Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE * (Other instructions on reverse side)

New Mexico Oil Conservation Division, Dist. I
1625 N. French Drive
Hobbs, NM 88240

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NMLC-031741-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a TYPE OF WORK
DRILL [X] DEEPEN [ ]

b. TYPE OF WELL
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [X]

8. FARM OR LEASE NAME, WELL NO.: Hawk A-5 #3 31036

2. NAME OF OPERATOR
Apache Corporation (CO143 Bond) (0873 Grid)

9. API WELL NO.: 30- 025-37380

3. ADDRESS AND TELEPHONE NO. Agent: P.O.Box 8309, Roswell, NM 88202 505-624-9799 (Bonnie Jones)
Apache: 6120 S. Yale Ave., #1500, Tulsa, OK 74136 918-491-4907 (Glenn Bone)
Send Approval to Agent: P. O. Box 8309 Roswell, NM 88202-8309

10. FIELD AND POOL OR WILDCAT: Wantz Abo (62700)

4. LOCATION OF WELL (Report location clearly and in accordance with any State req
At Surface 330' FSL, 1650' FEL, Unit O
At proposed prod. Zone 330' FSL, 1650' FEL, Unit O

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 5, T21S-R37E, NMPM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 3.5 miles northwest of Eunice, NM

12. COUNTY FOR PARISH: Lea

13. STATE: NM

15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 462' more or less

16. NO. OF ACRES IN LEASE: 560.00

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40.00

18. DISTANCE FROM PROPOSED LOCATION * TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT.: 1216'

19. PROPOSED DEPTH: 7,500'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3502' (KB)
Capitan Controlled Water Basin

22. APPROX. DATE WORK WILL START *: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
		See Exhibit A		

Anticipated Duration of Program: Drilling – 16 days
Completion - 28 days

See attached Exhibit Afor complete Drilling Program

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

EXHIBITS

Exhibit A: Drilling Program
Exhibit B: H_2S Plan
Exhibit C: Surface Use Plan
Exhibit D: Survey Plat
Exhibit E: Location Plat
Exhibit F: Existing Well Plat
Exhibit G: Rig Layout
Exhibit H: BOP Layout

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Bonita L. Jones, RPL (Bonnie) TITLE Permit Agent for Apache Corporation DATE 6-17-05

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Joe G. Lara ACTING TITLE FIELD MANAGER DATE JUL 13 2005

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

APPROVAL FOR 1 YEAR

KZ

EXHIBIT "A"
Hawk A-5 # 3

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	1319'
Yates	2740'
Seven Rivers	2961'
Queen	3502'
San Andres	4070'
Glorieta	5260'
Blinebry	5720'
Tubb	6255'
Drinkard	6607'
Abo	6878'
TD	7500'

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

SUBSTANCE	DEPTH
Oil	Grayburg@3795' San Andres@4070' Blinebry@5720' Tubb@6255' Drinkard@6607' Abo@6878'
Gas	Blinebry@5720' Tubb@6255'
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 / ID	GRADE	WEIGHT PER FOOT	DEPTH	SACKS CEMENT	ESTIMATED TOC - REMARKS
12 ¼"	8 5/8" 8.097"	J55 STC	24#	1350'	600	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#	7500'	1,300	TOC – Surface Float Collar set @ 7450"/ 10.10 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"	400 sacks 35:65 Poz:Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 0.003 gps FP-6L + 6% bwoc Bentonite gel 752 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)-4:00;	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;	82.7 bbls Fresh Water @ 8.34 ppg

8 5/8" Casing: Volume Calculations:

1041 ft	x	0.4127 cf/ft	with 108% excess	=	893.6 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		=	1162 cf
				=	207 bbls

Spacer 20.0 bbls Water @ 8.33 ppg

CASING	LEAD SLURRY	TAIL SLURRY	DISPLACEMENT
5 ½"	900 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;	400 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;	173 bbls 2% Kcl Water @ 8.43 ppg

5 ½" Casing: Volume Calculations:

1350 ft	x	0.1926 cf/ft	with 0% excess	=	250.4 cf
3800 ft	x	0.1733 cf/ft	with 159% excess	=	1705 cf
2350 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 – 1350'	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.
1350' – 5500'	Weight: 9.9 – 10.1 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 – 10.1 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.** 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-1350'
CNL, GR from TD-Surface

C. Coring Program: None planned

D. Mudlogging Program: 3,500 – TD, Samples every 10 ft

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 2600 psi.

EXHIBIT "B"
Hawk A-5 # 3

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H_2S is anticipated.

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN
CULTURAL RESOURCES SURVEY
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: **HAWK A-5 # 3**
OPERATOR: **APACHE CORPORATION**

LOCATION: SW¼SE¼ OF SECTION 5, 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. l, 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:
   SW¼SE¼ of Section 5, Township 21 South, Range 37 East, N.M.P.M.
   Lea County, New Mexico
   330' FSL, 1650' FEL, Unit O
   See attached Exhibits "D" and "E"

2) Bottom Hole Location:
   SW¼SE¼ of Section 5, Township 21 South, Range 37 East, N.M.P.M.
   Lea County, New Mexico
   330' FSL, 1650' FEL, Unit O
   See attached Exhibits "D" and "E"

3) Leases Issued: NMLC-031741-A

4) Record Lessee:

Apache Corporation	50%
BP America Production Company	25%
Chevron USA	25%

5) Acres in Lease:
   Township 21 South, Range 37 East, NMPM
   Section 4: W½SW¼
   Section 5: SE¼
   Section 8: NE¼, N½NW¼
   Section 9: W½NW¼

   Total Acres: 560.00

6) Acres Dedicated to Well:

There are 40.00 acres dedicated to this well, which takes in the SW¼SE¼ of Section 5, 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 Main street(Loop Road 207) and Highway 8 in Eunice, NM, go on Loop road 207 North for 2.7 miles, turn left on Hill road, go 8/10 of a mile , turn right 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 Hawk A-5 # 3 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 230' 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 Miller Deck Estate , c/o Bank of America NA, attention Tim Wolters. PO Box 270, Midland, TX 79701, 432-685-2064. A Surface Damage Release agreement for this tract has been executed by the Miller 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 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):

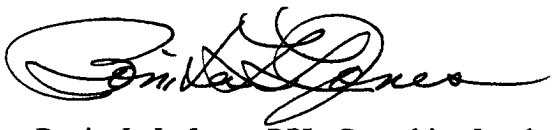
Kevin Mayes
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4972

Drilling Operations (Operations Engineer):

Glenn Bone
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
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.



