

OPER. OGRID NO. 873  
PROPERTY NO. 24427  
POOL CODE 30350  
EFF. DATE 1/9/04  
APPLI API NO. 30-025-36532

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

EC

1a. Type of Work: ☒ DRILL ☐ REENTER **CONFIDENTIAL**  
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator **APACHE CORPORATION** Contact: **BONNIE JONES**  
E-Mail: **bonitaj@cableone.net**

3a. Address **6120 SOUTH YALE, SUITE 1500  
TULSA, OK 74136-4224** 3b. Phone No. (include area code)  
Ph: **505.624.9799**  
Fx: **505.624.9799**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **SESE 1200FSL 80FEL**  
At proposed prod. zone **SESE 1200FSL 80FEL**  
**SUBJECT TO LIKE APPROVAL BY STATE**  
**Unit P**

14. Distance in miles and direction from nearest town or post office\*  
**3 MILES NORTHWEST OF EUNICE, NM**

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
**1200'** 16. No. of Acres in Lease  
**958.25**

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.  
**738.3'** 19. Proposed Depth  
**4175 MD  
4175 PVD**

21. Elevations (Show whether DF, KB, RT, GL, etc.)  
**3513 GL** 22. Approximate date work will start  
**12/15/2003**

24. Attachments **Capitan Controlled Water Basin**

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

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

25. Signature (Electronic Submission) Name (Printed/Typed) **BONNIE JONES** Date **11/17/2003**

Title **AGENT**

Approved by (Signature) **/S/ JOE G. LARA** Name (Printed/Typed) **/S/ JOE G. LARA** Date **DEC 15 2003**

Title **FIELD MANAGER** Office **CARLSBAD FIELD OFFICE**

Application approval does not warrant or certify 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 1 YEAR**

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.

Additional Operator Remarks (see next page)

Electronic Submission #25170 verified by the BLM Well Information System

For APACHE CORPORATION, sent to the Hobbs

Committed to AFMSS for processing by ARMANDO LOPEZ on 11/17/2003 (04A1 0044AE)

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

**DECLARED WATER BASIN**

**CEMENT BEHIND THE 8 3/8"**

**CASING MUST BE CIRCULATED**

**CEMENT BEHIND THE 5 1/2"**

**CASING MUST BE CIRCULATED**

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**KZ**

DISTRICT I  
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II  
P.O. Drawer 88, Artesia, NM 88211-0718

DISTRICT III  
1000 Rio Brance Rd., Artesia, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

EXHIBIT D-1

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-36532</b>	Pool Code <b>50350</b>	Pool Name <b>Penrose Skelly; Grayburg</b>
Property Code <b>24427</b>	Property Name <b>HAWK B-1</b>	Well Number <b>39</b>
OGRID No. <b>873</b>	Operator Name <b>APACHE CORPORATION</b>	ELEVATION <b>3513'</b>

Surface Location

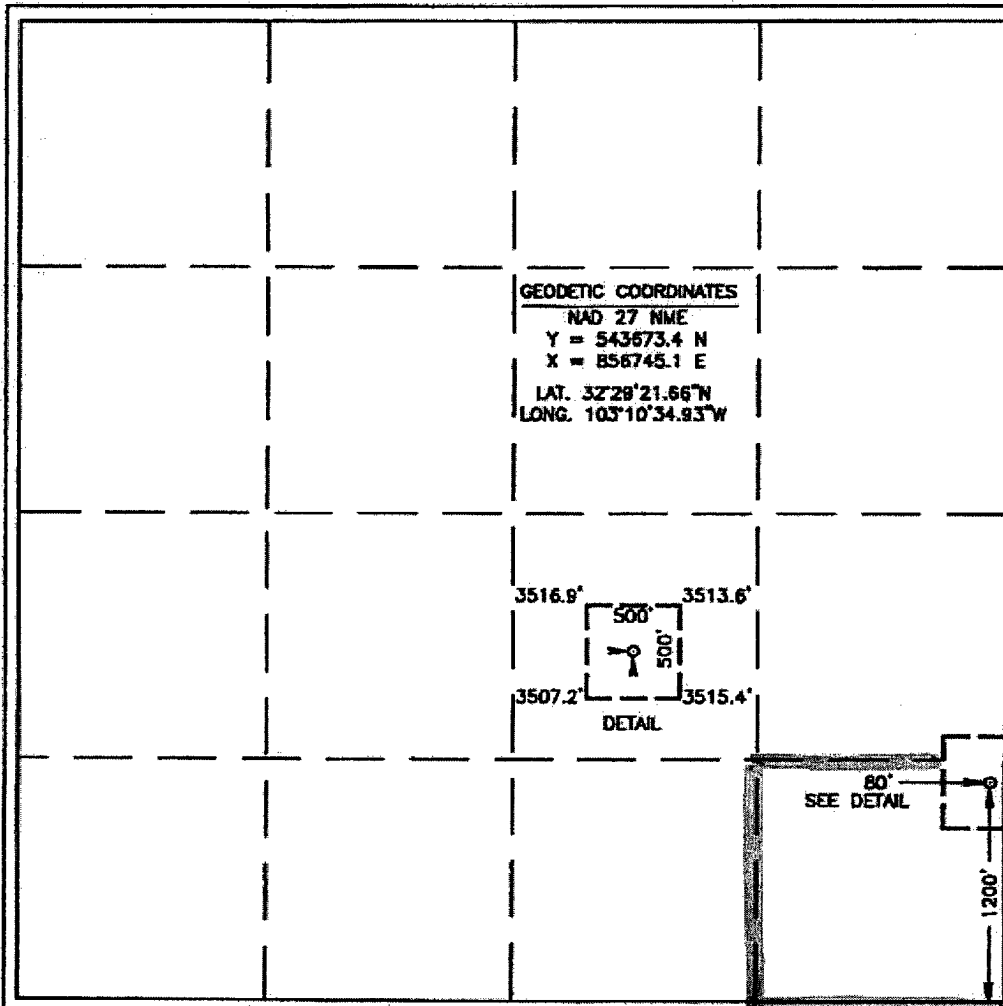
UL or lot No. <b>P</b>	Section <b>8</b>	Township <b>21-S</b>	Range <b>37-E</b>	Lot Idn	Feet from the <b>1200'</b>	North/South line <b>SOUTH</b>	Feet from the <b>80'</b>	East/West line <b>EAST</b>	County <b>LEA</b>
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Bottom Hole Location If Different 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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Dedicated Acres <b>40.00</b>	Joint or Infill	Consolidation Code	Order No. <b>N<sup>o</sup>SL-4954(SD)</b>
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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

