

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

RECEIVED  
JUN 14 2011  
HOBSOCD  
State of New Mexico  
Energy, Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOC District Office.

### Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

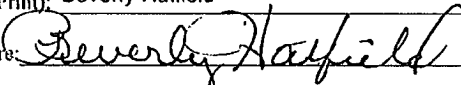
1. Operator: Apache Corporation OGRID #: 873  
Address: 303 Veterans Airpark Lane, Suite 3000 Midland, TX 79705  
Facility or well name: STATE M  
API Number: 30 025 0424979 OCD Permit Number: 41-0 3366  
U/L or Qtr/Qtr J Section 13 Township 20S Range 36E County: LEA  
Center of Proposed Design: Latitude 32.5713597351861 Longitude -103.30577769071 NAD: ☐ 1927 ☐ 1983  
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ Closed-loop System: Subsection H of 19.15.17.11 NMAC  
Operation: ☐ Drilling a new well ☒ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☐ Above Ground Steel Tanks or ☐ Haul-off Bins

3. Signs: Subsection C of 19.15.17.11 NMAC  
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
☒ Signed in compliance with 19.15.3.103 NMAC

4. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC  
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  
☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_  
☐ Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)  
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name: SUNDANCE INCORPORATED Disposal Facility Permit Number: NM-01-0003  
Disposal Facility Name: CRI Disposal Facility Permit Number: NM-01-0006  
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☒ No  
Required for impacted areas which will not be used for future service and operations:  
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. Operator Application Certification:  
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.  
Name (Print): Beverly Hatfield Title: Sr. Engr Tech  
Signature:  Date: 6-14-2011  
e-mail address: Beverly.Hatfield@apachecorp.com Telephone: 432/818-1906

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: [Signature] Approval Date: 6-15-2011

Title: Staff OCD Permit Number: P1-03366

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

☐ Closure Completion Date: \_\_\_\_\_

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

*Required for impacted areas which will not be used for future service and operations:*

