

Form 3160-3
(April 2004)

FORM APPROVED.
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NMLC-029395B** *JES*
6. If Indian, Allotée or Tribe Name *2/14/2013*

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No:	
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		8. Lease Name and Well No. LEE FEDERAL #65 <308720>	
2. Name of Operator APACHE CORPORATION <i><873></i>		9. API Well No. 41109	
3a. Address 303 VETERANS AIRPARK LN #3000 MIDLAND, TX 79705	3b. Phone No. (include area code) 432-818-1167	10. Field and Pool, or Exploratory <96831> CEDAR LAKE, GLORIETA-YESO	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 240' FSL & 990' FEL At proposed prod. zone SAME UNORTHODOX LOCATION		11. Sec., T, R, M. or Blk. and Survey or Area SEC: 17 T17S R31E	
14. Distance in miles and direction from nearest town or post office* 5.6 MILES EAST OF LOCO HILLS, NM		12. County or Parish EDDY	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 240'	16. No. of acres in lease 1786.15 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. ~150'	19. Proposed Depth 6500'	20. BLM/BIA Bond No. on file BLM-CO-1463 / NMB000736	
21. Elevations (Show whether DF, KDB, RT, GL etc.) 3708' -GL	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, 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.

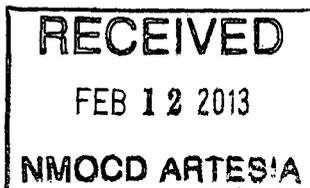
25. Signature <i>Sorina L Flores</i>	Name (Printed/Typed) SORINA L. FLORES	Date 12/31/12
Title SUPV OF DRILLING SERVICES		

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed) /s/ Don Peterson	Date FEB - 8 2013
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.

*(Instructions on page 2)



Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41109	Pool Code 96831	Pool Name Cedar Lake; Glorieta - Yeso
Property Code 308720	Property Name LEE FEDERAL	Well Number 65
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3708'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	17-S	31-E		240	SOUTH	990	EAST	EDDY

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
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. NSL-6658						

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>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=665165.3 N X=637419.3 E</p> <p>LAT.=32.827827° N LONG.=103.885974° W LAT.=32° 49' 40" N LONG.=103° 53' 10" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorina L. Flores</i> 11/21/12 Signature Date</p> <p>Sorina L. Flores Printed Name</p> <p>sorina.flores@apachecorp.com E-mail Address</p>
<p>DETAIL</p> <p>3703.1' 3720.0'</p> <p>600'</p> <p>3697.4' 3720.0'</p> <p>240'</p> <p>990'</p> <p>SEE DETAIL</p>	

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

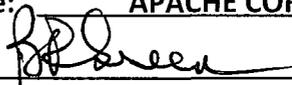
OPERATOR CERTIFICATION

I HEREBY 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 26 day of November, 2012

Well: LEE FEDERAL #65

Operator Name: APACHE CORPORATION

Signature:  Printed Name: BARRY GREEN

Title: Drilling Engineer Date: 11/26/2012

Email (optional): barry.green@apachecorp.com

Street or Box: 303 Veterans Airpark Ln., Ste. 3000

City, State, Zip Code: Midland, TX 79705

Telephone: 432-818-1059

Field Representative (if not above signatory): _____

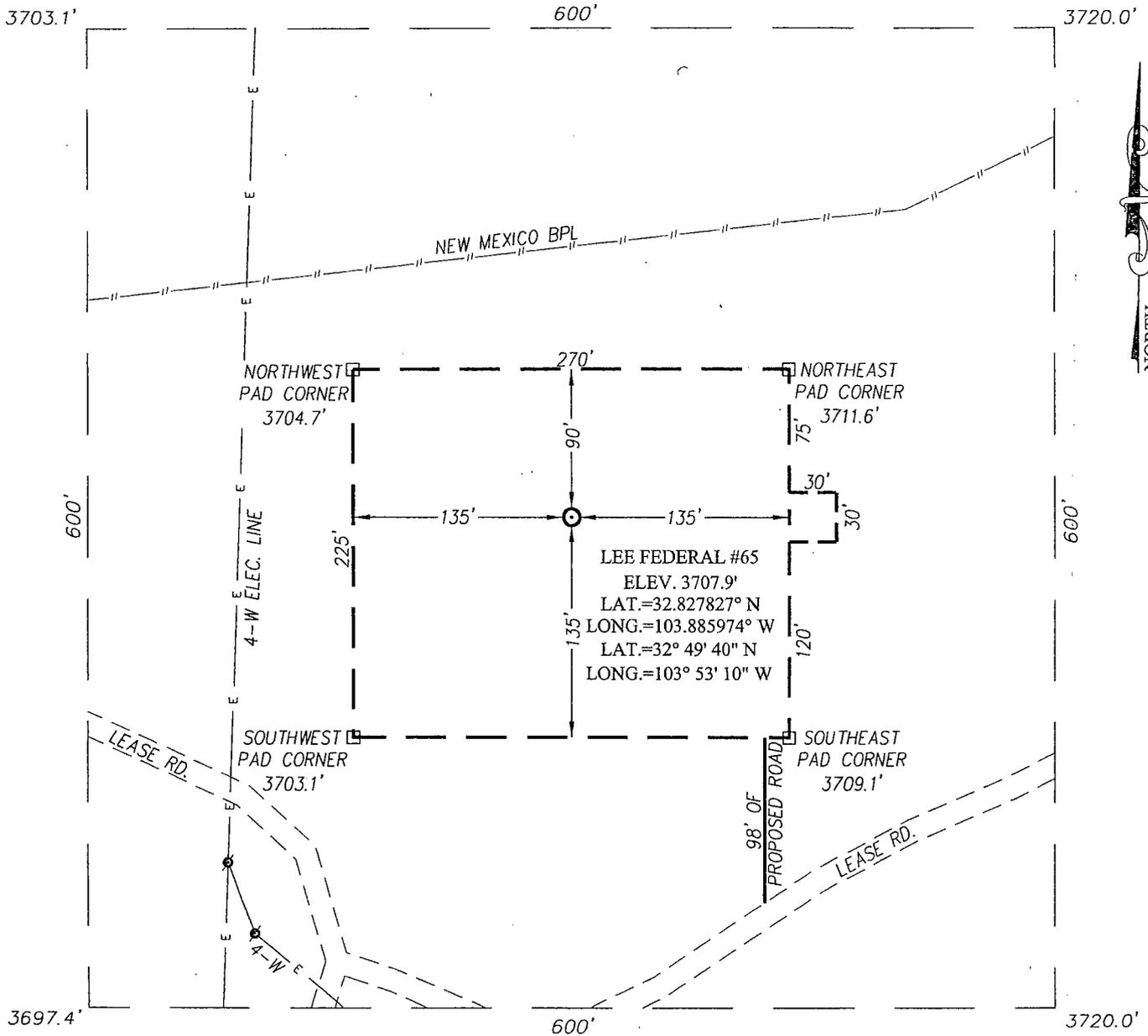
Address (if different from above): _____

Telephone (if different from above): _____

Email (optional): _____

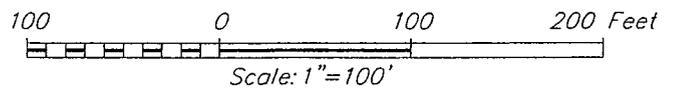
Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.