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Michelle Hanson</u> Signature</p> <p><u>Michelle Hanson</u> Printed Name</p> <p><u>Drilling Tech.</u> Title</p> <p><u>9/22/03</u> Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>August 06, 2003</p> <p>Date Surveyed _____ A.W.B.</p> <p>Signature of Well Owner _____ Professional Surveyor</p> <p><u>Ronald J. Edson</u> <u>8/18/03</u> 03.11.08412</p> <p>Certificate No. <b>RONALD J. EDSON 8298</b> <b>CAREY EDSON 12841</b></p>

DISTRICT I  
P.O. Box 1908, Hobbs, NM 88241-1908

DISTRICT II  
P.O. Drawer 80, Artesia, NM 88211-0718

DISTRICT III  
1000 Rio Brazos Rd., Arisa, NM 87410

DISTRICT IV  
P.O. Box 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-102  
Revised February 18, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

EXHIBIT D-2

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>HAWK B-1</b>	Well Number <b>39</b>
OWNER No.	Operator Name <b>APACHE CORPORATION</b>	ELEVATION <b>3513'</b>

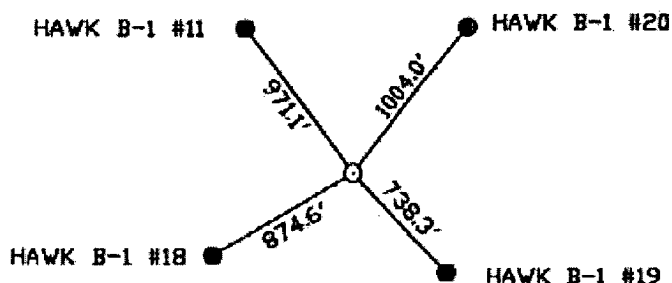
Surface Location

UL or lot No.	Section	Township	Range	Lot 12n	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>8</b>	<b>21-S</b>	<b>37-E</b>		<b>1200'</b>	<b>SOUTH</b>	<b>80'</b>	<b>EAST</b>	<b>LEA</b>

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 12n	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Title

Date

SURVEYOR CERTIFICATION

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.

August 05, 2003

Date Surveyed A.W.B.

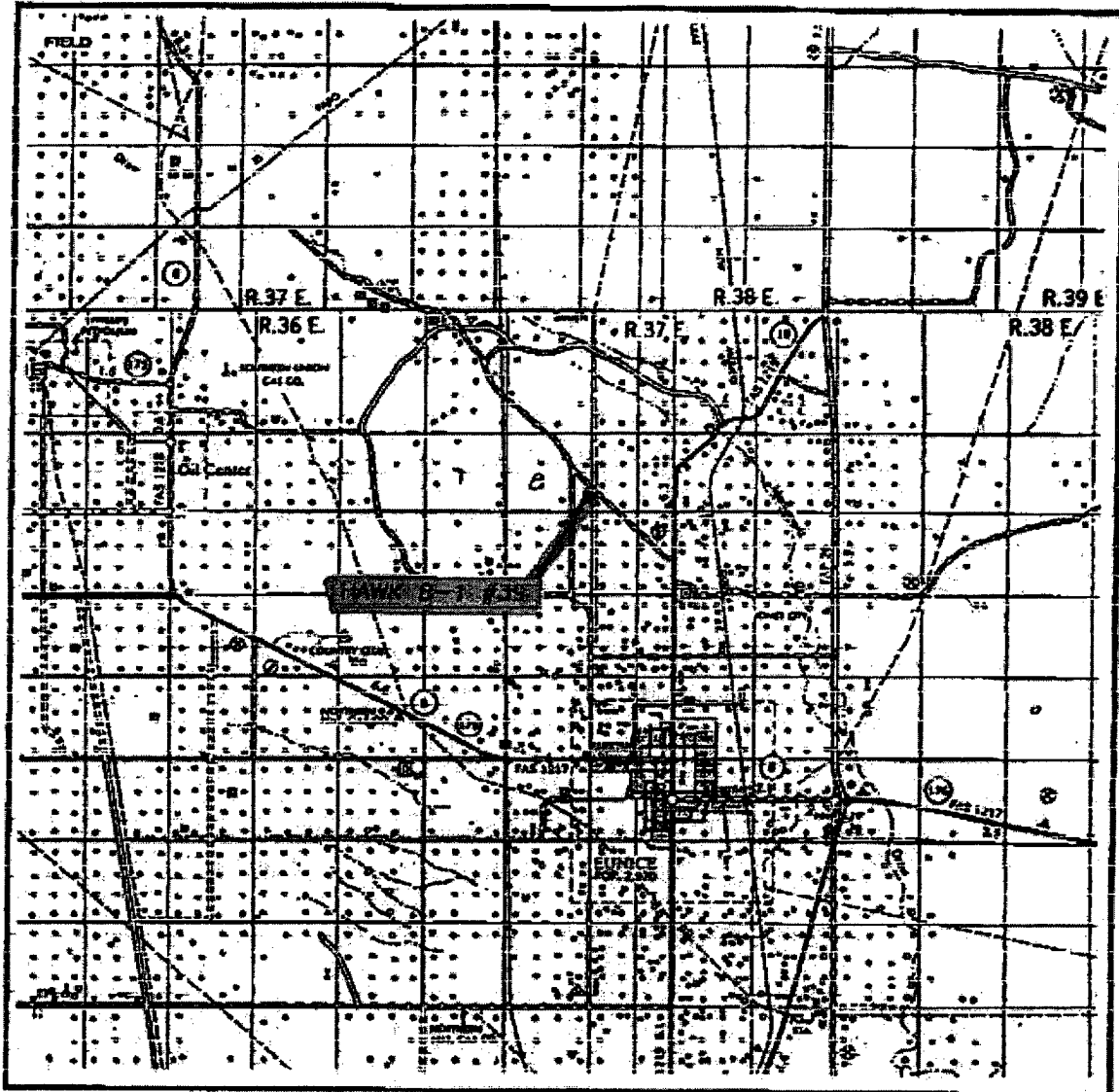
Signature & Seal of  
Professional Surveyor

