Form 3160-3
(August 1999)

OCD-HOBBS

EC

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMLC065525A

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

CONFIDENTIAL

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

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

8. Lease Name and Well No.
ELLIOTT FEDERAL 4 23508

2. Name of Operator
APACHE CORPORATION 873
Contact: BONNIE JONES
E-Mail: bonitaj@cableone.net

9. API Well No.
30-025-37040

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

10. Field and Pool, or Exploratory
BL-TB-DR
Blinebry O&G(Oil) 6660
Drinkard 19190 Wildcat; Tubb

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface NWSW Tract L 2310FSL 330FWL

At proposed prod. zone NWSW Tract L 2310FSL 330FWL L/T

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 1 T21S R37E Mer NMP
SME: FEE

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

12. County or Parish
LEA

13. State
NM

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
330' FROM LEASE LINE & FROM N & W LINES

16. No. of Acres in Lease
NWSW

17. Spacing Unit dedicated to this well
40.00

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.
656' FROM ELLIOTT FED #1

19. Proposed Depth
7100 MD
7100 TVD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc.
3502 GL

22. Approximate date work will start
12/15/2004

23. Estimated duration
15 DAYS

24. Attachments

CAPITAN 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:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (Printed/Typed)	Date
(Electronic Submission)	MOHAMED EL-AHMADY Ph: 918-491-4977	11/15/2004

Title
DRILLING ENGINEER

Approved by (Signature)	Name (Printed/Typed)	Date
/s/ Maria Ketson	/s/ Maria Ketson	14 DEC 2004

Title	Office
FOR FIELD MANAGER	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.

Electronic Submission #50961 verified by the BLM Well Information System
For APACHE CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by LINDA ASKWIG on 11/15/2004 (05LA0049AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

requires multiple completion or dhc approval before producing all zones

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

EXHIBIT D-1

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-25- 37040	06660, TBA, 19190	Blinebry, (Wildcat) Tubb, Drinkard

Property Code	Property Name	Well Number
23508	ELLIOTT FEDERAL	4

OGRID No.	Operator Name	Elevation
873	APACHE CORPORATION	3502'

Surface Location

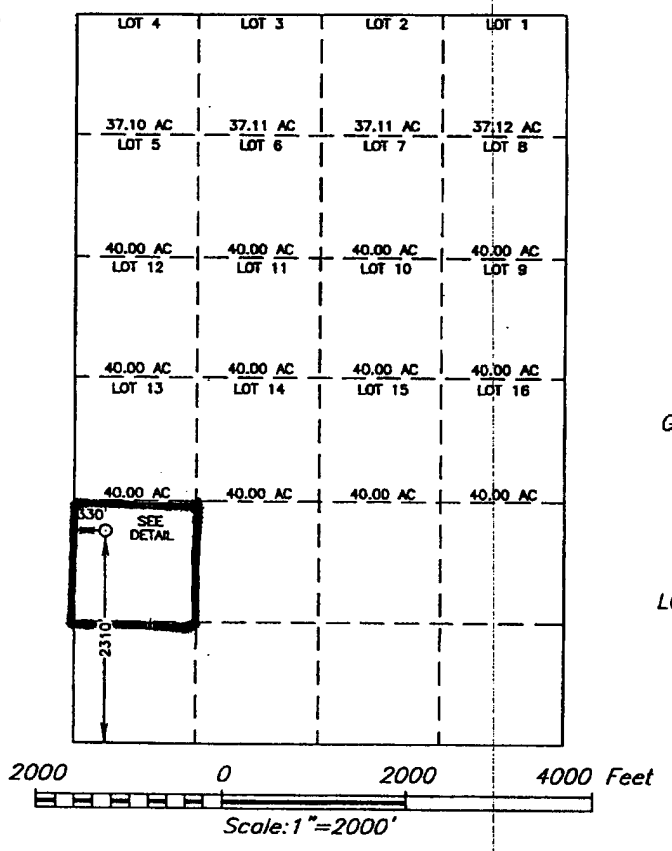
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	1	21-S	37-E		2310	SOUTH	330	WEST	LEA

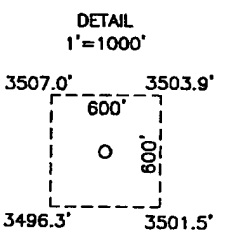
Bottom Hole Location If Different From Surface

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			

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





GEODETIC COORDINATES
NAD 27 NME

Y=550261.8 N
X=872915.1 E

LAT.=32°30'25.07" N
LONG.=103°07'25.31" W

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Clint Mills
Printed Name

Drilling Engineer
Title

9/29/04
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 supervison, and that the same is true and correct to the best of my belief.

JULY 27, 2004
Date Surveyed JR

Signature & Seal of Professional Surveyor

Gary B. Eidson 8/3/04

04.11.0916

Certificate No. GARY EIDSON 12641

EXHIBIT D-2

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

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30-25-37040	06660, ~~IDA~~, 19190	Blinebry, (Wildcat) Tubb, Drinkard

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UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	1	21–S	37–E		2310	SOUTH	330	WEST	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			

