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HOBBS OCD

APR 19 2012

RECEIVED

SURFACE USE PLAN OF OPERATIONS

NORTHEAST DRINKARD UNIT #164 Lease #: NMNM – 002512
SHL: 1270' FNL & 590' FEL UL: 1 SEC: 3 T21S R37E
Lea County, NM

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 John West Surveying Company.

B. Existing Roads:

a. From the intersection of St Hwy #18 & St Hwy #207, go Southwest on St. Hwy #207 approx 1 mile to cattle guard #22, turn Right, go Northwest approx 0.25 miles to "Y" in road, veer Right at "Y", go Northwest-North across cattle guard approx 0.55 miles, this location stake approx 40' East of lease road.

C. Route Location

a. No new road is expected to be constructed. The existing lease road will be used to the extent possible. If a lease/access road needs to be constructed, all lease roads will be graded in compliance with BLM standards. See E (a).

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. Routing 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 "EXISTING ROADS *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. Existing production facilities are located at the Northeast Drinkard Unit Satellite #1A.

B. New Facilities in the Event of Production

In the event well is productive, APACHE will install a new 3" NUPI rated 250psi surface flow line, approx. 2200' in length, to the existing Northeast Drinkard Unit Satellite #1A following existing lease roads. Apache also plans to install approx. 300' of new electrical line to an 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"*

APR 23 2012

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:

Robert McCasland, PO Box 206, Eunice, NM, 88231

OTHER INFORMATION

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

The vegetation at the well site is grassland. The topsoil is very sandy in nature. Plants are sparse which may include Plains Lovegrass, Sand Dropseed and Sideoats Grama . 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. 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 incompliance 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

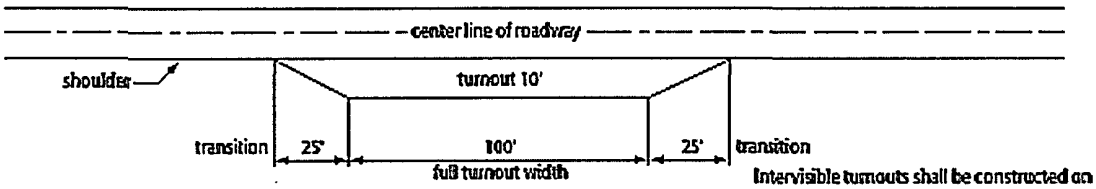
Danny Laman
Drilling Superintendent
303 Veterans Airpark Ln #3000
Midland, TX 79705
432-818-1022 - office
432-634-0288 – cell

PRODUCTION

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

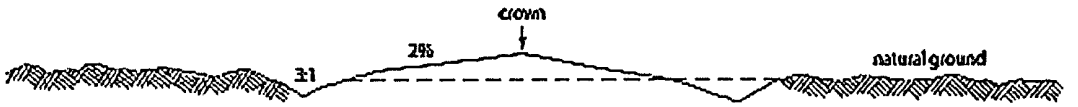
Devalle Trammell
Production Foreman
8 Ellison Ln.
Eunice, NM 88231
575-394-1503 – office
432-208-3318 – c

Cross Sections and Plans for Typical Road Sections

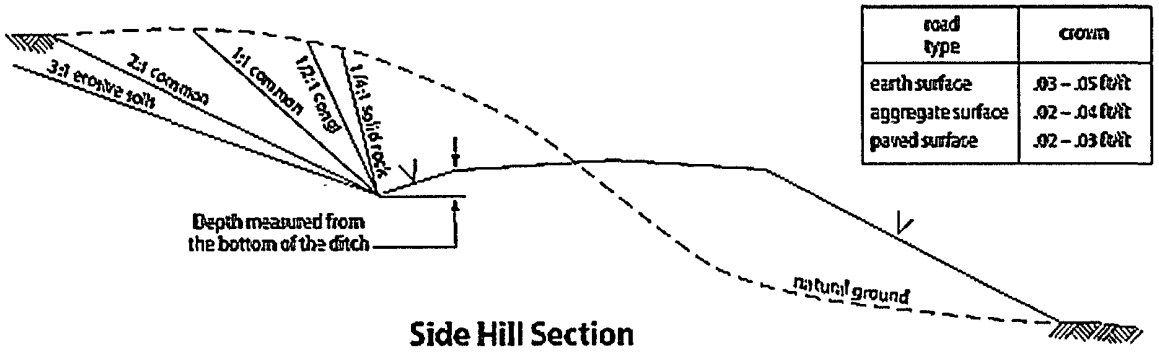


Intervisible turnouts shall be constructed on all single lane roads on all blind curves with additional turnouts as needed to keep spacing below 1000 feet.