03.11.0841

Certificate No. RONALD J. KIDSON 52289  
GARY KIDSON 12841

# VICINITY MAP

EXHIBIT E-1



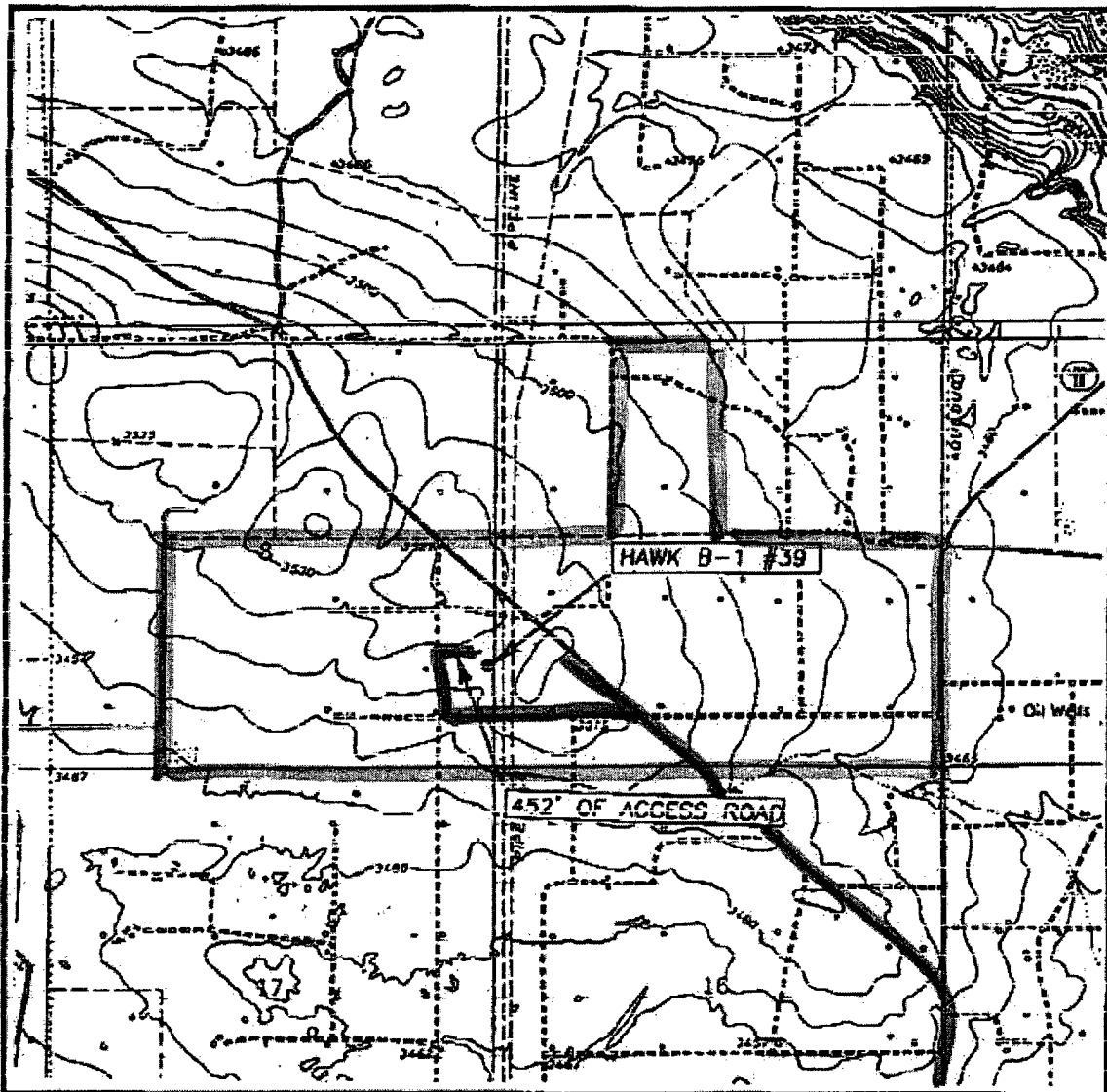
SCALE: 1" = 2 MILES

SEC. 8 TWP. 21-S RGE. 37-E  
 SURVEY N.M.P.M.  
 COUNTY LEA  
 DESCRIPTION 1200' FSL & 80' FEL  
 ELEVATION 3513'  
 OPERATOR APACHE CORPORATION  
 LEASE HAWK B-1

JOHN WEST SURVEYING  
 HOBBS, NEW MEXICO  
 (505) 393-3117

# LOCATION VERIFICATION MAP

EXHIBIT E-2



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
EUNICE, N.M.

SEC. 8 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1200' FSL & 80' FFL

ELEVATION 3513'

OPERATOR APACHE CORPORATION

LEASE HAWK B-1

U.S.G.S. TOPOGRAPHIC MAP  
EUNICE, N.M.

