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MAR 16 2011
HOBBS
State of New Mexico
Energy, Minerals and Natural Resources
CONSERVATION DIVISION
220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-40020
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Lucky Strike
8. Well Number 003
9. OGRID Number 873
10. Pool name or Wildcat Blinebry O&G(Oil)6660/House;Tubb(78760)

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 : 2310 feet from the South line and 330 feet from the East line Section 14 Township 20S Range 38E NMPM County Lea 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3576' GL	
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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 ☒ OTHER: ☐		SUBSEQUENT REPORT OF: REMEDIAL WORK ☐ ALTERING CASING ☐ COMMENCE DRILLING OPNS. ☐ P AND A ☐ CASING/CEMENT JOB ☐ OTHER: ☐	
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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:	Proposed Perforations:
Blinebry Oil & Gas (Oil) 6660	Blinebry 6024'-6330'
House; Tubb 78760	Tubb 6500'-6796'

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

	OIL	GAS	WATER
Blinebry	64%	61%	69%
Tubb	36%	39%	31%

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

Spud Date:

Rig Release Date:

DHC-HOB-0445

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 03/15/2011

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 17 2011

Conditions of Approval (if any):

✓

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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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
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 30-025-40020	² Pool Code 6660	³ Pool Name Blinbry Oil & Gas (Oil)
⁴ Property Code 303221	⁵ Property Name Lucky Strike	⁶ Well Number 003
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705	⁹ Elevation 3576' GL

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	14	20S	38E		2310	South	330	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.
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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>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> <u>Reesa Holland</u> 03/15/2011 Signature Date Reesa Holland Printed Name
				¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

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CONSERVATION DIVISION

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Santa Fe, NM 87505

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¹ API Number 30-025-40020	² Pool Code 78760	³ Pool Name House; Tubb
⁴ Property Code 303221	⁵ Property Name Lucky Strike	⁶ Well Number 003
⁷ OGRID No. 873	⁸ Operator Name Apache Corporation: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705	⁹ Elevation 3576' GL

¹⁰ Surface Location

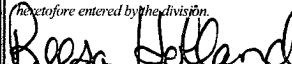
UL or lot no. 1	Section 14	Township 20S	Range 38E	Lot Idn	Feet from the 2310	North/South line South	Feet from the 330	East/West line East	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>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.</i> <i>Therefore entered by the division.</i>  Signature 03/15/2011 Date Reesa Holland Printed Name
				¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



March 15, 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
Lucky Strike #3 API 30-025-40020
Unit I, Section 14, T20S, R38E
Blinebry Oil & Gas (Oil) 6660 & House; Tubb (78760)
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.

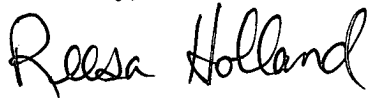
The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the 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
ARNOLD A	1	3002507761	11F 20S 38E	1176	29620	3787	1366896	7905	5198
HOUSE B	1	3002507764	11P 20S 38E		9855		118752		
BLANKENSHIP	2	3002507767	12L 20S 38E	3906	20	9570	42	2664	114
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	6000	8792	34021	47997	5877	15744
CONE A	1	3002507770	12F 20S 38E		17066		66446		56586
CROWN	1	3002520195	13B 20S 38E	79	9694	349	44408		
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	
LINDA FEDERAL	5	3002526043	23N 20S 38E SE SW	16285	45943	26667	236083	7384	28732
BLINEBRY TUBB WF	70	3002526841	22P 20S 38E	14229		56448		38976	
SIMS FEDERAL	1	3002527653	23O 20S 38E	53149	25635	184304	55020	35274	7309
KYTE	1	3002530793	23J 20S 38E C NW SE	73004	2412	285093	10395	63545	7865
HOUSE	1	3002531006	13D 20S 38E NW NW	33301	256	807333	10548	15436	
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	
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	65848	945	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	26740	11009	21977	7809
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	57657	
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	26857	324	743072	69339	36636	
KYTE	9	3002534457	23C 20S 38E C NE NW	12514		49269		35374	
BUGLER	1	3002534506	13L 20S 38E NW NW SW	74873	762	431632	111802	44764	687
PAIGE	1	3002534570	13P 20S 38E SE SE	7423		15010		18791	
VICEROY	1	3002534625	13E 20S 38E SW NW	31447		529778		75010	
PALL MALL	1	3002534634	14A 20S 38E NE NE	947	379	1281	22310	262	825
KOOL	1	3002534642	14B 20S 38E NW NE	36467	567	338624	2527	35125	86
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		14573	1593	70127		
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			
MERIT II	1	3002535448	11G 20S 38E C SW NE	3721	17129	16762	28920		11887
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818		38544		8390
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	16507	1095	239224	15531	2410	
HESTER 12	6	3002536795	12N 20S 38E	27061	8167	324498	183615	29025	6905
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	15813	5327	262675	125076	43742	
JOE CAMEL	3	3002538033	13F 20S 38E NW SE NW	4167	1868	199185	166669	7125	1936

