

Form 3160-3
(March 2012)

HOBBS OCD

MAR 30 2015

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

5. Lease Serial No.
NMNM-90161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No. **[873]**
APACHE CORP - NMNM-120042X

8. Lease Name and Well No. **[37346]**
WEST BLINEBRY DRINKARD UNIT # **[192]**

9. API Well No.
30-025- **42494**

10. Field and Pool, or Exploratory
EUNICE; BLI-TU-DR, NORTH <22900>

11. Sec., T. R. M. or Blk. and Survey or Area
SEC: 8 T21S R37E

12. County or Parish
LEA

13. State
NM

1a. Type of work: DRILL REENTER

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

2. Name of Operator APACHE CORPORATION

3a. Address 303 VETERANS AIRPARK LN #1000
MIDLAND, TX 79705

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

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 1865' FSL & 1985' FEL **(J)**
At proposed prod. zone SAME

14. Distance in miles and direction from nearest town or post office*
APPROX 4.5 MILES NORTH OF EUNICE, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1865'

16. No. of acres in lease
640 ACRES

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. ~150'

19. Proposed Depth
7200'

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL: 3521'

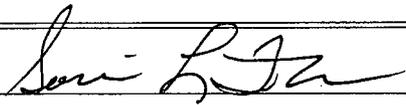
22. Approximate date work will start*
As Soon As Approved

23. Estimated duration
~ 10 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25. Signature  Name (Printed/Typed) SORINA L. FLORES Date **4/23/14**

Title SUPV OF DRILLING SERVICES

Approved by (Signature) **Steve Caffey** Name (Printed/Typed) Date **MAR 24 2015**

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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

KZ
07/30/15

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

MAR 31 2015

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

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APACHE CORPORATION (OGRID: 873) WEST BLINEBRY DRINKARD UNIT #192W

MAR 30 2015

Projected TD: 7200' GL: 3521'
1865' FSL & 1985' FEL UL: J Sec: 8 T21S R37E LEA COUNTY, NM

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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	Surface	San Andres	4000'
Rustler	1308'	Glorieta	5220'
Top of Salt	1400'	Paddock	5275'
Base of Salt/Tansill	2545'	Blinebry	5618'
Yates	2686'	Tubb	6230'
Seven Rivers	2930'	Drinkard	6539'
Queen	3470'	ABO	6683'
Grayburg	3750'	TD	7200'

Depth to Ground Water: ~ 65'

All fresh water & prospectively valuable minerals, as described by BLM, encountered during drilling, will be recorded by depth & adequately protected. All oil & gas shows within zones of correlative rights will be tested to determine commercial potential.

CASING PROGRAM: ^{1400' See COA} All casing is new & API approved

HOLE SIZE	DEPTH	OD CSG	WEIGHT	COLLAR	GRADE	COLLAPSE	BURST	TENSION
11"	0' - 1333'	8-5/8"	24#	STC	J-55	1.125	1.0	1.8
7-7/8"	0'-7200'	5-1/2"	17#	LTC	L-80	1.125	1.0	1.8

3. CEMENT PROGRAM:

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

Lead: 265 sx Cl C w/ 2% CaCL₂ + 0.13# CF + 3# LCM1 _ 0.005 gps FP-6L + 4% Bentonite
(13.5 wt, 1.75 yld, 8.962 gal/sx) Comp Strengths : 12 hr – 500 psi 24 hr – 782 psi

Tail: 200 sx Cl C w/1% CaCL@ + 0.13# CF + 0.005 gps FP-6L
(14.8 wt, 1.34 yld, 6.302 gal/sx) Comp Strengths: 12 hr – 755psi 24hr – 1347psi

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

Lead: 700 sx (35:65) Poz Cl C w/ 5% CaCL₂ + 0.125 # CF + 3# LCM1 + 0.5% FL52 + 0.005 gps FP6L + 6% Bentonite,
0.3% Sodium Metasilicate (12.6 wt, 2.07 yld, 10.995 gal/sx) Comp Strengths: 12 hr – 580 psi 24 hr – 1072 psi

Tail: 275 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
(14.2 wt, 1.37 yld, 5.971 gal/sx) Comp Strengths: 12 hr – 1130 psi 24 hr – 1633 psi

** The above cmt volumes could be revised pending caliper measurement from open hole logs. For Surface csg: If cmt does not circ to surface, the appropriate BLM office shall be notified, TOC shall be determined by running a temperature log, operator will propose a remediation method & request BLM approval.

