

HOBBS OCD

OCD-HOBBS

Form 3160-3
(April 2004)

OCT 27 2011

RECEIVED
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.

NMLC-0056011B

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

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

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone8. Lease Name and Well No.
ELLIOTT FEDERAL #32. Name of Operator
APACHE CORPORATION9. API Well No.
30-025-403173a. Address 303 VETERANS AIRPARK LN #3000
MIDLAND, TX 797053b. Phone No. (include area code)
432-818-116710. Field and Pool, or Exploratory
Tubb 014(0)-60240 Drinkard - 19190
Blumbray 014(0)-6660
Wentz 180-62900

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface 660' FSL & 660' FWL

At proposed prod. zone SAME

11. Sec., T. R. M. or Blk. and Survey or Area

UL: M SEC: 7 T21S R38E

14. Distance in miles and direction from nearest town or post office*
APPROX 4.5 MILES NORTHEAST OF EUNICE, NM12. County or Parish
LEA13. State
NM15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

660'

16. No. of acres in lease
16017. Spacing Unit dedicated to this well
40 ACRES18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

APPROX 1040'

19. Proposed Depth
7500'20. BLM/BIA Bond No. on file
BLM - CO - 146321. Elevations (Show whether DF, KDB, RT, GL, etc.)
3499'22. Approximate date work will start*
As soon as APD Approved23. 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.
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

Name (Printed/Typed)

SORINA L. FLORES

Date

07/19/2011

Title

SPV. DRLG SERVICES

Approved by (Signature)

/s/ Don Peterson

Name (Printed/Typed)

Date

OCT 25 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

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED
OCT 26 2011 OCT 26 2011
NMOCD ARTESIA

Approval Subject to General Requirements
& Special Stipulations Attached

PRIVATE SURFACE OWNER AGREEMENT

OPERATOR: APACHE CORPORATION

WELL NAME: ELLIOTT FEDERAL 7 #3

UL: M SECTION: 7 TOWNSHIP: 21S RANGE: 38E

LOCATION: 660' FSL & 660' FWL COUNTY: LEA STATE: NM

LEASE NUMBER: NMNM-121960

STATEMENT OF SURFACE USE

The surface to the subject land is owned by Mc Neill Ranches, PO Box 1058, Hobbs, NM, 88241

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: CHASE SUMMERS

DATE: 5/11/2011

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.

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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40317	Pool Code 66660	Pool Name Blinebry Oil and Gas (oil)
Property Code 78884	Property Name ELLIOT FEDERAL	Well Number 3
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3499'

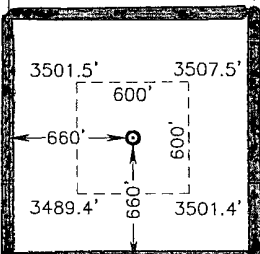
Surface Location

UL or lot No. M	Section 7	Township 21-S	Range 38-E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 660	East/West line WEST	County 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 40	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

<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=543403.3 N X=878604.0 E</p> <p>LAT.=32.487936° N LONG.=103.105502° W</p> <p>LAT.=32°29'17" N LONG.=103°06'20" W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Sorina L. Flores</u> 5/11/11 Signature Date</p> <p><u>Sorina L. Flores</u> Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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 supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 23, 2010</p> <p>Date Surveyed DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Ronald J. Eidson</u> 01/07/2011 10.11.1849</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>

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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-	Pool Code 60240	Pool Name Tubb Oil & Gas (oil)
Property Code	Property Name ELLIOT FEDERAL 7	Well Number 3
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3499'

Surface Location

UL or lot No. M	Section 7	Township 21-S	Range 38-E	Lot Ida	Feet from the 660	North/South line SOUTH	Feet from the 660	East/West line WEST	County LEA
---------------------------	---------------------	-------------------------	----------------------	---------	-----------------------------	----------------------------------	-----------------------------	-------------------------------	----------------------

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	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

<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=543403.3 N X=878604.0 E</p> <p>LAT.=32.487936° N LONG.=103.105502° W</p> <p>LAT.=32°29'17" N LONG.=103°06'20" W</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorina L. Flores</i> 5/11/11 Signature Date</p> <p>Sorina L. Flores Printed Name</p>	
<p>SURVEYOR CERTIFICATION</p> <p>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 supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 23, 2010</p> <p>Date Surveyed DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 01/07/2011</p> <p>Certificate No. GARY, G. EIDSON 12641 RONALD, J. EIDSON 3239</p>					

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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-	Pool Code 19190	Pool Name Drinkard
Property Code	Property Name ELLIOT FEDERAL 7	Well Number 3
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3499'

