

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

CD-40988
FEB 27 2012
RECEIVED

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-125795
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 #3000 MIDLAND, TX 79705		8. Lease Name and Well No. HAWK FEDERAL A-5 #9 <31036>
3b. Phone No. (include area code) 432-818-1167		9. API Well No. 30-025- 40459
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 990' FSL & 990' FEL At proposed prod. zone SAME		10. Field and Pool, or Exploratory Blindary 04G <6660>, Drinkard <19190> Plant 1, BBO <62700>
14. Distance in miles and direction from nearest town or post office* APPROX 4 MILES NORTHWEST OF EUNICE, NM		11. Sec., T. R. M. or Blk. and Survey or Area UL: SEC: 5 T21S R37E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'	16. No. of acres in lease 560 ACRES 240	12. County or Parish LEA
17. Spacing Unit dedicated to this well 40.00 ACRES	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. ~ 420'	13. State NM
19. Proposed Depth 7600'	20. BLM/BIA Bond No. on file BLM - CO - 1463 NATIONWIDE	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3492'	22. Approximate date work will start* As soon as approved	23. Estimated duration ~ 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. | 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. LFLORES	Date 11/30/11
Title SUPV OF DRILLING SERVICES		
Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed)	Date FEB 2 12012
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

KE 02/25/12

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

MAR 01 2012

DRILLING PLAN: BLM COMPLIANCE

(Supplement to BLM 3160-3)

FEB 27 2012

APACHE CORPORATION (OGRID: 873) Hawk Federal A-5 #9

Lease #: NMNM-125795 Projected TD: 7600' GL: 3492'
 990' FSL & 990' FEL UL: X SEC: 5 T21S R37E LEA COUNTY, NM

RECEIVED

1. GEOLOGIC NAME OF SURFACE FORMATION: Eolian/Piedmont Alluvial Deposits
2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

FORMATION	WELL DEPTH	WATER/OIL/GAS
Eolian/Alluvial	Surf	
Rustler	1300'	
Salt Top	1406'	
Salt Bottom	2546'	
Queen	3497'	
Grayburg	3800'	Oil
San Andres	4109'	Oil
Glorieta	5254'	
Blinbry	5750'	Oil
Tubb	6251'	Oil
Drinkard	6602'	Oil
ABO	6877'	Oil
TD	7600'	
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' - 1350'	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'-7600'	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# J-55 STC csg to 1350'. Cmt with:

Lead: 485 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 to surf**

B. 5-1/2" Production: Run & set 5-1/2" 17# L-80/J-55 LTC csg to 7600'. Cmt with:

Lead: 580 sx (50:50) Poz Cl C w/ 5% Sodium Chloride, 0.13# CF, 3# LCM1, 0.5% FL52, 0.005 gps FP-6L, 6% Bentonite, 0.5% BA10A
 (12.8ppg, 1.90 yld) Compressive Strengths: 12 hr – 344 psi 24 hr – 835 psi

Tail: 360 sx (50:50) Poz Cl C w/ 5% Sodium Chloride, 0.13# CF, 0.2% CD32, 3# LCM-1, 0.45% FL-52, 0.005 gps FP-6L, 2% Bentonite, 0.1% Sodium Metasilicate
 (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 3344 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' -1350	8.3	28 - 32	NC	Fresh Water
1350 - 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: 3344 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 +/- 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.