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: June 17, 2005

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
30-025-37380	62700	Wantz Abo

Property Code	Property Name	Well Number
31036	HAWK A-5	3

OGRID No.	Operator Name	Elevation
0873	APACHE CORPORATION	3502'

Surface Location

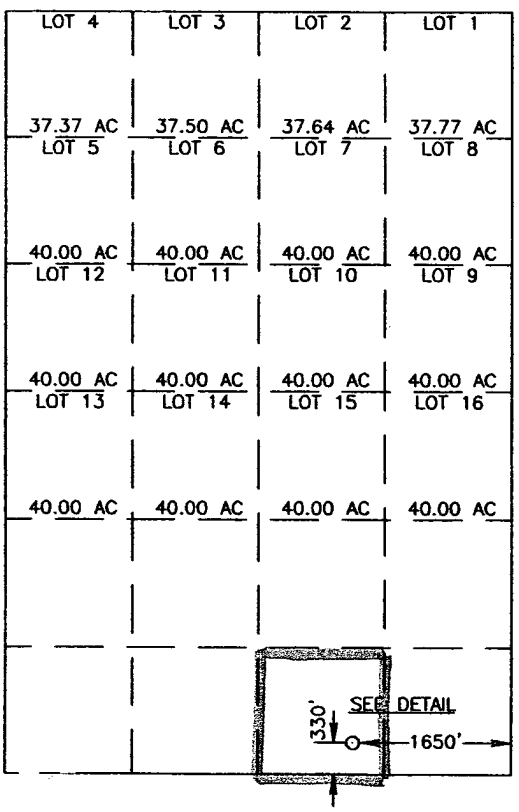
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	5	21-S	37-E		330	SOUTH	1650	EAST	LEA

Bottom Hole Location If Different From Surface

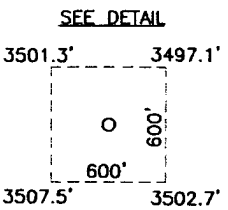
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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



SCALE - 1"=2000'



GEODETIC COORDINATES
NAD 27 NME

Y=548072.9 N
X=855126.6 E

LAT.=32°30'05.36" N
LONG.=103°10'53.27" W

OPERATOR CERTIFICATION

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

Signature

Glenn Rund
Printed Name

Drilling Engineer
Title

5-25-05
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.

DECEMBER 16, 2004
Date Surveyed LA

Signature & Seal of Professional Surveyor

GARY G. EIDSON
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR

Gary G. Eidson 12/30/04
04.11.1691

Certificate No. GARY EIDSON 12641

EXHIBIT D -2

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

Property Code	Property Name	Well Number
	HAWK A-5	3
OGRID No.	**Operator Name**	**Elevation**
	APACHE CORPORATION	3502'

Surface Location

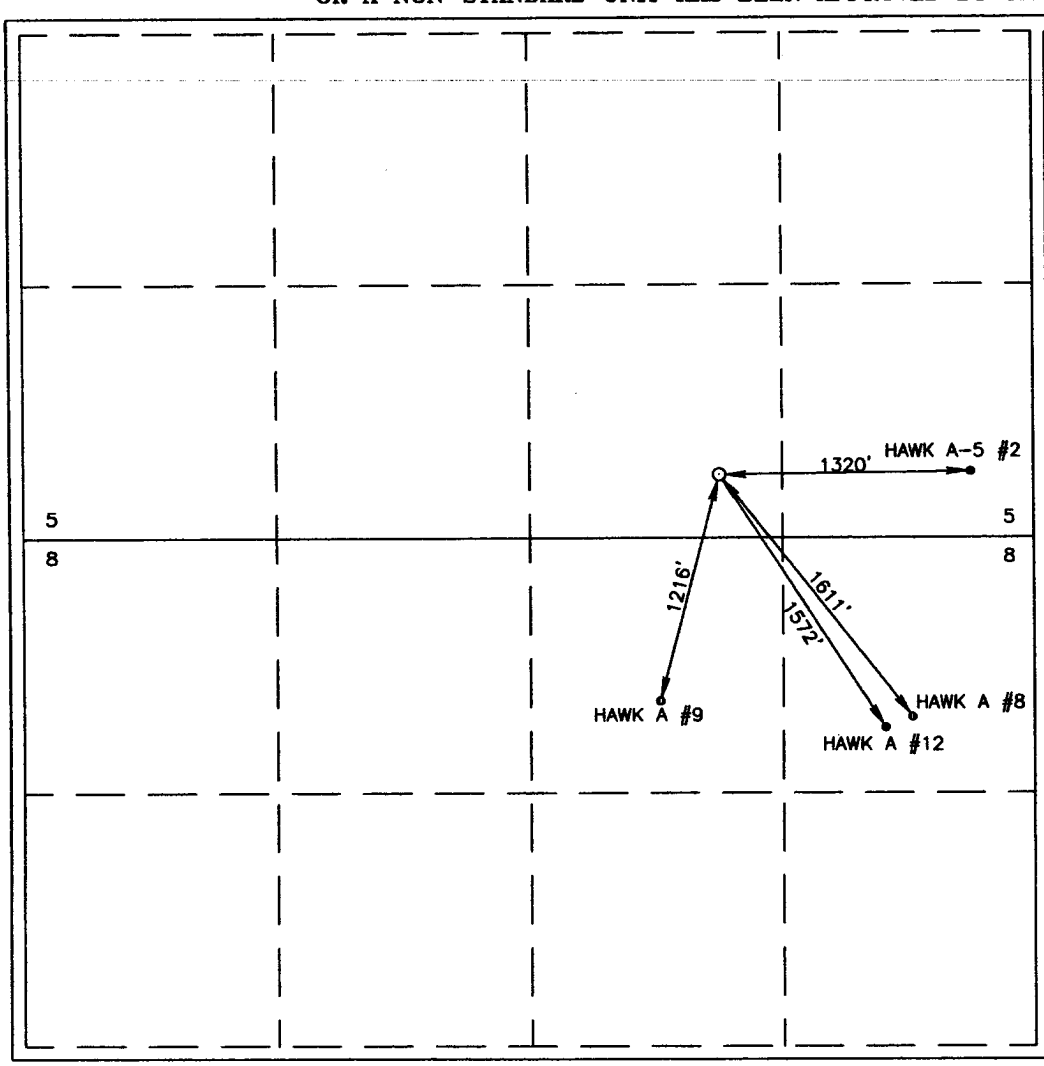
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	5	21-S	37-E		330	SOUTH	1650	EAST	LEA

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

Signature

Glenn Bonn

Printed Name

Drilling Engineer

Title

5-25-05

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.