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

e-mail address: \_\_\_\_\_ Telephone: \_\_\_\_\_



AFE No: PA- 11- 3839

**State M #2**

API #: 30-025-04247

1980' FSL & 1980' FEL

Section 13, Township 20S, Range 36E  
Lea County, New Mexico

**Workover Procedure –Grayburg**

**June 8, 2011**

**Recommended Procedure:**

**Note: 6-5/8", 20#, unknown grade csg @ 3778' w/100 sx cmt**

**Burst H-40 @ 80% = 2432 psig**

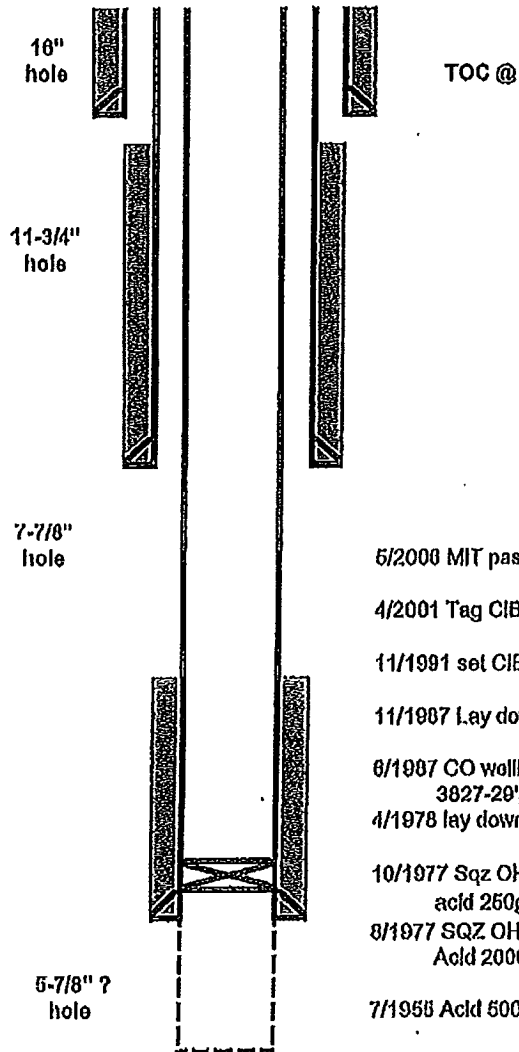
**Collapse H-40 @ 80% = 2016 psig**

**GBSA OH: 3778-3865'**

1. Improve road and location as necessary to move in rig and equipment. Make further improvements pending successful workover. Set and test rig anchors.
2. MIRU PU. Unload and tally 2-7/8" 6.5 # J-55 EUE tubing. NU BOP. PU 5-7/8" bit and 2-7/8" tubing. TIH to CIBP @ 3700'. Drill out CIBP @ 3700' and push into open hole. TOH with bit.
3. TIH with 6-5/8" cement retainer on 2-7/8" tubing. Pump through retainer with 25 bbls FW. Set retainer at  $\pm 3680'$ . Load and pressure casing to 500 psi.
4. Cement squeeze open hole 3778-3865' with 200 sacks Class C cement. Reverse out excess cement with FW.
5. MIRU wireline unit. Run GR-CCL-CBL from 3680' to top of cement. Correlate to Dresser Atlas GR-Neutron log dated 7/7/68. Ensure depth correlation is accurate for drill out.
6. TIH with 5-7/8" bit and DC's on 2-7/8" tubing. Drill out cement retainer @ 3680' and cement to 3750'. Circulate hole clean. Test casing to 500 psi. TOH with bit.
7. Perforate Grayburg @ 3594', 3596', 3598', 3600', 3605', 3607', 3609', 3622', 3624', 3626', 3630', 3632', 3647', 3658', 3660', 3676', 3678', 3680', 3682', 3684', 3686', 3722', 3724', 3728', 3730', 3732', 3734' and 3736' with 2 SPF, 120 deg phasing. Total = 56 holes.
8. TIH with retrievable packer on 2-7/8" tubing. Set packer @  $\pm 3500'$ .
9. Swab test Grayburg Interval 3594-3736'. Evaluate and proceed to step #10, if necessary.
10. Release packer. Spot 15% NEFE HCL acid over all perms. Reset packer @  $\pm 3500'$ . Acidize Grayburg Interval 3594-3736' with 3000 gals 15% NEFE HCL acid and ball sealers.
11. Swab back load and test. Evaluate results.
12. If feasible, install BPE and production facility and put well on pump.

Apache Corporation	
Co. Rep	
Well Name	State M Well No. 2
Field	Eunice Monument
County	Lea
State	New Mexico
Date	6/8/2011
GL	
KB corr	3566'

Casing	O.D.	Grade	Wt	Depth	TOC
Surf	12-1/2"		40#	196'	?
Inter	8-5/8"		32#	2436'	305'
Prod	8-5/8"		20#	3778'	?
Liner					



Depth	Description
	Spudded as the State M No.2
	API 30-025-04247

5/2000 MIT passed

4/2001 Tag CIBP at 3700' MIT passed

11/1991 set CIBP at 3700' (cmt?)

11/1987 Lay down PE - TxA

6/1987 CO wellbore to 3865' Perf OH 3795-98', 3803', 3811-16', 3821-23',  
3827-28', 3833', 3841', 3850'- Acid 1500 gals - 1st OBO, 490BW  
4/1978 lay down PE TxA

10/1977 Sqz OH 3807-3810' w/ 100 sx - DO to 3800' Perf OH 3792-3800'  
acid 250gals 15% RTP

8/1977 SQZ OH 3778-3865' w/ 200 sx DO to 3810' Perf OH 3784-3804'  
Acid 2000 gals - swab water

7/1955 Acid 500 gals Frac 15,000 gals oil & 15,000 # sand

PBTD @ 3700' (cmt?)  
TD @ 3865'

**Dresser/Atlas**

**Gamma Ray  
Neutron**

FILE NO.

COMPANY Amarada Petroleum Corp.