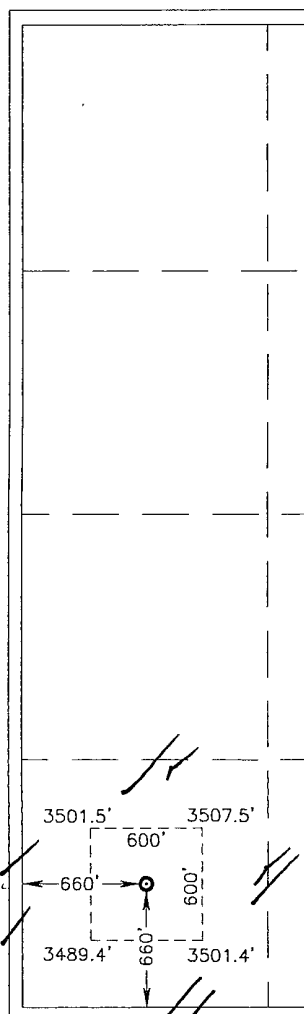
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	7	21-S	38-E		660	SOUTH	660	WEST	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 40	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

	<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=543403.3 N X=878604.0 E</p> <p>LAT.=32.487936° N LONG.=103.105502° W</p> <p>LAT.=32°29'17" N LONG.=103°06'20" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Sorina R. Flores</u> 5/11/11 Signature Date</p> <p><u>Sorina R. Flores</u> Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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 supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 23, 2010</p> <p>Date Surveyed DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Ronald G. Eidson</u> 01/07/2011 10-19-1849</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD G. EIDSON 3239</p>
--	--	---

SW

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-	Pool Code 62700	Pool Name Wantz; ABO
Property Code	Property Name ELLIOT FEDERAL 7	Well Number 3
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3499'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	7	21-S	38-E		660	SOUTH	660	WEST	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 40	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

	<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p>Y=543403.3 N X=878604.0 E</p> <p>LAT.=32 48'36" N LONG.=103.105502" W</p> <p>LAT.=32°29'17" N LONG.=103°06'20" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorina L. Flores</i> 5/24/11 Signature Date</p> <p>Sorina L. Flores Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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 supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 23, 2010</p> <p>Date Surveyed DSS</p> <p>Signature & Seal of Professional Surveyor <i>Ronald G. Eidson</i> 01/07/2011 10.11.1849</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD G. EIDSON 3239</p>	

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

APACHE CORPORATION (OGRID: 873)

Elliott Federal 7 #3 Lease #: NMNM-121960 Projected TD: 7200' GL: 3499'
660' FSL & 660' FWL, UL: M SEC: 7 T21S R38E LEA COUNTY, NM

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

FORMATION	WELL DEPTH	WATER/OIL/GAS
Quaternary Aeolian	Surf	
Rustler	1575'	
Salt Top	2025'	
Salt Bottom	2715'	
Yates	2875'	
Queen	3645'	
Grayburg	3895'	
San Andres	4275'	
Glorietta	5570'	
Blinberry	5885'	Oil
Tubb	6365'	Oil
Drinkard	6800'	Oil
ABO	6975'	
TD	7500'	
Depth to Ground Water:	~ 50'	

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' – 1625'	8-5/8"	24#	STC	J-55	1.9	4.2	6.3
7-7/8"	0' – 1000'	5-1/2"	17#	LTC	L-80	12.1	3.1	2.7
7-7/8"	1000' – 7500'	5-1/2"	17#	LTC	J-55	1.3	1.4	2.2

4. **CEMENT PROGRAM:**

- A. **8-5/8" Surface:** Run & set 8-5/8" 24# J-55 STC csg to 1625'. 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 to 7500'. 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)
Comp 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 5" shows an 11" 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 5" 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' – 1625'	8.4 – 8.6	28 – 30	NC	Fresh Water
1625' 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:

11" x 3000 psi Double BOP/Blind & pipe ram (2M BOP if available)
4-1/2" x 3000 psi Kelly valve
11" 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:

- 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. *See COA*
- No cores, DST's or mud logger are planned at this time.

