

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs
HOBBS OCD

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

AUG 05 2014

RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		3. Lease Serial No. 10030556B 90-025-09329
2. Name of Operator Apache Corporation		6. If Indian, Allottee or Tribe Name
3a. Address 303 Veterans Airpark Ln., Midland, TX 79705		7. If Unit of CA / Agreement, Name and/or No.
3b. Phone No. (include area code) 432-818-1103		8. Well Name and No. Stevens "B" 8
4. Location of (Footage, Sec., T., R., or Survey Description) UL A, 660' FNL & 660' FEL, Sec. 12, T22S, R36E		9. API Well No. 3002509329
		10. Field and Pool, or Exploratory Area SWD; Queen (96117)
		11. County or Parish, State Lea

12. CHECK 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"/> Fracture Treat	<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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 the BLM / BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Apache Corporation proposes to P&A the above mentioned well by the attached procedure.

RECLAMATION PROCEDURE
ATTACHED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the following is true and correct Name Dianne Gilbreath		P&A Administrative Asst.	
Signature <i>Dianne Gilbreath</i>		Title	Date 7/31/14
THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
Approved by <i>James A. Pines</i>		Title SPET	Date 7.31.14
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.		Office CFD	

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.

MAB/OCD 8/5/2014

AUG 06 2014

dm

LEASE NAME

Stevens "B"

WELL #

8

API #

30-025-09329

COUNTY

Lea

WELL BORE INFO.

0

374

747

1121

1494

1868

2241

2615

2988

3362

3735

11" Hole
7 5/8" 24# @ 336'
w/ 200 sx CIRC to surf

Csg Leak @ 445'-630' w/ 1400 sx
Csg Leak @ 725'-750' w/ 225 sx

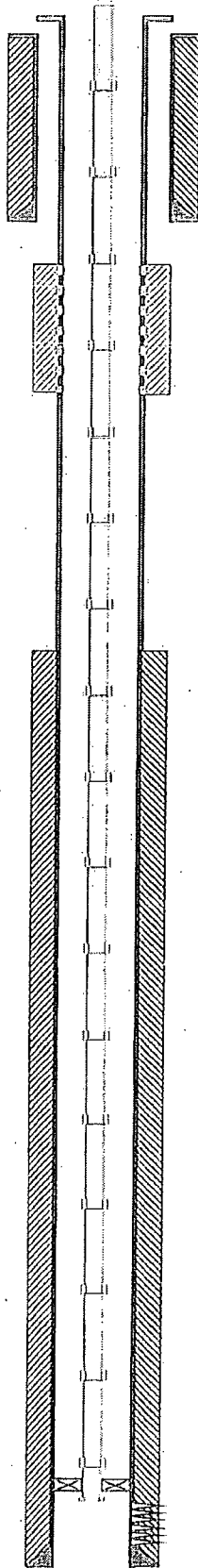
TOC @ 1405'

2 3/8" IPC lbg (115 jts)
W/ Baker AD-1 pkr @ 3590'

6 3/4" Hole
4 1/2" 9.5# @ 3735'
w/ 615 sx TOC @ 1405'

TD @ 3735'

Queen perms @ 3644'-3718'



LEASE NAME: Stevens "B"
WELL # 8
API # 30-025-09329
COUNTY Lea

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w/ 615 sx TOC @ 1405'

TD @ 3735'

5. PUH & perf @ 386' & sqz 80 sx Class "C" cmt from 386'-surface. Attempt to CIRC 4 1/2" to surf. (Shoe plug & Water Board).

4. PUH & spot 30 sx Class "C" cmt from 800'-400'.
(Cover previous Csg leak)

3. PUH & perf @ 1465' & attempt to sqz 50 sx Class "C" cmt from 1465'-1297' WOC/TAG (Top of Salt, Salado, & Rustler)

2. PUH & spot 20 sx Class "C" cmt from 2978'-2722'.
WOC/TAG (Base of Salt, Yates & Tansill)

1. Prior to P&A, MIRU SU & POOH w/ tbg & pkr. RDMO. MIRU P&A unit & set CIBP @ 3600'. RIH w/ tbg & CIRC w/MLF & spot 30 sx Class "C" cmt from 3600'-3179' (Queen & 7 Rvrs)

Queen perms @ 3644'-3718'

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 A. First St., Artesia, NM 88210

District III
1000 Rio Brazos Rd. Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources

HOBBS OCD OIL CONSERVATION DIVISION

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

WELL API NO. 30-025-09329 ✓
5. Indicate Type of Lease Fed STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease NO. LC030556-A-2644
7. Lease Name or Unit Agreement Name Stevens "B" ✓
8. Well Number 8 ✓
9. OGRID Numer 873 ✓
10. Pool Name SWD; Queen (96117)

