

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
OIL CONSERVATION DIVISION
MAR 03 2011
1220 South St. Francis Dr.
Santa Fe, NM 87505
HOBBSUCD

WELL API NO. 30-025-40019
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name House
8. Well Number 003
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 D : 990 feet from the North line and 480 feet from the West line Section 13 Township 20S Range 38E NMPM County Lea	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3567' 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: R-11363

Pool Names:	Perforations:
House; Blinebry, South 33225	Blinebry 6022'-6306'
House; Tubb 78760	Tubb 6485'-6723'
House; Drinkard 33250	Drinkard 6946'-7048'

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

	OIL	GAS	WATER
Blinebry	36%	38%	51%
Tubb	19%	24%	20%
Drinkard	45%	38%	29%

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

Spud Date: 02/18/2011 Rig Release Date: 02/28/2011

DHC-HOB-441

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 03/01/2011

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

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 04 2011

Conditions of Approval (if any):



March 1, 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
House #3, API 30-025-40019
Unit D, Section 13, T-20-S, R-38-E
House; Blinebry, South (33225), 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 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	Drinkard	Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard
ARNOLD A	1	3002507761	11F 20S 38E	1176	29620	670	3787	1366896		7905	5198	
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	6000	8792	39616	34021	47997	2435461	5877	15744	22235
CONE A	1	3002507770	12F 20S 38E		17066	206497		66446	237906		56586	84101
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
CARTER A	1	3002507987	19M 20S 39E			10840						
CARTER B	1	3002507988	19N 20S 39E			19665			41425			63553
HESTER 12	1	3002512549	12K 20S 38E			97448			457760			16669
CROWN	1	3002520195	13B 20S 38E	79	9694	57149	349	44408	687081			11360
HOWSE C	1	3002522165	11H 20S 38E SE NE			26370			143078			6340
LINDA FEDERAL	1	3002524724	23K 20S 38E C NE SW	53996	86434		443183	499198		35629	29587	
LINDA FEDERAL	2	3002525758	23L 20S 38E	21515			152232			16681		
LINDA FEDERAL	3	3002525759	23E 20S 38E	3866			38006			2158		
LINDA FEDERAL	4	3002525760	23F 20S 38E	26928			175052			25575		
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	16285	45943		26667	236083		7384	28732	
SIMS FEDERAL	1	3002527653	23O 20S 38E	53149	25635		184304	55020		35274	7309	
KYTE	1	3002530793	23J 20S 38E C NW SE	73004	2412	7899	285093	10395	8472	63545	7865	13888
HOUSE	1	3002531006	13D 20S 38E NW NW	33301	256	37052	807333	10548	515800	15436		13278
FEDERAL 24	1	3002533182	24M 20S 38E C SW SW	18246	72359		75910	545640		21250	30978	
KYTE	3	3002533427	23I 20S 38E C NE SE	34554	75094		130080	394273		17200	9772	
KYTE	4	3002533683	23H 20S 38E C SE NE	34106	19181		276155	67719		52277	43317	
PAYDAY	1	3002533706	24L 20S 38E	68611	87989		442065	666284		44070	36585	
FEDERAL 24	2	3002533779	24N 20S 38E C SE SW	26210	22966		90252	117805		21730	33159	
PAYDAY	2	3002533833	24K 20S 38E	31010			412437			38472		
NMFU FEDERAL	1	3002533836	23P 20S 38E C SE SE	23837	30310		121725	124810		31869	57432	
M & M	1	3002533837	24E 20S 38E	18691	37038		341807	670722		50357	50578	
M & M	2	3002533879	24F 20S 38E	46130			417230			29391		
M & M	3	3002533880	24D 20S 38E	41510			559218			28170		
CARTER 19	1	3002533904	19M 20S 39E SW SW SW	22076			85488			82167		
KYTE	5	3002533927	23G 20S 38E C SW NE	21006	6158		221908	50973		37881	26985	
M & M	4	3002534018	24C 20S 38E	41383			440084			34187		
