

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

Carlsbad Field Office
OCD Artesia

5. Lease Serial No.
NMLC029395A
6. Permittee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Multiple--See Attached

2. Name of Operator
APACHE CORPORATION
Contact: EMILY FOLLIS
E-Mail: Emily.Follis@apachecorp.com

9. API Well No.
Multiple--See Attached

3a. Address
303 VETERANS AIRPARK LANE SUITE 3000
MIDLAND, TX 79705
3b. Phone No. (include area code)
Ph: 432-818-1801

10. Field and Pool or Exploratory Area
Multiple--See Attached

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple--See Attached

11. County or Parish, State
EDDY COUNTY, NM

12. CHECK THE 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"/> Hydraulic Fracturing | <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 checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Venting and/or Flaring |
| | <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 recomplete 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 BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must 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 is requesting permission to temporarily flare 4 MMCF a day for 90 days from 11/30/16 - 02/30/17 on the wells listed below due to line capacity and over pressuring our vessels at the battery. Gas will be measured prior to flaring.
 TONY FEDERAL #1 30-015-30381
 TONY FEDERAL #2 30-015-30382
 TONY FEDERAL #3 30-015-30470
 TONY FEDERAL #4 30-015-30377
 TONY FEDERAL #5 30-015-30378
 TONY FEDERAL #6Y 30-015-30721
 TONY FEDERAL #7 30-015-30428
 TONY FEDERAL #8 30-015-30383
 TONY FEDERAL #9 30-015-30384

NM OIL CONSERVATION
ARTESIA DISTRICT

JAN 23 2017

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #357536 verified by the BLM Well Information System
For APACHE CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/10/2016 (17DLM0239SE)**

| | |
|-----------------------------------|--------------------------|
| Name (Printed/Typed) EMILY FOLLIS | Title REGULATORY ANALYST |
| Signature (Electronic Submission) | Date 11/09/2016 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------------|------------------------|
| Approved By <u>MUSTAFA HAQUE</u> | Title <u>PETROLEUM ENGINEER</u> | Date <u>01/19/2017</u> |
| 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 <u>Carlsbad</u> |

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)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #357536 that would not fit on the form

