

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., Artesia, 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

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

WELL API NO.	30-025-39091
5. Indicate Type of Lease	STATE ☐ FEE ☒
6. State Oil & Gas Lease No.	NA
7. Lease Name or Unit Agreement Name	McCasland
8. Well Number	001
9. OGRID Number	00873
10. Pool name or Wildcat	House: Blinebry S, House: Tu
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	3568'

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 (873)

3. Address of Operator 6120 S Yale Ave, Suite 1500
Tulsa, OK 74136-4224

4. Well Location
Unit Letter L : 1650 feet from the South line and 330 feet from the West line
Section 7 Township 20S Range 39E 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 ☐

SUBSEQUENT REPORT OF:

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

OTHER: Request DHC: Blinebry/Tubb

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.

Pursuant to Division Order R-11363:

Pool Names: House: Blinebry, S 33225
House: Tubb 78760

Perforations:

6057' - 6167', 6289' - 6549'
6625' - 6850'

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

	OIL	GAS	WATER
Blinebry	44%	28%	51%
Tubb	56%	72%	49%

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

DHC Order No. HOB-0283

Spud Date: 11/01/2008

Rig Release Date: 11/11/2008

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

SIGNATURE Sophie Mackay TITLE Engineering Tech DATE 11/13/2008

Type or print name Sophie Mackay E-mail address: sophie.mackay@apachecorp.com PHONE: (918)491-4864

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE NOV 18 2008

Conditions of Approval (if any):



RECEIVED

WWW.APACHECORP.COM
Telephone: (918) 491-4900

November 5, 2008

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

NOV 10 2008
HOBBS NM

RE: Application for Exception to Rule 303-C-Downhole Commingling
McCasland #1 (30-025-39091) - House Field
Unit L, Section 7, T-20-S, R-39-E
Blinebry, Tubb, and Drinkard Pools
Lea County, New Mexico

Mr. Kautz:

I am proposing a new method to determine the allocation percentages used when downhole commingling the Blinebry, Tubb, and Drinkard Oil & Gas pools. I have enclosed the administrative application form (C-103) and attachments used to determine the new allocation method proposed for the McCasland #1 completion. The ownership (WI, NRI, and ORRI) of these pools are identical in this well. The fluids from each of these three zones are compatible as seen in other surrounding commingled wells in this area. Commingling these fluids together will not damage the wellbore nor have any impact on the value of the total remaining production. The wells in this area are operated by a production lift system which maximizes production by keeping the well pumped off. This system can easily handle crossflow without encountering any problems. Overall, commingling will improve the efficiency of our present and future recovery operations.

This allocation method was found by calculating the cumulative and average production data for each individual zone in a nine section area surrounding the McCasland #1. By analyzing the average oil, gas, and water production for the Blinebry and Tubb pools, I was able to calculate the percentage production allocation for each zone. Please refer to the attached spreadsheets for my calculations. It is also noted that you approved the same allocation method for the Eugene Wood #11 in Lea County, New Mexico.

Thank you. If you have any questions or comments please contact me at (918) 491-4982 or e-mail at jeff.frederick@apachecorp.com.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "J. Frederick".

Jeff Frederick, P.E.
Production Engineer

Enclosures

Lease Name	Well Number	10 Digit API	Location	Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)	
				Blinbry	Tubb	Blinbry	Tubb	Blinbry	Tubb
ARNOLD A	1	3002507761	11F 20S 38E		25629		1323867		4442
BILBERRY	1	3002507981	6E 20S 39E						
BLANKENSHIP	1	3002507766	12E 20S 38E						
BLANKENSHIP	2	3002507767	12L 20S 38E	3323		6814		31	
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	2896	8369	19318	42833	67	13595
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	985	1063	4275	7178	631	261
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	6126	2040	24983	27265	1997	444
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	3094	944	12097	338	123	9
CONE A	1	3002507770	12F 20S 38E		16116		63863		56289
CONE B	1	3002507771	12J 20S 38E						
CONE B	2	3002525921	12G 20S 38E						
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE		6069		441167		
DREESSEN	1	3002534857	1G 20S 38E C SW NE	2199		7175		23039	
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818		38544		8390
HESTER 12	1	3002512549	12K 20S 38E						
HESTER 12	11	3002538663	12P 20S 38E SW SE SE			4399			
HESTER 12	2	3002507773	12N 20S 38E						
HESTER 12	3	3002507772	12O 20S 38E						
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	12574	1685	231192	49864	17435	
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	13164	3026	125910	44187	19892	4884
HESTER 12	6	3002536795	12N 20S 38E SW SE SW	21138	6758	254950	130014	11770	2889
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	2629	3233	15576	15434	8135	3523
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	7893	1642	88993	44136	5357	6043
HOUSE B	1	3002507764	11P 20S 38E		9855		118752		
HOWSE C	1	3002522165	11H 20S 38E SE NE						
HOWSER	1	3002534970	1J 20S 38E C NW SE	1371		28097		35934	
L D JONES	1	3002507722	1H 20S 38E SE NE	3476		186180		5043	
MAGNOLIA	1	3002538660	11E 20S 38E NE SW NW	435		2735		2697	
MELOT	1	3002538370	11C 20S 38E SW NE NW	1208	1555	14960	11635	6572	6386
MERIT	1	3002535240	11O 20S 38E E2 SW SE		8360		525928		7350
MERIT II	1	3002535448	11G 20S 38E C SW NE		15037		21852		11887
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		8964		42708		
RHINO	2	3002538484	11N 20S 38E SE NE SW	3334	740	7993	4629		
SHELL WALDREP	1	3002507980	6L 20S 39E						
TOTALS				85,845	128,903	1,035,647	2,954,194	138,723	126,392
AVERAGES				5,365	6,784	60,920	155,484	9,248	9,028

