

Surface Use Plan

30-015- 39223

(Additional data for form 3160-3)

Apache Corporation

Lee Federal #42

SHL: 425' FSL & 2185' FEL UL: O SEC: 17 T17S R31E

Eddy County, NM

Lease #: NMLC - 0029395B

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JUL 15 2011

NMOCD ARTESIA

1. EXISTING ROADS-  
From the intersection of Sate Hwy #529 & State Hwy #83, go approx. 1.4 miles West on Hwy #83, turn Right & go Northeast approx. 0.8 miles, turn Right & go East approx. 0.1 mile location stake is approx. 300' North. All roads will be maintained in a condition equal to or better than current conditions.
2. PLANNED ACCESS ROAD — The existing lease roads will be used to the extent possible, approx. 134' of new road to the drilling pad will be required. All lease roads will be graded in compliance with BLM standards. All new & reconstructed roads will have a width & "crown design" (i.e. The max width of the driving surface will be 14'. The road will be crowned & ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled & compacted caliche.)
3. LOCATION OF EXISTING WELLS - Water wells, Disposal wells, Injection wells, Drilling wells, Producing Wells, Abandoned wells: *SEE EXHIBIT 1.*
4. LOCATION OF EXISTING OR PROPOSED FACILITIES .In the event this well is productive we will install a new 3" NUPI rated 300psi up to 140 deg surface flowline, approx. 3300' in length, to the existing Lee Federal Battery at the Lee Federal #2 location. *SEE EXHIBIT 2.*
5. LOCATION AND TYPE OF WATER SUPPLY .All water (fresh or otherwise) needed for the drilling and completion of this well will be purchased from a commercial source and trucked to the location via the existing and proposed access road. No water source wells will be drilled, and no surface water will be utilized.
6. SOURCE OF CONSTRUCTION MATERIALS .Construction material (caliche) required for the access road and well site pad will be obtained on location, if available, or from an approved pit. No surface materials will be disturbed except those necessary for actual grading and construction of the drill site and access road.
7. METHODS FOR HANDLING WASTE DISPOSAL .  
Closed Loop System. Waste Material will be stored then hauled to a state approved disposal facility. Drilling fluids will be contained in steel pits, fluids will be cleaned & reused. Water produced during testing will be contained in steel pits and disposal at a state approved facility. Any oil or condensate will be stored in test tanks until sold & hauled from site.
  - Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. Salts remaining after completion will be picked up by supplier including broken sacks.
  - Any other waste generated by the drilling, completion, testing of this well will be through a closed loop system.
  - A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well, and cleaned out periodically.

8. ANCILLARY FACILITIES –Upon completion, and/or testing of this well rental tanks, facilities will be utilized until permanent storage is established. No camps or airstrips will be constructed.
9. WELLSITE LAYOUT –Enclosed, please see “Drilling Rig Layout” *SEE EXHIBIT 3*. Mud pits in the closed circulating system will be steel pits & the cuttings will be stored in steel containment pits. NMOCD for C-144 has been submitted to the OCD for approval. Cuttings will be stored in steel pits until they are hauled to a state approved disposal facility. *SEE EXHIBIT 5 & 6*.

10. PLANS FOR SURFACE RESTORATION - Rehabilitation of the location will start in a timely manner after all drilling operations cease. Type of reclamation will depend on whether the well is a producer or a dry hole. *SEE EXHIBIT 4*.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be notified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped & contoured, topsoil from the soil pile will be loaded over the disturbed area to extent possible. The site will be restored as closely as possible to its pre-operation appearance including re-vegetation.

Reclamation & re-vegetation of the surface location will be in accordance with the requirements set forth by the BLM. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.

Dry hole well – Pad & road area will be re-contoured to match existing terrain. Topsoil will be spread to the extent possible. Re-vegetation will comply with BLM standards.

Producer well – The previously noted procedures will apply to those areas which are not required from production facilities.

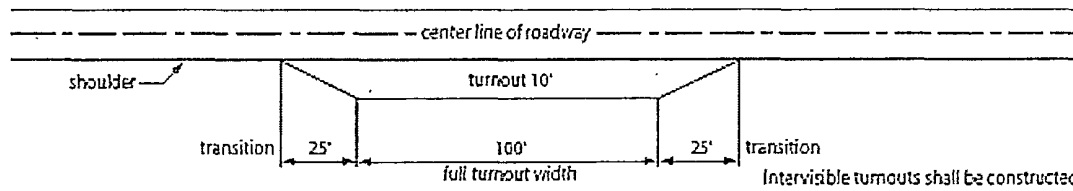
The vegetation at the wellsite is grassland. The topsoil is very sandy in nature. Plants are sparse which may include prairie grass, some mesquite bushes & shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes & rodents traverse the area which are all typical of the semi-arid desert land. There are no ponds or streams in the proximity of the location. No dwelling with 1.5 miles of location.

Arc Survey and Notice of Staking have been submitted to Bureau of Land Management.

