

30-025-40317

Surface Use Plan

(Additional data for form 3160-3)

Apache Corporation
ELLIOTT FEDERAL 7 #3
660' FSL & 660' FWL UL: M SEC: 7 T21S R38E
Lea County, NM
Lease #: NMNM-121960

HOBBS OCD

OCT 27 2011

RECEIVED

1. **EXISTING ROADS** - From the Intersection of St Hwy #18 & CR #E38 (Jones City Rd), go North on St Hwy #18 approx 1.4 miles, turn Right at cattle guard #33, go East approx. 0.7 miles, turn Right, go Southeast approx. 0.2 miles to staked MW Coll #1, follow proposed road survey stakes East approx. 1042', location stake is approx. 191' Northeast.
2. **PLANNED ACCESS ROAD** — The existing lease roads will be used to the extent possible, approx. 1042' of new road to the drilling pad will be required. All lease roads will be graded in compliance with BLM standards and will be maintained in a condition equal to or better than current conditions. All new & reconstructed roads will have a width & "crown design" (i.e. The max width of the driving surface will be 14'. The road will be crowned & ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled & compacted caliche.)
3. **LOCATION OF EXISTING WELLS** — Water wells, Disposal wells, Injection wells, Drilling wells, Producing Wells, Abandoned wells: (SEE EXHIBIT 1).
4. **LOCATION OF EXISTING OR PROPOSED FACILITIES** - In the event this well is productive, Apache will install new production facilities and install gas metering as per all BLM stipulations. Permanent tanks and gas measurement meter(s) will be utilized for this well as per BLM specifications. (SEE EXHIBIT 2).
5. **LOCATION AND TYPE OF WATER SUPPLY** - All water (fresh or otherwise) needed for the drilling and completion of this well will be purchased from a commercial source and trucked to the location via the existing and proposed access road. No water source wells will be drilled, and no surface water will be utilized.
6. **SOURCE OF CONSTRUCTION MATERIALS** - Construction material (caliche) required for the access road and well site pad will be obtained on location, if available, or from an approved pit. No surface materials will be disturbed except those necessary for actual grading and construction of the drill site and access road.
7. **METHODS FOR HANDLING WASTE DISPOSAL** - Closed Loop System. Waste Material will be stored then hauled to a state approved disposal facility. Drilling fluids will be contained in steel pits, fluids will be cleaned & reused. Water produced during testing will be contained in steel pits and disposal at a state approved facility. Any oil or condensate will be stored in test tanks until sold & hauled from site.
 - Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. Salts remaining after completion will be picked up by supplier including broken sacks.
 - Any other waste generated by the drilling, completion, testing of this well will be through a closed loop system.
 - A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well, and cleaned out periodically.

8. **ANCILLARY FACILITIES** — Upon completion, and/or testing of this well rental tanks, facilities will be utilized until permanent storage is established. No camps or airstrips will be constructed.
9. **WELLSITE LAYOUT** — Enclosed, please see “Drilling Rig Layout” (*SEE EXHIBIT 3*). Mud pits in the closed circulating system will be steel pits & the cuttings will be stored in steel containment pits. NMOCD for C-144 has been submitted to the OCD for approval. Cuttings will be stored in steel pits until they are hauled to a state approved disposal facility. (*SEE EXHIBIT 4*).
10. **PLANS FOR SURFACE RESTORATION** - Rehabilitation of the location will start in a timely manner after all drilling operations cease. Type of reclamation will depend on whether the well is a producer or a dry hole. (*SEE EXHIBIT 2*).

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be notified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped & contoured, topsoil from the soil pile will be loaded over the disturbed area to extent possible. The site will be restored as closely as possible to its pre-operation appearance including re-vegetation. Reclamation & re-vegetation of the surface location will be in accordance with the requirements set forth by the BLM. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.

Dry hole well – Pad & road area will be re-contoured to match existing terrain. Topsoil will be spread to the extent possible. Re-vegetation will comply with BLM standards.

Producer well – The previously noted procedures will apply to those areas which are not required from production facilities.

