



SURFACE USE PLAN OF OPERATIONS

HAWK B-1 #69 Lease #: NM-90161
SHL: 2480' FSL & 1805' FEL UL: J SEC: 8 T21S R37E
LEA COUNTY, NM

30-025-04
HOBBS OCD

FEB 27 2012

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EXISTING ROADS

A. Proposed Well Site Location

- a. The well site & elevation plat for the proposed well are reflected on the well site layout (form C-102). Well staked by Basin Surveys Company.

B. Existing Roads

- a. From intersection of US 176 & North Loop Rd 248 on North end of Main street in Eunice, NM, go North on North Loop Rd 248 for 2.7 miles, turn Left (West) on Hill Rd, go 1.4 miles, turn Left (SW), on first caliche road after going thru intersection of Hill Rd & Turner Rd, go 0.1 mile to location.

C. Route Location

- a. Approx 146.4' of new lease road is expected to be constructed. "SEE EXHIBIT 1", also "SEE BASIN SURVEY WELL PAD TOPO PLAT", please refer to E(a.) of this Surface Use Plan for lease road compliance.

D. Existing Road Maintenance or Improvement Plan:

- a. EXHIBIT 1 is a portion of a topo map showing the well & roads in the vicinity of the proposed location. The proposed well site & access route to the location are indicated in blue on EXHIBIT 1. Right of way using this proposed route will be requested if necessary.
- b. Routine grading & maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease. Roads will be maintained according to specifications in Section E (a) of this Surface Use Plan.

E. Width, Max Grade, Turnout Ditches, Culverts, Cattle Guards, & Surface Equipment

- a. All lease roads will be graded in compliance with BLM standards. 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.) If required, culverts and cattle guards will be set per BLM Specs.

LOCATION OF EXISTING WELLS

- A. "EXHIBIT 2" indicates existing wells within a one mile radius of the proposed location.

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. In the event the well is found productive, the Hawk B Battery will be utilized and necessary production equipment will be installed at the well site. "SEE EXHIBIT 1"

B. New Facilities in the Event of Production

In the event well is productive, APACHE will install a new 3" NUPI rated 300psi up to 140 deg surface flow line, approx. 5000' in length, to the existing Hawk B Battery location following existing lease roads. If electricity is needed, approx. 675' of new electrical line will be installed to existing power line. "SEE EXHIBIT 1".

C. Rehabilitation of Disturbed Areas Unnecessary for Production

Following the construction, those access areas required for continued production will be graded to provide drainage and minimize erosion. The areas unnecessary for use will be graded to blend in with the surrounding topography "SEE PLANS FOR RESTORATION OF THE SURFACE"

LOCATION AND TYPE OF WATER SUPPLY

- A. 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 existing and/or proposed access roads. No water source wells will be drilled and no surface water will be utilized.

CONSTRUCTION MATERIALS

- A. Materials

On-site caliche will be used for any required access road and/or well site pad. If necessary, caliche will be hauled from a BLM approved pit. No surface materials will be disturbed except those necessary for actual grading and construction of the drill site and access road.

METHODS FOR HANDLING WASTE DISPOSAL

- A. Cuttings

Cuttings will be contained in roll off bins and disposed of hauled to a state approved disposal facility.

- B. Drilling Fluids

Drilling fluids will be contained in steel pits, frac tanks and disposed at licensed disposal sites and/or will be cleaned and reused.

- C. Produced Fluids

Water production will be contained in steel pits. Fluids may be cleaned and reused and/or disposed at a state approved facility. Hydrocarbon fluid or other fluids that may be produced during testing will be retained in test tanks until sold and hauled from site.

- D. Salts

Salts remaining after completion will be picked up by supplier, including broken sacks.

- E. Sewage

Current laws and regulations pertaining to the disposal of human waste will be complied with. A Port-a-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well. Port-a-John will be cleaned out periodically.

- F. Garbage

Receptacles for garbage disposal during the drilling of this well will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site.

- G. Cleanup of Well Site

Upon release of the drilling rig, the surface of the drilling pad will be graded to accommodate a completion rig if electric log analysis indicates potential productive zones. Reasonable cleanup will be performed prior to the final restoration of the site.

ANCILLARY FACILITIES

- A. Upon completion, and/or testing of this well, rental tank facilities will be utilized until permanent storage is established. No camps, airstrips or staging are anticipated to be constructed.

WELLSITE LAYOUT

- A. Rig Orientation and Layout

"EXHIBIT 5 " shows the dimensions of the well pad, closed loop system and the location of the major rig components. Only minor leveling of the well site will be required. No significant cuts or fills will be necessary.

