

OCD-HOBBS

ATS-03-114

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC-032096-B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name -----
2. Name of Operator APACHE CORPORATION (LANA WILLIAMS 918-491-4980) 473		7. If Unit or CA Agreement, Name and No. EAST BLINEBRY DRINKARD UNIT 3623
3a. Address 6120 SOUTH YALE SUITE 1500 TULSA OKLA. 74136	3b. Phone No. (include area code) 918-491-4980	8. Lease Name and Well No. EBDU # 63
4. Location of Well (Report location clearly and in accordance with any State requirements.) Unit J At surface 1485' FSL & 2310' FEL SECTION 11 T21S-R37E LEA CO. NM At proposed prod. zone SAME CAPTAN CONTROLLED WATER BASIN		9. API Well No. 30-025-38234
10. Field and Pool, or Exploratory EUNICE -BLINEBRY-TUBB- DRINKARD-NORTH		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 11 T21S-R37E
14. Distance in miles and direction from nearest town or post office* Approximately 4 miles Northeast of Eunice New Mexico		12. County or Parish LEA CO.
15. Distance from proposed* location to nearest property or lease line, ft. 1485' ± (Also to nearest drig. unit line, if any)		13. State NM
16. No. of acres in lease 1760		17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 750±		20. BLM/BIA Bond No. on file BLM CO-1463 NATION WIDE
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3428' GL.		22. Approximate date work will start* WHEN APPROVED
		23. Estimated duration 18 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Joe T. Janica</i>	Name (Printed/Typed) Joe T. Janica	Date 11/14/06
Title Agent		
Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed) <i>/s/ Don Peterson</i>	Date DEC 19 2006
Title ACTING 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 1 YEAR

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)
**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

DISTRICT I
1625 H. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-38234	Pool Code 22900	Pool Name EUNICE-BLINEBRY, TUBB, DRINKARD-NORTH
Property Code 35023	Property Name EBDU	Well Number 63
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3428'

Surface Location

UL or lot No. J	Section 11	Township 21-S	Range 37-E	Lot Idn	Feet from the 1485	North/South line SOUTH	Feet from the 2310	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=544124.2 N X=870353.1 E</p> <p>LAT.=32°29'24.63" N LONG.=103°07'56.02" W</p>	<p>LC-032096-3</p> <p>3432.3' 3432.4'</p> <p>600'</p> <p>3428.1' 3427.7'</p> <p>1485'</p> <p>2310'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Lana Williams</i> 7/29/06 Signature Date</p> <p><u>Lana Williams</u> Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 05, 2006</p> <p>Date Surveyed MR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 5/19/06 06.11.0938</p> <p>Certificate No. GABY EIDSON 12641 RONALD J. EIDSON 3239</p>
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State Lease - 4 Copies

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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name EBDU	Well Number 63
OGRID No.	Operator Name APACHE CORPORATION	Elevation 3428'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	11	21-S	37-E		1485	SOUTH	2310	EAST	LEA

Bottom Hole Location If Different From Surface

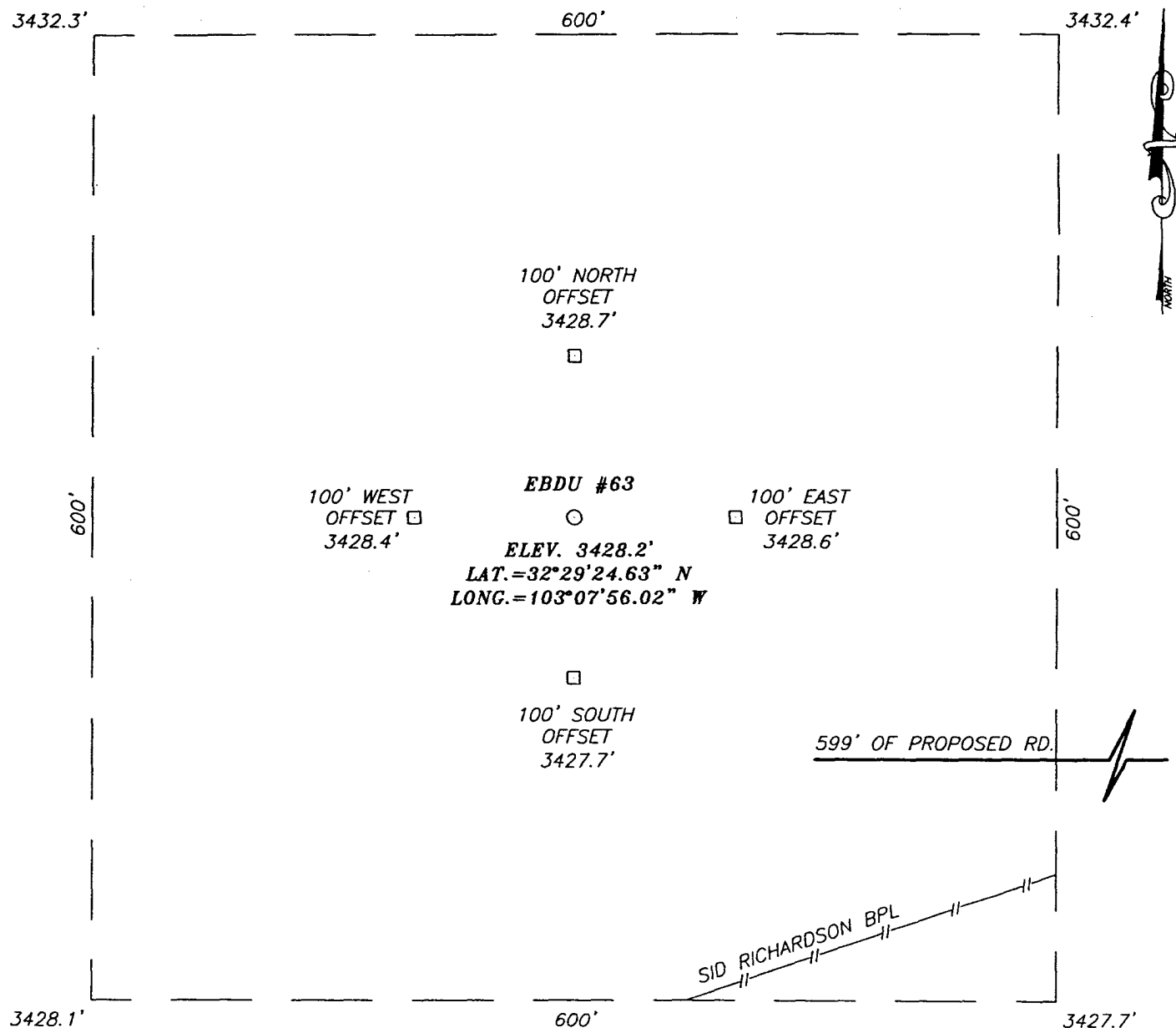
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

