

Submit 1 Copy 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 , Aztec, NM 87410
District IV
1220 S St Francis Dr., Santa Fe, NM
87505

RECEIVED
SEP 30 2010
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103

October 13, 2009

WELL API NO.

30-025-39651

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Kool

8. Well Number 003

9. OGRID Number 873

10. Pool name or Wildcat
Blinebry oil & gas (oil)-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 Ln. Midland, TX 79705

4. Well Location

Unit Letter B : 330 feet from the N line and 1850 feet from the E line

Section 14 Township 20S Range 38E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3574' 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: Request DHC Blinebry/Tubb/Drinkard ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Apache intends to downhole commingle as follows:

Pool Names:

✓ Blinebry oil & gas (oil)-6660
✓ House-Tubb-Pool-78760
✓ Houese-Drinkard-Pool-33250

Actual Perforations:

6029-6500
6603-6833
6917-7084

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

	Oil	Gas	Water
Bline:	34%	36%	47%
Tubb:	19%	23%	22%
Drink:	47%	41%	31%

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

Spud Date: 7/28/2010

Rig Release Date: 8/4/2010

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

SIGNATURE Katie Kauffman TITLE Engineering Tech

DATE: 9/22/10

Type or print name Katie Kauffman

E-mail address: katie.kauffman@apachecorp.com

PHONE: 432.818.1065

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER

DATE OCT 14 2010

Conditions of Approval (if any):