DECEMBER 16, 2004

Date Surveyed LA

Signature & Seal of Professional Surveyor

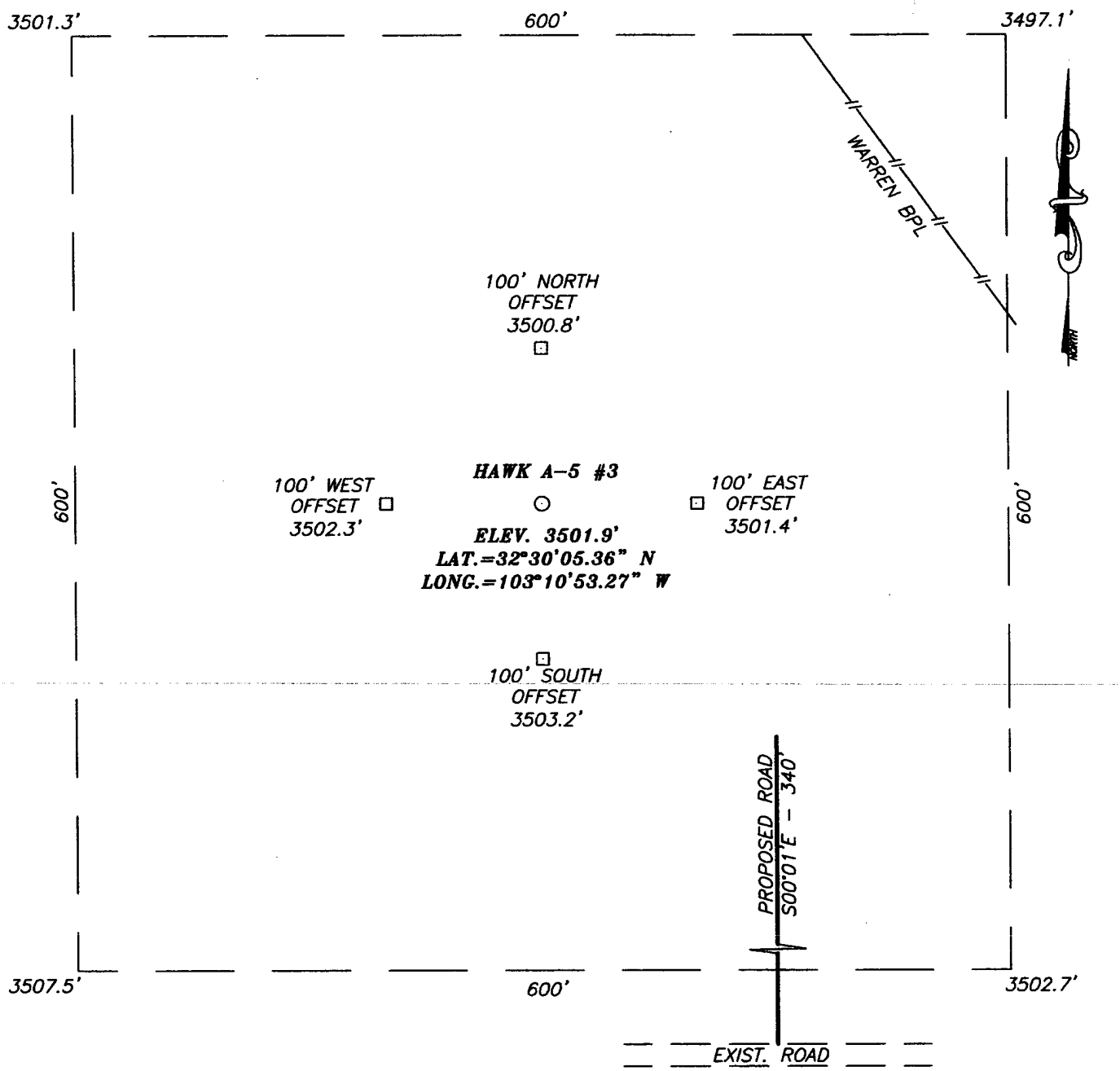
04.11.1691

Certificate No. GARY EIDSON 12641

SECTION 5, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO

EXHIBIT D-3



100 0 100 200 Feet

Scale:1"=100'

APACHE CORPORATION

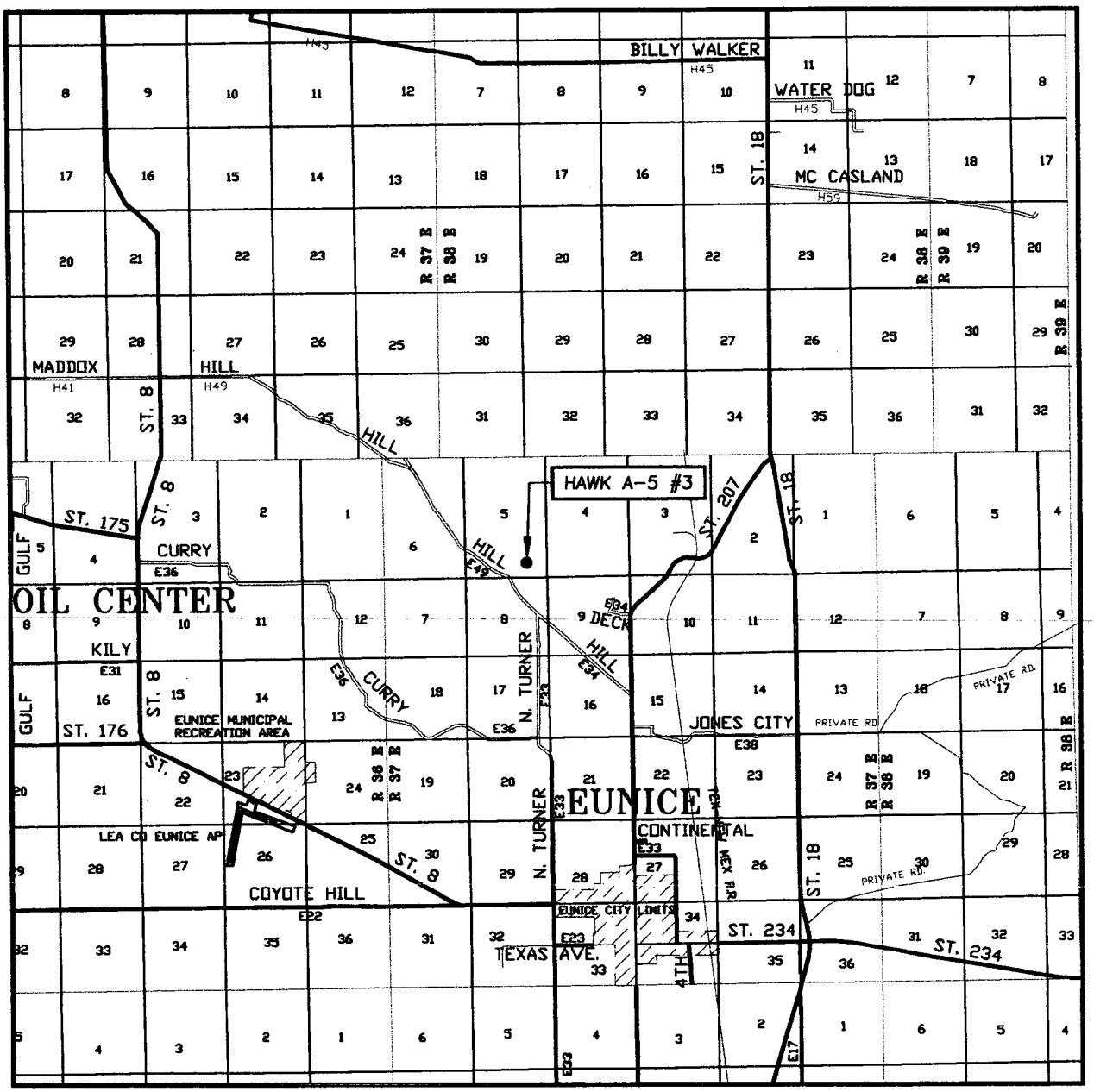
HAWK A-5 #3 WELL
LOCATED 330 FEET FROM THE SOUTH LINE
AND 1650 FEET FROM THE EAST LINE OF SECTION 5,
TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 12/16/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.1691	Dr By: LA		Rev 1:N/A
Date: 12/28/04	Disk: CD#3	04111691	Scale:1"=100'

