Form 3160-5 (June 2015)

DEPARTMENT OF THE MANAGEMENT O

FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018

Do not use the	is form for proposals to drill or	to re-enter an		a NMNM1	NMNM113962 6. If Indian, Allottee or Tribe Name			
SUBMIT IN	TRIPLICATE - Other instruction	ns on page 2	2 - 2 - 2 - 2	7. If Unit or (7. If Unit or CA/Agreement, Name and/or No.			
Type of Well	her		<u> </u>			ERAL COM 2H		
2. Name of Operator APACHE CORPORATION								
			ea code)	10. Field and LEO	Pool or Exp	loratory Area		
	., R., M., or Survey Description)	,		11. County or	r Parish, Stat	e		
Sec 3 T19S R30E NESW 230	95FSL 2270FWL			EDDY C	OUNTY, N	IM		
12. CHECK THE A	PPROPRIATE BOX(ES) TO IN	DICATE NATU	JRE OF NO	ΓΙCE, REPORT, C	R OTHER	R DATA		
Do not like this form for proposals to drill or to re-infer an about done with Use form 3160-3 (APD) for such proposals. SUBMIT IN TRIPLICATE - Other Instructions on page 2								
Notice of Intent	☐ Acidize	□ Deepen	□ P	roduction (Start/Res	ume) [☐ Water Shut-Off		
	☐ Alter Casing 1	☐ Hydraulic Frac	turing 🔲 R	teclamation	נ	☐ Well Integrity		
☐ Subsequent Report	Casing Repair	☐ New Construct	tion 🔲 R	ecomplete	Ç	Other		
☐ Final Abandonment Notice	☐ Change Plans	☐ Plug and Aban	g and Abandon 🔲 Tempo		1	Orning Operations		
	Convert to Injection	☐ Plug Back ☐ Water		Vater Disposal				
Attach the Bond under which the wo following completion of the involved testing has been completed. Final Aldetermined that the site is ready for f	rk will be performed or provide the Bond operations. If the operation results in a bandonment Notices must be filed only a final inspection.	l No. on file with B multiple completion	LM/BIA. Requ n or recompletion	nired subsequent reports on in a new interval, a I lamation, have been con	s must be file Form 3160-4 mpleted and	d within 30 days must be filed once the operator has		
BLM-CO-1463 NATIONWIDE	; NMB000736			Actepies .	8-	8-17		
will request to pmp scavenger to better cmt bond with csg/op scavenger slurry is planned to contingency option for prod cs DVT - ECP may be placed be minimum of 200' above currer Please see following update to	r cmt slurry ahead of lead slurry to ben hole. Lead slurry volume will o circ out. Apache also respectful sg cmt procedure. This option will slow DVT. DVT shall be set minim nt shoe. Cmt will be adjusted pro	o aid in removal be calc to circ to ly request appro I allow for 2-stac num of 50' below portionately bas	l of OBM & co o surf. All oval to add al ge cmt job ut v previous cs ed on placen	ption ontribute n add'l ilizing g shoe & nent.	SEE A'CONDITIO	TTACHED FOR NS OF APPROVAL		
14 I hereby certify that the foregoing i	s true and correct				ARIC	C 0.7 2017		
	Electronic Submission #383524 For APACHE CORP	ORATION, sent	to the Carlsb	ad				
		· • i		,	P	ECEIVED		
Signature (Electronic	Submission)	Date	08/02/201	PPROVE	<u>-</u>			
	THIS SPACE FOR FEI	DERAL OR \$	TATE OFFI	CE USE				
Conditions of approval, if any, are attached	ed. Approval of this notice does not war	ant or		AUG 1- 2 2017		Date 08/03/2017		
which would entitle the applicant to cond	uct operations thereon.	Office C	arlsbad BUREAU	ON AND MANAR	EMENT	64. 17.		
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent	U.S.C. Section 1212, make it a crime fo statements or representations as to any n	r any person knowin natter within its juris	ngly and willful sdiction. CAR	SBAD FIELD OFF	itmentionage ICE	ncy of the United		

Additional data for EC transaction #383524 that would not fit on the form

32. Additional remarks, continued

Prod Casing:

Apache plans to cmt to surf regardless of whether a single stage or 2-stage procedure is implemented.