9. POTENTIAL HAZARDS:

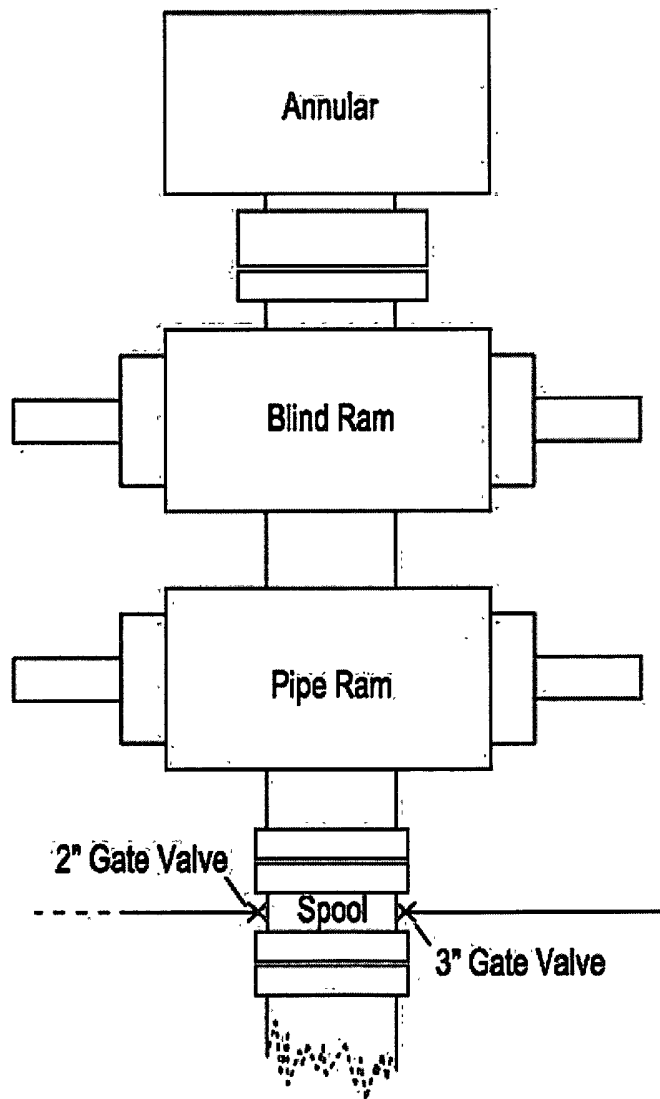
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore Oil & Gas Order No. 6 "SEE EXHIBIT 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.

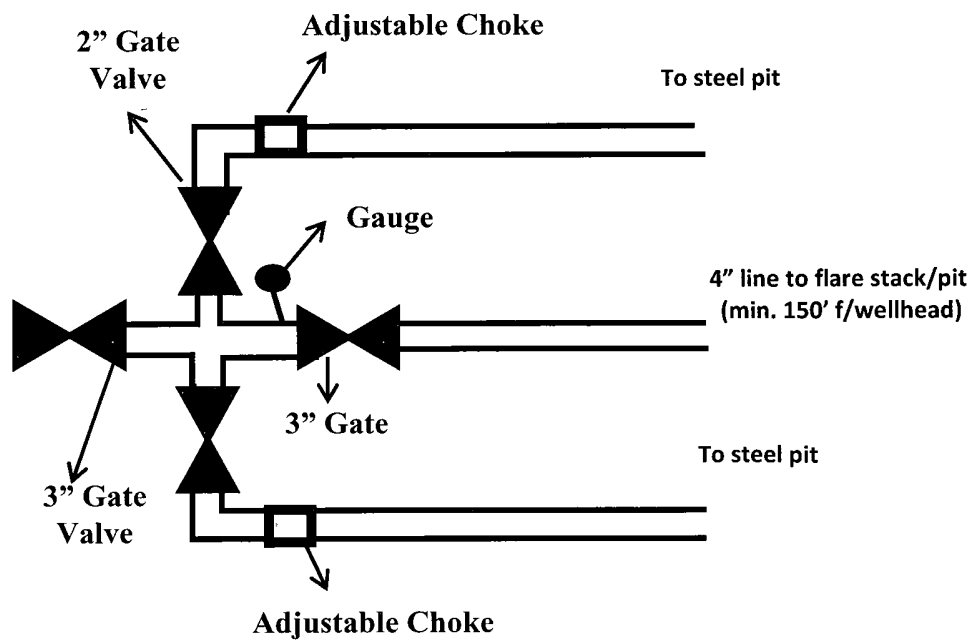
11. OTHER FACETS OF OPERATION:

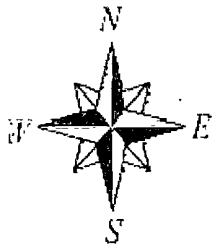
After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Eunice; Blin-Tu-Dri, North formation will be perforated and stimulated in order to establish production. The well will be swab tested & potentialized as an oil well.



11" 3M psi BOPE & Choke Manifold

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





WELLSITE / RIG LAYOUT
ELLIOTT FEDERAL 7 #3
EXHIBIT #3