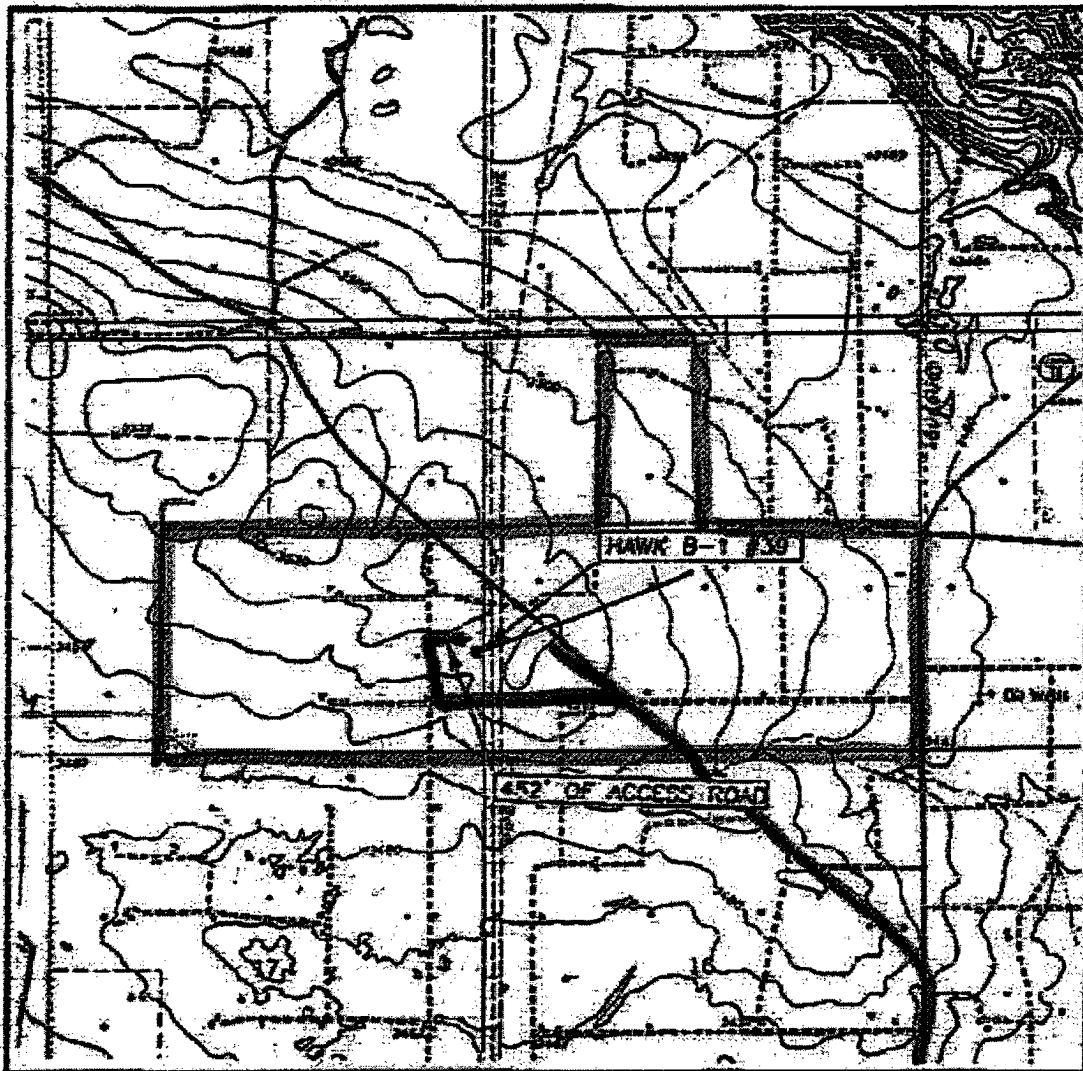
JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

ACCESS 

LEASE BOUNDARY 

# LOCATION VERIFICATION MAP

EXHIBIT E-3



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
EUNICE, N.M.

SEC. B TWP. 21-S RGE. 37-E  
SURVEY N.M.P.M.  
COUNTY LEA  
DESCRIPTION 1200' FSL & 80' FET  
ELEVATION 3513'  
OPERATOR APACHE CORPORATION  
LEASE HAWK B-1  
U.S.G.S. TOPOGRAPHIC MAP  
EUNICE, N.M.