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|-------------|-------------|-----------------------|--------------------|---|
| NMLC029395A | NMLC029395A | TONY FEDERAL 10 | 30-015-30244-00-S1 | Sec 18 T17S R31E NESW 1385FSL 1410FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 1 | 30-015-30381-00-S1 | Sec 18 T17S R31E SESW 330FSL 2056FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 11 | 30-015-31057-00-S1 | Sec 18 T17S R31E NESW 2310FSL 1385FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 12 | 30-015-31253-00-S1 | Sec 18 T17S R31E NESE 2310FSL 990FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 13 | 30-015-31328-00-S1 | Sec 18 T17S R31E NESE 1550FSL 230FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 14 | 30-015-31083-00-S1 | Sec 18 T17S R31E SESE 990FSL 865FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 15 | 30-015-31084-00-S1 | Sec 18 T17S R31E SWSE 330FSL 1710FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 16 | 30-015-31254-00-S1 | Sec 19 T17S R31E NENE 430FNL 990FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 17 | 30-015-32195-00-S1 | Sec 18 T17S R31E NESW 1750FSL 2047FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 18 | 30-015-31577-00-S1 | Sec 18 T17S R31E SESE 205FSL 430FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 19 | 30-015-32802-00-S1 | Sec 18 T17S R31E NWSW Lot L 1650FSL 638FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 2 | 30-015-30382-00-S1 | Sec 18 T17S R31E SESE 990FSL 330FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 20 | 30-015-33568-00-S1 | Sec 18 T17S R31E NWSE Lot J 1650FSL 1750FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 21 | 30-015-33941-00-S1 | Sec 19 T17S R31E NWNW Lot D 330FNL 330FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 22 | 30-015-33484-00-S1 | Sec 19 T17S R31E NWNW Lot D 990FNL 737FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 23 | 30-015-33388-00-S1 | Sec 19 T17S R31E NENW Lot C 990FNL 2057FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 24 | 30-015-32661-00-S1 | Sec 19 T17S R31E NWNE Lot B 990FNL 1650FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 25 | 30-015-33085-00-S1 | Sec 19 T17S R31E SENW Lot F 1650FNL 1403FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 26 | 30-015-33718-00-S1 | Sec 19 T17S R31E NENE Lot A 990FNL 330FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 27 | 30-015-32753-00-S1 | Sec 19 T17S R31E SENE Lot H 1650FNL 990FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 28 | 30-015-33000-00-S1 | Sec 19 T17S R31E SWNE Lot G 1750FNL 2310FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 29 | 30-015-32463-00-S3 | Sec 19 T17S R31E SENE 1980FNL 860FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 3 | 30-015-30470-00-S1 | Sec 18 T17S R31E NWSW 2310FSL 330FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 32 | 30-015-20142-00-S1 | Sec 18 T17S R31E NWSW Lot L 1980FSL 660FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 33 | 30-015-39224-00-S1 | Sec 18 T17S R31E SWSW Lot 4 885FSL 990FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 34 | 30-015-39342-00-S1 | Sec 18 T17S R31E SWSE Lot O 1120FSL 1345FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 35 | 30-015-39225-00-S1 | Sec 19 T17S R31E SWNE Lot G 1810FNL 1650FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 36 | 30-015-39836-00-S1 | Sec 19 T17S R31E SENW 2310FNL 2260FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 37 | 30-015-40171-00-S1 | Sec 19 T17S R31E NWNE 460FNL 1625FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 38 | 30-015-40471-00-S1 | Sec 18 T17S R31E NESE 2300FSL 435FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 39 | 30-015-40172-00-S1 | Sec 19 T17S R31E NWNE 1115FNL 1455FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 4 | 30-015-30377-00-S1 | Sec 18 T17S R31E NWSE 2310FSL 2410FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 40 | 30-015-40173-00-S1 | Sec 18 T17S R31E NWSE 2310FSL 1650FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 42 | 30-015-40387-00-S1 | Sec 18 T17S R31E NESW 2425FSL 2160FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 43 | 30-015-40388-00-S1 | Sec 19 T17S R31E Lot 1 1140FNL 330FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 45 | 30-015-40390-00-S1 | Sec 18 T17S R31E SESE 990FSL 330FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 46 | 30-015-40391-00-S1 | Sec 19 T17S R31E NENE 330FNL 330FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 5 | 30-015-30378-00-S1 | Sec 18 T17S R31E SWSE 1090FSL 2366FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 6Y | 30-015-30721-00-X1 | Sec 19 T17S R31E NENW 245FNL 1499FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 7 | 30-015-30428-00-S1 | Sec 19 T17S R31E NWNE 230FNL 2510FEL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 8 | 30-015-30383-00-S1 | Sec 19 T17S R31E SWNW 1650FNL 330FWL |
| NMLC029395A | NMLC029395A | TONY FEDERAL 9 | 30-015-30384-00-S1 | Sec 18 T17S R31E SWSW 330FSL 736FWL |

10. Field and Pool, continued

LOCO HILLS-QU-GB-SA

32. Additional remarks, continued

TONY FEDERAL #10 30-015-30244
 TONY FEDERAL #11 30-015-31057
 TONY FEDERAL #12 30-015-31253
 TONY FEDERAL #13 30-015-31328
 TONY FEDERAL #14 30-015-31083
 TONY FEDERAL #15 30-015-31084
 TONY FEDERAL #16 30-015-31254
 TONY FEDERAL #17 30-015-32195
 TONY FEDERAL #18 30-015-31577
 TONY FEDERAL #19 30-015-32802
 TONY FEDERAL #20 30-015-33568
 TONY FEDERAL #21 30-015-33941
 TONY FEDERAL #22 30-015-33484
 TONY FEDERAL #23 30-015-33388
 TONY FEDERAL #24 30-015-32661
 TONY FEDERAL #25 30-015-33085
 TONY FEDERAL #26 30-015-33718
 TONY FEDERAL #27 30-015-32753
 TONY FEDERAL #28 30-015-33000
 TONY FEDERAL #29 30-015-32463
 TONY FEDERAL #32 30-015-20142
 TONY FEDERAL #33 30-015-39224
 TONY FEDERAL #34 30-015-39342
 TONY FEDERAL #35 30-015-39225
 TONY FEDERAL #36 30-015-39836
 TONY FEDERAL #37 30-015-40171
 TONY FEDERAL #38 30-015-40471
 TONY FEDERAL #39 30-015-40172
 TONY FEDERAL #40 30-015-40173