SECTION 17, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND ST. HWY. #529, GO WEST APPROX. 0.9 MILES. TURN RIGHT AND GO NORTHEAST APPROX. 0.6 MILES. VEER RIGHT AND CONTINUE GOING NORTHEAST APPROX. 0.1 MILES TO ROAD SURVEY. FOLLOW ROAD SURVEY NORTH 98 FEET TO THE LOCATION.



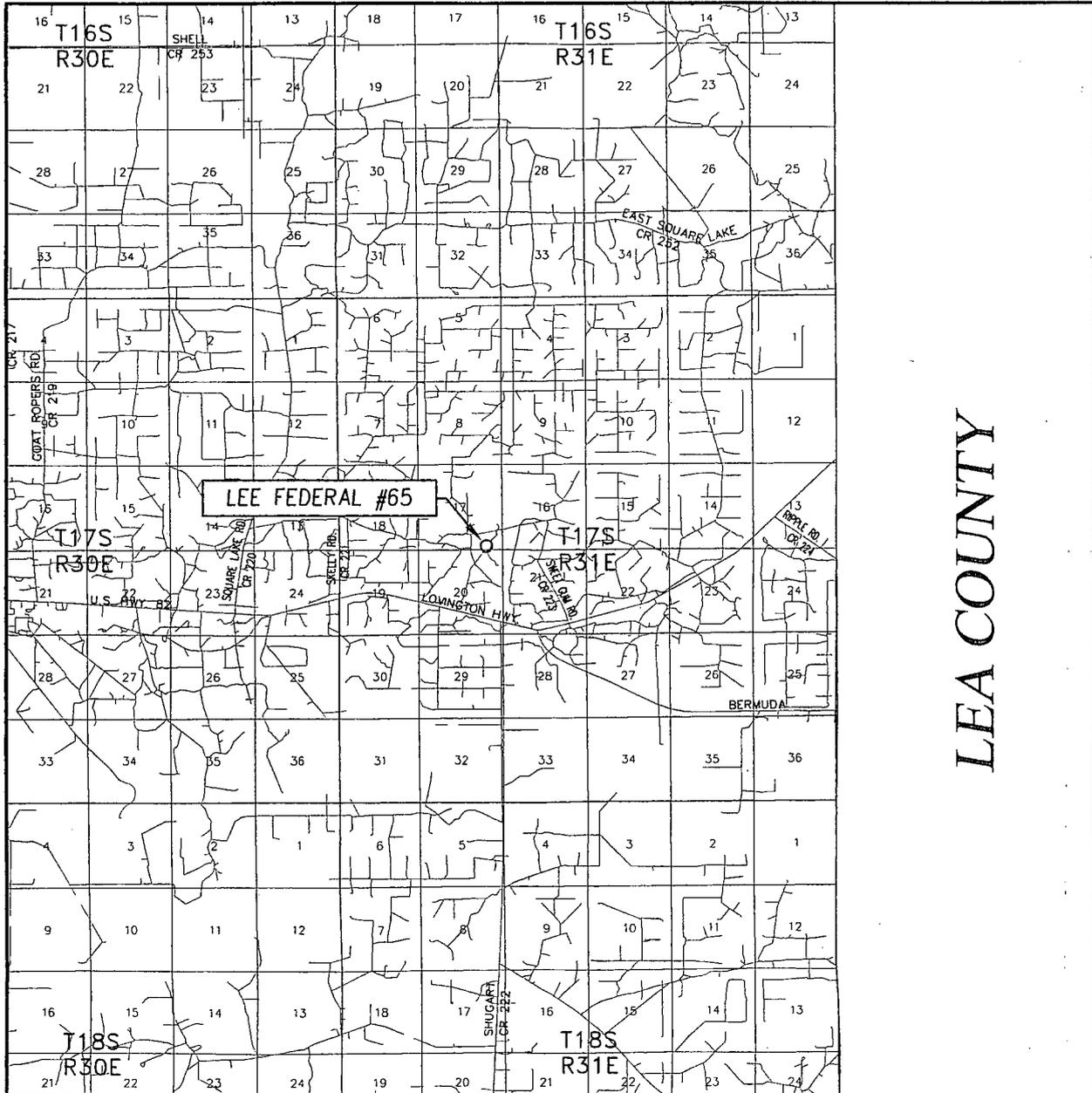
APACHE CORPORATION

LEE FEDERAL #65 WELL
 LOCATED 240 FEET FROM THE SOUTH LINE
 AND 990 FEET FROM THE EAST LINE OF SECTION 17,
 TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

Survey Date: 5/29/12	CAD Date: 6/12/12	Drawn By: AF
W.O. No.: 12110584	Rev.:	Rel. W.O.:
		Sheet 1 of 1

