

OPER. OGRID NO. 873
 PROPERTY NO. 24427
 POOL CODE 30350
 EFF. DATE 1/9/04
 API NO. 30-025-36531

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



APP

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

CONFIDENTIAL

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 SWSE 1080FSL 2551FEL
 At proposed prod. zone SWSE 1080FSL 2551FEL
SUBJECT TO LIKE APPROVAL BY STATE
 Unit 0

5. Lease Serial No.
 NMNM90161

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
 HAWK B-1 38

9. API Well No.
30-025-36531

10. Field and Pool, or Exploratory
 PENROSE SKELLY

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

11. Sec., T., R., M., or Blk. and Survey or Area
 Sec 9 T21S R37E Mer NMP
 SME: FEE

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
 1080'

16. No. of Acres in Lease
 958.25

12. County or Parish
 LEA

13. State
 NM

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.
 748.5'

19. Proposed Depth
 4150 MD
 4150 TVD

17. Spacing Unit dedicated to this well
 40.00

21. Elevations (Show whether DF, KB, RT, GL, etc.)
 3492 GL

22. Approximate date work will start
 12/15/2003

20. BLM/BIA Bond No. on file
 23. Estimated duration
 15 DAYS

24. Attachments

Carlsbad 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- 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 #25169 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 (04AL0043AE)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DECLARED WATER BASIN
 CEMENT BEHIND THE 8 3/8" CEMENT BEHIND THE 5 1/2"
 CASING MUST BE CIRCULATED CASING MUST BE CIRCULATED

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

KZ

DISTRICT I
P.O. Box 1000, Santa Fe, NM 87504-1000

DISTRICT II
P.O. Drawer 20, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Rd., Aztec, 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-2

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-36531	Pool Code 50350	Pool Name Penrose Skelly; Grayburg
Property Code 24427	Property Name HAWK B-1	Well Number 38
OCRID No. 873	Operator Name APACHE CORPORATION	ELEVATION 3492'

Surface Location

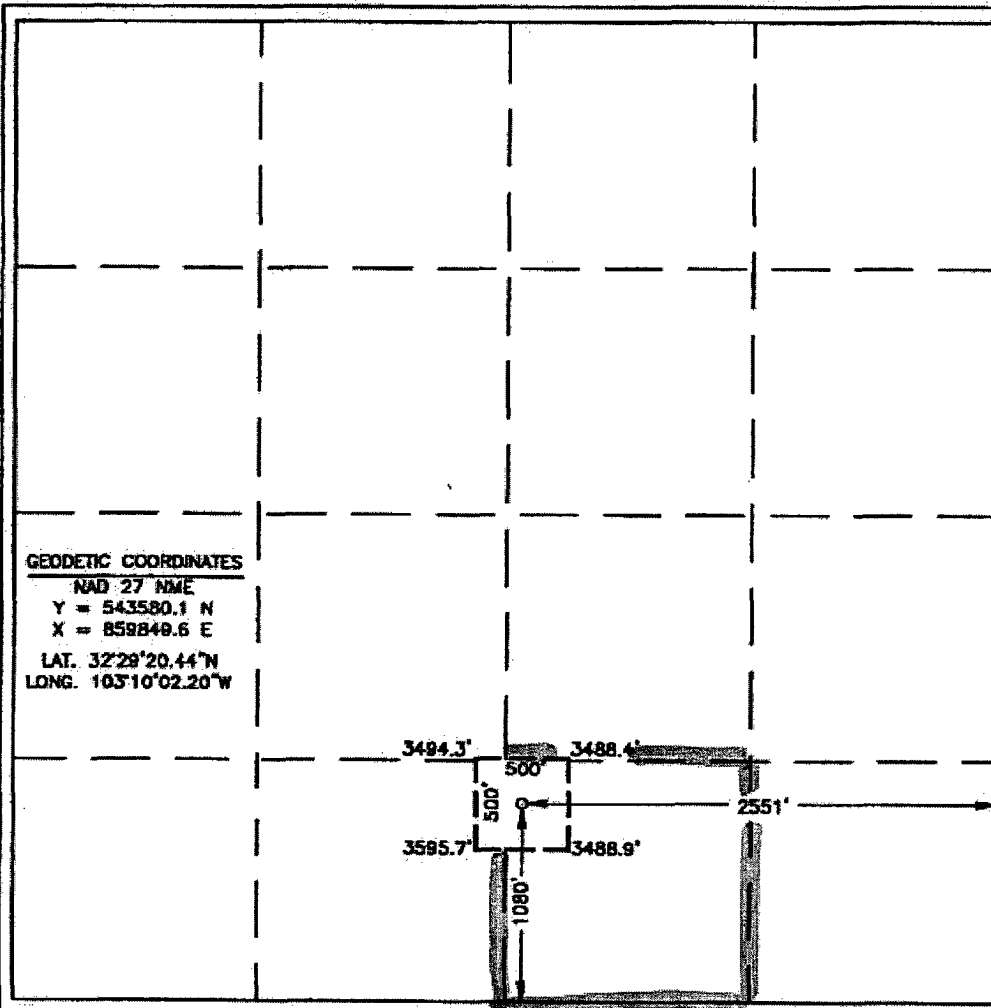
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	9	21-S	37-E		1080'	SOUTH	2551'	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.
40.00			NSL-4959 (SD)

