

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

MAR 23 2009

## 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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1 Type of Well  
☐ Oil Well ☒ Gas Well ☐ Other2 Name of Operator  
Apache Corporation (873)3a. Address 3b. Phone No (include area code)  
6120 S Yale Ave, Suite 1500 Tulsa OK 74136-4224 (918)491-48644 Location of Well (Footage, Sec., T, R., M., or Survey Description)  
1020' FNL & 750' FEL  
UL A, S 17, T 22S, R 23E

5. Lease Serial No

NM 033647

6. If Indian, Allottee or Tribe Name

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

8 Well Name and No

Bogle Flats #13

9 API Well No.

30-015-28827

10 Field and Pool, or Exploratory Area

Indian Basin; Upper Penn (Pro Gas)

11. County or Parish, State

Eddy County, New Mexico

## 12. CHECK 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"/> Fracture Treat   | <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 type="checkbox"/> Other          |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input checked="" type="checkbox"/> Temporarily Abandon |   |
|  | <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 recompleat 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall 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 proposes to temporarily abandon the Bogle Flats #13 until it can be returned to production from the existing zone.

Apache proposes to temporarily abandon the above captioned well by setting a cast iron bridge plug within 100' of the top perforation and capping this plug with 35' of cement. Although the well is still capable of producing approximately 300 to 350 MCFPD the current costs to operate the well far exceed the revenue in which it generates.

Therefore, because the well still has production potential, but is not viable at current market conditions Apache requests approval to temporarily abandon this well until operating costs decrease or commodity prices improve at which time the well will be returned to production. If we are unable to temporarily abandon this well it will most likely be plugged and abandoned.

See attached economic justification and future plans.

SEE ATTACHED JUSTIFICATION

**DENIED**

Accepted for record

NMCD RE

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

Name (Printed/Typed)

Sophie Mackay

Title Engineering Tech

Signature

*Sophie Mackay*

Date 02/09/2009

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

|   |            |              |
|---|------------|--------------|
| Approved by <b>DENIED</b> /s/ JD Whitlock Jr  | Title LPE  | Date 3/19/09 |
| 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 CFO |              |

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)

February 9, 2009

Wesley Ingram  
Bureau of Land Management  
620 E. Greene Street  
Carlsbad, NM 88220-6292

RE: Bogle Flats Unit Section 17 #13 (API 30-015-28827)  
Unit Letter A, Section 17, Township 22 South, Range 23 East  
Eddy County, New Mexico

Mr. Ingram:

Please let this letter serve as a formal request to temporarily abandon the above captioned well by setting a cast iron bridge plug within 100' of the top perforation and capping this plug with 35' of cement. Although the well is still capable of producing approximately 300 to 350 MCFPD the current costs to operate (\$26,313/month) the well far exceed the revenue in which it generates. This is caused by several reasons outlined below:

1. The well produces a high volume of H<sub>2</sub>S content (9,000 ppm) and iron sulfide and this requires the use costly chemicals to maintain production. The average monthly chemical cost is \$4,138/month.
2. The well requires compression from 10 psi wellhead pressure to 1,000 psi sales line pressure in order to sell the gas. The average monthly cost is \$5,876/month for the electric compressor rental and \$8,688/month for electricity to power the compressor.
3. Natural gas prices have fallen at this well from \$11.39/MCF in July 2008 to \$4.47/MCF in December 2008, a 255% decrease.

Additionally, the attached plot of Lease Level Income vs. Gas Price takes into account the three key items listed above and can be used to determine when the well will again be economic. The plot shows data for the past twelve months and this data indicates that at the current production rates of 300-350 MCFD the gas prices need to be at least \$6.34/MCF in order for this well to be economic.

Therefore, because the well still has production potential, but is not viable at current market conditions I am requesting approval to temporarily abandon this well for two years, or until operating costs decrease or commodity prices improve at which time the

well will be returned to production. If we are unable to temporarily abandon this well it will most likely be plugged and abandoned.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Frederick'.

