

Submit 3 Copies To Appropriate District Office

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103

June 19, 2008

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 87411

District IV

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

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FEB 23 2011

HOBBSOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-025-40013
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name M W Coll
8. Well Number 002
9. OGRID Number 873
10. Pool name or Wildcat Blaine O&G (Oil) 6660/Tubb O&G (Oil) 60240

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 I : 1980 feet from the South line and 660 feet from the East line
Section 12 Township 21S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3496' 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.

Apache wants to DHC the Blinebry Oil & Gas (Oil), Tubb Oil & Gas (Oil), & Drinkard.

R11363

Pool Names: Blinebry Oil & Gas (Oil) 6660 Anticipated Perforations: Blinebry 5916'-6346'
Tubb Oil & Gas (Oil) 60240 Tubb 6463'-6689'

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

	Oil	Gas	Water
Blinebry	79%	44%	61%
Tubb	21%	56%	39%

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

Spud Date:

Rig Release Date:

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

SIGNATURE

Reesa Holland

TITLE Sr. Engr Tech

DATE 02/21/2011

Type or print name Reesa Holland

E-mail address: Reesa.Holland@apachecorp.com

PHONE: 432/818-1062

For State Use Only

APPROVED BY:

Reesa Holland

TITLE

PETROLEUM ENGINEER

DATE FEB 25 2011

Conditions of Approval (if any):

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
FEB 23 2011
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40013		² Pool Code 6660	³ Pool Name Blinebry Oil & Gas (Oil)
⁴ Property Code 38239	⁵ Property Name M W Coll		⁶ Well Number 002
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705		⁹ Elevation 3496' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	12	21S	37E		1980	South	660	East	Lea

¹¹ 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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ 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.

16					<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 hereinafter entered by the division.</p> <p><u>Reesa Holland</u> 02/21/2011 Signature Date</p> <p>Reesa Holland Printed Name</p>
					<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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HOBBSCOCD

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40013	² Pool Code 60240	³ Pool Name Tubb Oil & Gas (Oil)
⁴ Property Code 38239	⁵ Property Name M W Coll	⁶ Well Number 002
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705	⁹ Elevation 3496' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	12	21S	37E	1980		South	660	East	Lea

¹¹ 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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

16					¹⁷ 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. <u>Reesa Holland</u> 02/21/2011 Signature Date Reesa Holland Printed Name
					¹⁸ 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 of Survey Signature and Seal of Professional Surveyor: Certificate Number



303 VETERANS AIRPARK LANE / SUITE 3000 / MIDLAND, TX 79705-4561

Telephone (432) 818-1000
WWW.APACHECORP.COM

February 18, 2011

**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
M W Coll #2
Unit I, Section 12, T-21-S, R-37-E
Blinebry Oil & Gas (Oil) & Tubb 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.

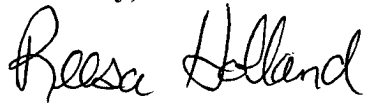
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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) 818-1062.

Sincerely,

A handwritten signature in black ink that reads "Reesa Holland". The signature is written in a cursive, flowing style.