32. Additional remarks, continued

TONY FEDERAL #42 30-015-40387
TONY FEDERAL #43 30-015-40388
TONY FEDERAL #45 30-015-40390
TONY FEDERAL #46 30-015-40391

Revisions to Operator-Submitted EC Data for Sundry Notice #357536

| | Operator Submitted | BLM Revised (AFMSS) |
|----------------|---|---|
| Sundry Type: | FLARE NOI | FLARE NOI |
| Lease: | NMLC029395A | NMLC029395A |
| Agreement: | | |
| Operator: | APACHE CORPORATION 303 VETERANS AIRPARK LANE SUITE 1000 MIDLAND, TX 79705 Ph: 432-818-1801 | APACHE CORPORATION 303 VETERANS AIRPARK LANE SUITE 3000 MIDLAND, TX 79705 Ph: 432.818.1000 |
| Admin Contact: | EMILY FOLLIS REGULATORY ANALYST E-Mail: Emily.Follis@apachecorp.com Ph: 432-818-1801 | EMILY FOLLIS REGULATORY ANALYST E-Mail: Emily.Follis@apachecorp.com Ph: 432-818-1801 |
| Tech Contact: | EMILY FOLLIS REGULATORY ANALYST E-Mail: Emily.Follis@apachecorp.com Ph: 432-818-1801 | EMILY FOLLIS REGULATORY ANALYST E-Mail: Emily.Follis@apachecorp.com Ph: 432-818-1801 |
| Location: | | |
| State: | NM | NM |
| County: | EDDY COUNTY | EDDY |
| Field/Pool: | CEDAR LAKE;GLORIETA-YESO | CEDAR LAKE CEDAR LAKE-GLORIETA-YESO LOCO HILLS-QU-GB-SA |
| Well/Facility: | TONY FEDERAL 10 Sec 18 T17S R31E | TONY FEDERAL 10 Sec 18 T17S R31E NESW 1385FSL 1410FWL TONY FEDERAL 1 Sec 18 T17S R31E SESW 330FSL 2056FWL TONY FEDERAL 11 Sec 18 T17S R31E NESW 2310FSL 1385FWL TONY FEDERAL 12 Sec 18 T17S R31E NESE 2310FSL 990FEL TONY FEDERAL 13 Sec 18 T17S R31E NESE 1550FSL 230FEL TONY FEDERAL 14 Sec 18 T17S R31E SESE 990FSL 865FEL TONY FEDERAL 15 Sec 18 T17S R31E SWSE 330FSL 1710FEL TONY FEDERAL 16 Sec 19 T17S R31E NENE 430FNL 990FEL TONY FEDERAL 17 Sec 18 T17S R31E NESW 1750FSL 2047FWL TONY FEDERAL 18 Sec 18 T17S R31E SESE 205FSL 430FEL TONY FEDERAL 19 Sec 18 T17S R31E NWSW Lot L 1650FSL 638FWL TONY FEDERAL 2 Sec 18 T17S R31E SESE 990FSL 330FWL TONY FEDERAL 20 Sec 18 T17S R31E NWSE Lot J 1650FSL 1750FEL TONY FEDERAL 21 Sec 19 T17S R31E NWNW Lot D 330FNL 330FWL TONY FEDERAL 22 Sec 19 T17S R31E NWNW Lot D 990FNL 737FWL TONY FEDERAL 23 Sec 19 T17S R31E NENW Lot C 990FNL 2057FWL TONY FEDERAL 24 Sec 19 T17S R31E NWNE Lot B 990FNL 1650FEL TONY FEDERAL 25 Sec 19 T17S R31E SENW Lot F 1650FNL 1403FWL TONY FEDERAL 26 Sec 19 T17S R31E NENE Lot A 990FNL 330FEL TONY FEDERAL 27 Sec 19 T17S R31E SENE Lot H 1650FNL 990FEL TONY FEDERAL 28 Sec 19 T17S R31E SWNE Lot G 1750FNL 2310FEL TONY FEDERAL 29 Sec 19 T17S R31E SENE 1980FNL 860FEL TONY FEDERAL 3 Sec 18 T17S R31E NWSW 2310FSL 330FWL |

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

Apache Corporation
Tony Federal 10
NMNLC029395A

1/19/2017

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

1. The first 24 hours of a temporary emergency flare* is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an

- alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.
3. Approval not to exceed 90 days,(from 11/30/2016 to 02/28/2017), if flaring is still required past 90 days submit new request for approval.
 4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.
 5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
 6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
 7. This approval does not authorize any additional surface disturbance.
 8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

*Temporary Emergency Flaring is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.