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HOBBS OCD

OCD Hobbs

Form 3160-3
(March 2012)

APR 21 2016

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.
NMNM-090161

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
NMNM-120042X ; W Blinebry Drinkard

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

8. Lease Name and Well No. (37346)
WEST BLINEBRY DRINKARD UNIT #220

2. Name of Operator APACHE CORPORATION (873)

9. API Well No.
30-025- 43172

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

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

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

OKK

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 1370' FSL & 850' FEL
At proposed prod. zone SAME

11. Sec., T. R. M. or Blk. and Survey or Area
SEC: 9 T21S R37E

14. Distance in miles and direction from nearest town or post office*
APPROX 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) 850'

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. ~520'

19. Proposed Depth
7000'

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL: 3470'

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

23. Estimated duration
~ 8 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 Sorina L Flores
Name *(Printed/Typed)* SORINA L. FLORES
Date 4/8/15

Title
SUPV OF DRILLING SERVICES

Approved by *(Signature)* /S/ STEPHEN J. CAFFEY
Name *(Printed/Typed)*
Date APR 15 2016

Title FIELD MANAGER
Office CARLSBAD FIELD OFFICE

Application approval doe in the subject lease which would entitle the applicant to conduct operations there Conditions of approval, i APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 10 lfully to make to any department or agency of the United States any false, fictitious

(Continued on pag *(Instructions on page 2)

The NMOCD Gas Capture Plan notice has been posted on the web site under Announcements/Notice to Operators. A copy of the GCP form is included with the notice and is also in the Forms section under Unnumbered forms. Please submit accordingly in a timely manner.

Witness Surface Casing

Capitan Controlled Water Basin

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

KK 04/21/16

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APR 25 2016

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.
AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160
PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.
ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.
EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The BLM collects this information to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Operator Name: APACHE CORPORATION

Street or Box: 303 VETERANS AIRPARK LANE, STE. 1000

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-90161 / WEST BLINEBRY DRINKARD UNIT #220

Legal Description of Land: 1370' FSL & 850' FEL
Section: 9 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 / NMB000736

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

Title: DRILLING MANAGER, PERMIAN REGION

Date: 12/8/14

PRIVATE SURFACE OWNER AGREEMENT

OPERATOR: **APACHE CORPORATION**

WELL NAME: **WEST BLINEBRY DRINKARD UNIT #220**

SECTION: **9** TOWNSHIP: **21S** RANGE: **37E**

LOCATION: **1370' FSL & 850' FEL** COUNTY: **LEA** STATE: **NM**

LEASE NUMBER: **NMNM-90161**

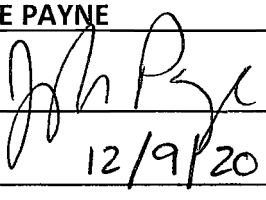
STATEMENT OF SURFACE USE

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: **JOE PAYNE**

SIGNATURE: 

DATE: 12/9/2014

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.

APACHE CORPORATION (OGRID: 873)
WEST BLINEBRY DRINKARD UNIT #220

1. Geologic Formations

TVD of target	7000'	Pilot hole depth	N/A
MD at TD:	7000'	Deepest expected fresh water:	65'

Back Reef

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Aeolian	Surface	Water	
Rustler	1285'	Water	
Top of Salt	1370'	Salt	
Tansil	2443'	Barren	
Yates	2618'	Oil, Gas, Water	
Seven Rivers	2848'	Oil, Gas, Water	
Queen	3380'	Oil, Gas, Water	Loss circ
Grayburg	3734'	Oil, Gas, Water	Loss circ
San Andres	4104'	Oil, Gas, Water	Loss circ
Glorieta	5184'	Oil, Gas, Water	
Paddock	5229'	Oil	
Blinebry	5699'	Oil	
Tubb	6166'	Oil	
Drinkard	6480'	Oil	
ABO	6745'	Oil	
TD	7000'	Target Zone	

**H2S, water flows, loss of circulation, abnormal pressures, etc.*

2. Casing Program

See COA

Hole Size	Casing Interval From	Casing Interval To	Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
11"	0	~~1335'~~ 1390'	8-5/8"	24	J55	STC	1.125	1.0	1.8
7-7/8"	0	7000'	5-1/2"	17	L80	LTC	1.125	1.0	1.8
				BLM Minimum Safety Factor			1.125	1	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	N/A
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N