Proposed Allocations	Oil	Gas	Water
Blinbry	44%	28%	51%
Tubb	56%	72%	49%
TOTAL	100%	100%	100%

Lease Name	Well Number	10 Digit API	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard
ARNOLD A	1	3002507761	11F 20S 38E		25629	670		1323867			4442	
BILBERRY	1	3002507981	6E 20S 39E			90523			44600			46302
BLANKENSHIP	1	3002507766	12E 20S 38E			54657			16638			7010
BLANKENSHIP	2	3002507767	12L 20S 38E	3323		134312	6814		1177187	31		37126
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	2896	8369	39616	19318	42833	2435461	67	13595	22235
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	985	1063	2993	4275	7178	10649	631	261	196
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	6126	2040	2344	24983	27265	80335	1997	444	333
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	3094	944	211	12097	338	12124	123	9	168
CONE A	1	3002507770	12F 20S 38E		16116	206383		63863	233753		56289	83804
CONE B	1	3002507771	12J 20S 38E			239833			591551			69199
CONE B	2	3002525921	12G 20S 38E			398			86772			1460
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE		6069			441167				
DREESSEN	1	3002534857	1G 20S 38E C SW NE	2199			7175			23039		
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818	24852		38544	103967		8390	26341
HESTER 12	1	3002512549	12K 20S 38E			97448			457760			16669
HESTER 12	11	3002538663	12P 20S 38E SW SE SE				4399					
HESTER 12	2	3002507773	12N 20S 38E			82932			540453			17896
HESTER 12	3	3002507772	12O 20S 38E			150171			853402			32702
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	12574	1685	1498	231192	49864	45224	17435		824
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	13164	3026	4839	125910	44187	34882	19892	4884	
HESTER 12	6	3002536795	12N 20S 38E SW SE SW	21138	6758	6218	254950	130014	40952	11770	2889	4087
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	2629	3233	403	15576	15434	4032	8135	3523	1960
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	7893	1642	1572	88993	44136	27990	5357	6043	2336
HOUSE B	1	3002507764	11P 20S 38E		9855			118752				
HOWSE C	1	3002522165	11H 20S 38E SE NE			26370			143078			6340
HOWSER	1	3002534970	1J 20S 38E C NW SE	1371			28097			35934		
L D JONES	1	3002507722	1H 20S 38E SE NE	3476			186180			5043		
MAGNOLIA	1	3002538660	11E 20S 38E NE SW NW	435			2735			2697		
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MERIT	1	3002535240	11O 20S 38E E2 SW SE		8360			525928			7350	
MERIT II	1	3002535448	11G 20S 38E C SW NE		15037	21065		21852	145834		11887	19464
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		8964	23844		42708	366957			17895
RHINO	2	3002538484	11N 20S 38E SE NE SW	3334	740	1481	7993	4629				
SHELL WALDREP	1	3002507980	6L 20S 39E			208009			225644			4554
TOTALS				85,845	128,903	1,423,332	1,035,647	2,954,194	7,685,895	138,723	126,392	424,724
AVERAGES				5,365	6,784	54,744	60,920	155,484	320,246	9,248	9,028	18,466

Proposed Allocations	Oil	Gas	Water
Blinbry	8%	11%	25%
Tubb	10%	29%	25%
Drinkard	82%	60%	50%
TOTAL	100%	100%	100%