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blnebr	Tubb	Dnnkard	Blnebr	Tubb	Dnnkard	Blnebr	Tubb	Dnnkard
ARNOLD A	1	3002507761	11F 20S 38E	939	29382	670	2969	1365236		6196	4964	
HOUSE B	1	3002507764	11P 20S 38E		9855			118752				
BLANKENSHIP	1	3002507766	12E 20S 38E			54657			16638			7010
BLANKENSHIP	2	3002507767	12L 20S 38E	3906	20	134312	9570	42	1177187	2664	114	37126
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	5609	8739	39616	31937	47265	2435461	4969	15409	22235
CONE A	1	3002507770	12F 20S 38E		16947	206438		66305	237410		56448	83963
CONE B	1	3002507771	12J 20S 38E			239833			591551			69199
HESTER 12	3	3002507772	12O 20S 38E			150171			853402			32702
HESTER 12	2	3002507773	12N 20S 38E			82932			540453			17896
HESTER 12	1	3002512549	12K 20S 38E			97448			457760			16669
CROWN	1	3002520195	13B 20S 38E NW NW NE		9006	57149		42105	687081			11360
HOWSE C	1	3002522165	11H 20S 38E SE NE			26370			143078			6340
LINDA FEDERAL	1	3002524724	23K 20S 38E C NE SW	53593	85873		441697	498634		35454	29344	
LINDA FEDERAL	2	3002525758	23L 20S 38E				149773			16681		
LINDA FEDERAL	3	3002525759	23E 20S 38E	3866			38006			2158		
LINDA FEDERAL	4	3002525760	23F 20S 38E	26907			174847			25566		
LLANO FEDERAL	1Y	3002525870	23M 20S 38E	73026			166670			266105		
CONE B	2	3002525921	12G 20S 38E			398			86772			1460
LINDA FEDERAL	5	3002526043	23N 20S 38E SE SW	16211	45943		26257	236083		7352	28732	
TUBB WF	70	3002526841	22P 20S 38E	14229			56448			38976		
SIMS FEDERAL	1	3002527653	23O 20S 38E	52807	25547		182817	54779		35018	7192	
KYTE	1	3002530793	23J 20S 38E C NW SE	72963	2421	7855	284868	10395	8472	63415	7786	13822
HOUSE	1	3002531006	13D 20S 38E NW NW	33094	205	36592	781657	8315	515800	15436		13278
FEDERAL 24	1	3002533182	24M 20S 38E C SW SW	17699	72204		73729	540348		20073	30822	
KYTE	3	3002533427	23I 20S 38E C NE SE	33368	75156		125963	392922		15094	9565	
KYTE	4	3002533683	23H 20S 38E C SE NE	34111	18819		274181	67128		51812	43195	
PAYDAY	1	3002533706	24L 20S 38E	68135	87732		435101	663337		43089	35819	
FEDERAL 24	2	3002533779	24N 20S 38E C SE SW	25625	22913		87880	116682		21441	33034	
PAYDAY	2	3002533833	24K 20S 38E	30772			408271			38020		
NMFU FEDERAL	1	3002533836	23P 20S 38E C SE SE	23490	29919		118407	124311		31545	55742	
M & M	1	3002533837	24E 20S 38E	18497	36813		340963	668660		49666	49887	
M & M	2	3002533879	24F 20S 38E	45789			413760			28545		
M & M	3	3002533880	24D 20S 38E	41168			554391			27570		
KYTE	5	3002533927	23G 20S 38E C SW NE	21021	5481		221185	48739		37491	26595	
M & M	4	3002534018	24C 20S 38E	41040			438964			33585		
SHARPS	1	3002534060	13M 20S 38E	38553			200513			42556		
SHARPS	2	3002534061	13N 20S 38E	32461			137002			30305		
FEDERAL 24	4	3002534104	24P 20S 38E S2 SE SE	12987	269		55092	589		26048	7757	
KYTE	7	3002534107	23A 20S 38E SE NE NE	29826			739326			39579		
TERRY	1	3002534157	24G 20S 38E SW NE	14036	24489		150773	16511		32854	26011	
JOE CAMEL	1	3002534160	13K 20S 38E	37432	198	353	65254	642	775	68108		
BULL DURHAM	1	3002534187	14P 20S 38E S2 SE SE	46551	7333		1069801			41364	8746	
FEDERAL 24	5	3002534199	24J 20S 38E C NW SE	14796	22021		75308	288416		11091	39013	
FEDERAL 24	6	3002534200	24I 20S 38E S2 NE SE	6894	2946	8498	25946	10771	31135	21599	7489	22210
JOE CAMEL	2	3002534211	13F 20S 38E SW SE NW	18572	1764		63606	3772		39246	554	
CAPPS FEDERAL	1	3002534267	24B 20S 38E C NW NE	33351			209982			31314		
DIAMONDBACK	1	3002534274	14J 20S 38E NW SE	29901			197063			32503		
PEARL	1	3002534275	13J 20S 38E NW SE	11355			35545			27669		
LUCKY STRIKE	1	3002534285	14I 20S 38E NE SE	78631			1057214			68515		
CAPPS FEDERAL	2	3002534289	13O 20S 38E SW SE	34666	6873		144482	42195		32364	9516	
KYTE	8	3002534296	23B 20S 38E NW NE	20970	1674		347924	9271		37103	6027	
BULL DURHAM	2	3002534363	14O 20S 38E SW SE	36082	169		322223	1247	678	56246		
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	26596	205	487	739211	56880	6535	36636		
KYTE	9	3002534457	23C 20S 38E C NE NW	12496			49067			35150		
BUGLER	1	3002534506	13L 20S 38E NW NW SW	73765	625		430641	92980		42757	581	
MOONEY	1	3002534569	13I 20S 38E NE SE			21688			31502			96197
PAIGE	1	3002534570	13P 20S 38E SE SE	7340		18759	14874		28822	17112		26466
VICEROY	1	3002534625	13E 20S 38E SW NW	30767			519915			75010		
PALL MALL	1	3002534634	14A 20S 38E NE NE	694	277	30260	727	12648	339763	134	422	74615
KOOL	1	3002534642	14B 20S 38E NW NE	36356	530	3177	335785	2365	3786	34773		
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		14052	26144	1174	68170	379893	0		17895
ROITAN	1	3002534735	14G 20S 38E SW NE	23698	5300		573207	122057		53256		
MARLBORO	1	3002534968	14C 20S 38E S2 NE NW	1197			10977					
GINGER MC	1	3002535203	24A 20S 38E SW NE NE	3034			19095			6883		
MERIT	1	3002535240	11O 20S 38E E2 SW SE		9429			589989			7350	
BEECHNUT	1	3002535241	14E 20S 38E SE SW NW	540			2239					
MERIT II	1	3002535448	11G 20S 38E C SW NE	3049	16751	21816	13807	27674	151543	11887	19464	
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818	32029		38544	135526		8390	26341
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE		7328			510428				
GINGER MC	2	3002536638	24H 20S 38E SW SE NE		339						1352	
BIG KICK	1	3002536745	13C 20S 38E W2 NE NW	15618	964	9378	229994	14228	63985	2410		2526
HESTER 12	6	3002536795	12N 20S 38E	26430	7986	11113	318022	180377	58657	28093	6612	5050
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	15440	4909	4364	259080	116487	105648	40701		2576
JOE CAMEL	3	3002538033	13F 20S 38E NW SE NW	3886	1741	1073	189031	158173	38576	6303	1713	990
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	12575	3762	3604	121855	84963	53881	9708	10953	4235
M & M	5	3002538112	24C 20S 38E NE NE NW	2993	3726		23798	22165		5856	9483	
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	18461	5470	10680	174122	76732	74658	38556	5549	241
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	6085	6979	2979	54296	51172	30377	15734	8199	10035
MELOT	1	3002538370	11C 20S 38E SW NE NW	4589	5899	2617	42646	33168	18958	22188	21557	19655
BULL DURHAM	3	3002538379	14P 20S 38E NE SE SE	5507	7221		69349	51361		613		
M & M	6	3002538380	24E 20S 38E SW SW NW	3838	4227		37855	98066		11139	8443	
PAYDAY	3	3002538381	24L 20S 38E SW NW SW	5729	4175		49843	28499		14598	2215	
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	2773	2981	6149	12370	20784	21338	10634	4397	3299
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	11895	4417	5513	41031	79990	240803	19455	4323	3244
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	6544	5172	1160	29084	1642	59155	7932	581	10829

