OCD Hobbs HOBBS OCD

Form 3160-3
(April 2004)

JUL 05 2013

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FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM-2512

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No. NE DRINKARD (NMNM 073602X)

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. (22503) NORTHEAST DRINKARD UNIT #429

2. Name of Operator APACHE CORPORATION (873)

9. API Well No. 30-025- 41258

3a. Address 303 VETERANS AIRPARK LN #3000 MIDLAND, TX 79705

3b. Phone No. (include area code) 432-818-1167

10. Field and Pool, or Exploratory EUNICE; BI-TU-DRI, N (22900)

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface 1465' FNL & 2340' FWL Unit F
At proposed prod. zone SAME

11. Sec., T. R. M. or Blk. and Survey or Area SEC: 10 T21S R37E

14. Distance in miles and direction from nearest town or post office* APPROX 4.4 MILES NORTH 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) 1020'

16. No. of acres in lease 708.67

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. ~500'

19. Proposed Depth 7000'

20. BLM/BIA Bond No. on file BLM-CO-1463 / NMB000736

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3453' GL

22. Approximate date work will start* As Soon As Approved

23. Estimated duration ~10 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Sorina L Flores — Name (Printed/Typed) SORINA L. FLORES — Date 12/13/12

Title SUPV OF DRILLING SERVICES

Approved by (Signature) /s/George MacDonell — Name (Printed/Typed) — Date JUL - 2 2013

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

KZ 07/10/13

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

JUL 15 2013

dm

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

APACHE CORPORATION (OGRID: 873) NORTHEAST DRINKARD UNIT #429

Lease #: NM-2512 Projected TD: 7000' GL: 3453'
1465' FNL & 2340' FWL UL: F SEC: 10 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:

Quaternary Aeolian	Surf	San Andres	4080'
Rustler	1284'	Glorieta	5180'
Salt Top	1377'	Paddock	5241'
Salt Bottom	2451'	Blinebry	5578' (Oil)
Yates	2600'	Tubb	6029' (Oil)
Seven Rivers	2851'	Drinkard	6493' (Oil)
Queen	3420'	ABO	6741' (Oil)
Grayburg	3748'	TD	7000'

Depth to Ground Water: ~ 75'

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
11"	0' – 1330'	8-5/8"	24#	STC	J-55	1.125	1.21	1.8
7-7/8"	0'-7000'	5-1/2"	17#	LTC	L-80	1.125	1.21	1.8

Sec COA

4. CEMENT PROGRAM:

A. 8-5/8" Surface cmt with (100% excess cmt; Cmt to Surface):

Lead: 260 sx Class C w/ 2% CaCl2, 0.13# CF, 3# LCM1, 0.005 gps FP-6L, 4% Bentonite
(13.5 ppg, 1.75 yld) *Comp Strengths :* ***12 hr*** *– 500 psi* ***24 hr*** *– 782 psi*

Tail: 200 sx Class C w/ 1% CaCl2, 0.13 # CF, 0.005 gps FP-6L
(14.8 ppg, 1.34 yld) *Comp Strengths :* ***12 hr*** *– 755 psi* ***24 hr*** *– 1347 psi*

B. 5-1/2" Production cmt with (30% excess cmt; cmt to surf):

Lead: 590 sx (35:65) Poz Cl C w/ 5% CaCL2, 0.125 # CF, 3# LCM1, 0.5% FL52, 0.005gps FP6L, 6% Bentonite, 0.3% Sodium Metacilicate *(11.9ppg, 2.24 yld)* *Comp Strengths:* ***12 hr*** *– 603 psi* ***24 hr*** *– 850 psi*

Tail: 330 sx (50:50) Poz Cl C w/ 5% CaCL2 + 0.13% CF, 3# LCM1 + 0.005gps FP6L + 2% Bentonite + 1% FL25 + 1% BA58 + 0.1% Sodium Metasilicate *(14.8 ppg, 1.34 yld)* *Comp Strengths:* ***12 hr*** *– 850 psi* ***24 psi*** *– 1979 psi*

*** 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 nippled up on the 8-5/8" csg and utilized continuously until TD is reached. The BOP will be tested at 2000 psi, maximum surface pressure is not expected to exceed 3M psi, BHP is calculated to be approximately 3080 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 of temperatures are expected in this well. No nearby wells have encountered any problems.

