

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
OCD HobbsELECTRONICALLY APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

| | | |
|--|---|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM0557256 |
| 2. Name of Operator APACHE CORPORATION Contact: REESA FISHER E-Mail: Reesa.Fisher@apachecorp.com | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 303 VETERANS AIRPARK LANE SUITE 3000 MIDLAND, TX 79705 | 3b. Phone No. (include area code) Ph: 432-818-1062 | 7. If Unit or CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached | | 8. Well Name and No. Multiple--See Attached |
| | | 9. API Well No. Multiple--See Attached |
| | | 10. Field and Pool or Exploratory Area Multiple--See Attached |
| | | 11. County or Parish, State LEA COUNTY, NM |

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Surface Commingling |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Upon recompleat of well #4 to the Drinkard, Apache would like to Pool Commingle at the surface all production from the following wells:

Elliott EM 20 Federal #1 (API 30-025-41442) E-20-22S-37E 1650 FNL 330 FWL
Elliott EM 20 Federal #3 (API 30-025-41443) F-20-22S-37E 1650 FNL 1650 FWL
Elliott EM 20 Federal #4 (API 30-025-41444) F-20-22S-37E 2310 FNL 2310 FWL
Elliott EM 20 Federal #5 (API 30-025-41445) G-20-22S-37E 1750 FNL 2185 FEL
Elliott EM 20 Federal #6 (API 30-025-41446) G-20-22S-37E 2310 FNL 1650 FEL

Please find attached back-up information substantiating no negative revenue impact by adding Drinkard production to the Leach battery.

HOBBS OCD**JUL 19 2018****RECEIVED**

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #398286 verified by the BLM Well Information System
For APACHE CORPORATION, sent to the Hobbs****Committed to AFMSS for processing by PRISCILLA PEREZ on 01/25/2018 (18PP0447SE)**

Name (Printed/Typed) REESA FISHER

Title SR STAFF REGULATORY ANALYST

Signature (Electronic Submission)

Date 12/18/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By J. D. Whitlock
Conditions of Approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title TLDETDate 7/9/18Office CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****MSB/OCD 7/23/2018

Additional data for EC transaction #398286 that would not fit on the form

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|-------------|-------------|------------------------------------|-------------------------------|--|
| NMNM0557256 | NMNM0557256 | ELLIOTT EM 20 FEDERAL 1 | 30-025-41442-00-81 | Sec 20 T22S R37E SWNW 1650FNL 330FWL 32.224827 N Lat, 103.113319 W Lon |
| NMNM0557256 | NMNM0557256 | ELLIOTT EM 20 FEDERAL 3 | 30-025-41443-00-81 | Sec 20 T22S R37E SENW 1650FNL 1650FWL 32.224829 N Lat, 103.111780 W Lon |
| NMNM0557256 | NMNM0557256 | ELLIOTT EM 20 FEDERAL 6 | 30-025-41443-00-81 | Sec 20 T22S R37E SWNE 1750FNL 2185FEL 32.224731 N Lat, 103.110117 W Lon |
| NMNM0557256 | NMNM0557256 | ELLIOTT EM 20 FEDERAL 9 | 30-025-41443-00-81 | Sec 20 T22S R37E SWNE 2310FNL 1650FEL 32.224178 N Lat, 103.105495 W Lon |
| NMNM0557256 | NMNM0557256 | ELLIOTT EM 20 FEDERAL 4 | 30-025-41444-00-82 | Sec 20 T22S R37E SENW 2310FNL 2310FWL 32.224176 N Lat, 103.111009 W Lon |

10. Field and Pool, continued

WANTZ

32. Additional remarks, continued

Initial Battery Information:

This battery is located in SW/NW of Sec. 20, T22S, R37E. Please see attached schematics and plats, along with other supporting data being submitted for BLM & OCD approval, concurrently. All interests are identical at all depths below the base of the Queen formation. Apache believes commingling will not decrease the value of the production from each well. Additionally, Apache believes commingling will prevent waste and promote conservation by utilizing the same tank battery equipment for each well, thereby reducing the incremental investment capital that would otherwise be needed to build a separate facility or separately meter for each well or formation produced and, as a result will extend the economic life of the wells and leases.