*4000' Flowline*

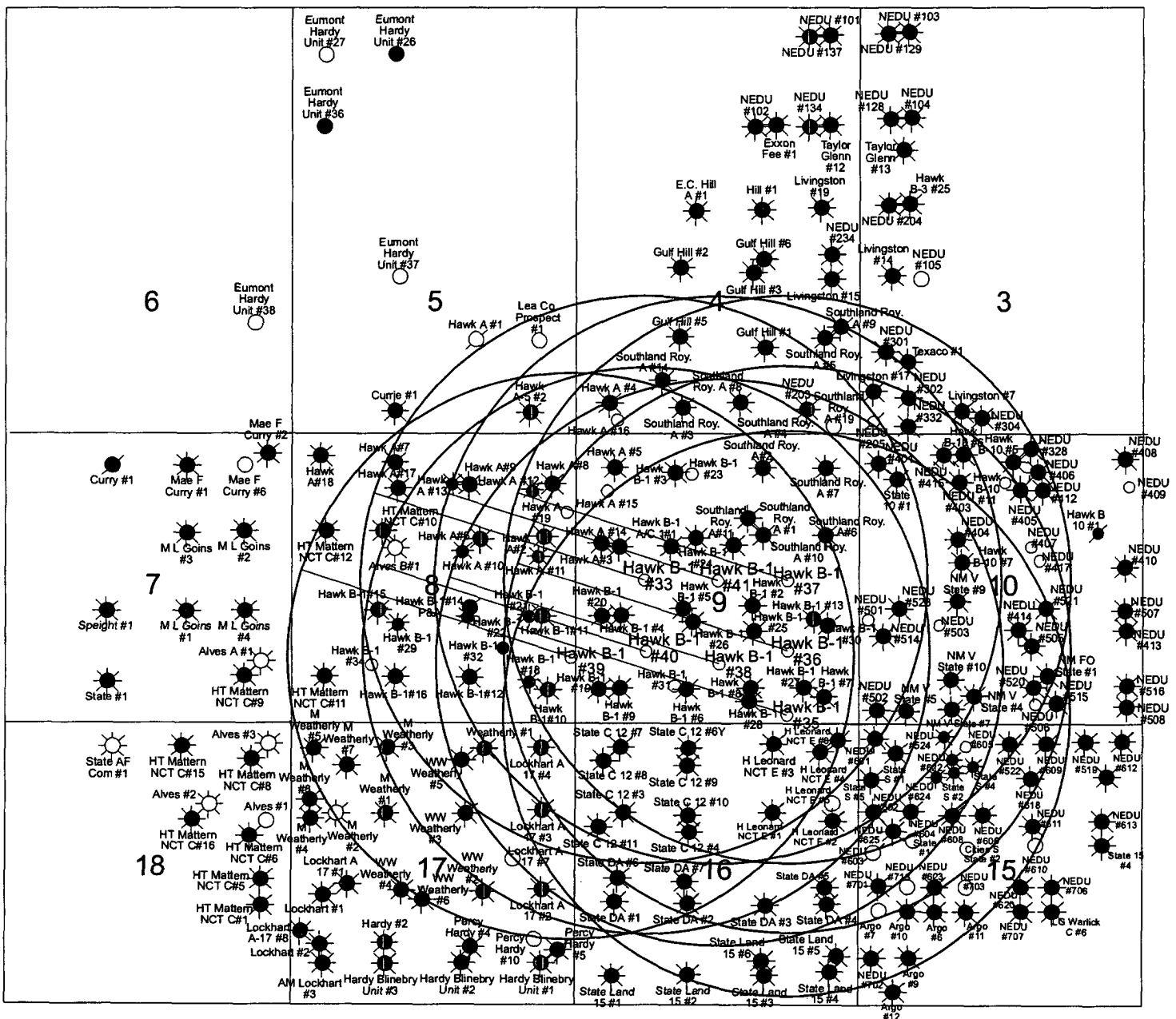
Flow-line Route

**JOHN WEST SURVEYING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**

ACCESS

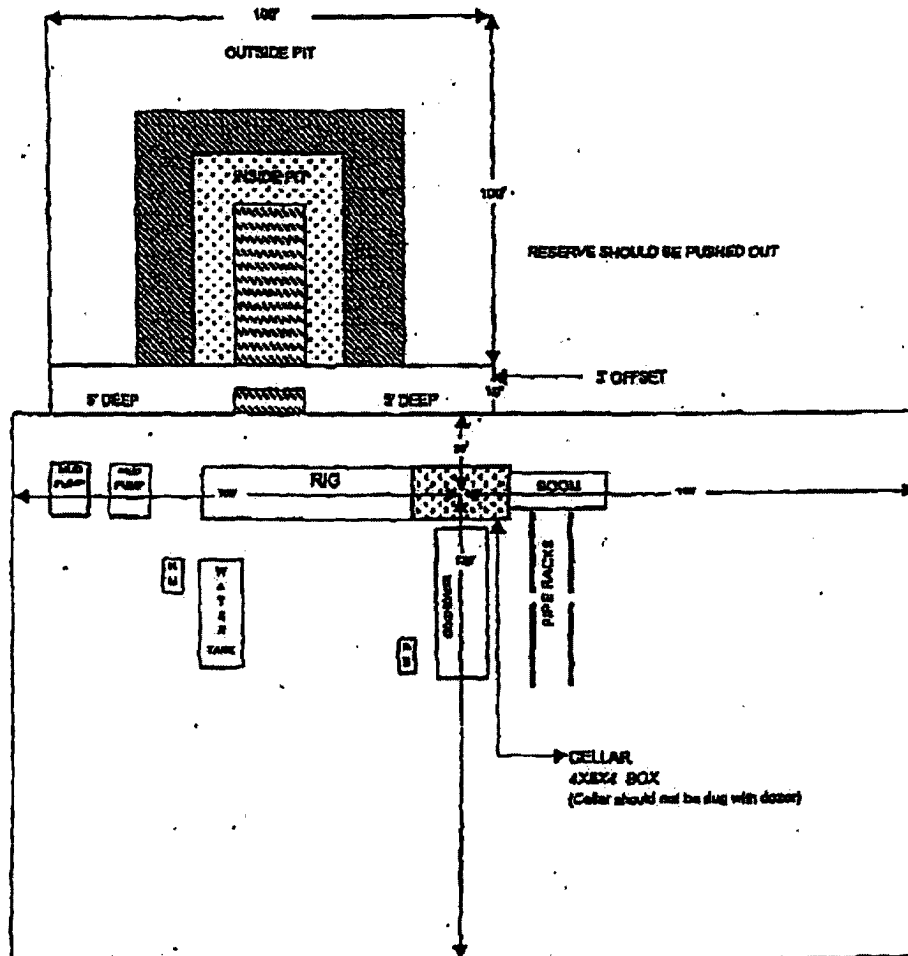
LEASE BOUNDARY

EXHIBIT "F"  
Hawk B-1 #39  
1200' FSL & 80' FEL, Sec. 8, T21S-R37E  
Lea County, NM



CapStar Drilling, Inc.  
LOCATION SPECIFICATIONS AND RIG LAYOUT  
FOR EARTH PITS

EXHIBIT G



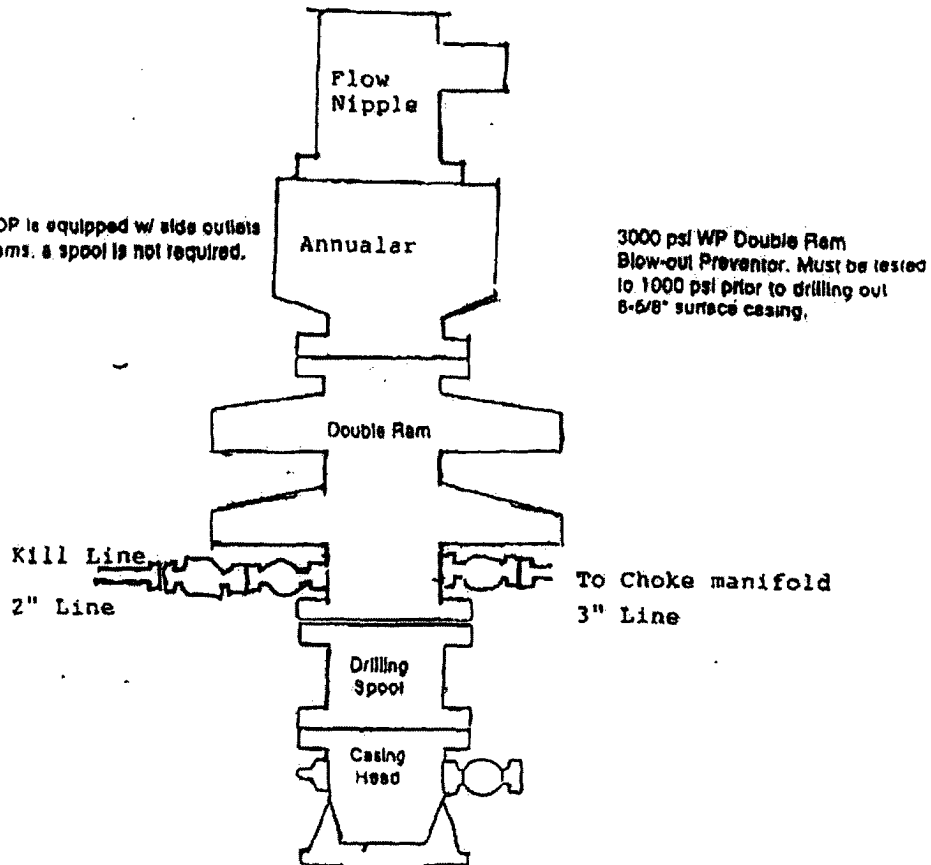
Cellar can be 4X4X4 if using a screw-on wellhead  
Working Pits dug 5' below ground level