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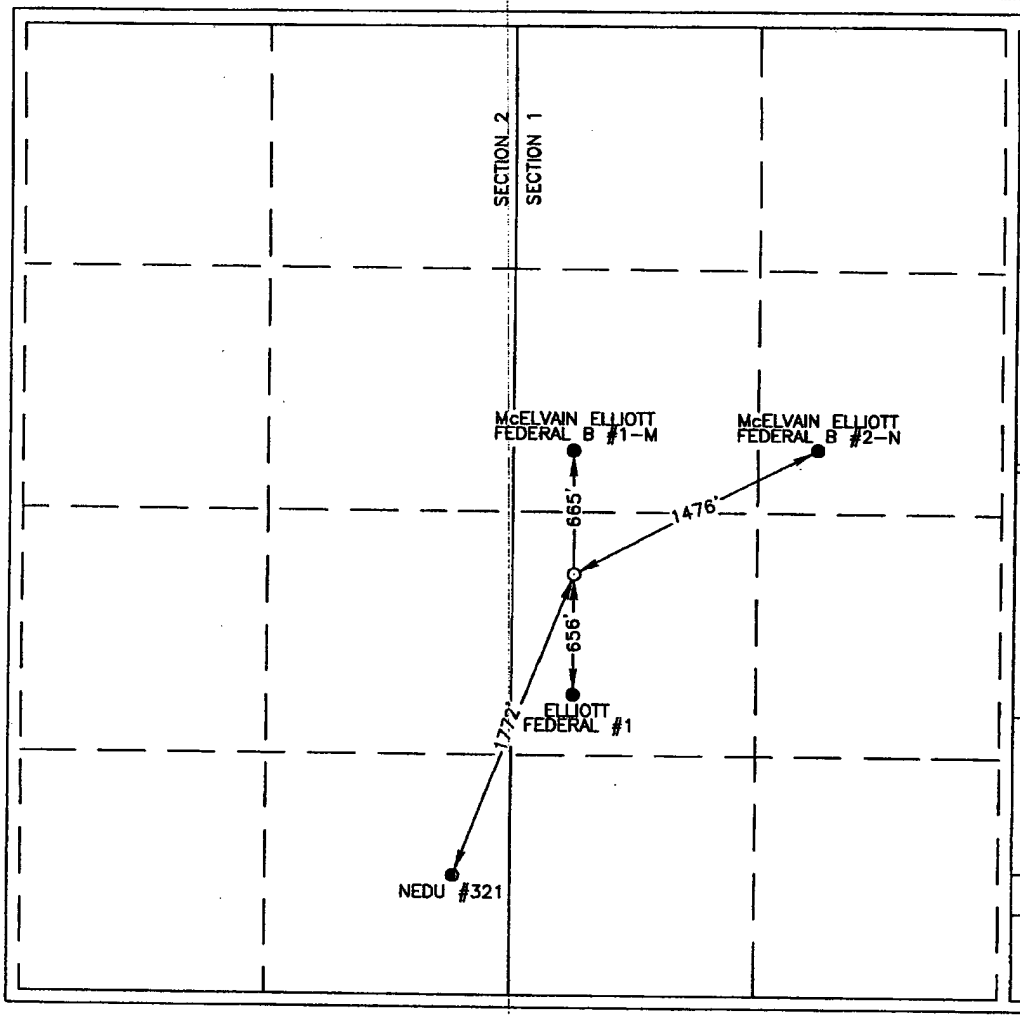

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Clint Mills
Signature

Clint Mills
Printed Name

Drilling Engineer
Title

9/23/04
Date

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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 supervison, and that the same is true and correct to the best of my belief.

JULY 27, 2004
Date Surveyed JR

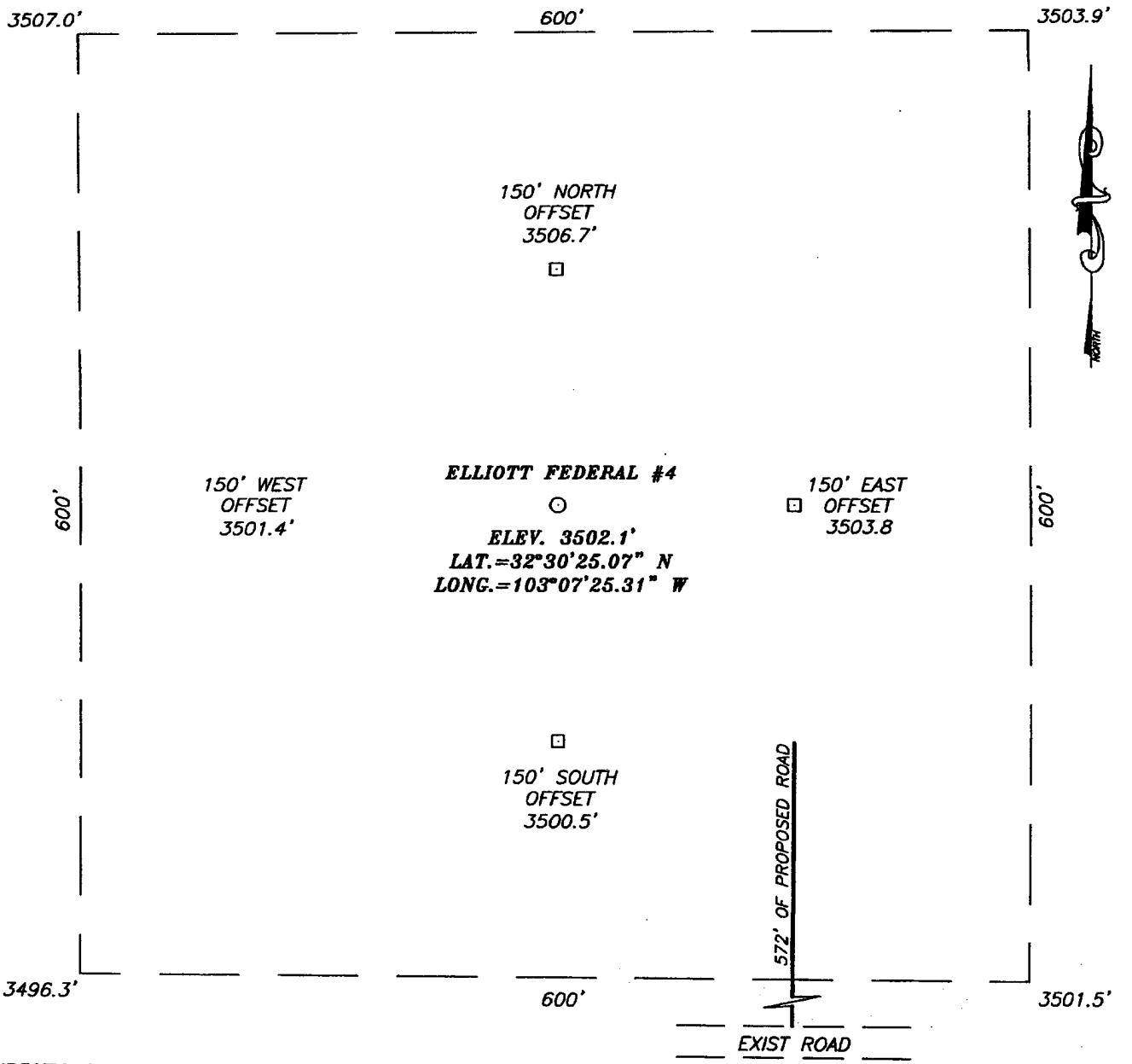
Signature & Seal of Professional Surveyor