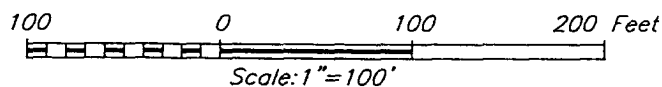
	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <u>Rana Williams</u> 7/29/06 Signature Date <u>Rana Williams</u> Printed Name
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. JUNE 05, 2006 Date Surveyed MR Signature & Seal of Professional Surveyor 06.11.0938 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

SECTION 11, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

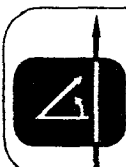
FROM THE INTERSECTION OF ST. 18 AND CO. RD. E-38 (JONES CITY RD.), GO NORTH ON ST. HWY. #18 APPROX. 1.1 MILES. TURN LEFT (THROUGH CATTLE GUARD) AND GO WEST APPROX. 0.3 MILES. TURN RIGHT AND GO NORTH APPROX. 0.2 MILES TO A BEGIN ROAD SURVEY. FOLLOW ROAD SURVEY WEST APPROX. 600 FEET. THIS LOCATION IS APPROX. 212 FEET NORTHWEST.



APACHE CORPORATION

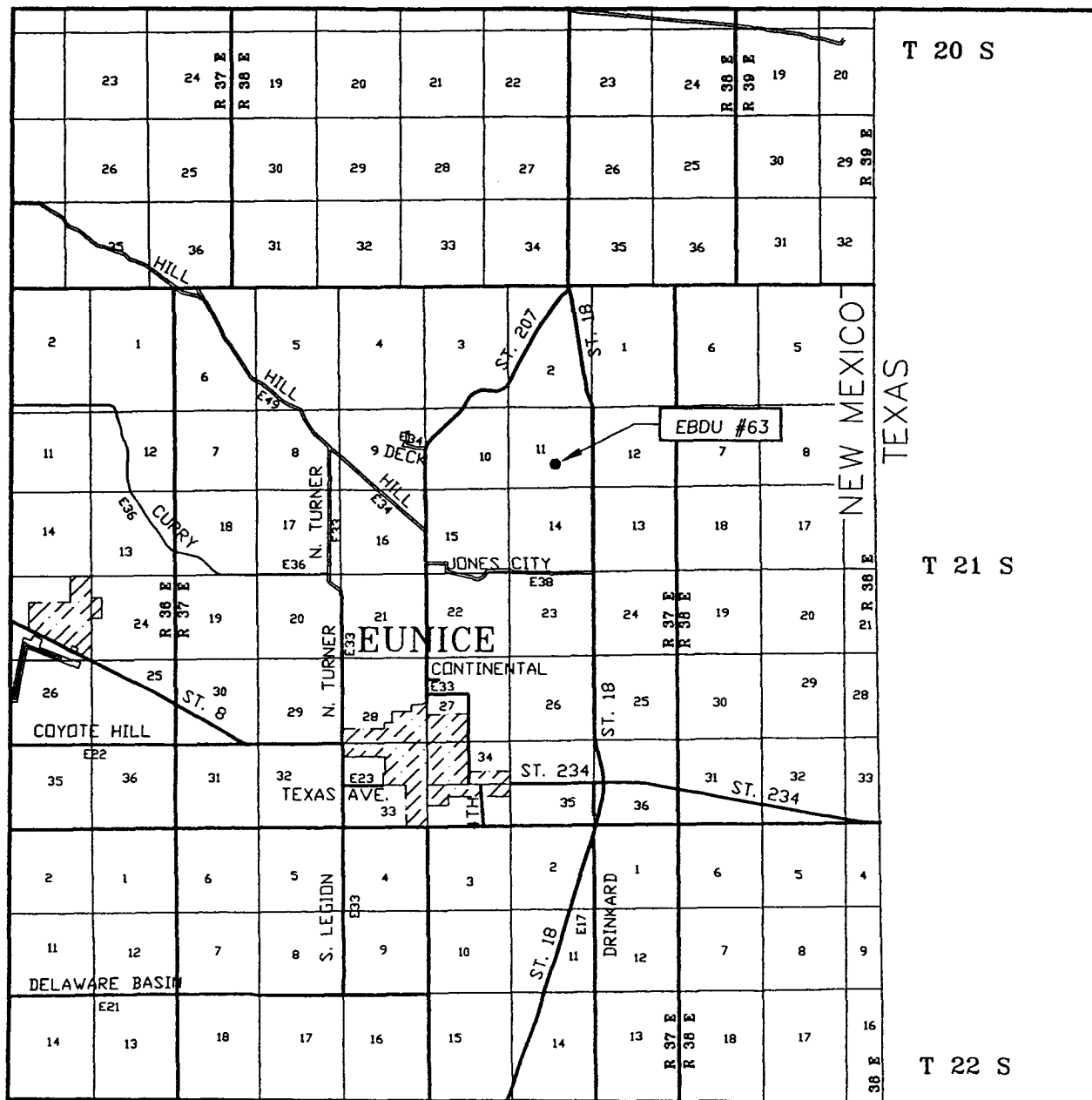
EBDU #63
 LOCATED 1485 FEET FROM THE SOUTH LINE
 AND 2310 FEET FROM THE EAST LINE OF SECTION 11,
 TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

Survey Date: 06/05/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0938	Dr By: M.R. Rev 1:N/A
Date: 06/16/06	Disk: CD#6 06110938 Scale: 1"=100'



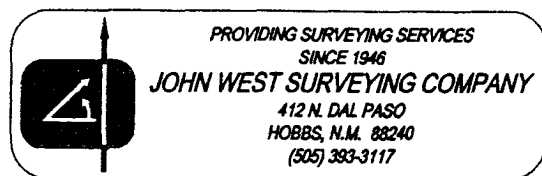
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