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBB)		
				Blinbry	Tubb	Drnkard	Blinbry	Tubb	Drnkard	Blinbry	Tubb	Drnkard
KOOL	2	3002538439	14B 20S 38E SW NW NE	7635	1236	711	14993	26272				
RHINO	2	3002538484	11N 20S 38E SE NE SW	8767	2411	4821	24434	16537				
MAGNOLIA	1	3002538660	11E 20S 38E NE SW NW	5227	5002	3698	75285	14601	15500	16414	2484	31568
DIXIE QUEEN	2	3002538661	11P 20S 38E NE SE SE	10569	2872	4644	52714	23903	45420			
HESTER 12	10	3002538662	12O 20S 38E NE SW SE	4008	378	2978	30270	8108	21627	25359	3421	8895
HESTER 12	11	3002538663	12P 20S 38E SW SE SE	1395	1262	2392	76027	75820	7286	6011	7979	4565
BIG KICK	2	3002538664	13C 20S 38E SE NE NW	8075	1349	3312	24003		61951	36029	15319	5105
HOUSE	2	3002538665	13D 20S 38E SE NW NW	4379	1942		32572	2478				
M & M	7	3002538666	24E 20S 38E NE SW NW	1125	1336		5540	6271		4430	3649	
PAYDAY	4	3002538667	24L 20S 38E	4057	8404		7694	43320		7469	7719	
LUCKY STRIKE	2	3002538688	14I 20S 38E SW NE SE	3805	1219		23261	6087				
BUGLER	2	3002538689	13L 20S 38E SW NW SW	5904	1420		53762	19422		12378	4081	
MELOT	2	3002538700	11C 20S 38E NW NE NW	14103	4561	1793	38275	6690	19502	14207	17876	13406
HESTER 12	9	3002538791	12K 20S 38E NE NE SW	1773	1119	4138	42955	5269	4820	19159	4947	10903
MAGNOLIA	2	3002539090	11D 20S 38E NE NW NW	1516	484	4066	57703	31471	85680	13918	2982	2982
DIXIE QUEEN	3	3002539451	11I 20S 38E	1286	332	2531	3934	1672	4229			
CROWN	2	3002539457	13B 20S 38E	548	249	449	1066	544	658			
MELOT	3	3002539458	11B 20S 38E	1207	313	2376	4719	2005	5073	10867	1996	9314
BLANKENSHIP	7	3002539488	12E 20S 38E				1641	696	1763	7829	1631	6849
MAGNOLIA	3	3002539489	11E 20S 38E	1026	265	2021	15722	6682	16900	9272	1702	7948
ARNOLD A	2	3002539490	11F 20S 38E	709	179	1332	7636	3245	8209	5480	1118	4585
CONE A	2	3002539491	12F 20S 38E	557	154	1209	2068	930	2171	2899	592	2426
PALL MALL	2	3002539530	14A 20S 38E	835	380	685	13499	7043	8804	5332	1661	1748
CHESTERFIELD	2	3002539573	14H 20S 38E	295	135	243	37717	19679	24598			
ARNOLD A	3	3002539636	11F 20S 38E NE SE NW	1134	284	2125	4038	1717	4342	7096	1449	5937
TOTALS				1,728,273	820,280	1,401,806	15,751,988	8,313,466	9,965,592	2,296,165	734,374	795,159
AVERAGES				18,584	10,383	25,959	165,810	107,967	188,030	27,335	12,447	17,670

