

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

NOV 25 2013

RECEIVED

WELL API NO. 30-025-41082
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Pinot
8. Well Number 002
9. OGRID Number 873
10. Pool name or Wildcat House; Blinebry/House; Tubb/House; Drinkard

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>E</u> : 1850 feet from the North line and 990 feet from the West line Section 2 Township 20S Range 38E NMPM County Lea	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3571' GL	

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.

Apache would like to DHC the following pools:

DHC-40B-525

Pool Names:	Perforations:
House; Blinebry 33230	Blinebry 6105'-6500'
House; Tubb 78760	Tubb 6686'-6797'
House; Drinkard 33250	Drinkard 7006'-7080'

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

	OIL	GAS	WATER
Blinebry	20%	23%	39%
Tubb	13%	26%	19%
Drinkard	67%	51%	42%

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

Spud Date:	08/19/2013	Rig Release Date:	08/28/2013
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Reesa Fisher TITLE Sr Staff Reg Tech DATE 11/20/2013

Type or print name Reesa Holland Fisher E-mail address: Reesa.Holland@apachecorp.com PHONE: 432/818-1062

For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE DEC 02 2013
 Conditions of Approval (if any):

- DEC 02 2013

HOBBS OCD

NOV 25 2013

DISTRICT I

1025 N. French Dr., Hobbs, NM 88240
Phone (505) 393-8101 Fax (505) 393-0720

DISTRICT II

811 S. First St., Artesia, NM 88210
Phone (505) 748-1025 Fax (505) 748-0720

DISTRICT III

1000 Rio Bravo Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax (505) 334-8170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 470-3450 Fax (505) 470-3452State of New Mexico
Energy, Minerals and Natural Resources DepartmentForm C-102
Revised August 1, 2011Submit 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 30-025-41082	Pool Code 33230	Pool Name House; Blinbry
Property Code 39779	Property Name PINOT	Well Number 2
OCRID No. 873	Operator Name APACHE CORPORATION	Elevation 3571'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	20 S	38 E		1850	NORTH	990	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

LOT 4 N: 587488.8 E: 871356.1 NAD 27	LOT 3 N: 587481.5 E: 873998.2 NAD 27	LOT 2	LOT 1 N: 587544.1 E: 876833.4 NAD 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. <i>Vicki Brown</i> 3/26/13 Signature Date Printed Name Email Address <i>vicki.brown@apachecorp.com</i>
SURFACE LOCATION Lot - N 32°36'15.67" Long - W 103°07'28.72" NMSPCE- N 585710.1 E 913549.6 (NAD-83) Lot - N 32°36'15.28" Long - W 103°07'27.00" NMSPCE- N 585651.0 E 872367.7 (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 FEBRUARY 16, 2013 Signature & Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 28244

APR 03 2013

HOBBS OCD

NOV 25 2013

DISTRICT I

1825 N. French Dr., Hobbs, NM 88240
Phone (878) 502-8181 Fax (878) 502-0720

DISTRICT II

811 S. First St., Artesia, NM 88210
Phone (878) 748-1283 Fax (878) 748-0720

DISTRICT III

1000 Rio Brueces Rd., Aztec, NM 87410
Phone (505) 334-8170 Fax (505) 334-8170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-5480 Fax (505) 478-5488State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised August 1, 2011

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 30-025-41082	Pool Code 78760	Pool Name Hause, Subb
Property Code 39779	Property Name PINOT	Well Number 2
OCRID No. 873	Operator Name APACHE CORPORATION	Elevation 3571'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	20 S	38 E		1850	NORTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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SURFACE LOCATION Lat - N 32°36'15.67" Long - W 103°07'28.72" NADSPCE - N 585710.1 E 913549.6 (NAD-83) Lat - N 32°36'15.26" Long - W 103°07'27.00" NADSPCE - N 585651.0 E 872367.7 (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. Signature <i>Gary L. Jones</i> Date <i>March 26, 2013</i> Certificate No. <i>Gary L. Jones 7977</i> Basin Survey <i>S 28244</i>
LOT 1 N: 582242.1 E: 874069.4 NAD 27				LOT 2 N: 582273.7 E: 876806.8 NAD 27

HOBBS OCD

DISTRICT I

1825 N. French Dr., Hobbs, NM 88240
Phone (505) 392-6181 Fax: (505) 392-0720

DISTRICT II

811 S. First St., Artesia, NM 88210
Phone (505) 740-1203 Fax: (505) 740-0720

DISTRICT III

1000 Rio Bravos Rd., Aztec, NM 87410
Phone (505) 834-6178 Fax: (505) 834-0170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3400 Fax: (505) 476-3402