Typical Turnout Plan

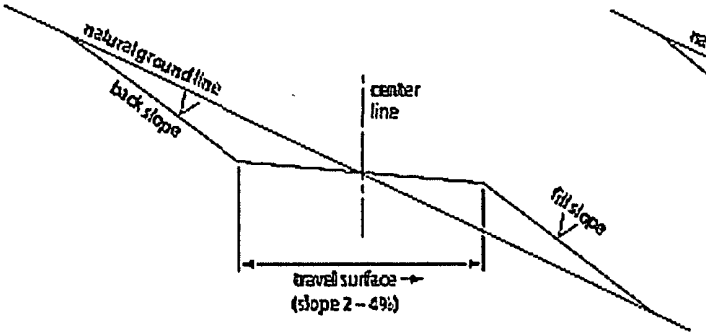


Level Ground Section

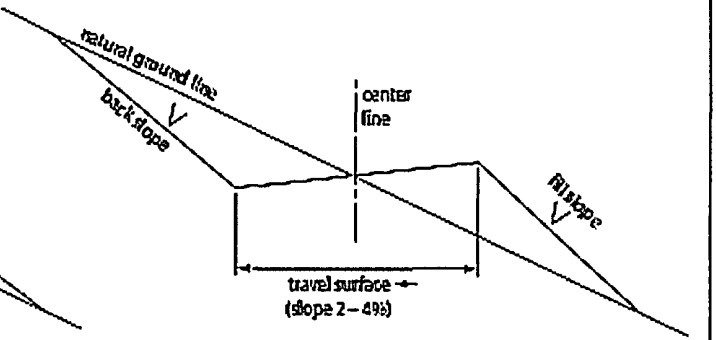


road type	crown
earth surface	.03 – .05 ft/ft
aggregate surface	.02 – .04 ft/ft
paved surface	.02 – .03 ft/ft

Side Hill Section



Typical Outsloped 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 24 day of October , 2011

Well: NORTHEAST DRINKARD UNIT #164

Operator Name: APACHE CORPORATION

Signature: Jeremy Ward **Printed Name:** JEREMY WARD

Title: Drilling Engineer Date: 12-28-11

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):

Address (if different from above):