6. AUXILIARY WELL CONTROL EQUIPMENT / MONITORING EQUIPMENT:

11" x 3000 psi Double BOP/Blind & pipe ram (3M BOP/BOPE to be used as 2M system)
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
Fill up line as per Onshore Order #2

7. PROPOSED MUD CIRCULATION SYSTEM: (Closed Loop System)

INTERVAL	MW (ppg)	VISC (sec/qt)	FLUID LOSS (cc)	MUD TYPE
0' –1309' 1330'	8.3 – 8.8	28 – 32	NC	Fresh Water
1309 – 7000'	9.8 – 10.2	28 – 32	NC	Brine

*** Visual mud monitoring equipment shall be in place to detect volume changes. A mud test shall be performed every 24 hrs after mudding up to determine, as applicable: density, visc, gel strength, filtration, and pH. The necessary mud products for weight addition & 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.*

8. LOGGING, CORING & TESTING PROGRAM:

A. OH logs: Dual Laterolog, MSFL, CNL, Litho-Density, Spectral Gamma Ray, Caliper & Sonic from TD back to last csg shoe.
B. Run CNL, Gamma Ray from last 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 H_2S in this area. If H_2S 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: 3080 psi and estimated BHT : 115°.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin after BLM has approved APD. Anticipated spud date will be as soon after BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take ~ 10 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:

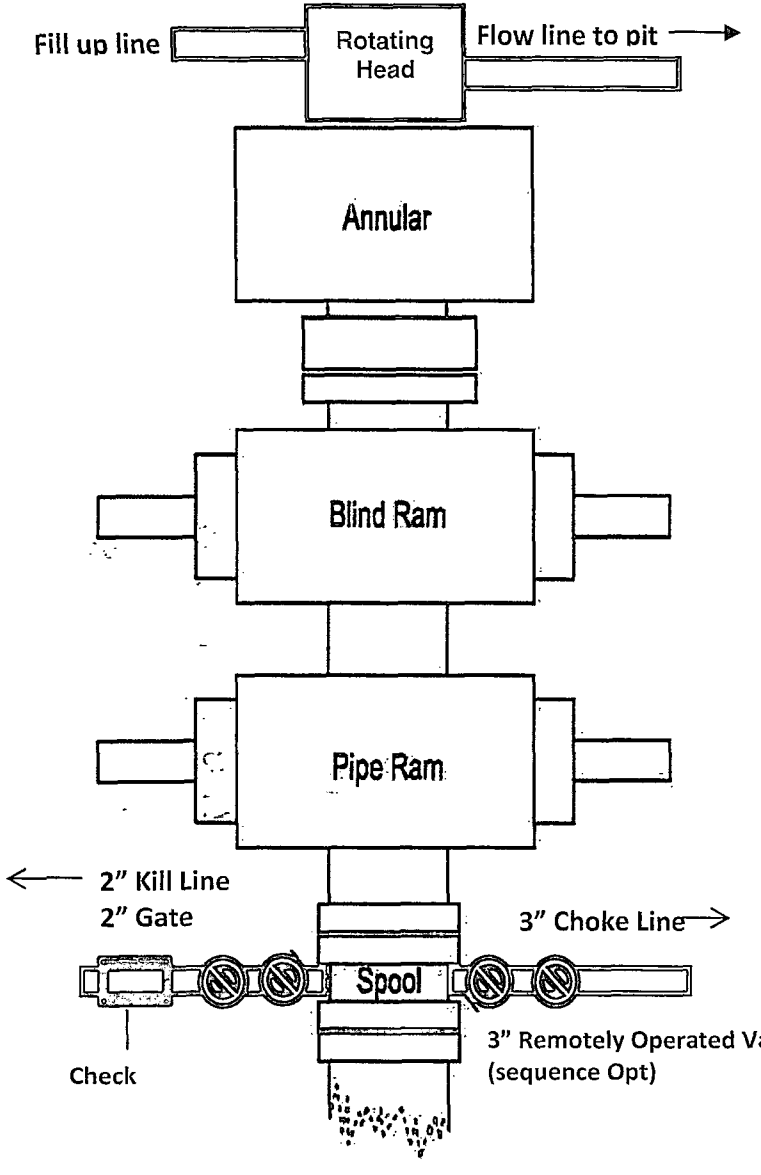
After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Eunice, BLI-TU-DRI, North formations will be perforated and stimulated in order to establish production. The well will be swab tested & potentialed as an oil well.

