

HOBBS OCD

OCD-HOBBS

A75-11-335

Form 3160-3
(April 2004)

SEP 02 2011

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-90161	
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.	
3a. Address 303 VETERANS AIRPARK LN., STE. 3000 MIDLAND, TX 79705		8. Lease Name and Well# 237346 WEST BLINEBRY DRINKARD UNIT# 124	
3b. Phone No. (include area code) 432-818-1167		9. API Well No. 30-025-40274	
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 170' FSL & 1180' FEL Unit P At proposed prod. zone SAME		10. Field and Pool, or Exploratory EUNICE; BLI-DRI-TU, NORTH 22900	
14. Distance in miles and direction from nearest town or post office* APPROX 3 MILES NW OF EUNICE, NM		11. Sec., T. R. M. or Blk. and Survey or Area UL: P SEC 8 T21S R37E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 170'	16. No. of acres in lease 958	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.	19. Proposed Depth 7300'	20. BLM/BIA Bond No. on file BLM - CO-1463 - NATIONWIDE NM 800-736 Individual	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3492	22. Approximate date work will start* 03/01/2011	23. Estimated duration 8-10 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 01/19/2011
Title DRILLING TECH		

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed)	Date SEP 2 2011
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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

K2 09/06/11

Approval Subject to General Requirements
& Special Stipulations AttachedSEE ATTACHED FOR
CONDITIONS OF APPROVAL

SEP 08 2011

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

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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: NMNM-90161 WBDU #124

Legal Description of Land: 170' FSL & 1180' FEL

UL: P Section: 8 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:  Printed Name: JEREMY WARD

Title: DRILLING MANAGER, PERMIAN REGION

Date: 1/19/2011

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PRIVATE SURFACE OWNER AGREEMENT

OPERATOR: APACHE CORPORATION

WELL NAME: WEST BLINEBRY DRINKARD UNIT #124

UL: P SECTION: 8 TOWNSHIP: 21S RANGE: 37E

LOCATION: 1331' FNL & 1330' FEL COUNTY: LEA STATE: NM

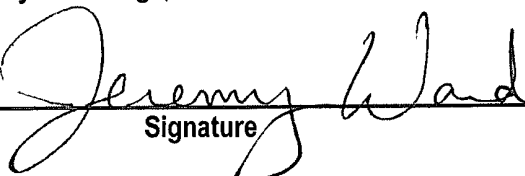
LEASE NUMBER: NMNM-90161

STATEMENT OF SURFACE USE

The surface to the subject land is owned by THE MILLARD DECK ESTATE, c/o BANK OF AMERICA, N.A., TRUSTEE of the MILLARD DECK TESTAMENTARY TRUST under the LAST WILL and TESTAMENT of MILLARD DECK.

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 WARD

DATE: 1/19/2011

TITLE: 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.

DRILLING PLAN: BLM COMPLIANCE
(Supplement to BLM 3160-3)

HOBBS OCD

SEP 02 2011

APACHE CORPORATION (OGRID: 873)

West Blinebry Drinkard Unit #124

Lease #: NMNM-90161

Projected TD: 7300'

GL: 3492'

170' FSL & 1180' FEL, UL: P SEC: 8 T21S R37E LEA COUNTY, NM

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1. **GEOLOGIC NAME OF SURFACE FORMATION:** Permian w/quaternary alluvium & other superficial deposits.
2. **ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:**

FORMATION	WELL DEPTH	WATER/OIL/GAS
Quaternary Alluvials	Surf	
Rustler	1275'	
Salt Top	1325'	
Salt Bottom	2505'	
Yates	2685'	
Queen	3442'	
Grayburg	3707'	
San Andres	3999'	
Glorietta	5201'	
Bliebry	5687'	Oil
Tubb	6182'	Oil
Drinkard	6514'	Oil
ABO	6768'	
TD	7300'	
Avg Depth to Ground Water:	~75'	

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' - 1325'	8-5/8"	24#	STC	J-55	2.4	5.1	7.7
7-7/8"	0' - 1000'	5-1/2"	17#	LTC	L-80	12.1	3.03	2.7
7-7/8"	1000' - 7300'	5-1/2"	17#	LTC	J-55	1.3	1.4	2.3

are cmt

4. **CEMENT PROGRAM:**

- A. **8-5/8" Surface:** Run & set 8-5/8" 24# J-55 STC csg to 1325'. Cement with:

Lead: 430 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 cuft/sx, 8.86 gps) *Comp Strengths*: 12 hr - 402 psi 24 hr - 608 psi 72 hr - 1340 psi

Tail: 280 sx Class C w/1% CaCl, 0.13 #/sx CF, 0.005 gps FP-6L

(14.8 ppg, 1.34 cuft/sx, 6.33 gps) *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 to 7300'. Cement with:

Lead: 650 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 cuft/sx, 13.78 gps) *Compressive Strengths*: 12 hr - 259 psi 24 hr - 798 psi 72 hr - 1405 psi

Tail: 400 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 cuft/sx, 5.57 gps) *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' - 1325' 1365'	8.4 - 8.6	28 - 30	NC	Water
1325' 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: *See COA*

- 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:

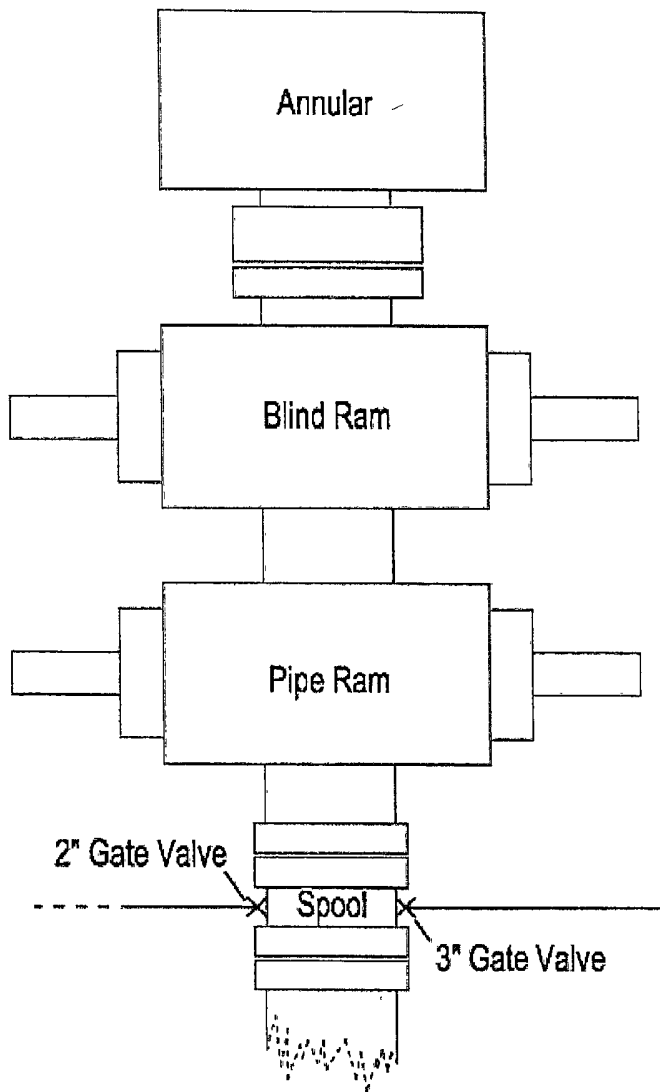
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore 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 8 - 10 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