NOV 25 2013

State of New Mexico
Energy, Minerals and Natural Resources DepartmentForm C-102
Revised August 1, 2011Submit one copy to appropriate
District Office

RECEIVED CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-41082	Pool Code 33250	Pool Name Hewes; Drinkard
Property Code 39779	Property Name PINOT	Well Number 2
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3571'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	20 S	38 E		1850	NORTH	990	WEST	LEA

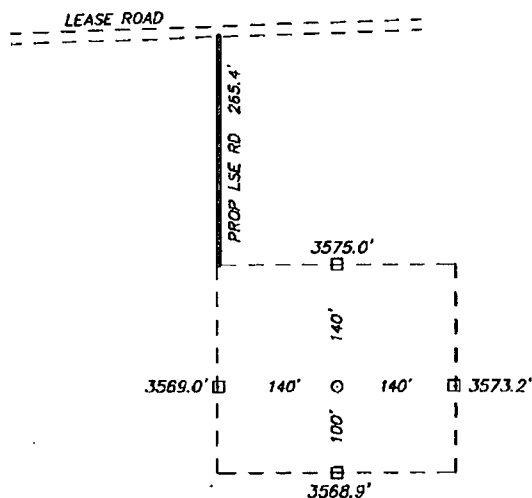
Bottom Hole Location If Different From Surface

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

LOT 4 N: 587409.5 E: 871356.1 NAD 27	LOT 3 N: 587401.5 E: 873994.2 NAD 27	LOT 2	LOT 1 N: 587344.1 E: 870533.4 NAD 27
SURFACE LOCATION Lat - N 32°36'15.67" Long - W 103°07'28.72" NMSPCE - N 585710.1 E 913549.6 (NAD-83) Lat - N 32°36'15.26" Long - W 103°07'27.00" NMSPCE - N 585651.0 E 872367.7 (NAD-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: <u>Vicki Brown</u> Date: <u>3/26/13</u> Printed Name: <u>Vicki Brown</u> Email Address: <u>vicki.brown@apachecorp.com</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>FEBRUARY 14, 2013</u> Signature & Seal of Professional Surveyor: <u>[Signature]</u> Certificate No. <u>Gary L. Jones 7977</u> BASIN SURVEYS 28244			

SECTION 2, TOWNSHIP 20 SOUTH, RANGE 38 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

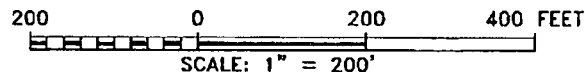


APACHE CORPORATION
PINOT #2
ELEV. - 3671'

Lat - N 32°36'15.67"
Long - W 103°07'28.72"
NMSPCE - N 585710.1
E 913549.6
(NAD-83)
Lat - N 32°36'15.26"
Long - W 103°07'27.00"
NMSPCE - N 585651.0
E 872367.7
(NAD-27)



WELL IS LOCATED ±7 MILES SOUTH OF HOBBS, NEW MEXICO.



Directions to Location:

FROM MILE MARKER 44 OF HWY 18; GO SOUTH 0.6
MILES TO LEASE ROAD, ON LEASE ROAD GO EAST
0.1 MILES TO PROPOSED LEASE ROAD.

APACHE CORPORATION

REF: PINOT #2 / WELL PAD TOPO

THE PINOT #2 LOCATED 1850'
FROM THE NORTH LINE AND 990' FROM THE WEST LINE OF
SECTION 2, TOWNSHIP 20 SOUTH, RANGE 38 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 -HOBBS, NEW MEXICO