SHARPS	1	3002534060	13M 20S 38E	38923			202025			44721		
SHARPS	2	3002534061	13N 20S 38E	32873			138546			31441		
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	30311			741885			40616		
TERRY	1	3002534157	24G 20S 38E SW NE	14021	24650		152890	16408		33426	26583	
JOE CAMEL	1	3002534160	13K 20S 38E	37678	309	556	65848	945	1141	70466		
BULL DURHAM	1	3002534187	14P 20S 38E S2 SE SE	46644	8265		1076698			41507	11459	
FEDERAL 24	5	3002534199	24J 20S 38E C NW SE	14938	22247		78741	289612		11491	39367	
FEDERAL 24	6	3002534200	24I 20S 38E S2 NE SE	7021	2967	8632	26740	11009	31938	21977	7809	22507
JOE CAMEL	2	3002534211	13F 20S 38E SW SE NW	18782	2135		65258	4352		40729	700	
CAPPS FEDERAL	1	3002534267	24B 20S 38E C NW NE	33678			210956			32738		
DIAMONDBACK	1	3002534274	14J 20S 38E NW SE	30346			201214			44018		
PEARL	1	3002534275	13J 20S 38E NW SE	11525			36325			28311		
LUCKY STRIKE	1	3002534285	14I 20S 38E NE SE	79567			1063685			68515		
CAPPS FEDERAL	2	3002534289	13O 20S 38E SW SE	36120	6541		146790	41661		37579	9680	
KYTE	8	3002534296	23B 20S 38E NW NE	20969	1666		348326	9672		37643	6563	
BULL DURHAM	2	3002534363	14O 20S 38E SW SE	36294	222		325659	1703	927	57657	0	
MCCASLAND 18 FEE	1	3002534391	18K 20S 39E NE SW	18338	2212	3449	438398	146822	17841	76786	6904	1719
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	26857	324	702	743072	69339	7764	36636		
KYTE	9	3002534457	23C 20S 38E C NE NW	12514			49269			35374		
CARTER 19	2	3002534469	19L 20S 39E NW SW	35427			140317			107599		
BUGLER	1	3002534506	13L 20S 38E NW NW SW	74873	762		431632	111802		44764	687	
MCCASLAND 18 FEE	2	3002534523	18F 20S 39E SW SE NW	30875	9090	5538	19407	136301	24258	24394	7552	4884
MOONEY	1	3002534569	13I 20S 38E NE SE			21755				31617		96197
PAIGE	1	3002534570	13P 20S 38E SE SE	7423		18758	15010		28744	18791		26466
VICEROY	1	3002534625	13E 20S 38E SW NW	31447			529778			75010		
PALL MALL	1	3002534634	14A 20S 38E NE NE	947	379	30308	1281	22310	340651	262	825	75696
KOOL	1	3002534642	14B 20S 38E NW NE	36467	567	3401	338624	2527	4047	35125	86	779
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		14573	27069	1593	70127	384506			17895
ROITAN	1	3002534735	14G 20S 38E SW NE	23698	5851		575529	137588		53256		
MARLBORO	1	3002534968	14C 20S 38E S2 NE NW	1459			12473					
GINGER MC	1	3002535203	24A 20S 38E SW NE NE	3034			19095			6883		
MERIT	1	3002535240	11O 20S 38E E2 SW SE		9653			600047			8297	
BEECHNUT	1	3002535241	14E 20S 38E SE SW NW	540			2239					
JONES ROBINSON	1	3002535246	19O 20S 39E C SW SE			370			1030			7624
MERIT II	1	3002535448	11G 20S 38E C SW NE	3721	17129	21816	16762	28920	151959	11887	19464	
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818	33271		38544	141935	8390	26341	
BOURDON 18	1	3002536233	18O 20S 39E C SW SE		13657	12655		73950	85810	17636	14079	
DUNCAN 19	1	3002536235	19A 20S 39E		3594	3287		49366	45463			
BOURDON 18	2	3002536385	18P 20S 39E C SE SE			33574			89587			9350
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE		8134			520467				
GINGER MC	2	3002536638	24H 20S 38E SE NE	885	1674		3525	5286		1290	4144	
BIG KICK	1	3002536745	13C 20S 38E W2 NE NW	18507	1095	9443	239224	15531	64311	2410		2526
BOURDON 18	4	3002536793	18J 20S 39E C NW SE	650	2116		9291	21082			5830	
HESTER 12	6	3002536795	12N 20S 38E	27061	8167	12586	324498	183615	66550	29025	6905	5956
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	15813	5327	4737	262675	125076	113438	43742		2805
BOURDON 18	5	3002537015	18H 20S 39E C SE NE	2824	1597		11760	6873		11700	574	
JOE CAMEL	3	3002538033	13F 20S 38E NW SE NW	4167	1868	1150	199185	166669	40648	7125	1936	1119

House #3
API 30-025-40019
Apache Corp.