Proposed Allocations	Oil	Gas	Water
Blinebry	34%	36%	47%
Tubb	19%	23%	22%
Drnkard	47%	41%	31%
TOTAL	100%	100%	100%

September 22, 2010

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
Kool #003-API: 30-025-39654
Unit B, Sec 14, T-20-S, R-38-E
House-Tubb; House-Drinkard; Blinbry oil & gas (oil)
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 432.818.1065.

Sincerely,

A handwritten signature in black ink that reads "Katie Kauffman". The script is cursive and fluid, with the first name "Katie" and last name "Kauffman" clearly distinguishable.

**Katie Kauffman
Engineering Technician**

Order Number

418

API Number

30-02539651

Operator

Apache Corporation

County

Lea

Order Date

10-14-10

Well Name

Kool

Number

3

Location

B

UL

14

Sec

205

T (+Dir)

38E

R (+Dir)

Oil %

34%

Gas %

36%

Pool 1

6660

Blinberry Oil & Gas

Pool 2

78760

House Tubb

Pool 3

33250

House Drinkard

47%

41%

Pool 4

Comments:

DOWNHOLE COMMINGLE CALCULATIONS:

OPERATOR: Apache Corporation

PROPERTY NAME: Kool

WNULSTR: #3 - B-14-205-38E

DHC - HOB-0418
30-025-39651

SECTION I:	ALLOWABLE AMOUNT	
POOL NO. 1 <u>Blinebry Oil + Gas</u>	<u>107</u>	<u>428</u> MCF
POOL NO. 2 <u>House Tubb</u>	<u>142</u>	<u>284</u> MCF
POOL NO. 3 <u>House Drinkard</u>	<u>142</u>	<u>284</u> MCF
POOL NO. 4 _____		MCF
POOL TOTALS	<u>391</u>	<u>996</u>

SECTION II:	<u>Oil</u>	<u>Gas</u>
POOL NO. 1 <u>Blinebry Oil + Gas</u>	<u>34</u>	<u>36</u>
POOL NO. 2 <u>House Tubb</u>	<u>19</u>	<u>23</u>
POOL NO. 3 <u>House Drinkard</u>	$47 \times 391 =$	<u>41</u>
POOL NO. 4 _____	<u>183.77</u>	<u><184></u>

<u>OIL</u>	<u>GAS</u>
SECTION III: $47\% \div 142 = 302.127$	<u><302></u>

SECTION IV:	
$34\% \times 302 = 102.68$	<u><103></u>
$19\% \times 302 = 57.38$	<u><57></u>
$47\% \times 302 = 141.94$	<u><142></u>