

HOBBS OCD

OCD Hobbs

NOV 23 2011

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Split Estate

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007Lease Serial No.
#4LC 032096B

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name	
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		7. If Unit or CA Agreement, Name and No.	
2. Name of Operator APACHE CORPORATION		8. Lease Name and Well No. LOCKHART B 13A #014	
3a. Address 303 VETERANS AIRPARK LN #3000 MIDLAND, TX 79705		9. API Well No. 30-025- 40345	
3b. Phone No. (include area code) 432-818-1167		10. Field and Pool, or Exploratory Blinbury #1G(0) - 6660 Drinkard - 19190 Tubb #1G(0) - 60240 Ulaniz; ABO-62700	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1980' FNL & 660' FEL Unit H- At proposed prod. zone SAME		11. Sec., T. R. M. or Blk. and Survey or Area UL: H SEC 13 T21S R37E	
14. Distance in miles and direction from nearest town or post office* APPROX 3.5 MILES NORTHEAST 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) 660'	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. 1095'	19. Proposed Depth 7300'	20. BLM/BIA Bond No. on file BLM - CO - 1463 NATIONWIDE	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3455'	22. Approximate date work will start* AS soon as approved	23. Estimated duration 15 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 9/13/11
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Title
SUPV. DRILLING SERVICES

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed) DONALD PETERSON	Date NOV 21 2011
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Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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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

Oil Conservation Division

Conditions of approval : Approval for drilling/workover
ONLY-- CANNOT produce Downhole Commingled until
DHC is approved in Santa Fe.

KZ
11/30/11Approval Subject to General Requirements
& Special Stipulations AttachedSEE ATTACHED FOR
CONDITIONS OF APPROVAL

PRIVATE SURFACE OWNER AGREEMENT

OPERATOR: APACHE CORPORATION

WELL NAME: LOCKHART B 13A #14

UL: H SECTION: 13 TOWNSHIP: 21 S RANGE: 37 E

LOCATION: 1980' FNL & 660' FEL COUNTY: LEA STATE: NM

LEASE NUMBER: NMLC-032096B

STATEMENT OF SURFACE USE

The surface to the subject land is owned by _____

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: BOB LANGE

DATE: 8/8/2011

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.

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-032096B LOCKHART B 13A #14
Legal Description of Land: 1980' FNL & 660' FEL
UL: H Section: 13 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: BOBBY L. SMITH

Title: DRILLING MANAGER, PERMIAN REGION

Date: 8/8/2011

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

HOBBS OGD

NOV 23 2011

State of New Mexico
Energy, Minerals and Natural Resources Department

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

HOBBS OGD

NOV

RECEIVED

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 30-025-48345	Pool Code 66660	Pool Name Blinebry Oil & Gas (O)
Property Code 24432	Property Name LOCKHART B-13A	Well Number 14
GRID No. 873	Operator Name APACHE CORPORATION	Elevation 3455'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	21-S	37-E		1980	NORTH	660	EAST	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	Joint or Infill	Consolidation Code	Order No.
40			

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 Y=540745.8 N X=877314.0 E LAT.=32.480673° N LONG.=103.109784° W LAT.=32°28'50" N LONG.=103°06'35" W</p>	<p>1980'</p> <p>3453.6' 3460.2'</p> <p>600' 660'</p> <p>3449.0' 3457.7'</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> 7/19/11 Signature Date 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 Signature & Seal of Professional Surveyor <i>Ronald F. Eidson</i> 02/07/2011 10.11.1835 Certificate No. GARY R. EIDSON 12641 RONALD F. EIDSON 3239</p>
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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
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Form C-102
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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40345	Pool Code 60240	Pool Name Tubb Oil & Gas (O)
Property Code 24432	Property Name LOCKHART B-13A	Well Number 14
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3455'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	21-S	37-E		1980	NORTH	660	EAST	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.						

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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
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State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-40345	Pool Code 19190	Pool Name Drinkard
Property Code 24432	Property Name LOCKHART B-13A	Well Number 14
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3455'

Surface Location

UL or lot No. H	Section 13	Township 21-S	Range 37-E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 660	East/West line EAST	County LEA
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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.	