04.11.0916
Certificate No. GARY EIDSON 12641

EXHIBIT D-3

SECTION 1, TOWNSHIP 21 SOUTH, RANGE 37 EAS., N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #18 AND APACHE RD. #25 (APPROX. MILEPOST 36.5), GO EAST ON APACHE ROAD #25 FOR APPROX. 0.3 MILES TO A ROAD ON THE LEFT, TURN LEFT (NORTH) AND GO APPROX. 0.3 MILES TO A ROAD ON THE LEFT, TURN LEFT (WEST) AND GO TO THE APACHE ELLIOTT FEDERAL #1 WELL. PROPOSED LOCATION IS APPROX. 660' NORTH.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

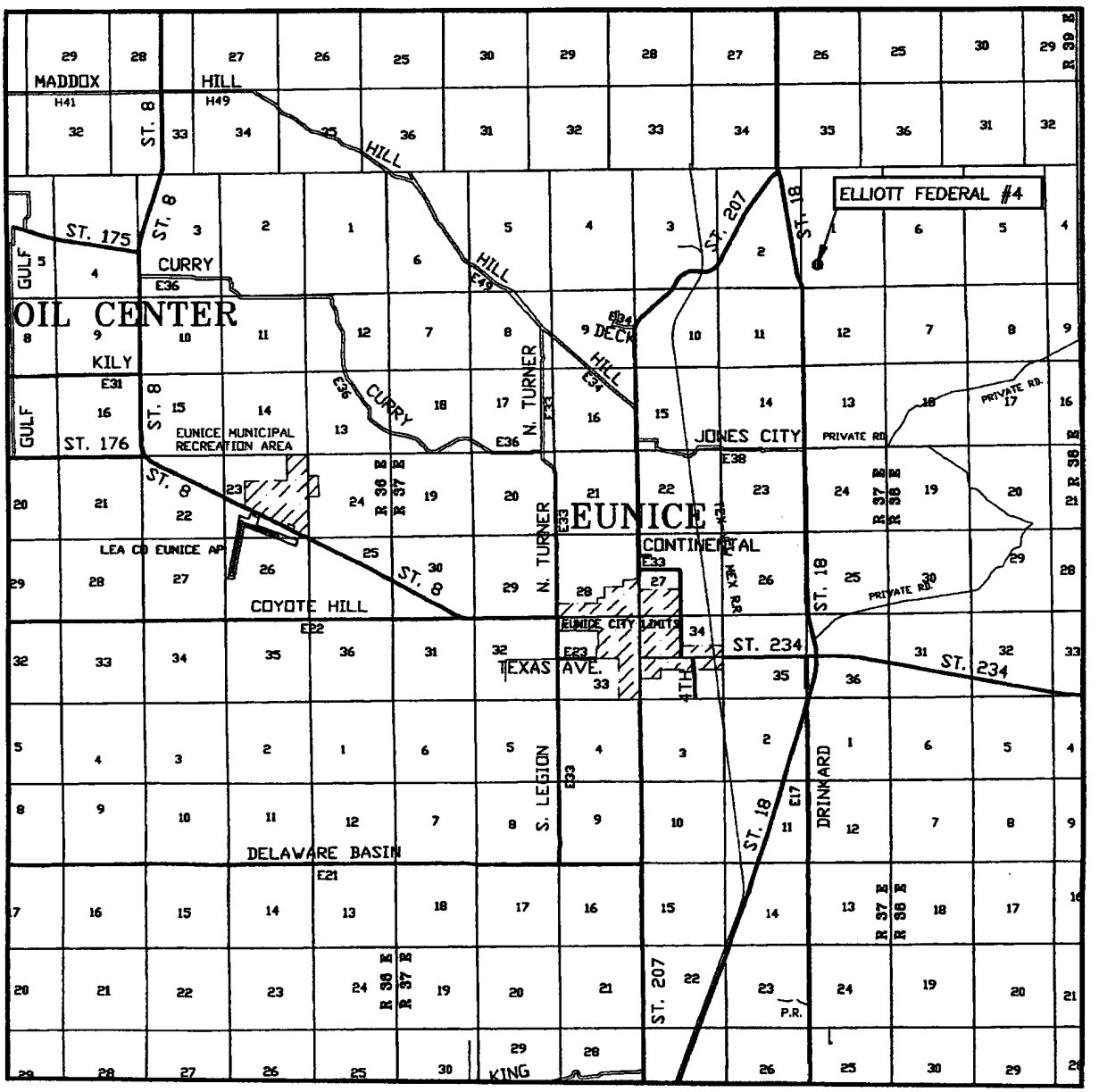
APACHE CORPORATION

ELLIOTT FEDERAL #4 WELL
LOCATED 2310 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE WEST LINE OF SECTION 1,
TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 07/27/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.0916	Dr By: J. RIVERO	Rev 1:N/A	
Date: 08/2/04	Disk: CD#10	04110916	Scale: 1"=100'

EXHIBIT E-1

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 1 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2310' FSL & 330' FWL

ELEVATION 3502'