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 the the information contained herein to true and complete to the best of my knowledge and belief.

Michelle Hanson
Signature
Michelle Hanson
Printed Name
Drilling Tech.
Title
9/22/03
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 06, 2003

Date Surveyed _____ A.W.B.

Signature of Seal Professional Surveyor

Ronald J. Edson
Signature
RONALD J. EDSON
Printed Name
8/18/03
Date
03.11.0846

Certificate No. **RONALD J. EDSON** 3238
CARRIED BY **EDSON** 12641

DISTRICT I
P.O. Box 1288, Santa Fe, NM 87504-1288

DISTRICT II
P.O. Drawer 10, Arisaca, NM 88211-0719

DISTRICT III
1600 Rio Brazos Rd., Artesa, 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

EXHIBIT D -2

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name HAWK B-1	Well Number 38
OCRID No.	Operator Name APACHE CORPORATION	ELEVATION 3492'

Surface Location

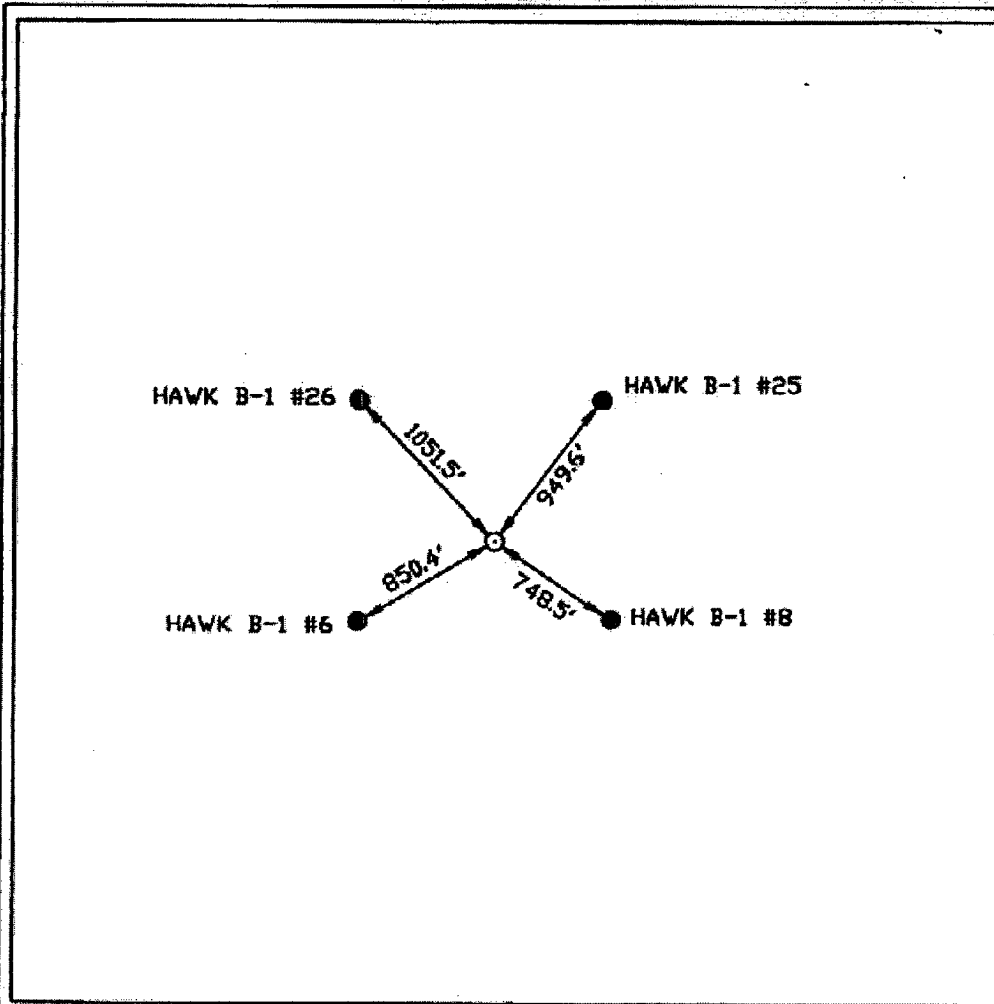
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	9	21-S	37-E		1080'	SOUTH	2551'	EAST	LEA

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	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 verify the the information contained herein to true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

I hereby verify 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 06, 2003

Date Surveyed _____ A.W.B.