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

VICINITY MAP

EXHIBIT E-1



SCALE: 1" = 2 MILES

SEC. 5 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 330' FSL & 1650' FEL

ELEVATION 3502'

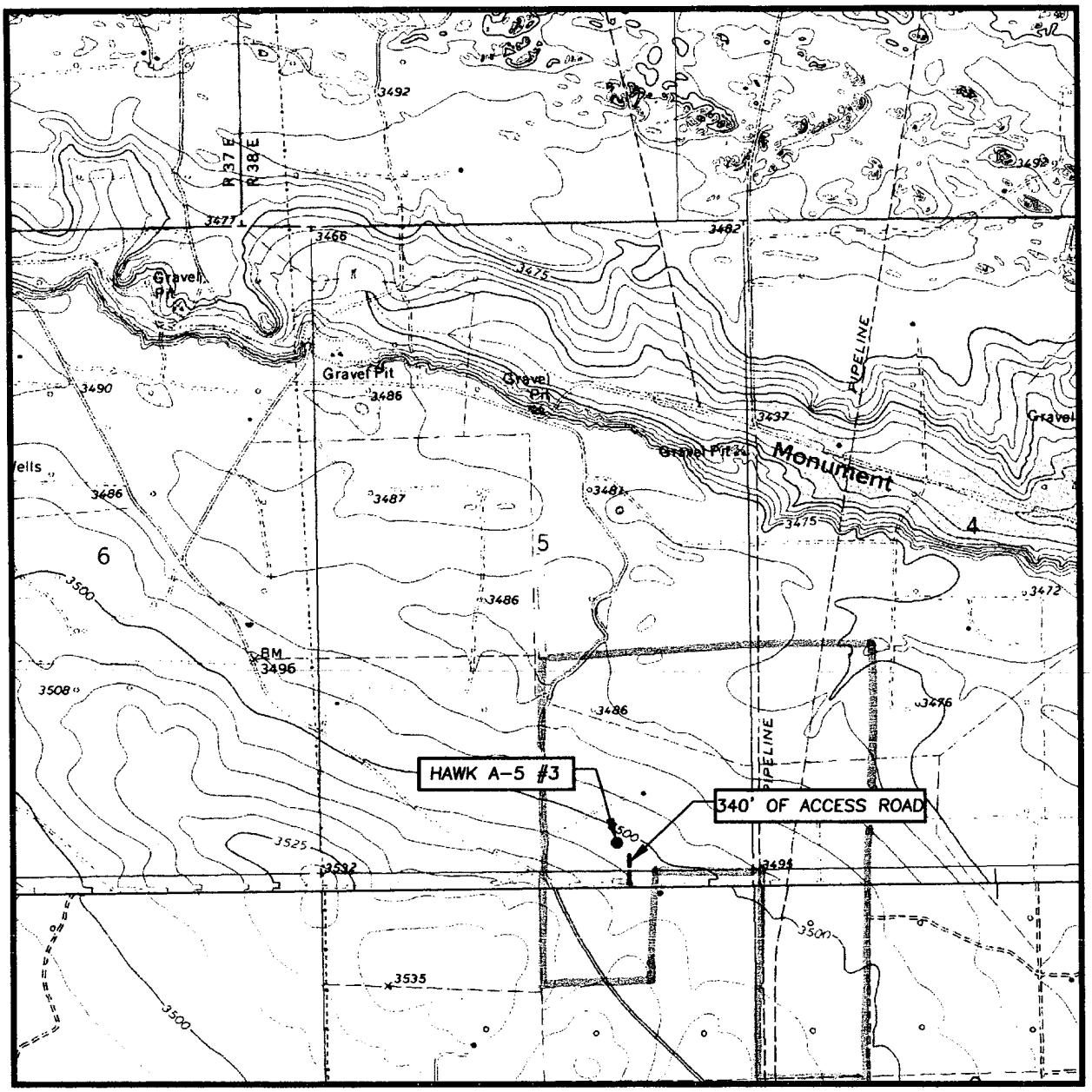
OPERATOR APACHE CORPORATION

LEASE HAWK A-5

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

LOCATION VERIFICATION MAP

EXHIBIT E-2



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SW, N.M. – 5'

SEC. 5 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 330' FSL & 1650' FEL

ELEVATION 3502'