Reesa Holland
Sr. Engineering Technician

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)	
				Blinbry	Tubb	Blinbry	Tubb	Blinbry	Tubb
DRINKARD UNIT	3	3002506325	1 21S 37E	124662		452474		10849	
DRINKARD UNIT	5	3002506326	1F 21S 37E	78584		232414		11337	
DRINKARD UNIT	4	3002506327	1O 21S 37E	94156		267470		7800	
DRINKARD UNIT	1	3002506328	1L 21S 37E SW NW SW	86779		250039		14040	
DRINKARD UNIT	2	3002506330	1 21S 37E	82933		254410		9472	
HUMBLE FEDERAL	1	3002506331	1 21S 37E	29082		102148		28844	
DRINKARD UNIT	7	3002506332	1L 21S 37E	151388		249074		13905	
ELLIOTT FEDERAL	2	3002506333	1 21S 37E	140157		355855		10290	
ELLIOTT	5	3002506334	1 21S 37E	195217		884976		4384	
DRINKARD UNIT	8	3002506335	1N 21S 37E	154699		848926		17988	
DRINKARD UNIT	10	3002506336	1J 21S 37E	140078		519199		17369	
DRINKARD UNIT	11	3002506337	1 21S 37E	29035		98410		21031	
DAURON	1	3002506338	1E 21S 37E	61763		338152			
OWEN	1	3002506339	14E 21S 37E		49654		3652319		
STATE	3	3002506341	2M 21S 37E	153077		1728531		25681	
STATE	5	3002506343	2F 21S 37E	124952		232971		540	
STATE	6	3002506344	2D 21S 37E						
STATE	7	3002506345	2C 21S 37E						
UNIT	4	3002506348	2 21S 37E						
UNIT	5	3002506349	2 21S 37E						
HARRY LEONARD NCT F	6	3002506350	2O 21S 37E	113441		599906		1543	
HARRY LEONARD NCT F	7	3002506351	2J 21S 37E	9165	19254	18977	38078	4607	9045
HARRY LEONARD NCT F	9	3002506353	2 21S 37E	171212		916350		2830	
HARRY LEONARD NCT F	11	3002506355	2 21S 37E	124091		417857		2613	
HARRY LEONARD NCT F	16	3002506360	2H 21S 37E	92812		258653		3143	
HARRY LEONARD NCT F	1	3002506361	2 21S 37E		16888		52563		7344
HARRY LEONARD NCT F	17	3002506364	2A 21S 37E	50381		133419		1287	
STATE SEC 2	8	3002506368	2L 21S 37E	144267		1910607		2800	
STATE SEC 2	3	3002506369	2 21S 37E						
STATE SEC 2	4	3002506370	2 21S 37E						
STATE SEC 2	7	3002506373	2 21S 37E	16391		526606		1971	
STATE SEC 2	11	3002506377	2L 21S 37E		6630		243156		120
DRINKARD UNIT	13	3002506476	11C 21S 37E	100365		695307		13276	
DRINKARD UNIT	12	3002506477	11D 21S 37E	107103		622024		37125	
DRINKARD UNIT	17	3002506478	11O 21S 37E	209824		2366090		9031	
DRINKARD UNIT	18	3002506479	11A 21S 37E	163011		604541		6253	
DRINKARD UNIT	19	3002506480	11H 21S 37E	252880		1770169		41709	
DRINKARD UNIT	20	3002506481	11I 21S 37E	174441		1562950		12145	
DRINKARD UNIT	14	3002506482	11B 21S 37E						
STATE SEC 2	16	3002506484	2K 21S 37E	31273		494290		1501	
STATE SEC 2	13	3002506486	2N 21S 37E						
DRINKARD UNIT	21	3002506523	11B 21S 37E	182507		2813057		11398	
LOCKHART B 11	3	3002506525	11E 21S 37E W2 SW NW	127730		2073161		10898	
DRINKARD UNIT	16	3002506526	11A 21S 37E	50913		398626		17528	
DRINKARD UNIT	15	3002506527	11A 21S 37E						
DRINKARD UNIT	22	3002506528	11P 21S 37E	124277		2001889		5804	
DRINKARD UNIT	23	3002506529	11G 21S 37E	210952		1970421		6802	
DRINKARD UNIT	24	3002506530	11J 21S 37E	208468		1341043		14406	
DRINKARD UNIT	25	3002506531	11F 21S 37E	196012		2272861		35014	
J H NOLAN	1	3002506532	11M 21S 37E						
J H NOLAN	2	3002506533	11N 21S 37E SE SW		35871				
J H NOLAN	3	3002506534	11K 21S 37E						
DRINKARD UNIT	27	3002506535	11E 21S 37E						
DRINKARD UNIT	26	3002506536	11G 21S 37E						
GUTMAN	1	3002506537	11L 21S 37E		1689		87692		30
DRINKARD UNIT	28	3002506538	12D 21S 37E	57579		388643		7812	
DRINKARD UNIT	30	3002506539	12E 21S 37E	19149		151770		3515	
DRINKARD UNIT	31	3002506541	12C 21S 37E	149383		656081		7613	
DRINKARD UNIT	32	3002506542	12D 21S 37E	125199		260813		3116	
DRINKARD UNIT	33	3002506543	12F 21S 37E	139466		550995		3109	
DRINKARD UNIT	34	3002506544	12G 21S 37E	59337		231505		11251	
DRINKARD UNIT	35	3002506545	12B 21S 37E	84354		413958		14577	
DRINKARD UNIT	36	3002506546	12E 21S 37E	76046		267087		5357	
DRINKARD UNIT	3	3002506548	12C 21S 37E						
CHESHER	1	3002506549	12K 21S 37E NE SW	78280		227036		820	
DRINKARD UNIT	48	3002506550	12M 21S 37E	132856		848747		15307	