VICINITY MAP

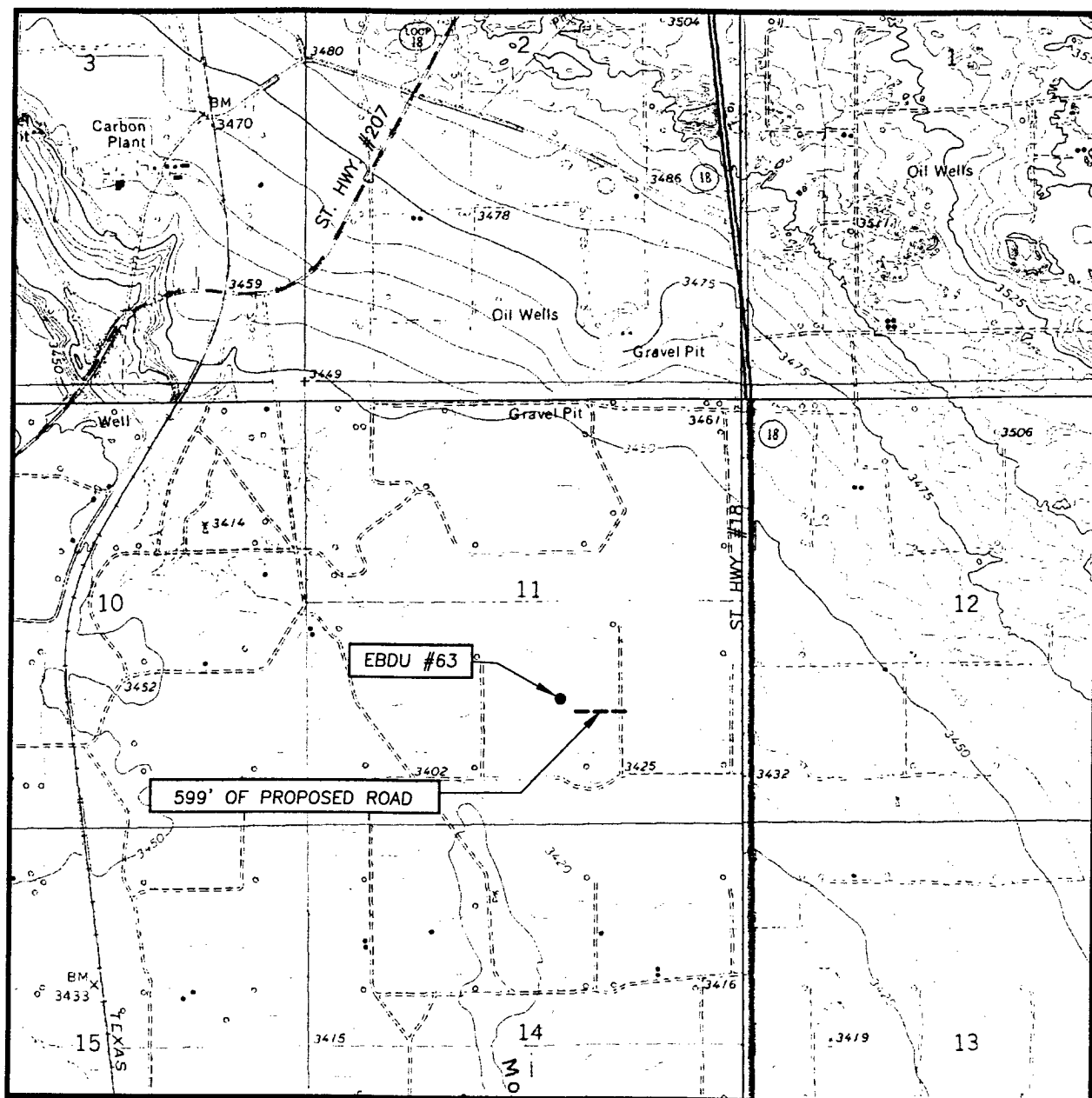


SCALE: 1" = 2 MILES

SEC. 11 TWP. 21-S RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1485' FSL & 2310' FEL
 ELEVATION 3428'
 OPERATOR APACHE CORPORATION
 LEASE EBDU



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'
EUNICE NE, N.M. - 5'

SEC. 11 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

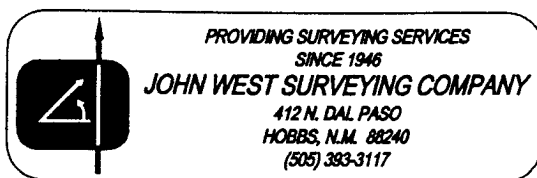
DESCRIPTION 1485' FSL & 2310' FEL

ELEVATION 3428'

OPERATOR APACHE CORPORATION

LEASE EBDU

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.



SURFACE DAMAGE RELEASE

STATE OF NEW MEXICO §
§
COUNTY OF LEA §

THAT, for and in consideration of Thirty Thousand Dollars and 00/100 (\$30,000.00) (which is a payment of \$10,000.00 for each of the three wells) the receipt and adequacy of which is hereby acknowledged, and other valuable consideration paid, **JAMES A. BRYANT and LUCILLE BRYANT JTWRs**, whose address is 8204 Indigo Court N/E, Albuquerque, NM 87122 (hereinafter called "Owner"), does hereby release, dismiss and discharge **APACHE CORPORATION**, whose address is 6120 Yale # Two Warren Place, Suite 1500, Tulsa, OK 74136 (hereinafter called "Operator"), its employees, agents, contracts, successors and assigns, from any and all claims, demands, actions and causes of action for detriment, injuries, damages and losses of whatsoever nature that have been caused or will be caused to the surface of the Subject Property (provided that such future damages are of a typical nature caused by normal operations on the Subject Wells) in any way arising from, incident to or in connection with the proposed drilling of the following well (hereinafter called "Subject Well"):

EBDU # 60	EBDU # 63	EBDU # 64
1270' FNL & 2310' FEL	1485' FSL & 2310' FEL	1270' FSL & 990' FEL
Section 14-T21S-R37E	Section 11-T21S-R37E	Section 11-T21S-R37E
Lea County New Mexico	Lea County New Mexico	Lea County New Mexico

The "Subject Property" shall mean the following:

South 1/2 of Section 11- T21S-R37E and the North 1/2 of Section 14-T31S-R37E
Lea County New Mexico

In addition to the above listed damage payment Operator agrees to pay the sum of \$2400.00 for building 1584 feet (96 rods @ \$25.00 per rod) of new access road 14 feet in width to the above described well location .

This Release is intended to cover all surface damages including electrical power line right-of-way, flow line, or injection line right-of-way, all crops, timber and grass damaged or destroyed in connection with the above-described activities.

Operator shall conduct all operations in a good and workmanlike manner and shall use all precautions to prevent any damages to Subject Property over and above the damages contemplated herein. On or before six (6) months from the date of completion of the Subject Well, provided the mud has dried, Operator shall level the mud pits, deep bury the cuttings and level the mud pit area. If the Subject Well proves to be a dry hole, and/or at which time the well has to be plugged and abandoned, Operator agrees to take up the caliche pad and road, level and re-seed the Subject Property with the appropriate grass and restore the surface of Subject Property as closely as reasonably possible to its condition prior to the commencement of drilling operations.

