aff	a give pertinent dates, including estimated date ach wellbore diagram of proposed completion
or recompletion.		
Apache would like to DHC the following pools:	DF	tC- HOB- 522
Pool Names: Estimate	ed Perforations:	
House; Blinebry 33230 Blineb	-	
House; Tubb 78760 Tubb House; Drinkard 33250 Drinka	6740'-6778' ard 6980'-7096'	
The allocation method will be as follows based on off	set production. (See attached applic	cation for exception to Rule 303-C.)
OIL GAS WATER Blinebry 18% 21% 36%		
Tubb 12% 26% 18%		
Drinkard 70% 53% 46%		
Downhole commingling will not reduce the value of the	ese pools. Ownership is the same	for each of these pools.
Spud Date: 08/09/2013	Rig Release Date: 08/18/2013	
Therefore and for the table in formation above is two and as	we also to the heat of you by and a	and hall of
I hereby certify that the information above is true and co	mplete to the best of my knowledge	e and beller.
Roan Like		
SIGNATURE KULA HANA	TITLE Sr. Staff Reg Tech	DATE_08/19/2013
Type or print name <u>Reesa Holland Fisher</u> For State Use Only	E-mail address: Reesa Holland@apac	hecorp.com PHONE: 432/818-1062
	Petroleum Engine	
APPROVED BY: Conditions of Approval (iFany):	TITLE	DATE AUG 28 2013

AUG 28 2013

HOBBS OCD FORMS OCD DISTRICT I Conservation State of New Mexico Description DISTRICT II DISTRICT IN DECEIVED Santa Fe, New Mexico 87505 RECEIVED DISTRICT IV MERCEIVED DISTRICT IV DISTRICT IV DISTRICT IV DISTRICT IV MERCEIVED JAMENDED REPORT SUPER'S Colspan="2">AMENDED REPORT DISTRICT IV MERCEIVED JAMENDED REPORT JOS
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DISTRICT III 1220 South St. Francis Dr. Section 1220 South St. Fr. Section 1220 South St. Fr. Section 1220 South St. Fran
Interview Data Balling Data State Fe, New Mexico 87505 RECEIVED Santa Fe, New Mexico 87505 RECEIVED Santa Fe, New Mexico 87505 RECEIVED DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT Projective Colspan="2">Projective Colspan="2">Projective Colspan="2">Received API Number Projective Colspan="2">Projective Colspan="2"
DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT WELL LOCATION AND ACREAGE DEDICATION PLAT APP Number Pool Name Pool Code Pool Name Not Pool Name Pool
WELL LOCATION AND ACREAGE DEDICATION PLAT Intervention of the state of t
30-025-40290 33230 House ; Blirebry Property Code Property Name Vell Number 30.3233 WHITE OWL 2 OCRID No. Operator Name Elevation 313 APACHE CORPORATION 3574' Surface Location Surface Location Betweetion UL or lot No. Section Township Range Lot Idn Feet from the NoRTH 940 WEST LEA D (44) 2 OS 38 E 330 NORTH 940 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 Rast/West line County Dedicated Acreal Joint or Infill Consolidation Code Order No. Section County Section County Joint or Infill Consolidation Code Order No. Section County Section County Joint or Infill Consolidation Code Order No. Section County Section County
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Property Code Property Name Well Number 30.32.3.3 WHITE OWL 2 OGRID No. Operator Name Elevation 31.3 APACHE CORPORATION 3574' Surface Location UL or lot No. Section Township D (4) 2 20 S 38 E 330 NORTH 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 Dettom 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. DetC- HOB - 522 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 940' Ult or N 327320.922 Intervel or unleade moral intervel or the location of the set of the dual the information contained herein is the and complete ton the locadston of the set of the dual the information c
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION 940' SURFACE LOCATION Lot - N 32'36'30.72" Long - W 103'07'29.27" NMSPCE - N 587230.929 (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 ouns a working interest or unleased mineral interest in the location either ouns a working interest or unleased mineral interest in the location or has a right to drill this well at this organization with out of the best of the best of the best of the best of the source of such a mineral interest in the location or has a right to drill this well at this organization or hole location or has a right to drill this well at the best of unleased mineral interest, or to a voluntary pooling order heretofore entered by
940' 940' SURFACE LOCATION Lot - N 32'36'30.72" Long - W 103'07'29.27" NMSPCE - N 587230.929 NMSPCE - S 37'36'30.31" Long - W 103'07'27.57' NMSPCE - N 587171.812 NMSPCE - N 5
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SURFACE_LOCATION 32.608419 location or has a right to drill this well at this location previous to drill this well at this location previous to a contract with an owner of such a mineral or working interest, or to a voluntary pooling order heretofore entered by NMSPCE- E 87/230.341 103.124319
Long - W 103'07'27.55" NMSPCE- N 587171.812 E 872303.341 ID3.124319 ID3.124319
E 872303.341 compulsory pooling order heretofore entered by
i Signature Date
Soring Flores Soring flores apache corp.com
Soring. Hores@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
supervison, and that the same is true and correct to the best of my belief
UST
Date surveyee WEX
Professional Surgeon e
A Contraction of the second se
Certificate No. Gary L. Jones 7977
BASIN SURVEYS 24998