September 20, 2017

Carlsbad Field Office
Bureau of Land Management
620 E Greene St
Carlsbad NM 88220

Re: Application for Surface Commingling, Measurement of Individual Well Production
Township 22 South, Range 37 East
Section 20: S/2 NW/4, SW/4 NE/4
Lea County, New Mexico

To Whom It May Concern:

Apache is proposing to recompleat the EM Elliott Federal 20 #4 well (currently under temporary abandonment status) to the Drinkard. Upon performing this work, both Drinkard and ABO pools will be commingled in the same battery. Attached, please find oil analysis from the current production at the EM Elliott Federal 20 lease (ABO pool only) and from the nearby State PA lease (Bliebry, Tubb, Drinkard, and ABO pools). Per Apache's contract, the threshold for compensation classification between sweet and sour crude oil is a sulfur content less or more than 0.4 wt. percent respectively. Since both analysis show the crude oil to be sour, no negative impact will be felt on Apache's oil sale's price at this lease.

If you have any question regarding the aforementioned, please do not hesitate contacting the undersigned at (432) 818-1961

Sincerely,
APACHE CORPORATION

A handwritten signature in black ink, appearing to read "Jacob D. Bower", with a long horizontal line extending to the right.

Jacob Bower
Production Engineer
jacob.bower@apachecorp.com

Fisher, Reesa

From: Smith, David
Sent: Monday, April 17, 2017 10:30 AM
To: Bower, Jacob
Cc: Fisher, Reesa
Subject: RE: EM Elliott Federal 20 Lease

Jacob,

As per our telephone conversation, the oil currently being sold from this particular Central Tank Battery (ELLIOTT EM 20 FED OIL|50712) is being paid on a WTS (West Texas / New Mexico Intermediate) quality price basis with no adjustment for gravity.

FYI – WTI crude quality crude oil has a sulfur content of less than 0.40 weight percent.

If you add additional oil into this Central Tank Battery that has a sulfur content greater than 0.40 weight percent and the composite of that crude to be sold to our purchaser / transporter is greater than 0.40 weight percent then there is a possibility that the price basis we sell this crude would become a WTS (West Texas / New Mexico Sour) quality which historically is priced less than a WTI quality.

If more information is required please advise.

DAVID SMITH

direct 713-296-7239 | mobile 432-559-1924

From: Bower, Jacob
Sent: Monday, April 17, 2017 10:02 AM
To: Smith, David <David.Smith@apachecorp.com>
Cc: Fisher, Reesa <Reesa.Fisher@apachecorp.com>
Subject: EM Elliott Federal 20 Lease

David,

I was told you were the man to talk to regarding oil marketing. I'm needing to put something together for the BLM for a surface comingle on the above lease that shows that mixing crude from different formations won't damage our revenue from said crude. Basically, I was wondering if there is a gravity component to our compensation, or if we are compensated the same amount per bbl regardless of the bbl quality?

Thanks,

JACOB BOWER

PRODUCTION ENGINEER II

Permian Region – Northwestern District



LABORATORY SERVICES
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

Apache Corporation
Attention: Rick Valles
P. O. Box 1849
Eunice, New Mexico 88231

04/24/17

| | RVP | API Gravity | Specific Gravity | Sulfur |
|--------------------|----------|----------------|---------------------|-------------|
| EM Elliott Fed. 20 | 3.40 PSI | 39.0 | 0.8299 | 0.680 wt. % |

Test Method ASTM D323 RVP
Test Method ASTM D287 API Gravity
Test Method ASTM D4294 Sulfur



LABORATORY SERVICES
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

Apache Corporation
Attention: Rick Valles
P. O. Box 1849
Eunice, New Mexico 88231

05/02/17

| | RVP | API Gravity | Specific Gravity | Sulfur |
|----------|----------|----------------|---------------------|-------------|
| State PA | 3.60 PSI | 36.3 | 0.8432 | 0.412 wt. % |

Test Method ASTM D323 RVP
Test Method ASTM D287 API Gravity
Test Method ASTM D4294 Sulfur

(0557256)
Wells within the boundaries of the Bureau of Land Management Lease USA NMNM-~~657256~~ as it
pertains to the following described lands:

Township 22 South, Range 37 East
Section 20: S/2 NW/4, SW/4 NE/4
Lea County, New Mexico