11. OTHER INFORMATION .The surface ownership of the drill site & the access routes are under the ownership of the US Government, administered by the Bureau of Land Management, 620 E Greene St., Carlsbad, NM, 88220.

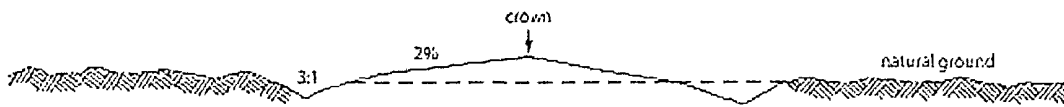
Drilling contractor: Pending.

# Cross Sections and Plans for Typical Road Sections

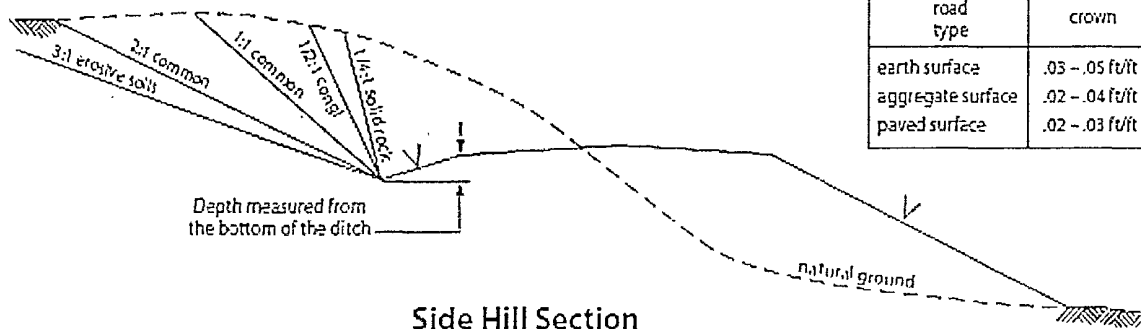


**Typical Turnout Plan**

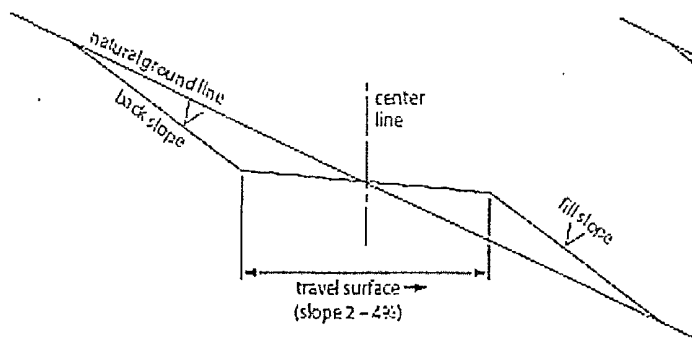
Intervisble turnouts shall be constructed on all single lane roads on all blind curves with additional tunouts as needed to keep spacing below 1000 feet.



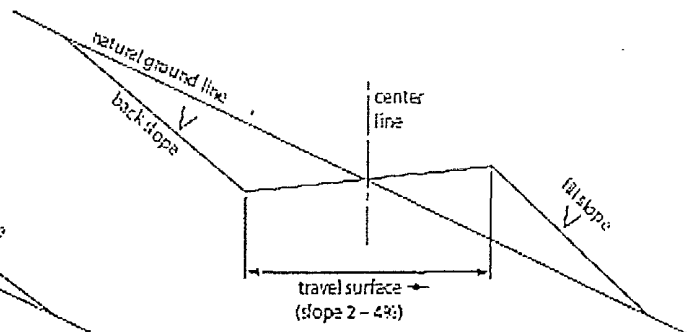
**Level Ground Section**



**Side Hill Section**



**Typical Outsloped Section**



**Typical Insloped Section**

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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Operator Name: APACHE CORPORATION  
Street or Box: 303 VETERANS AIRPARK LANE, STE. 3000  
City, State: Midland, TX  
Zip Code: 79705

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No: NMLC-0029395B LEE FEDERAL #042

Legal Description of Land: 425' FSL & 2185' FEL

UL: O Section: 17 Township: 17S Range: 31E

County: EDDY State: NM

Bond Coverage: \$150,000

Statewide Oil and Gas Surety Bond, APACHE CORPORATION.

BLM Bond File No.: BLM-CO-1463 NATIONWIDE

Signature: *Bobby L Smith* Printed Name: BOBBY L. SMITH

Title: DRILLING MANAGER, PERMIAN REGION

Date: 1/28/2011

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

OPERATOR CERTIFICATION

I HEARBY 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 28 day of JANUARY, 2011

Well: LEE FEDERAL #42

Operator Name: APACHE CORPORATION

Signature:  Printed Name: BOB LANGE

Title: Drilling Engineer Date: 1/28/2011

Email (optional): bob.lange@apachecorp.com

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

City, State, Zip Code: Midland, TX 79705

Telephone: 432-818-1114

Field Representative (if not above signatory):