OPERATOR APACHE CORPORATION

LEASE HAWK A-5

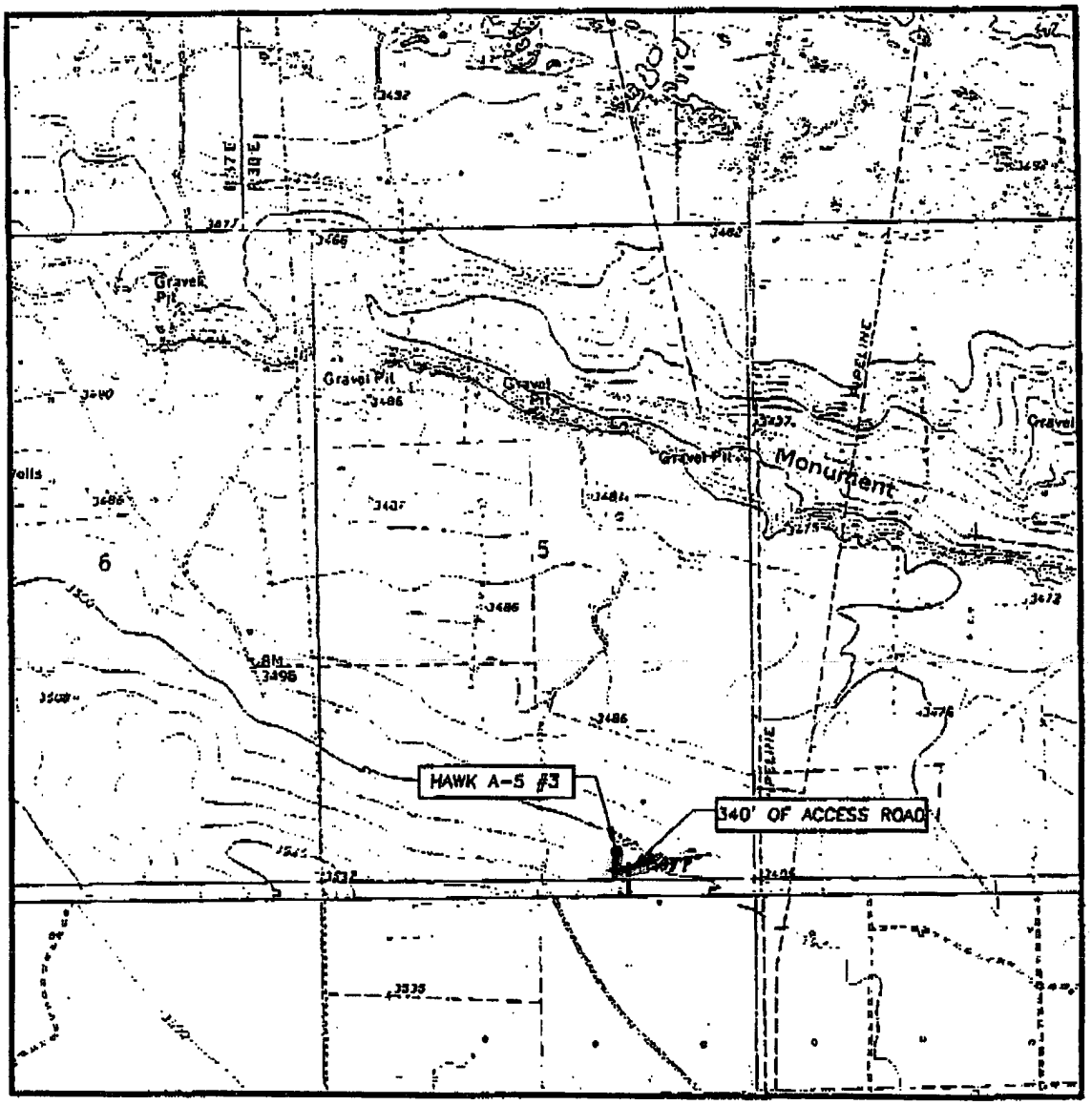
U.S.G.S. TOPOGRAPHIC MAP
HOBBS SW, N.M.

LEASE BOUNDARY

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

EXHIBIT E-3a

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SW, N.M. – 5'

SEC. 5 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 330' FSL & 1650' FEL

ELEVATION 3502'

OPERATOR APACHE CORPORATION

LEASE HAWK A-5

U.S.G.S. TOPOGRAPHIC MAP
HOBBS SW, 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 E-3b

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

Property Code	Property Name	Well Number
	HAWK A-5	3
OGRID No.	Operator Name	Elevation
	APACHE CORPORATION	3502'

Surface Location

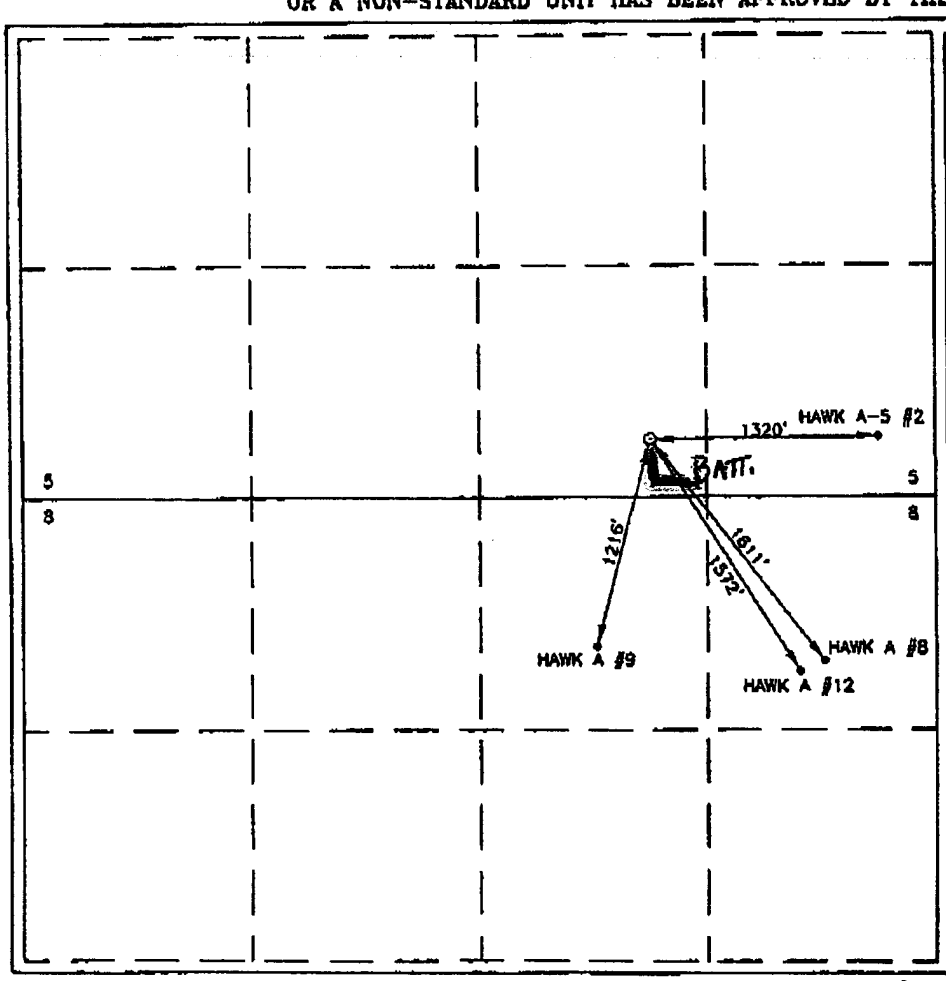
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	5	21-S	37-E		330	SOUTH	1650	EAST	LEA

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

Signature

Glen Bone

Printed Name

Drilling Engineer

Title

5-25-05

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.