- Elliott EM 20 Federal #001 (API 30-025-41442)
- Elliott EM 20 Federal #003 (API 30-025-41443)
- Elliott EM 20 Federal #004 (API 30-025-41444)
- Elliott EM 20 Federal #005 (API 30-025-41445)
- Elliott EM 20 Federal #006 (API 30-025-41446)

DATE: 5/10/2016

**Elliott EM Federal Lease
Section 20 T22S R37E
Lea County, New Mexico**

Apache

PERMIAN OFFICE
303 Veterans Airpark Ln #600
Midland, TX 79705
Phone: (432) 818-1000

Legend

• Elliott EM Federal Wells

 Elliott_EM_Federal_Lease

1:12,000

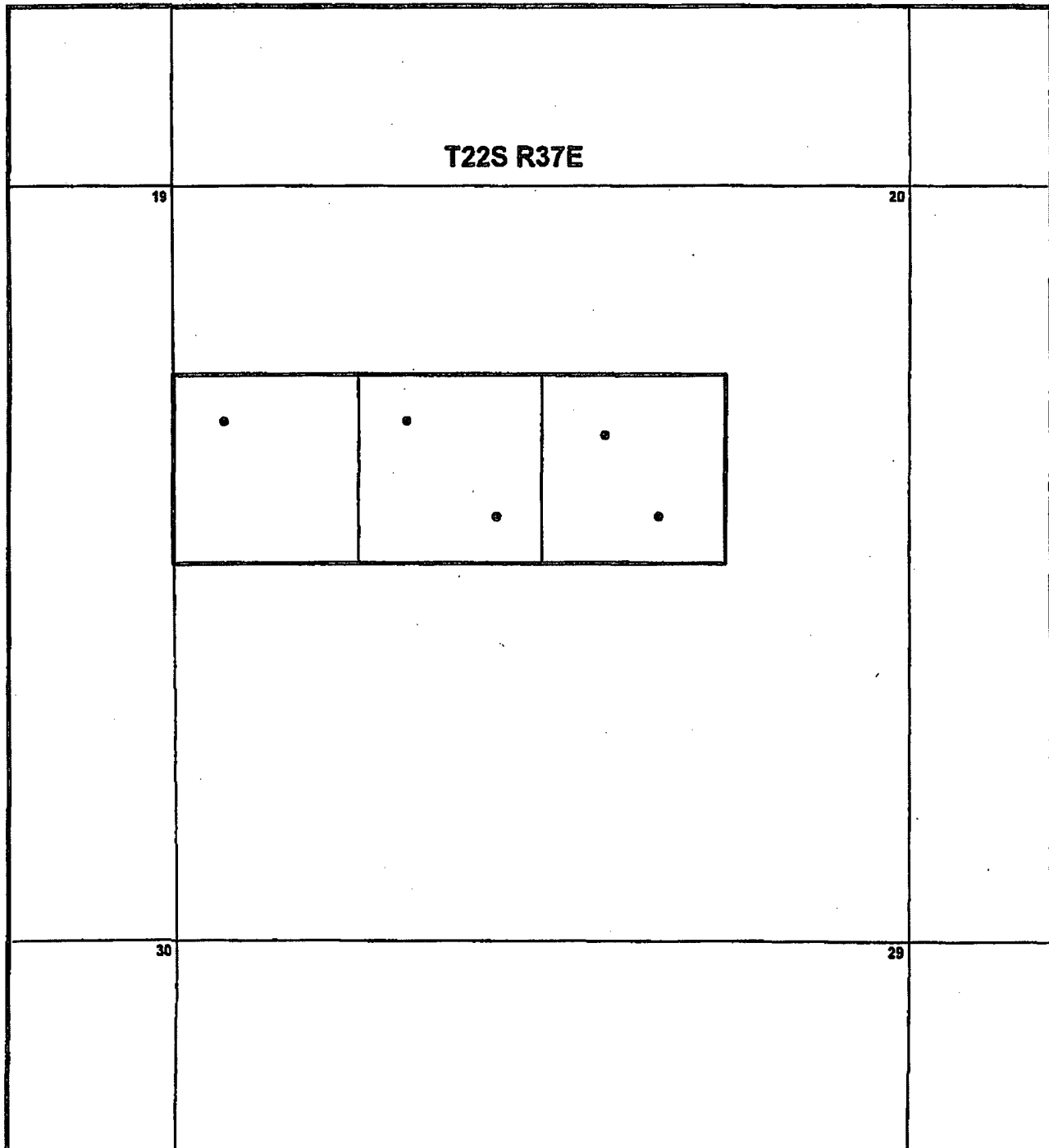
1" = 1,000'