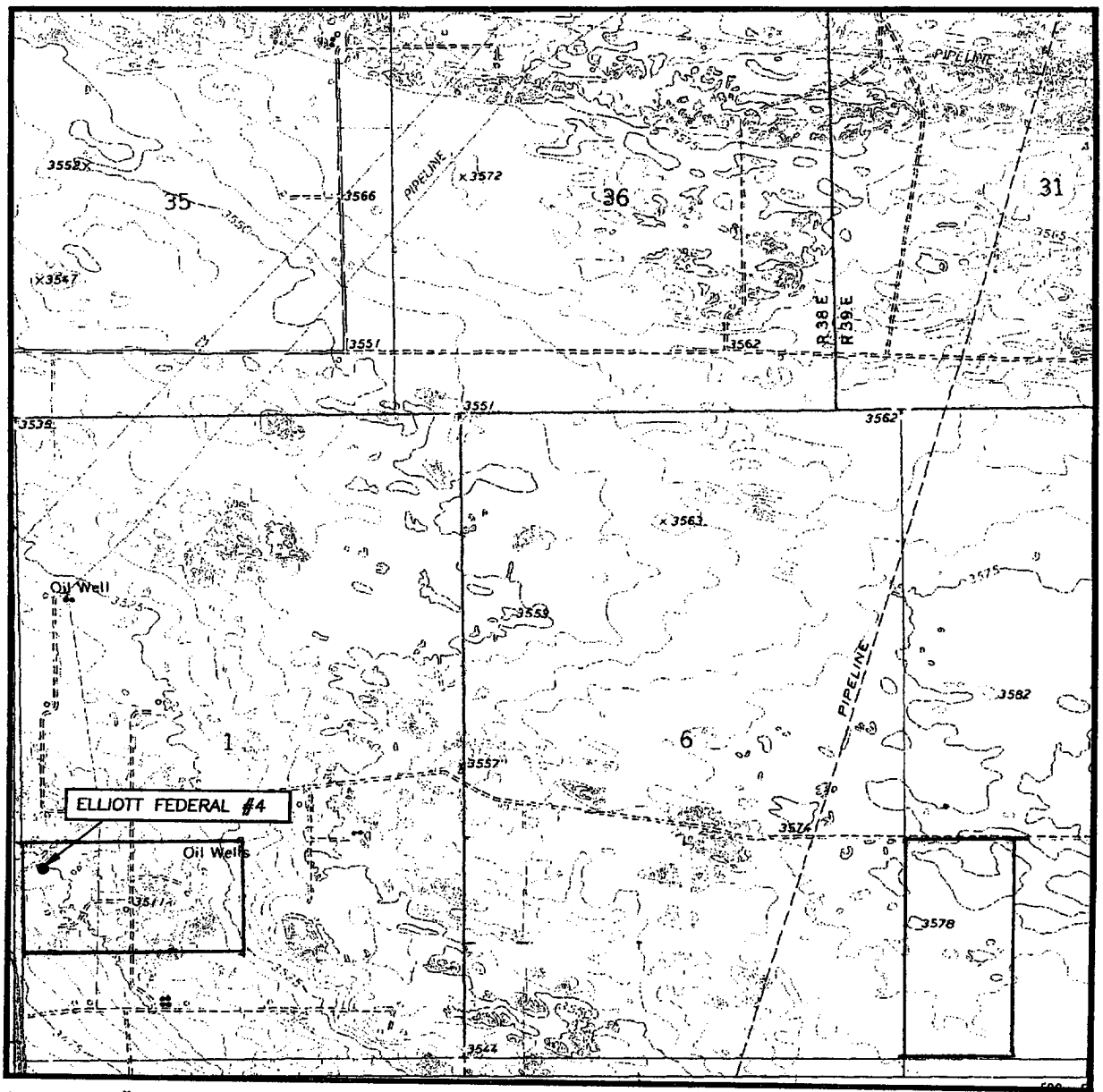
OPERATOR APACHE CORPORATION

LEASE ELLIOTT FEDERAL

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT E-2

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SE, N.M. – 10'

SEC. 1 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2310' FSL & 330' FWL

ELEVATION 3502'

OPERATOR APACHE CORPORATION

LEASE ELLIOTT FEDERAL

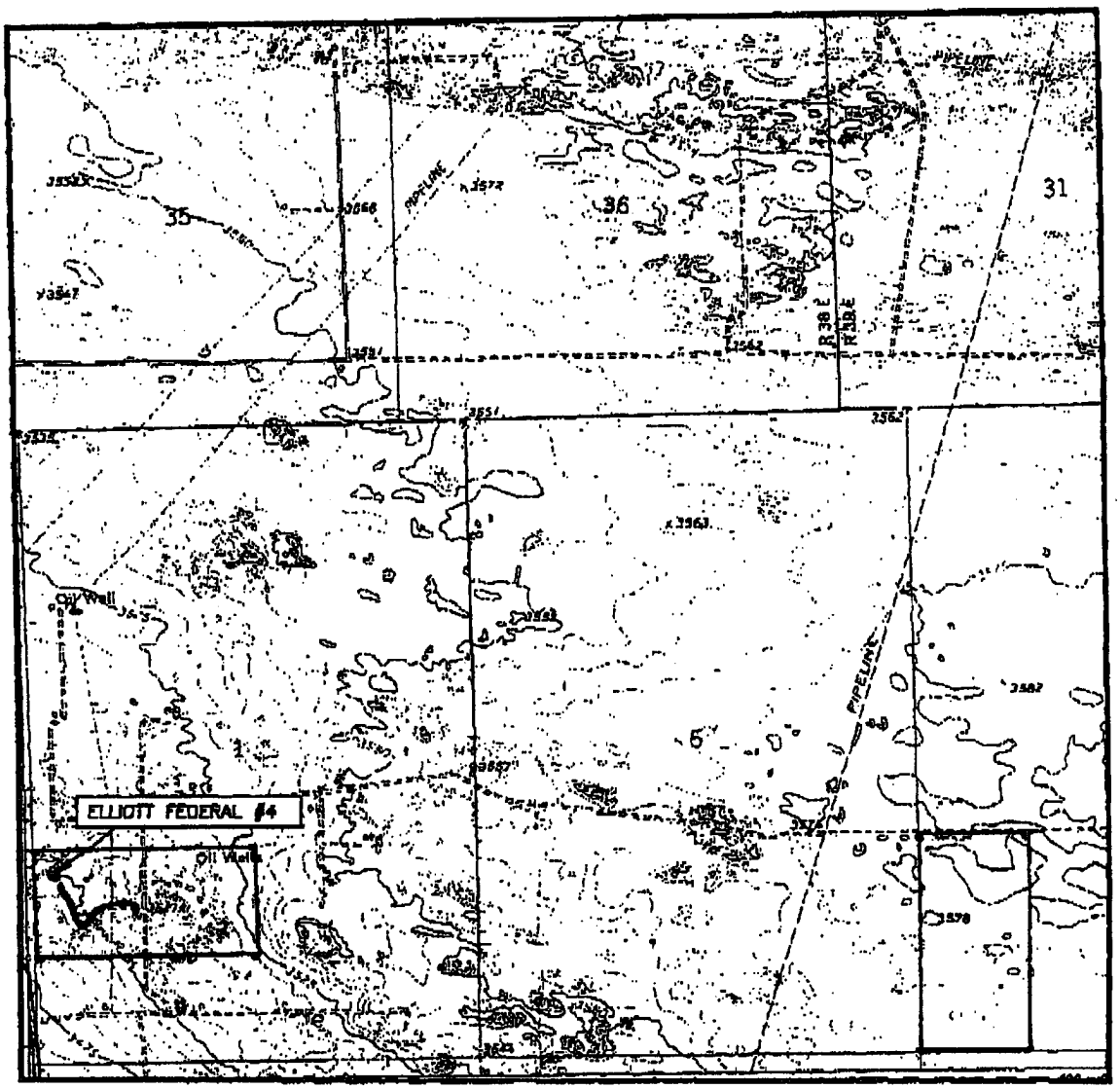
U.S.G.S. TOPOGRAPHIC MAP
HOBBS SE, N.M.