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DISTRICT 11 1301 W. Grand Avenue, Artesna, NM 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV 1220 S. St. Francis Dr. Santa Ka. NM 87505	OBBS OCErry, Minerals OIL CONSEI P 0 9 2011 1220 Sci	VATION DIVIS uth St. Francis Dr. , New Mexico 87505	ron AU	Revised July	appropriate trict Office
API Number	Pool Code	11	Pool Name		
30-025-:40240 Property Code	<u>18760</u>	House,	1400	Well Nu	ımber
303233		ITE OWL		2	
OGRID No. 813		erator Name CORPORATION		Elevat 3574	
	Sur	ace Location			
UL or lot No. Section Township		from the North/South line	Feet from the	East/West line	County
D(4) 2 20 S	38 E	330 NORTH	940	WEST	LEA
	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	If Different From Su		<b></b>	
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 Co	onsolidation Code Order No	HC-HOB-	530		
NO ALLOWABLE WILL BE A	SSIGNED TO THIS COMP			EN CONSOLIDA	ATED
OR A I	NON-STANDARD UNIT H	S BEEN APPROVED BY	THE DIVISION		
yation (National Strengthered	LOCATION 32:36'30.31" 32.608419 03:07'27.55" 587171.812 103.124319 872303.341		I hereby cert contained hereic the best of my this organization interest or unlei- land including it location or has this location pur- eumer of such a or to a voluntar compulsory pool the invision. Signature Signature Soring. Frinted Name. Soring. Frinted Name. Soring. I hereby certify on this plat wo actual surveys supervision and correct to the Date furry of Signature S Processional	R CERTIFICAT that the well locats is plotted from field made by me or d that the same is e best of my belief	ation lete to and that ing in the volue well at with an interest, or a entered by <u>I////</u> Date <u>I////</u> Date <u>I////</u> Date <u>I////</u> Date <u>I////</u> to shown t notes of under my true and

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DISTRICT I 1625 N. French Dr., Hobbs, NM 88 DISTRICT II		State of Ne Energy, Minerals and Nature	al Resources Department	Form C-102 HOBSIDOD 2010 Submit one copy to appropriate
1301 W. Grand Avenue, Artesia, NM DISTRICT III 1000 Rio Brazos Rd., Aztec, N	BEP 09311	1000 Doutin ou		AUG 2 3 2013
DISTRICT IV 1220 S. St. Francis Dr., Santa Fe,		Santa Fe, New	AGE DEDICATION PLA	T
API Number		Pool Code	Pool I	,
30-025-40 Property Code	290 33	3250 1-	buse; Drinkard	Well Number
303233		WHITE O		2
OGRID No		Operator Na APACHE CORP		Elevation 3574'
		Surface Lo		/
UL or lot No. Section D(4) 2	Township Range 20 S 38 E	Lot Idn Feet from the 330	North/South line Feet from NORTH 940	
		Hole Location If Diff		
UL or lot No. Section	Township Range	Lot Idn Feet from the	North/South line Feet from	n the East/West line County
Dedicated Acres Joint of 39.73	or Infill Consolidation		HOB-522	
		TO THIS COMPLETION	UNTIL ALL INTERESTS HA	
940	SURFACE LOCATION Lot - N 32'36'30.72" Long - W 103'07'29.27" NMSPCE - E 913485.102 (NAD-83) SURFACE LOCATION Lat - N 32'36'30.31" Long - W 103'07'27.55" NMSPCE - E 872303.341 (NAD-27)	     22 1.08419	I h container the best thas or interest inder violocation that low owner or to a compute the div the div the div the div super correct Date Signa Super correct Date Signa Profile Profile Signa	una Hora 9/1/11