DECEMBER 16, 2004

Date Surveyed LA

Signature & Seal of Professional Surveyor

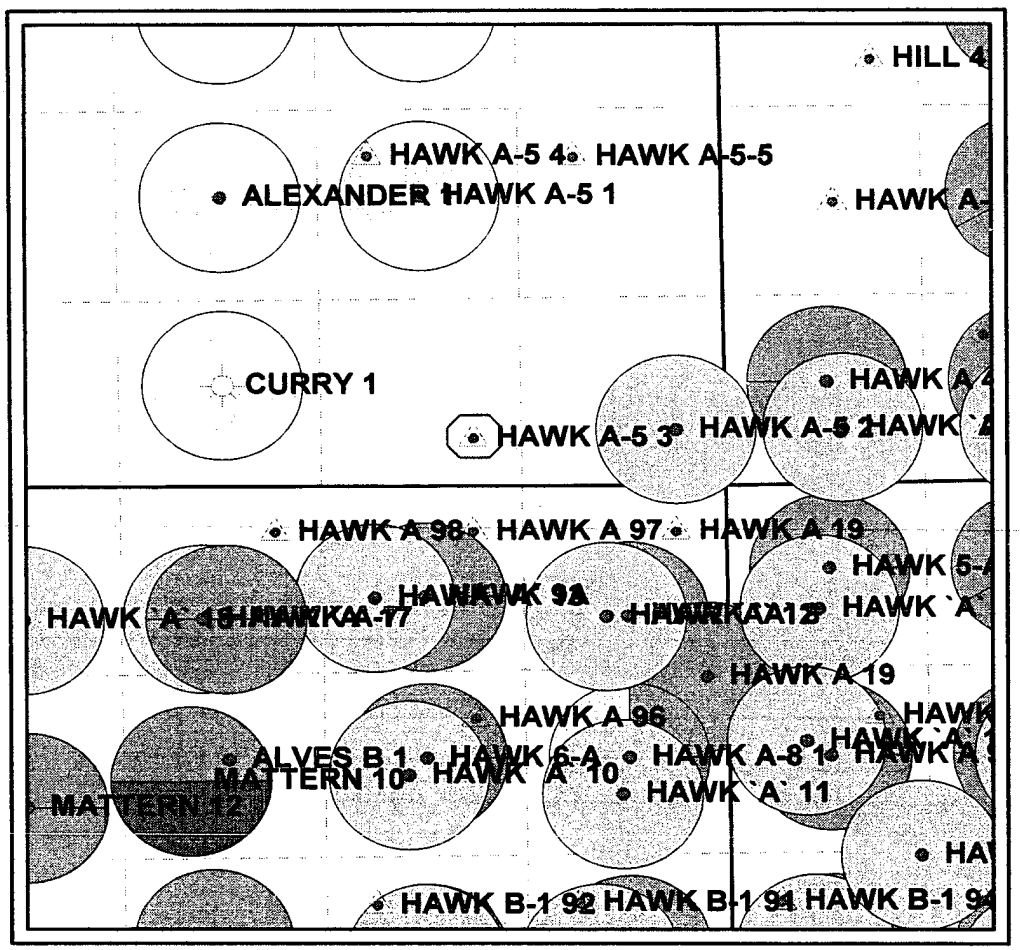
04.11.1691

Certificate No. GARY EIDSON 12641

Flow-lines

Exhibit F

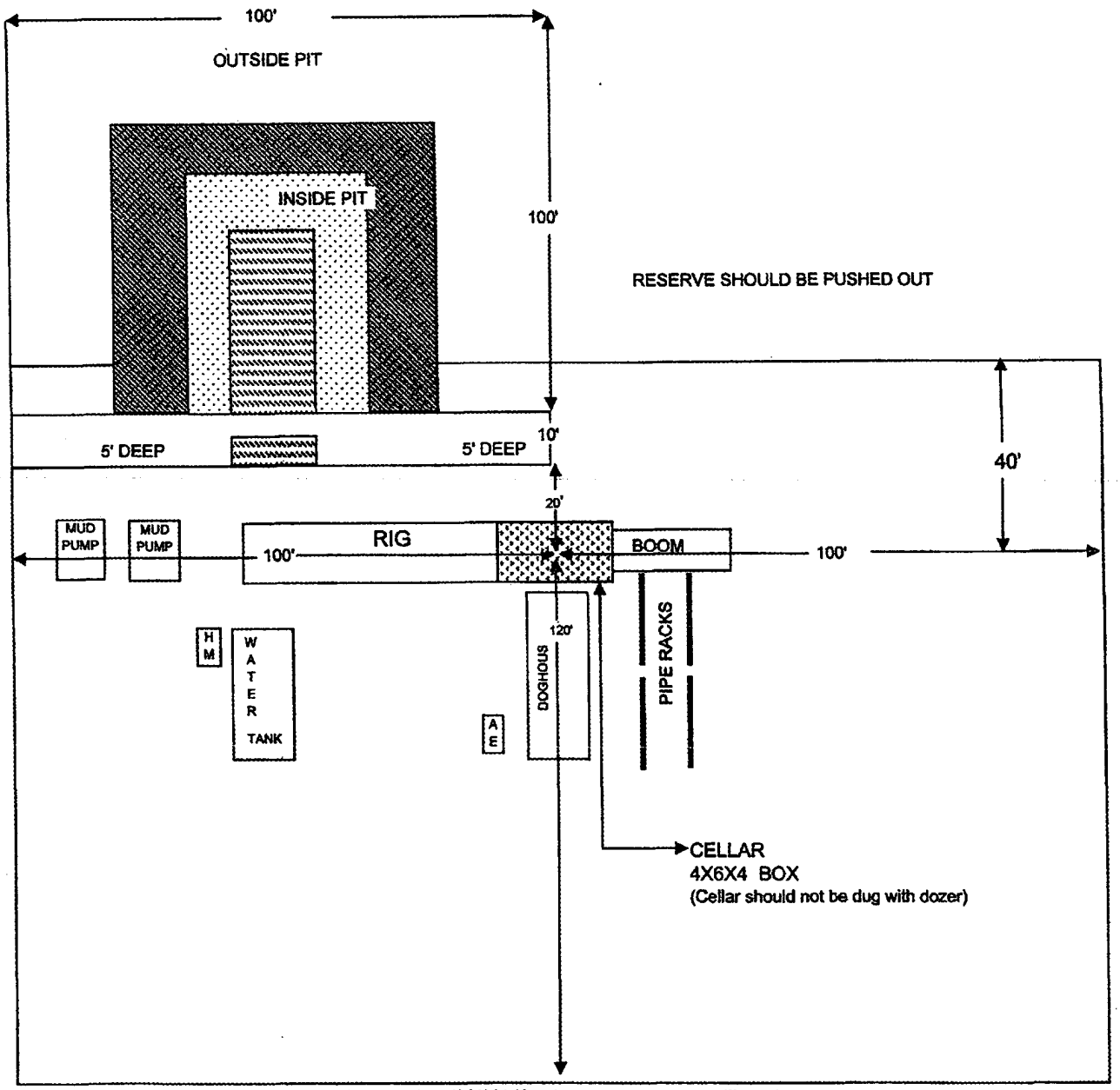
Hawk A-5 #3
SWSE of Sec. 5, T21S-R37E



PETRA 12/9/2004 1:30:47 PM

Exhibit G

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

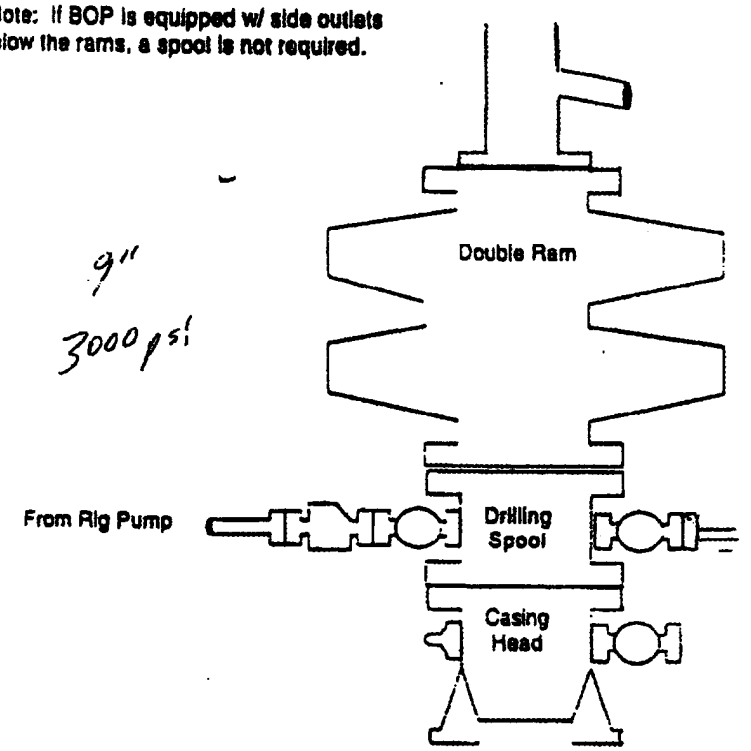


Cellar can be 4X4X4 if using a screw-on wellhead
Working Pits dug 5' below ground level

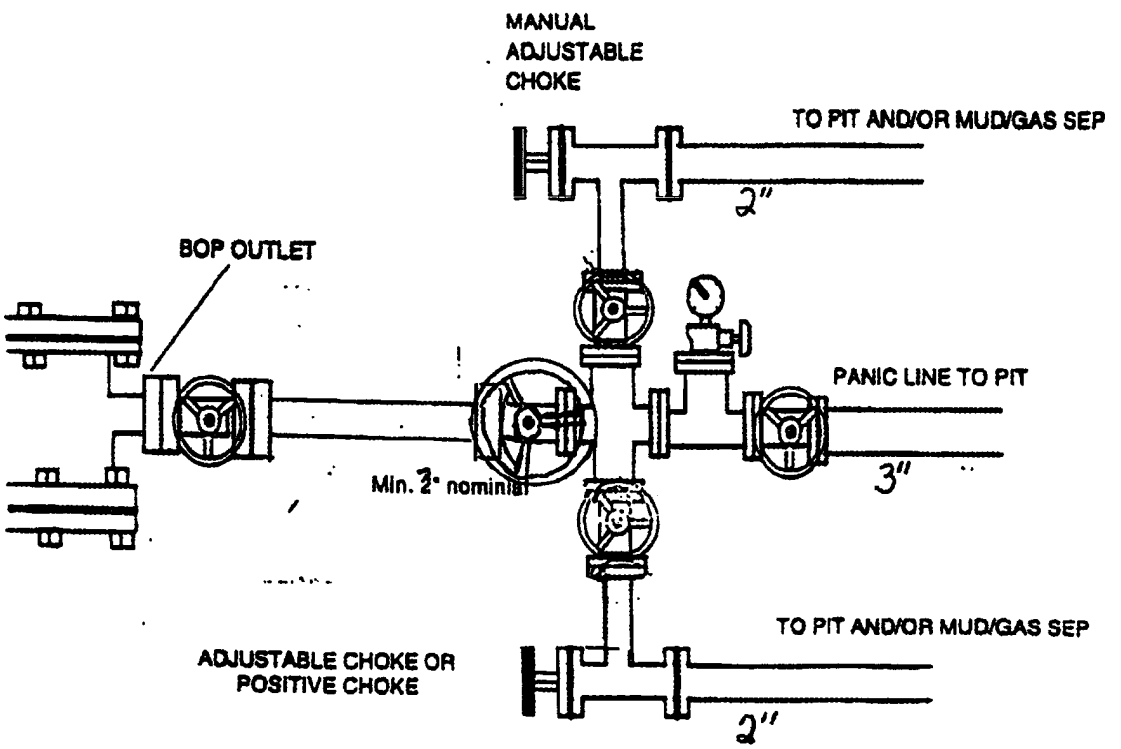
EXHIBIT H

BOP Schematic

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



Choke Manifold Schematic



SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Apache Corporation Well Name & No. Hawk B-5 #3
Location 330 F S L & 1650 F E L Sec. 5, T. 21 S, R 37 E.
Lease No. LC-031741-A County Lea State New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (stips attached)
( ) San Simon Swale (stips attached)
( ) Flood plain (stips attached)
( ) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____inches in depth. Approximately _____cubic yards of topsoil material will be stockpiled for reclamation.

( ) Other.

III. WELL COMPLETION REQUIREMENTS

( ) A Communlitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

(X) A. Seed Mixture 1 (Loamy Sites)
Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0

( ) B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (*Sporobolus crptandrus)* 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

( ) C. Seed Mixture 3 (Shallow Sites)
Side oats Grama (*Boute curtipendula*) 1.0

( ) D. Seed Mixture 4 (Gypsum Sites)
Alkali Sacaton (*Sporobollud airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

( ) Other.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to processed by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Apache Corporation
Well Name & No: Hawk A-5 # 03
Location: Surface 330' FSL & 1650' FEL , Sec.05, T. 21 S. R. 37 E.
Lease: NMLC 031741-A
Lea County, New Mexico

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8 ⅝ inch 5 ½ inch

C. BOP Tests

2. A **Hydrogen Sulfide (H2S) Safety Drilling Plan** shall be operational 500 ft. or three days prior to drilling into the Top of the Yates formation.