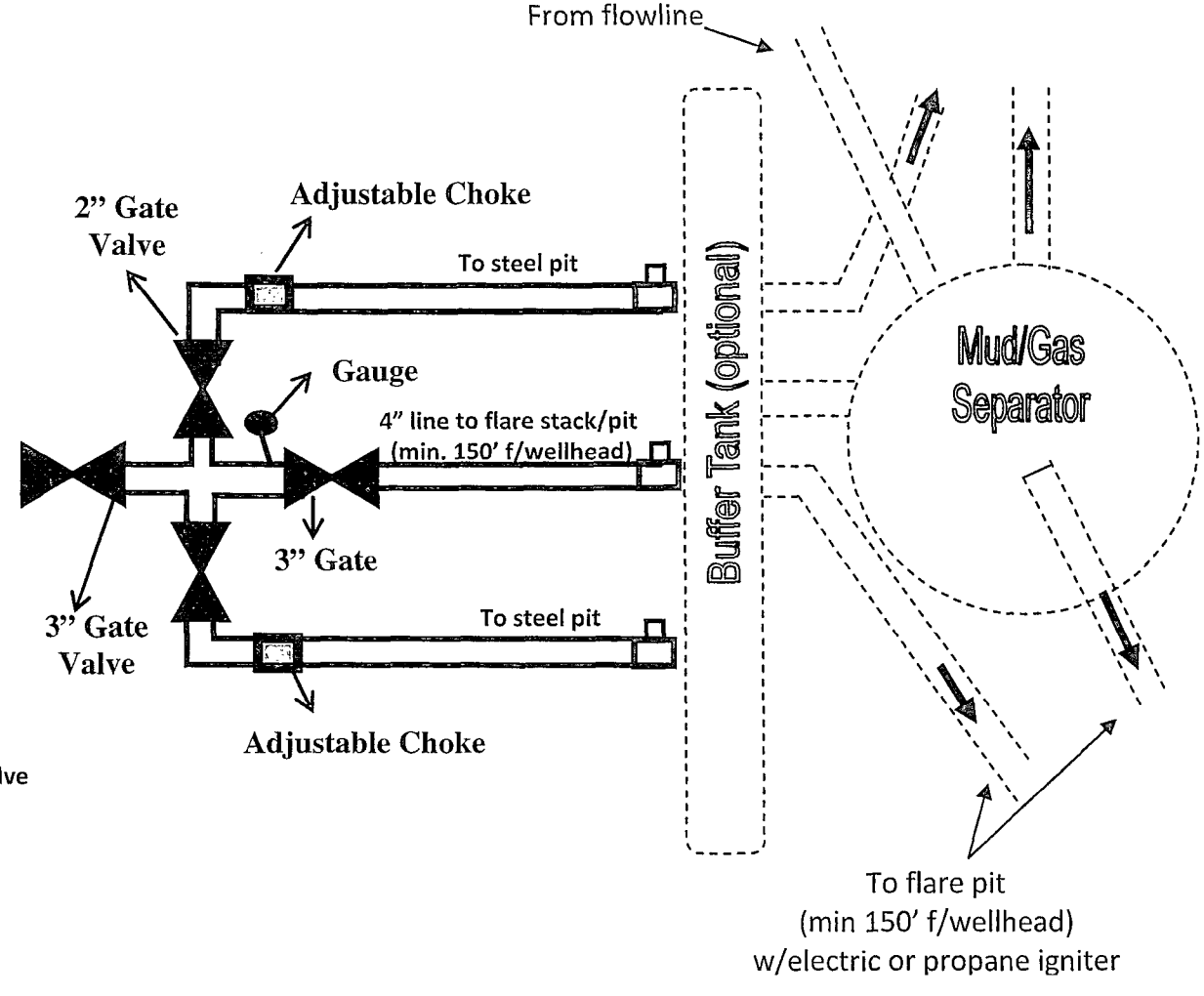
Northeast Drinkard Unit #429

3M psi BOPE & Choke Manifold

Exhibit 3

