

ATS-14-760

Form 3160-3
(March 2012)

HOBBS OCD

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

MAR 30 2015

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC-032096A
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator APACHE CORPORATION		7. If Unit or CA Agreement, Name and No. APACHE CORP-NMNM-120042X <879>
3a. Address 303 VETERANS AIRPARK LN #1000 MIDLAND, TX 79705		8. Lease Name and Well No. WEST BLINEBRY DRINKARD UNIT #221
3b. Phone No. (include area code) 432-818-1167		9. API Well No. 30-025-42496
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 2300' FSL & 500' FEL (I) At proposed prod. zone SAME		10. Field and Pool, or Exploratory EUNICE; BLI-TU-DR, NORTH <22900>
14. Distance in miles and direction from nearest town or post office* APPROX 4.5 MILES NORTH OF EUNICE, NM		11. Sec., T. R. M. or Blk. and Survey or Area SEC: 17 T21S R37E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 500'	16. No. of acres in lease 120 ACRES	17. Spacing Unit dedicated to this well 40 ACRES
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. ~200'	19. Proposed Depth 7200'	20. BLM/BIA Bond No. on file BLM-CO-1463 NATIONWIDE / NMB000736
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL: 3464'	22. Approximate date work will start* As Soon As Approved	23. Estimated duration ~ 10 DAYS
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature Sorina L Flores	Name (Printed/Typed) SORINA L. FLORES	Date 5/13/14
Title SUPV OF DRILLING SERVICES		
Approved by (Signature) Steve Caffey	Name (Printed/Typed)	Date MAR 24 2015
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

K2
03/30/15SEE ATTACHED FOR
CONDITIONS OF APPROVALApproval Subject to General Requirements
& Special Stipulations Attached

MAR 31 2015

DRILLING PLAN: BLM COMPLIANCE
(Supplement to BLM 3160-3)

MAR 30 2015

APACHE CORPORATION (OGRID: 873) WEST BLINEBRY DRINKARD UNIT #221W

Projected TD: 7200' GL: 3464'

RECEIVED

2300' FSL & 500' FEL Sec: 17 T21S R37E LEA COUNTY, NM

1. GEOLOGIC NAME OF SURFACE FORMATION: Quaternary Aeolian Deposits
2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Quaternary Aeolian	Surface	San Andres	4136'
Rustler	1250'	Glorieta	5175'
Top of Salt	1340'	Paddock	5240'
Base of Salt/Tansill	2513'	Blinebry	5680'
Yates	2656'	Tubb	6126'
Seven Rivers	2899'	Drinkard	6437'
Queen	3463'	ABO	6683'
Grayburg	3746'	TD	7200'

Depth to Ground Water: ~ 65'

All fresh water & prospectively valuable minerals, as described by BLM, encountered during drilling, will be recorded by depth & adequately protected. All oil & gas shows within zones of correlative rights will be tested to determine commercial potential.

CASING PROGRAM:

All casing is new & API approved

HOLE SIZE	DEPTH	OD CSG	WEIGHT	COLLAR	GRADE	COLLAPSE	BURST	TENSION
11"	0' - 1275' ^{1350'}	8-5/8"	24#	STC	J-55	1.0	1.21	1.8
7-7/8"	0' - 7200'	5-1/2"	17#	LTC	L-80	1.0	1.21	1.8

3. CEMENT PROGRAM:

A. 8-5/8" Surface (100% excess cmt to surf):

Lead: 330 sx Cl C w/ 2% CaCL₂ + 0.13# CF + 3# LCM1 _ 0.005 gps FP-6L + 4% Bentonite
(13.5 wt, 1.75 yld, 8.962 gal/sx) Comp Strengths : **12 hr** – 500 psi **24 hr** – 782 psi

Tail: 200 sx Cl C w/ 1% CaCL₂ + 0.13# CF + 0.005 gps FP-6L
(14.8 wt, 1.34 yld, 6.302 gal/sx) Comp Strengths: **12 hr** – 755psi **24hr** – 1347psi

B. 5-1/2" Production (Cmt to surf / 30 % excess cmt):

Lead: 620 sx (35:65) Poz Cl C w/ 5% CaCL₂ + 0.125 # CF + 3# LCM1 + 0.5% FL52 + 0.005 gps FP6L + 6% Bentonite,
0.3% Sodium Metasilicate (12.6 wt, 2.07 yld, 10.995 gal/sx) Comp Strengths: **12 hr** – 580 psi **24 hr** – 1072 psi