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8 ⅝ inch shall be set at **1350 Feet** with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5 ½ inch Production casing is to **Tie Back into 8 ⅝ inch shoe by at least 200 Ft.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8 ⅝ inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer ram stack (BOPE) is be **2 M psi.** The 8 ⅝ inch surface casing must be tested to a minimum 1500 psig.

III. Pressure Control (continued):

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

-The test shall be done by an independent service company
-The results of the test shall be reported to the appropriate BLM office.
-Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
-Use of drilling mud for testing is not permitted since it can mask small leaks.
-Testing must be done in safe workman-like manner. Hard line connections shall be required.
-Both low pressure and high pressure testing of BOPE is required.

BLM Serial Number: LC-031741-A
Company Reference: Apache Corporation
Well No. & Name: Hawk B-5 #3

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
CARLSBAD FIELD OFFICE

A copy of the grant and attachments, including stipulations and map, will be on location during construction. BLM personnel may request to view a copy of your permit during construction to ensure compliance with all stipulations.

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

A. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

B. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

C. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

D. If, during any phase of the construction, operation, maintenance, or termination of the road, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil of other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting there from, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

E. The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times.

The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

F. The Holder shall ensure that the entire right-of-way, including the driving surface, ditching and drainage control structures, road verges and any construction sites or zones, will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle and salt cedar.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

/__/ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

/_X_/ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

/__/ Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

/_x_/ 400 foot intervals.