WBDU #124

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

Exhibit #7

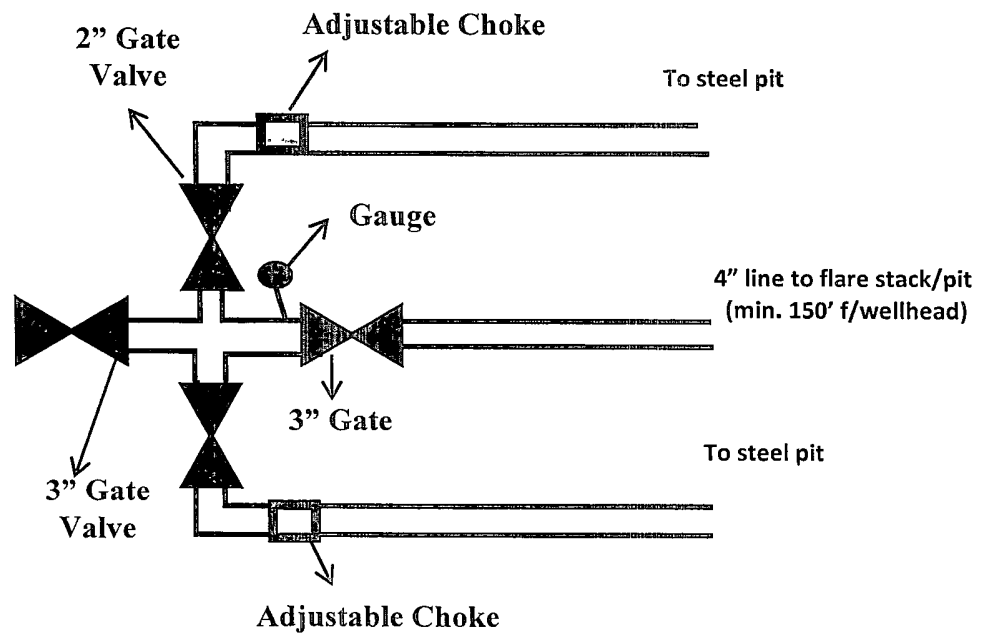
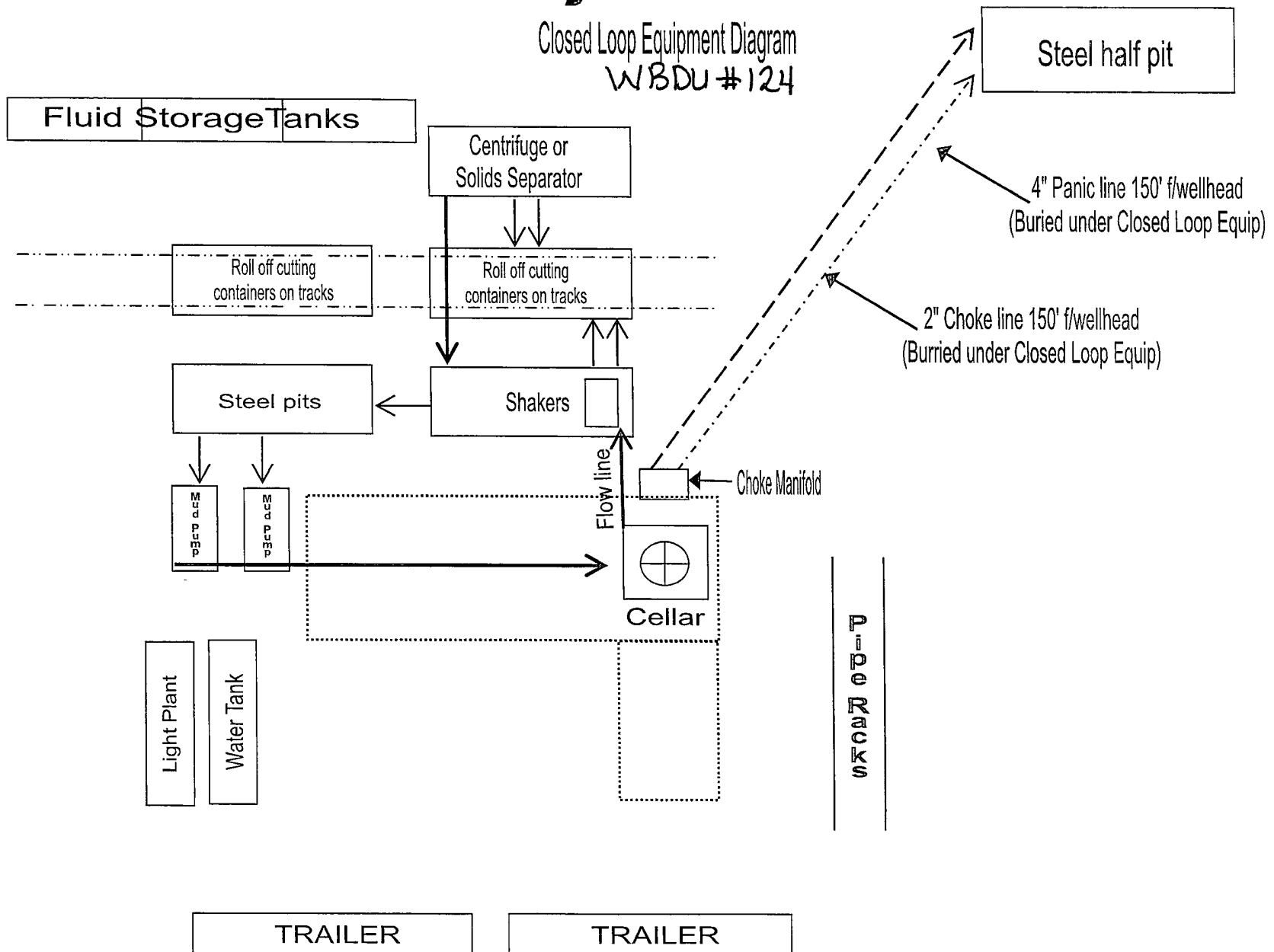