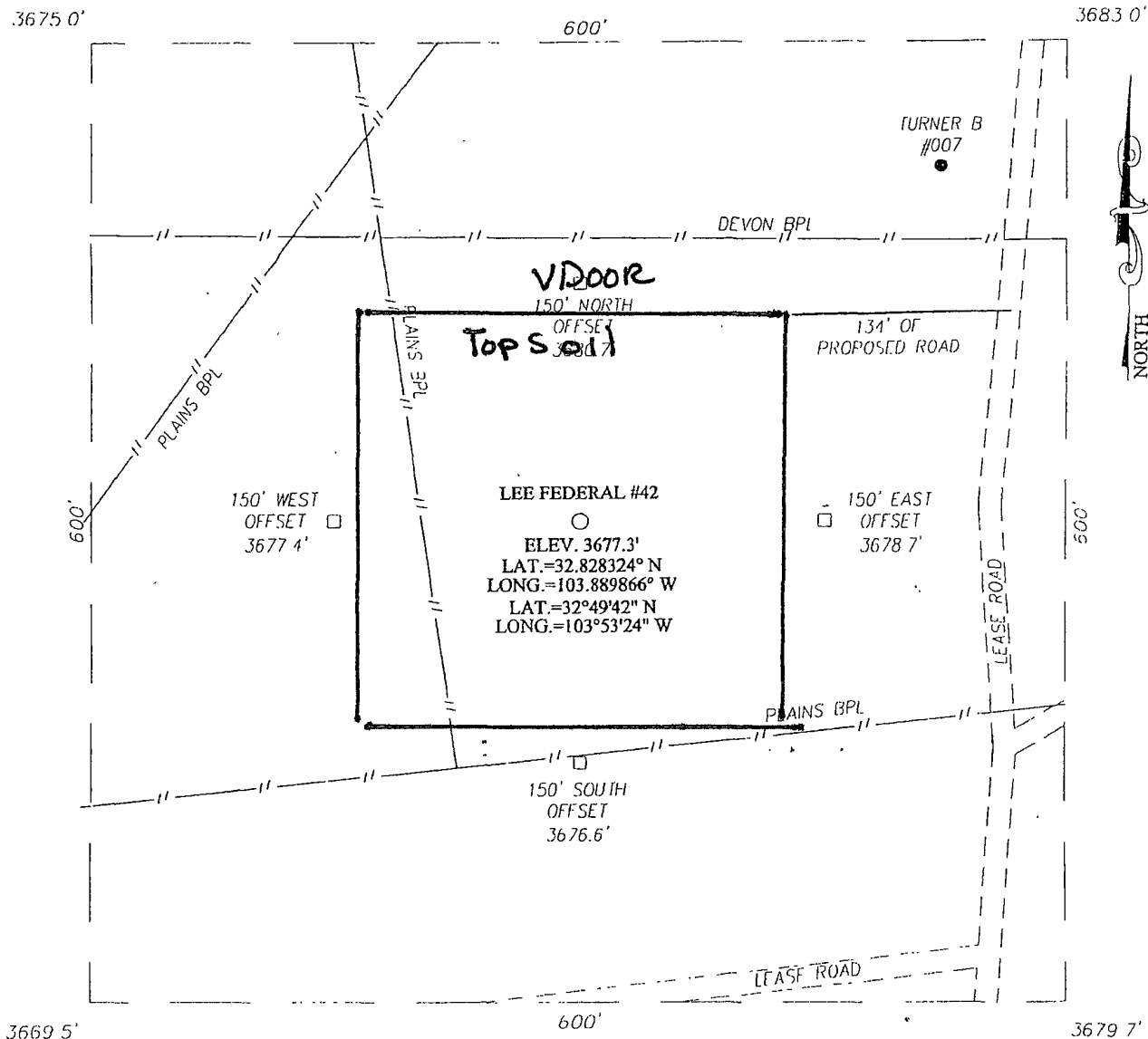
Address (if different from above):

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

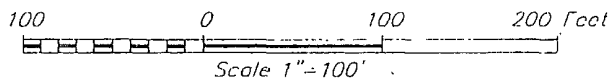


DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST HWY #529 AND ST. HWY #83, GO APPROX 1.4 MILES WEST ON HWY #83. TURN RIGHT AND GO NORTHEAST APPROX. 0.8 MILES. TURN RIGHT AND GO EAST APPROX 0.1 MILE. THE LOCATION STAKE IS APPROX 300 FEET NORTH.