/__/ _____ foot intervals.

/__/ locations staked in the field as per spacing intervals above.

/__/ locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

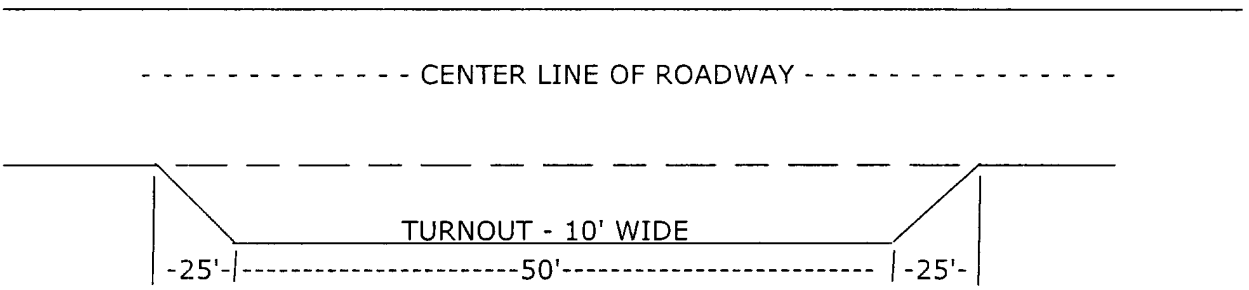
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

spacing interval = $\frac{400'}{\text{road slope in \%}} + 100'$

Example: 4% slope: spacing interval = $\frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

A sales contract for the removal of mineral materials (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to using any such mineral material from public lands. Contact the BLM solid minerals staff for the various options to purchase mineral material.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS:

BLM Serial Number: LC-031741-A
Company Reference: Apache Corporation
Well No. & Name: Hawk A-5 #3

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.

(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 10 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his hehalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. Special Stipulations:

(March 1989)

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
June 1, 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 Corp. Telephone: (918)491-4900 e-mail address: glenn.bone@apachecorp.com
Address: 6120 S. Yale Ave., Suite 1500, Tulsa, OK 74136
Facility or well name: Hawk A-5 # 3 API #: 30-025-37380 U/L or Qtr/Qtr O Sec 5 T 21S R 37E
County: Lea Latitude 32'30'05.36"N Longitude 103'10'53.27"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 ☐
Pit Volume 7090 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	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(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	(20 points)
	No	(0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(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: (check the onsite box if your are burying in place) 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.

Additional Comments:
Apache Corp will close this pit according to NMOCD pit closure guidelines.

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: 7/21/2005
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.

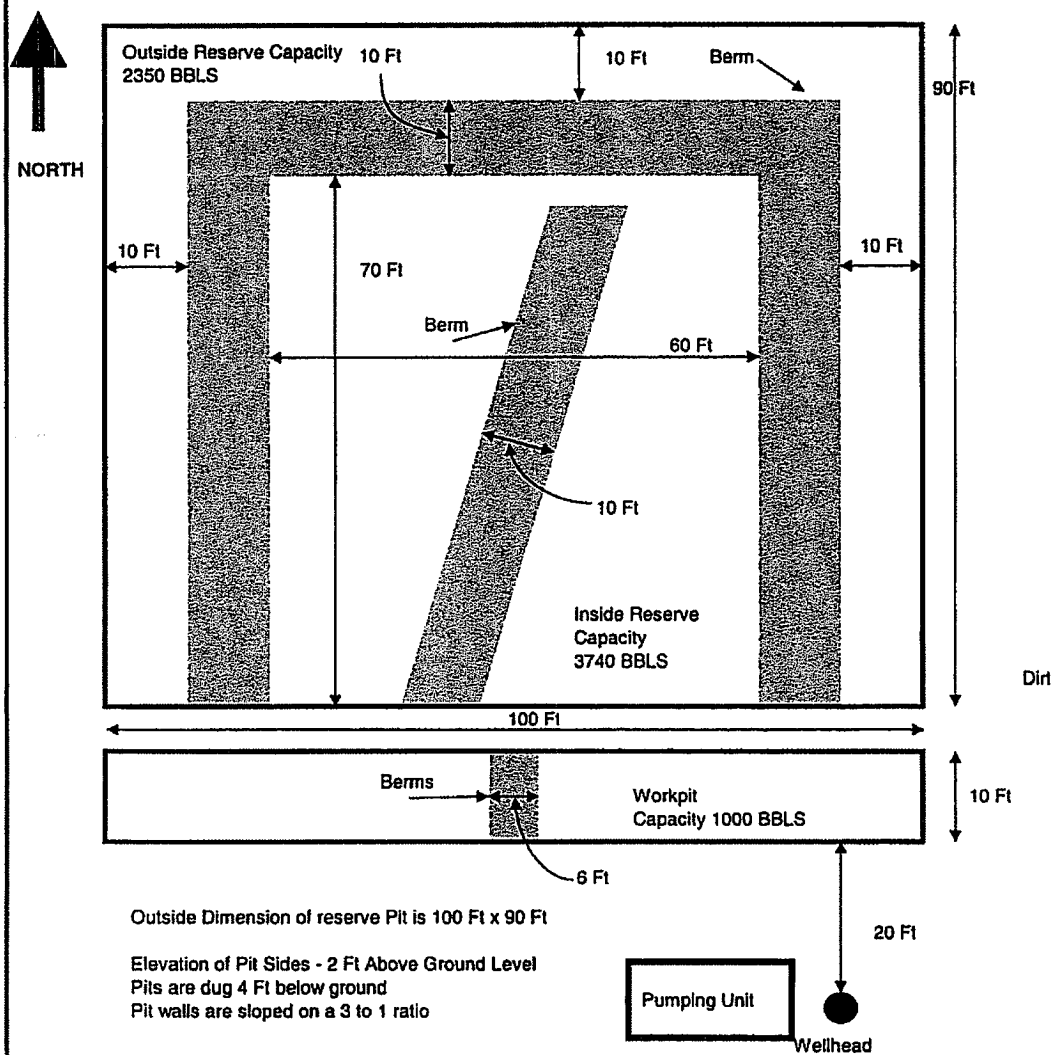
Approval:
Printed Name/Title PETROLEUM ENGINEER Signature _____ Date: JUL 20 2005

Hawk A-5 # 3
Drilling Reserve Pit Closure

Lot O, Sec 5-R21S-R37E
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

Closure Procedure:
Pits will be de-watered as soon as practical.

After allowing sufficient time for the drilling cuttings to dry the pit liner will be folded in to cover the pits

This will be covered with 12" of clean soil

A 20 mil approved plastic liner will be placed over the pits as a cap

Pit covered with not less than 36" of clean soil

Reseeded with approved BLM mixture of grass seed