Tail: 380 sx (50:50) Poz Cl C w/ 5% CaCL₂ + 0.13% CF + 3# LCM1 + 0.005gps FP6L + 2% Bentonite + 1% FL25 + 1%
BA58 + 0.1% Sodium Metasilicate
(14.2 wt, 1.37 yld, 5.971 gal/sx) Comp Strengths: **12 hr** – 1130 psi **24 hr** – 1633 psi

**** The above cmt volumes could be revised pending caliper measurement from open hole logs. For Surface csg: If cmt does not circ to surface, the appropriate BLM office shall be notified, TOC shall be determined by running a temperature log, operator will propose a remediation method & request BLM approval.**

4. PROPOSED CONTROL EQUIPMENT

"EXHIBIT 3" shows an 11" 3M psi WP BOP consisting of an annular bag type preventer, middle pipe rams, bottom blind rams. The BOP will be nipped up on the 8-5/8" surface csg head & tested to 3000psi using test plug & utilized continuously until TD is reached. The BOP will be tested at 3000psi, maximum surface pressure is not expected to exceed 3M psi, BHP is calculated to be approximately 3168 psi. *All BOP's and associated equipment will be tested as per BLM *Drilling Operations Order #2*. The BOP will be operated and checked each 24 hr period & the blind rams will be operated & checked when the drill pipe is out of the hole. Function tests will be documented on the daily driller's log. "EXHIBIT 5" also shows a 3M psi choke manifold with a 3" panic line. Full opening stabbing valve & Kelly cock will be on derrick floor in case of need. No abnormal pressures or temperatures are expected in this well. No nearby wells have encountered any problems.

5. PROPOSED MUD CIRCULATION SYSTEM: (Closed Loop System)

See COA

INTERVAL	MW (ppg)	VISC (sec/qt)	FLUID LOSS (cc)	MUD TYPE
0' - 1275'	8.3 - 8.8	28 - 32	NC	Fresh Water
1275' - 7200'	9.8 - 10.2	28 - 32	NC	Brine

*** Visual mud monitoring equipment shall be in place to detect volume changes. A mud test shall be performed every 24 hrs after mudding up to determine, as applicable: density, visc, gel strength, filtration, and pH. The necessary mud products for weight addition & fluid loss control will be on location at all times. In order to run open hole logs & casing, the above mud properties may have to be altered to meet these needs.*

6. AUXILIARY WELL CONTROL EQUIPMENT / MONITORING EQUIPMENT:

11" x 3000 psi Double BOP/Blind & pipe ram (3M BOP/BOPE to be used as 2M system)
4-1/2" x 3000 psi Kelly valve
11" x 3000 psi mud cross - H₂S detector on production hole
Gate-type safety valve - 3" choke line from BOP to manifold
2" adjustable chokes - 3" blow down line
Fill up line as per Onshore Order 2

7. LOGGING, CORING & TESTING PROGRAM:

- A. OH logs: Dual Laterolog, MSFL, CNL, Litho-Density, Gamma Ray, Caliper from TD back to 8-5/8" csg shoe.
- B. Run CNL, Gamma Ray from 8-5/8" csg shoe back to surface.
- C. No cores, DST's or mud logger are planned at this time.
- D. Additional testing will be initiated subsequent to setting the 5-1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows & drill stem tests.

8. POTENTIAL HAZARDS:

See COA
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore Oil & Gas Order No. 6*. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 3168 psi and estimated BHT: 115°.