WELL: S.T.A.T. "M" N° 2

FIELD MONUMENT

COUNTY Lea STATE New Mexico

LOCATION:

Other Services

L/L  
Cat Per

SEC. 13 TWP. 20 S RGE. 36 E

Permanent Datum

GL

Elev. 3545'

Elevations:

KD

Log Measured from

DF

10

Feet Above Permanent Datum

DP

Drilling Measured from

DF

GL

Date

7-7-68

Run No.

ONE

Type Log

GRN

Depth-Driller

3865

Depth-Logger

3864

Bottom Logged Interval

3863

Top Logged Interval

2863

Type Fluid in Hole

Oil

Salinity Ppm Cl.

Density Lb./Gal.

Level

Max. Rec. Temp. Deg. F

Op. Rig Time

Recorded By

E. L. Moore

Witnessed By

Mr. Shirley

Run

No.

Core Hole Record

Bit

From

To

Size

Wgt.

Casing Record

From

To

1

378

3778

7 D

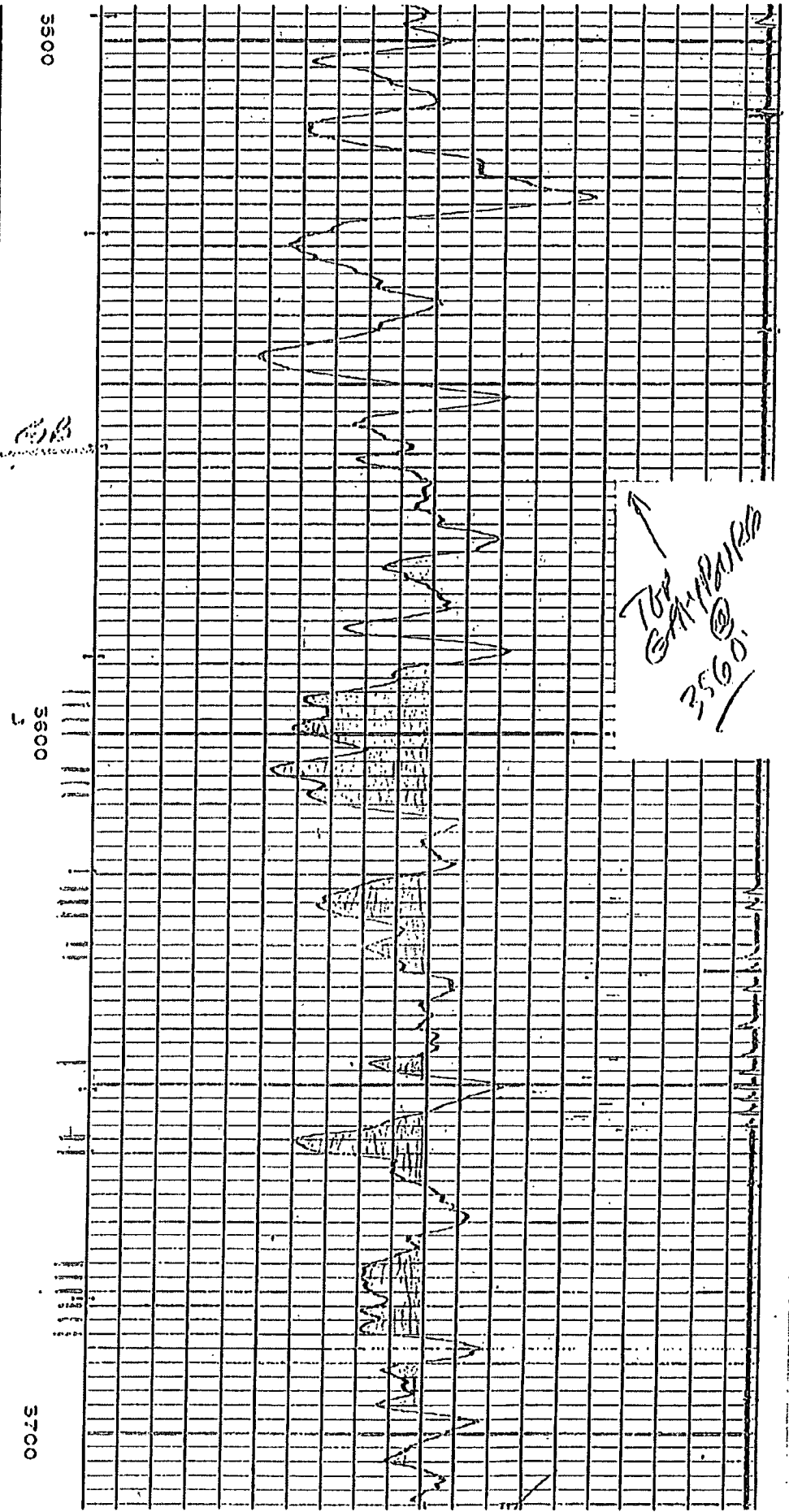
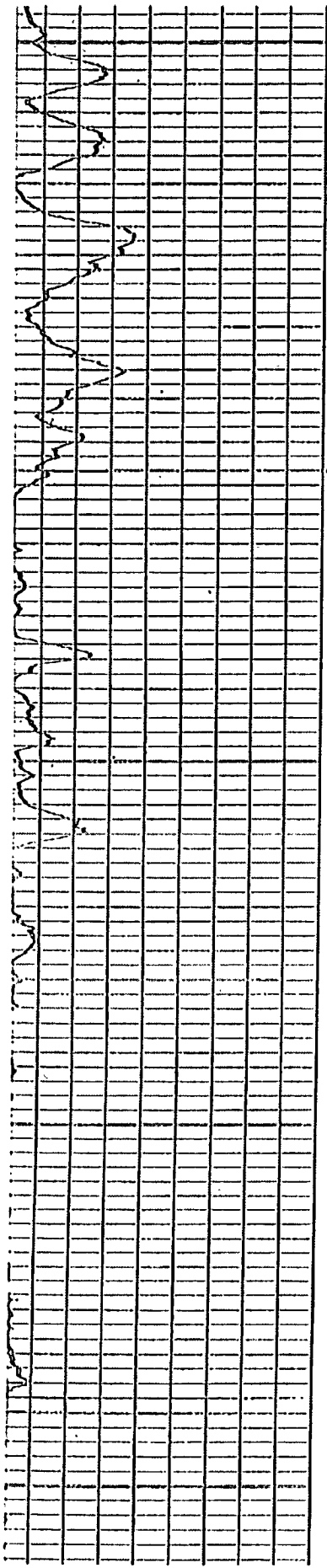
6 3/8