LEASE BOUNDARY

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT E-3

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SE, N.M. – 10'

SEC. 1 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2310' FSL & 330' FWL

ELEVATION 3502'

OPERATOR APACHE CORPORATION

LEASE ELLIOTT FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
HOBBS SE, N.M.

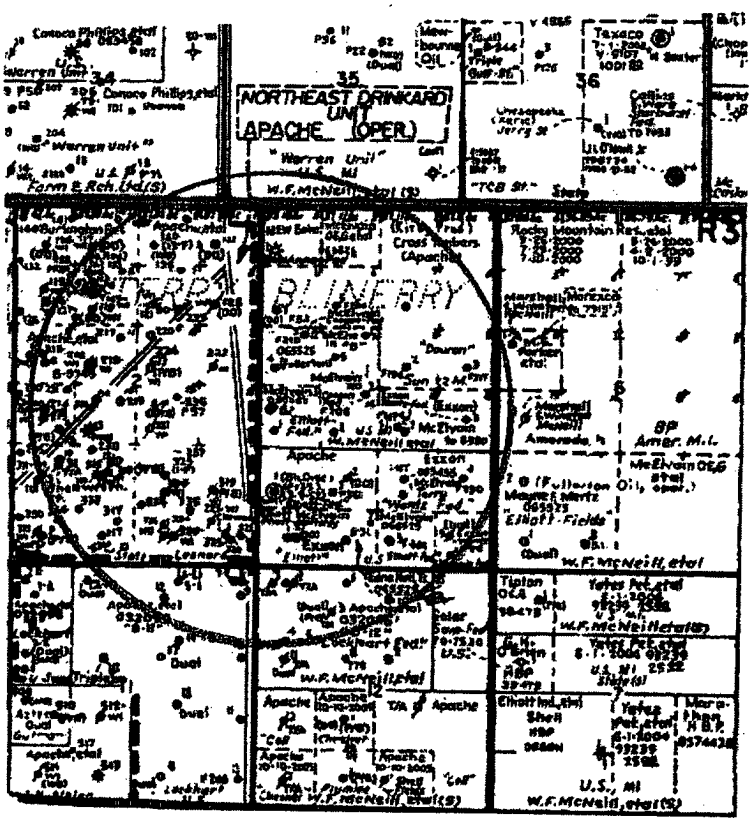
Flow Lines

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

Exhibit F

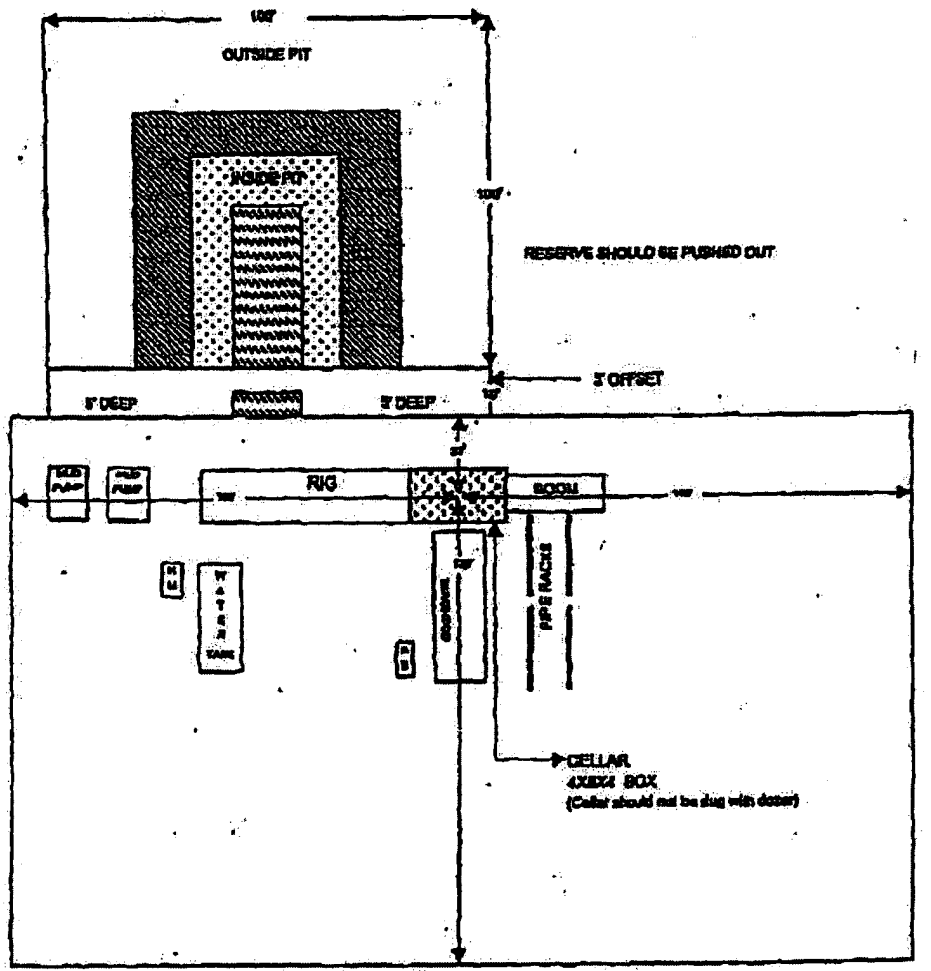
Elliott Federal #4

2310' FSL & 330' FWL (NW¼SW¼), Sec. 1, T21S-R37E, NMPM
Lea County, New Mexico



CapStar Drilling, Inc.
LOCATION SPECIFICATIONS AND RIG LAYOUT
FOR EARTH PITS

EXHIBIT G

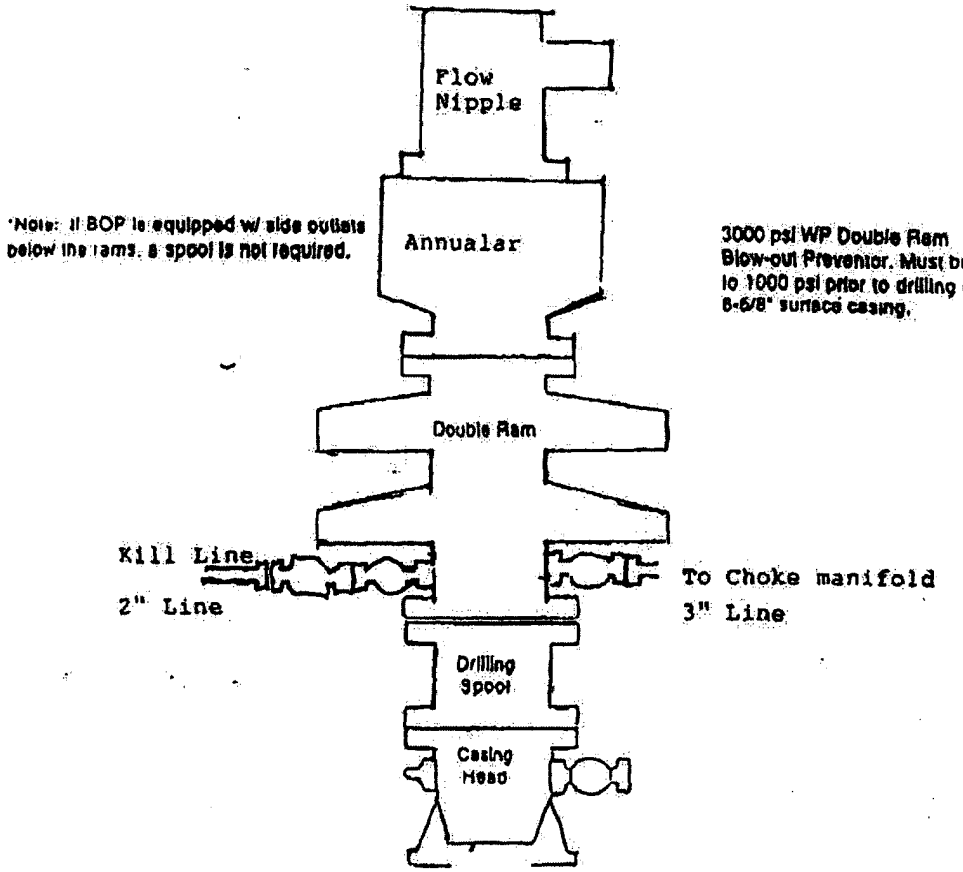


Cellar can be 4X4X4 if using a screw-on wellhead
Working Pits dug 5' below ground level

CAPSTAR DRILLING INC

BOP SCHEMATIC
9" X 3000 psi

EXHIBIT "H"



*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