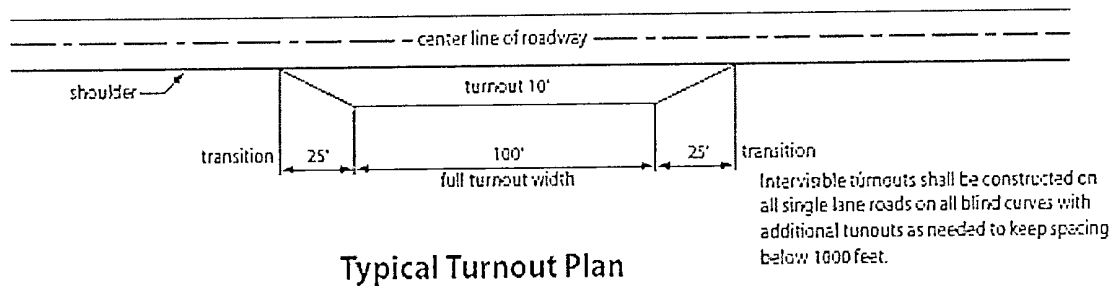
The vegetation at the wellsite is grassland. The topsoil is very sandy in nature. Plants are sparse which may include prairie grass, some mesquite bushes & shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes & rodents traverse the area which are all typical of the semi-arid desert land. There are no ponds or streams in the proximity of the location. No dwelling within 1.5 miles of location.

Arc Survey and Notice of Staking have been submitted to Bureau of Land Management.

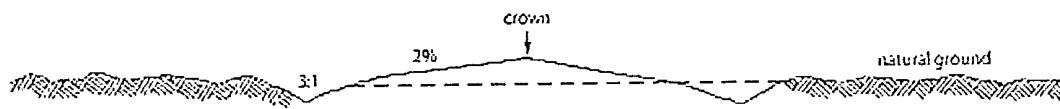
11. **OTHER INFORMATION** - The surface ownership of the drill site & the access routes are under the ownership of MC NEILL RANCHES, PO BOX 1058, HOBBS, NM, 88241.

Drilling contractor: Pending.

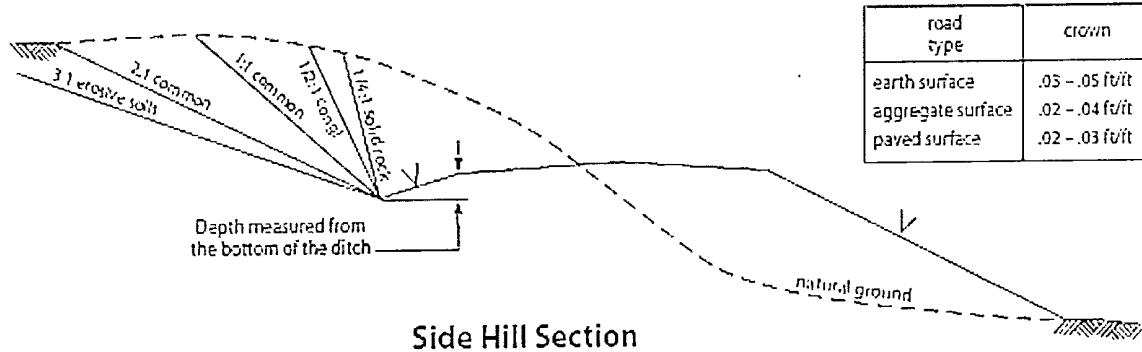
Cross Sections and Plans for Typical Road Sections