Owner agrees to account to any other party, including any surface tenant, who may be entitled to receive any portion of the aforementioned consideration, and to indemnify and hold harmless Operator, its successors and assigns, from any claim by other party for damages to the Subject Property and improvements, crops or other things situated thereon.

This Release shall be binding upon the parties hereto, their heirs, successors and assigns.

EXECUTED this 12 day of September, 2006

OPERATOR:

APACHE CORPORATION

By: [Signature]

OWNER:

JAMES A. BRYANT AND
LUCILLE BRYANT JTWRs
SS # 525-76-6156

By: [Signature]
[Signature]

EXHIBIT "A"
EAST BLINEBRY DRINKARD UNIT # 63
DRILLING PROGRAM

- I. The geological surface formation is recent Permian with quaternary alluvium and other surficial deposits.
II. Estimated Tops of Geological Markers:

<u>FORMATION</u>	<u>DEPTH</u>
Quaternary alluvials	Surface
Rustler	1318'
Yates	2614'
Queen	3415'
Grayburg	3749'
San Andres	3991'
Glorieta	5232'
Blinebry	5669'
Tubb	6135'
Drinkard	6517'
Abo	6741'
TD	6900'

- III. Estimated depths at which water, oil, gas, or other mineral-bearing formations are expected to be encountered:

<u>SUBSTANCE</u>	<u>DEPTH</u>
Oil	Blinebry@5669' Tubb@6135' Drinkard@ 6517'
Gas	None anticipated
Fresh Water	None anticipated

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

- IV. A. Proposed Casing Program:

<u>HOLE</u> <u>SIZE</u>	<u>CASING</u> <u>SIZE</u> OD / ID	<u>WEIGHT</u> <u>PER</u> <u>FOOT</u>	<u>DEPTH</u>	<u>SACKS</u> <u>CEMENT</u>	<u>ESTIMATED TOC -</u> <u>REMARKS</u>
12 1/4"	8 5/8" 8.097"	J55 STC 24#	1300'	600	TOC - Surface 8.9 ppg Water-based Mud; 89 ° F Est. Static Temp; 83 ° F Est. Circ. Temp.
7 7/8"	5 1/2" 4.892"	J55 LTC 17#	6900'	1,400	TOC - Surface Float Collar set @ 6855' / 10.10 ppg Brine Mud; 141 ° F Est. Static Temp; 117 ° F Est. Circ. Temp.

B. Proposed Cement Program:

<u>CASING</u>	<u>LEAD SLURRY</u>	<u>TAIL SLURRY</u>	<u>DISPLACEMENT</u>
8 5/8"	400 sacks 35:65 Poz:Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 0.003 gps FP-6L + 6% bwoc Bentonite gel 752 Vol. Cu Ft 1.94 Vol. Factor Slurry Weight (ppg) 12.7 Slurry Yield (cf/sack) 1.88 Amount of Mix Water (gps) 10.7; <u>Estimated Pumping Time</u> <u>- 70 BC (HH:MM)-4:00;</u>	200 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Cello Flake + 56.3% Fresh Water 270 Vol. Cu Ft 1.94 Vol. Factor Slurry Weight (ppg) 14.8 Slurry Yield (cf/sack) 1.35 Amount of Mix Water (gps) 6.35 Estimated Pumping Time - 70 BC (HH:MM)-3:00;	79.8 bbls Fresh Water @ 8.33 ppg

8 5/8" Casing: Volume Calculations:

1260 ft	x	0.4127 cf/ft	with 100% excess	=	1040.0 cf
40 ft		x 0.8214 cf/ft	with 0% excess	=	32.8 cf
40 ft	x	0.3576 cf/ft	with 0% excess	=	14.3 cf (inside pipe)
TOTAL SLURRY VOLUME					= 1087.1 cf
					= 193.6 bbls

Spacer 20.0 bbls Water @ 8.33 ppg

<u>CASING</u>	<u>LEAD SLURRY</u>	<u>TAIL SLURRY</u>	<u>DISPLACEMENT</u>
5 1/2"	950 sacks (50:50) Poz (Fly Ash): Class C Cement + 5% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.003 gps FP-6L + 10% bwoc Bentonite 2318 Vol. Cu Ft 2.66 Vol. Factor Slurry Weight (ppg) 11.8 Slurry Yield (cf/sack) 2.44 Amount of Mix Water (gps) 14.07; Amount of Mix Fluid (gps) 14.07 <u>Estimated Pumping Time - 70</u> <u>BC (HH:MM)-4:00;</u>	450 sacks (50:50) Poz (Fly Ash): Class C Cement + 5% bwow Sodium Chloride + 0.003 gps FP-6L 581 Vol. Cu Ft 1.84 Vol. Factor Slurry Weight (ppg) 14.2 Slurry Yield (cf/sack) 1.29 Amount of Mix Water (gps) 5.91; Amount of Mix Fluid (gps) 5.91; Estimated Pumping Time - 70 BC (HH:MM)-3:00;	171 bbls 2% Kcl Water @ 8.43 ppg

5 1/2" Casing: Volume Calculations:

1300 ft	x	0.1926 cf/ft	with 0% excess	=	250.4 cf
3250 ft	x	0.1733 cf/ft	with 159% excess	=	1458.7 cf
2350 ft	x	0.1733 cf/ft	with 85% excess	=	577.0 cf
40 ft	x	0.1305 cf/ft	with 0% excess	=	5.2 cf (inside pipe)
TOTAL SLURRY VOLUME					= 2291.3 cf
					= 408 bbls

All slurries will be tested prior to loading to confirm thickening times and a lab report furnished to Apache. Fluid loss will be tested and reported on slurries with fluid loss additives. Lab test report will be furnished prior to pumping cement.

VII. Auxiliary Equipment:

9" x 3000 psi double BOP/blind & pipe ram (2M BOP if available)

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 – 3" blowdown line

VIII A. Testing Program: None planned

B. Logging Program: The following logs may be run:

CNL, LDT, GR, CAL, DLL, MSFL, NGT, Sonic from TD-1300'

CNL, GR from TD-Surface

C. Coring Program: None planned

D. Mudlogging Program: None planned

IX. 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. The estimated maximum bottom hole pressure is 2000 psi.

EXHIBIT "B"
EAST BLINEBRY DRINKARD UNIT # 63

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H₂S is anticipated.