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<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p> </p> </div> <div style="width: 35%; text-align: right;"> <p>DSS</p> <p>02/07/2011</p> </div> </div>	
<p> Certificate No. GARY G. EIDSON 12641 RONALD F. EIDSON 3239 </p>	

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

APACHE CORPORATION (OGRID: 873) LOCHART B 13A #14

Lease #: NMLC-032096B Projected TD: 7200' GL: 3455'
1980' FNL & 660' FEL, UL: H SEC: 13 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	
Rustler	1526'	
Salt Top	1580'	
Salt Bottom	2650'	
Yates	2836'	
Queen	3596'	
Grayburg	3976'	
San Andres	4166'	
Glorieta	5496'	
Blinebry	5841'	Oil
Tubb	6321'	Oil
Drinkard	6736'	Oil
ABO	6936'	Oil
TD	7300'	
Depth to Ground Water:	65'	

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' – 1540'	8-5/8"	24#	STC	J-55	1.125	1.0	1.8
7-7/8"	0'-1000'	5-1/2"	17#	LTC	L-80	1.125	1.0	1.8
7-7/8"	1000'-7300'	5-1/2"	17#	LTC	J-55	1.125	1.0	1.8

4. **CEMENT PROGRAM:**

- A. **8-5/8" Surface:** Run & set 8-5/8" 24# K-55 STC csg to 1540'. Cmt with:

Lead: 585 sx Class C w/ 2% CaCl₂, 0.25# CF, 3# LCM1, 0.005 gps FP-6L, 4% Bentonite (13.5 ppg, 1.75 yld)

Compressive Strengths : 12 hr – 755 psi 24 hr – 1347 psi

Tail: 200 sx Class C w/ 1% CaCl₂, 0.13 # CF, 0.005 gps FP-6L (14.8 ppg, 1.34 yld)

*Compressive Strengths : 12 hr – 500 psi 24 hr – 782 psi *** 100% excess cmt; cmt to surf****

- B. **5-1/2" Production:** Run & set 5-1/2" 17# J-55 LTC csg to 7300'. Cmt with:

Lead: 610 sx (50:50) Poz C w/ 5% Sodium Chloride, 0.13# CF, 0.4% FL-52, 0.005 gps FP-6L, 6% Bentonite (12.5ppg, 2.04 yld)

Compressive Strengths: 12 hr – 344 psi 24 hr – 835 psi

Tail: 425 sx (50:50) Poz C w/ 5% Sodium Chloride, 0.13# CF, 0.15% CD-32, 3# LCM-1, 0.4% FL-52, 0.005 gps FP-6L, 2% Bentonite (14.2 ppg, 1.30 yld)

*Compressive Strengths: 12 hr – 869 psi 24 psi – 1768 psi *** 50% excess cmt****

**** The above cmt volumes could be revised pending caliper measurement from open hole logs. TOC is designed to reach surface on Surface and Production. The above slurry design may change, but will meet BLM specifications. All slurries will be tested prior to loading to confirm thickening times & a lab report furnished to Apache. Fluid loss will be tested & reported on slurries with fluid loss additives. Lab test report will be furnished prior to pumping cement.**

5. PROPOSED CONTROL EQUIPMENT

"EXHIBIT 5" shows a 900 series 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' - 1540'	8.3	28 - 32	NC	Fresh Water
1540' - 7100'	10	28 - 32	NC	Brine
7100' - TD	10.1 - 10.2	32 - 33	10 - 12	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" blow down line

8. LOGGING, CORING & TESTING PROGRAM: *see COA*

- A. OH logs: Dual Laterolog, MSFL, CNL, Litho-Density, Spectral 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 or DST's are planned at this time. Mud log will be included on this well.
- D. Additional testing will be initiated subsequent to setting the 5-1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows & drill stem tests.