VICINITY MAP



LEA COUNTY

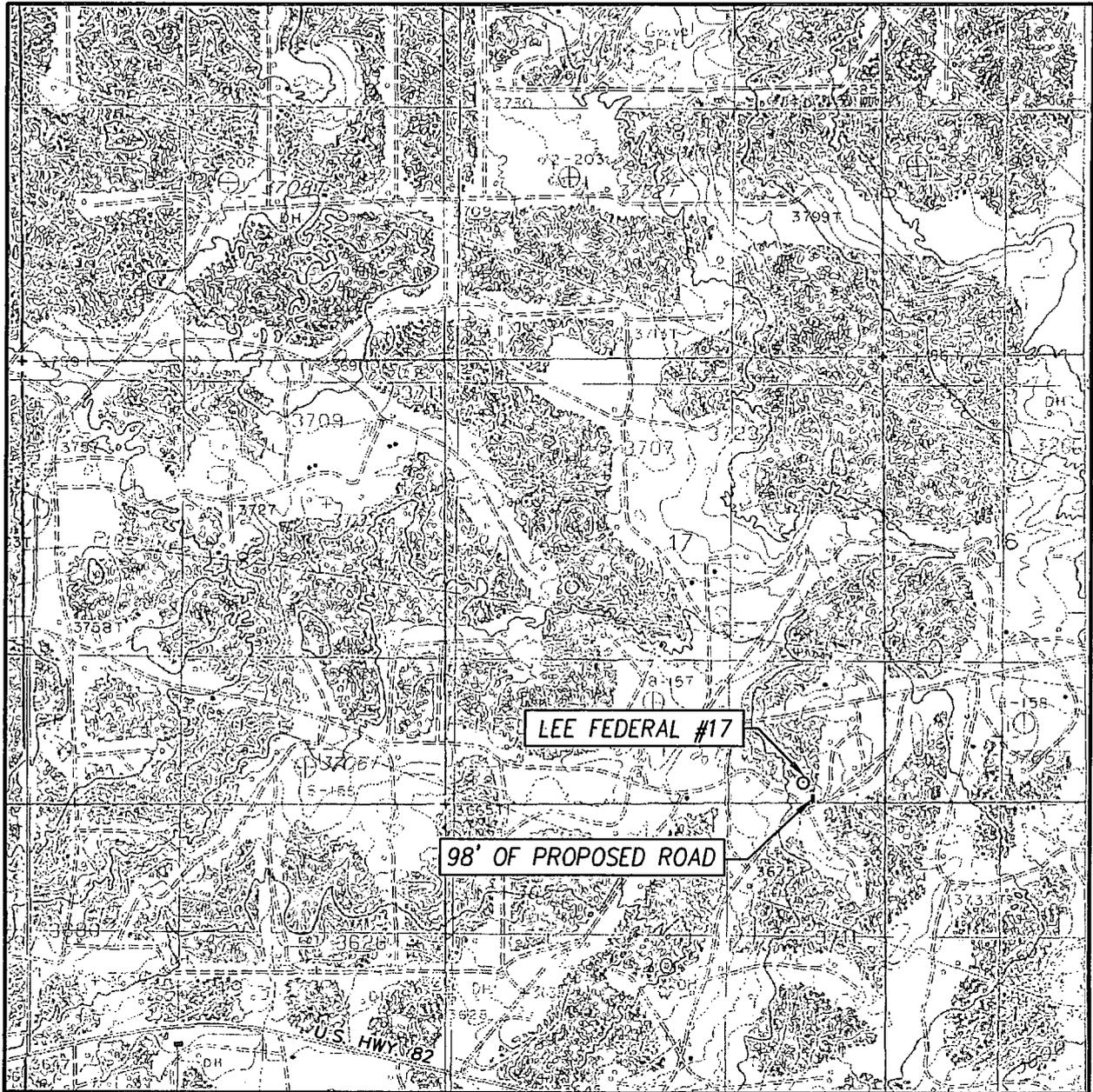
SCALE: 1" = 2 MILES

SEC. 17 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 240' FSL & 990' FEL
 ELEVATION 3708'
 OPERATOR APACHE CORPORATION
 LEASE LEE FEDERAL

PROVIDING SURVEYING SERVICES
 SINCE 1946

JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOCO HILLS, N.M. - 10'

SEC. 17 TWP. 17-S RGE. 31-E

SURVEY _____ N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 240' FSL & 990' FEL

ELEVATION 3708'

OPERATOR APACHE CORPORATION

LEASE LEE FEDERAL

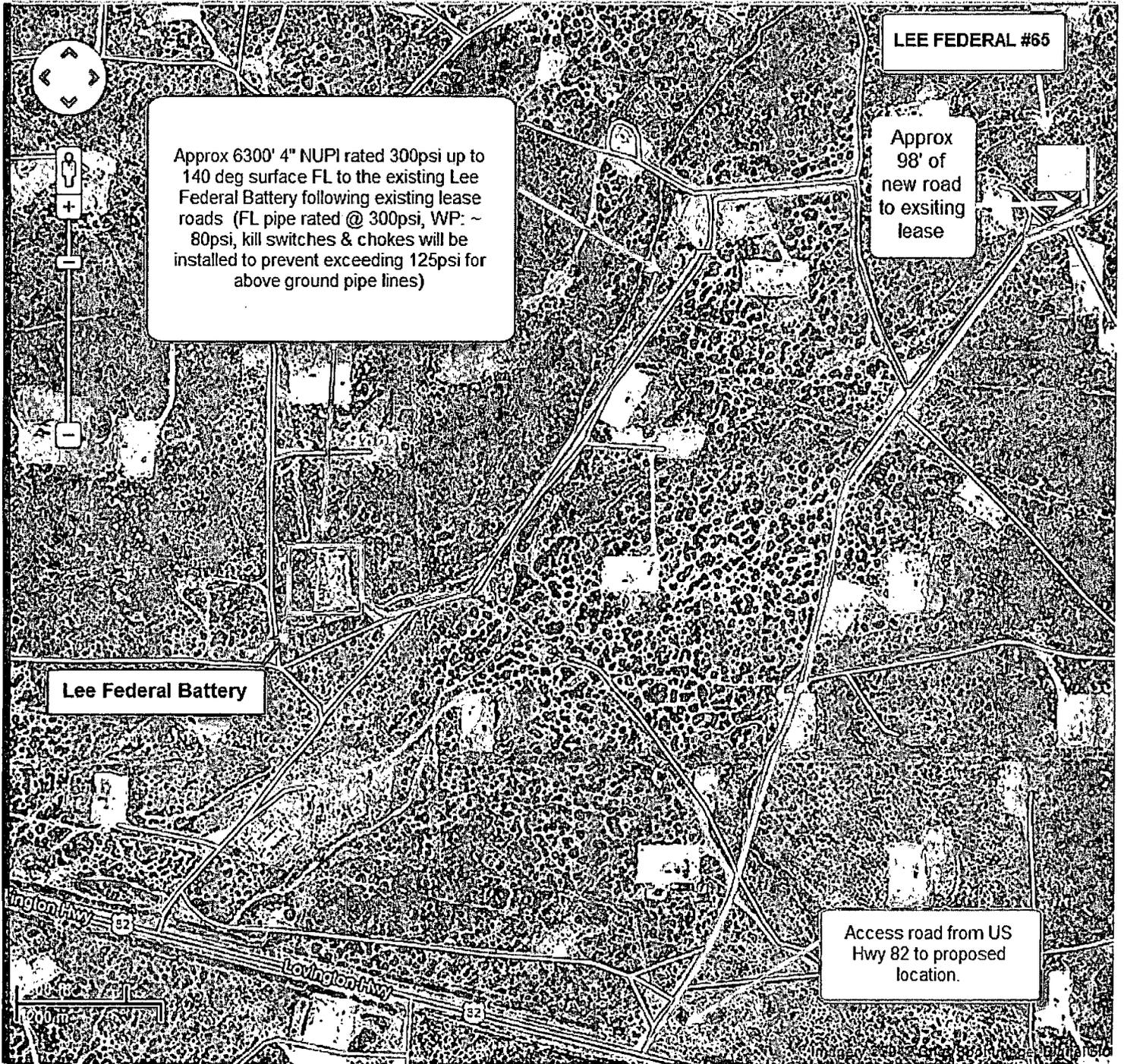
U.S.G.S. TOPOGRAPHIC MAP
LOCO HILLS, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz

LEE FEDERAL #65

ACCESS ROAD & FLOW LINE PLAT

EXHIBIT #1



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

APACHE CORPORATION (OGRID: 873) LEE FEDERAL #65

Lease #: NMLC-029395B Projected TD: 6500' GL: 3708'
240' FSL & 990' FEL UL: P Sec: 17 T17S R31E EDDY 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	Queen	2391' (Oil)
Rustler	297'	Grayburg	2741' (Oil)
Salt Top	562'	San Andres	3093' (Oil)
Salt Bottom	1320'	Glorieta	4611'
Yates	1498'	Yeso	4680' (Oil)
Seven Rivers	1786' (Oil)	TD	6500'

Depth to Ground Water: 91'

All fresh water & prospectively valuable minerals, as described by BLM, encountered during drilling, will be recorded by depth and adequately protected. All oil & gas shows within zones of correlative rights will be tested to determine commercial potential. The surface fresh water sands will be protected by setting 13-3/8" csg @ 325' & circ cmt back to surface. All intervals will be isolated by setting 5-1/2" csg to TD & circ cmt above the base of 8-5/8" csg.

3. **CASING PROGRAM:** All casing is new & API approved

*SOP
COA*

HOLE SIZE	DEPTH	OD CSG	WEIGHT	COLLAR	GRADE	COLLAPSE	BURST	TENSION
17-1/2"	0' - 325' 305'	13-3/8"	48#	STC	H-40	1.125	1.0	1.8
11"	0'-3500'	8-5/8"	32#	STC	J-55	1.125	1.0	1.8
7-7/8"	0'-6500'	5-1/2"	17#	LTC	J-55	1.125	1.0	1.8

4. **CEMENT PROGRAM:**

A. 13-3/8" Surface (100% excess cmt to surf):

Lead: 390 sx Class C w/ 1% CaCl₂ + 0.25% R38 (14.8 wt, 1.34 yld)

Comp Strengths: 12 hr - 813 psi 24 hr - 1205 psi

B. 8-5/8" Intermediate (100% excess cmt to surface):

Lead: 800 sx (35:65) Poz C w/ 6% Bentonite + 5% Salt + 0.25% R38 (12.4wt, 2.1 yld)

Compressive Strengths: 12 hr - 589 psi 24 hr - 947 psi

Tail: 210 sx Class C w/0.25% R38 (14.8 wt, 1.34 yld)

Compressive Strengths: 12 hr - 813 psi 24 hr - 1205 psi

C. 5-1/2" Production (TOC ~ 500' from surface / 30% excess cmt):

Lead: 330 sx (35:65) Poz C w/ 5% Salt + 0.25% R38 + 6% Bentonite (12.4 wt, 2.1 yld)

Compressive Strengths: 12 hr - 589 psi 24 hr - 947 psi

Tail: 540 sx (50:50) Poz C w/ 5% Salt + 0.25% R38 + 2% Bentonite (14.2 wt, 1.28 yld)

Compressive Strengths: 12 hr - 1379 psi 24 psi - 2332 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.**

*** **Known water flow in the area.** If water flow is encountered, Apache may 2-stage Intermediate csg. A DVT may be used in the 8-5/8" Intermediate csg. An ECP may be placed below DVT. TD of the 11" hole at +/- 3500'. Assuming DVT set at +/- 1800', the following cmt will be used: **Cmt 1st Stage** w/ +/- 670 sx Cl C (14.8#, 1.33 yld) **Cmt 2nd Stage** w/ +/- 800sx Cl C (14.8#, 1.33 yld)

If DVT is set at a different depth, cmt volumes will be adjusted accordingly.

5. PROPOSED CONTROL EQUIPMENT

"EXHIBIT 3" shows an 11" 3M psi WP BOP consisting of an annular bag type preventer, middle blind rams, bottom pipe rams. The BOP will be nipped up on the 13-3/8" surface csg and tested to 70% of casing burst. After intermediate casing is set & cemented an 11" 3M spool & BOP will be installed on the 8 5/8" casing & utilized continuously until TD is reached. The BOP will be tested at 2000 psi (maximum surface pressure is not expected to exceed 2M psi). BHP is calculated to be approximately 2860 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. Functional tests will be documented on the daily driller's log. "EXHIBIT 3" also shows a 3M psi choke manifold with a 3" blow down 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 well control problems.

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

INTERVAL	MW (ppg)	VISC (sec/qt)	FLUID LOSS (cc)	MUD TYPE
0' - 325' ³⁰⁵	8.4	29	NC	Fresh Water
325' to 3500'	9.8 - 10.0	29	NC	Brine
3500' - 6500'	8.9 - 9.0	29	NC	Cut 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.*

7. 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

8. LOGGING, CORING & TESTING PROGRAM:

see COA

- A. OH logs: Dual Laterolog, MSFL, CNL, Litho-Density, Gamma Ray, Caliper & Sonic 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.