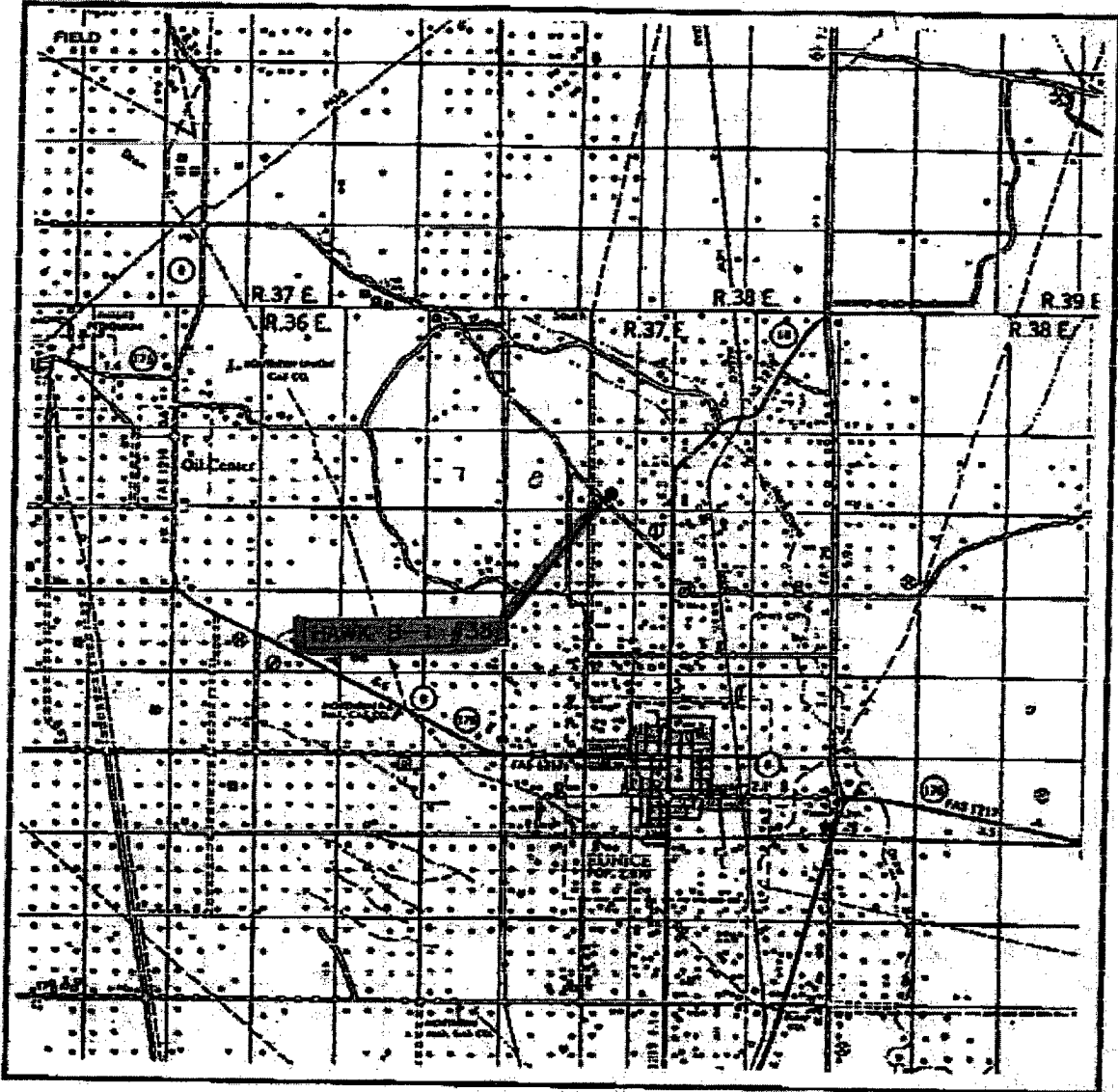
Signature & Seal of Professional Surveyor _____