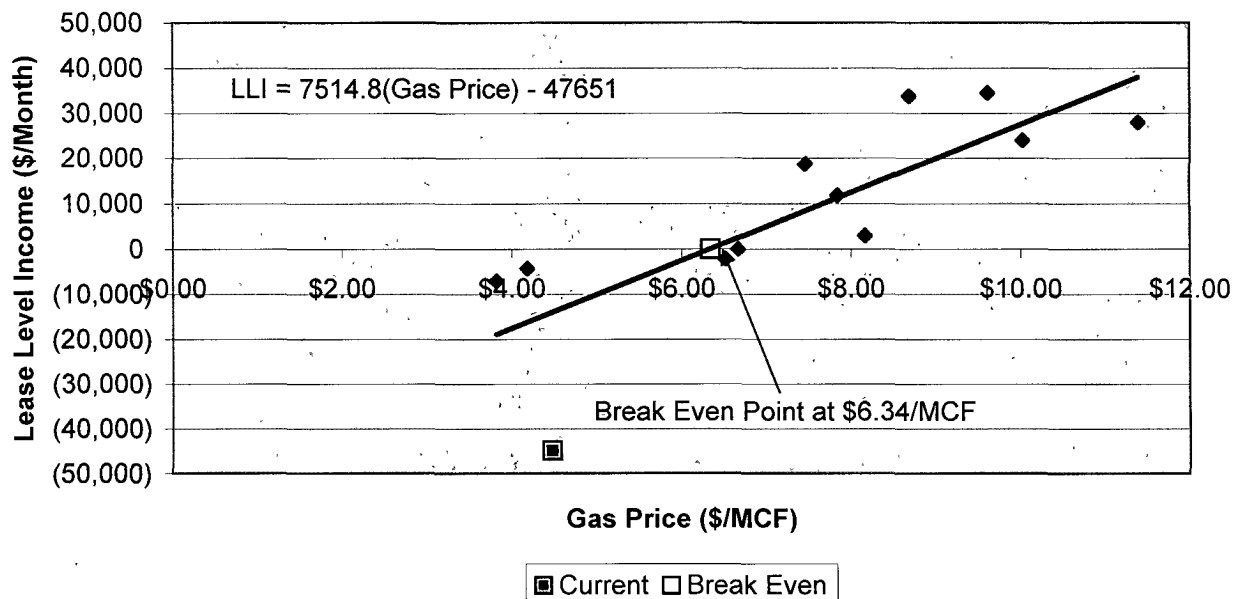
Jeff Frederick, P.E.  
Production Engineer  
(918) 491-4982

jlf - bm

| Date    | Lease Level Income (\$/Month) | Gas Price (\$/MCF) |
|---------|-------------------------------|--------------------|
| 01/2008 | (23)                          | \$6.67             |
| 02/2008 | 18,721                        | \$7.46             |
| 03/2008 | 3,002                         | \$8.16             |
| 04/2008 | 33,820                        | \$8.68             |
| 05/2008 | 34,510                        | \$9.61             |
| 06/2008 | 24,018                        | \$10.02            |
| 07/2008 | 27,991                        | \$11.39            |
| 08/2008 | 11,857                        | \$7.84             |
| 09/2008 | (2,208)                       | \$6.52             |
| 10/2008 | (4,267)                       | \$4.18             |
| 11/2008 | (7,002)                       | \$3.81             |
| 12/2008 | (44,876)                      | \$4.47             |

|            |          |        |
|------------|----------|--------|
| Current    | (44,876) | \$4.47 |
| Break Even | 0        | \$6.34 |

### Bogle Flats #13 Gas Price vs. Lease Level Income



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**OPERATOR'S COPY**FORM APPROVED  
OM B No. 1004-0137  
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Therefore, because the well still has production potential, but is not viable at current market conditions Apache requests approval to temporarily abandon this well until operating costs decrease or commodity prices improve at which time the well will be returned to production. If we are unable to temporarily abandon this well it will most likely be plugged and abandoned.

Please feel free to contact the assigned engineer with any questions:  
Jeff Frederick, P.E.  
(918) 491-4982

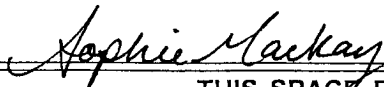
**Returned.** Insufficient information to approve. Provide economic justification to prove well is not economical at this time and at what point well will be economical. If economic are unrealistic submit P&A procedure within 30 days.

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Sophie Mackay

Title Engineering Tech

Signature



Date 01/23/2009

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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.

Title

Date

Office

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(Instructions on page 2)

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

JUSTIFICATION TO DENY SUNDRY TO TA WELL

APACHE CORPORATION  
BOGLE FLATS #13  
NENE, SEC.17 T22S, R23E  
3001528827 NM033647

Wells on Federal Lands

1. AS PER YOUR NUMBERS PROVIDED TO JUSTIFY WELL BE LEFT IN TA STATUS:
  - a. MONTHLY COST TO OPERATE THIS WELL IS \$26,313.00
  - b. WELL MAKES (LOW SIDE) 300 MCFPD AT \$4.47 PER MCF = \$1341.00 INCOME PER DAY
  - c. \$1341.00 AT 30 DAYS PER MONTH IS \$40,230.00 EARNED IN A MONTH.
  - d. \$40,230.00 SUBTRACT COST TO OPERATE PER MONTH (\$26,313.00) IS \$13,917.00 PROFIT PER MONTH
2. AS PER INFORMATION PROVIDED ALSO FOR THE MONTH OF 9/2008 YOU STATED THAT GAS WAS \$6.52 PER MCF WHICH IS GREATER THAN THE \$6.34 PER MCF YOU STATED YOU NEEDED TO BREAK EVEN AND YOU SHOWED A LOSS OF \$2,208.00 FOR THE MONTH.
3. THEREFORE THE INFORMATION YOU PROVIDED SHOWS YOU SHOULD BE ABLE TO MAKE A PROFIT AT \$4.47 PER MCF.
4. AS PER INFORMATION PROVIDED ON SUNDRY WELL MUST STAY ON PRODUCTION OR SUBMIT P&A PROCEDURES FOR THIS WELL. YOUR REQUEST TO TA WELL IS DENIED AT THIS TIME.