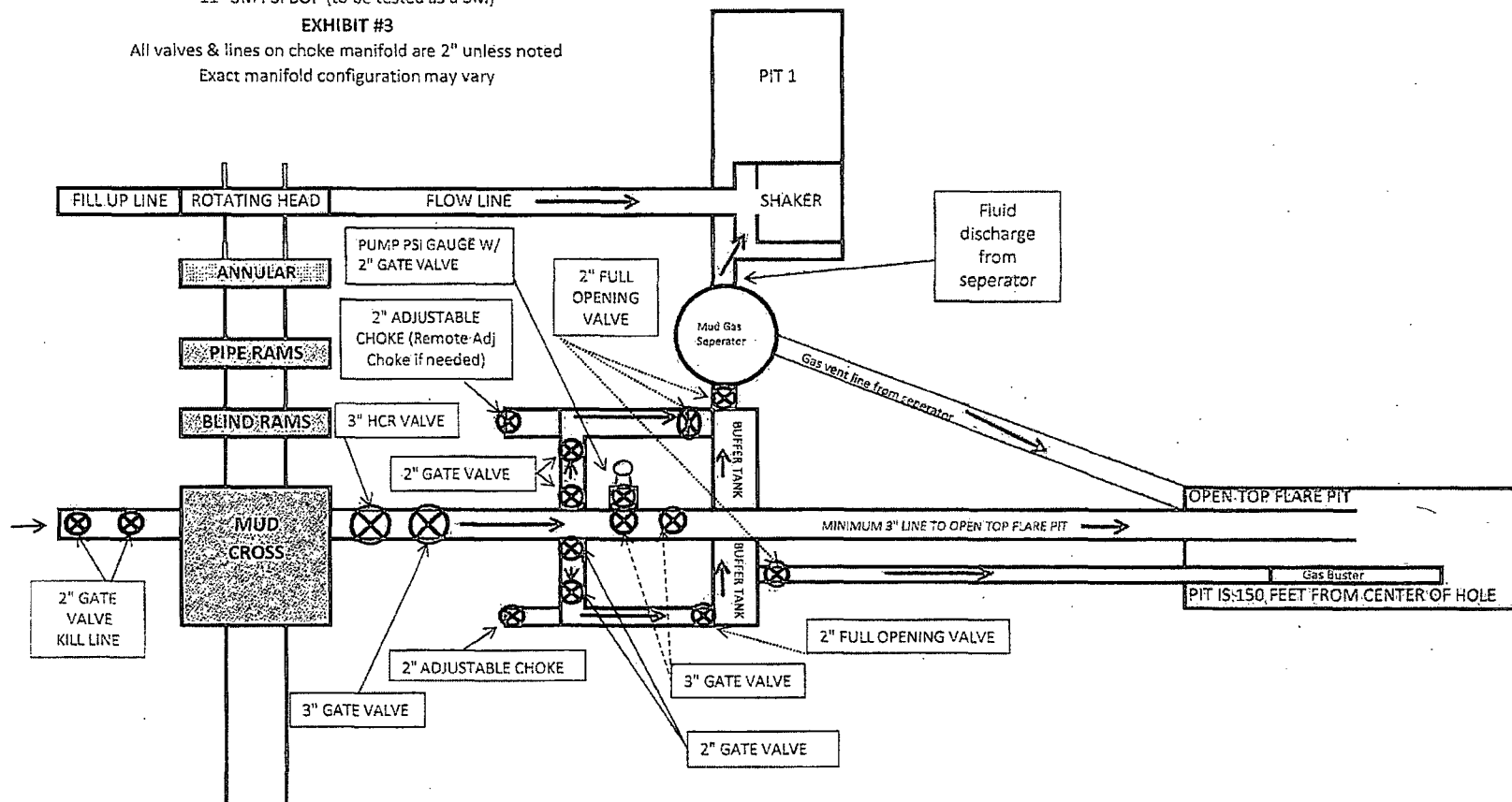
9. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin after BLM has approved APD. Anticipated spud date will be as soon after BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take approx 10 days. If production casing is run then an additional 90 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

10. OTHER FACETS OF OPERATION:

After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Eunice; Bli-Tu-Dr, North formation will be perforated to increase oil recovery. The well will be tested & potentialed as a water injection well.

11" 3M PSI BOP (to be tested as a 3M)
EXHIBIT #3
 All valves & lines on choke manifold are 2" unless noted
 Exact manifold configuration may vary



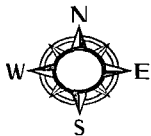
*** If H2S is encountered in quantities greater than 100ppm, Apache will shut in well & install a remote operated choke ***