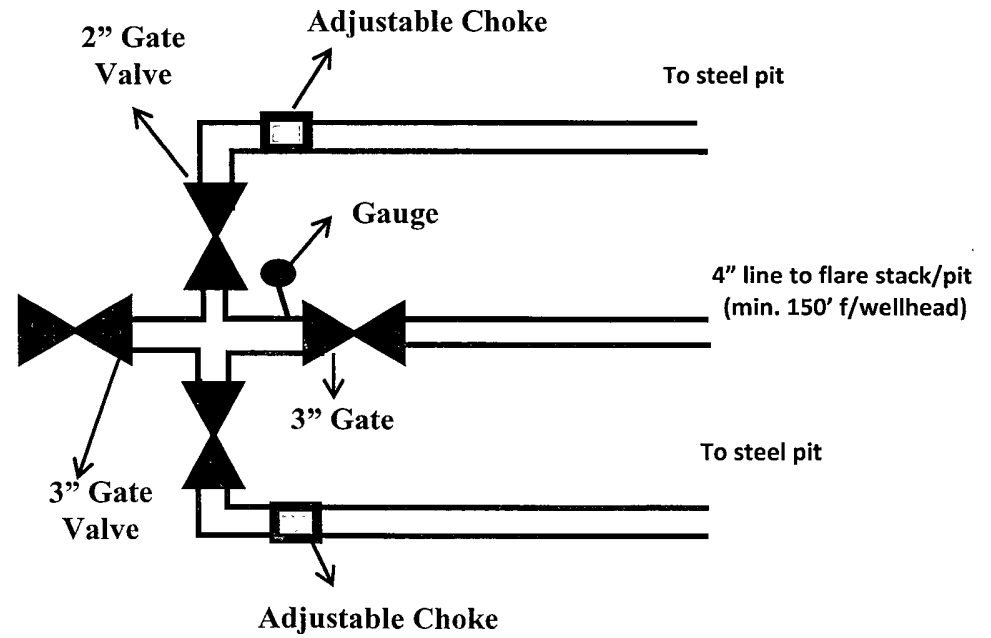
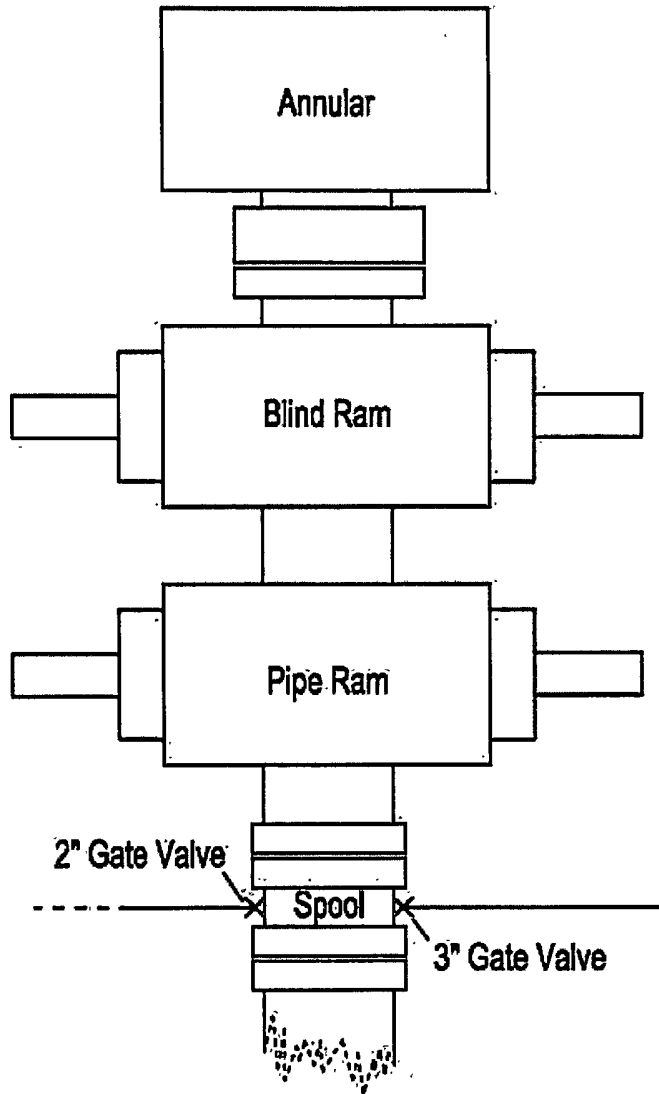
11. OTHER FACETS OF OPERATION:

After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Blinberry O&G (O), Tubb O&G (O), 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