0

2,640

5,280

Feet



017

018

016

NMNM 0857286

NMNM 089872

020

019

021

NM
0032

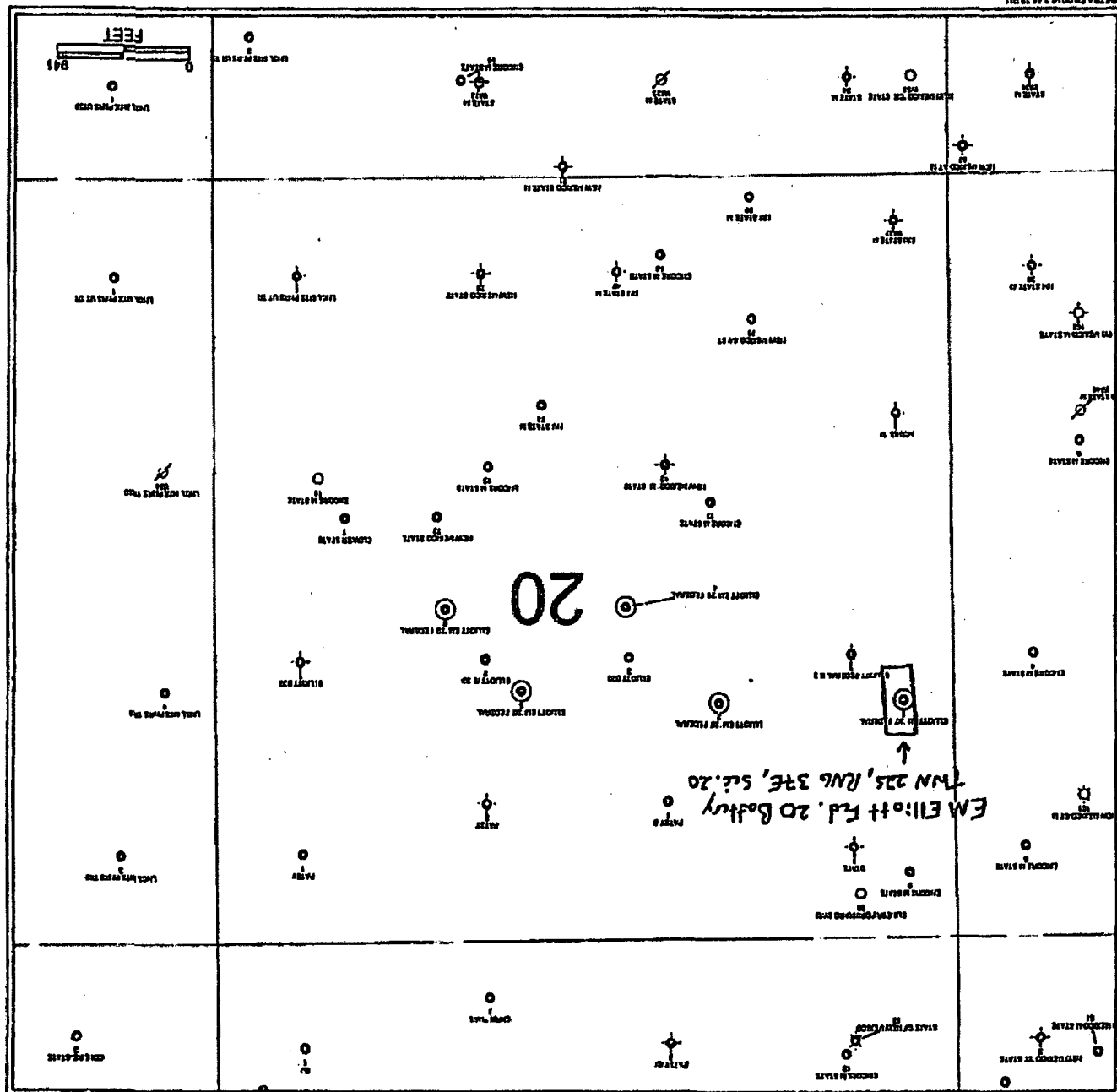
030

029

028

Note: Battery size not to scale

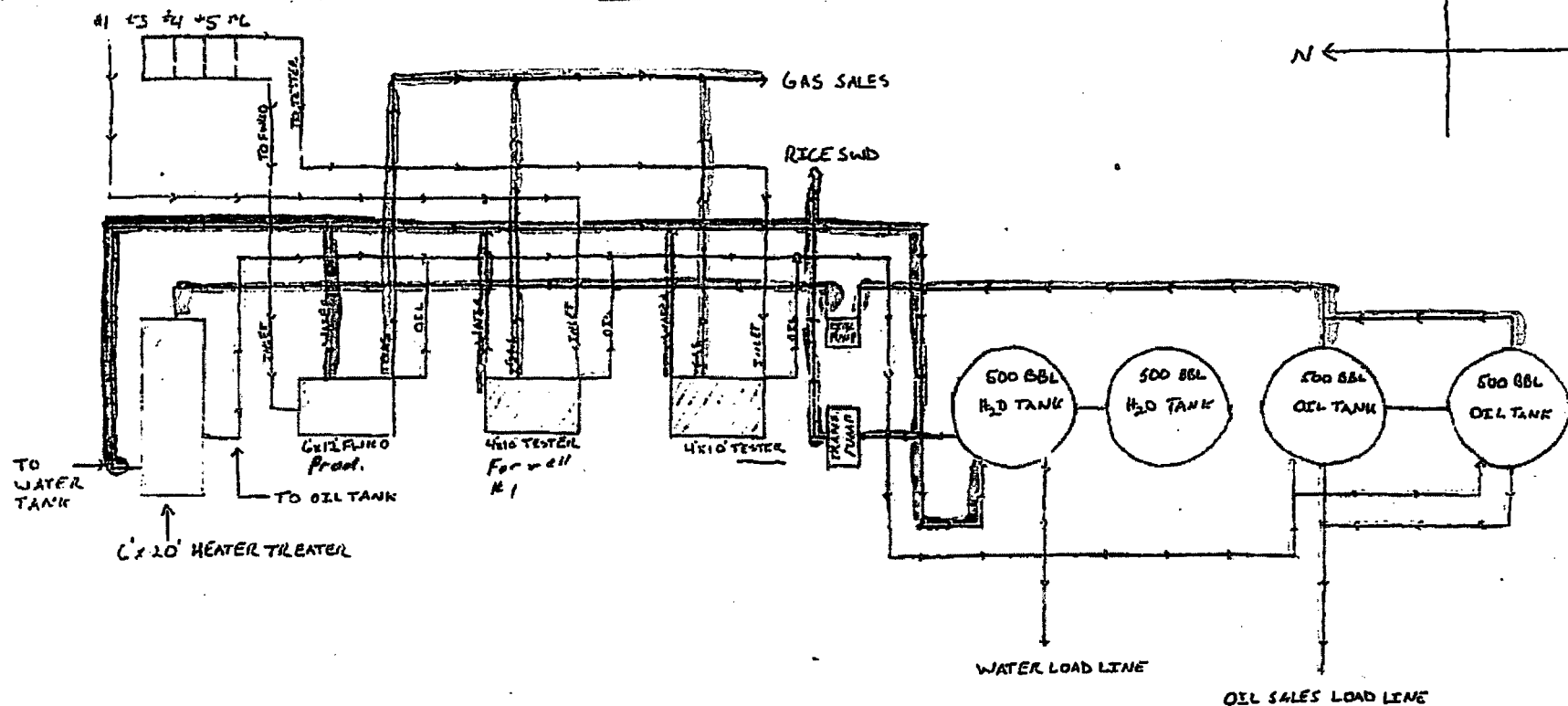