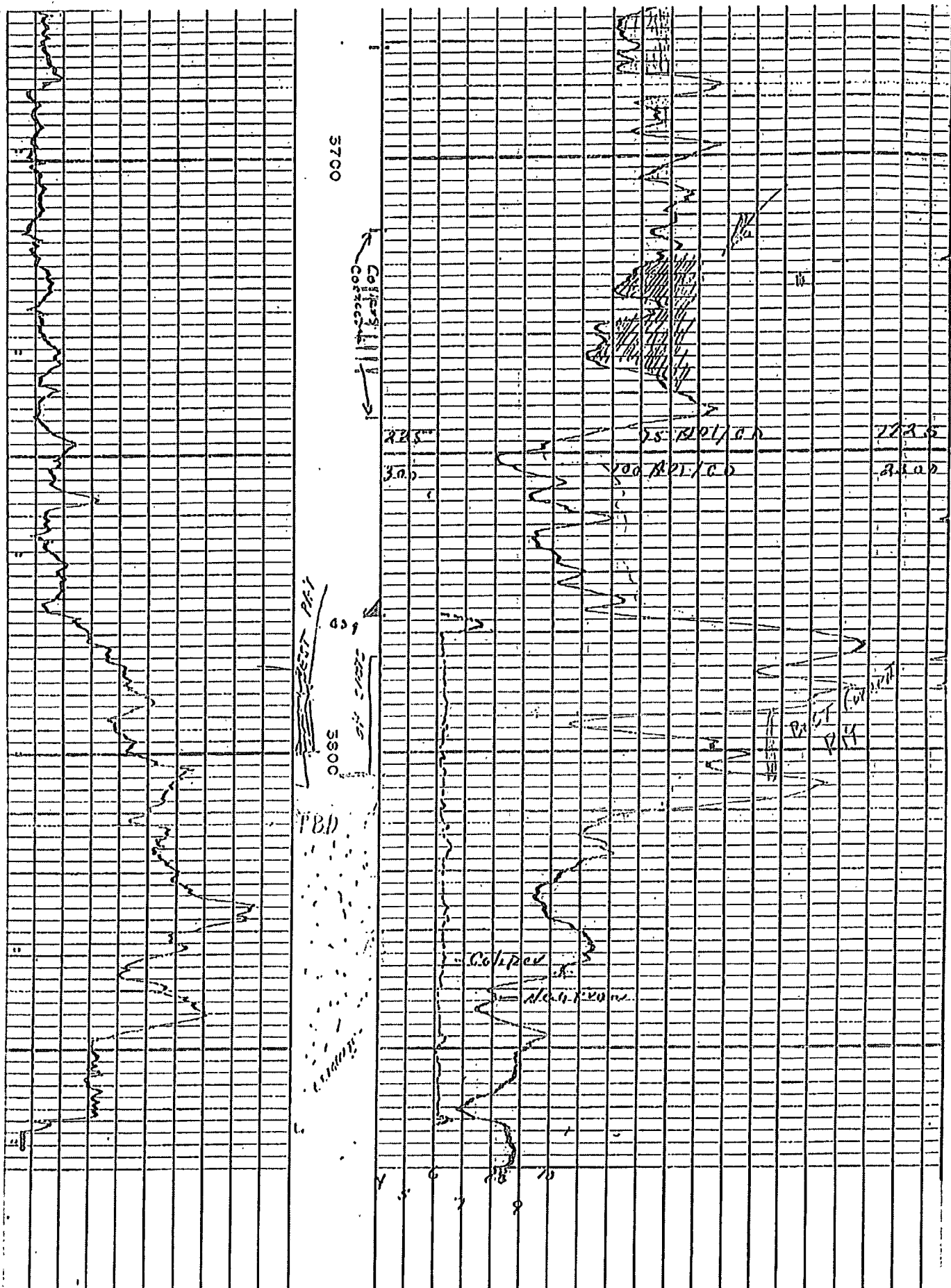
5415

3778

FIELD

DEPT





**ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE  
FOR OPERATED CAPITAL PROJECTS  
PRODUCTION FACILITY**

PROPERTY NO. 31316501		<input type="checkbox"/> IIS <input checked="" type="checkbox"/> ITS <input type="checkbox"/> ACQ		AFE NO. PA-11-3839	
COUNTY/STATE Lea / New Mexico		DISTRICT Eunice		DATE 05/24/11	
LEASE NAME Stato M		WELL NO. #2		FIELD Monument	
PROSPECT/LEASE #		LEGAL / ZIP CODE Unit J, Sec 13, T-20-S, R-30-E		<b>CAPITAL PROJECTS</b> <input type="radio"/> PLATFORM FACILITY <input checked="" type="radio"/> PRODUCTION FACILITY <input type="radio"/> PIPELINE <input type="radio"/> LEASE EQUIPMENT	
OPERATOR Apache Corp		APACHE WL 100.000000%			
OBJECTIVE Cement squeeze open hole, perforate & acidize additional Grayburg pay					
FOCUS AREA New Mexico		API# 30-025-04247			
EST. START DATE 01/15/2011		EST. COMPLETION DATE 01/30/2011			
This well has been TA'd since November, 1991. Previous efforts to restore production from GBSA open hole have been unsuccessful. This well recently failed an MIT test and must now be re-activated or plugged and abandoned. It is proposed to cement squeeze the open hole and perforate and acidize additional Grayburg pay.					
ACCT	DESCRIPTION	ORIGINAL BUDGET	H/A	SUPPLEMENT	TOTAL PROJECT COST
