

HOBBS OCD

Form 3160-3
(April 2004)

SEP 02 2011

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC-0065525B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator APACHE CORPORATION		7. If Unit or CA Agreement, Name and No. EBDU NM112723X
3a. Address 303 VETERNAS AIRPARK LN #3000 MIDLAND, TX 79705		8. Lease Name and Well No. <i><35023></i> EAST BLINEBRY DRINKARD UNIT #97
3b. Phone No. (include area code) 432-818-1167		9. API Well No. 30-025- <i>40263</i>
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1290' FSL & 1135' FWL At proposed prod. zone SAME <i>Unit m</i> Split Estate		10. Field and Pool, or Exploratory EUNICE; BLI-TU-DRI, NORTH <i><22900></i>
14. Distance in miles and direction from nearest town or post office* APPROX 6 MILES NORTHEAST OF EUNICE, NM		11. Sec., T. R. M. or Blk. and Survey or Area UL: M SEC 1 T21S R37E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1135'	16. No. of acres in lease 1920	17. Spacing Unit dedicated to this well 40 ACRES
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <i>795' +/-</i>	19. Proposed Depth 7300'	20. BLM/BIA Bond No. on file BLM - CO - 1463 NATIONWIDE
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3505'	22. Approximate date work will start* 03/31/2011	23. Estimated duration 10 - 12 DAYS

24. Attachments

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Sorina L Flores</i>	Name (Printed/Typed) SORINA L FLORES	Date 03/22/2011
Title DRILLING TECH		

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed) CARLSBAD FIELD OFFICE	Date SEP 02 2011
Title FIELD MANAGER		

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, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Capitan Controlled Water Basin

*ka 09/06/11*Approval Subject to General Requirements
& Special Stipulations AttachedSEE ATTACHED FOR
CONDITIONS OF APPROVAL

SEP 08 2011

SEP 02 2011

PRIVATE SURFACE OWNER AGREEMENT


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OPERATOR: APACHE CORPORATIONWELL NAME: EAST BLINEBRY DRINKARD UNIT #97UL: M SECTION: 1 TOWNSHIP: 21S RANGE: 37ELOCATION: 1290' FSL & 1135' FWL COUNTY: LEA STATE: NMLEASE NUMBER: NMLC-0065525B**STATEMENT OF SURFACE USE**

The surface to the subject land is owned by _____
WILLIAM PAIGE MC NEILL, PO BOX 1092, EUNICE, NM 88241
(505) 433-9386

The surface owner has been contacted regarding the drilling of the subject well, and an agreement for surface use has been negotiated.

CERTIFICATION: I hereby certify that the statements made in this statement are to the best of my knowledge, true and correct.



Signature

NAME: JEREMY WARDDATE: 1/21/2011TITLE: DRILLING ENGINEER

To expedite your Application to Drill please fax the completed form to the
Bureau of Land Management (575) 234-5927 or (575) 885-9264
Attention: Legal Instruments Examiner
620 E. Green Street
Carlsbad, NM 88220

The original document with signature should be mailed as soon as possible.

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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

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

Lease No: NMLC-0065525B EBDU #97

Legal Description of Land: 1290' FSL & 1135' FWL

UL: M Section: 1 Township: 21S Range: 37E

County: LEA State: NM

Bond Coverage: \$150,000

Statewide Oil and Gas Surety Bond, APACHE CORPORATION.

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

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

Title: DRILLING MANAGER, PERMIAN REGION

Date: 1/21/2011

DRILLING PLAN: BLM COMPLIANCE

(Supplement to BLM 3160-3)

APACHE CORPORATION (OGRID: 873)

East Blinebry Drinkard Unit #97 Lease #: NMLC-0065525B Projected TD: 7300' GL: 3505'
1290' FSL & 1135' FWL, UL: M SEC: 1 T21S R37E LEA COUNTY, NM

1. GEOLOGIC NAME OF SURFACE FORMATION: Quaternary Aeolian Deposits
2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

FORMATION	WELL DEPTH	WATER/OIL/GAS
Quaternary Aeolian	Surf	
Salt Top	1540'	
Salt Bottom	2677'	
Yates	2830'	
Queen	3600'	
Grayburg	3965'	
San Andres	4195'	
Glorietta	5420'	
Blinebry	5850'	Oil
Tubb	6345'	Oil
Drinkard	6695'	Oil
ABO	7000'	
TD	7300'	
Avg Depth to Ground Water:	~74'	

All fresh water & prospectively valuable minerals, as described by BLM, encountered during drilling, will be recorded by depth and adequately protected. All oil & gas shows within zones of correlative rights will be tested to determine commercial potential.