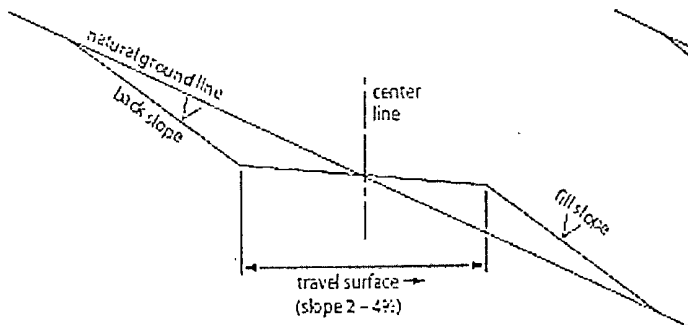
Typical Turnout Plan



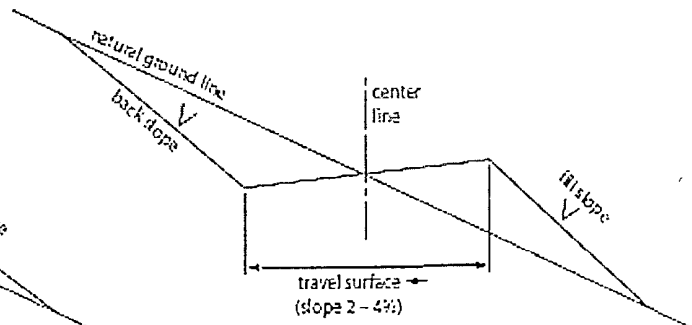
Level Ground Section



Side Hill Section



Typical Outslope Section



Typical Inslope Section

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

OPERATOR CERTIFICATION

I HEARBY CERTIFY THAT I, OR SOMEONE UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE DRILL SITE AND ACCESS ROUTE PROPOSED HEREIN; THAT I AM FAMILIAR WITH THE CONDITIONS WHICH CURRENTLY EXIST; THAT I HAVE FULL KNOWLEDGE OF STATE AND FEDERAL laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 11 day of MAY, 2011

Well: ELLIOTT FEDERAL 7 #3

Operator Name: APACHE CORPORATION

Signature:  Printed Name: CHASE SUMMERS

Title: Drilling Engineer Date: 5/11/2011

Email (optional): chase.summers@apachecorp.com

Street or Box: 303 Veterans Airpark Ln., Ste. 3000

City, State, Zip Code: Midland, TX 79705

Telephone: 432-818-1078

Field Representative (if not above signatory): _____

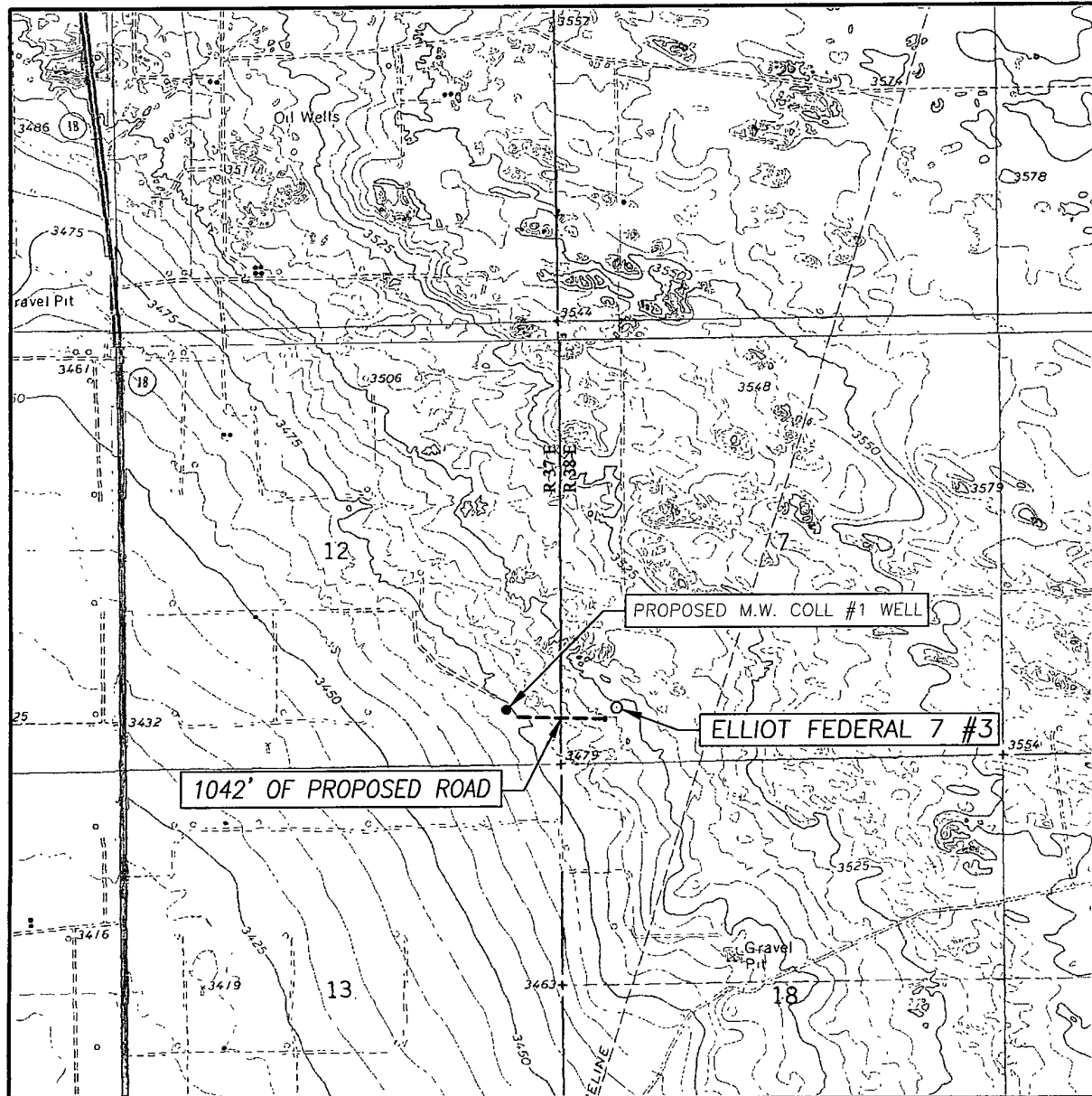
Address (if different from above): _____