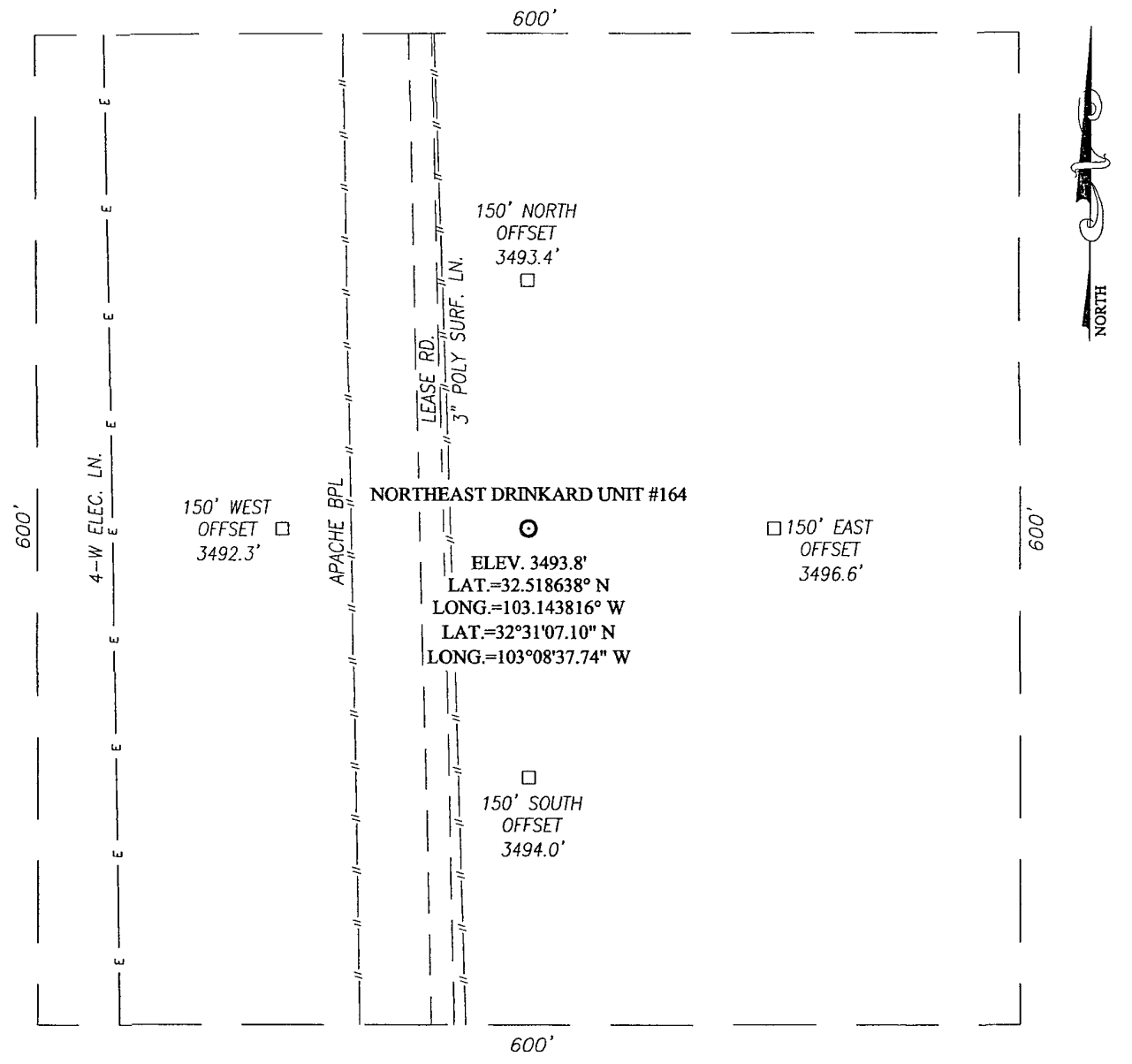
Telephone (if different from above):

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.

SECTION 3, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,

LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION ST. HWY. #18 AND ST. HWY. #207, GO SOUTHWEST ON ST. HWY. #207 APPROX. 1.0 MILE TO CATTLE GUARD #22. TURN RIGHT AND GO NORTHWEST APPROX. 0.25 MILES TO A "Y" IN ROAD. VEER LEFT AT "Y" AND GO NORTHWEST-NORTH ACROSS CATTLE GUARD APPROX. 0.55 MILES. THIS LOCATION STAKE IS APPROX. 40 FEET EAST OF LEASE RD.

100 0 100 200 Feet

Scale:1"=100'

