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OCD-HOBBS

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

5. Lease Serial No.
NMNM-090161

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
WBDU Nm120042x

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

8. Lease Name and No.
WEST BLINERY DRILLING UNIT # 108 373467

2. Name of Operator
APACHE CORPORATION

9. API Well No.
30-025-40273

3a. Address 303 VETERNAS AIRPARK LN #3000
MIDLAND, TX 79705

3b. Phone No. (include area code)
432-818-1167

10. Field and Pool, or Exploratory
EUNICE; BLI-TU-DRI, NORTH <22900>

4. Location of Well (Report location clearly and in accordance with any State requirements)
At surface 1330' FSL & 1650' FWL
At proposed prod. zone SAME

11. Sec., T. R. M. or Blk. and Survey or Area
UL: K SEC 8 T21S R37E

14. Distance in miles and direction from nearest town or post office*
APPROX 3 MILES NORTH OF EUNICE, NM

12. County or Parish
LEA

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1330'

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.
605' +/-

19. Proposed Depth
7150'

20. BLM/BIA Bond No. on file
BLM - CO - 1463 NATIONWIDE

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3510'

22. Approximate date work will start*
03/31/2011

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.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

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

25. Signature *Sorina L Flores*
Title DRILLING TECH

Name (Printed/Typed)
SORINA L FLORES

Date
03/22/2011

Approved by (Signature) /s/ Don Peterson

Name (Printed/Typed)

Date SEP 02 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)

K2 09/06/11

Capitan Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

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-090161

Legal Description of Land: 1330' FSL & 1650' FWL WB DU # 108

UL: K 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: Bobby L Smith Printed Name: BOBBY L. SMITH

Title: DRILLING MANAGER, PERMIAN REGION

Date: 1/17/2011

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PRIVATE SURFACE OWNER AGREEMENT

OPERATOR: APACHE CORPORATION

WELL NAME: WEST BLINEBRY DRINKARD UNIT #108

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

LOCATION: 1330' FSL & 1650' FWL COUNTY: LEA STATE: NM

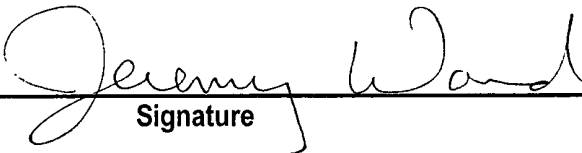
LEASE NUMBER: NMNM-090161

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: 1/17/2011

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)

SEP 02 2011

APACHE CORPORATION (OGRID: 873)

West Blinebry Drinkard Unit #108 Lease #: NMNM-090161 Projected TD: 7150' @ 3510'
1330' FSL & 1650' FWL, UL: K 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	1280'	
Salt Top	1330'	
Salt Bottom	2512'	
Yates	2695'	
Queen	3470'	
Grayburg	3728'	
San Andres	4005'	
Glorietta	5220'	
Bliebry	5690'	Oil
Tubb	6215'	Oil
Drinkard	6530'	Oil
ABO	6825'	
TD	7150'	
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' - 1330' / 1365'	8-5/8"	24#	STC	J-55	2.3	5.1	7.6
7-7/8"	0' - 1000'	5-1/2"	17#	LTC	L-80	12.1	3.2	2.8
7-7/8"	1000' - 7150'	5-1/2"	17#	LTC	J-55	1.3	1.4	2.4

4. **CEMENT PROGRAM:**

A. 8-5/8" Surface: Run & set 8-5/8" 24# J-55 STC csg to 1330'. 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 - 417 psi 24 hr - 700 psi 72 hr - 1278 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 - 875psi 72hr - 1466 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 7150'. 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 - 100 psi 24 hr - 200 psi 72 hr - 550 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 cuft/sx, 5.57 gps) **Compressive Strengths:** 12 hr - 500 psi 24 hr - 1600 psi 72hr - 2250 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 3146 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' - 1330' <i>1365</i>	8.4 - 8.6	28 - 30	NC	Water
1330' 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*