<b>PRODUCTION FACILITY</b>					
70003	BITS, COREHEADS & REAMERS				0
70004	CASINO CREWS				0
70006	CEMENT AND CEMENTING SERVICES	15,000			15,000
70007	CHEMICALS				0
70008	TELECOMMUNICATIONS				0
70009	COMPANY LABOR				0
70011	COMPANY SUPERVISION	5,000			5,000
70017	CONTRACT LABOR	5,000			5,000
70019	CONTRACT RIGS - DAYWORK	28,000			28,000
70021	CONTRACT SUPERVISION				0
70022	DIRECTIONAL TOOLS				0
70025	DRILLING/COMPLETION FLUIDS				0
70026	ELECTRICAL CONTRACT				0
70030	ENVIRONMENTAL/SAFETY REMEDIATION				0
70031	EQUIPMENT RENTAL	10,000			10,000
70034	FORMATION STIMULATION	15,000			15,000
70035	FORMATION TESTING				0
70037	FUEL AND POWER				0
70048	LAND AND SITE REMEDIATION				0
70049	LOGGING	15,000			15,000
70051	MEASUREMENT (GAS)				0
70054	OTHER INTANGIBLES				0
70056	PARAFFIN CUTTING				0
70061	R & M MATERIALS -- SUB-SURFACE				0
70062	R & M MATERIALS -- SURFACE				0
70065	ROADS AND SITE PREPARATION	30,000			30,000
70067	SALT WATER DISPOSAL				0
70069	SHUDDING/COILED TUBING UNIT				0
70070	SUPPLIES				0
70074	TRUCKING AND HAULING	7,500			7,500
70076	TUBULAR INSPECTIONS				0
70077	WATER	5,000			5,000
70078	WELL SITE DAMAGES, LOSS, RIGHT-OF-WAY				0
<b>SUB-TOTAL INTANGIBLE COSTS</b>		<b>135,500</b>	<b>0</b>	<b>0</b>	<b>135,500</b>