3. CASING PROGRAM: All casing is new & API approved

HOLE SIZE	DEPTH	OD CSG	WEIGHT	COLLAR	GRADE	COLLAPSE	BURST	TENSION
12-1/4"	0' - 1590'	8-5/8"	24#	STC	J-55	1.97	4.25	6.39
7-7/8"	0' - 1000'	5-1/2"	17#	LTC	L-80	12.096	3.076	2.724
7-7/8"	1000' - 7300'	5-1/2"	17#	LTC	J-55	1.295	1.40	2.55

4. CEMENT PROGRAM:

A. 8-5/8" Surface: Run & set 8-5/8" 24# J-55 STC csg 0' - 1590'. Cement with:

Lead: 510 sx Class C w/2% CaCl, 0.25% CF, 3#/sx LCM-1, 0.005 gps FP-6L, 4% Bentonite (13.5 ppg, 1.75 yld)

Comp Strengths: 12 hr - 402 psi 24 hr - 608 psi 72 hr - 1340 psi

Tail: 330 sx Class C w/1% CaCl, 0.13 #/sx CF, 0.005 gps FP-6L (14.8 ppg, 1.34 yld)

Compressive Strengths: 12 hr - 859 psi 24 hr - 1427 psi ***100% excess cmt; Cmt to surf ***

B. 5-1/2" Production: Run & set 5-1/2" 17# L-80/J-55 LTC csg 0' - 7300'. Cement with:

Lead: 660 sx (50:50) Poz (Fly ash): Class C w/5% NaCl, 0.13 #/sx CF, 3 #/sx LCM-1, 0.5% FL-52, 0.005 gps FP-6L, 10% Bentonite, 0.2% Sodium Metasilicate (11.8 ppg, 2.46 yld)

Compressive Strengths: 12 hr - 259 psi 24 hr - 798 psi 72 hr - 1405 psi

Tail: 370 sx (50:50) Poz (Fly ash): Class C w/5% NaCl, 0.13#/sx CF, 0.2% CD-32, 3 #/sx LCM-1, 0.45% FL-52, 0.005 gps FP-6L, 2% Bentonite, 0.1% Sodium Metasilicate (14.2 ppg, 1.3 yld)

Compressive Strengths: 12 hr - 450 psi 24 psi - 1875 psi ***55% excess cmt; Cmt to surf ***

** The above cmt volumes could be revised pending caliper measurement from open hole logs. TOC is designed to reach surface.

5. PROPOSED CONTROL EQUIPMENT

"EXHIBIT 7" shows a 900 series 3M psi WP BOP consisting of an annular bag type preventer, middle blind rams, bottom pipe rams. The BOP will be nipped up on the 8-5/8" csg and utilized continuously until total depth is reached. The BOP will be tested at 2000 psi, maximum surface pressure is not expected to exceed 2M psi, BHP is calculated to be approximately 3212 psi. *All BOP's and associated equipment will be tested as per BLM *Drilling Operations Order #2*. The BOP will be operated and checked each 24 hr period & the blind rams will be operated & checked when the drill pipe is out of the hole. Functional tests will be documented on the daily driller's log. "EXHIBIT 6" also shows a 3M psi choke manifold with a 4" panic line. Full opening stabbing valve & Kelly cock will be on derrick floor in case of need. No abnormal pressures or temperatures are expected in this well. No nearby wells have encountered any problems.

6. PROPOSED MUD CIRCULATION SYSTEM: (Closed Loop System)

INTERVAL	MW (ppg)	VISC (sec/qt)	FLUID LOSS (cc)	MUD TYPE
0' - 1590' / 555	8.4 - 8.6	28 - 30	NC	Water
1590' to 5600'	10	29 - 32	NC	Brine
5600' - TD	10	29 - 32	NC	Cut Brine

**** The necessary mud products for weight addition and fluid loss control will be on location at all times. In order to run open hole logs & casing, the above mud properties may have to be altered to meet these needs.**

7. AUXILIARY WELL CONTROL EQUIPMENT / MONITORING EQUIPMENT:

9" x 3000 psi Double BOP/Blind & pipe ram (2M BOP if available)
4-1/2" x 3000 psi Kelly valve
9" x 3000 psi mud cross - H2S detector on production hole
Gate-type safety valve 3" choke line from BOP to manifold
2" adjustable chokes - 4" panic line

8. LOGGING, CORING & TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, MSFL, CNL, Litho-Density, Gamma Ray, Caliper & Sonic from TD back to 8-5/8" csg shoe.
- B. Run CNL, Gamma Ray from 8-5/8" csg shoe back to surface.
- C. No cores, DST's or mud logger are planned at this time.