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





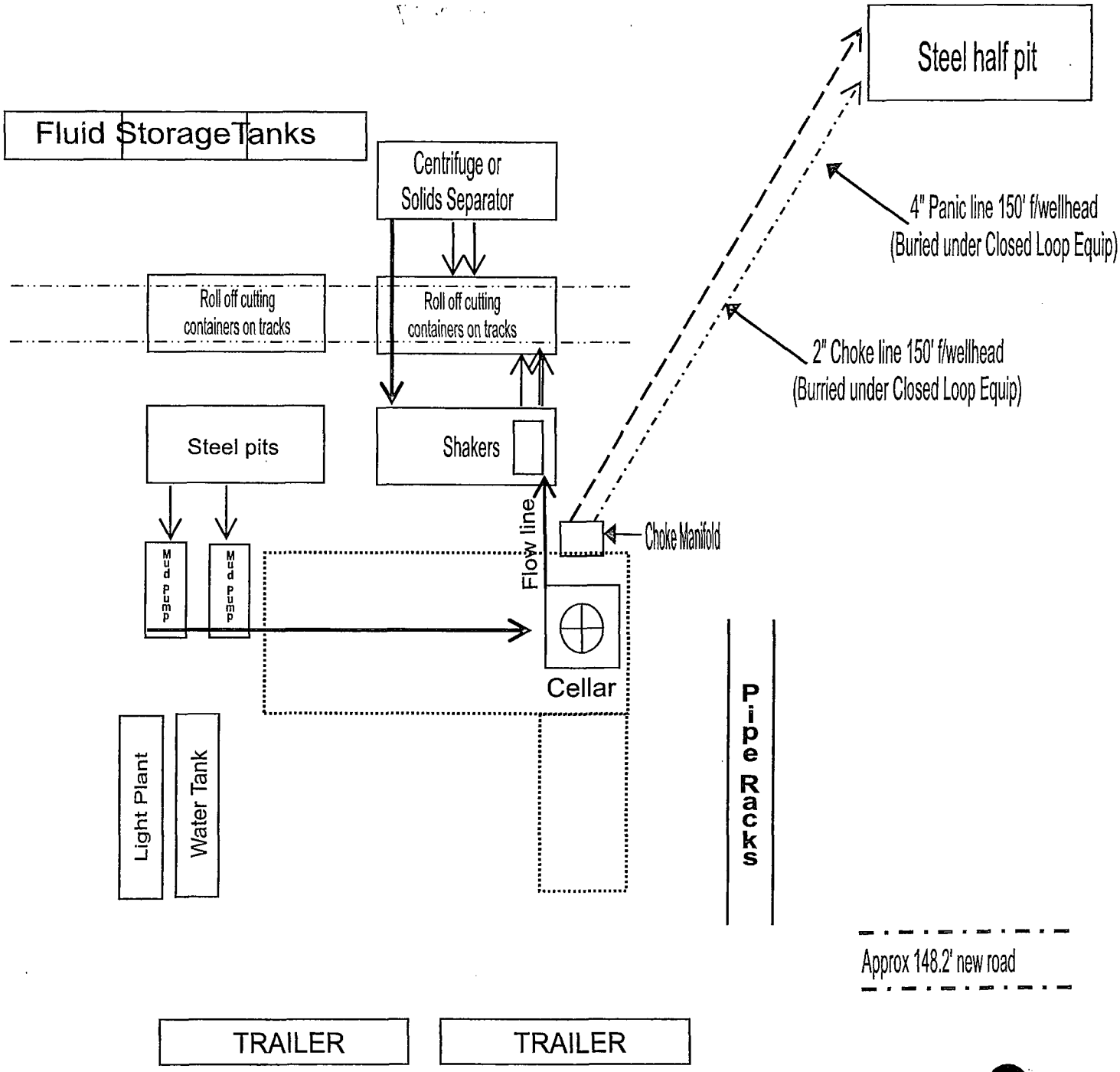


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