# CAPSTAR DRILLING INC

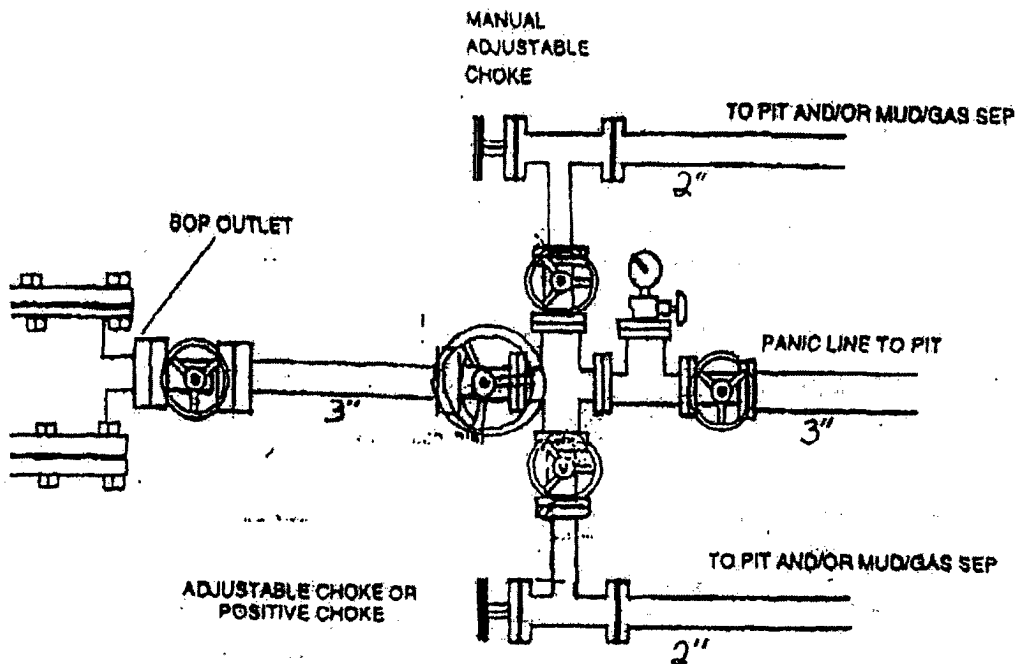
## BOP SCHEMATIC 9" X 3000 psi

EXHIBIT "H"

\*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.



Choke Manifold Schematic



## DRILLING PROGRAM

- | <u>FORMATION</u>     | <u>DEPTH</u> |
|----------------------|--------------|
| Quaternary alluvials | Surface      |
| Rustler              | 1302'        |
| Yates                | 2710'        |
| Grayburg             | 3761'        |
| San Andres           | 4029'        |
| TD                   | 4175'        |

- | <u>SUBSTANCE</u> | <u>DEPTH</u>                         |
|------------------|--------------------------------------|
| Oil              | Penrose @ 3596'<br>Grayburg at 3761' |
| Gas              | None anticipated                     |
| Fresh Water      | None anticipated                     |

#### IV. A. Proposed Casing Program:

<u>HOLE SIZE</u>	<u>CASING SIZE</u>		<u>GRAD E</u>	<u>WEIGHT PER FOOT</u>	<u>DEPTH</u>	<u>SACKS CEMENT</u>	<u>ESTIMATED TOC - REMARKS</u>
	OD	ID					
12 1/4"	8 5/8"		J55	24#	400'	325	TOC - Surface
	8.097		STC		<u>(Pursuant to Lea County Alternative Casing Program)</u>		8.34 ppg Water-based Mud; 83° F Est. Static Temp; 80° F Est. Circ. Temp.
7 7/8"	5 1/2"		J55	17#	4175'	755	TOC – Surface
	4.892		LTC				Float Collar set @ 4135'/ 10.20 ppg Water-based Mud; 118° F Est. Static Temp; 101° F Est. Circ. Temp.

B. Proposed Cement Program:

<u>CASING</u>	<u>SLURRY</u>	<u>DISPLACEMENT</u>
8 5/8"	325 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Cello Flake + 56.3% Fresh Water 437 Vol. Cu Ft 1.35 Vol. Factor Slurry Weight (ppg) 14.8 Slurry Yield (cf/sack) 1.35 Amount of Mix Water (gps) 6.35; <u>Estimated Pumping Time – 70 BC</u> <u>(HH:MM)-3:00;</u>	22.9 bbls Fresh Water @ 8.34 ppg
<u>8 5/8" Casing: Volume Calculations:</u>		
400 ft	x 0.4127 cf/ft with 156% excess	= 423.0 cf
40 ft	x 0.3576 cf/ft with 0% excess	= 14.3 cf (inside pipe)
	TOTAL SLURRY VOLUME	= 437.3 cf
		= 78 bbls