03.11.0846

Certificate No. **RONALD J. EDISON 8288**
GARY EDISON 12641

VICINITY MAP

EXHIBIT E-1



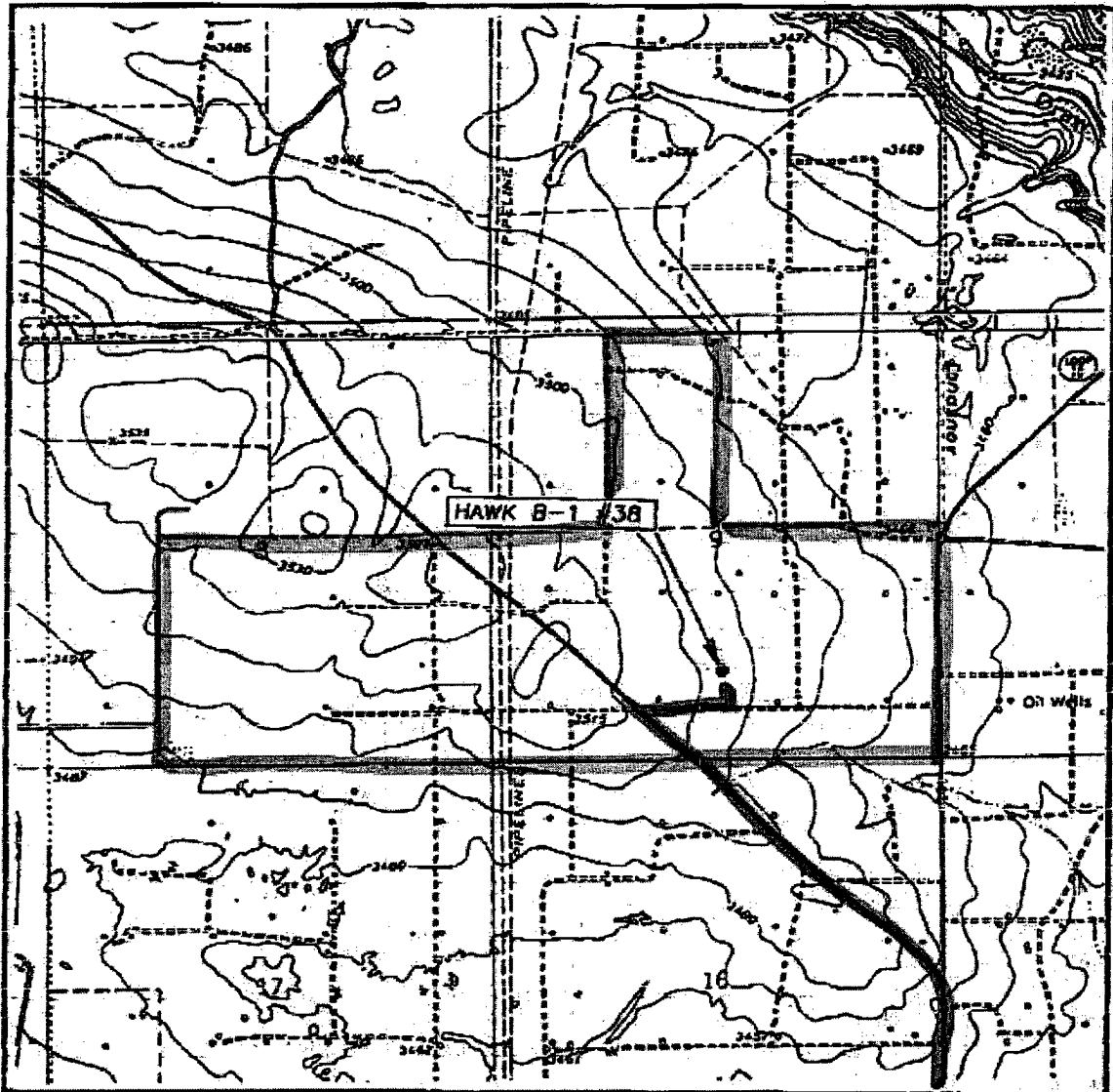
SCALE: 1" = 2 MILES

SEC. 9 TWP. 21-S RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 1080' FSL & 2551' FEL
 ELEVATION 3492'
 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. 9 TWP 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1080' FSL & 2551' FFL

ELEVATION 3492'