- B. Closed Loop System

A Closed Loop System will be used. Cuttings will be stored in steel roll off bins until they are hauled to a state approved disposal facility. A C-144 has been submitted to the appropriate OCD district office for approval.

"SEE EXHIBIT 4"

- C. Location of Access Road

"SEE EXHIBIT 5 "

PLANS FOR SURFACE RECLAMATION

A. Reserve Pit Cleanup

Not applicable. Closed Loop System will be used.

B. Restoration Plans (Production Developed) “SEE EXHIBIT 6”

Those areas not required for production will be graded to blend with the surrounding topography. Topsoil from the soil pile will be loaded over the disturbed area to the extent possible and will be seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. This may need to be modified in certain circumstances to prevent inundation of the locations’ pad and surface facilities. Due to the topography of the area, no problems are anticipated and no erosion or other detrimental effects are expected as a result of this operation. Following depletion and abandonment of the site, restoration procedures will be those that follow under “ITEM C” of “PLANS FOR SURFACE RECLAMATION”.

C. Restoration Plans (No Production Developed)

With no production developed, the entire surface disturbed by construction of the well site will be restored as closely as possible to its pre-operation appearance, including re-vegetation. The site will be contoured to blend with the surrounding topography with provisions made to minimize erosion. The topsoil, as available, shall be placed in a uniform layer and seeded according to the Bureau of Land Management’s stipulations. Due to the topography of the area, no problems are anticipated and no erosion or other detrimental effects are expected as a result of this operation.

D. Rehabilitation’s Timetable

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

SURFACE OWNERSHIP

A. Surface Ownership of drill site & access routes:

Surface is privately owned by Millard Deck Estate, c/o Bank of America NA, Trustee of Millard Deck Testamentary Trust under the Last will & Testament of Millard Deck, ATTN: Jeff Petter, US Trust-Farm & Ranch, Bank of America Private Wealth Management, PO Box 270, Midland, TX 79702, (432) 688-7926. Minerals are owned by the US Department of the Interior and administered by The Bureau of Land Management. The surface has multiple uses with the primary use of the region for the grazing of livestock and the production of oil & gas.

OTHER INFORMATION

A. Terrain, Soil, Vegetation, Wildlife, Surface Use

Slightly rolling hills; Topsoil is made up of caliche and sand; Plants are sparse, primarily grasses, some mesquite & shinnery oak; No wildlife observed but likely that deer, rabbits, coyotes & rodents traverse the area, which are all typical of the semi-arid desert land; Land primarily used for grazing.

B. Surface Water

There are no ponds, lakes, streams or rivers within several miles of the proposed location.

C. Water Wells

No known water wells within 1-1/2 miles of the proposed location.

D. Residences and Buildings

No dwellings within the immediate vicinity of the proposed location.

E. Historical Sites

None observed.

F. Archeological Resources

An archeological survey will be performed and submitted to the BLM by Boone Archeological Services LLC. Any location or construction conflicts will be resolved before construction begins.

G. Well Signs

Well signs will be in compliance per State requirements and specifications.

H. Drilling Contractor

Pending

OPERATOR'S FIELD REPRESENTATIVE

(Field personnel responsible for compliance with development plan for surface use)