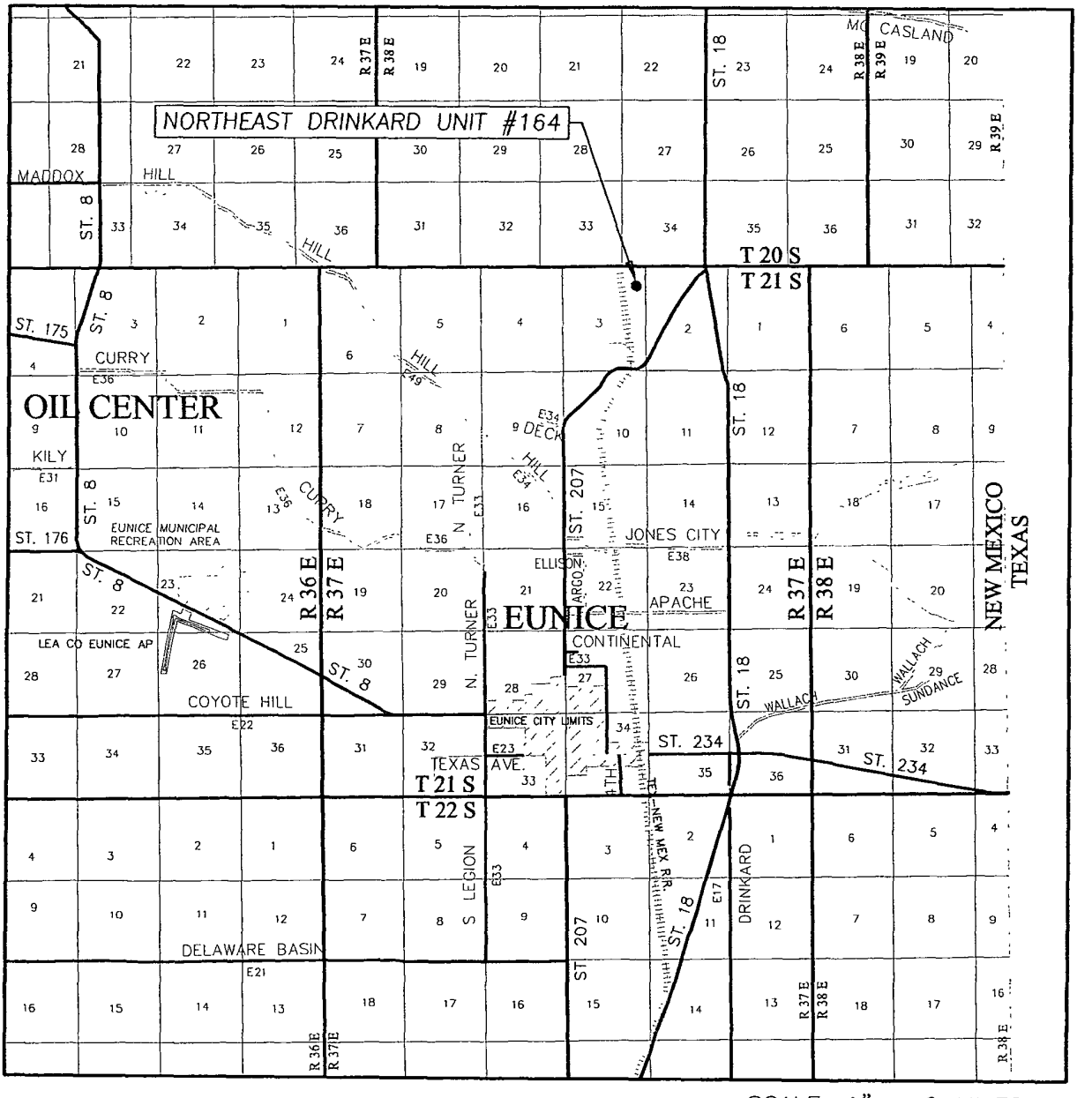
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

APACHE CORPORATION

NORTHEAST DRINKARD UNIT #164 WELL
LOCATED 1270 FEET FROM THE NORTH LINE
AND 590 FEET FROM THE EAST LINE OF SECTION 3,
TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 8/28/10	Sheet 1 of 1 Sheets	
W.O. Number: 10.11.1266	Dr By: DSS	Rev 1:
Date: 9/2/10	10111266	Scale:1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1270' FNL & 590' FEL

ELEVATION 3494'