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)	
				Blinbry	Tubb	Blinbry	Tubb	Blinbry	Tubb
DRINKARD UNIT	47	3002506551	12J 21S 37E	98064		303686		14960	
DRINKARD UNIT	46	3002506552	12L 21S 37E	166214		949138		21967	
FIELDS	1	3002506553	12O 21S 37E	47463		101724		12286	
PLUMLEE	1	3002506554	12N 21S 37E	66745		175622		514	
LOCKHART B 13 A	1	3002506555	13M 21S 37E	85536		2092334		6261	
DRINKARD UNIT	37	3002506556	13E 21S 37E	103580		3025657		14152	
DRINKARD UNIT	38	3002506557	13F 21S 37E	135002		1048206		12352	
LOCKHART B 13 A	4	3002506558	13K 21S 37E	88372		513291		4853	
LOCKHART B 13 A	5	3002506559	13N 21S 37E	115906		674137		15604	
DRINKARD UNIT	39	3002506560	13G 21S 37E	44891		149588		16750	
DRINKARD UNIT	40	3002506561	13J 21S 37E	41306		124484		16797	
DRINKARD UNIT	8	3002506562	13L 21S 37E	79385		3183803		11897	
DRINKARD UNIT	53	3002506566	13C 21S 37E	164462		1045288		2798	
DRINKARD UNIT	54	3002506567	13B 21S 37E	112252		475667		590	
DRINKARD UNIT	55	3002506568	13D 21S 37E	180756		1104870		4132	
EUBANKS	2	3002506569	14L 21S 37E	97622	70256	1100278	4575177	4454	287
EUBANKS	1	3002506570	14M 21S 37E	254018		6395636		6416	
EUBANKS	3	3002506571	14K 21S 37E	146806		3801377		4812	
EUBANKS	4	3002506572	14N 21S 37E	219416		2051330		4077	
DRINKARD UNIT	43	3002506573	14H 21S 37E	61371		5449570		9314	
DRINKARD UNIT	44	3002506574	14P 21S 37E C SE SE	69476	17491	1762380	1310182	6771	
DRINKARD UNIT	45	3002506575	14A 21S 37E	160714		1610515		11568	
LOCKHART B-14 A	4	3002506576	14I 21S 37E	93005		1235361		6040	
NAOMI KEENUM	1	3002506577	14J 21S 37E	261118		1728173		25244	
NAOMI KEENUM	2	3002506578	14O 21S 37E	131160	124584	603394	4331441	13942	27043
OWEN	2	3002506579	14D 21S 37E						
ANDREWS	1	3002506580	14F 21S 37E						
ANDREWS	2	3002506581	14C 21S 37E NE NW						
DRINKARD UNIT	49	3002506582	14G 21S 37E C SW NE		5837		172709		237
DRINKARD UNIT	50	3002506583	14B 21S 37E	277261		2898234		14250	
DRINKARD UNIT	51	3002506584	14G 21S 37E	179650		3523677		14383	
GUTMAN	2	3002520218	11L 21S 37E						
ELLIOTT FIELDS	1	3002522827	6M 21S 38E	5963		30332		6824	
ANNA FEDERAL	1	3002523355	1D 21S 37E	1437		1149		52	
NAOMI KEENUM	3	3002524854	14O 21S 37E						
FEDERAL 7	1	3002527058	7D 21S 38E	20802		22273		59040	
DRINKARD UNIT	42	3002528011	13N 21S 37E		9417		77120		11257
COOGAN FEDERAL	2	3002530469	1 21S 37E NE SE SW	10402		52354		10953	
DRINKARD UNIT	9	3002534937	1N 21S 37E NE SE SW	6380		38703		6292	
DRINKARD UNIT	52	3002536810	14B 21S 37E NW NW NE	9082	3293	98785	95086	2894	7724
BUNIN	6	3002539547	13A 21S 37E	49		18		1272	
TOTALS				8,965,393	360,864	83,951,522	14,635,523	874,202	63,087
AVERAGES				110,684	30,072	1,036,439	1,330,502	10,928	7,010

Proposed Allocations	Oil	Gas	Water
Blinbry	79%	44%	61%
Tubb	21%	56%	39%
TOTAL	100%	100%	100%