DRILLING

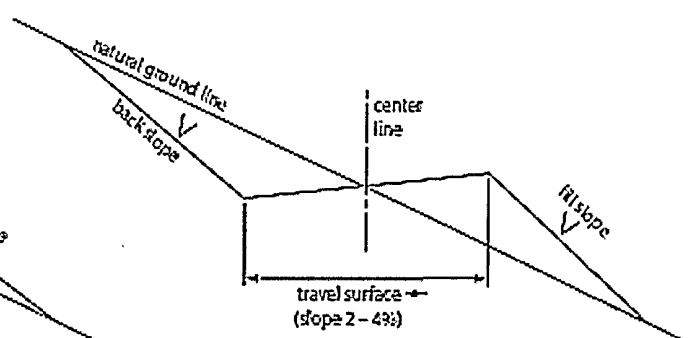
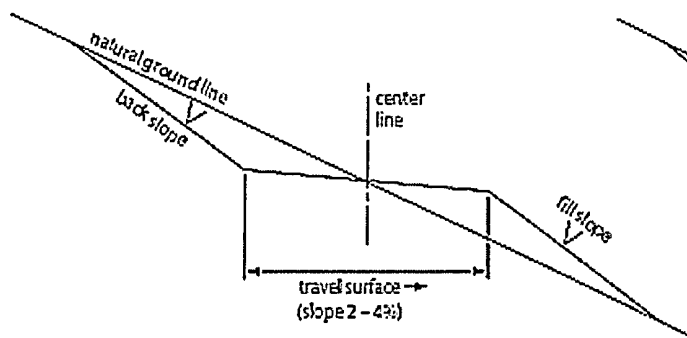
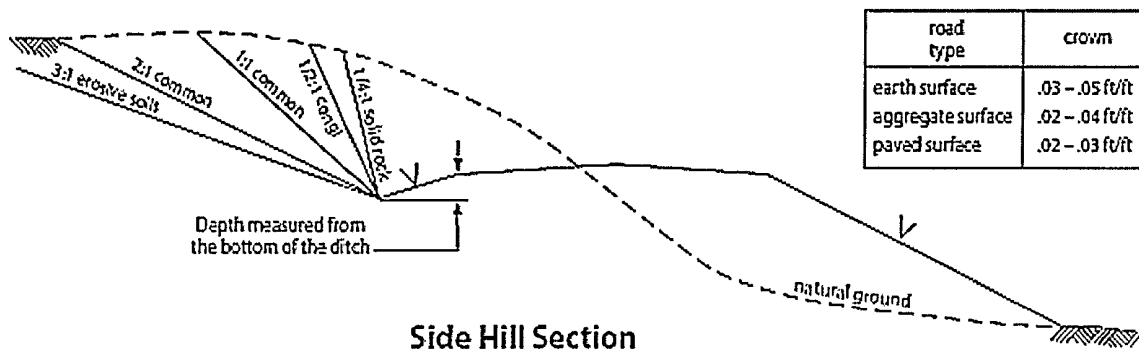
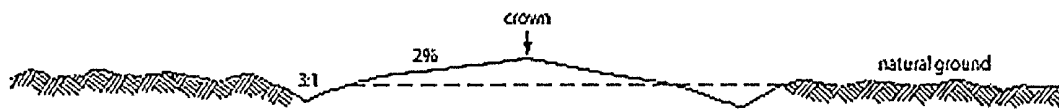
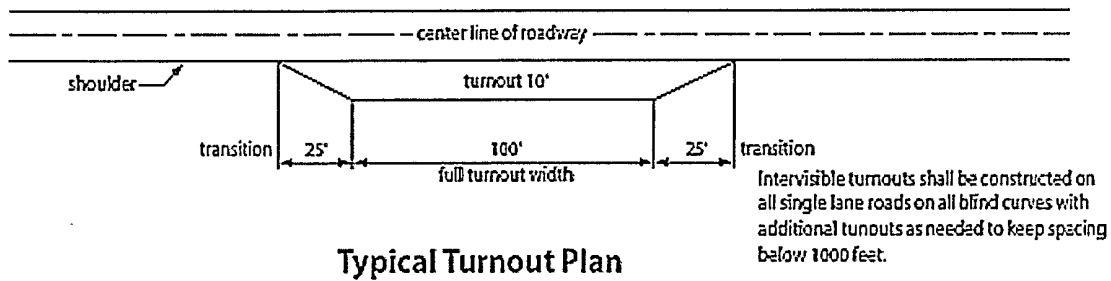
Danny Laman
Drilling Superintendent
303 Veterans Airpark Ln #3000
Midland, TX 79705
432-818-1022 - office
432-634-0288 – cell

PRODUCTION

James Pyle
Sr. Production Foreman
8 Ellison Lane
Eunice, NM 88231
575-394-2733 – w
432-661-9341 – c

Devalle Trammell
Production Foreman
8 Ellison Lane
Eunice, NM 88231
575-394-1503 – w
432-208-3318 – c

Cross Sections and Plans for Typical Road Sections



PRIVATE SURFACE OWNER AGREEMENT

HOBBS OCD

FEB 27 2012

RECEIVED

OPERATOR: APACHE CORPORATION

WELL NAME: HAWK FEDERAL B-1 #69

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

LOCATION: 2480' FSL & 1805' FEL COUNTY: LEA STATE: NM

LEASE NUMBER: NM-90161

STATEMENT OF SURFACE USE

The surface to the subject land is owned by Millard Deck Estate, c/o Bank of America NA, Trustee of Millard Deck Testamentary Trust under Last Will & Testament of Millard Deck, ATTN: Jeff Petter, Asst VP, US Trust-Farm & Ranch, Bank of America Private Wealth Mgmt, PO Box 270, Midland, TX 79702 (303 W. Wall St, Midland, TX 79701) 432-688-7926

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.