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard	Blinbry	Tubb	Drinkard
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	13217	4052	3884	126317	90507	57397	10347	11674	4514
M & M	5	3002538112	24C 20S 38E NE NE NW	3251	3807		27479	22714		6541	9886	
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	19123	5777	11411	179727	80515	79281	39226	7021	776
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	6503	7430	3270	58835	55362	33287	16543	8696	10802
MELOT	1	3002538370	11C 20S 38E SW NE NW	5080	6532	2897	46548	36202	20693	24126	23441	21373
BULL DURHAM	3	3002538379	14P 20S 38E NE SE SE	5671	7923		76456	57176		613		
M & M	6	3002538380	24E 20S 38E SW SW NW	4004	4476		40244	106066		12024	9196	
PAYDAY	3	3002538381	24L 20S 38E SW NW SW	5990	4522		54360	31511		15591	2434	
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	2980	3206	6515	13473	22635	22794	13075	5408	4057
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	12660	4732	5933	43234	87224	262821	21071	4682	3513
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	6853	5547	1245	31577	1834	66060	9438	691	12884
KOOL	2	3002538439	14B 20S 38E SW NW NE	8460	1386	819	17389	30923		455	806	806
RHINO	2	3002538484	11N 20S 38E SE NE SW	9655	2684	5367	27415	18696				
MAGNOLIA	1	3002538660	11E 20S 38E NE SW NW	5643	5513	4114	83065	16180	17417	17255	2683	34528
DIXIE QUEEN	2	3002538661	11P 20S 38E NE SE SE	11898	3251	5647	61543	28085	55644			
HESTER 12	10	3002538662	12O 20S 38E NE SW SE	4438	497	3908	35154	10695	28526	27569	4142	10768
HESTER 12	11	3002538663	12P 20S 38E SW SE SE	1579	1470	2834	83251	83514	8071	6890	9328	5475
BIG KICK	2	3002538664	13C 20S 38E SE NE NW	9043	1521	3733	28298		73563	40290	17450	5816
HOUSE	2	3002538665	13D 20S 38E SE NW NW	4741	2119		34031	2566				
M & M	7	3002538666	24E 20S 38E NE SW NW	1221	1661		6164	8485		4993	5095	
PAYDAY	4	3002538667	24L 20S 38E	4373	9179		8387	48405		8188	8710	
LUCKY STRIKE	2	3002538688	14I 20S 38E SW NE SE	4252	1504		27699	7988				
BUGLER	2	3002538689	13L 20S 38E SW NW SW	7041	1954		62758	25173		14747	6356	
MELOT	2	3002538700	11C 20S 38E NW NE NW	15593	5245	2062	44233	8038	23435	15013	20298	15222
HESTER 12	9	3002538791	12K 20S 38E NE NE SW	2001	1255	4808	49128	5788	5563	21090	5197	12299
MAGNOLIA	2	3002539090	11D 20S 38E NE NW NW	1885	600	5053	65700	35833	97553	16916	3625	3625
MCCASLAND	1	3002539091	7L 20S 39E SW NW SW	2039	2596		16115	41433		14392	13830	
DIXIE QUEEN	3	3002539451	11I 20S 38E	1912	494	3763	7697	3272	8275			
CROWN	2	3002539457	13B 20S 38E	848	385	693	1802	920	1112			
MELOT	3	3002539458	11B 20S 38E	1682	434	3311	7097	3017	7631	14572	2677	12490
BLANKENSHIP	7	3002539488	12E 20S 38E	319	86	693	2591	1100	2784	14215	2962	12438
MAGNOLIA	3	3002539489	11E 20S 38E	1568	406	3088	25804	10966	27737	13839	2541	11863
ARNOLD A	2	3002539490	11F 20S 38E	1127	284	2118	13084	5560	14067	8204	1674	6863
CONE A	2	3002539491	12F 20S 38E	1160	321	2519	3839	1726	4032	5240	1070	4386
PALL MALL	2	3002539530	14A 20S 38E	1552	704	1272	26469	13810	17261	8878	2766	2911
CHESTERFIELD	2	3002539573	14H 20S 38E	674	308	554	78408	40909	51136			
ARNOLD A	3	3002539636	11F 20S 38E NE SE NW	1915	478	3588	9100	3869	9783	11387	2325	9527
BUGLER	3	3002539648	13L 20S 38E	488	267	642	1703	1059	1841	3383	1449	2071
DIAMONDBACK	2	3002539649	14J 20S 38E NW SE	896	487	1179	2120	1318	2292			
DIXIE QUEEN	4	3002539650	11I 20S 38E	1286	331	2532	6392	2715	6868			
KOOL	3	3002539651	14B 20S 38E NW NE	116	66	158	3030	1936	3450	1419	664	936
MERIT	2	3002539653	11Q 20S 38E	949	306	2134	10565	5434	14186	2584	782	2645
MERIT	3	3002539654	11Q 20S 38E SW SE	231	128	441	4371	3305	2985	1458	318	875
CHESTERFIELD	3	3002539721	14H 20S 38E	126	55	99	15228	7948	9932			
TOTALS				1,867,848	877,659	1,520,850	16,829,821	9,074,616	10,504,628	2,693,881	831,389	945,687
AVERAGES				17,136	9,337	21,726	152,998	98,637	156,785	28,658	11,547	16,591

Proposed Allocations	Oil	Gas	Water
Blinbry	36%	38%	51%
Tubb	19%	24%	20%
Drinkard	45%	38%	29%
TOTAL	100%	100%	100%