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN
CULTURAL RESOURCES SURVEY
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: EAST BLINEBRY DRINKARD UNIT # 63
OPERATOR: APACHE CORPORATION

LOCATION: SE¼ OF SECTION 11, T21S-R37E, N.M.P.M.
LEA COUNTY, NEW MEXICO

SUBMITTED TO:

UNITED STATES DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 EAST GREENE STREET
CARLSBAD, NEW MEXICO 88220-6292
TELEPHONE 505-234-5972

This plan is submitted to provide permitting agencies with information necessary to allow an appraisal of the environmental effects associated with the proposed drilling operations. Within the context of typical drilling operations, this plan provides for protection of surface resources and other environmental components. This plan has been developed in conformity with the United States Geological Survey NTL-6 guidelines, Bureau of Land Management Oil and Gas Order No. 1, and in connection and consultation with the private surface owner of record, if other than the United States of America, as well as the Roswell District Office for the Bureau of Land Management and the United States Department of the Interior personnel.

PART #1:

1) Surface Location:

SE ¼ of Section 11, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
1485' FSL, 2310' FEL, Lot No. J

2) Bottom Hole Location:

SE ¼ of Section 11, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
1485' FSL, 2310' FEL, Lot No. J

3) Leases Issued: LC-032096-B

4) Record Lessee:

Apache Corporation	50%
Chevron USA	25%
BP	25%

5) Acres in Lease:

<u>Township 21 South, Range 37 East, NMPM</u>			
SEC	12	N/2	320
	13	S/N, S/2	480
	14	E/E	160
	24	E/2	320
	11	E/2	320
	35	NE/4	<u>160</u>

- 6) Acres Dedicated to Well:
There are 40.00 acres dedicated to this well, which takes in the UL J of Section 11, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

PART #2:

- 1) Existing Roads: From the Jct. of Hwy. 18 & Hwy. 234, on the East side of Eunice New Mexico, go 3.6 miles North on Hwy. 18, turn West at entrance #28, cross cattle guard, and go 0.3 mile West, 0.2 mile North, and 0.15 mile West into location.
- 2) Planned Access:
 - A. Length and Width: Existing lease/access roads will be used into the well site. Application for a buried pipeline will be made if it becomes necessary.
 - B. Construction: The existing roads will be lightly graded and topped with compacted caliche as needed.
 - C. Turnouts: None required.
 - D. Culverts: None required.
 - E. Cuts and Fills: As needed.
 - F. Gates and Cattleguards: None required.
- 3) Location of Existing Wells:

Exhibit "F" shows existing wells within a 1-mile radius of the proposed well.
- 4) Location of Existing and/or Proposed Facilities:
 - A. There are production facilities within the area of the Lockhart Lease.
 - B. If the oil well proves to be commercial, any necessary production facilities will be installed on the drilling pad, and flow lines will be installed along the proposed and existing roads to the production facilities and storage tanks. See Exhibit "E-3" for flow-line route.
- 5) Location and Type of Water Supply:

Apache Corporation plans to drill the proposed well with fresh and brine water which will be transported by truck over proposed and existing access roads.
- 6) Source of Construction Materials:

Caliche for surfacing access roads and the wellsite pad will be obtained from the location itself or from BLM pits in the area.
- 7) Method of Handling Waste Material:
 - A. Drill cuttings will be disposed of in the reserve pits.
 - B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
 - C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
 - D. Water produced during operations will be collected in tanks until hauled to an approved disposal system.
 - E. Oil produced during operation will be stored in tanks until sold.
 - F. Apache Corporation will comply with current laws and regulations pertaining to the disposal of human waste.
 - G. All waste materials will be contained to prevent scattering by the wind and will be removed from the well site within 30 days after drilling and/or completion operations are finished.
- 8) Ancillary Facilities: None planned.
- 9) Well Site Layout:
 - A. Exhibit "G" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area have been staked and flagged.
 - B. Mat Size: 150' x 210' plus reserve pits as shown on Exhibit "G".
 - C. Cut & Fill: Only minor leveling of the drilling site is anticipated.
 - D. The surface will be topped with compacted caliche and the reserve pits will be lined with 20 mil plastic.

- 10) Plans for Restoration of the Surface:
- A. After completion of drilling and/or completion operations, all equipment and other material, not needed for operations, will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. If the proposed well is non-productive, Apache Corporation will comply with all rehabilitation and/or vegetation requirements of the Bureau of Land Management, and such rehabilitation will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.
- 11) Other Information:
- A. Topography: The wellsite and access road are located in the Querecho Plains and are relatively flat.
 - B. Soil: The proposed location, access road and production facilities consist of sandy soil. Slope in the proposed area ranges from zero (0) to five (5) degrees.
 - C. Flora and Fauna: Vegetation is one of a grassland environment and a scrub-grass, scrub disclimax community. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
 - D. Ponds and Streams: There are no ponds, lakes, streams or feeder creeks in the immediate area.
 - E. Residences and Other Structures: There are no occupied residences or other structures on or near the proposed location.
 - F. Land Use: The land is used for grazing cattle.
 - G. Surface Ownership: The surface is owned by James and Lucille Bryant, 8204 Indigo Court N/E, Albuquerque, NM 87122, 505-797-7788.
 - H. Archaeological, Historical, and Other Cultural Sites:
Don Clifton, Archaeological Consultant, of Pep, New Mexico, will be conducting an archaeological survey of the proposed well which covers the drilling location, production facilities, and access road, including a corridor along said access road for power and flow lines. His report will be filed under separate cover.
 - I. Senior Representative (Manager, Engineering & Production):
Ross Murphy
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4834

Project (Operations Engineer):
Kevin Mayes
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4972

Drilling Operations (Operations Engineer):
Terry Gilbert
Apache Corporation
Suite 1500 – Two Warren Place
6120 South Yale Avenue
Tulsa, Oklahoma 74136
(918) 491-4801

CERTIFICATION:

Before construction:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PH. 505-391-8503
CELL PH. 505-390-1598

During and after construction:

APACHE CORPORATION
6120 SOUTH YALE
SUITE 1500
TULSA, OKLAHOMA 74136-4224
LANA WILLIAMS
OFFICE PH 918-491-4980

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access roads, and that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge are true and correct, and that the work associated with the operations proposed herein will be performed by APACHE CORPORATION it's contractors/subcontractors is in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false report.