NAME: JEREMY WARD

SIGNATURE: 

DATE: 11/8/11

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
Attn: 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

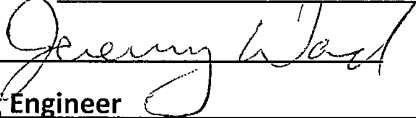
OPERATOR CERTIFICATION

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 8 day of NOVEMBER, 2011

Well: HAWK FEDERAL B1 #69

Operator Name: APACHE CORPORATION

Signature:  Printed Name: JEREMY WARD

Title: Drilling Engineer Date: 11/8/2011

Email (optional): jeremy.ward@apachecorp.com

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

City, State, Zip Code: Midland, TX 79705

Telephone: 432-818-1024

Field Representative (if not above signatory): _____

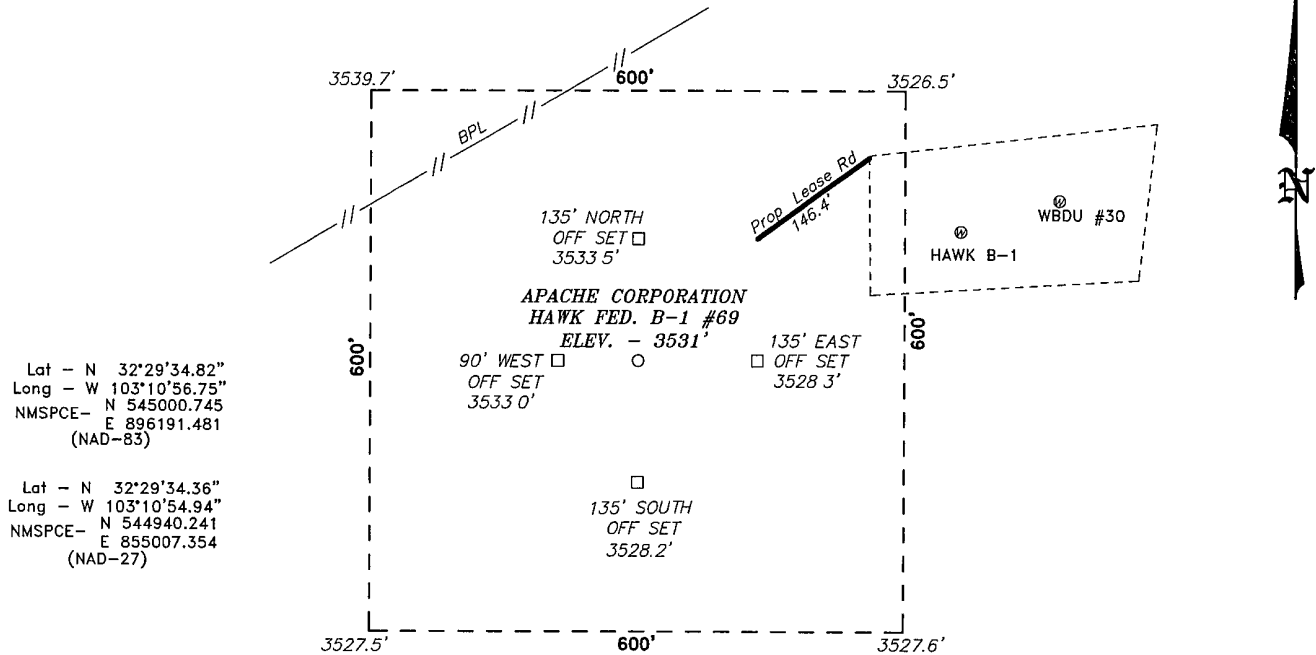
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Telephone (if different from above): _____

Email (optional): _____

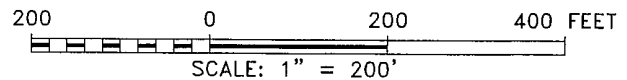
Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.