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

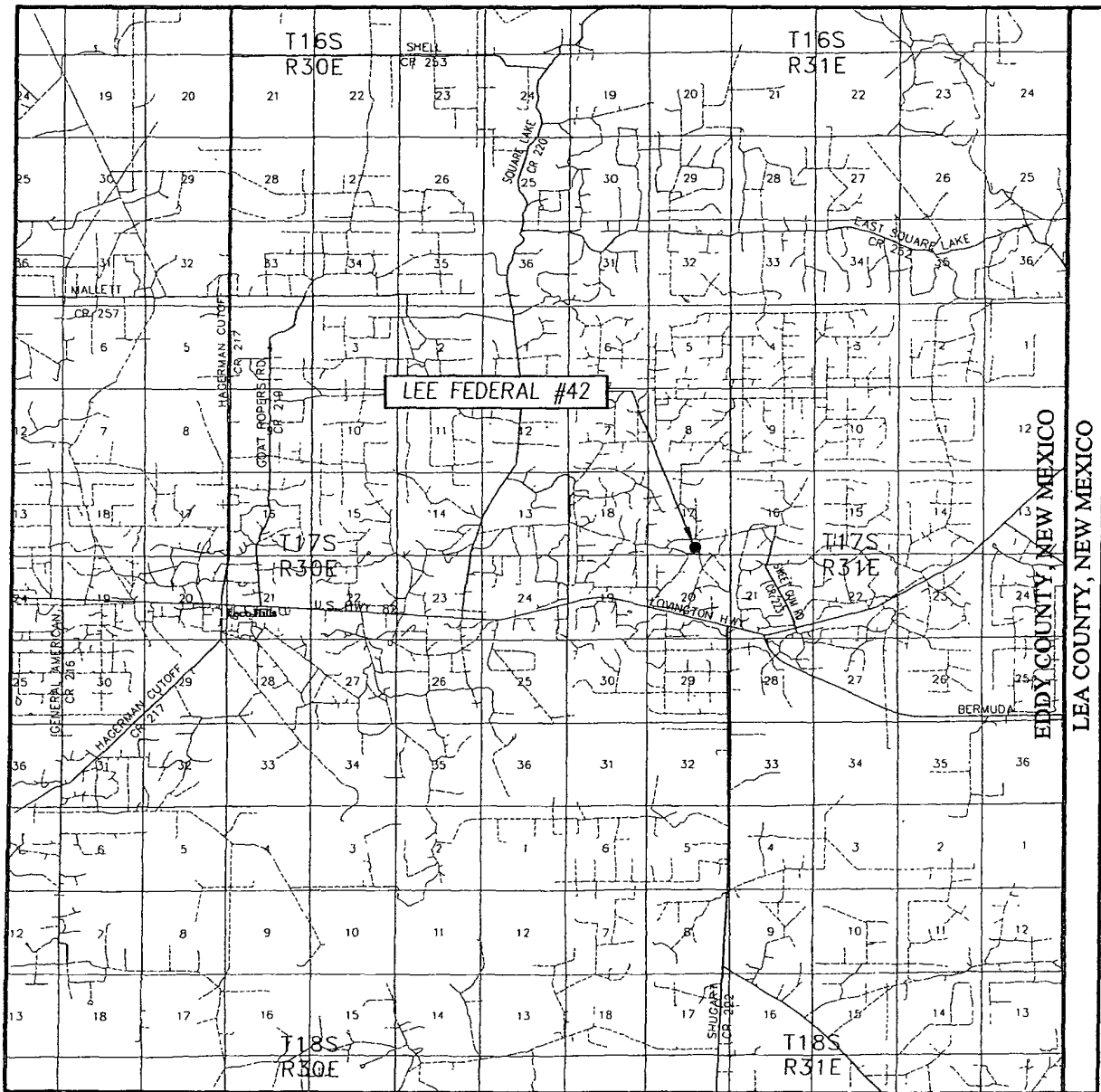


**APACHE CORPORATION**

LEE FEDERAL #42 WELL  
 LOCATED 425 FEET FROM THE SOUTH LINE  
 AND 2185 FEET FROM THE EAST LINE OF SECTION 17,  
 TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO


|                         |                         |
|-------------------------|-------------------------|
| Survey Date: 12/22/10   | Sheet 1 of 1 Sheets     |
| W.O. Number. 10.11.1833 | Dr By LA Rev 1.         |
| Date: 1/4/11            | 10111833 Scale: 1"=100' |

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 17 TWP. 17-S RGE. 31-E  
 SURVEY N M P M.  
 COUNTY EDDY STATE NEW MEXICO  
 DESCRIPTION 425' FSL & 2185' FEL  
 ELEVATION 3677'  
 OPERATOR APACHE CORPORATION  
 LEASE LEE FEDERAL