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

9. POTENTIAL HAZARDS:

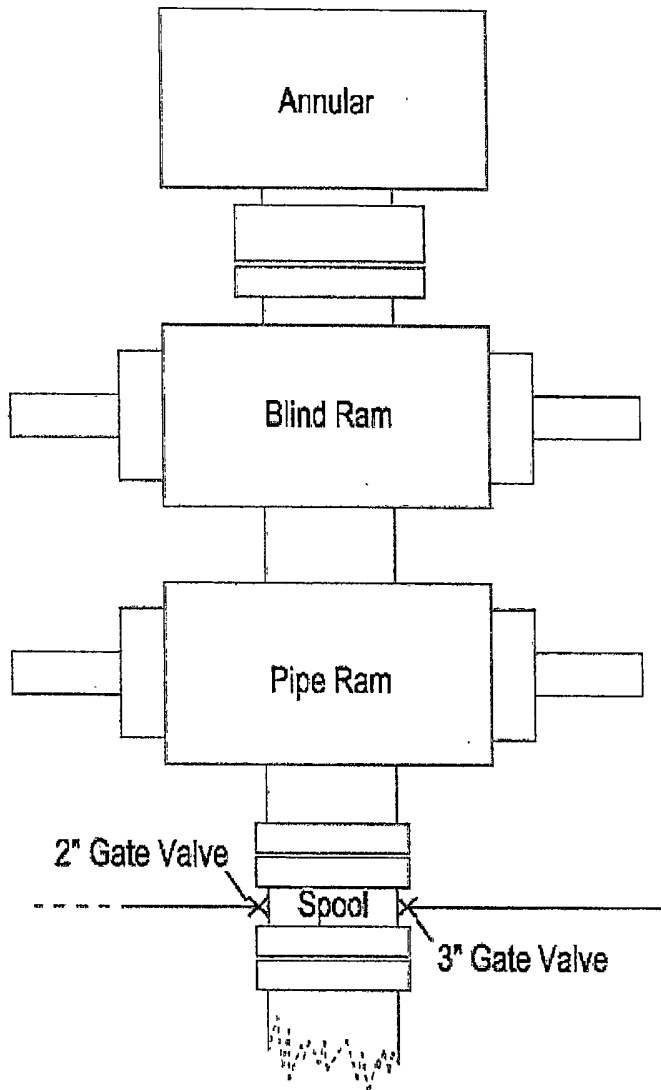
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore 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: 3146 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.