9. POTENTIAL HAZARDS:

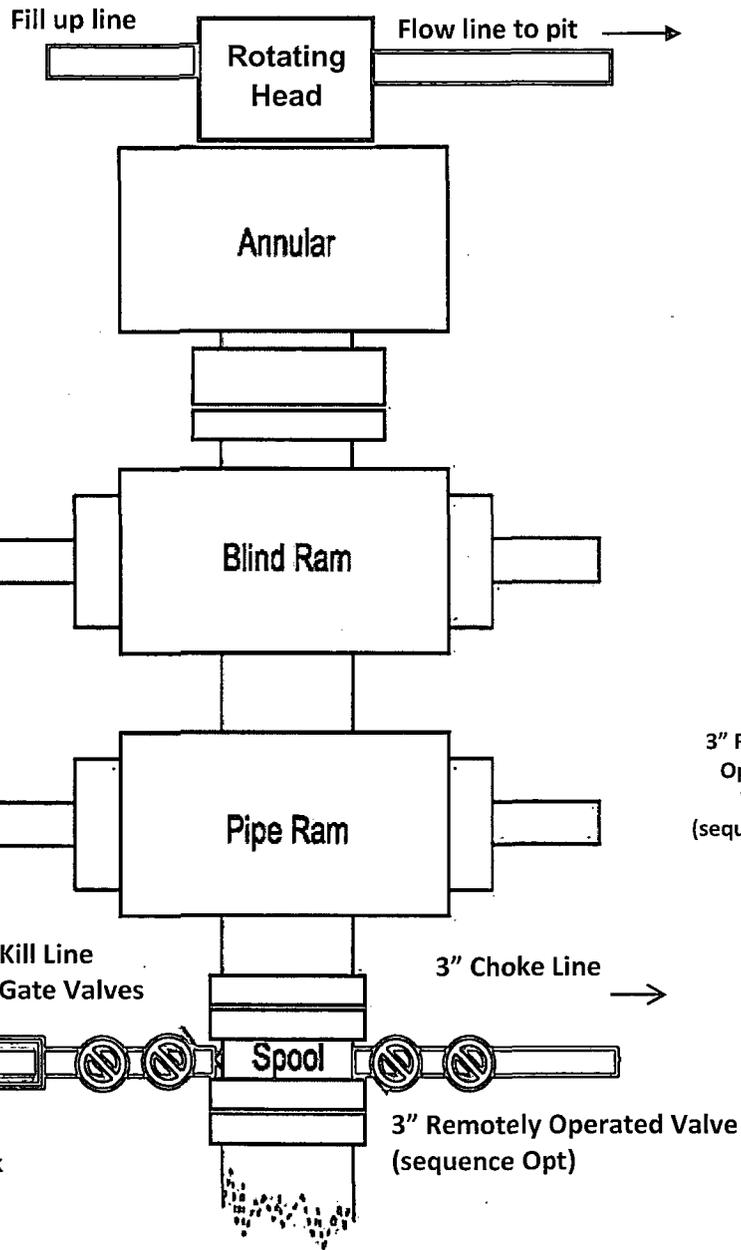
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore 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: 2860 psi and estimated BHT: 115°.

10. 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.

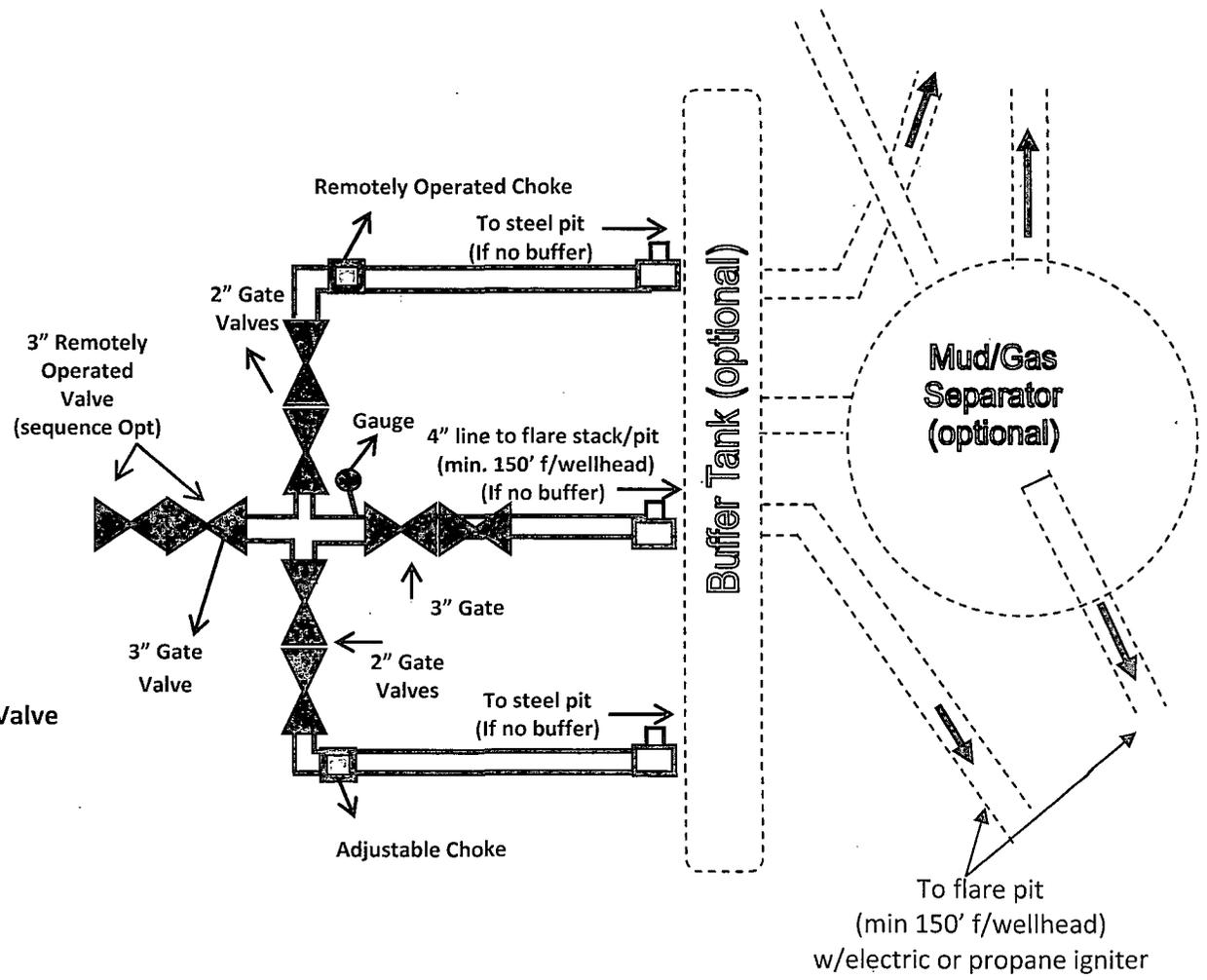
11. OTHER FACETS OF OPERATION:

After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Cedar Lake; Glorieta-Yeso formation will be perforated and stimulated in order to establish production. The well will be swab tested & potentialized as an oil well.