Lucky Strike #3
API 30-025-40020
Apache Corporation

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)		Cum Gas (MCF)		Cum Water (BBL)	
				Blinebry	Tubb	Blinebry	Tubb	Blinebry	Tubb
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	13217	4052	126317	90507	10347	11674
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	179727	80515	39226	7021
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	6503	7430	58835	55362	16543	8696
MELOT	1	3002538370	11C 20S 38E SW NE NW	5080	6532	46548	36202	24126	23441
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	13473	22635	13075	5408
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	12660	4732	43234	87224	21071	4682
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	6853	5547	31577	1834	9438	691
KOOL	2	3002538439	14B 20S 38E SW NW NE	8460	1386	17389	30923	455	806
RHINO	2	3002538484	11N 20S 38E SE NE SW	9655	2684	27415	18696		
MAGNOLIA	1	3002538660	11E 20S 38E NE SW NW	5643	5513	83065	16180	17255	2683
DIXIE QUEEN	2	3002538661	11P 20S 38E NE SE SE	11898	3251	61543	28085		
HESTER 12	10	3002538662	12O 20S 38E NE SW SE	4438	497	35154	10695	27569	4142
HESTER 12	11	3002538663	12P 20S 38E SW SE SE	1579	1470	83251	83514	6890	9328
BIG KICK	2	3002538664	13C 20S 38E SE NE NW	9043	1521	28298		40290	17450
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	44233	8038	15013	20298
HESTER 12	9	3002538791	12K 20S 38E NE NE SW	2001	1255	49128	5788	21090	5197
MAGNOLIA	2	3002539090	11D 20S 38E NE NW NW	1885	600	65700	35833	16916	3625
DIXIE QUEEN	3	3002539451	11I 20S 38E	1912	494	7697	3272		
CROWN	2	3002539457	13B 20S 38E	848	385	1802	920		
MELOT	3	3002539458	11B 20S 38E	1682	434	7097	3017	14572	2677
BLANKENSHIP	7	3002539488	12E 20S 38E	319	86	2591	1100	14215	2962
MAGNOLIA	3	3002539489	11E 20S 38E	1568	406	25804	10966	13839	2541
ARNOLD A	2	3002539490	11F 20S 38E	1127	284	13084	5560	8204	1674
CONE A	2	3002539491	12F 20S 38E	1160	321	3839	1726	5240	1070
PALL MALL	2	3002539530	14A 20S 38E	1552	704	26469	13810	8878	2766
CHESTERFIELD	2	3002539573	14H 20S 38E	674	308	78408	40909		
ARNOLD A	3	3002539636	11F 20S 38E NE SE NW	1915	478	9100	3869	11387	2325
BUGLER	3	3002539648	13L 20S 38E	488	267	1703	1059	3383	1449
DIAMONDBACK	2	3002539649	14J 20S 38E NW SE	896	487	2120	1318		
DIXIE QUEEN	4	3002539650	11I 20S 38E	1286	331	6392	2715		
KOOL	3	3002539651	14B 20S 38E NW NE	116	66	3030	1936	1419	664
MERIT	2	3002539653	11O 20S 38E	949	306	10565	5434	2584	782
MERIT	3	3002539654	11O 20S 38E SW SE	231	128	4371	3305	1458	318
CHESTERFIELD	3	3002539721	14H 20S 38E	126	55	15228	7948		
TOTALS				1,769,848	842,797	16,165,493	8,598,789	2,415,819	779,063
AVERAGES				17,183	9,687	155,437	101,162	27,144	11,986

Proposed Allocations	Oil	Gas	Water
Blinebry	64%	61%	69%
Tubb	36%	39%	31%
TOTAL	100%	100%	100%