NAME : Joe T. Janica

TITLE : Agent

DATE : 11/14/06

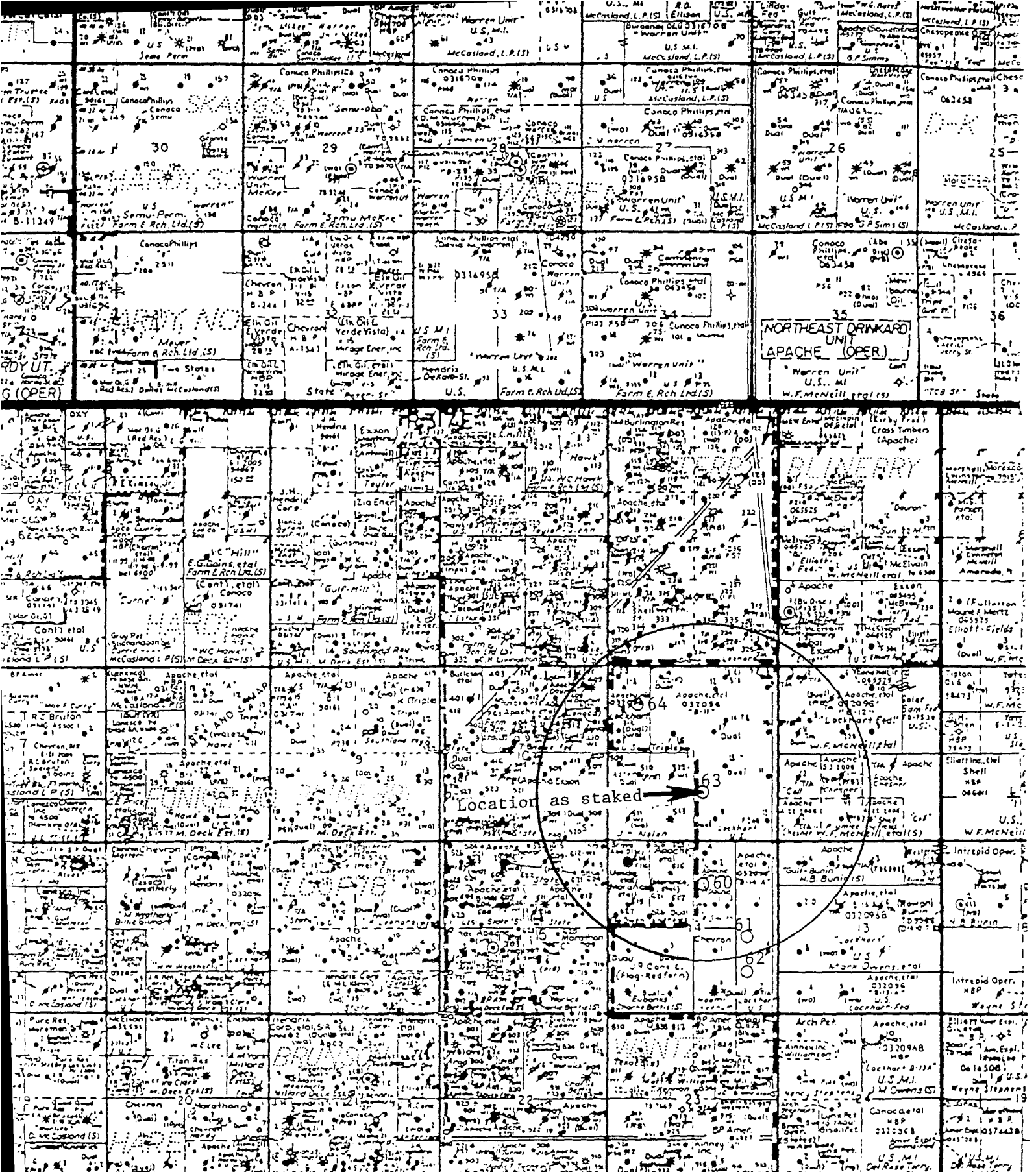
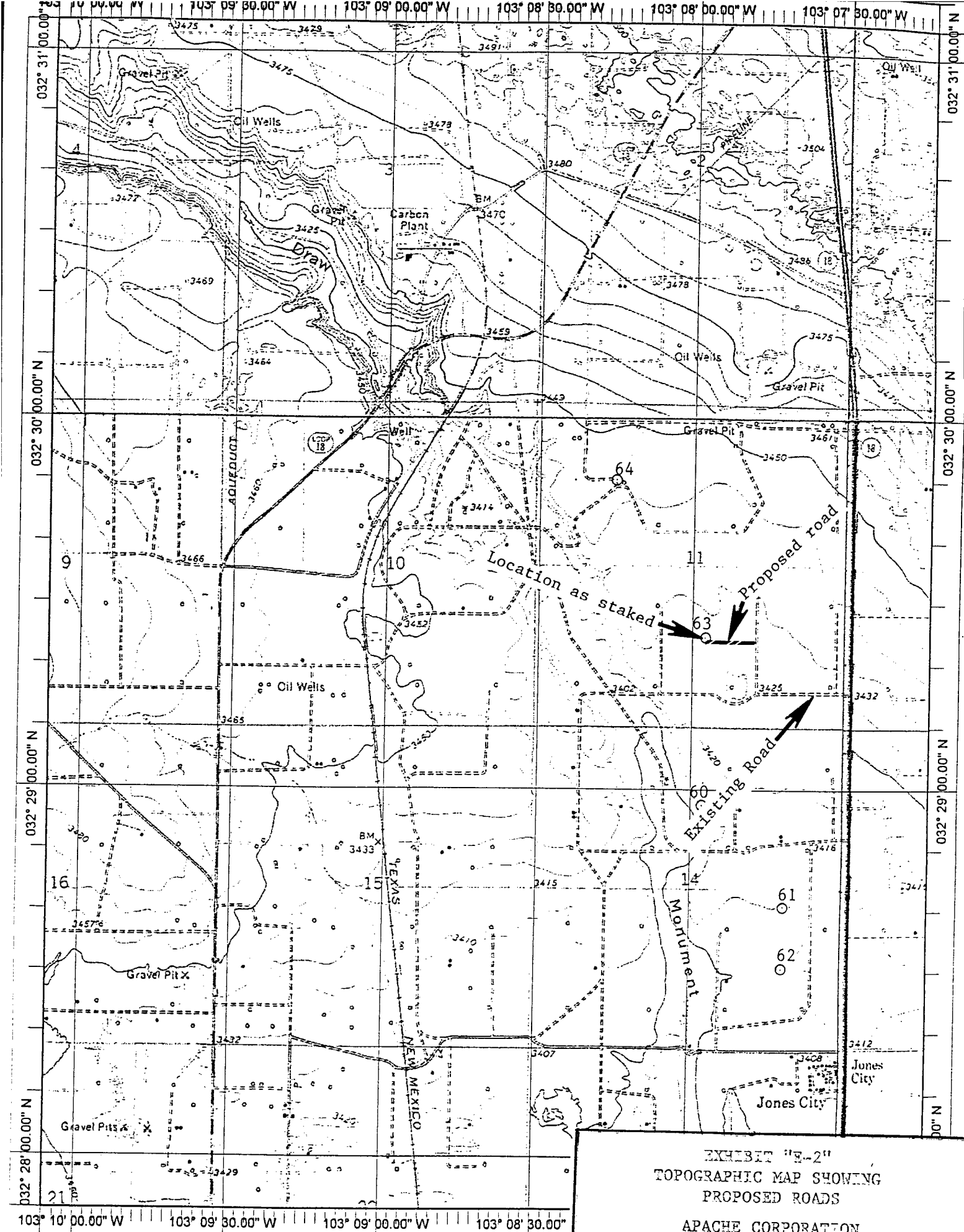