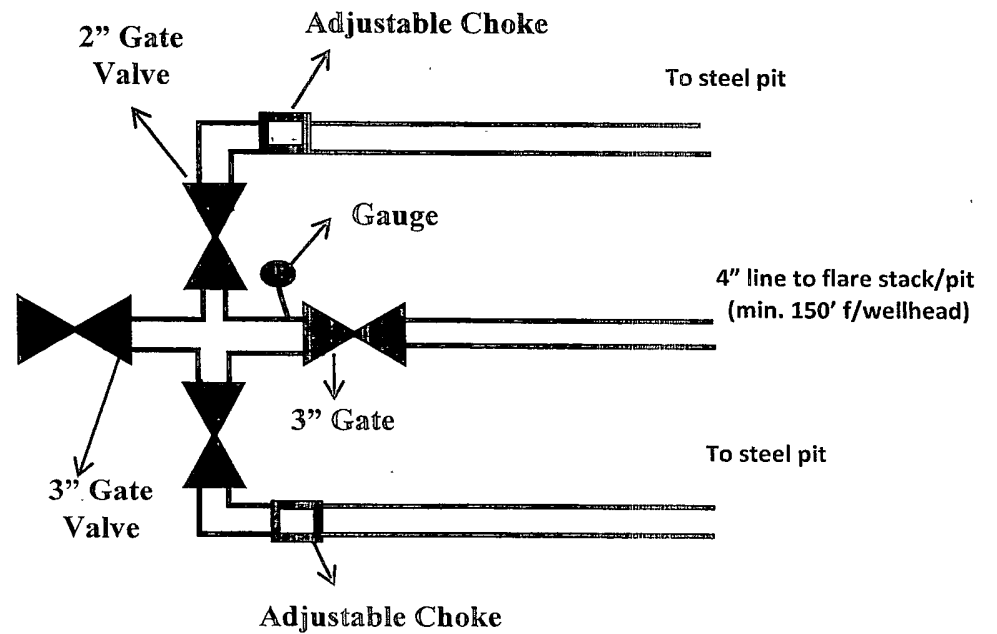


3M psi BOPE & Choke Manifold

W/BDU #108

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

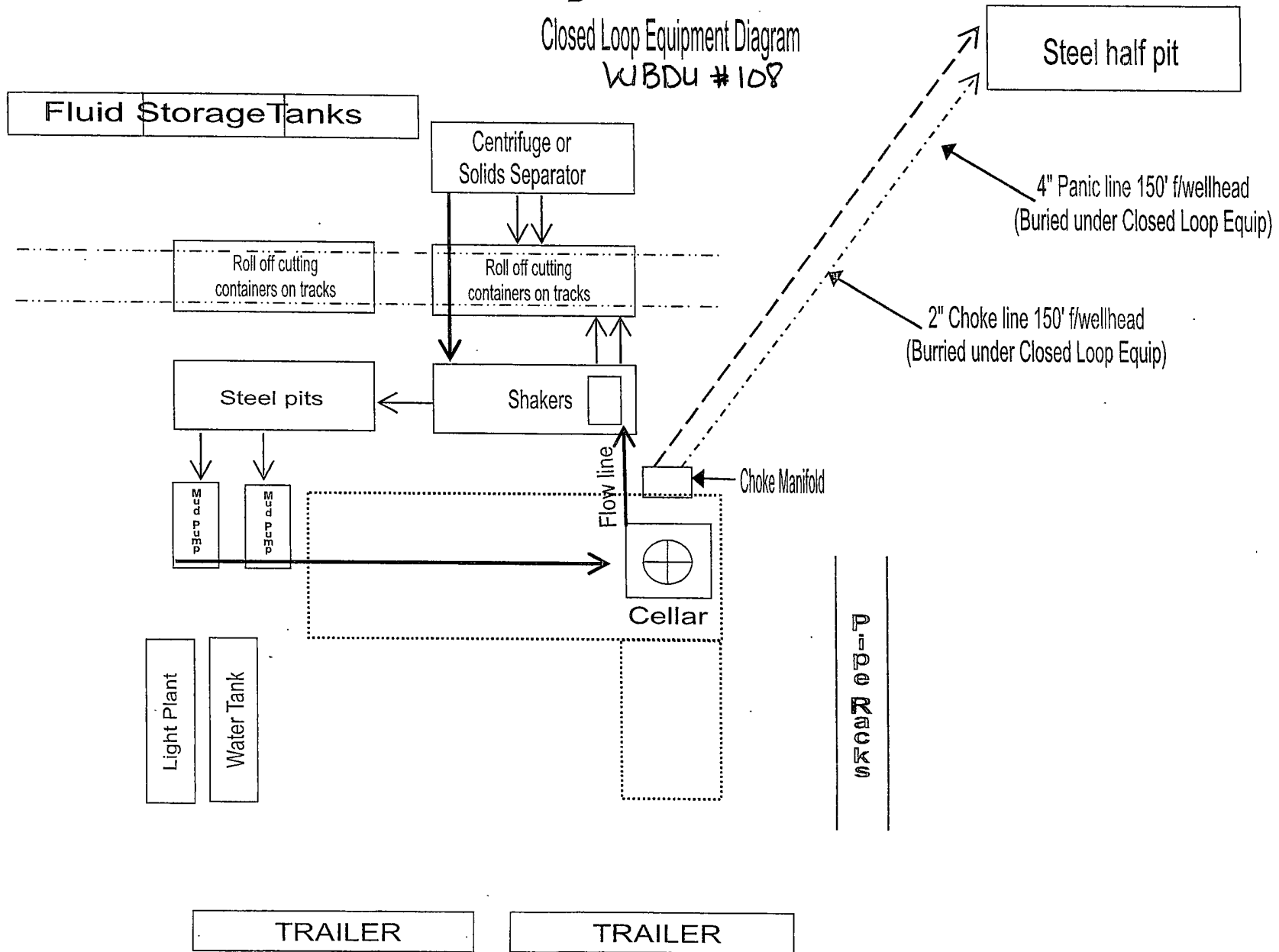
Exhibit #7



Apache

Exhibit #5

Closed Loop Equipment Diagram
WBDU #108



WELLSITE / RIG LAYOUT
WBDU #108

Exhibit #3