PERMANENT RECORD 241330 PM



CTOPS

WELL HEADER

EM ELLIOTT FEDERAL 20 BATTERY



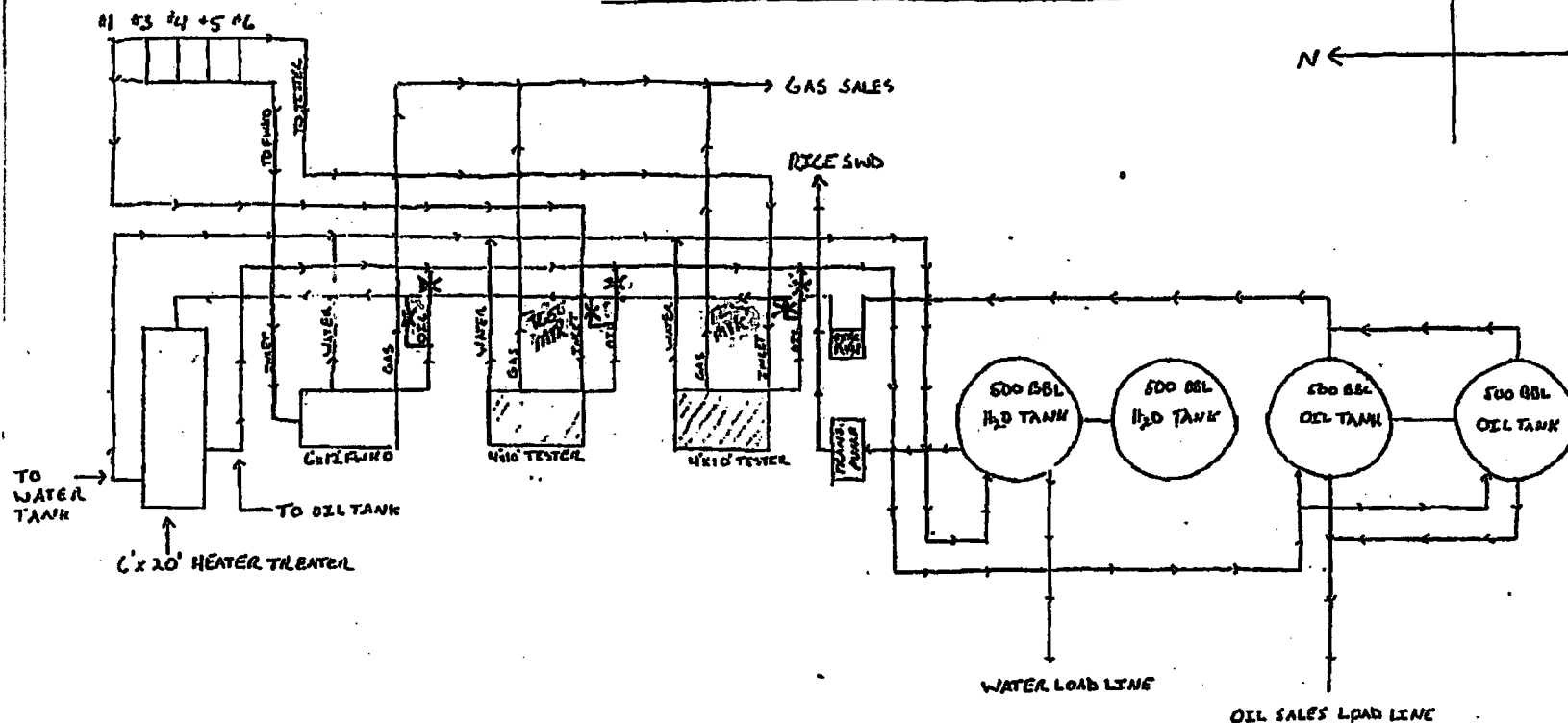
NOTE: Drawing is not to scale and only represents the relative location of equipment.

LEGAL: 20 T225 R37E

STOPS

WELL HEADER

EM ELLIOTT FEDERAL 20 BATTERY



NOTE: Drawing is not to scale and only represents the relative location of equipment.

ALL OIL GOES BACK TO HEATER THEN TO TANKS!
WTR GOES STRAIGHT TO TANKS FROM VESSELS!