Vpache

August 19, 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 White Owl #2 (30-025-40290) Unit D, Section 2, T20S, R38E House; Blinebry, House; Tubb & House; Drinkard 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,

Reesa Jisha

Reesa Holland Fisher Sr Staff Regulatory Technician

Lease Name	Well Number	10DIGITAPI	Location	Blinebry	um Oil (B	BL) Drinkard	Blinebry	um Gas (MC Tubb	Drinkard	Blinebry	n Water (	BBL) Drinkard
L D JONES	vveii number		1H 20S 38E SE NE	3476	1000	Dirikaru	186180		Unikaru	5043	~1000	Dinkaru
PHILLIPS HOUSE STATE			20 20S 38E	3470		101875	100100		481125	5045		25440
STATE U	1				- · · ·	157611			97687			184324
ARNOLD A	1	3002507727		1083	29526	670	3502	1366318	97007	7287	5113	104324
	1		11F 20S 38E	1065	9855	670		118752		1201	5115	
HOUSE B BLANKENSHIP	1		11P 20S 38E		9655	54657		116/52	16638			701(
	1		12E 20S 38E	3906	20	134312	0570	42	1177187	2664	114	37126
BLANKENSHIP	2	3002507767			8772		9570			2004		
BLANKENSHIP	3		12M 20S 38E NE SW SW	5854		39616	33275	47735	2435461	5515	15611	2223
CONE A	1		12F 20S 38E		17024	206476		66408	237771		56554	84069
CONE B	1		12J 20S 38E			239833			591551			69199
HESTER 12	3		12O 20S 38E			150171			853402			32702
HESTER 12	2		12N 20S 38E			82932			540453		<u> </u>	17896
HESTER 12	1		12K 20S 38E			97448			457760			16669
HOWSE C	1		11H 20S 38E SE NE			26370			143078			6340
CONE B	2		12G 20S 38E			398			86772			1460
WERTA FEDERAL	1		35O 19S 38E SW SE	42930	14640	11778		10262	24012	51813	10929	29470
L&M	1		2L 20S 38E C S2 SW	1012	9634	250		130756	1129	1344	579	393
FRANCES EVELYN	1		35N 19S 38E SE SW	5470			61072			35070		
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		14361	26692	1421	69324	382613			1789
DREESSEN	1	3002534857	1G 20S 38E C SW NE	2199			7175			23039		
HOWSER	1	3002534970	1J 20S 38E C NW SE	1371			28097			35934		
MERIT	1		110 20S 38E E2 SW SE		9513			597060			7380	
REDTAG	1		2J 20S 38E NW NW SE	27129	4037	1133	73901	9920	9535	4764	2495	3351
MERIT II	1		11G 20S 38E C SW NE	3456	16980	21816	15627	28441	151799		11887	19464
DUKES	1		11K 20S 38E E2 NE SW		7818	32784		38544	139480		8390	26341
REDTAG	2		2K 20S 38E NE NE SW	15566			870166			2596		
DIXIE QUEEN	1		11P 20S 38E S2 SE SE		7394			517209				
WHITE OWL	1		2 20S 38E NW NW NW	32868			122087	011200		9450		
HESTER 12	6		12N 20S 38E	26810		12000	321996	182364	63501	28536	6751	5480
HESTER 12	4		120 205 38E SW SW SE	15686	5185	4610		122085	110725	42191		2688
PLOW BOY FEDERAL	1		35J 19S 38E NW NW SE	21983	1 3103	4010	71622	122000	110120	42.101		2000
ROUND-UP	1		35H 19S 38E SW SE NE	21303		7181	11022		13557			
SALEM			3A 20S 38E SE NE NE	2954		8592	8535		25309	7032		318
HESTER 12	8		12K 20S 38E SW NE SW	12938	3926	3762	124569	88335	56020	9995	11277	4360
HESTER 12	5		12P 20S 38E NW SE SE	18890	5669	11153	177646	79110	77564	38857	6211	4300