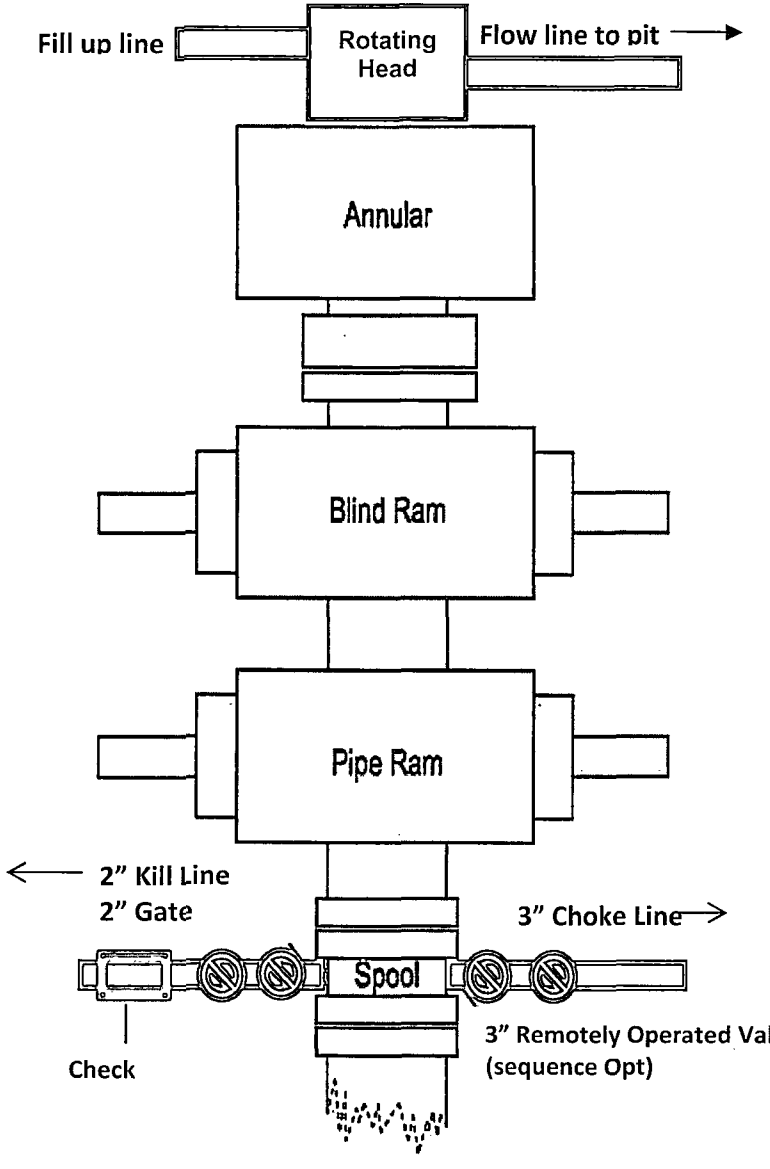
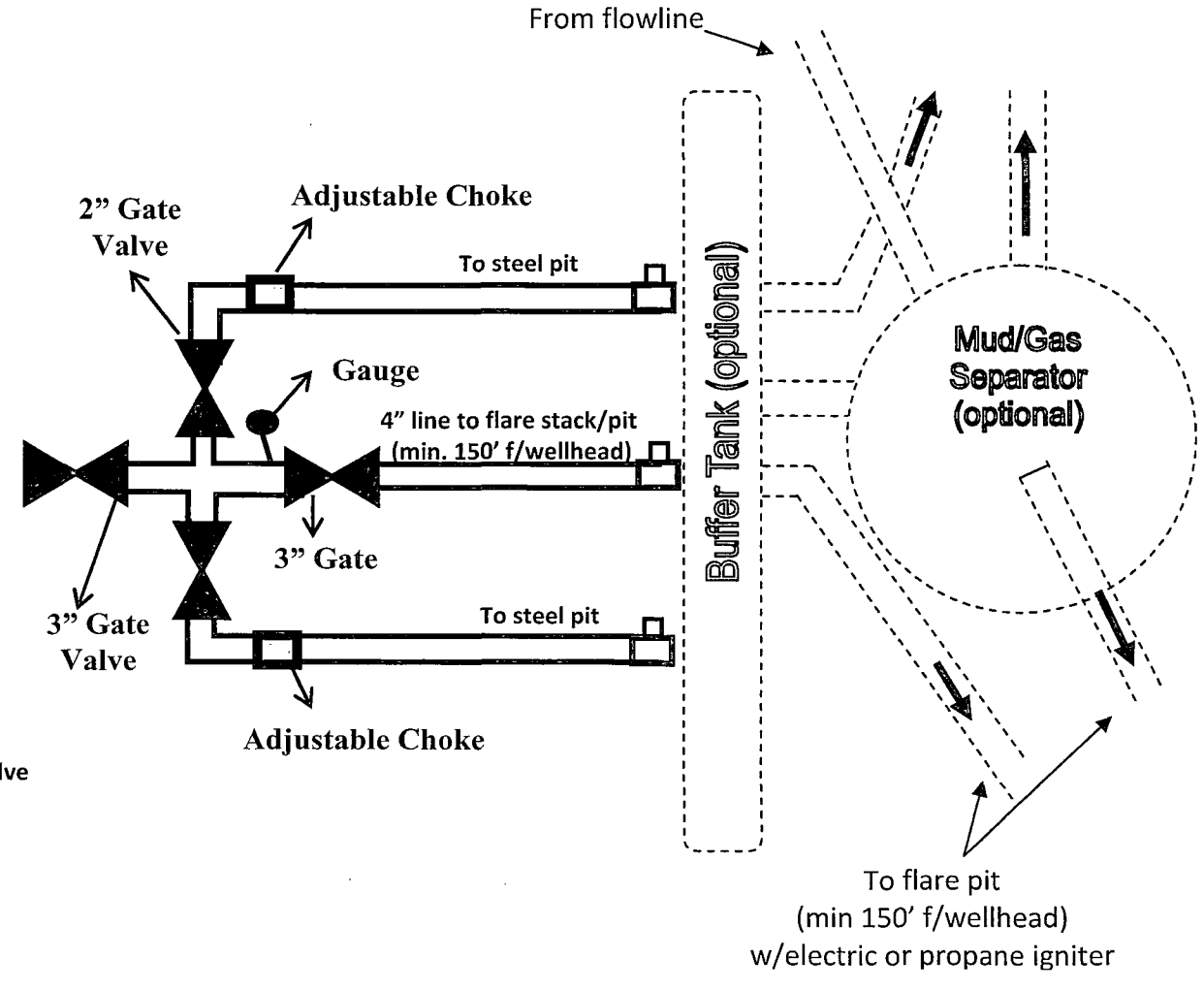
Exhibit 4
Closed Loop Equipment Diagram
Apache

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

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