11" 3M psi
BOPE & Choke Manifold
EXHIBIT 3A

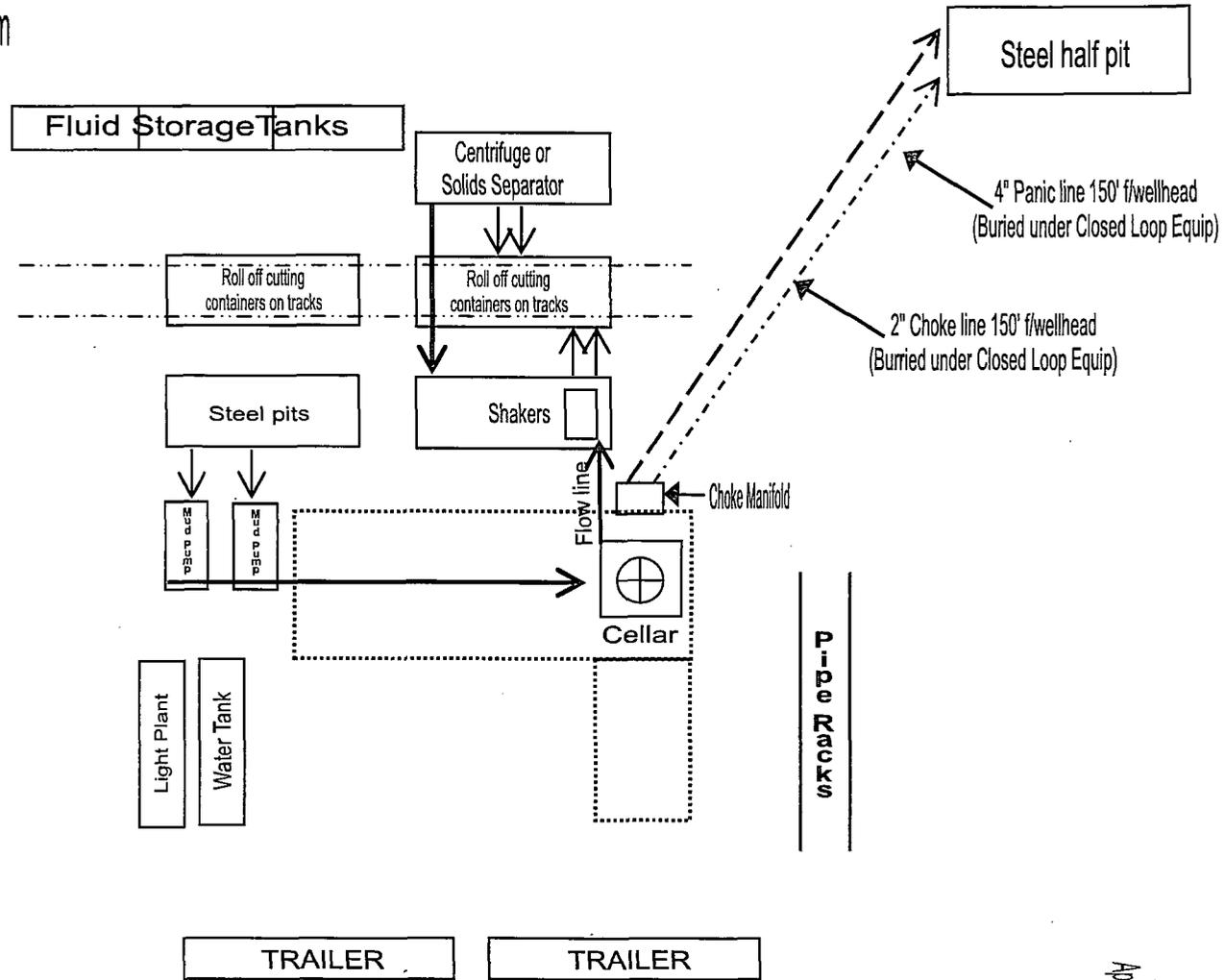
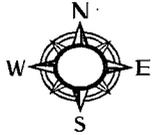
All valve & lines on choke manifold are 2" unless noted.
 Exact manifold configuration may vary



Apache

Closed Loop Equipment Diagram

Exhibit 4



APPROX 98' of new road / location entry

HYDROGEN SULFIDE (H₂S) DRILLING OPERATIONS PLAN

Hydrogen Sulfide Training:

All regularly assigned personnel, contracted or employed by Apache Corporation will receive training from qualified instructor(s) in the following areas prior to commencing drilling possible hydrogen sulfide bearing formations in this well:

- The hazards and characteristics of hydrogen sulfide (H₂S)
- The proper use and maintenance of personal protective equipment and life support systems.
- The proper use of H₂S detectors, alarms, warning systems, briefing area, evacuation procedures & prevailing winds.
- The proper techniques for first aid and rescue procedures.

Supervisory personnel will be trained in the following areas:

- The effects of H₂S on metal components. If high tensile tubulars are to be utilized, personnel will be trained in their special maintenance requirements.
- Corrective action & shut-in procedures when drilling or reworking a well & blowout prevention / well control procedures.
- The contents and requirements of the H₂S Drilling Operations Plan

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500') and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received proper training.

H₂S SAFETY EQUIPMENT AND SYSTEMS:

Well Control Equipment that will be available & installed if H₂S is encountered:

- Flare Line with electronic igniter or continuous pilot.
- Choke manifold with a minimum of one remote choke.
- Blind rams & pipe rams to accommodate all pipe sizes with properly sized closing unit.
- Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head & flare gun with flares

Protective Equipment for Essential Personnel:

- Mark II Survive-air 30 minute units located in dog house & at briefing areas, as indicated on wellsite diagram.

H₂S Detection and Monitoring Equipment:

- Two portable H₂S monitors positioned on location for best coverage & response. These units have warning lights & audible sirens when H₂S levels of 20 ppm are reached.
- One portable H₂S monitor positioned near flare line.

H₂S Visual Warning Systems:

- Wind direction indicators are shown on wellsite diagram.
- Caution / Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. "EXHIBIT 7"

Mud Program:

- The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices & the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
- A mud-gas separator and H₂S gas buster will be utilized as needed.