EXHIBIT "F"
ONE MILE RADIUS MAP
APACHE CORPORATION
EAST BLINEBRY DRINKARD UNIT # 63
UNIT "J"
T21S-R37E
SECTION 11
LEA CO. NM

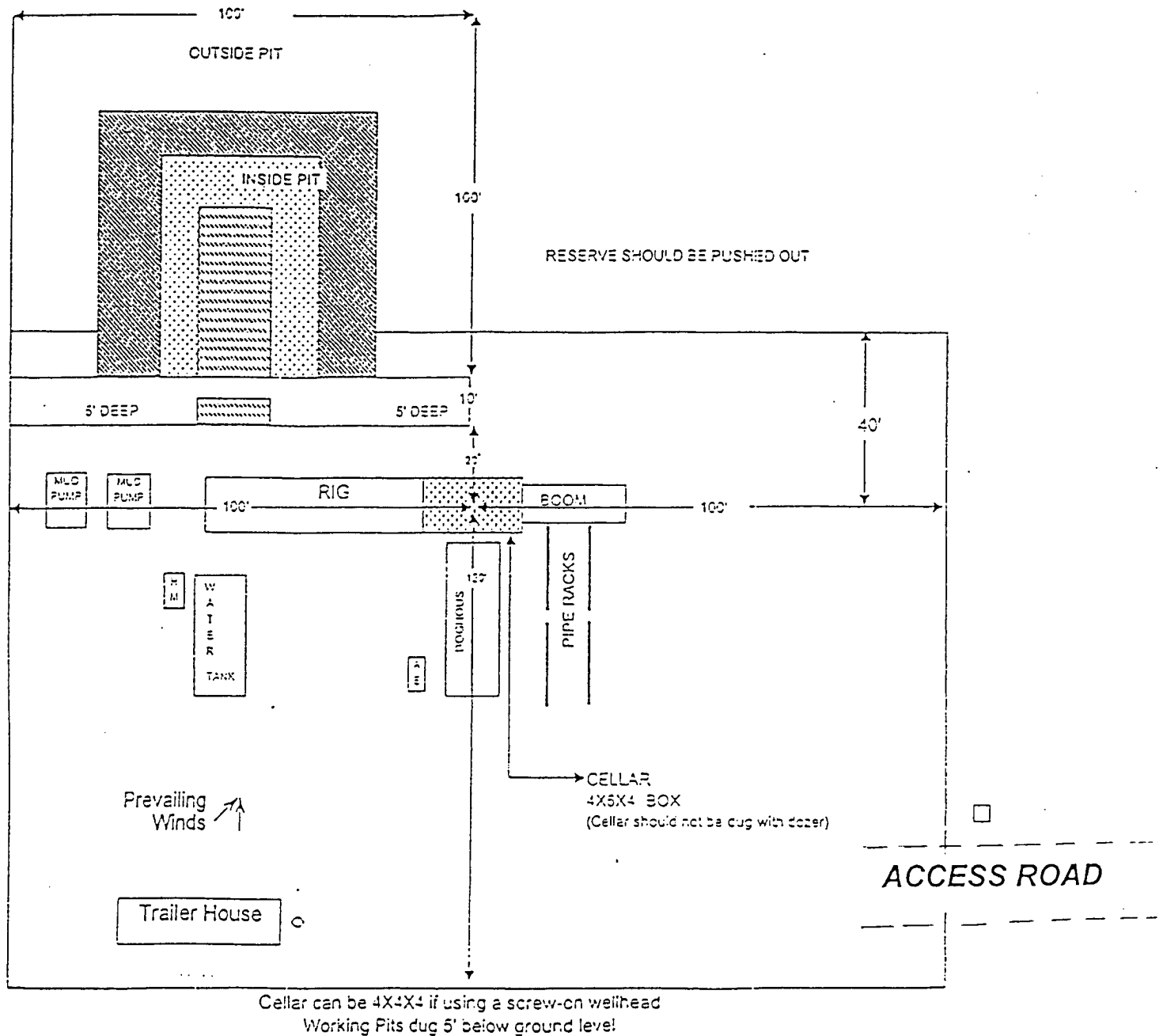


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EXHIBIT "E-2"
TOPOGRAPHIC MAP SHOWING
PROPOSED ROADS

APACHE CORPORATION
EAST BLINEBRY DRINKARD UNIT # 63
UNIT "J" SECTION 11
T21S-R37E LEA CO. NM

CapStar Drilling, Inc.
LOCATION SPECIFICATIONS AND RIG LAYOUT
FOR EARTH PITS



- Wind Direction Indicators
(wind sock or streamers)
- △ H2S Monitors
(alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

Location Specs

EXHIBIT "G"
RIG LAY OUT PLAT
APACHE CORPORATION
EAST BLINEBRY DRINKARD UNIT # 63
UNIT "J" SECTION 11
T21S-R37E LEA CO. NM