Old Prod Csg Single Stage Cmt Job:

(20% excess on lead & 20% excess on tail to design for cmt top @ 3450')

Lead: 270sx 50/50 Poz:H, 10% gel, 5% salt(11.9# 2.32yld, 13.08gal/sk) (12 hr-47 psi; 24 hr-284 psi 500# comp strength hrs: 72) Tail: 1687sx TXI light w/0.3% fluid loss, 0.2% retarder

(12.8# 1.44yld 7.56gal/sk)

(12 hr-28 psi; 24 hr-1193 psi 500# comp strength hrs: 18)

New Prod Csg Single Stage Cmt Job Modification:

(20% excess on lead & 20% excess on tail to design for lead cmt top at surf)

Scavenger: 100sx 50/50 Poz:H, 10% gel, 0.25% CR-150(11.0# 2.98yld 18.3gal/sk)

(12 hr-1 psi; 24 hr-16 ps 41 hr comp strength: 50 psi)

Lead: 504sx 50/50 Poz:H, 10% gel, 5% salt(11.9# 2.32yld 13.08gal/sx (12 hr-47 psi; 24 hr-284 psi 500# comp strength hrs: 72)

Tail: 1687sx TXI light w/0.3% fluid loss, 0.2% retarder(12.8# 1.44yld

7.56gal/sx) (12 hr-28 psi; 24hr-1193 psi 500# comp strength hrs: 18)

New Contingency Prod Csg 2- Stage Cmt Job: (20% excess on lead & 20% excess on tail for both stages to design for cmt top at surf)

DVT set @ 7200'; If the setting depth changes, cmt volumes will be adjusted proportionately.

Tail: 1659sx TXI light w/0.3% fluid loss, 0.2% retarder (12.8# 1.44yld 7.56gal/sx) (12 hr-28 psi; 1193 psi 500# comp strength hrs: 18)

Lead: 471sx 50/50 Poz:H, 10% gel, 5% salt (11.9# 2.32yld 13.08gal/sx (12 hr-47 psi; 24 hr-284 psi 500# comp strength hrs: 72)

Tail: 100sx Class H w/1.00% FL62, 0.30% FL52, 0.40% CD32, 0.75% EC1, 0.25% SMS, 0.005 #/sk Static Free, 0.005 gps FP6L (15.6# 1.2yld 5.207 gal/sk) (12 hr-1533 psi; 24 hr-2041 psi 500# comp strength hrs: 5.3)

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:

Apache Corporation

LEASE NO.:

NMNM113962

WELL NAME & NO.:

Salt Fork 3 4 Federal Com 2H

SURFACE HOLE FOOTAGE:

2305'/S & 2270'/W 660'/S & 330'/W

BOTTOM HOLE FOOTAGE LOCATION:

Section 3, T.19 S., R.30 E., NMPM

COUNTY:

Eddy County, New Mexico

All previous COAs still apply except the following:

A. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) for Potash Areas:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

HIGH CAVE/ KARST AREA: A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS.

THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.

ON A THREE STRING DESIGN: IF THE PRIMARY CEMENT JOB ON THE SURFACE CASING DOES NOT CIRCULATE, THEN THE NEXT TWO CASING STRINGS MUST BE CEMENTED TO SURFACE.

Risks:

Possibility of water flows in the Salado and in the Artesia Group. Possibility of lost circulation in the Artesia Group. Secretary Potash.

- 1. The 13-3/8 inch surface casing shall be set at approximately 415 feet (in a competent bed of an anhydrite zone, and if salt is encountered, set casing at least 25 feet above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 9/5/8 inch intermediate casing is:

Option 1:

Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/ karst and potash.

Option 2:

a. First stage to DV tool:

Operator has proposed DV tool at depth of 1200 feet, but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50 feet below previous shoe and a minimum of 200 feet above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range.

	Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
b.	Second stage above DV tool:
\boxtimes	Cement to surface. If cement does not circulate, contact the appropriate BLM office. Excess calculates to 19% - Additional cement may be required.
	does not circulate to surface on the intermediate casing, the cement on the n casing must come to surface.
	ers required on horizontal leg, must be type for horizontal service and a of one every other joint.
3. The mi	nimum required fill of cement behind the 5-1/2 inch production casing is:
Option 1:	
Option 2:	Cement to surface. If cement does not circulate see A.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/ karst and potash.
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- 4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
- 5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

ZS 08032017

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ZS 08032017

4 16 4

193003k Sundry-383524 Salt Fork 3 4 Federal Com 2H 30015 NM113962 Apache v12.42 ZS 08-03-2017

R-111-P Section: 3 strings circ, a casing seal test of 600psi(hydrl) for the surface and 1000 for intermediate, <100psi drop in 30min.