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 04:16 PM

Page 1 of 4

Run Date: 11/08/2016

01 02-25-1920;041STAT0437;30USC226

Case Type 310771: O&G EXCHANGE LEASE - PD

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Total Acres

200.000

Serial Number

NMNM-0 557256

| Name & Address | | | Serial Number: NMNM- 0 557256 | | Int Rel | % Interest |
|---------------------|----------------------------|----------------------------|-------------------------------|--|---------|--------------|
| APACHE CORP | 2000 POST OAK BLVD STE 100 | HOUSTON TX 770564400 | LESSEE | | | 25.000000000 |
| BRIGGS RICHARD S | 17 MEADOWBROOK LN | TROPHY CLUB TX 76262 | OPERATING RIGHTS | | | 0.000000000 |
| CHESAPEAKE EXPL LLC | PO BOX 18496 | OKLAHOMA CITY OK 731540496 | OPERATING RIGHTS | | | 0.000000000 |
| CHEVRON USA INC | 6301 DEANVILLE | MIDLAND TX 797062964 | LESSEE | | | 25.000000000 |
| CONOCOPHILLIPS CO | PO BOX 7500 | BARTLESVILLE OK 740057500 | LESSEE | | | 25.000000000 |
| CROSSLAND OIL CORP | PO BOX 16186 | FORT WORTH TX 76162 | OPERATING RIGHTS | | | 0.000000000 |
| FINLEY JAMES D | 1308 LAKE ST #200 | FORT WORTH TX 76102 | OPERATING RIGHTS | | | 0.000000000 |
| JOHN H HENDRIX CORP | 110 N MARIENFELD #400 | MIDLAND TX 79701 | OPERATING RIGHTS | | | 0.000000000 |
| JOHN H HENDRIX CORP | PO BOX 3040 | MIDLAND TX 797023040 | OPERATING RIGHTS | | | 0.000000000 |
| KLEIN MICHAEL L | 500 W TEXAS #1230 | MIDLAND TX 79701 | OPERATING RIGHTS | | | 0.000000000 |
| POOL JOHN D | PO BOX 5441 | MIDLAND TX 79704 | OPERATING RIGHTS | | | 0.000000000 |
| SELL STEVE | PO BOX 5061 | MIDLAND TX 79704 | OPERATING RIGHTS | | | 0.000000000 |
| SMITH & MARRS INC | PO BOX 863 | KERMIT TX 79745 | OPERATING RIGHTS | | | 0.000000000 |
| VEIRS DANIEL L | PO BOX 3040 | MIDLAND TX 79702 | OPERATING RIGHTS | | | 0.000000000 |
| WESTBROOK RONNIE H | 2809 HAYNES | MIDLAND TX 79705 | OPERATING RIGHTS | | | 0.000000000 |
| WESTBROOK RONNIE H | PO BOX 3040 | MIDLAND TX 79702 | OPERATING RIGHTS | | | 0.000000000 |
| ZPZ DELAWARE I LLC | 2000 POST OAK BLVD STE 100 | HOUSTON TX 770564497 | LESSEE | | | 25.000000000 |
| ZPZ DELAWARE I LLC | 2000 POST OAK BLVD STE 100 | HOUSTON TX 770564497 | OPERATING RIGHTS | | | 0.000000000 |

Serial Number: NMNM- 0 557256

| Mer Twp | Rng | Sec | STyp | SNr Suff | Subdivision | District/Field Office | County | Mgmt Agency |
|---------|-------|-------|------|----------|-------------|-----------------------|--------|---------------------|
| 23 | 02205 | 0370E | 015 | ALIQ | SWNE,NESE; | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |
| 23 | 02205 | 0370E | 020 | ALIQ | SWNE,S2NW; | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |

Serial Number: NMNM- 0 557256

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|--------------------------|-----------------------|----------------|
| 08/30/1936 | 387 | CASE ESTABLISHED | | |
| 08/31/1936 | 496 | FUND CODE | 05,145003 | |
| 08/31/1936 | 868 | EFFECTIVE DATE | | |
| 07/04/1946 | 650 | HELD BY PROD - ACTUAL | | |
| 04/01/1957 | 534 | RLTY RATE-SLIDING-SCH D | /A/ | |
| 04/01/1957 | 868 | EFFECTIVE DATE | | |
| 10/19/1963 | 909 | BOND ACCEPTED | EFF 09/27/63;ES0085 | |
| 06/01/1965 | 209 | CASE CREATED BY SEGR | OUT OF NMLC032573B; | |
| 09/21/1965 | 102 | NOTICE SENT-PROD STATUS | | |
| 08/10/1966 | 940 | NAME CHANGE RECOGNIZED | ATL RFG/ATL RICHFIELD | |
| 03/19/1971 | 940 | NAME CHANGE RECOGNIZED | PAN AMER PETRO/AMOCO | |
| 04/06/1978 | 817 | MERGER RECOGNIZED | CHEVRON ASPHALT/USA | |
| 04/06/1978 | 817 | MERGER RECOGNIZED | CHEVRON USA/OIL | |
| 04/06/1978 | 940 | NAME CHANGE RECOGNIZED | CHEVRON OIL/USA INC | |
| 10/24/1979 | 940 | NAME CHANGE RECOGNIZED | CONTL OIL/CONOCO INC | |
| 09/18/1981 | 932 | TRF OPER RGTS FILED | | |
| 09/30/1982 | 940 | NAME CHANGE RECOGNIZED | SUN OIL/SUN EXPL&PROD | |
| 06/16/1983 | 933 | TRF OPER RGTS APPROVED | EFF 10/01/81; | |
| 01/22/1985 | 963 | CASE MICROFILMED/SCANNED | CNUM 166,190 GLC | |
| 08/05/1985 | 932 | TRF OPER RGTS FILED | | |