OPERATOR APACHE CORPORATION

LEASE HAWK B-1

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

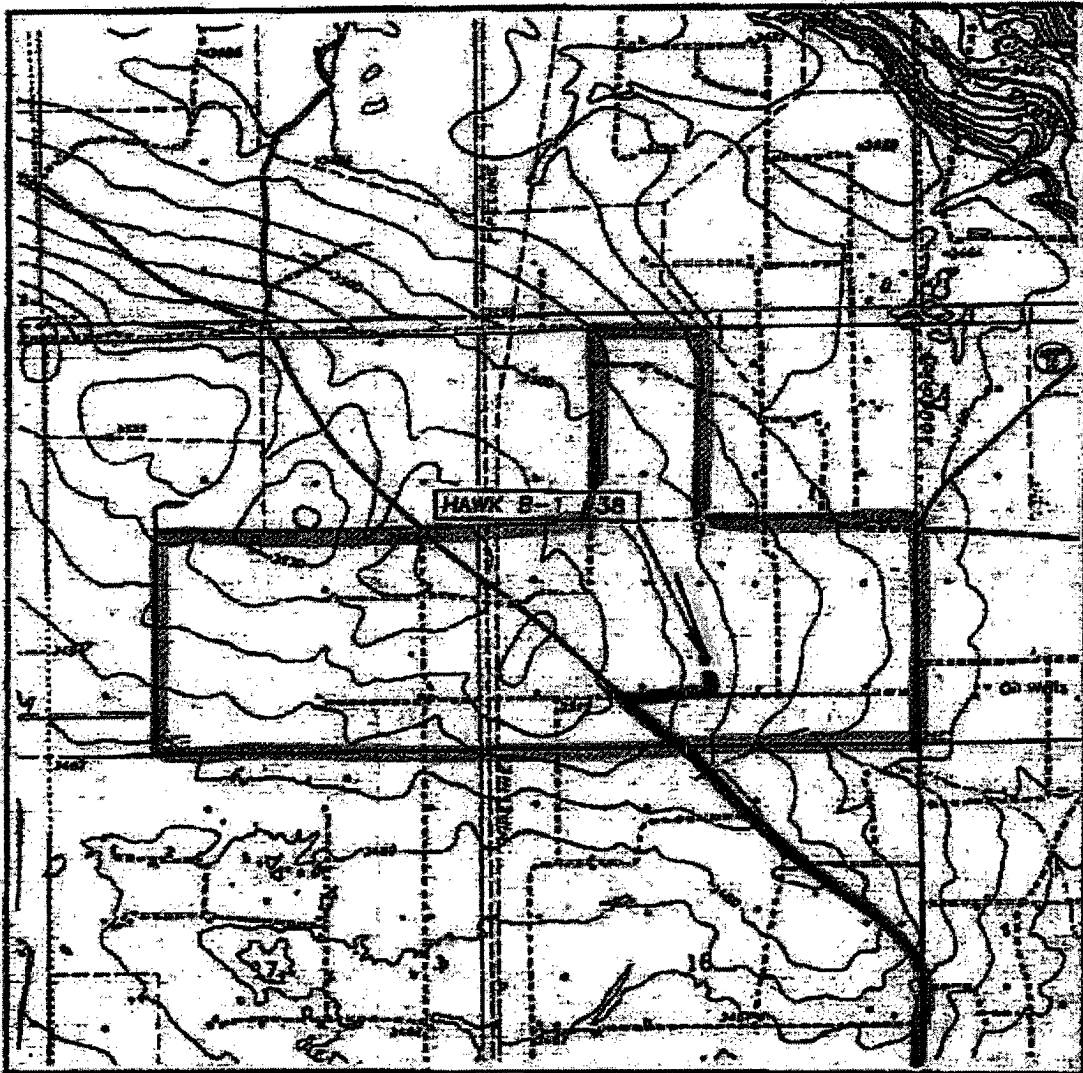
**JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117**

ACCESS 

LEASE BOUNDARY 

LOCATION VERIFICATION MAP

EXHIBIT E-3



SCALE: 1" = 2000'

SEC. 9 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1080' FSL & 2651' FD

ELEVATION 3697'

OPERATOR APACHE CORPORATION

LEASE HAWK B-1

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

*1250'
Flowline*

CONTOUR INTERVAL: 10'
EUNICE, N.M.