HESTER 12	7		12N 20S 38E NE SE SW	6328	7241	3148	57135	53793	32197	16097	8422	1037
	<u> </u>			4895	6293	2792			20051	23409	22744	
MELOT	·		11C 20S 38E SW NE NW				45105	35080		12146		2073
BLANKENSHIP	4		12L 20S 38E NE NW SW	2908	3129	6389	13057	21937	22245		5023	3768
BLANKENSHIP	5		12M 20S 38E SW SW SW	12393	4622	5787	42451	84653	254996	20446	4543	340
BLANKENSHIP	6		12L 20S 38E SW NW SW	6755	5428	1218	30669	1764	63545	8849	648	1208
RHINO	2		11N 20S 38E SE NE SW	9305	2576	5152	26295	17884				
MAGNOLIA	1		11E 20S 38E NE SW NW	5510	5349	3981	80835	15727	16867	16978	2618	33554
DIXIE QUEEN	2		11P 20S 38E NE SE SE	11334	3090	5222	58416	26604	52023			
HESTER 12	10		120 20S 38E NE SW SE	4254	446			9793	26121	26377	3753	9758
HESTER 12	11		12P 20S 38E SW SE SE	1523	1408	2701	80703	80800	7794	6526	8770	5099
MELOT	2		11C 20S 38E NW NE NW	15029	4986	1960	42159	7569	22066	14693	19337	14502
HESTER 12	9		12K 20S 38E NE NE SW	1908	1199	4536	46737	5588	5276	20019	5058	1152
MAGNOLIA	2		11D 20S 38E NE NW NW	1741	555	4669	62616	34150	92974	15912	3409	340
L & M	2	3002539450		1185	849	6430	18698	23618	56095	9793	4895	1795
DIXIE QUEEN	3		11I 20S 38E	1679		3303	6104	2595	6562			
MELOT	3	3002539458	11B 20S 38E	1494	386	2941	6254	2658	6724	13100	2406	1122
BLANKENSHIP	7	3002539488	12E 20S 38E	169	46	368	2254	957	2422	11812	2461	1033
MAGNOLIA	3	3002539489	11E 20S 38E	1348	348	2653	22270	9465	23939	11919	2188	1021
ARNOLD A	2		11F 20S 38E	980	247	1842	11166	4745	12004	7193	1468	601
CONE A	2		12F 20S 38E	936	258	2029	3332	1498	3499	4342	887	363
ARNOLD A	3		11F 20S 38E NE SE NW	1644	411	3082	7445	3165	8005	9864	2015	825
DIXIE QUEEN	4	3002539650		860	223	1693	4104	1743	4410		1	t
L&M	3	3002539652		457	326	2485	2705	3416	8114	2325	1125	405
MERIT	2		110 20S 38E	610	196	1372		3380	8824	887	268	90
REDTAG	3	3002539655		314	370	2165	1350	3013	6024	2625	1811	461
	1 <u> </u>	5002555055	TOTALS		222,864			3,928,260			247,140	
			ILUIALU	1 0-1,140	1 444,004	1,510,040	1 0,010,790	3,320,200	1 0,330,908	I J00,44∠	140	, o∡ა,∪1

Proposed Allocations	Oil	Gas	Water
Blinebry	18%	21%	36%
Tubb	12%	26%	18%
Drinkard	70%	53%	46%
TOTAL	100%	100%	100%

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August 21, 2013

New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE: Downhole Commingle White Owl #2 Well (API No. 30-025-40290) <u>Township 20 South, Range 38 East; N.M.P.M:</u> Section 2; NW/4NW/4 (Lot 4) Lea County, New Mexico

To Whom It May Concern:

Interest ownership is common among the Blinebry, Tubb and Drinkard Pools in the White Owl #2 well, located on the above referenced lands in Lea County, New Mexico.

Should you have any questions, please contact the undersigned at (432) 818-1093.

Sincerely, APACHE CORPORATION

Kelel Hanon

Michelle Hanson Landman (432) 818-1190 Fax michelle.hanson@apachecorp.com

2