

NM OIL CONSERVATION

ARTESIA DISTRICT

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

MAY 11 2016

RECEIVED

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

- A. Applicant Apache Corporation
 whose address is 1945 Bluestem Road, Artesia, NM 88210
 hereby requests an exception to Rule 19.15.18.12 for 90 days or until
Aug 31, Yr 16, for the following described tank battery (or LACT):
 Name of Lease A State 40 Battery Name of Pool Yeso
 Location of Battery: Unit Letter I Section 26 Township 17S Range 28E
 Number of wells producing into battery 11 30-D15-38545
- B. Based upon oil production of 1000 barrels per day, the estimated * volume
 of gas to be flared is 2.3M MCF; Value _____ per day.
- C. Name and location of nearest gas gathering facility:
Frontier Empire Abo Unit
- D. Distance _____ Estimated cost of connection _____
- E. This exception is requested for the following reasons: Frontier Empire Abo Unit Gas Plant
cannot take our gas at this new battery. This is an extension to the permit that
expires 05/31/2016.

<p>OPERATOR I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.</p> <p>Signature <u>Isabel Hudson</u></p> <p>Printed Name & Title <u>Isabel Hudson - Regulatory Analyst</u></p> <p>E-mail Address <u>Isabel.Hudson@apachecorp.com</u></p> <p>Date <u>05/11/2016</u> Telephone No. <u>(432) 818-1142</u></p>	<p>OIL CONSERVATION DIVISION</p> <p>Approved Until <u>Aug. 31, 2016</u></p> <p>By <u>Amelia Bustamante</u></p> <p>Title <u>Business Op. Sp.</u></p> <p>Date <u>5/12/16</u></p> <p>* Please see attached C.O.A.'s</p>
--	---

* Gas-Oil ratio test may be required to verify estimated gas volume.

**NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 SOUTH FIRST STREET
ARTESIA, NM 88210
(575)748-1283**

CONDITIONS OF APPROVAL for FLARING or VENTING GAS

1. Venting gas is absolutely not allowed.
2. Prior to flaring gas, C-129 must be filed & approved. Blanket approval cannot be given for this operation.
3. Flared volumes of gas are to be metered & reported.
4. Flares WILL be manned at all times. Brush should be cut down to 1 or 2 inches around flare stack at least a radial distance of 2 times the height of the flare stack.
5. Flares WILL NOT be left unattended.
6. No flaring operations to be conducted during red-flag days.
<http://www.gacc.nifc.gov/swcc> (go to "Predictive Services" on SWCC website) to check for red flag warnings.
7. Follow safe practices for flaring guidelines.
8. Permit may be rescinded at any time by NMOCD.
9. If well is able to be connected to a gas gathering system, it will be done so as soon as possible.
10. **Flaring of gas is prohibited.** The State Forester grants an exception to the prohibition on open fires for the flaring of natural gas when the following conditions are met. Unless flaring is needed for safety purposes, flaring pursuant to this exception shall not be done on days that are "red flag days" as determined by the National Weather Service or on days when the sustained wind is in excess of 25 miles per hour in the area.
 - 11.1. The day is not a "red flag day" as determined by the National Weather Service and the sustained wind is not in excess of 25 miles per hour in the area.
 - 12.2. The local fire department and county dispatch are notified at least 24 hours in advance of anticipated releases that will result in flaring. If flaring is done by an automated system then the schedule of flaring shall be provided to the local fire department and county dispatch. The area is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of one and one half times the height of the stack.
 - 13.3. At least one adult is on site with communications equipment adequate to reach county dispatch and the local fire department in the event of a fire. The individual should also be equipped with a shovel and a water backpack pump or other equipment to deliver water to suppress a fire
 - 14.4. If flaring is to take place at an unmanned facility, then the area around the flare stack is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of three times the height of the stack.

Your initials here

AB

DATE: 5/12/16

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David Catanach
Division Director
Oil Conservation Division



FOR IMMEDIATE RELEASE

Contact: Jim Winchester (505)231-8800 E-Mail: jim.winchester@state.nm.us

Notice to Oil and Gas Facilities and Operators Flaring Gas in New Mexico

SANTA FE, NM – The Oil Conservation Division (OCD) encourages all oil and gas facilities with flare stacks and well operators that are flaring gas to upgrade their *Fire Awareness Programs* this year. New Mexico State Forestry reports that 460 fires have burned 25,475 acres on state and private land in calendar year 2012.

Forecasts remain dismal this spring with fewer chances for normal precipitation, particularly in southwestern New Mexico and southeastern Arizona. Temperatures could also be higher than normal.