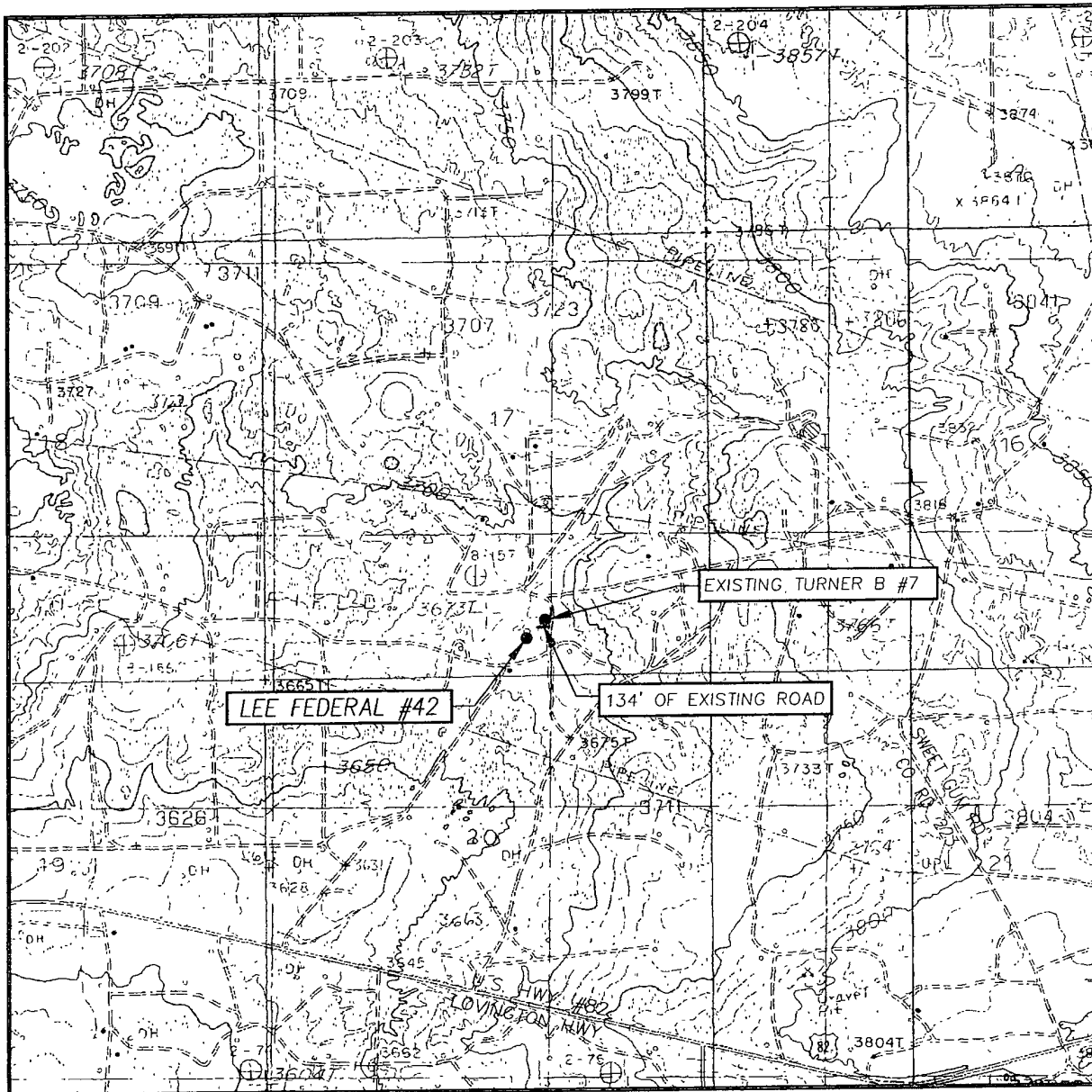


PROVIDING SURVEYING SERVICES  
 SINCE 1946

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# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
 LOCO HILLS, NM - 10'  
 MALJAMAR, NM - 10'

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

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 425' FSL & 2185' FEL

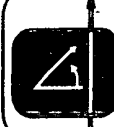
ELEVATION 3677'