**SECTION 8, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



Lat - N 32°29'34.82"
Long - W 103°10'56.75"
NMSPCE- N 545000.745
E 896191.481
(NAD-83)

Lat - N 32°29'34.36"
Long - W 103°10'54.94"
NMSPCE- N 544940.241
E 855007.354
(NAD-27)



Directions to Location:

FROM THE JUNCTION OF LEGION AND HILL, GO
NORTH ON HILL FOR 0.1 MILES TO LEASE ROAD, ON
LEASE ROAD GO SOUTHWEST 0.1 MILES TO WELL
PAD AND PROPOSED LEASE ROAD

APACHE CORPORATION

REF: HAWK FED. B-1 #69 / WELL PAD TOPO

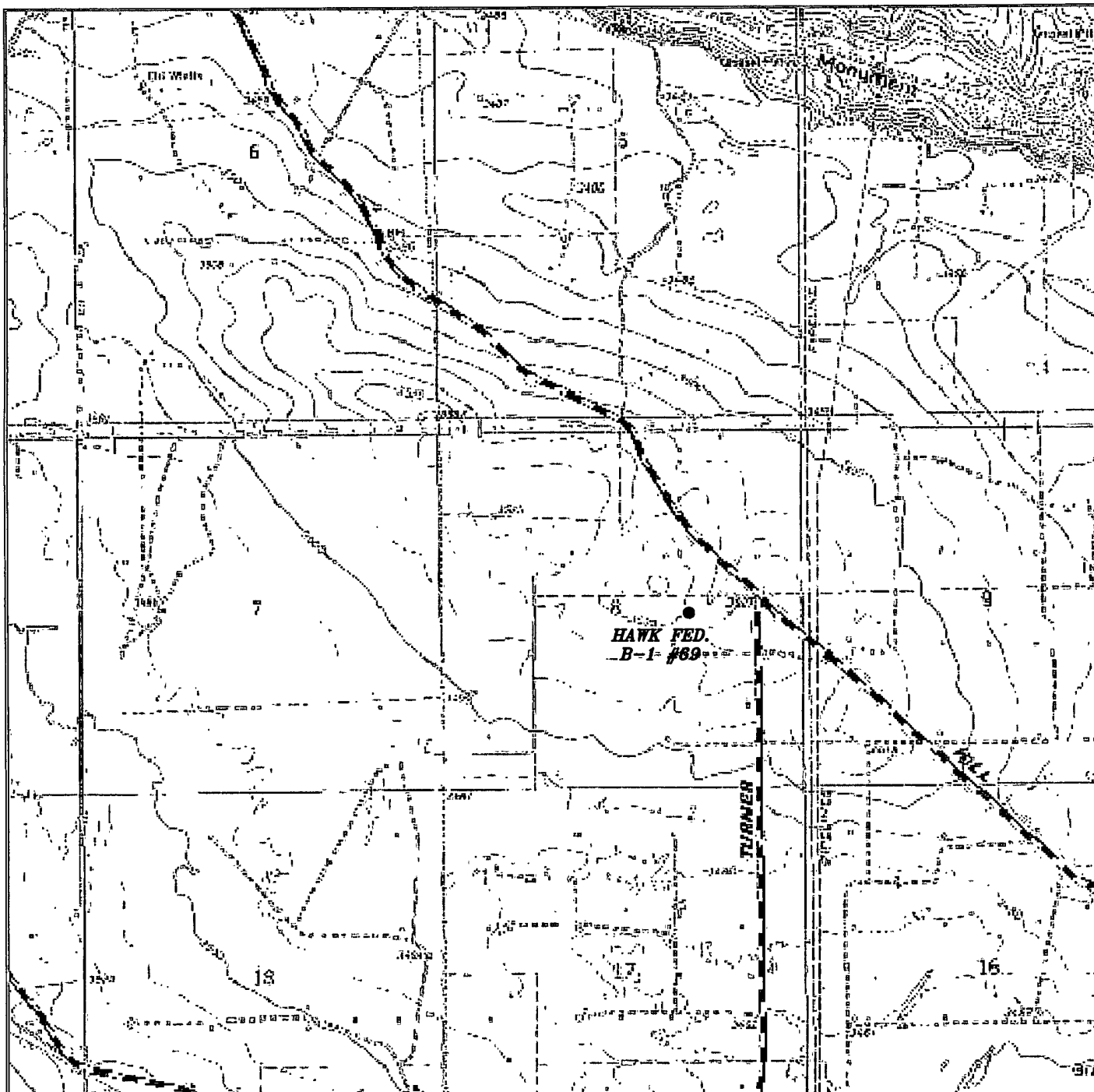
THE HAWK FED. B-1 #69 LOCATED 2480' FROM
THE SOUTH LINE AND 1805' FROM THE EAST LINE OF
SECTION 8, TOWNSHIP 21 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 24878 Drawn By. K. GOAD

Date: 07-06-2011 Disk: KJG - 24878WELL.DWG

Survey Date: 06-29-2011 Sheet 1 of 1 Sheets



HAWK FEDERAL B-1 #69
Located 2480' FSL and 1805' FEL
Section 8, Township 21 South, Range 38 East,
N.M.P.M., Lea County, New Mexico.