Flow-line Route

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

ACCESS

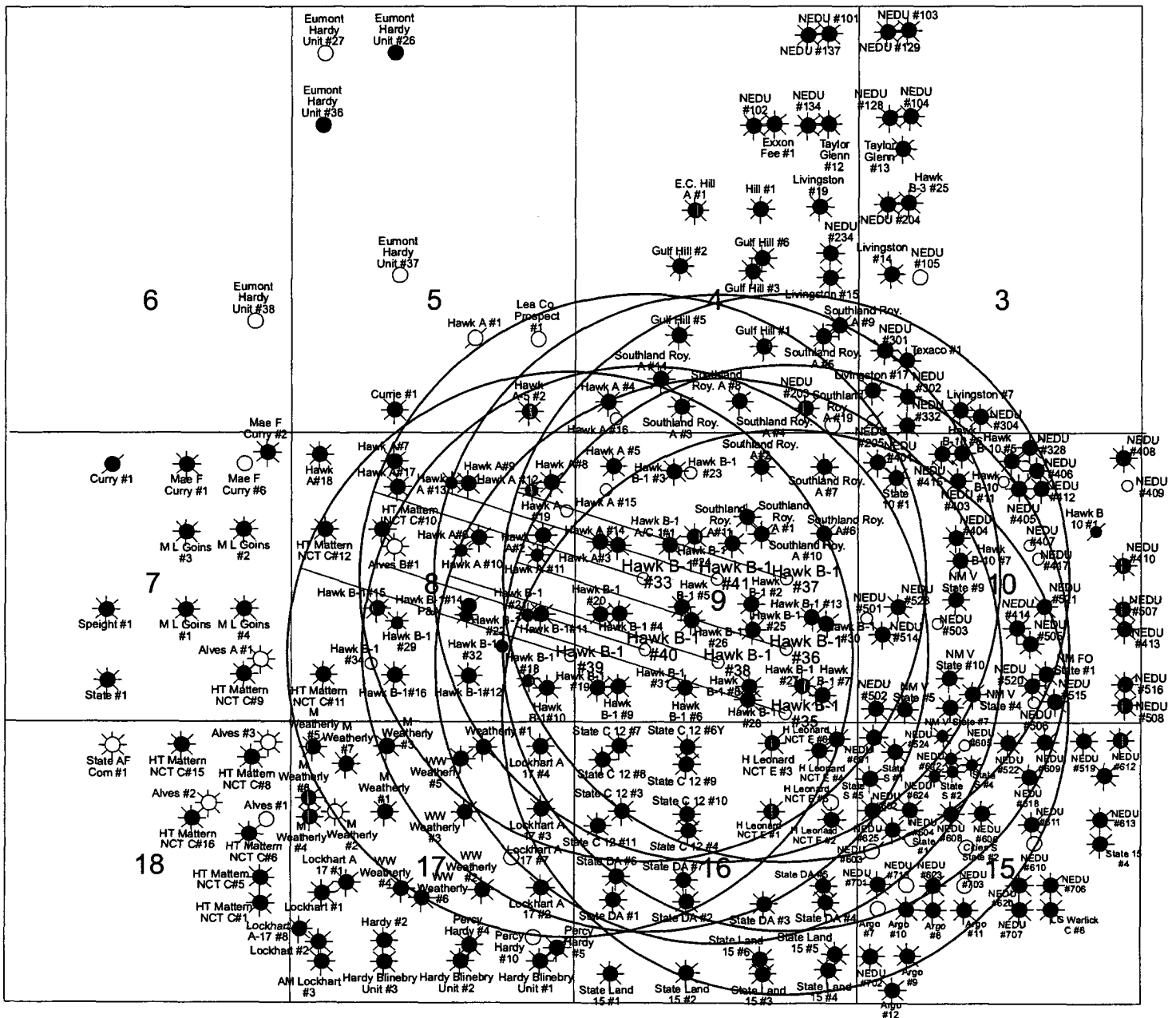
LEASE BOUNDARY

EXHIBIT "F"

Hawk B-1 #38

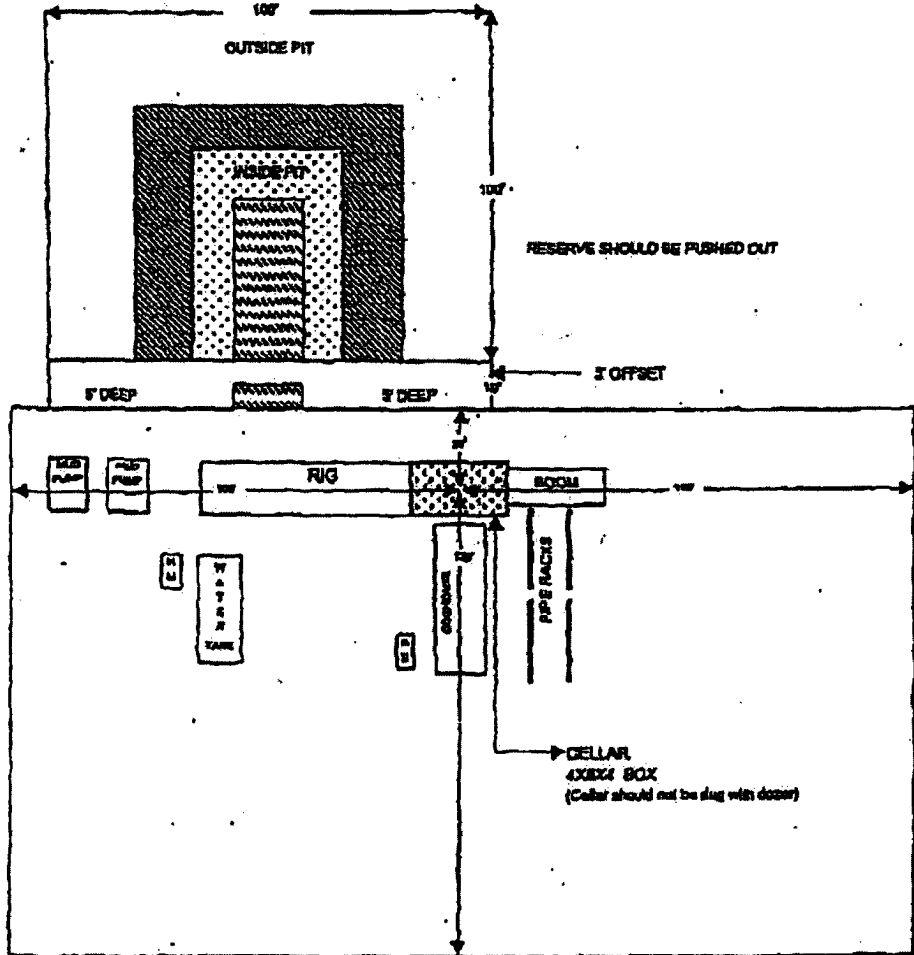
1080' FSL & 2551' FEL, Sec. 9, T21S-R37E