Telephone (if different from above): _____

Email (optional): _____

Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 12 TWP. 21-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 660' FSL & 660' FWL

ELEVATION 3499'

OPERATOR APACHE CORPORATION

LEASE ELLIOT FEDERAL 7

U.S.G.S. TOPOGRAPHIC MAP

EUNICE NE, N.M.

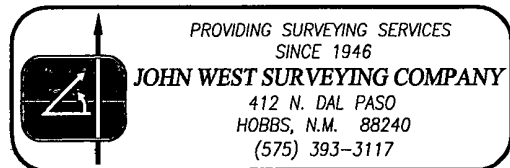
CONTOUR INTERVAL:

EUNICE NE, N.M. - 5'

EUNICE, N.M. - 10'

HOBBS SW, N.M. - 5'

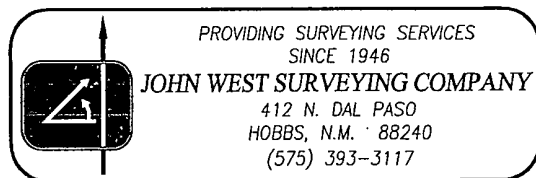
HOBBS SE, N.M. - 5'



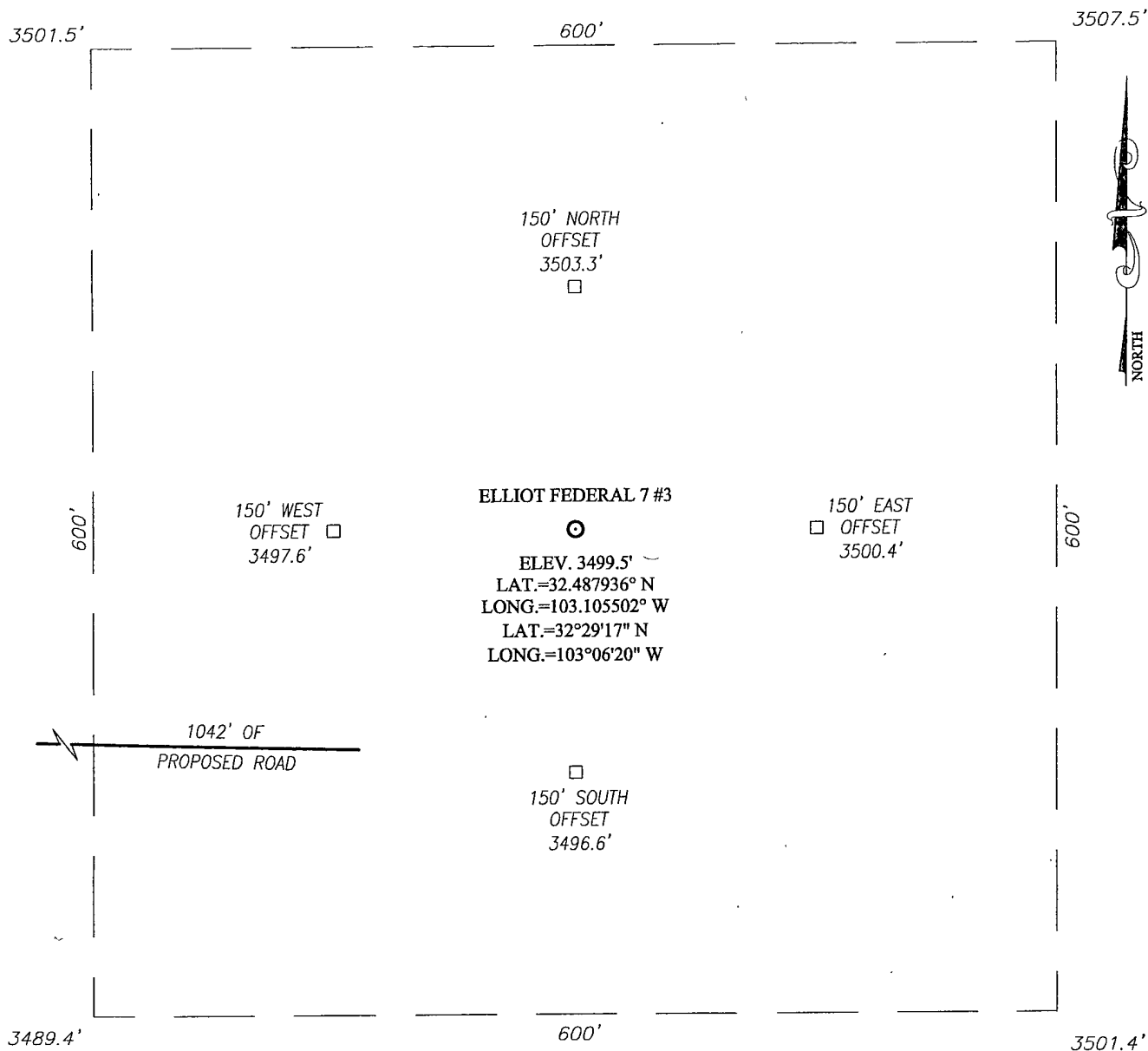
THE NORTH



SEC. 7 TWP. 21-S RGE. 38-E
SURVEY _____ N.M.P.M. _____
COUNTY LEA STATE NEW MEXICO
DESCRIPTION 660' FSL & 660' FWL
ELEVATION 3499'
OPERATOR APACHE CORPORATION
LEASE ELLIOT FEDERAL 7

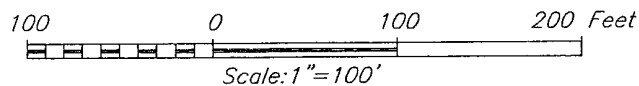


SECTION 7, TOWNSHIP 21 SOUTH, RANGE 38 EAST, N.M.P.M.,
LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION ST. HWY. #18 AND CO.
RD. #E38 (JONES CITY RD.), GO NORTH ON ST.
HWY. #18 APPROX. 1.4 MILES. TURN RIGHT AT
CATTLE GUARD #33 AND GO EAST APPROX. 0.7
MILES. TURN RIGHT AND GO SOUTHEAST APPROX.
0.2 MILES TO THE STAKED M.W. COLL #1 WELL.
FOLLOW PROPOSED ROAD SURVEY STAKES EAST
APPROX. 1042 FEET. THIS LOCATION STAKE IS
APPROX. 191 FEET NORTHEAST.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

APACHE CORPORATION			
ELLIOT FEDERAL 7 #3 WELL LOCATED 660 FEET FROM THE SOUTH LINE AND 660 FEET FROM THE WEST LINE OF SECTION 7, TOWNSHIP 21 SOUTH, RANGE 38 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.			
Survey Date: 12/23/10	Sheet 1 of 1 Sheets		
W.O. Number: 10.11.1849	Dr By: DSS	Rev 1:	
Date: 1/5/11		10111849	Scale: 1"=100'