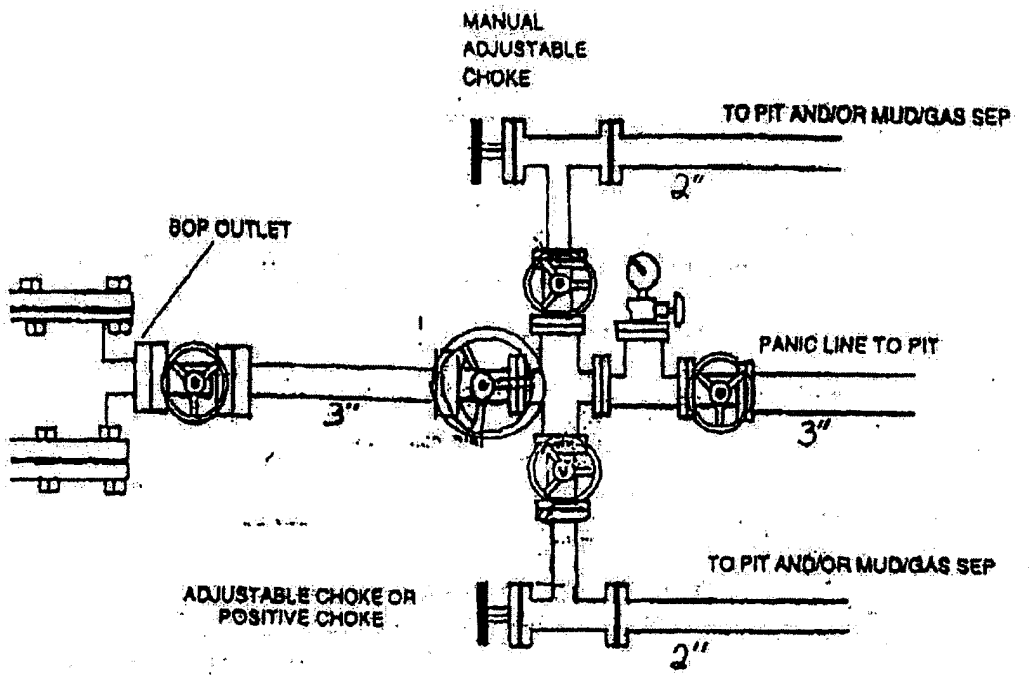


EXHIBIT "A"
Elliott Federal #4

DRILLING PROGRAM

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

II. Estimated Tops of Geological Markers:

FORMATION	DEPTH
Quaternary alluvials	Surface
Rustler	1483'
Yates	2788'
Seven Rivers	3031'
Queen	3579'
San Andres	4144'
Glorieta	5410'
Blinebry	5849'
Tubb	6327'
Drinkard	6665'
Abo	6939'
TD	7100'

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

SUBSTANCE	DEPTH
Oil	Blinebry@5849'
	Drinkard@6665'
Gas	Blinebry@5849'
	Tubb@6327'
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:

HOLE SIZE	CASING SIZE OD	CASING SIZE ID	GRADE	WEIGHT PER FOOT	DEPTH	SACKS CEMENT	ESTIMATED TOC - REMARKS
12 ¼"	8 5/8"	8.097	J55 STC	24#	~~1400'~~ 1600 J55	650	TOC - Surface 8.6 ppg Water-based Mud; 89 ° F Est. Static Temp; 83 ° F Est. Circ. Temp.
7 7/8"	5 ½"	4.892	J55 LTC	17#	7100' '	1250	TOC – Surface Float Collar set @ 7050"/ 10.20 ppg Brine Mud; 142 ° F Est. Static Temp; 118 ° F Est. Circ. Temp.