Exhibit 3

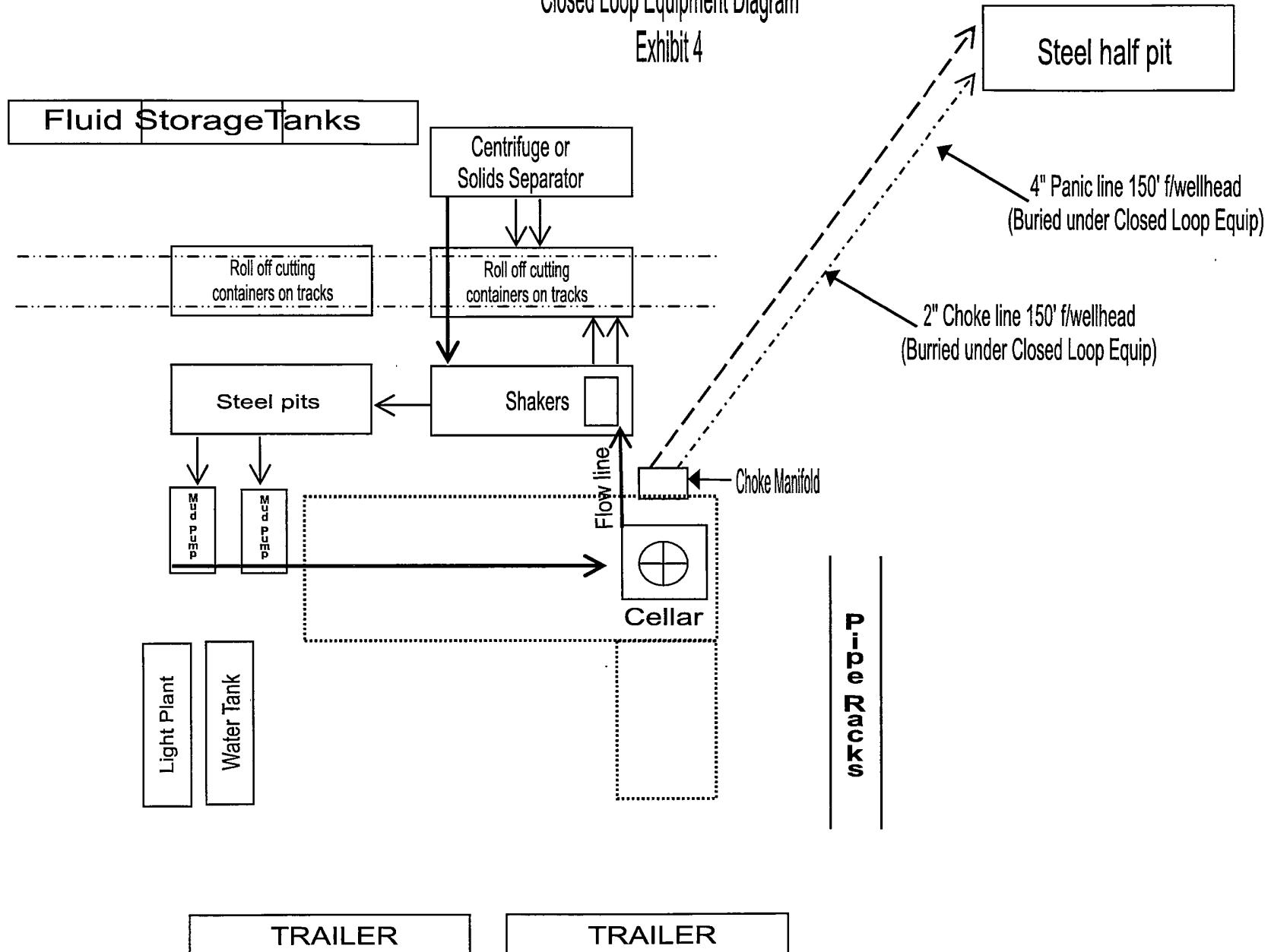
All valve & lines on choke manifold are 2" unless noted.
Exact manifold configuration may vary