9. POTENTIAL HAZARDS:

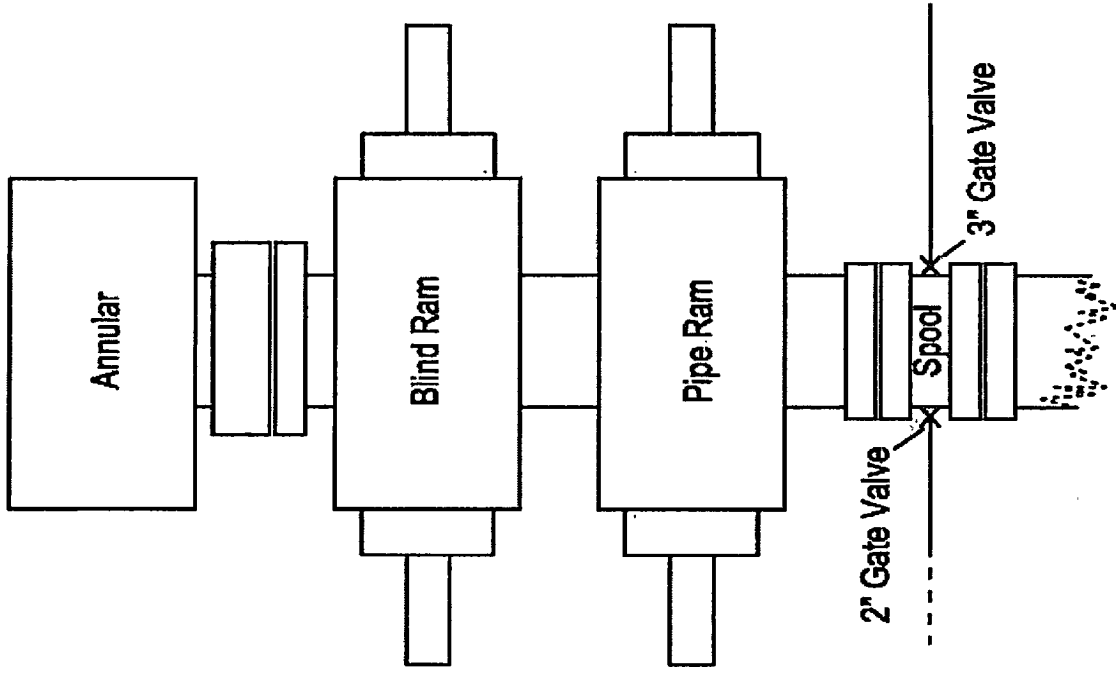
No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of *Onshore 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 15 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:

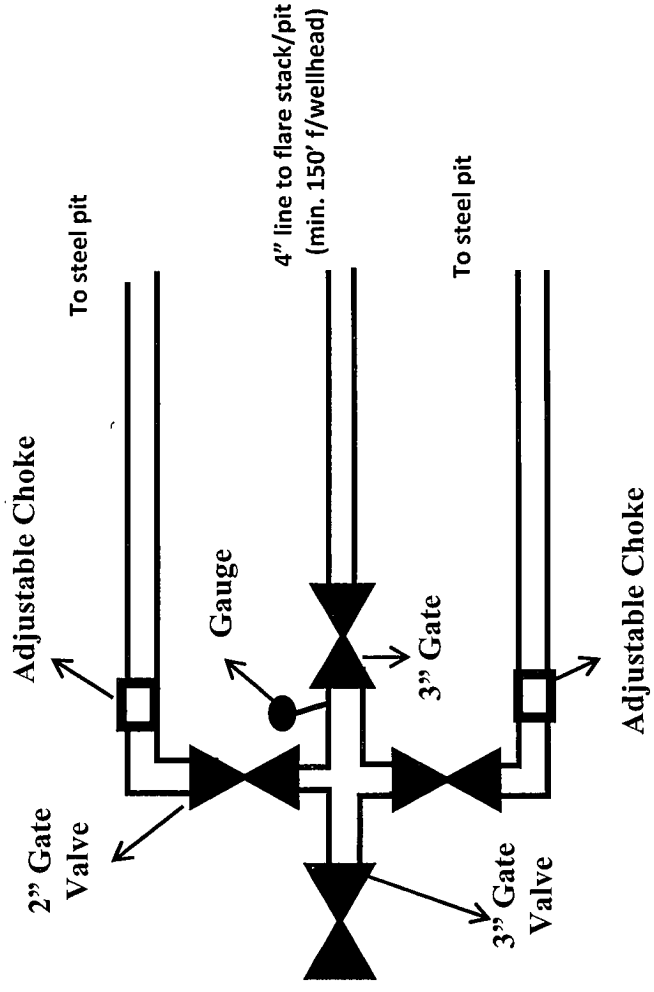
After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Blinberry, Tubb, Drinkard & Wantz/ABO formations will be perforated and stimulated in order to establish production. The well will be swab tested & potentialized as an oil well.