In a Lesser Prairie-Chicken section.

13 3/8	surface	csg in a	17 1/2	inch hole.	,	Design I	Factors	SUR	FACE
Segment	#/ft	Grade		Coupling	Joint	Collapse	Burst	Length	Weight 🖟
"A"	48.00	Н	l 40	ST&C	16.16	4.15	0.8	415	19,920
"B"								0	0 ,
w/8.4#/g	mud, 30min Sfo	c Csg Test psig	: 1,030	Tail Cmt	does	circ to sfc.	Totals:	415	19,920
Comparison of	f Proposed t	o Minimum	Required C	ement Volume	s				
Hole	Annular	1 Stage	1 Stage	Min	1 Stage	Drilling	Calc	Req'd	Min Dist 🚦
Size	Volume	Cmt Sx	CuFt Cm	t Cu Ft	% Excess	Mud Wt	MASP	BOPE	Hole-Cplg 1
17 1/2	0.6946	370	492	343	43	8.60	1286	2M	1.56

Burst Frac Gradient(s) for Segment(s) A, B = , b All > 0.70, OK.

9 5/8	casing ins	ide the	13 3/8		x 30 30 70 4	Design	Factors	INTERI	MEDIATE
Segment	#/ft	Grade		Coupling	Joint	Collapse	Burst	Length	Weight
"A"	36.00	J	55	LT&C	3.19	0.94	0.84	3,950	142,200
"B"								0	0
w/8.4#/g	mud, 30min Sfc	Csg Test psig:					Totals:	3,950	142,200
The	cement volume	e(s) are inte	nded to ach	nieve a top of	0	ft from su	ırface or a	415	overlap.
Hole	Annular	1 Stage	1 Stage	Min	1 Stage	Drilling	Calc	Req'd	Min Dist
Size	Volume	Cmt Sx	CuFt Cmt	Cu Ft	% Excess	Mud Wt	MASP	BOPE	Hole-Cplg
12 1/4	0.3132	920	1562	1282	22	10.50	2310	3M	0.81
Setti	ng Depths for I	O V Tool(s):	1820				sum of sx	<u>Σ CuFt</u>	Σ%excess
excess cr	nt by stage % :	25	20				980	1576	23

Burst Frac Gradient(s) for Segment(s): A, B, C, D = 0.89, b, c, d All > 0.70, OK.

Tail cmt	toric sure of a passion			*** 0529	t weeken in the contraction of t		a makar		
7 x 5-1/2	casing ins	ide the	9 5/8	_		Design Fa	<u>ictors</u>	PROD	UCTION
Segment	#/ft	Grade		Coupling	Body	Collapse	Burst	Length	Weight
"A"	26.00	Р	110	BUTT	3.86	1.58	2.39	7,960	206,960
"B"	17.00	Р	110	BUTT	2.63	1.61	2.55	970	16,490
"C"	17.00	Р	110	BUTT	00	1.79	2.55	7,089	120,510
"D"								0	0
w/8.4#/	g mud, 30min Sfc	Csg Test psig:	1,751				Totals:	16,019	343,960
В	would be:				65.93	1.79	if it were a	vertical we	ellbore.
No D	ilat I Jala Diam	امم ما	MTD	Max VTD	Csg VD	Curve KOP	Dogleg°	Severity®	MEOC
NO P	ilot Hole Plan	nea	16019	8447	8447	7960	91	10	8827.97
The	cement volume	(s) are inte	nded to ach	ieve a top of	3450	ft from s	urface or a	500	overlap.
Hole	Annular	1 Stage	1 Stage	Min	1 Stage	Drilling	Calc	Reg'd	Min Dist
Size	Volume	Cmt Sx	CuFt Cmt	Cu Ft	% Excess	Mud Wt	MASP	BOPE	Hole-Cplg
7 7/8	0.0710	2291	3891	946	311	9.50			0.91
Sett	ing Depths for D	V Tool(s):	7200				sum of sx	<u>Σ CuFt</u>	<u>Σ%excess</u>
% exces	s cmt by stage:	278	286				2230	3602	281
Class 'H' tail c	mt yld > 1.20								

Carlsbad Field Office 8/3/2017