Metallurgy:

- All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold & lines, & valves will be suitable for H₂S service.
- All elastomers used for packing & seals shall be H₂S trim.

Communication:

- Cellular telephone and 2-way radio communications in company vehicles, rig floor and mud logging trailer.

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H₂S, the first responder(s) must

- Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- Evacuate any public places encompassed by the 100 ppm ROE.
- Be equipped with H₂S monitors and air packs in order to control the release.
- Use the "buddy system" to ensure no injuries occur during the response
- Take precautions to avoid personal injury during this operation.
- Contact operators and/or local officials to aid in operation. See list of phone numbers attached.
- Have received training in the :
 - Detection of H₂S, and
 - Measures for protection against the gas,
 - Equipment used for protection and emergency response.

Ignition of Gas source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever this is an ignition of the gas.

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Apache Corporation personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Apache's response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

WELL CONTROL EMERGENCY RESPONSE PLAN

I. GENERAL PHILOSOPHY

Our objective is to ensure that during an emergency, a predetermined procedure is followed so that prompt decisions can be made based on accurate information.

The best way to handle an emergency is with an experienced organization set up for the sole purpose of solving the problem. The *Well Control Emergency Response Team* was organized to handle dangerous & expensive well control problems. The *Team* is structured such that each individual can contribute the most from his area of expertise. Key decision-makers are determined prior to an emergency to avoid confusion about who is in charge.

If the well is flowing uncontrolled at the surface or subsurface, *The Emergency Response Team* will be mobilized. The *Team* is customized for the people currently on the Apache staff. Staff changes may require a change in the plan.

II. EMERGENCY PROCEDURE ON DRILLING OR COMPLETION OPERATIONS

- A. In the event of an emergency the *Drilling Foreman or Tool-Pusher* will immediately contact only one of the following starting with the first name listed:

Name	Office	Mobile	Home
Danny Laman – Drlg Superintendent	432-818-1022	432-634-0288	432-520-3528
Barry Green – Drilling Engineer	432-818-1059	214-923-2528	
Bobby Smith – Drilling Manager	432-818-1020	432-556-7701	
Jeff Burt – EH&S Coordinator		432-631-9081	

***This one phone-call will free the Drilling Foreman to devote his full time to securing the safety of personnel & equipment. This call will initiate the process to mobilize the Well Control Emergency Response Team. Apache maintains an Emergency Telephone Conference Room in the Houston office. This room is available for us by the Permian Region. The room has 50 separate telephone lines.*

- B. The Apache employee contacted by the Drilling Foreman will begin contacting the rest of the *Team*. If **Danny Laman** is out of contact, **Terry West** will be notified.
- C. If a member of the *Emergency Response Team* is away from the job, he must be available for call back. Telephone numbers should be left with secretaries or a key decision-maker.
- D. Apache's reporting procedure for spills or releases of oil or hazardous materials will be implemented when spills or releases have occurred or are probable.

EMERGENCY RESPONSE NUMBERS:

SHERIFF DEPARTMENT	
Eddy County	575-887-7551
Lea County	575-396-3611
FIRE DEPARTMENT	
	911
Artesia	575-746-5050
Carlsbad	575-885-2111
Eunice	575-394-2111
Hobbs	575-397-9308
Jal	575-395-2221
Lovington	575-396-2359
HOSPITALS	
	911
Artesia Medical Emergency	575-746-5050
Carlsbad Medical Emergency	575-885-2111
Eunice Medical Emergency	575-394-2112
Hobbs Medical Emergency	575-397-9308
Jal Medical Emergency	575-395-2221
Lovington Medical Emergency	575-396-2359
AGENT NOTIFICATIONS	
Bureau of Land Management	575-393-3612
New Mexico Oil Conservation Division	575-393-6161

EXHIBIT #7

WARNING

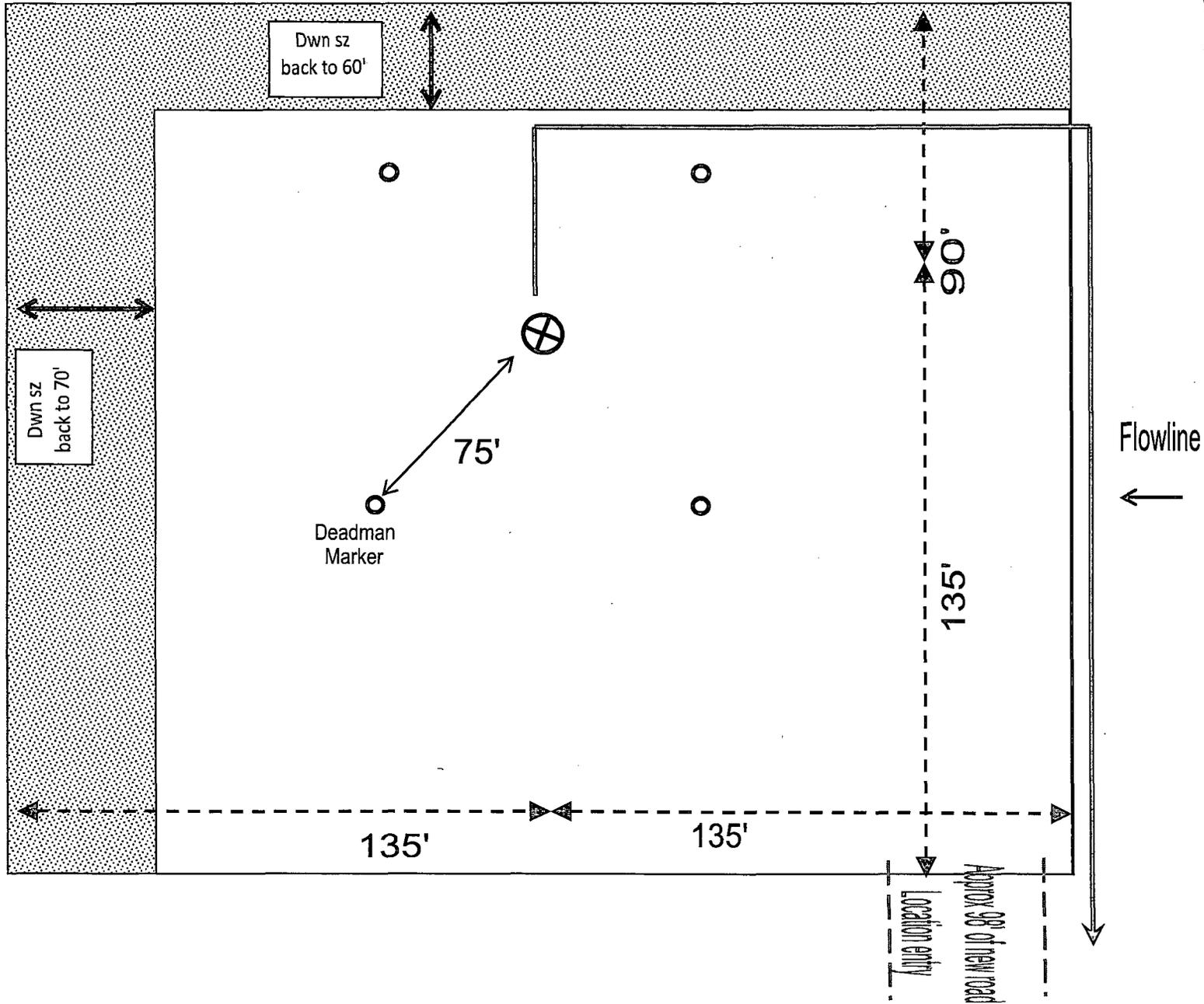
**YOU ARE ENTERING AN H2S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CHECK WITH APACHE CORPORATION**