OPERATOR APACHE CORPORATION

LEASE NORTHEAST DRINKARD UNIT

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
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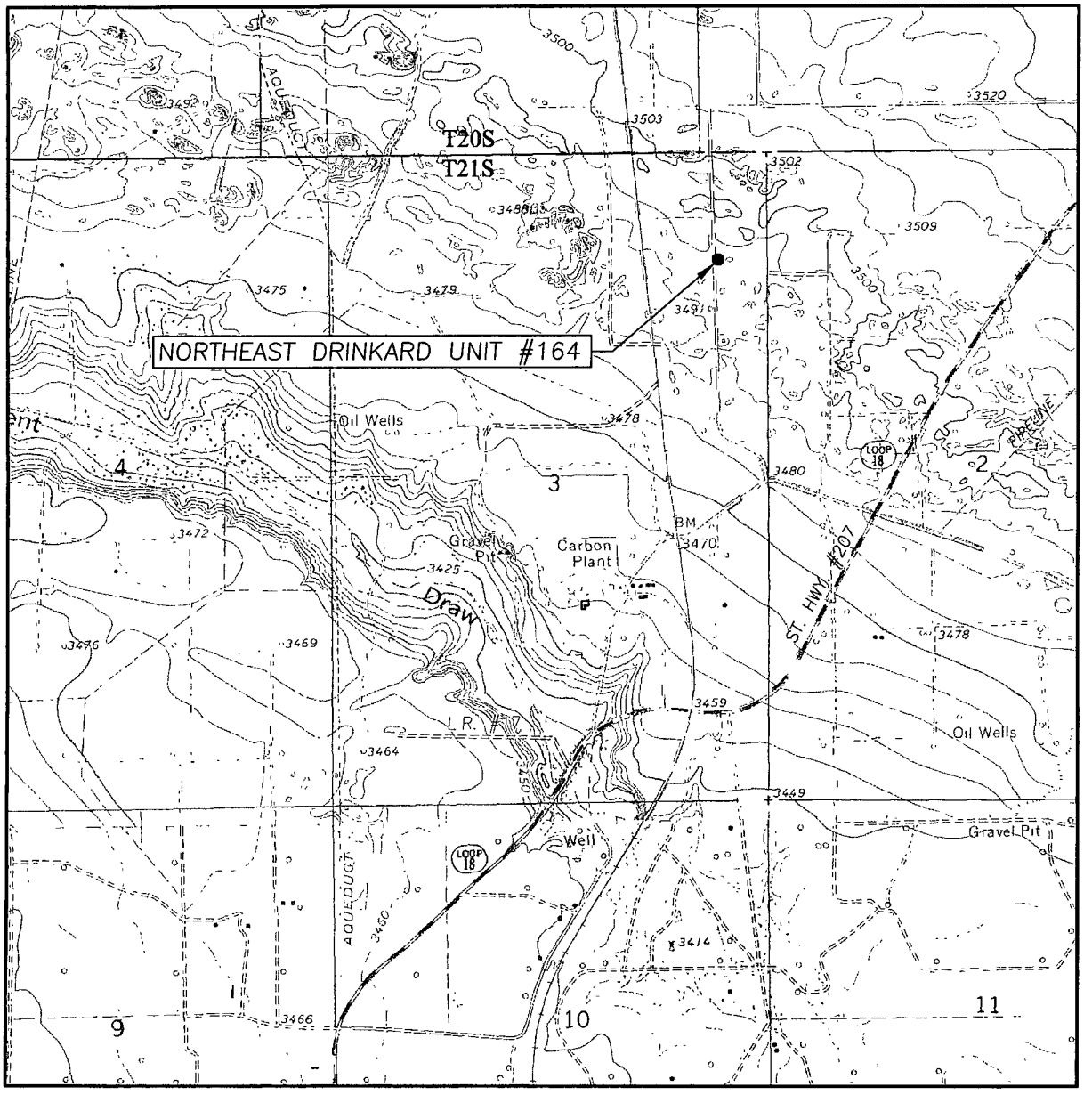
LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SW, N.M. – 5'
EUNICE, N.M. – 10'

SEC. 3 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1270' FNL & 590' FEL

ELEVATION 3494'

OPERATOR APACHE CORPORATION

LEASE NORTHEAST DRINKARD UNIT

U.S.G.S. TOPOGRAPHIC MAP
HOBBS SW, N.M.