Apache

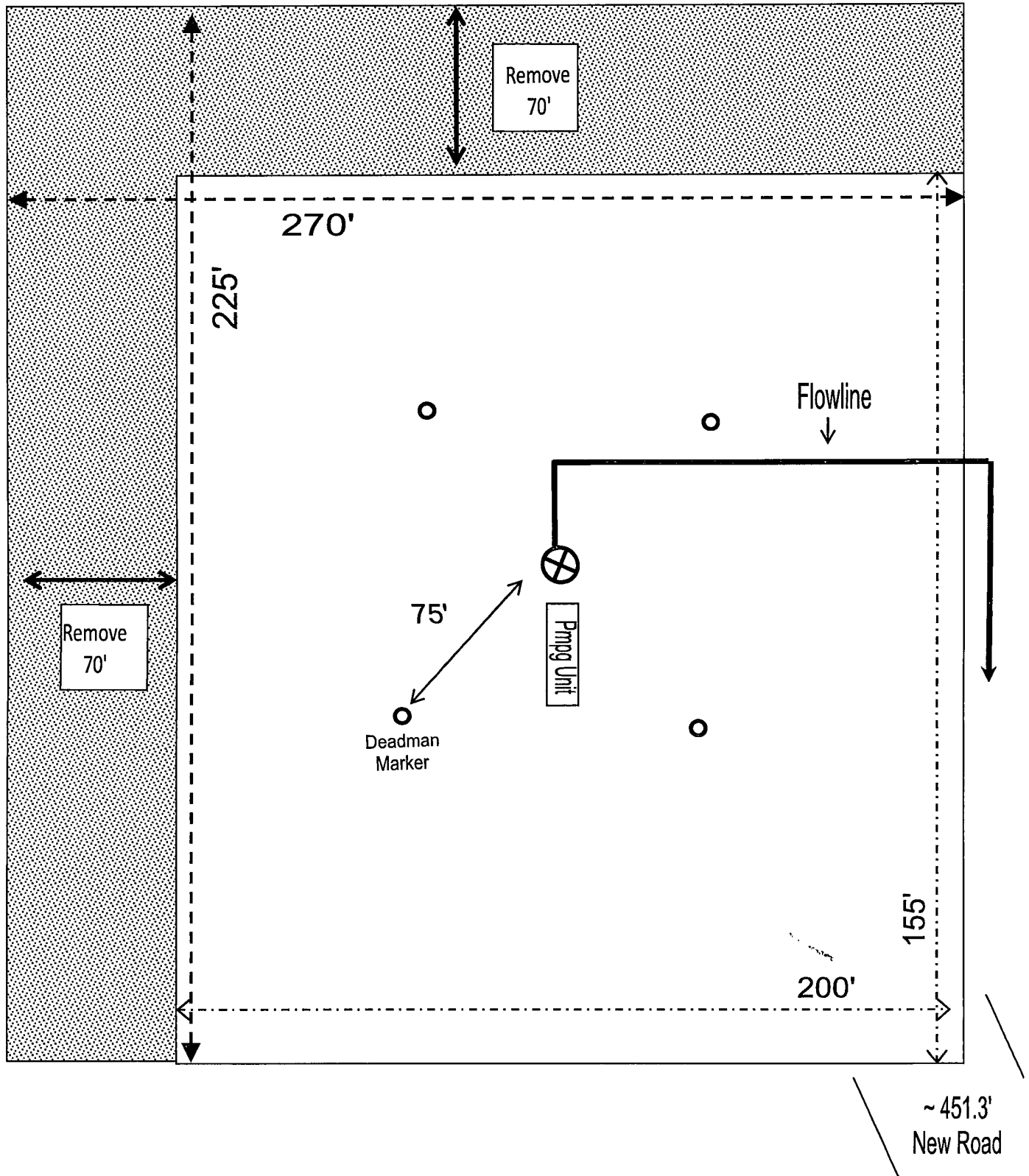
Closed Loop Equipment Diagram

Exhibit 4





INTERIM RECLAMATION
LAYOUT
Hawk Federal A-5 #9
EXHIBIT #6



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220

HOBBS OCD

FEB 27 2012

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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-125795 HAWK FEDERAL A-5 #9

Legal Description of Land: 990' FSL & 990' FEL

UL: X Section: 5 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 *BLM NMB000756 INDIVIDUAL* *BA*

Signature: Bobby L Smith Printed Name: BOBBY L. SMITH

Title: DRILLING MANAGER, PERMIAN REGION

Date: 11/10/11