W.O. Number: 28244

Drawn By: J. SMALL

Date: 02-27-2013

Disk: JMS 28244

Survey Date: 02-26-2013

Sheet 1 of 1 Sheets

Lease Name	Well No.	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinberry	Tubb	Drinkard	Blinberry	Tubb	Drinkard	Blinberry	Tubb	Drinkard
L D JONES	1	3002507722	20S 38E 1H SE NE	3476			186180			5043		
PHILLIPS HOUSE STATE	1	3002507725	20S 38E 2O			103812			498573			26751
STATE U	1	3002507727	20S 38E 2P			157611			97687			184324
ARNOLD A	1	3002507761	20S 38E 11F	1931	30378	670	5491	1370360		9674	5439	
HOUSE B	1	3002507764	20S 38E 11P		9855			118752				
BLANKENSHIP	1	3002507766	20S 38E 12E			54657			16638			7010
BLANKENSHIP	2	3002507767	20S 38E 12L	3906	20	134312	9570	42	1177187	2664	114	37126
BLANKENSHIP	3	3002507768	20S 38E 12M NE SW SW	8220	9097	39616	42006	50801	2435461	13493	18561	22235
CONE A	1	3002507770	20S 38E 12F		18093	207000		67905	243079		57648	85163
CONE B	1	3002507771	20S 38E 12J			239833			591551			69199
HESTER 12	3	3002507772	20S 38E 12O			150171			853402			32702
HESTER 12	2	3002507773	20S 38E 12N			82932			540453			17896
HESTER 12	1	3002512549	20S 38E 12K			97448			457760			16669
HOWSE C	1	3002522165	20S 38E 11H SE NE			26370			143078			6340
CONE B	2	3002525921	20S 38E 12G			398			86772			1460
WERTA FEDERAL	1	3002527696	19S 38E 35O SW SE	47854	14640	11778	237916	10262	24012	58353	10929	29470
L & M	1	3002528287	20S 38E 2N C S2 SW	2781	10531	685	22878	135449	2691	5505	2371	1611
FRANCES EVELYN	1	3002532163	19S 38E 35N SE SW	5470			61072			35070		
PICAYUNE	1	3002534734	20S 38E 11J C NW SE		16460	30418	3750	80195	408241			17895
DREESSEN	1	3002534857	20S 38E 1G C SW NE	2199			7175			23039		
HOWSER	1	3002534970	20S 38E 1J C NW SE	1371			28097			35934		
MERIT	1	3002535240	20S 38E 11O SW SE	745	10332	1507	6883	605929	8599	2308	38883	2308
REDTAG	1	3002535333	20S 38E 2J NW NW SE	28021	5382	6357	86252	19068	33781	23396	38726	52005
MERIT II	1	3002535448	20S 38E 11G C SW NE	6885	18913	21816	33861	36132	154364		11887	19464
DUKES	1	3002535614	20S 38E 11K E2 NE SW		7818	39886		38544	175076		8390	42888
REDTAG	2	3002535630	20S 38E 2K NE NE SW	18134			937845			7322		
DIXIE QUEEN	1	3002536421	20S 38E 11P SE SE	3196	11438	5460	32208	545324	34518	11738	3145	9440
WHITE OWL	1	3002536689	20S 38E 2D NW NW NW	37429			136023			10983		
HESTER 12	6	3002536795	20S 38E 12N	29655	8907	18635	355247	198988	104027	34095	8500	10878
HESTER 12	4	3002536800	20S 38E 12O SW SW SE	17637	7379	6561	277206	159788	144920	63297		4277
PLOW BOY FEDERAL	1	3002536962	19S 38E 35J NW NW SE	26172	276	276	98341	1951	2306			
ROUND-UP	1	3002537100	19S 38E 35H SW SE NE			10418			23003			
SALEM	1	3002537316	20S 38E 3A SE NE NE	5044		9112	12755		26053	13548		5593
HESTER 12	8	3002538076	20S 38E 12K SW NE SW	16340	5467	5238	146415	115473	73229	14284	16115	6231
HESTER 12	5	3002538211	20S 38E 12P NW SE SE	21935	7074	14511	202677	96008	98216	43049	15435	3834
HESTER 12	7	3002538369	20S 38E 12N NE SE SW	8687	9791	4787	78225	73262	45717	20593	11187	14644
MELOT	1	3002538370	20S 38E 11C SW NE NW	7067	9085	4031	63983	49767	28442	32016	31106	28362
BLANKENSHIP	4	3002538397	20S 38E 12L NE NW SW	3877	4174	8105	17670	29684	28335	30909	12788	9592
BLANKENSHIP	5	3002538399	20S 38E 12M SW SW SW	15539	5917	7517	49955	109312	330046	41995	9332	7000
BLANKENSHIP	6	3002538400	20S 38E 12L SW NW SW	8331	7354	1646	41048	2561	92288	18348	1344	25050
RHINO	2	3002538484	20S 38E 11K SE NE SW	13547	3883	7762	43085	30044				