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 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: KJG - 24878

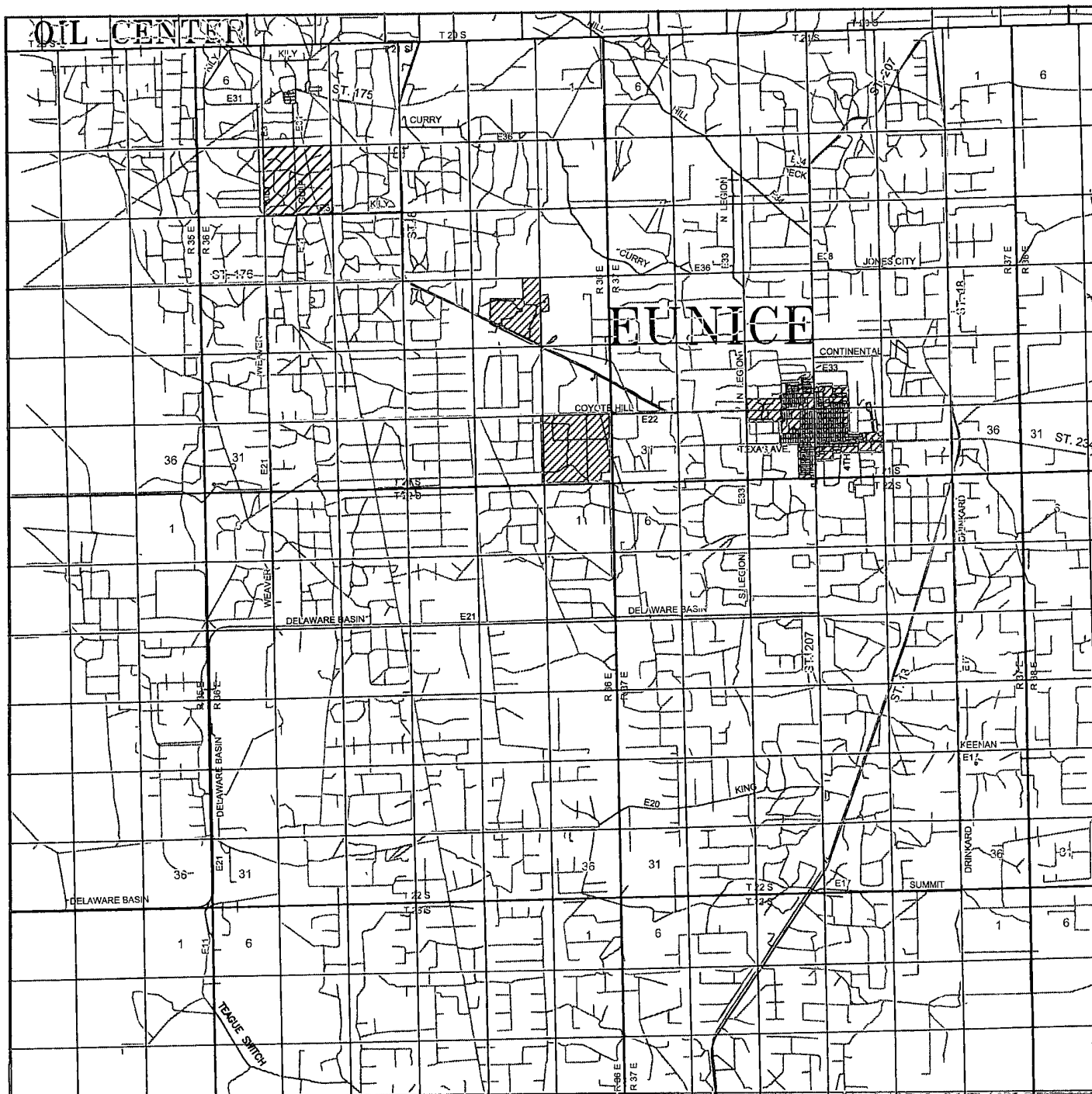
Survey Date: 07-01-2011

Scale: 1" = 2000'

Date: 06-29-2011



APACHE
CORPORATION



HAWK FEDERAL B-1 #69
Located 2480' FSL and 1805' FEL
 Section 8, Township 21 South, Range 38 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