Exhibit #5

Apache

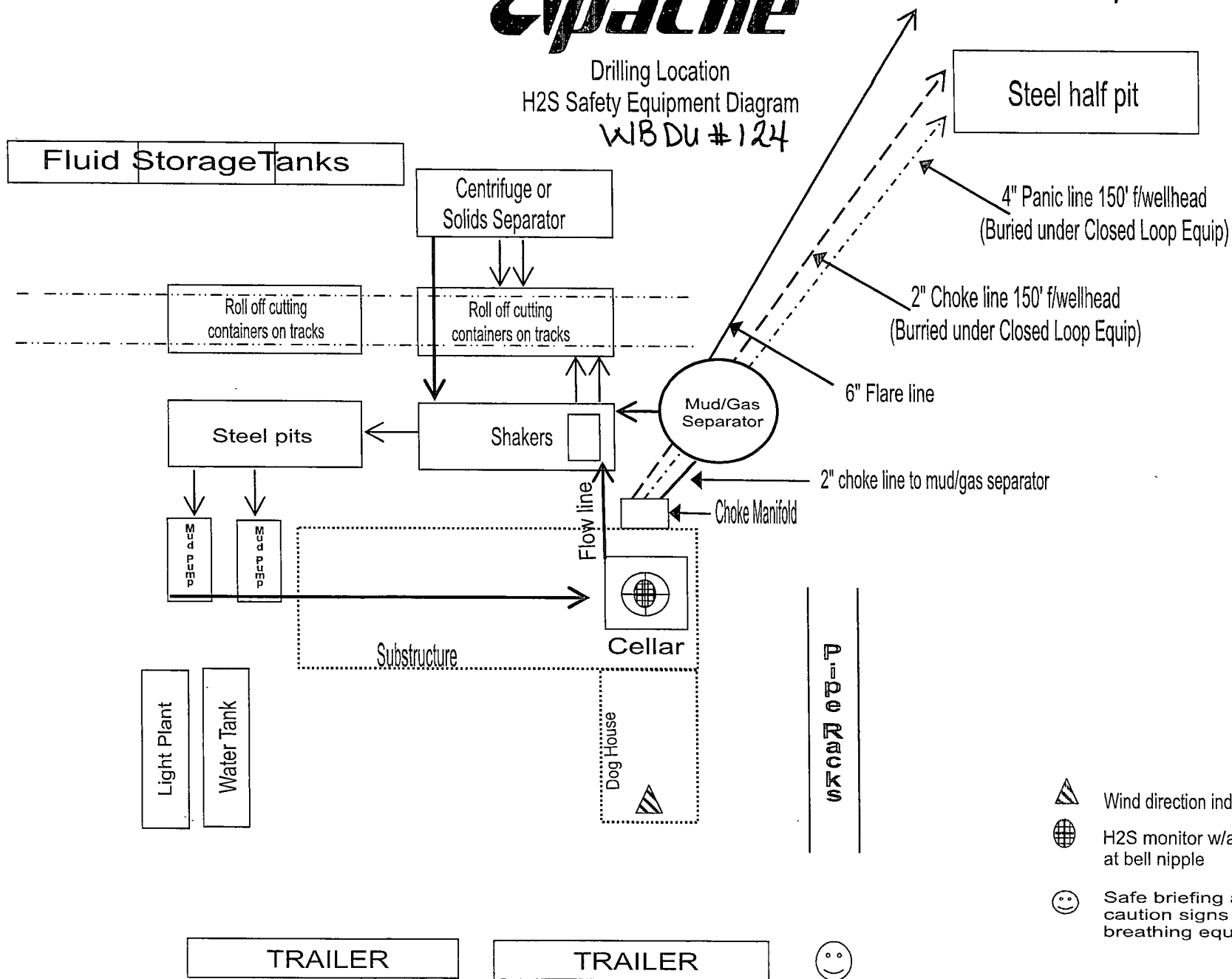
Closed Loop Equipment Diagram
WBDU #124






Apache

Drilling Location
H2S Safety Equipment Diagram
WB DU #124

Exhibit #6



-  Wind direction indicators
-  H2S monitor w/alarm at bell nipple
-  Safe briefing area w/ caution signs & breathing equipment