\*We intend for this to be a direct charge to the joint account.



PROPERTY: State M #2

AP# #: PA-11-3039

71001	ARTIFICIAL LIFT EQUIPMENT	60,000			60,000
71004	COMMUNICATION SYSTEM				0
71005	DEHYDRATION/AMINE UNITS				0
71012	FLOW LINES	8,000			8,000
71017	HIGH PRESSURE KNOCK-OUT				0
71018	INSTRUMENTATION				0
71024	LINER HANGERS				0
71025	LINERS - DRILLING OR PRODUCTION				0
71027	MEASUREMENT OR METERING EQUIPMENT	18,000			18,000
71032	OTHER SUBSURFACE EQUIPMENT				0
71033	OTHER SURFACE EQUIPMENT				0
71030	PIPS, VALVES, FITTINGS AND ANODES	20,000			20,000
71040	PRODUCTION CSO				0
71043	PUMPS	2,000			2,000
71045	SALES LINE				0
71046	SEPARATORS	20,000			20,000
71048	SUCKER RODS	18,000			18,000
71050	SURFACE CSO				0
71051	TANKS	30,000			30,000
71052	TREATORS	25,000			25,000
71053	TUBING 3,700' x 2-7/8" 0.60 J55 EUB	20,000			20,000
71058	WELLHEAD ASSEMBLY	5,000			5,000
SUB-TOTAL TANGIBLE COSTS		217,000	0	0	217,000
GRAND TOTAL		352,600	0	0	352,600
LESS OUTSIDE INTERESTS		0	0	0	0
TOTAL NET COSTS		352,600	0	0	352,600

PREPARED BY

GARY J. HENDERMAN	5/25/11
MICHELLE ESTES	5/27/11
MICHELLE ESTES	7/31/11

APPROVED BY

APPROVED BY

APPROVED BY

APPROVED BY

APPROVED BY

A	GROSS ORIGINAL AFE AMOUNT	352,600
B	APACHE ORIGINAL NET AFE AMOUNT	352,600
C	NET ASSET TRANSFERS	
D	TOTAL ORIGINAL NET AFE (LINE B PLUS LINE C)	352,600
E	GROSS SUPPLEMENTS	0
F	APACHE TOTAL NET AFE AMOUNT	352,600
IN BUDGET		
NOT IN BUDGET		

COMPANY	WORKING INTEREST	APPROVED BY	DATE

Comments: Apache Corporation, Contract Operator for Permian Basin Joint Venture LLC.