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

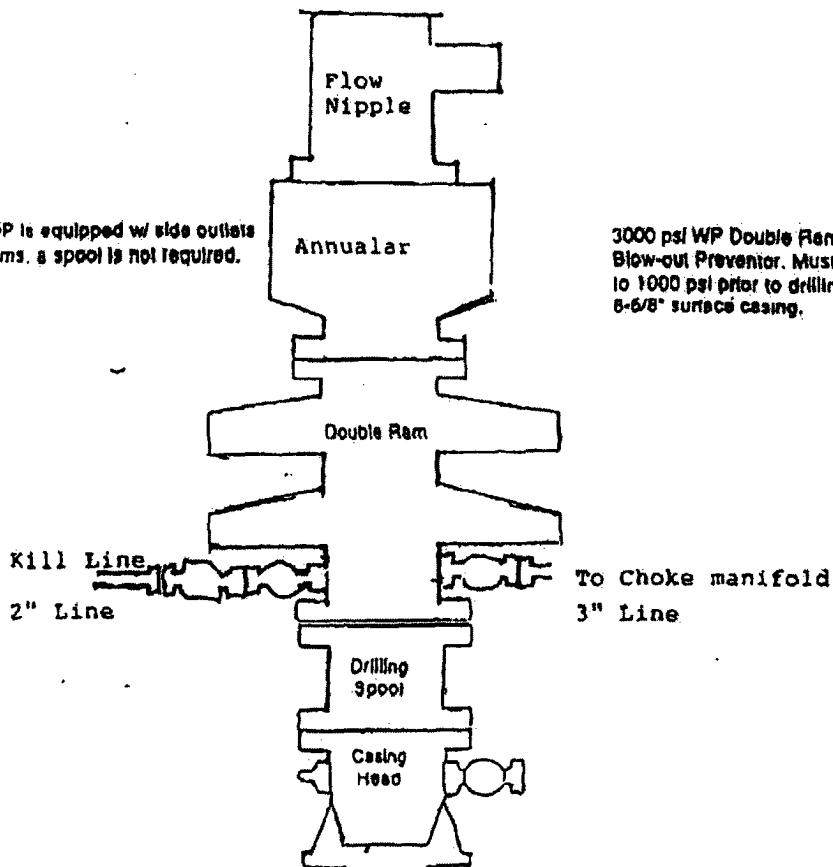
CAPSTAR DRILLING INC

EXHIBIT "H"

BOP SCHEMATIC 9" X 3000 psi

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

3000 psi WP Double Ram
Blow-out Preventor. Must be tested
to 1000 psi prior to drilling out
8-6/8" surface casing.