Closed Loop Equipment Diagram

Exhibit 4

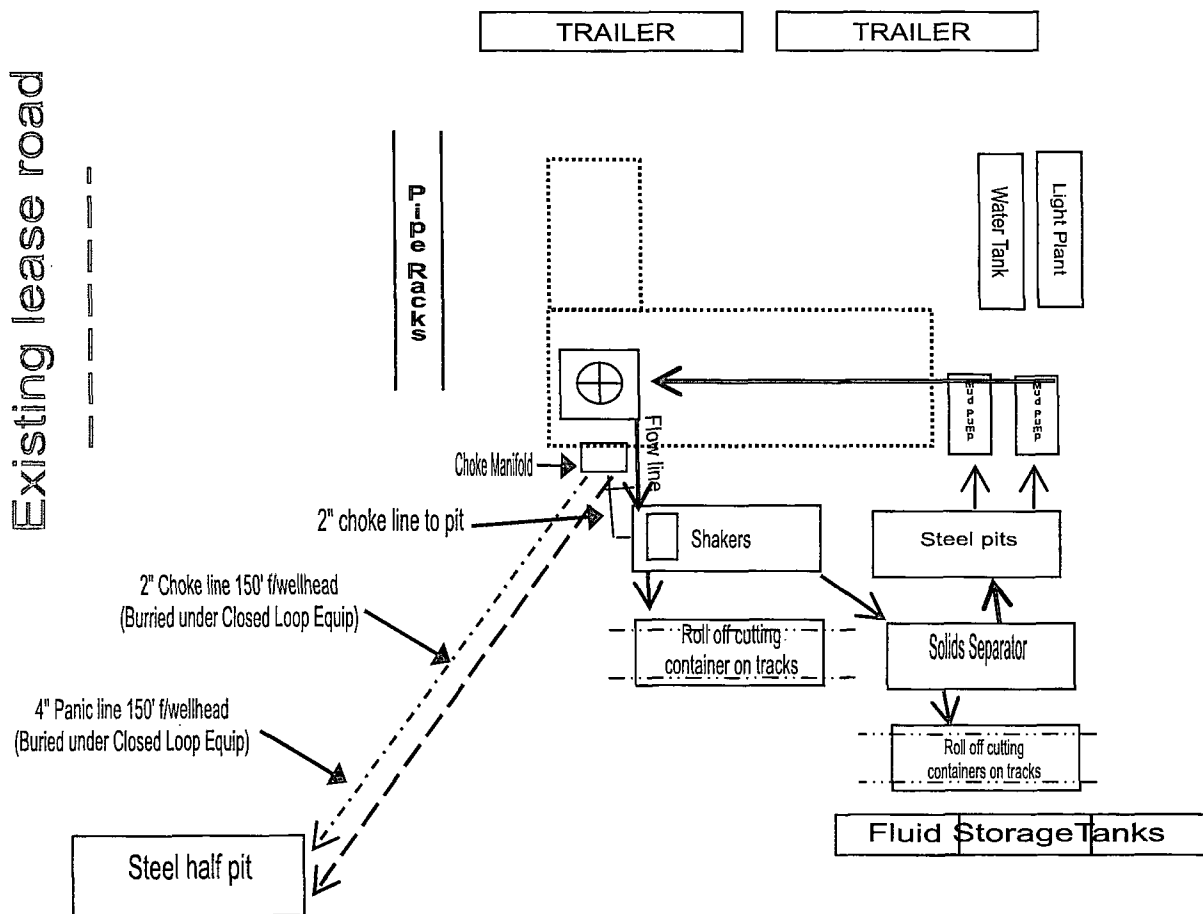
WEST BLINEBRY DRINKARD UNIT #221W



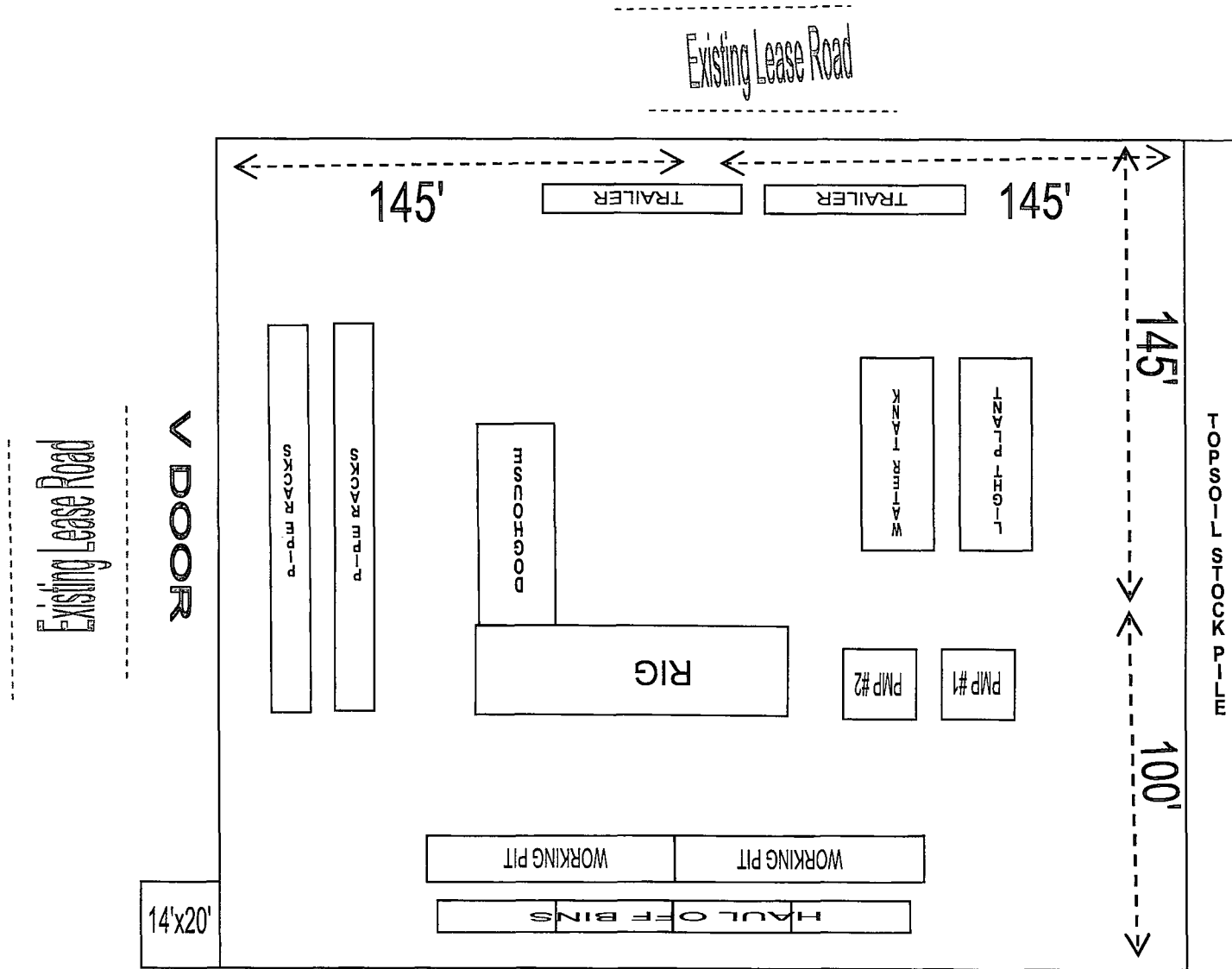
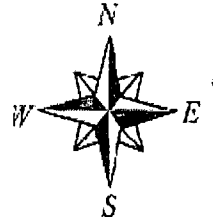
Existing lease road

Existing lease road

Existing Well Pad



RIG ORIENTATION & LAYOUT
WEST BLINEBRY DRINKARD UNIT #221W
EXHIBIT 5



PRIVATE SURFACE OWNER AGREEMENT

HOBBS OCD

MAR 30 2015

OPERATOR: APACHE CORPORATION

WELL NAME: WEST BLINEBRY DRINKARD UNIT #221W

RECEIVED

SECTION: 8 TOWNSHIP: 21S RANGE: 37E

LOCATION: 2300' FSL & 500' FEL COUNTY: LEA STATE: NM

LEASE NUMBER: NMNM-032096A

STATEMENT OF SURFACE USE

The surface to the subject land is owned by CHEVRON
PO BOX 285
HOUSTON, TX 77001
432-687-7104

The surface owner has been contacted regarding the drilling of the subject well, and an agreement for surface use has been negotiated.

CERTIFICATION: I hereby certify that the statements made in this statement are to the best of my knowledge, true and correct.

NAME: MAXWELL GROVE

SIGNATURE: 

DATE: 05/08/2014

TITLE: DRILLING ENGINEER

To expedite your Application to Drill please fax the completed form to the
Bureau of Land Management (575) 234-5927 or (575) 885-9264
Attn: Legal Instruments Examiner
620 E. Green Street
Carlsbad, NM 88220

The original document with signature should be mailed as soon as possible.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. GREENE STREET
CARLSBAD, NM 88220

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OPERATOR CERTIFICATION

I HEARBY CERTIFY THAT I, OR SOMEONE UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE DRILL SITE AND ACCESS ROUTE PROPOSED HEREIN; THAT I AM FAMILIAR WITH THE CONDITIONS WHICH CURRENTLY EXIST; THAT I HAVE FULL KNOWLEDGE OF STATE AND FEDERAL laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 8th day of May 2014

Well: WEST BLINEBRY DRINKARD UNIT #221W

Operator Name: APACHE CORPORATION

Signature: Maxwell Grove Printed Name: MAXWELL GROVE

Title: Drilling Engineer Date: 05/08/2014

Email (optional): maxwell.grove@apachecorp.com

Street or Box: 303 Veterans Airpark Ln., Ste. 1000

City, State, Zip Code: Midland, TX 79705

Telephone: 281-302-2881

Field Representative (if not above signatory): _____

Address (if different from above): _____

Telephone (if different from above): _____

Email (optional): _____

Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.