RECEIVED
SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. 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, Ste. 3000, Midland, TX 79705

4. Well Location

Unit Letter **A** : **660** feet from the **N** line and **660** feet from the **E** line
Section **12** Township **22S** Range **36E** NMPM County **Lea**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3418' GL

12. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐
PULL OR ALTER CASING ☐
DOWNHOLE COMMINGLE ☐

PLUG AND ABANDON ☒
CHANGE PLANS ☐
MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐
COMMENCE DRILLING OPNS. ☐
CASING/CEMENT JOB ☐
ALTERING CASING ☐
P AND A ☐
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 or proposed completion or completion.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECLAMATION PROCEDURE
ATTACHED

APPROVED
JUL 31 2014
[Signature]
JAMES A. AMOS
SUPERVISOR-EPS

Apache Corporation proposes to P&A the above mentioned well by the attached procedure. A closed loop system will be used for all fluids from this wellbore and disposed of required by OCD Rule 19.15.17.

** Submit 3160-5, one original and 3 copies*

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

[Signature]

TITLE

Reclamation Foreman

DATE

4/24/14

Type or print name

Guinn Burks

E-mail add.

guinn.burks@apachecorp.com

PHONE:

432-556-9143

For State Use Only

APPROVED BY:

[Signature]

TITLE

[Signature]

DATE

4/29/2014

Conditions of Approval (if any):

APR 30 2014

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

HOBBS OGD
APR 14 2014
RECEIVED

Jami Bailey, Division Director
Oil Conservation Division



***Response Required - Deadline**

Underground Injection Control Program
"Protecting Our Underground Sources of Drinking"

14-Apr-14

APACHE CORP
303 VETERANS AIRPARK LANE SUITE 3000
MIDLAND TX 79705-

**LETTER OF VIOLATION and SHUT-IN
DIRECTIVE Failed Mechanical Integrity Test**

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

NORTH MONUMENT G/SA UNIT No.011

Active Injection - (All Types)

30-025-05797-00-00
K-32-19S-37E

Test Date:	3/26/2014	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	6/29/2014
Test Type:	Bradenhead Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED BHT 3/26/2014; COMMUNICATION BETWEEN TUBING (1050#) AND PRODUCTION CASING (1050#); ****OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11****				

STEVENS B No.008

Active Salt Water Disposal Well

30-025-09329-00-00
A-12-23S-36E

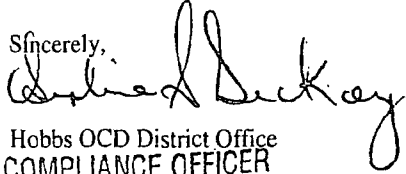
Test Date:	3/10/2014	Permitted Injection PSI:		Actual PSI:	
Test Reason:	5-year Test	Test Result:	F	Repair Due:	6/13/2014
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED PRESSURE TEST 2/18/14 & 3/10/14; ****OPERATOR SUBMITTED S/RPT C103 4/7/2014 WITH INTENT TO REPAIR**** VIOLATION LETTER FOR RECORD ONLY**** OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11****				

April 14, 2014

Page 2

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,



Hobbs OCD District Office
COMPLIANCE OFFICER

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.





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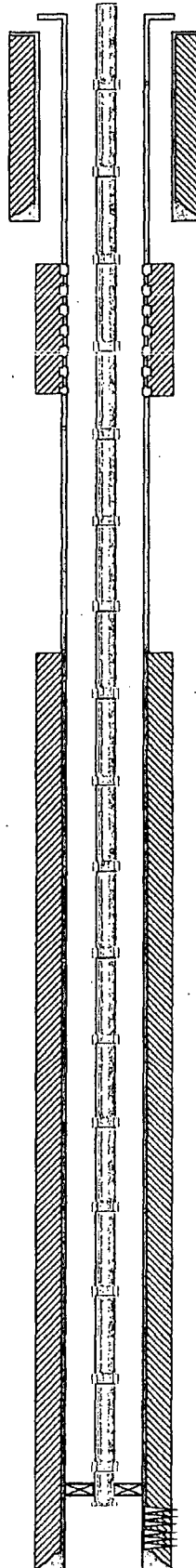
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BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. Show date well was plugged.

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Petroleum Engineering Tech
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Supervisory Multi Resources
575-234-5959

Solomon Hughes
Natural Resource Specialist
575-234-5951

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Jeffery Robertson
Natural Resource Specialist
575-234-2230

Amanda Lynch
Natural Resource Specialist
575-234-5922

Duncan Whitlock
Environmental Protection Specialist
575-234-5926

Jessie Rice
Natural Resource Specialist
575-234-5913

Linda Denniston
Environmental Protection Specialist
575-234-5974

Indra Dahal
Natural Resource Specialist
575-234-5996