APACHE CORPORATION (OGRID: 873)
WEST BLINEBRY DRINKARD UNIT #220

If yes, are the first 2 strings cemented to surface and 3rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	# Sks	Wt. lb/ gal	Yld ft3/ sack	H_20 gal/sk	500# Comp. Strength (hours)	Slurry Description
Surf.	250	13.5	1.73	9.13	9	Lead: Cl C + 4% Bentonite + 1% CaCL2 + 0.25# CF *(12hr: 677psi, 24hr: 1093psi)*
	250	14.8	1.35	6.34	5	Tail: Cl C + 2% CaCL2 + 0.25# *CF (12hr: 1121psi, 24hr: 1795psi)*
Prod.	950	12.6	1.95	10.65	9	Lead: Cl C 35/65 + 6% Bentonite + 0.1% R-20 + 0.25# CF + 3% Salt *(12hr-677psi, 24hr-1093psi)*
	DV/ECP Tool : N/A					
	300	14.2	1.28	5.81	5	Tail: Cl C 50:50 + 2% Bentonite + 0.4% Fl-12 + 0.1% R-20 + 0.25# CF + 3% Salt *(12hr-1121psi, 24hr-1795psi)*

***If DVT used: DV tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.*

*******PRODUCTION CMT CONTINGENCY IF WATER FLOWS ENCOUNTERED********

Casing	# Sks	Wt. lb/ gal	Yld ft3/ sack	H_20 gal/sk	500# Comp. Strength (hours)	Slurry Description
Prod 1st Stage	260	12.6	1.95	10.65	8.5	Lead: Cl C 35/65 + 6% Bentonite + 0.1% R-20 + 0.25# CF + 3% Salt *(12hr-671psi, 24hr-979psi)*
	300	14.2	1.28	5.81	8.5	Tail: Cl C 50/50 + 2% Bentonite + 0.4% FL-12 + 0.1% R-20 + 0.25# CF + 3% Salt *(12hr-910psi, 24hr-16985psi)*
	DV/ECP Tool : 4440'					
Prod 2nd Stage	415	12.6	1.95	10.65	8.5	Lead: Cl C 35/65 + 6% Bentonite + 0.1% R-20 + 0.25# CF + 3% Salt *(12hr-671psi, 24hr-979psi)*
	100	14.8	1.33	6.32	6.5	Tail: Cl C *(12hr-1281psi, 24hr-1951psi)*

See COA

Casing String	TOC	% Excess
Surface	0'	100%
Production	0'	30%

Include Pilot Hole Cementing specs:
Pilot hole depth: N/A
KOP: N/A

Plug top	Plug Bottom	% Excess	No. Sacks	Wt. lb/gal	Yld ft3/sack	Water gal/sk	Slurry Description and Cement Type

4. Pressure Control Equipment

NO	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.

See COA

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
7-7/8"	11"	3M	Annular	x	50% of working pressure
			Blind Ram	x	Must test to 3,000psi
			Pipe Ram	x	~~2M~~ 3M
			Double Ram		
			Other*		

**Specify if additional ram is utilized.*

BOP/BOPE will be tested by an independent service company to 250 psi low & the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional & tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock & floor safety valve (inside BOP) & choke lines and choke manifold. See attached schematics.

	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil & Gas Order #2 III.B.1.i.
NO	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs & hydrostatic test chart.
	Y /N Are anchors required by manufacturer? **NO**
NO	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. • *Provide description here* See attached schematic.

APACHE CORPORATION (OGRID: 873)
WEST BLINEBRY DRINKARD UNIT #220

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	Surf. shoe	FW	8.7 – 9.1	32-34	N/C
Surf shoe	TD	Brine	9.8 – 10.2	32-34	N/C

Sufficient mud materials to maintain mud properties & meet minimum lost circulation & weight increase requirements will be kept on location at all times.