B. Proposed Cement Program:

CASING	LEAD SLURRY	TAIL SLURRY	DISPLACEMENT
8 5/8"	450 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 0.003 gps FP-6L + 6% bwoc 850 Vol. Cu Ft 1.94 Vol. Factor Slurry Weight (ppg) 12.7 Slurry Yield (cf/sack) 1.88 Amount of Mix Water (gps) 10.7; Estimated Pumping Time – 70 BC (HH:MM)-3:00;	200 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lds/sack Cello Flake + 56.3% Fresh Water 270 Vol. Cu Ft 1.94 Vol. Factor Slurry Weight (ppg) 14.8 Slurry Yield (cf/sack) 1.35 Amount of Mix Water (gps)6.35 Estimated Pumping Time – 70 BC (HH:MM)-3:00;	80.2 bbls Fresh Water @ 8.34 ppg

8 5/8" Casing: Volume Calculations:

991 ft	x	0.4127 cf/ft	with	108% excess	=	849.9.0 cf
309 ft		x 0.4127 cf/ft	with	100% excess	=	254.8 cf
40 ft	x	0.3576 cf/ft	with	0% excess	=	14.3 cf (inside pipe)
		TOTAL SLURRY VOLUME			=	1119 cf
					=	199 bbls

Spacer 30.0 bbls Water @ 8.3 ppg

CASING	LEAD SLURRY	TAIL SLURRY	DISPLACEMENT
5 ½"	800 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 1955 Vol. Cu Ft 2.66 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 Estimated Pumping Time – 70 BC (HH:MM)-4:00;	450 sacks (50:50) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride +0.003 gps FP-6L 582 Vol. Cu Ft 1.84 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; Estimated Pumping Time – 70 BC (HH:MM)-3:00;	95.4 bbls Fresh Water @ 8.34 ppg

5 ½" Casing: Volume Calculations:

1300 ft		x 0.1926 cf/ft	with	0% excess	=	250.4 cf
3800 ft	x	0.1733 cf/ft	with	159% excess	=	1705 cf
1800 ft		x 0.1733 cf/ft	with	85% excess	=	577.0 cf
40 ft	x	0.1305 cf/ft	with	0% excess	=	5.2 cf(inside pipe)
		TOTAL SLURRY VOLUME			=	2537.6 cf
					=	452 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

DEPTH	MUD PROPERTIES	REMARKS
0 – 1300'	Weight: 8.6 – 9.6 ppg Viscosity: 34 – 36 sec/qt pH: NC Filtrate: NC	Spud with a Conventional New Gel/Lime "Spud mud". Use NewGel and native solids to maintain a sufficient viscosity to keep the hole clean. Mix Paper one-two sacks every 100 feet drilled to minimize wall cake build up on water sands and to control seepage loss. At TD of interval, mix in pre-mix pit, 100 barrels of system fluid, NewGel viscosity of 60 sec/100cc, add 0.25 ppb of Super Sweep.
1300' – 5500'	Weight: 9.9 – 10.0 ppg Viscosity: 28 – 29 sec/qt pH: 9-10 Filtrate: NC	Drill out from under the surface casing with Brine Water. Paper should be added at 2 bags after every 100' drilled to control seepage losses. Use Lime to maintain pH at 9-10. Mix one gallon of New-55 at flowline every 250 feet drilled to promote solids settling. Sweep hole with 5-ppb of Super Sweep every 500 feet.
5500' – TD	Weight: 9.9 – 10.0 ppg Viscosity: 30 – 40 sec/qt pH: 9-10 Filtrate: 8-10 cm/30 min	From 5500' to Total Depth, it is recommended the system be restricted to the steel pits. Adjust and maintain pH with Caustic Soda. Treat system with Newcide to prevent dacterial degradation of organic materials. Mix Starch (yellow) to control API filtrate at <10cc.

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)**
41/2" x 3000 psi Kelly valve
9" x 3000 psi mud cross – H_2S 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, Sonic from TD-1400'
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 2800 psi.

EXHIBIT "B"
Elliott Federal #4

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H_2S is anticipated.

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN
CULTURAL RESOURCES SURVEY
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: **ELLIOTT FEDERAL #4**
OPERATOR: **APACHE CORPORATION**

LOCATION: NW¼SW¼ OF SECTION 1, 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:
   NW¼SW¼ of Section 1, Township 21 South, Range 37 East, N.M.P.M.
   Lea County, New Mexico
   2310' FSL, 330' FWL, Unit L
   See attached Exhibits "D" and "E"
2) Bottom Hole Location:
   NW¼SW¼ of Section 1, Township 21 South, Range 37 East, N.M.P.M.
   Lea County, New Mexico
   2310' FSL, 330' FEL, Unit J
   See attached Exhibits "D" and "E"
3) Leases Issued: NMLC-065525A
4) Record Lessee:
   Graham Royalty Ltd. 100%
5) Acres in Lease:
   Township 21 South, Range 37 East, NMPM
   Section 1: N½SW¼
   Section 5: W½SW¼

   Total Acres: 160.00

6) Acres Dedicated to Well:

There are 40.00 acres dedicated to this well, which takes in the UL Lof Section 1, 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. From the intersection of HW 18 and HW 234 head north on HW 18 for 4.5 miles. Turn east through cattleguard #25 and drive 2/10 of a mile to tank battery. Turn north and continue on for 1/10 to another tank battery. Turn left 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 Elliott Federal #4 lease.
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: 150' x 210' 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 McNeill Ranch, attention Page McNeill, P. O. Box 1058, Hobbs, NM 88241, 505-631-5211. A Surface Damage Release agreement for this tract has been executed by the McNeill Ranch 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 Elliott Federal #4 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):

Ross Murphy
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4834

Project (Operations Engineer):

Kevin Mayes
Apache Corporation
Suite 1500 – Two Warren Place
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Tulsa, Oklahoma 74136
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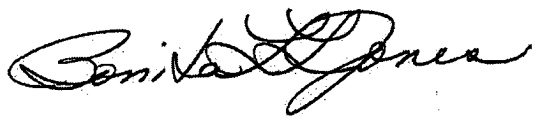
Drilling Operations (Operations Engineer):

Mohamed El-Ahmady
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4977

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.