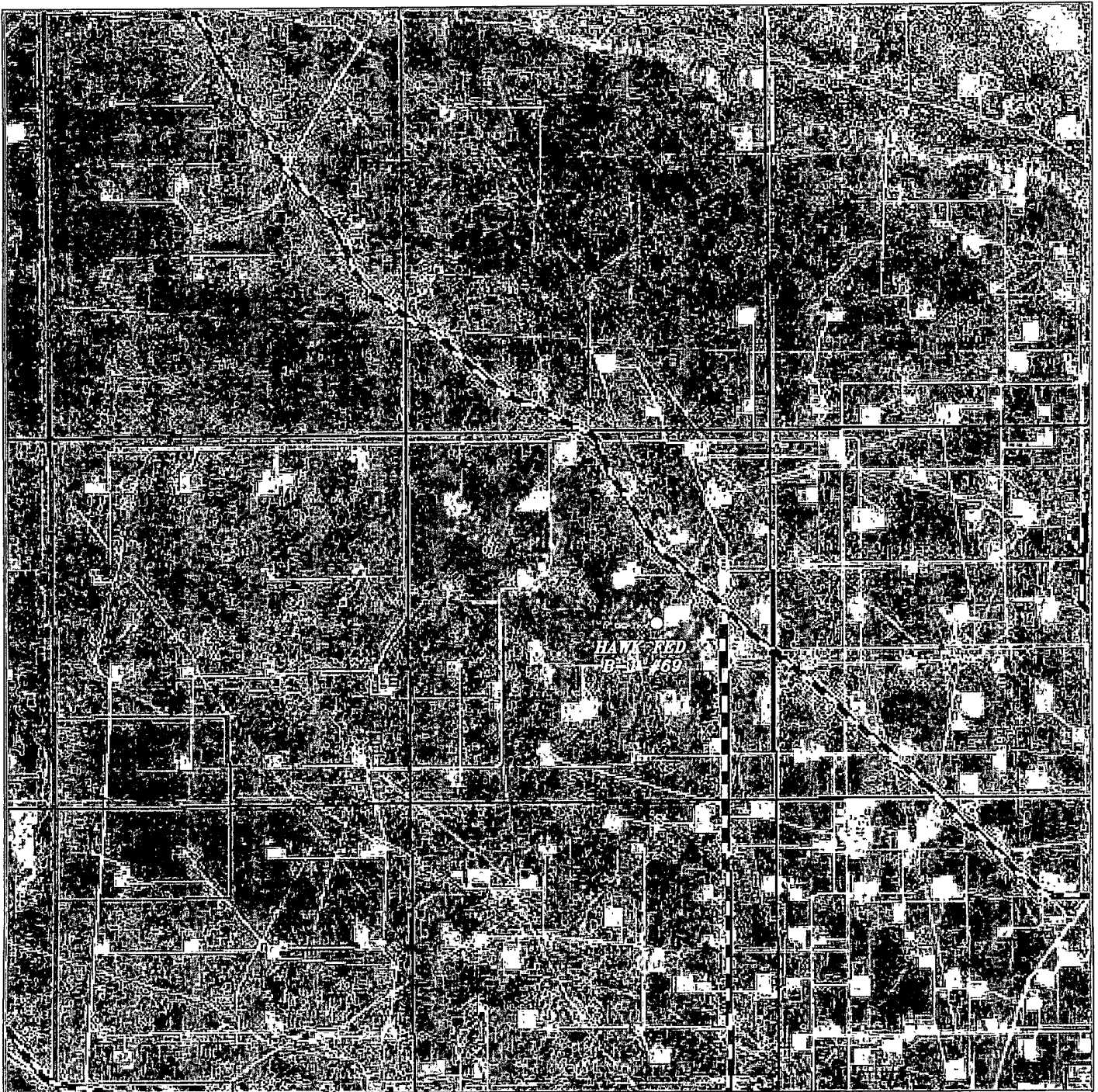
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Survey Date: 07-01-2011

Scale: 1" = 2 Miles

Date: 06-29-2011

**APACHE
 CORPORATION**



HAWK FEDERAL B-1 #69
Located 2480' FSL and 1805' FEL
Section 8, Township 21 South, Range 38 East,
N.M.P.M., Lea County, New Mexico.