Open flames and gas flares should be monitored carefully and oil and gas operators should create a defensible space to help prevent wildfires. Defensible Space is the area around a structure where combustible vegetation that can spread fire has been cleared, reduced or replaced. This space acts as a barrier between a structure and an advancing wildfire.

During the course of the upcoming fire season, it may become necessary for New Mexico State Forestry to issue fire restriction on State and private land. Log on to www.nmforestry.com for updates or call your local district office.

New Mexico State Forestry offers the following guidelines for establishing effective defensible space:

- Create a "Lean, Clean and Green" firebreak area by removing flammable vegetation and growth within 30 feet of each structure. Single trees and shrubs may be retained if they are well spaced, pruned and placed so they avoid the spread of fire. Maintain an irrigation system for any vegetation near structures.
- Keep grass and weeds mowed.
- Prune lower tree limbs to at least 6 feet up to 15 feet (or lower 1/3 of branches on smaller trees).
- Remove vegetation and debris around propane tanks.

For the latest fire weather information please visit USDA Forest Service website:
<http://activefiremaps.fs.fed.us/current.php>

###

The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



NOTICE TO OPERATORS

The Oil Conservation Division ("OCD") has been tasked to study flaring and develop a gas capture plan by the end of the year with the ultimate goal to reduce natural gas emissions.

Current OCD reporting has no specific method to differentiate flared and vented volumes reported on C-115 reports. This prevents the OCD from having quantifiable flaring data per Rule 19.15.18.12.F NMAC.

Therefore, to collect flaring volumes and differentiate actual vented volumes going forward, NMOCD will implement a new "Non-Transported Disposition" Code (for gas) to be reported on the C-115 reports. The new code will be "F" for Flared. The new code "F" is to be used to report the volume of gas that is flared on a well basis, or total volume if flared at a common battery or gathering system and reported under one point of disposition. Operators must report vented and flared volumes separately to their respective "Non Transported Disposition" code ("V" for vented and "F" for flared).

The change will become effective for the November 2015 production month with reporting due by January 15, 2016.

The NMOCD will be conducting operator outreach training sessions in the Southeast and Northwest to provide information and answer questions regarding the process.

Meeting notices will be posted on NMOCD website at:
<http://www.emnrd.state.nm.us/OCD/announcements.html>

The C-115 instructions are available on NMOCD website at:
http://www.emnrd.state.nm.us/OCD/documents/eC115_FullInstructions.pdf

RULES

19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115):

A. An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible on the basis of periodic tests.

19.15.18.12 CASINGHEAD GAS:

F. Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Subsection A of 19.15.18.12 NMAC, the operator shall burn all gas produced and not used, and report the estimated volume on form C-115.

Thank you for your assistance in this matter. If you have any questions please contact the appropriate OCD District Office.

Sincerely,



David R. Catanach
Director, Oil Conservation Division

Submit 1 Copy To Appropriate District Office
NM OIL CONSERVATION State of New Mexico
 DISTRICT I - (575) 393-6166 ARTESIA DISTRICT Energy, Minerals and Natural Resources
 1625 N. French Dr., Hobbs, NM 88240
 DISTRICT II - (575) 748-1288 MAY 11 2016
 811 S. First St., Artesia, NM 88210
 DISTRICT III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 DISTRICT IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

Form C-103
 Revised August 1, 2011

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO.
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Apache Corporation		6. State Oil & Gas Lease No.
3. Address of Operator 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705		7. Lease Name or Unit Agreement Name A State 40 Battery
4. Well Location Unit Letter _____ feet from the _____ line and _____ feet from the _____ line Section 26 Township 17S Range 28E NMPM County Eddy		8. Well Number 30-015-38545
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 873
		10. Pool name or Wildcat Yeso

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Flare Permit <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Apache is requesting permission to flare gas from the A State #40 Battery. Intermittent flaring will occur due to Frontier's inability to take our gas at this battery so we will need to flare it. Gas will be measured prior to flaring. Wells included in the above battery are as follows:

- | | |
|--------------------------|--------------------------|
| 30-015-38545 A State #40 | 30-015-41022 A State #80 |
| 30-015-38549 A State #48 | 30-015-41023 A State #81 |
| 30-015-38963 A State #49 | 30-015-41181 A State #82 |
| 30-015-38967 A State #59 | |
| 30-015-38968 A State #60 | |
| 30-015-41053 A State #73 | |
| 30-015-41054 A State #74 | |
| 30-015-41010 A State #79 | |

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 Isabel Hudson TITLE Regulatory Analyst DATE 05/11/2016

Type or print name Isabel Hudson E-mail address: Isabel.Hudson@apachecorp.com PHONE: (432) 818-1142

For State Use Only

APPROVED BY: Chancia Bustamante TITLE Business Op Sp DATE 5/12/16
 Conditions of Approval (if any):