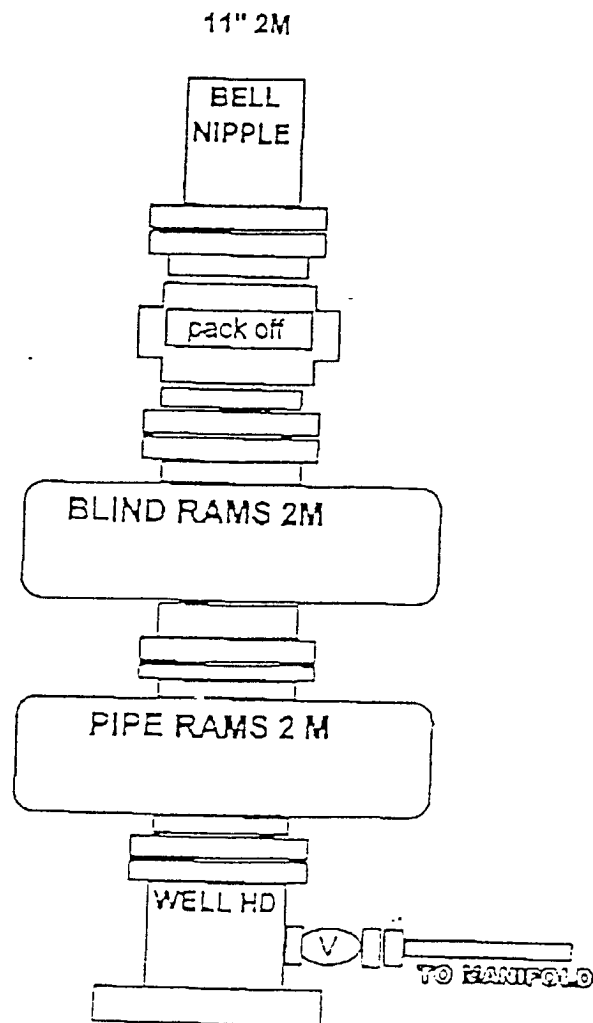


EXHIBIT "H"
SKETCH OF B.O.P. TO BE USED ON

APACHE CORPORATION
EAST BLINEBRY DRINKARD UNIT # 63
UNIT "J" SECTION 11
T21S-R37E LEA CO. NM

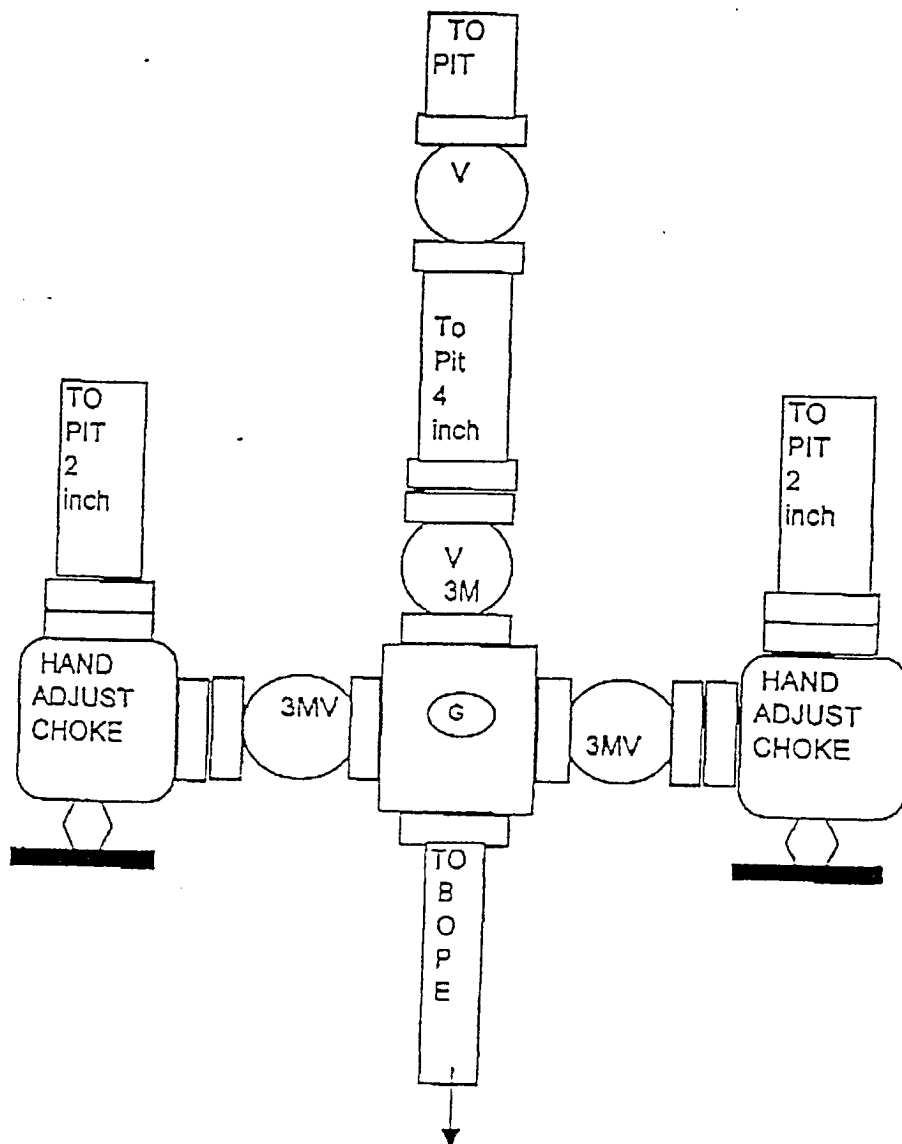


EXHIBIT "H-1"
CHOKE MANIFOLD

APACHE CORPORATION
EAST BLINEBRY DRINKARD UNIT # 63
UNIT "J" SECTION 11
T21S-R37E LEA CO. NM

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. East Blinebry Drinkard Unit # 63
Operator's Name: Apache Corporation
Location: 1485' FSL, 2310' FEL, SEC11, T21S, R37E, Lea County, NM
Lease: LC-032096B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8 5/8 inch 5 1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Blinebry Formation. A copy of the plan shall be posted at the drilling site.

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCDC shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 8 5/8 inch surface casing shall be set ABOVE THE SALT, AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE @ APPROXIMATELY 1300' FEET, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall CIRCULATE TO THE SURFACE.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8 5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

Engineers can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 12/04/06

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: <u>APACHE CORPORATION</u> Telephone: <u>918-491-4980</u> e-mail address: <u>lana.williams@apachecorp.com</u>		
Address: <u>6120 S. YALE, STE. 1500</u>		
Facility or well name: <u>EBDU # 63</u> API #: <u>30-025-38234</u> U/L or Qtr/Qtr <u>J</u> Sec <u>11</u> T <u>21S</u> R <u>37E</u>		
County: <u>LEA</u> Latitude _____ Longitude _____ NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/>		
Surface Owner: Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness _____ mil Clay <input type="checkbox"/> Pit Volume _____ bbl CLOSED LOOP SYSTEM	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) 10 (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) 0
Ranking Score (Total Points)		10

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: <u>WE WILL BE UTILIZING CLOSED LOOP SYSTEM CONSISTING OF STEEL PITS AND COMPLETE HAUL OFF OF ALL LIQUIDS AND AND SOLIDS.</u>

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 12/27/06

Printed Name/Title Lana Williams, Engr. Tech Signature Lana Williams

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title CHRIS WILLIAMS / DIST. SURV Signature Chris Williams Date: 12/29/06