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P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: KJG - 24876

Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

APACHE
CORPORATION

Exhibit 2

APACHE CORPORATION

Hawk Federal B-1 #69

UL: J SEc. 8 T21S R37E Lea Co

2480' FSL & 1805' FEL

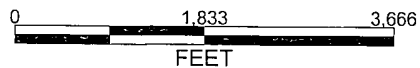
1 MILE RADIUS

POSTED WELL DATA

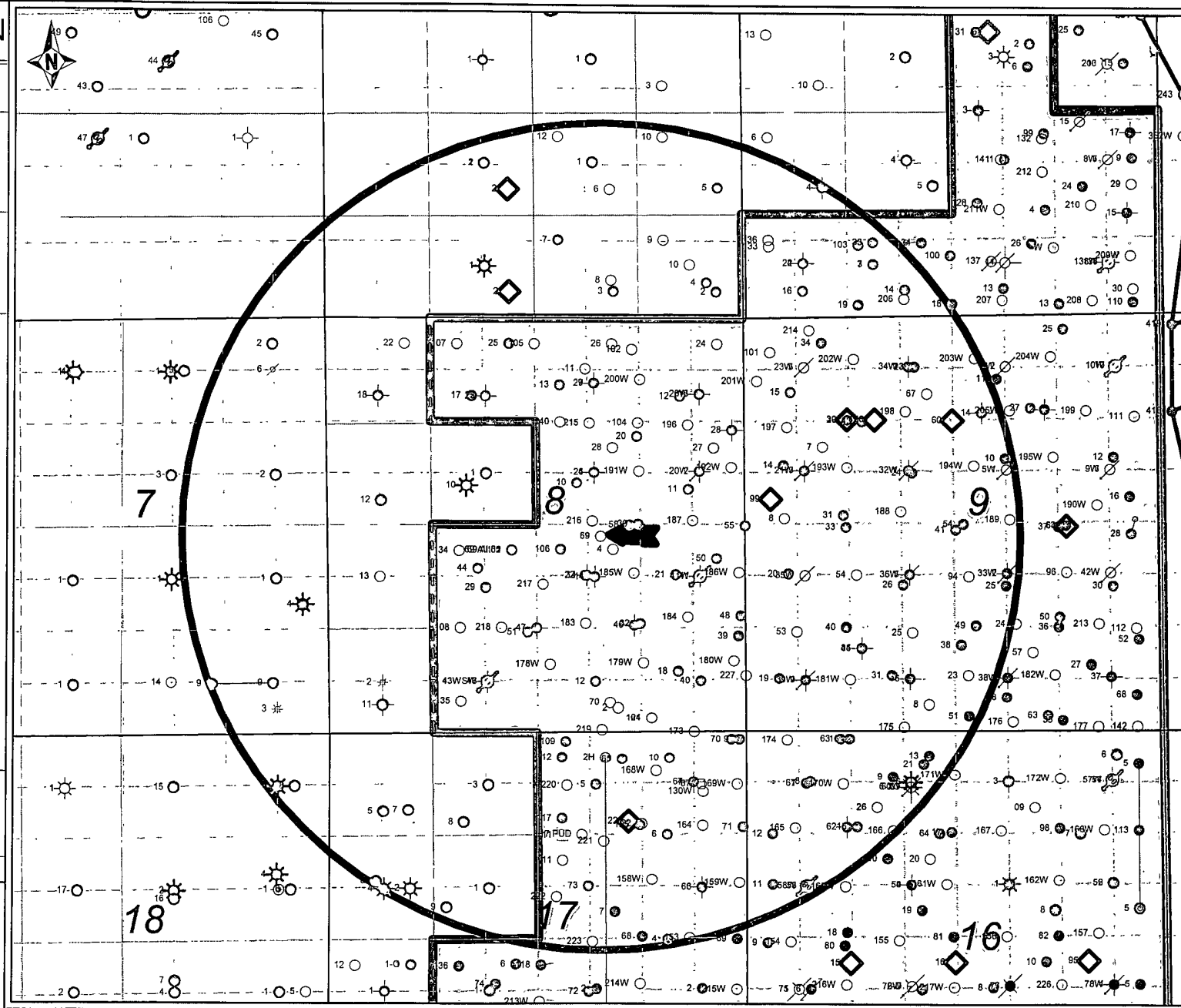
Well Number ○

closest well: ~ 225'

- WELL SYMBOLS**
- Abandoned GAS Well
 - Abandoned Oil Well
 - BTD LOCATION
 - Dry Hole
 - Gas Well
 - GRBG LOCATION
 - Injection Well
 - Location Only
 - Large Square
 - Oil & Gas Well
 - Oil Well
 - Permit Canceled Normal Line
 - Drilling
 - Plugged and Abandoned
 - Active Producer
 - Active Gas Producer
 - Producing Oil Sold
 - Producing Oil Shut In
 - Temporarily Abandoned Oil Well
 - Plugged Injection
 - Active Injection
 - P&A'd Gas Well



September 29, 2011



PETRA 9/29/2011 12:26:22 PM

Exhibit 1