OPERATOR APACHE CORPORATION

LEASE LEE FEDERAL

U.S.G.S TOPOGRAPHIC MAP

LOCO HILLS, NM



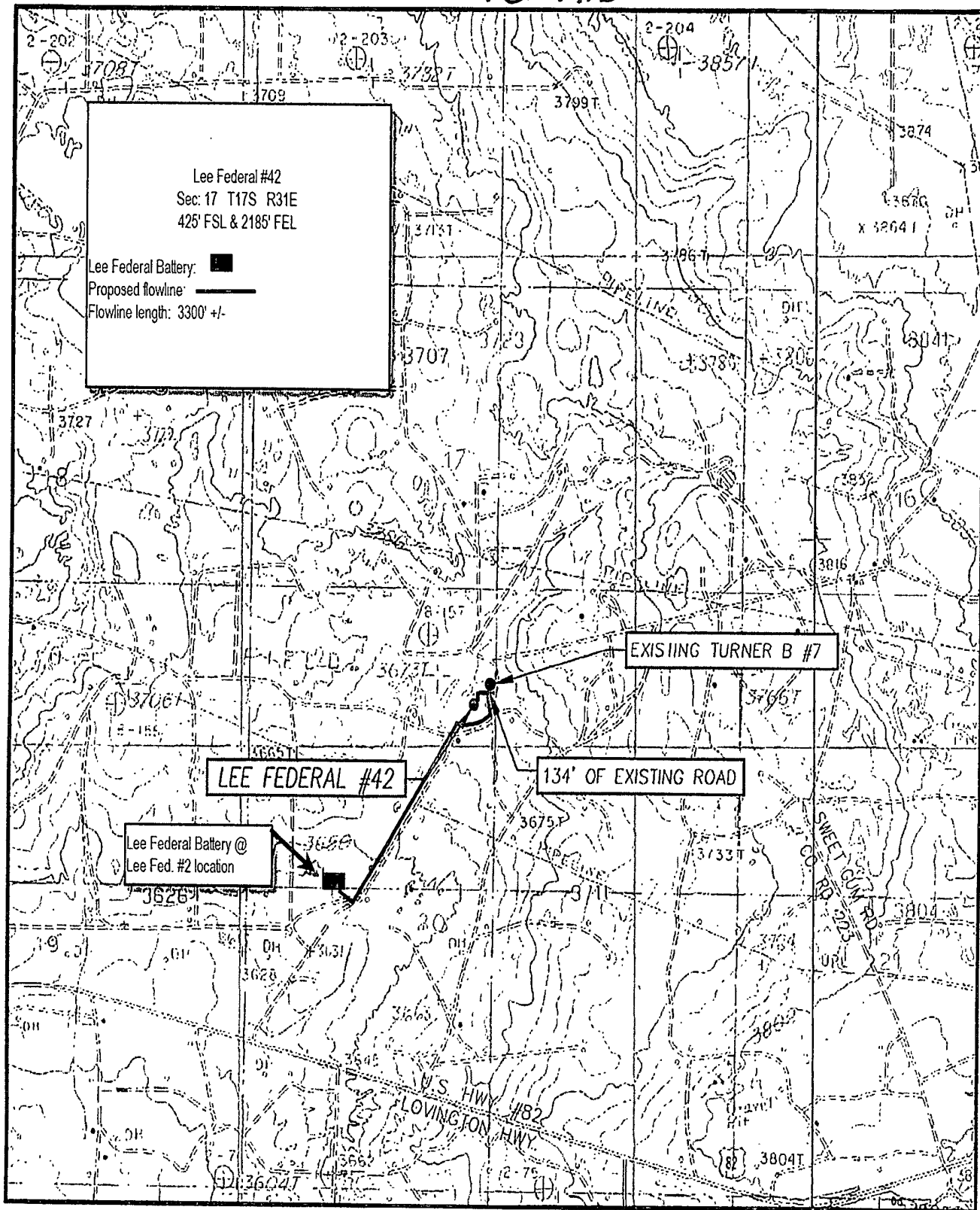
PROVIDING SURVEYING SERVICES  
 SINCE 1946

**JOHN WEST SURVEYING COMPANY**

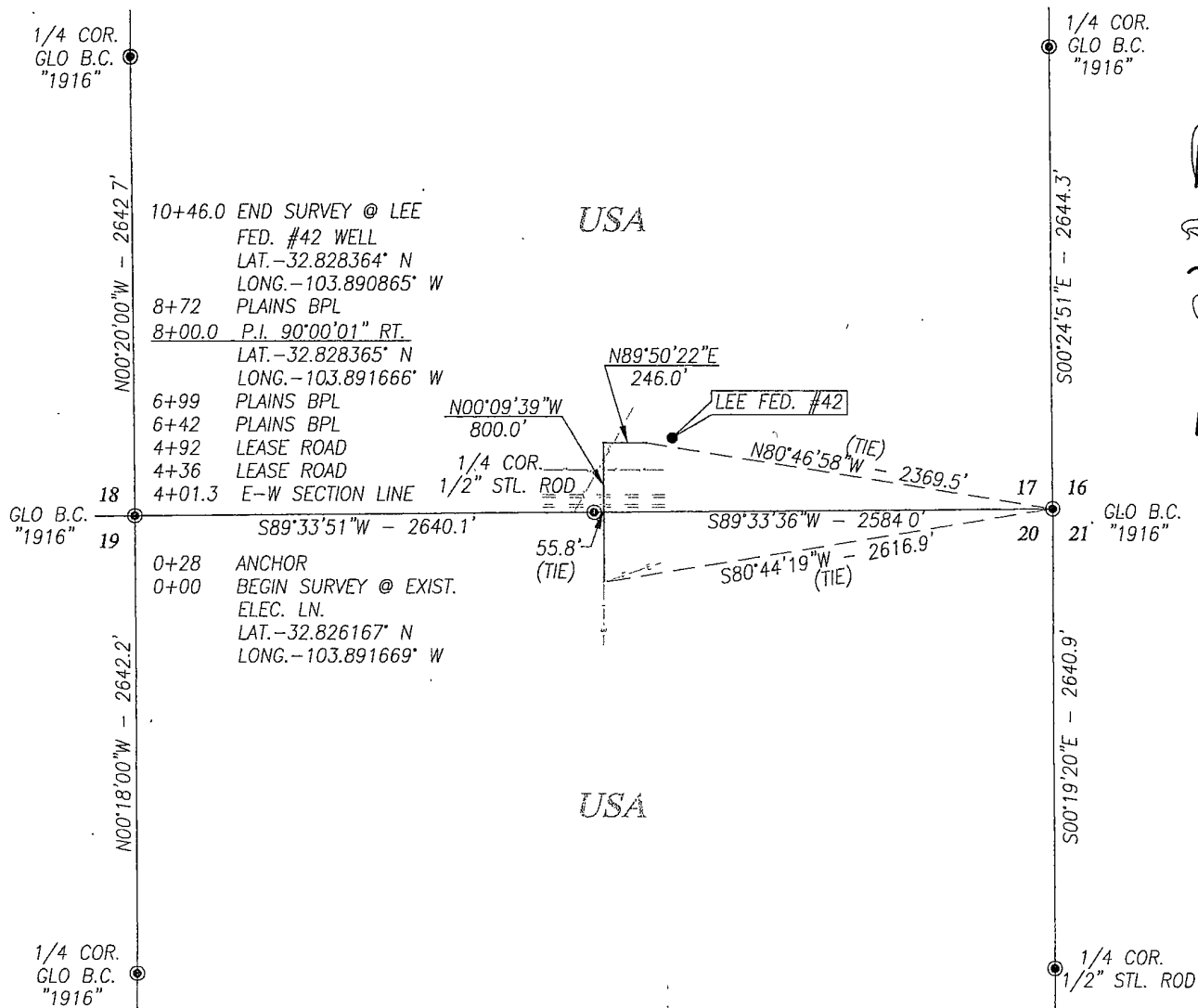
412 N. DAL PASO  
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Exhibit # 2