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

Apache Corp.

May 10, 2016

State of New Mexico
OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Surface Commingling (Identical Ownership)
Township 22 South, Range 37 East
Section 20: S/2 NW/4, SW/4 NE/4
Lea County, New Mexico

Ladies and Gentlemen:

Identical ownership (working, royalty and overriding royalty) exists under Bureau of Land Management Lease USA NMNM-057256 as it pertains to the following described lands:

Township 22 South, Range 37 East
Section 20: S/2 NW/4, SW/4 NE/4
Lea County, New Mexico

Depths covered under the identical ownership are all depths below the base of the Queen formation. A list of existing wells on the lease area is included herewith, along with a plat depicting the boundaries of the above described lease area.

If you have any question regarding the aforementioned, please do not hesitate contacting the undersigned at (432) 818-2003

Sincerely,
APACHE CORPORATION

Jake Bebermeyer

Jake Bebermeyer
Landman
jake.bebermeyer@apachecorp.com

Encls.

Whitlock, Jerald <dwhitloc@blm.gov>
To: "Fisher, Reesa" <Reesa.Fisher@apachecorp.com>

Tue, Oct 31, 2017 at 1:08 PM

Reesa, as per our conversation, this is a lease pool commingle request. As per the documentation attached you have verbal approve to commingle as per the documentation stating there is no royalty value issue with these pools. This does not mean the package is complete. It only assures the public interest is not compromised. Thanks Duncan

[Quoted text hidden]

Confidentiality Warning: This message along with any attachments are intended only for use of the individual or entity to which it is addressed and may contain information that is privileged or confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately.

Jerald "Duncan" Whitlock, Jr.
Bureau of Land Management
Carlsbad Field Office
Technical Lead Petroleum Engineering Technician
620 East Greene Street
Carlsbad, NM. 88220
Office: (575) 234-5926
Fax: (575) 234-5927
Cell: (575) 361-2630
E-mail: dwhitloc@blm.gov

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Elliott EM 20 Federal #1, 3, 4, 5, 6 wells

Apache Corporation

July 9, 2018, 2018

Condition of Approval

Pool Lease Commingling of Abo and Drinkard production

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 or 43 CFR 3175 and API requirements for sales meters, or as approved in this approval to commingle production.
7. Oil measurement for allocation must be measured as per Onshore Order #4 or 43 CFR 3174 and API requirements for oil measurement, or as approved in this approval to commingle production.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per 43 CFR 3179 to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer. These volumes are royalty bearing and shall be reported on OGOR "B" as disposition code "33" for royalty-bearing flared gas and disposition code 63 for royalty-bearing vented gas.
DC 33 = Flared gas – royalty due
DC 63 = Vented gas – royalty due
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases/CAs require additional commingling approvals.
11. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
12. This approval does not authorize any by passes around any allocation meter or metering separator, this is to include the use of headers to divert production other production equipment other than the approve measurement points.
13. Submit meter numbers upon installation of meters and provide updated facility diagram with meters numbers. If oil is sold by LACT, submit LACT meter number.

Elliott EM 20 Federal 4
Elliott EM 20 Federal 1
Elliott EM 20 Federal 3
Elliott EM 20 Federal 5
Elliott EM 20 Federal 6

3002541444, Drinkard
3002541442, Abo
3002541443, Abo
3002541445, Abo
3002541446, Abo

Lease NMNM0557256
Lease NMNM0557256
Lease NMNM0557256
Lease NMNM0557256
Lease NMNM0557256

Lease NMNM0557256

Royalty Rate Sliding Sch. D