APACHE CORPORATION

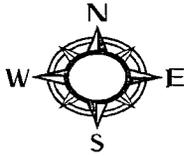
1-888-257-6840

INTERIM RECLAMATION LAYOUT
LEE FEDERAL #65
(not to scale)

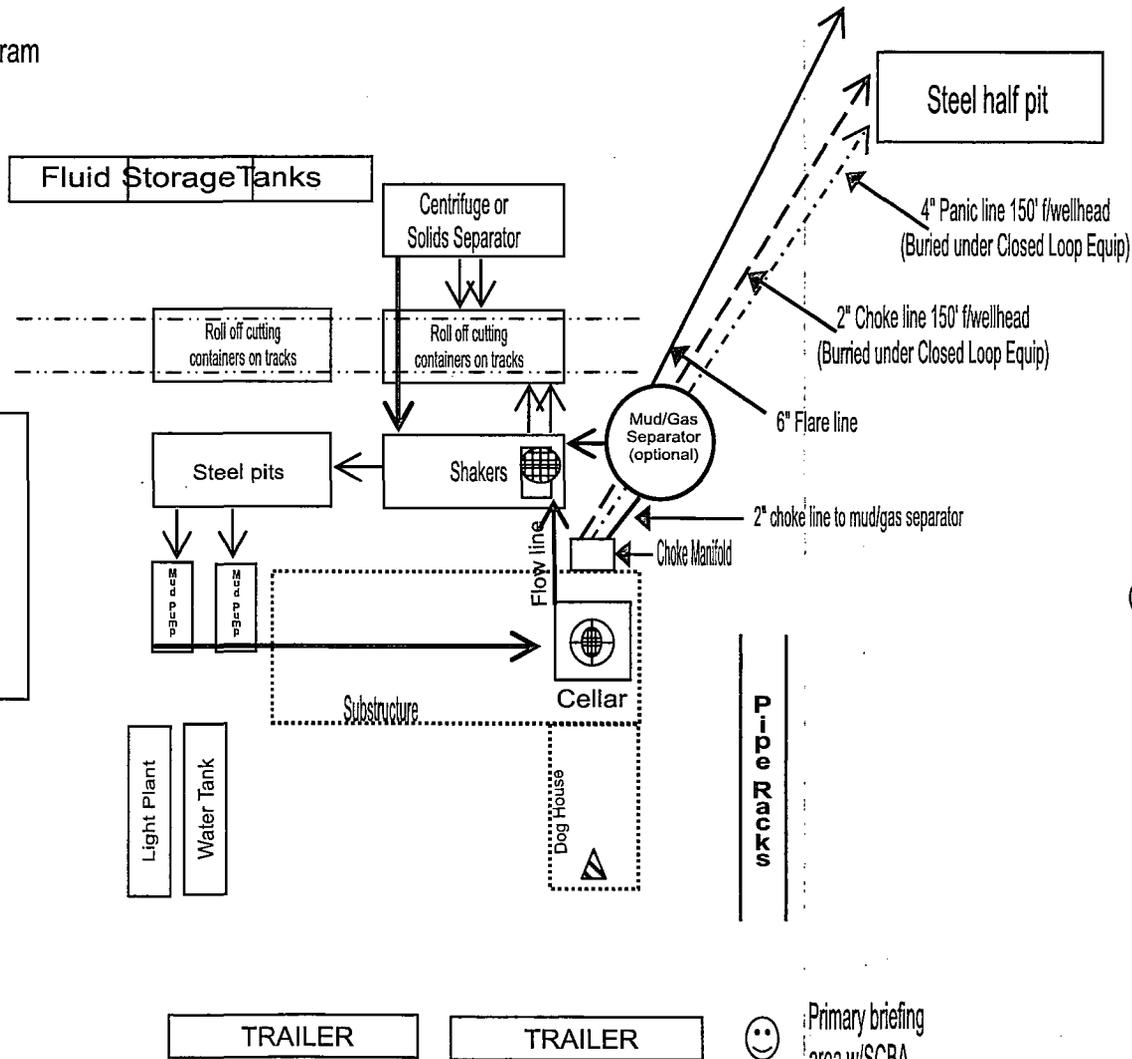
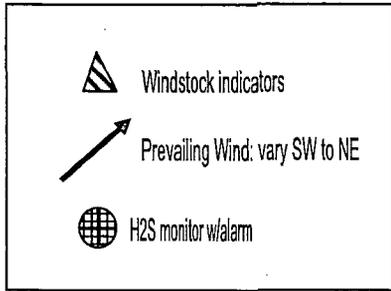


Apache

Drilling Location
H2S Safety Equipment Diagram
Exhibit 3A



Lee Federal #65



H2S Warning Sign
~ 200' but no
more than 500'
from well location

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Apache Corp
LEASE NO.:	LC029395B
WELL NAME & NO.:	65 Lee Federal
SURFACE HOLE FOOTAGE:	240' / FSL & 990' / FEL
BOTTOM HOLE FOOTAGE:	' / FL & ' / FL
LOCATION:	Section 17, T.17 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Drilling**
 - H₂S Requirements-Onshore Order #6
 - Logging Requirements
 - Waste Material and Fluids
- Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- Interim Reclamation**
- Final Abandonment & Reclamation**