MAGNOLIA	1	3002538660	20S 38E 11E NE SW NW	7288	7533	5759	101236	19864	21895	20886	3546	47328
DIXIE QUEEN	2	3002538661	20S 38E 11P NE SE SE	16824	4662	9371	99906	46258	100065	7928	2479	6109
HESTER 12	10	3002538662	20S 38E 12O NE SW SE	6140	969	7610	53989	20667	55114	36404	7024	18259
HESTER 12	11	3002538663	20S 38E 12P SW SE SE	2360	2358	4716	108898	110837	10861	10416	14742	9126
MELOT	2	3002538700	20S 38E 11C NW NE NW	21235	7837	3077	64815	12699	37026	18476	30688	23015
HESTER 12	9	3002538791	20S 38E 12K NE NE SW	3241	1986	8466	77688	8193	8999	29536	6295	18398
MAGNOLIA	2	3002539090	20S 38E 11D NE NW NW	3532	1121	9471	92486	50449	137329	33664	7214	7214
L & M	2	3002539450	20S 38E 2	2816	2020	15287	41228	52076	123690	21515	10755	39444
DIXIE QUEEN	3	3002539451	20S 38E 11	4049	1048	7967	26428	11232	28414	7782	1431	6668
MELOT	3	3002539458	20S 38E 11	3621	929	7125	18485	7855	19873	28358	5209	24307
BLANKENSHIP	7	3002539488	20S 38E 12	2119	582	4603	6109	2596	6561	37959	7909	33211
MAGNOLIA	3	3002539489	20S 38E 11	4089	1063	8050	53367	22679	57359	28546	5243	24468
ARNOLD A	2	3002539490	20S 38E 11	2452	614	4600	31681	13463	34057	16415	3351	13735
CONE A	2	3002539491	20S 38E 12	3134	864	6816	11228	5051	11789	16026	3269	13413
ARNOLD A	3	3002539636	20S 38E 11 NE SE NW	3782	940	7084	24407	10377	26243	23168	4728	19384
DIXIE QUEEN	4	3002539650	20S 38E 11	4902	1254	9637	38054	16171	40900	12719	2335	10904
L & M	3	3002539652	20S 38E 2	2863	2046	15556	19745	24942	59238	15064	7288	26242
MERIT	2	3002539653	20S 38E 11	3763	1206	8465	56452	29031	75805	15197	4599	15554
MERIT	3	3002539654	20S 38E 11 SW SE	3198	1767	6067	71232	53862	48649	16882	3684	10132
REDTAG	3	3002539655	20S 38E 2	2356	2788	16294	9165	20446	40900	26623	18361	46825
USA HOWSE	2	3002539839	20S 38E 12I	3221	210	1427	25740	3737	8853	26540	2660	7976
CONE B	2	3002539907	20S 38E 12J	1440	432	2926	24168	5176	12259	8642	2749	8249
REDTAG	4	3002539966	20S 38E 2K NE SW	1163	770	4528	18520	22927	46738	5678	2840	7255
PICAYUNE	2	3002539967	20S 38E 11J	1958	585	3983	9088	4796	11361	27362	8512	24927
MELOT	4	3002539968	20S 38E 11B	4536	1363	9240	23718	12515	29642	35454	11031	32301
MAGNOLIA	4	3002539969	20S 38E 11D	2879	862	5847	12778	6744	15972	16502	5133	15036
DUKES	2	3002540022	20S 38E 11K	1958	652	3917	8582	4767	10488	21695	7231	19284
L & M	8	3002540262	20S 38E 2N	1290	920	7004	9118	11515	27354	10697	5349	19612
REDTAG	6	3002540432	20S 38E 2K	461	307	1791	16544	20480	41750	9799	4901	12520
L & M	9	3002540496	20S 38E 2N	157	104	609	1856	2297	4684	2075	1037	2651
WERTA FEDERAL	2	3002540798	19S 38E 35O	615	347	614	1127	867	896	822	329	904
TOTALS				468,891	282,403	1,719,243	4,381,652	4,580,170	10,134,269	1,145,486	503,822	1,361,868
AVERAGES				8,084	5,135	26,450	74,265	83,276	160,861	20,827	10,076	22,326

Pinot #2
30-025-41082
Apache Corp.

				Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
Lease Name	Well No.	10DIGITAPI	Location	Blinebry	Tubb	Drinkard	Blinebry	Tubb	Drinkard	Blinebry	Tubb	Drinkard

Proposed Allocations	Oil	Gas	Water
Blinebry	20%	23%	39%
Tubb	13%	26%	19%
Drinkard	67%	51%	42%
TOTAL	100%	100%	100%



HOBBS OCD
NOV 25 2013
RECEIVED

November 20, 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
Pinot #2 (30-025-41082)
Unit E, Section 2, T20S, R38E
House; Blinbry (33230), House; Tubb (78760) & House; Drinkard (33250)
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 Fisher". The signature is written in a cursive, flowing style.

Reesa Holland Fisher
Sr Staff Regulatory Technician