Choke Manifold Schematic

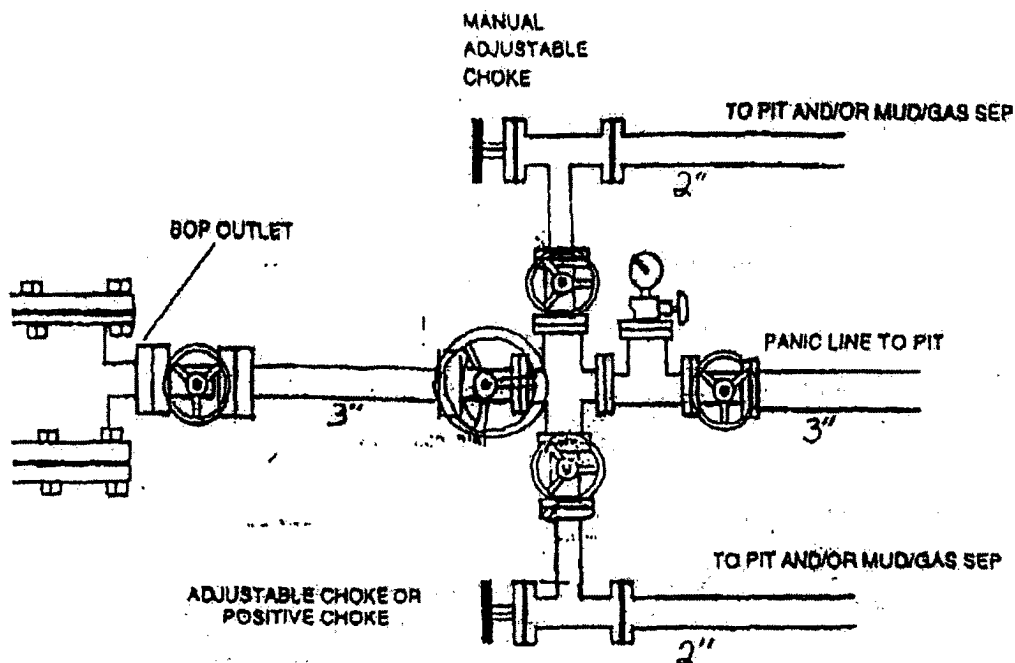


EXHIBIT "A"
HAWK B-1 #38

DRILLING PROGRAM

I. The geological surface formation is recent Permian with quaternary alluvium and other surficial deposits.

II. Estimated Tops of Geological Markers:

<u>FORMATION</u>	<u>DEPTH</u>
Quaternary alluvials	Surface
Rustler	1286'
Yates	2667'
Grayburg	3750'
San Andres	4009'
TD	4150'

III. Estimated depths at which water, oil, gas, or other mineral-bearing formations are expected to be encountered:

<u>SUBSTANCE</u>	<u>DEPTH</u>
Oil	Penrose @ 3583' Grayburg @ 3750'
Gas	None anticipated
Fresh Water	None anticipated

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

IV. A. Proposed Casing Program:

<u>HOLE</u> <u>SIZE</u>	<u>CASING</u> <u>SIZE</u>		<u>GRAD</u> <u>E</u>	<u>WEIGHT</u>	<u>DEPTH</u>	<u>SACKS</u> <u>CEMENT</u>	<u>ESTIMATED TOC -</u> <u>REMARKS</u>
	OD	ID		PER FOOT			
12 1/4"	8 5/8"		J55	24#	400'	325	TOC - Surface
	8.097		STC		<u>(Pursuant</u>		8.34 ppg Water-based
					<u>to Lea</u>		Mud;
					<u>County</u>		83° F Est. Static Temp;
					<u>Alternative</u>		80° F Est. Circ. Temp.
					<u>Casing</u>		
					<u>Program)</u>		
7 7/8"	5 1/2"		J55	17#	4150'	755	TOC - Surface
	4.892		LTC				Float Collar set @
							4110'/ 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

8 5/8" Casing: Volume Calculations:

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; <u>Estimated Pumping Time – 70 BC (HH:MM)-3:00;</u>	95.4 bbls Fresh Water @ 8.34 ppg

5 1/2" Casing: Volume Calculations:

400 ft	x	0.1926 cf/ft	with 0% excess	=	77.0 cf
2915 ft	x	0.1733 cf/ft	with 154% excess	=	1293.1 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		=	1683.5 cf
				=	300 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' – 4150'	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**)
4 1/2" x 3000 psi Kelly valve
9" 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" 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 #38

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H₂S is anticipated.

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN
CULTURAL RESOURCES SURVEY
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: **HAWK B-1 #38**
OPERATOR: **APACHE CORPORATION**

LOCATION: SW $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 9, 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 2ND 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:
SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
1080' FSL, 2551' FEL, Unit O
See attached Exhibits "D" and "E"
- 2) Bottom Hole Location:
SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
1080' FSL, 2551' FEL, Unit O
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 SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 9, 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: Existing lease/access roads will be used into the well site. 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 #38 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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(918) 491-4800

Project (Operations Engineer):

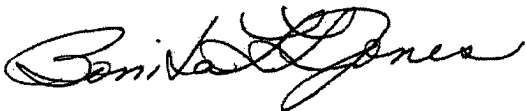
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Drilling Operations (Operations Engineer):

Glenn Bone
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Tulsa, Oklahoma 74136
(918) 491-4907

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 _____