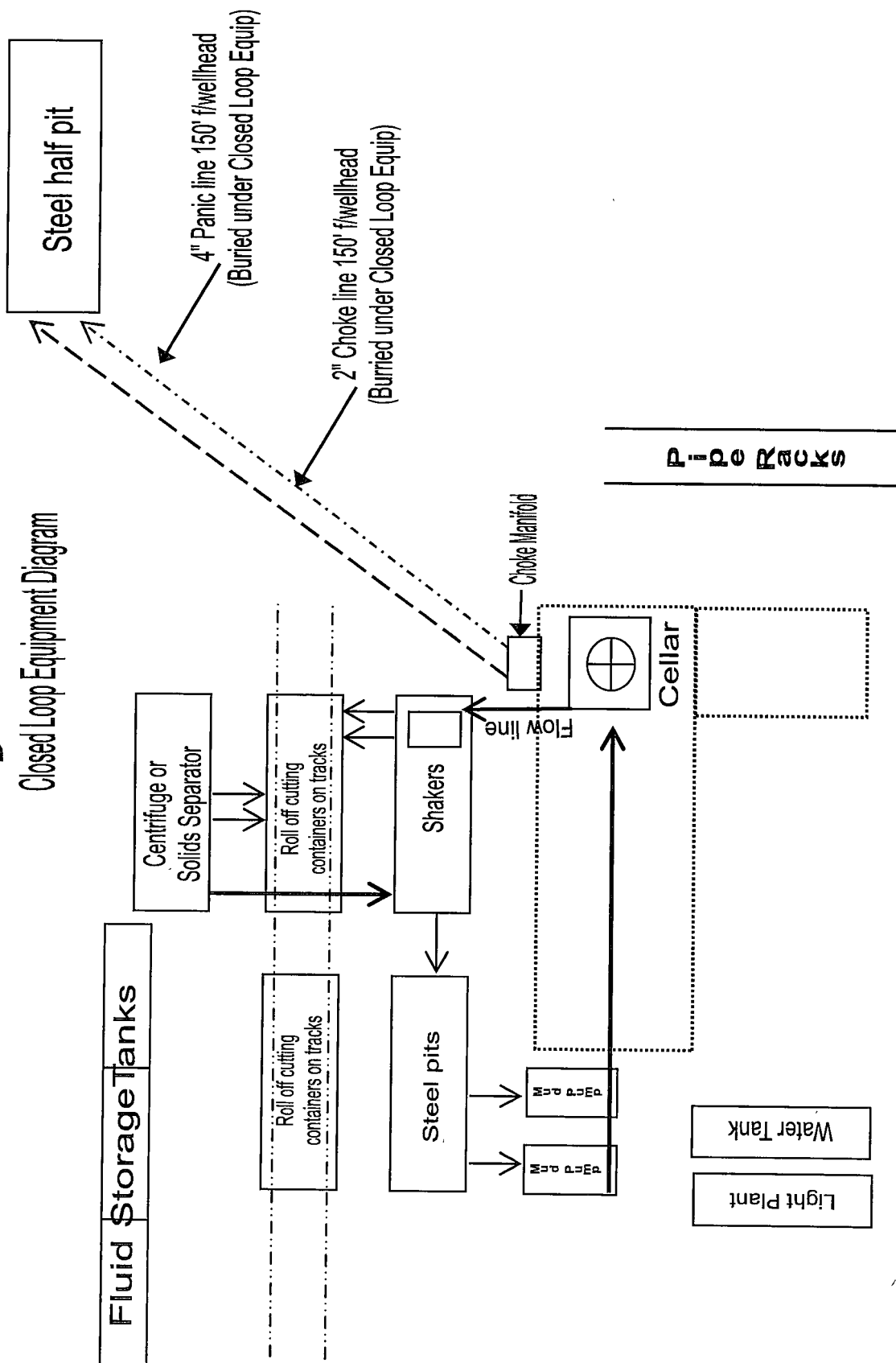
3M psi BOPE & Choke Manifold

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

Exhibit 5



Closed Loop Equipment Diagram



TRAILER

TRAILER



**DESIGN PLAN, OPERATING & MAINTENANCE PLAN, & CLOSURE PLAN
FOR OCD FOR C-144**

LOCKHART B 13A #14

DESIGN PLAN

Fluid & cuttings coming from drilling operations will pass over the Shale Shaker with the cuttings going to the Sundance Inc / CRI haul off bin and the cleaned fluid returning to the working steel pits.

Equipment includes:

- 2 – 500 bbl steel frac tanks (fresh water for drilling)
- 2 – 180 bbl steel working pits
- 3 – 75 bbl steel haul off bins
- 2 – Pumps (6-1/2" x 10" PZ 10 or equivalent)
- 1 – Shale shaker
- 1 – Mud cleaner – QMAX MudStripper

OPERATING AND MAINTENANCE PLAN

Inspection to occur every tour for proper operation of system and individual components. If any problems are found they will be repaired and/or corrected immediately.

CLOSURE PLAN

All haul bins containing cuttings will be removed from location and hauled to Sundance Incorporated (NM-01-0003) disposal site located 3 miles East of Eunice, NM on the Texas border / Controlled Recovery, Inc's (NM-01-0006) disposal site located near mile marker 66 on Highway 62/180.

Sorina L. Flores
Drilling Tech