4. PROPOSED CONTROL EQUIPMENT

"EXHIBIT 3" shows an 11" 3M psi WP BOP consisting of an annular bag type preventer, middle pipe rams, bottom blind rams. The BOP will be nipped up on the 8-5/8" surface csg head & tested to 3000psi using test plug & utilized continuously until TD is reached. The BOP will be tested at 3000psi, maximum surface pressure is not expected to exceed 3M psi, BHP is calculated to be approximately 3168 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. Function tests will be documented on the daily driller's log. "EXHIBIT 5" also shows a 3M psi choke manifold with a 3" 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.

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

See COA

INTERVAL	MW (ppg)	VISC (sec/qt)	FLUID LOSS (cc)	MUD TYPE
0' - 1333'	8.3 - 8.8	28 - 32	NC	Fresh Water
1333' - 7200'	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.**

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
- 11" x 3000 psi mud cross - H2S detector on production hole
- Gate-type safety valve - 3" choke line from BOP to manifold
- 2" adjustable chokes - 3" blow down line
- Fill up line as per Onshore Order 2

7. LOGGING, CORING & TESTING PROGRAM:

- A. OH logs: Dual Laterolog, MSFL, CNL, Litho-Density, Gamma Ray, Caliper 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, DST's or mud logger are planned at this time.
- 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.

8. POTENTIAL HAZARDS:

See COA

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*. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 3168 psi and estimated BHT: 115°.

9. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

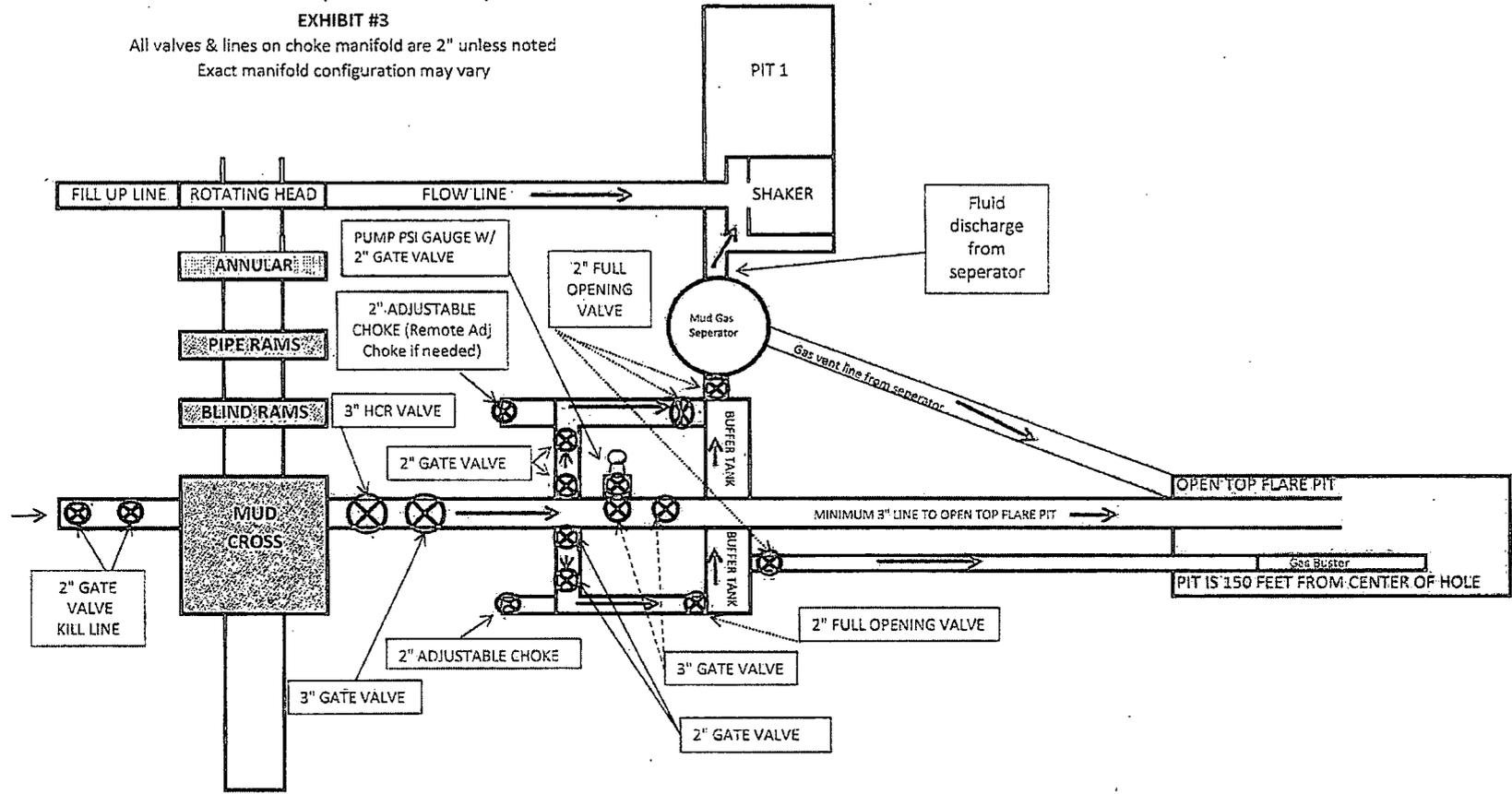
Road and location construction will begin after BLM has approved APD. Anticipated spud date will be as soon after BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take approx 10 days. If production casing is run then an additional 90 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

10. 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-Dr, North formation will be perforated to increase oil recovery. The well will be tested & potentialized as a water injection well.

APACHE BOP AND CHOKE MANIFOLD SCHEMATIC

11" 3M PSI BOP (to be tested as a 3M)
 EXHIBIT #3
 All valves & lines on choke manifold are 2" unless noted
 Exact manifold configuration may vary



*** If H2S is encountered in quantities greater than 100ppm, Apache will shut in well & install a remote operated choke ***