**SECTIONS 17 & 20, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.**  
 EDDY COUNTY NEW MEXICO



**DESCRIPTION**

A STRIP OF LAND 50.0 FEET WIDE AND 1046.0 FEET OR 0.198 MILES IN LENGTH CROSSING USA LAND IN SECTIONS 17 & 20, TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

**NOTE**

1. BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.
2. LATITUDE AND LONGITUDE VALUES SHOWN HEREON ARE RELATIVE TO THE NORTH AMERICAN DATUM 1983 (NAD83)

**LEGEND**

● DENOTES FOUND CORNER AS NOTED

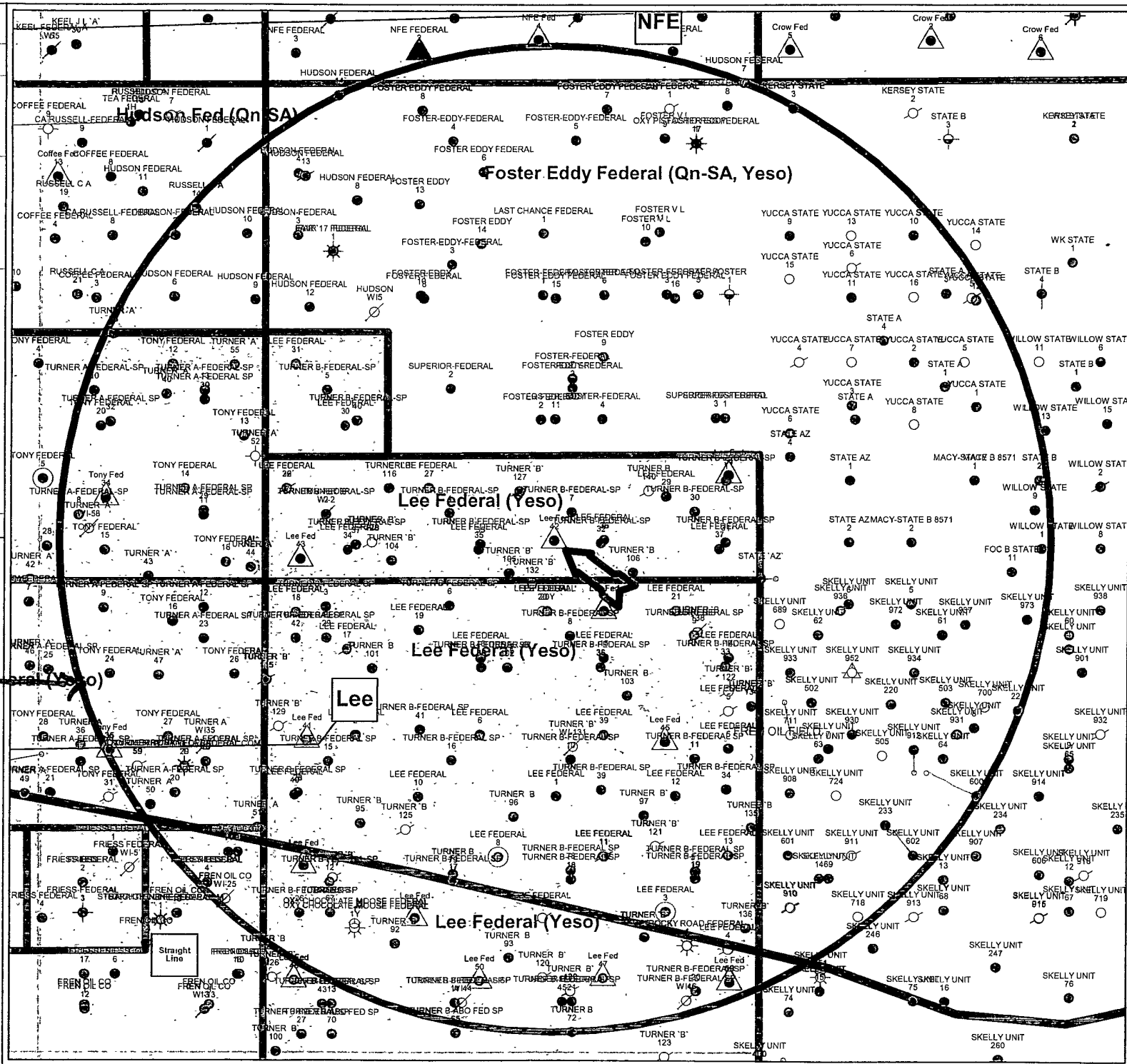
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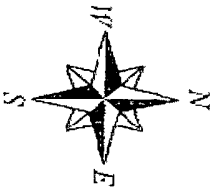
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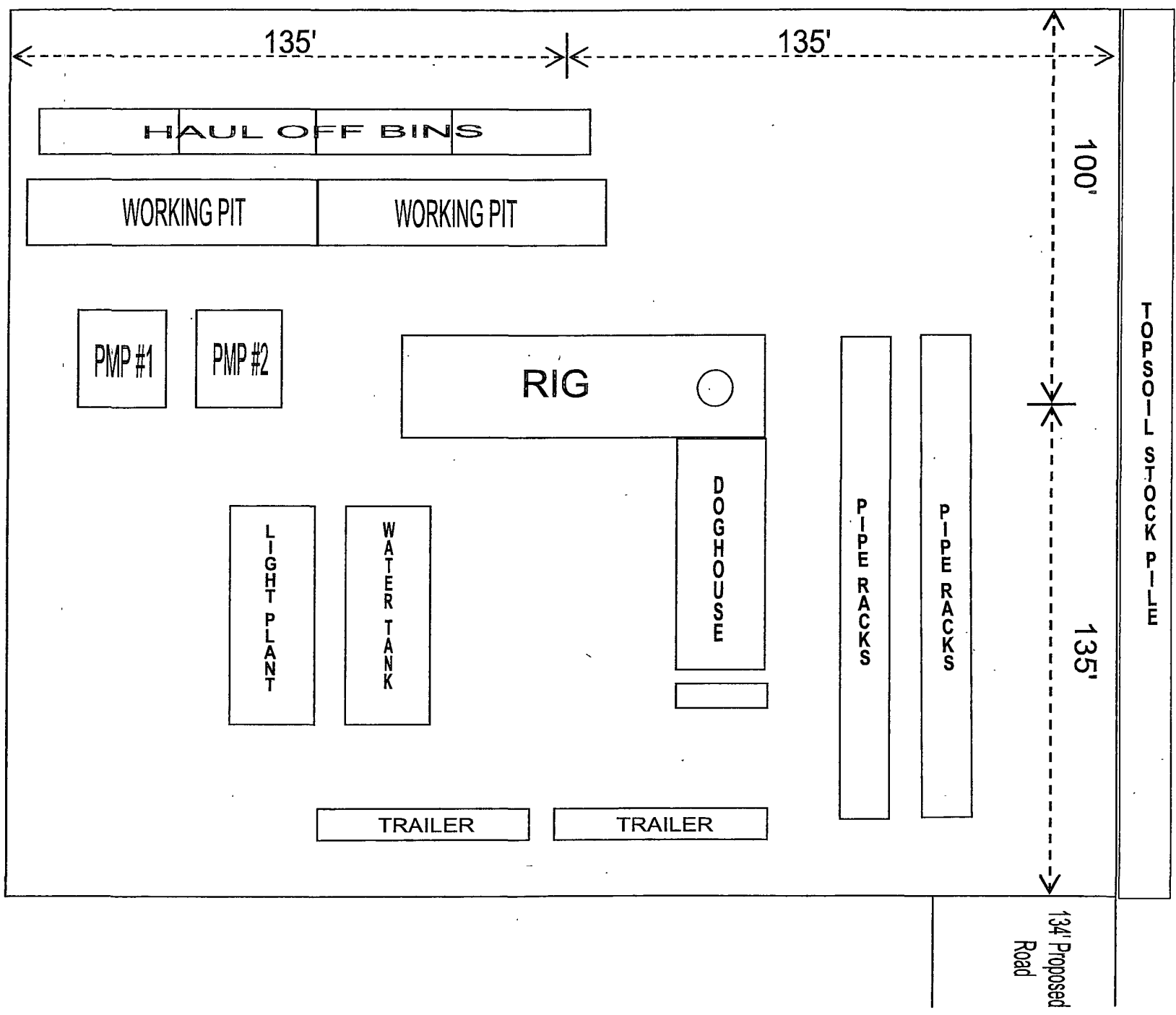
n

1 mile radius





WELLSITE / RIG LAYOUT  
LEE FEDERAL #42  
V DOOR  
Exhibit # 3



# INTERIM RECLAMATION LAYOUT

LEE FEDERAL #42

Exhibit # 4