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

APACHE CORPORATION

Northeast Drinkard Unit #164

Lot # 1 Sec 3 T21S R37E Lea Co

1270' FNL & 590' FEL

1 MILE RADIUS

POSTED WELL DATA

Well Number ●

WELL SYMBOLS

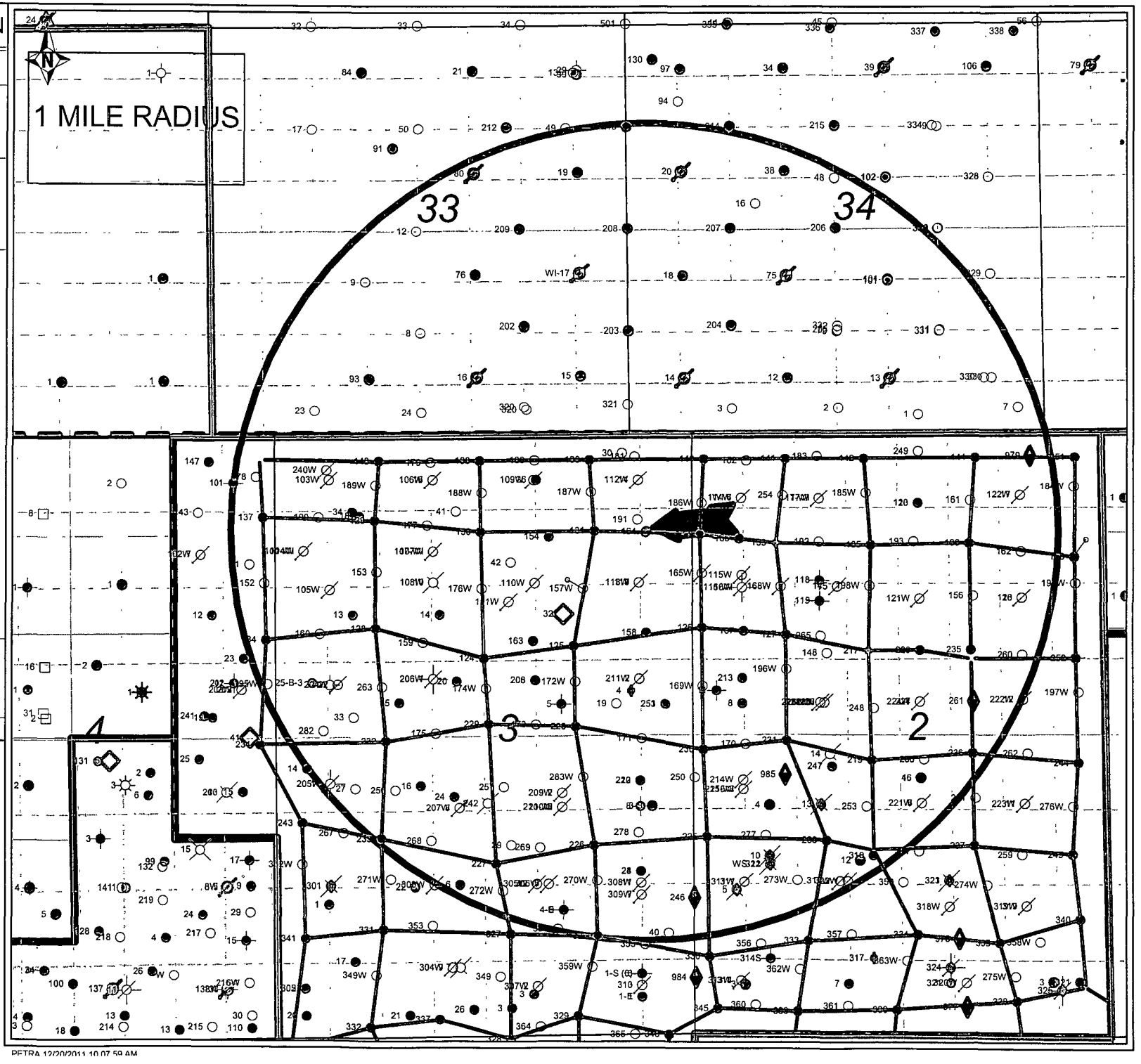
- Abandoned Oil Well
- Dry Hole, With Show of Oil
- Dry Hole
- Gas Well
- GRBG LOCATION
- Injection Well
- Location Only
- Non Apache
- Large Square
- Oil Well
- Proposed Loc, Not Approved
- Service
- Service Well
- Temporarily Abandoned
- Plugged and Abandoned
- Active Producer
- Active Gas Producer
- Producing Oil Sold
- Temporarily Abandoned Oil Well
- Plugged Injection
- Active Injection

0 1,693

FEET

December 20, 2011

Exhibit #1



PETRA 12/20/2011 10:07:59 AM

NORTHEAST DRINKARD UNIT #164
ELECTRICAL, FLOW LINE, ACCESS ROAD PLAT
EXHIBIT #1