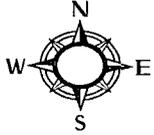
Apache

Closed Loop Equipment Diagram

Exhibit 4

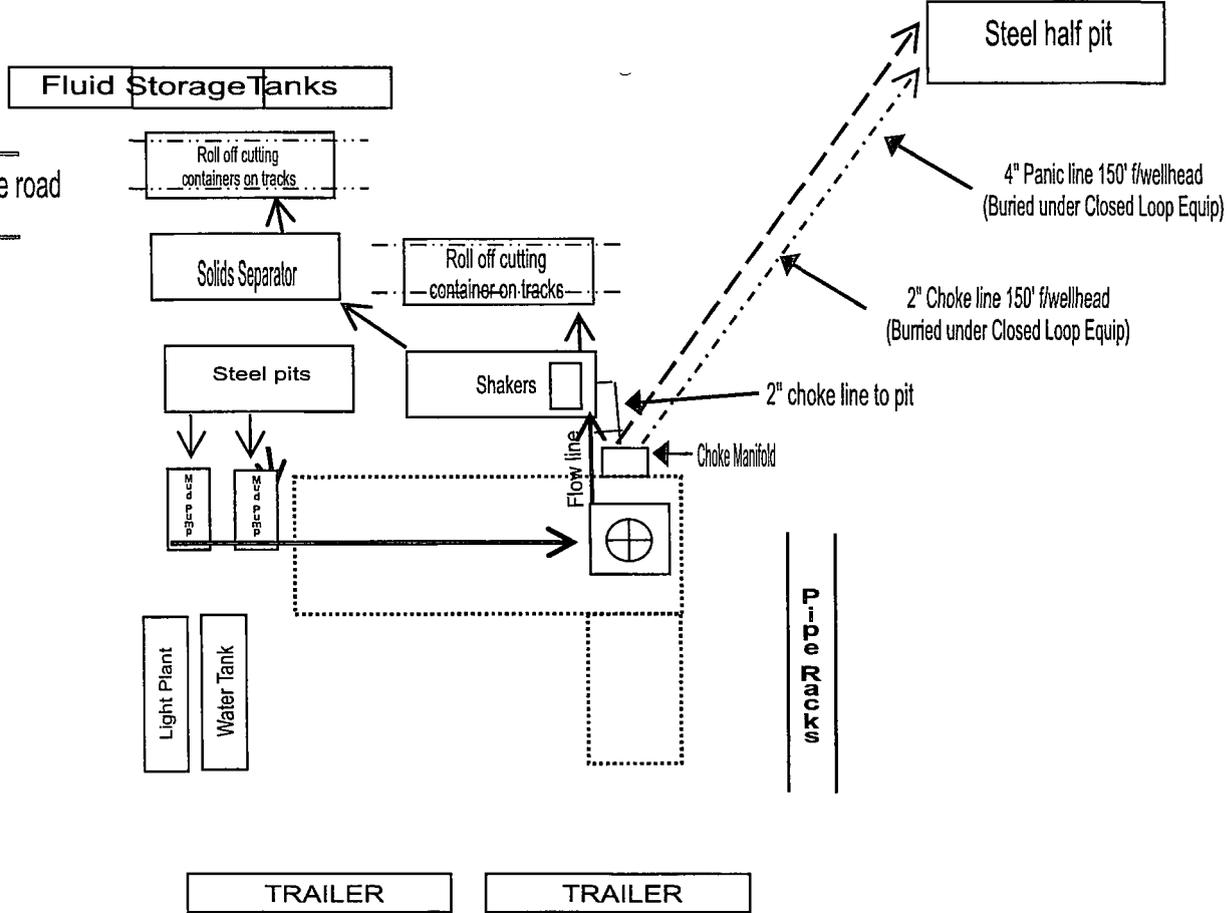
Existing Hawk B-1 #22 Pad

West Blinbry Drinkard Unit #192W

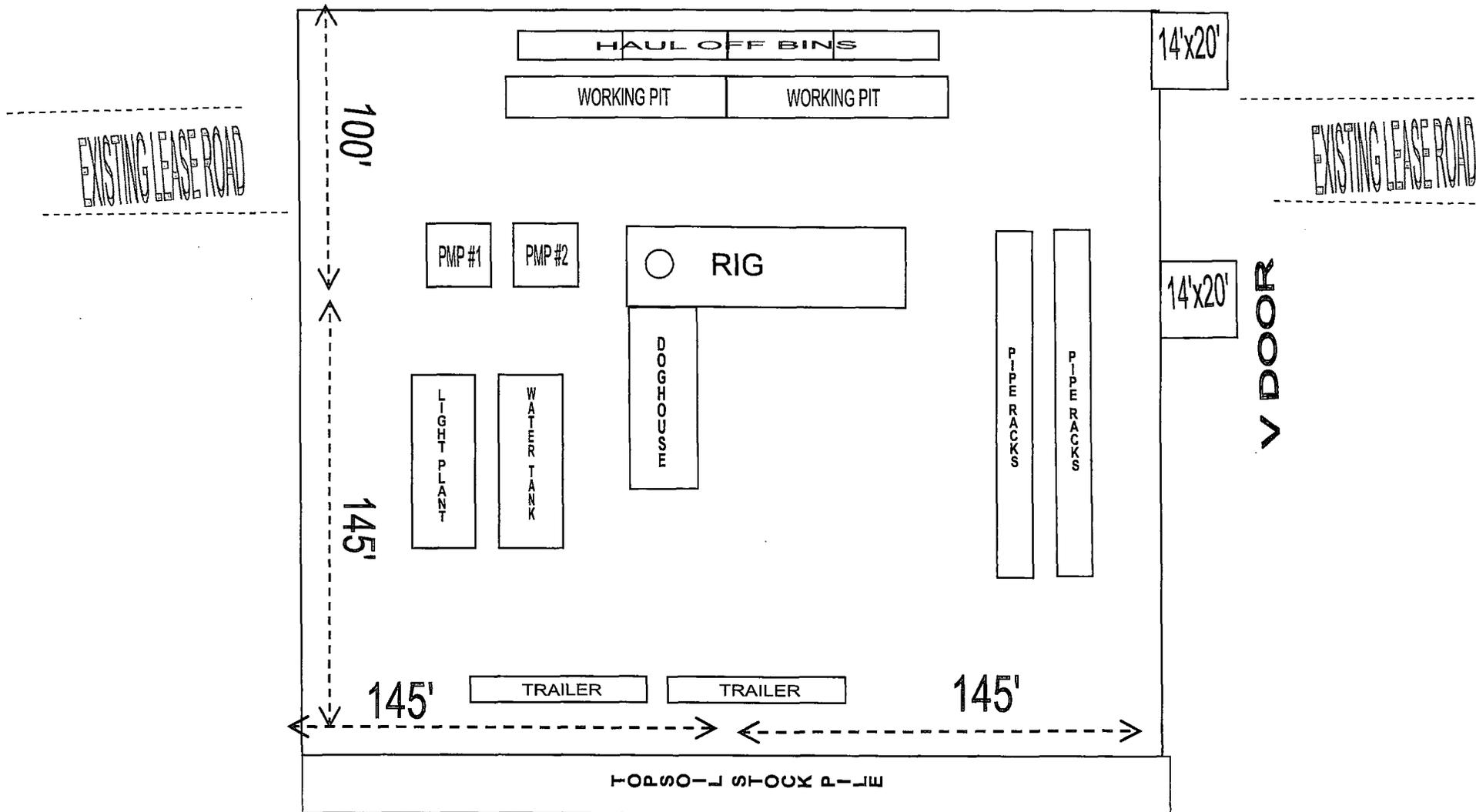
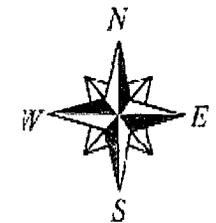


Existing lease road

Existing lease road



RIG ORIENTATION & LAYOUT
WEST BLINEBRY DRINKARD UNIT #192W
EXHIBIT 5



PRIVATE SURFACE OWNER AGREEMENT

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MAR 30 2015

RECEIVED

OPERATOR: APACHE CORPORATION

WELL NAME: WEST BLINEBRY DRINKARD UNIT #192W

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

LOCATION: 1865' FSL & 1985' FEL COUNTY: LEA STATE: NM

LEASE NUMBER: NMNM-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: MAXWELL GROVE

SIGNATURE: *Maxwell Grove*

DATE: 04/18/2014

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

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OPERATOR CERTIFICATION

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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 18th day of April 2014

Well: WEST BLINEBRY DRINKARD UNIT #192W

Operator Name: APACHE CORPORATION

Signature: *Maxwell Grove* Printed Name: MAXWELL GROVE

Title: Drilling Engineer Date: 04/18/2014

Email (optional): maxwell.grove@apachecorp.com

Street or Box: 303 Veterans Airpark Ln., Ste. 1000

City, State, Zip Code: Midland, TX 79705

Telephone: 281-302-2881

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.