9. POTENTIAL HAZARDS:

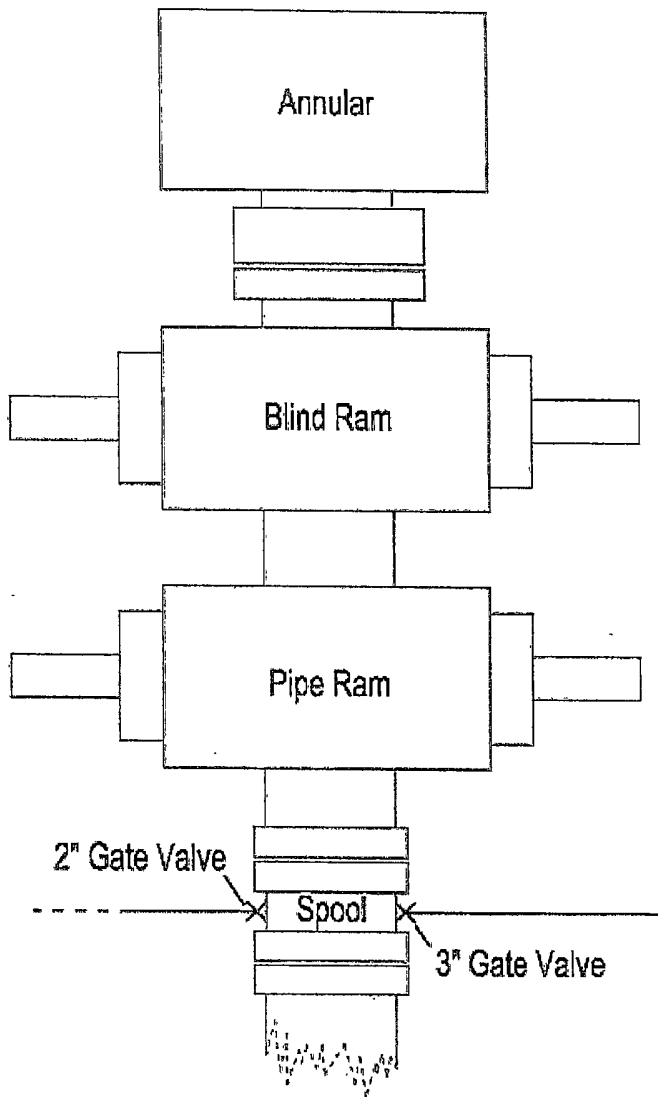
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore Oil & Gas Order No. 6*. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 3212 psi and estimated BHT: 115°.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin after Santa Fe & BLM has approved APD. Anticipated spud date will be as soon after Santa Fe and BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take 10 - 12 days. If production casing is run then an additional 90 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

11. OTHER FACETS OF OPERATION:

After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Eunice; Blin-Tu-Dri, North formation will be perforated and stimulated in order to establish production. The well will be swab tested & potentialized as an oil well.