Spacer 30.0 bbls Water @ 8.3 ppg

<u>CASING</u>	<u>LEAD SLURRY</u>	<u>TAIL SLURRY</u>	<u>DISPLACEMENT</u>
5 1/2"	505 sacks (50:50) Poz (Fly Ash): Class C Cement + 5% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.003 gps FP-6L + 10% bwoc Bentonite + 139.7% Fresh Water; 1232 Vol. Cu Ft 2.44 Vol. Factor Slurry Weight (ppg) 11.8 Slurry Yield (cf/sack) 2.44 Amount of Mix Water (gps) 14.07; Amount of Mix Fluid (gps) 14.07 <u>Estimated Pumping Time – 70 BC (HH:MM)-4:00;</u>	250 sacks (50:50) Poz (Fly Ash): Class C Cement + 5% bwow Sodium Chloride + 0.003 gps FP-6L + 2% bwoc Bentonite + 58.7% Fresh Water 323 Vol. Cu Ft 1.29 Vol. Factor Slurry Weight (ppg) 14.2 Slurry Yield (cf/sack) 1.29 Amount of Mix Water (gps) 5.91; Amount of Mix Fluid(gps) 5.91; Estimated Pumping Time – 70 BC (HH:MM)-3:00;	95.9 bbls Fresh Water @ 8.34 ppg
<u>5 1/2" Casing: Volume Calculations:</u>			
400 ft	x 0.1926 cf/ft with 0% excess	= 77.0 cf	
2940 ft	x 0.1733 cf/ft with 154% excess	= 1294.1 cf	
835 ft	x 0.1733 cf/ft with 120% excess	= 318.2 cf	
40 ft	x 0.1305 cf/ft with 0% excess	= 5.2 cf (inside pipe)	
	TOTAL SLURRY VOLUME	= 1694.5 cf	
		= 302 bbls	

All slurries will be tested prior to loading to confirm thickening times and a lab report furnished to Apache. Fluid loss will be tested and reported on slurries with fluid loss additives. Lab test report will be furnished prior to pumping cement.

V. A. Proposed Mud Program

<u>DEPTH</u>	<u>MUD PROPERTIES</u>	<u>REMARKS</u>
0 – 400'	Weight: 8.6 – 9.2 ppg Viscosity: 32 – 50 sec/qt Plastic Viscosity: 2-10 cps Yield Point: 6-15 lbs/100' pH: 9-10 Filtrate: NC Solids: <4 % volume Chloride: <4,000 mg/L	Spud with Fresh Water AQUAGEL EZ-Mud, LCM, Lime. Add AQUAGEL and LIME to Fresh Water to build desired viscosity for hole cleaning, restricting system to steel pits. Additions of Fresh Water at the flowline will aid in controlling viscosity. HY-SEAL "sweeps" as needed for extra hole cleaning, seepage and severe losses. Should total circulation loss be encountered, add up to 20 ppb. LCM (BARO-SEAL = Maxiseal); (HY-SEAL = Drilling Paper); (PLUG-GIT = Cedar Fiber) and spot in loss zone. If returns cannot be established, then "dry-drill" to set surface casing.
400' – 4000'	Weight: 9.2 ppg Viscosity: 30 – 32 sec/qt Plastic Viscosity: 0-1 cps Yield Point: 0-1 lbs/100' pH: 9-10 Filtrate: NC Solids: <1 % volume Chloride: < 30K mg/L	Drill out from under the surface casing with Fresh Water. HY-SEAL should be added at 2 bags after every 100' drilled, if you have and drag or torque on connections. Begin adding 10 # Brine 100' before drilling salt formation for 9.7 + weight. LIME applications should be continued during this interval for a pH of 9.0-10.0, in addition, to flocculate solids and to minimize corrosion. Additions of CAUSTIC SODA may be needed to maintain pH at 9-10.
4000' – 4175'	Weight: 9.1 – 10.3 ppg Viscosity: 30 – 32 sec/qt Plastic Viscosity: 3-10 cps Yield Point: 4-6 lbs/100' pH: 9-10 Filtrate: 10-15 cm/30 min Solids: <2-4 % volume Chloride: < 170K mg/L	From 4000' to Total Depth, it is recommended the system be restricted to the steel pits, and, with Brine, mud up as follows: while circulating through the steel pits, add 3-4 #/bbl IMPERMX (starch) to lower fluid loss below 15 cc. If lost circulation is encountered, mix a viscous pit of mud and add 15 ppb LCM (Add 5#/bbl of the following: BARASEAL, HYSEAL & PLUG-GIT) and continue to drill. Sweep the hole with a viscous pill prior to coming out of the hole to log

VI. Proposed Control Equipment:

Will install on the 8 5/8" surface casing a 9" x 3000 psi WP Double Ram BOP and will test before drilling out of surface casing. **As expected pressures will not exceed 2000 psi, we request a waiver of the remote control requirement on the accumulator of the 3M BOP and a variance to run a 2M BOP, if available, and to test to 1500 psi using rig pumps.** See Exhibit "H" for BOP layout.

VII. Auxiliary Equipment:

9" x 3000 psi double BOP/blind & pipe ram (**2M BOP if available**)

41/2" x 3000 psi Kelly valve

9" x 3000 psi mud cross – H<sub>2</sub>S detector on production hole

Gate-type safety valve 3" choke line from BOP to manifold

2" adjustable chokes – 3" blowdown line

VIII A. Testing Program: None planned

B. Logging Program: The following logs may be run:

CNL, LDT, GR, CAL, DLL, MSFL, NGT from TD-2400'

CNL, GR from TD-Surface

C. Coring Program: None planned

IX. 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. The estimated maximum bottom hole pressure is 1980 psi.

EXHIBIT "B"  
HAWK B-1 #39

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H<sub>2</sub>S is anticipated.