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring

6. Logging and Testing Procedures

Logging, Coring and Testing.	
X	Will run GR/CNL fromTD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
	Coring? If yes, explain

Additional logs planned		Interval
X	Resistivity	Int. shoe to TD
X	Density	Int. shoe to TD
X	CBL	Production casing
	Mud log	Intermediate shoe to TD
	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	3080 psi
Abnormal Temperature	NO

Mitigation measure for abnormal conditions. Describe: Lost circulation material/sweeps/mud scavengers.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
X	H2S is present
	H2S Plan attached

See COA

8. Other facets of operation

Is this a walking operation? If yes, describe. N/A
Will be pre-setting casing? If yes, describe. N/A

Attachments
N/A Directional Plan
N/A Other

APACHE BOP AND CHOKE MANIFOLD SCHEMATIC

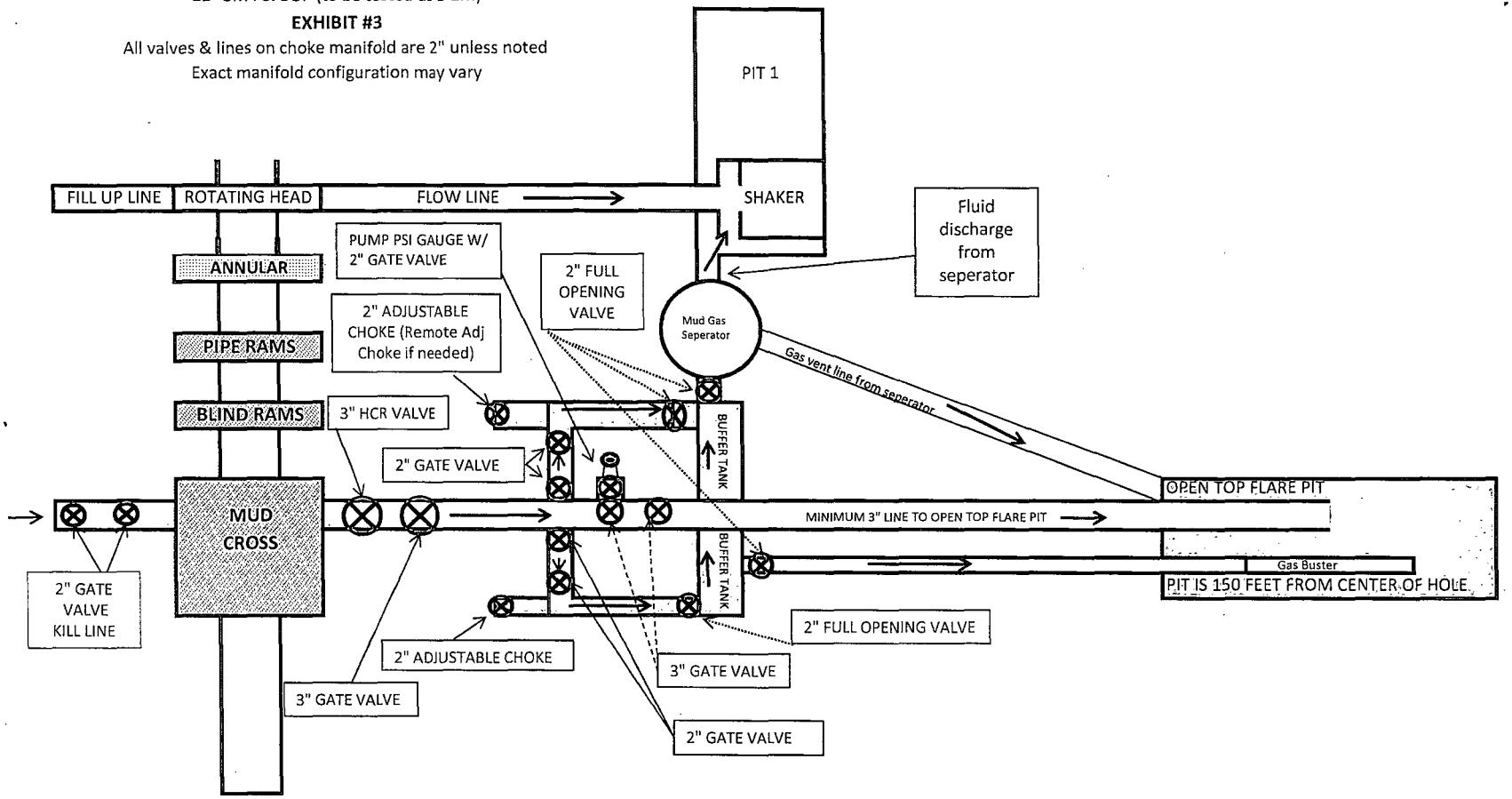
3M must test BOP to 3,000psi

11" 3M PSI BOP (to be tested as a ~~2M~~)

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 ***