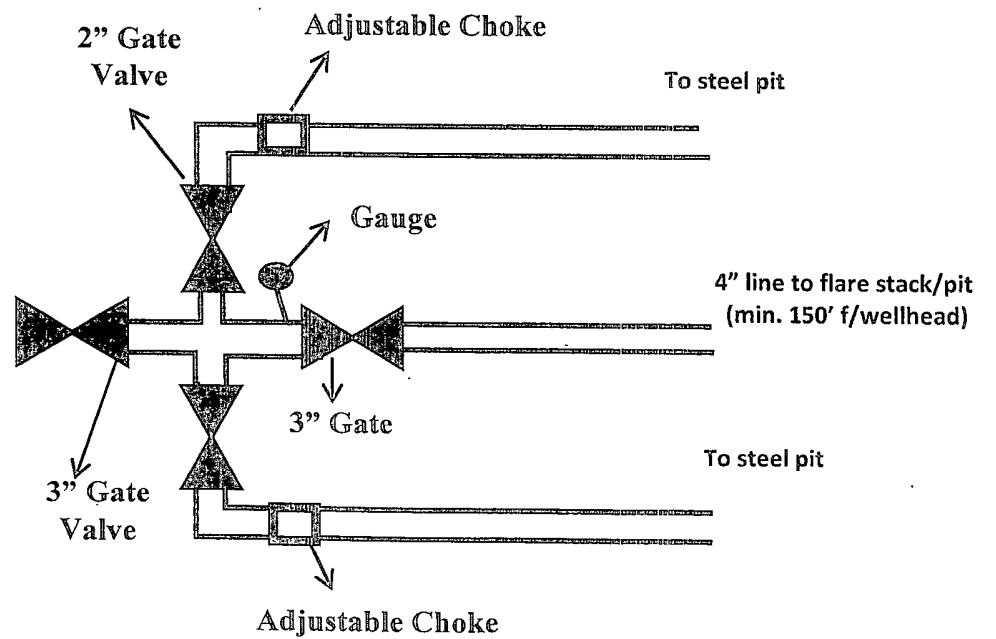


3M psi BOPE & Choke Manifold

EBDU #97

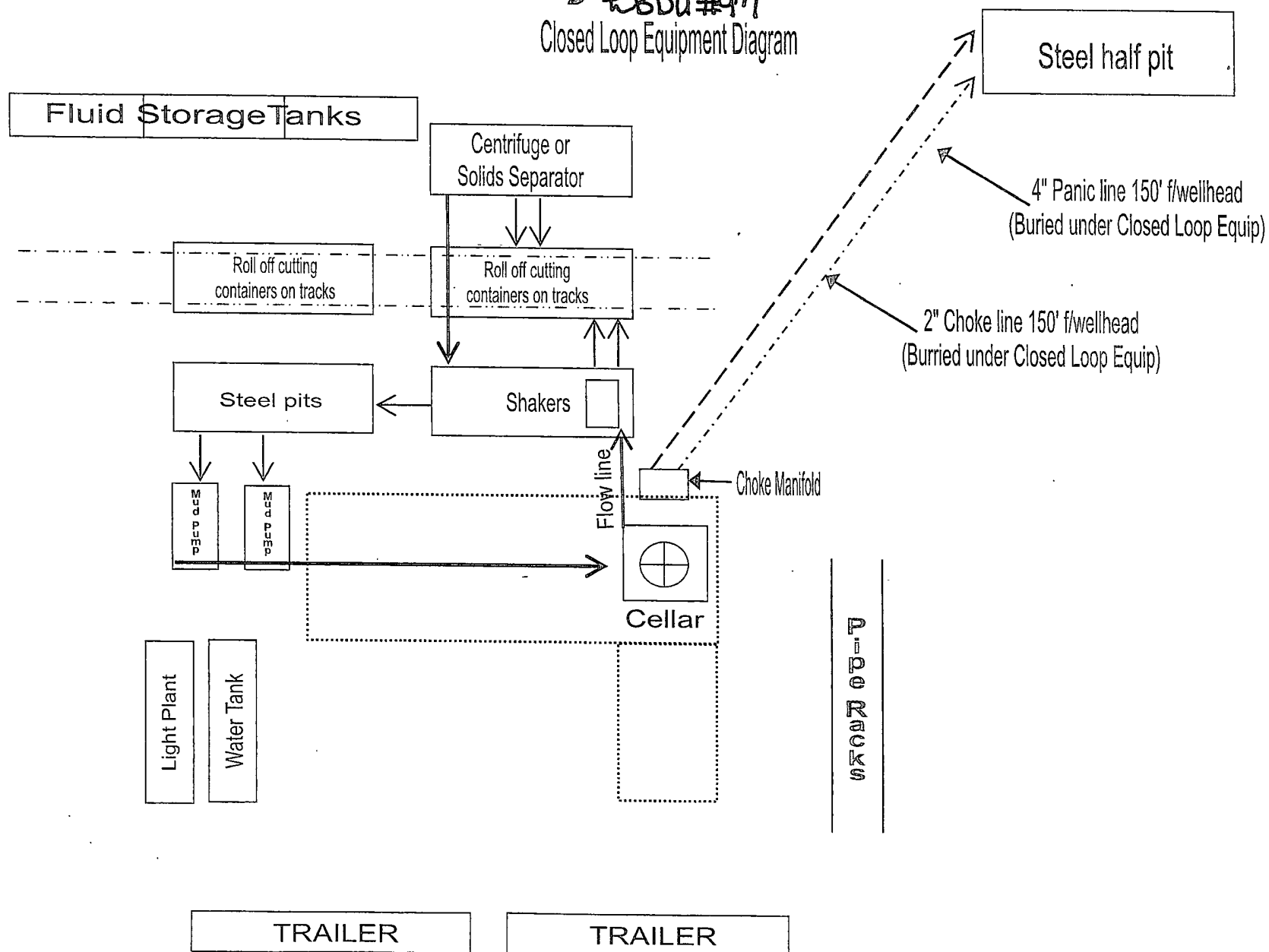
All valve & lines on choke manifold are 2" unless noted.
Exact manifold configuration may vary

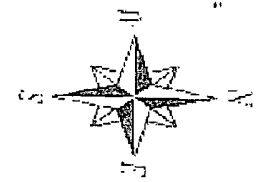
Exhibit #7



Apache

EBDU #97
Closed Loop Equipment Diagram





WELLSITE / RIG LAYOUT

EBDU #97

Exhibit #3