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN  
CULTURAL RESOURCES SURVEY  
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: **HAWK B-1 #39**  
OPERATOR: **APACHE CORPORATION**

LOCATION: SE¼SE¼ OF SECTION 8, T21S-R37E, N.M.P.M.  
LEA COUNTY, NEW MEXICO

SUBMITTED TO:

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
ROSWELL DISTRICT OFFICE  
2909 WEST 2<sup>ND</sup> STREET  
ROSWELL, NEW MEXICO 88201  
TELEPHONE (505) 627-0272

This plan is submitted to provide permitting agencies with information necessary to allow an appraisal of the environmental effects associated with the proposed drilling operations. Within the context of typical drilling operations, this plan provides for protection of surface resources and other environmental components. This plan has been developed in conformity with the United States Geological Survey NTL-6 guidelines, Bureau of Land Management Oil and Gas Order No. 1, and in connection and consultation with the private surface owner of record, if other than the United States of America, as well as the Roswell District Office for the Bureau of Land Management and the United States Department of the Interior personnel.

PART #1:

- 1) Surface Location:  
SE¼SE¼ of Section 8, Township 21 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico  
1200' FSL, 80' FEL, Unit P  
See attached Exhibits "D" and "E"
- 2) Bottom Hole Location:  
SE¼SE¼ of Section 8, Township 21 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico  
1200' FSL, 80' FEL, Unit P  
See attached Exhibits "D" and "E"
- 3) Leases Issued: NM-90161
- 4) Record Lessee:

Apache Corporation	50%
BP America Production Co.	25%
Chevron USA Inc.	25%

- 5) Acres in Lease:  
Township 20 South, Range 37 East, NMPM  
Section 13: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$   
Township 20 South, Range 38 East, NMPM  
Section 30: Lot 1  
Township 21 South, Range 37 East, NMPM  
Section 4: Lots 3, 6  
Section 6: NE $\frac{1}{4}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 8: SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$   
Section 9: S $\frac{1}{2}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$

Total Acres: 958.25

- 6) Acres Dedicated to Well:  
There are 40.00 acres dedicated to this well, which takes in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 8, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

PART #2:

- 1) Existing Roads:  
Exhibits "E-1" & "E-2" comprise maps showing the proposed well site in relation to existing roads and State Highway 18. The well is  $\pm 3$  miles northwest of Eunice, New Mexico. From Eunice, go north approximately 2.5 miles on State Highway 18. Turn northwest on existing lease roads to location as illustrated on Exhibit "E-2".
- 2) Planned Access:  
A. Length and Width: A new 452' access road, 20' wide, will be constructed from the existing lease/access road to the well site. Extra width may be needed in the turns. Application for a buried pipeline will be made if it becomes necessary.  
B. Construction: The existing roads will be lightly graded and topped with compacted caliche as needed.  
C. Turnouts: None required.  
D. Culverts: None required.  
E. Cuts and Fills: As needed.  
F. Gates and Cattleguards: None required.
- 3) Location of Existing Wells:  
Exhibit "F" shows existing wells within a 1-mile radius of the proposed well.
- 4) Location of Existing and/or Proposed Facilities:  
A. There are production facilities within the area of the Northeast Drinkard Unit, which is adjacent to the wellsite.  
B. If the oil well proves to be commercial, any necessary production facilities will be installed on the drilling pad, and flow lines will be installed along the proposed and existing roads to the production facilities and storage tanks. See Exhibit "E-3" for flow-line route.
- 5) Location and Type of Water Supply:  
Apache Corporation plans to drill the proposed well with fresh and brine water which will be transported by truck over proposed and existing access roads.
- 6) Source of Construction Materials:  
Caliche for surfacing access roads and the wellsite pad will be obtained from the location itself or from BLM pits in the area.
- 7) Method of Handling Waste Material:  
A. Drill cuttings will be disposed of in the reserve pits.  
B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.  
C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.  
D. Water produced during operations will be collected in tanks until hauled to an approved disposal system.  
E. Oil produced during operation will be stored in tanks until sold.  
F. Apache Corporation will comply with current laws and regulations pertaining to the disposal of human waste.

G. All waste materials will be contained to prevent scattering by the wind and will be removed from the well site within 30 days after drilling and/or completion operations are finished.

8) Ancillary Facilities: None planned.

9) Well Site Layout:

- A. Exhibit "G" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged.
- B. Mat Size: 140' x 200' plus reserve pits as shown on Exhibit "G".
- C. Cut & Fill: Only minor leveling of the drilling site is anticipated.
- D. The surface will be topped with compacted caliche and the reserve pits will be lined with 6 mil plastic.

10) Plans for Restoration of the Surface:

- A. After completion of drilling and/or completion operations, all equipment and other material, not needed for operations, will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, Apache Corporation will comply with all rehabilitation and/or vegetation requirements of the Bureau of Land Management, and such rehabilitation will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11) Other Information:

- A. Topography: The wellsite and access road are located in the Querecho Plains and are relatively flat.
- B. Soil: The proposed location, access road and production facilities consist of sandy soil. Slope in the proposed area ranges from zero (0) to five (5) degrees.
- C. Flora and Fauna: Vegetation is one of a grassland environment and a scrub-grass, scrub disclimax community. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: There are no ponds, lakes, streams or feeder creeks in the immediate area.
- E. Residences and Other Structures: There are no occupied residences or other structures on or near the proposed location.
- F. Land Use: The land is used for grazing cattle.
- G. Surface Ownership: The surface is owned by the Trustee of the Millard Deck Estate, c/o Tim Wolters, Bank of America, P. O. Box 270, Midland, TX 79702, 915-685-2864. A Surface Damage Release agreement for this tract has been executed by the Millard Deck Estate and Apache Corporation.
- H. Archaeological, Historical, and Other Cultural Sites:  
Don Clifton, Archaeological Consultant, of Pep, New Mexico, will be conducting an archaeological survey of the proposed HAWK B-1 #39 well which covers the drilling location, production facilities, and access road, including a corridor along said access road for power and flow lines. His report will be filed under separate cover.

I. Senior Representative (Manager, Engineering & Production):

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Project (Operations Engineer):

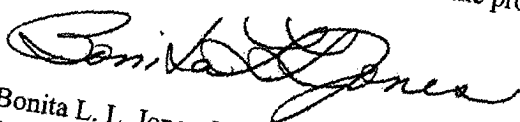
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Drilling Operations (Operations Engineer):

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CERTIFICATION

I hereby certify that Apache Corporation has inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Apache Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



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Date: 11-3-03