Bonita L. L. Jones, RPL, Consulting Landman
Agent for Apache Corporation
P. O. Box 8309
Roswell, New Mexico 88202-8309
(505) 624-9799 FAX (505) 624-9799
E-Mail: bonitaj@cableone.net

Date: 11-15-04

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 29, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Apache Corporation Telephone: (918) 491 – 4900 e-mail address: glenn.bone@apachecorp.com
Address: Two Warren Place, Suite 1500, 6120 S. Yale Tulsa Oklahoma 74136-4224
Facility or well name: Elliott Federal # 4 API #: 30-025-37040 U/L or Qtr/Qtr L Sec 1 T 21S R 37E
County: Lea Latitude 32°30'25.07"N Longitude 103°07'25.31"W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume 7105 bbl	**Below-grade tank** Volume: ____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet – 70 ft 100 feet or more	(20 points) (10 points) 10 Pts (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	**10 Points**

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 1/06/2005
Printed Name/Title Glenn Bone – Drilling Engineer Signature

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

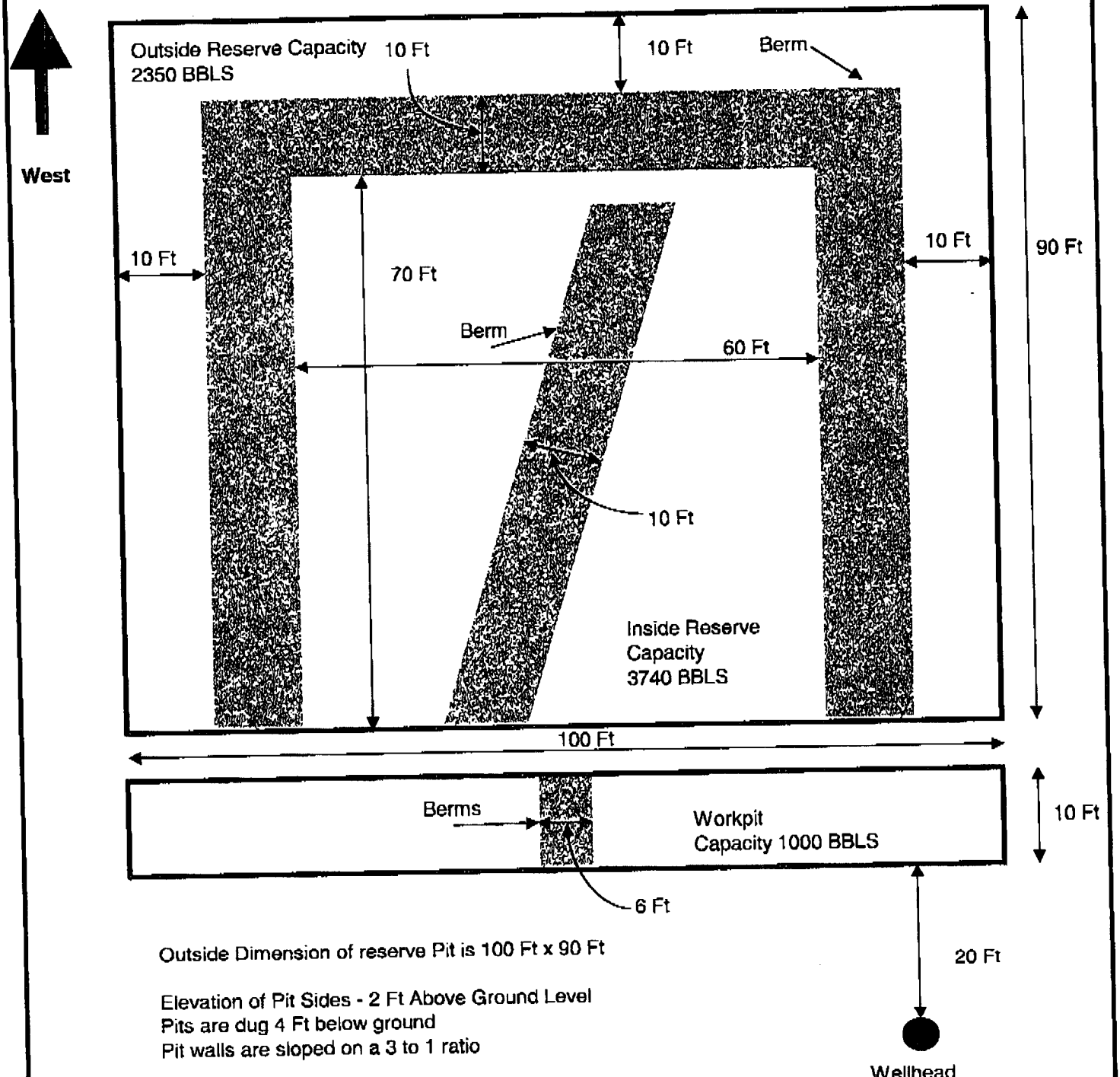
Approval:
Date: JAN 12 2005
Printed Name/Title PETROLEUM ENGINEER Signature

Elliott Federal #4 - Mud Pits

Sec. 1, T 21S, R 37 E
Lea County, NM

Apache CORPORATION
CENTRAL REGION

Top Soil pushed back off of Reserve pit prior to digging pits



Outside Dimension of reserve Pit is 100 Ft x 90 Ft

Elevation of Pit Sides - 2 Ft Above Ground Level
Pits are dug 4 Ft below ground
Pit walls are sloped on a 3 to 1 ratio