

OCD-HOBBS

ATS-07-138

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

LC-032096-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

EAST BLINEBRY DRINKARD UNIT

8. Lease Name and Well No.

EBDU # 64

9. API Well No.

30-025-38301

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

12. County or Parish

LEA CO.

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 (LANA WILLIAMS 918-491-4980)

3a. Address 6120 SOUTH YALE
SUITE 1500 TULSA OKLA. 74136

3b. Phone No. (include area code)
918-491-4980

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface 1270' FNL & 1205' FWL SECTION 11 T21S-R37E LEA CO. NM

At proposed prod. zone SAME

Unit D

14. Distance in miles and direction from nearest town or post office*
Approximately 4 miles Northeast of Eunice New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 1205' ±

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±

19. Proposed Depth
6875' 6950'

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3446' 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.
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 plans as may be required by the authorized officer.

25. Signature *Joe T. Janica*
Title Agent

Name (Printed/Typed)
Joe T. Janica

Received
Hobbs
OCD

Date 12/01/06

Approved by (Signature)

/s/ James Stovall

Name (Printed/Typed)

/s/ James Stovall

Date JAN 11 2007

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 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 CAPTAN CONTROLLED WATER BASIN
CONDITIONS OF APPROVAL

Witness Surface Casing

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I

1625 N. FRENCH DR., HOBBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Revised October 12, 2006
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | | |
|-----------------------------------|-------------------------------------|--------------------|--|
| API Number 3D-025-38301 | | Pool Code 22900 | Pool Name EUNICE-BLINEBRY, TUBB, DRINKARD NORTH |
| Property Code 35023 | Property Name EBDU | | Well Number 64 |
| OGRID No. 873 | Operator Name APACHE CORPORATION | | Elevation 3446' |

Surface Location

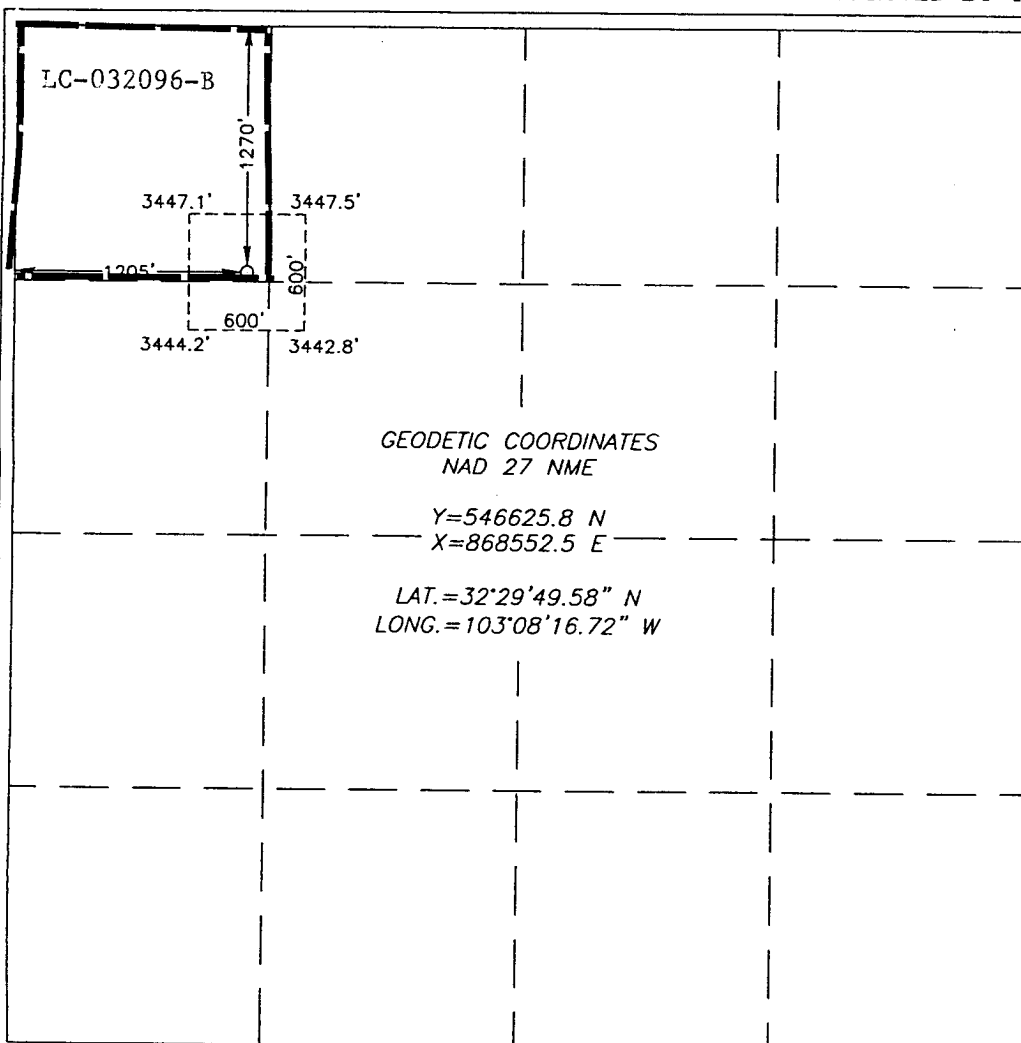
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 11 | 21-S | 37-E | | 1270 | NORTH | 1205 | WEST | 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. |
|-----------------|-----------------|--------------------|-----------|
| 40 | | | |

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.

Lana Williams 7/29/06
Signature Date

Lana Williams
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

Ronald J. Eidson 6/19/06
06.11.0939

Certificate No. GARY EIDSON 12841
RONALD J. EIDSON 3239

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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 | Pool Code 22900 | Pool Name EUNICE; BLI-TU-DR, NORTH |
| Property Code 35023 | Property Name EBDU | Well Number 64 |
| OGRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3446' |

Surface Location

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|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 11 | 21-S | 37-E | | 1270 | NORTH | 1205 | WEST | 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
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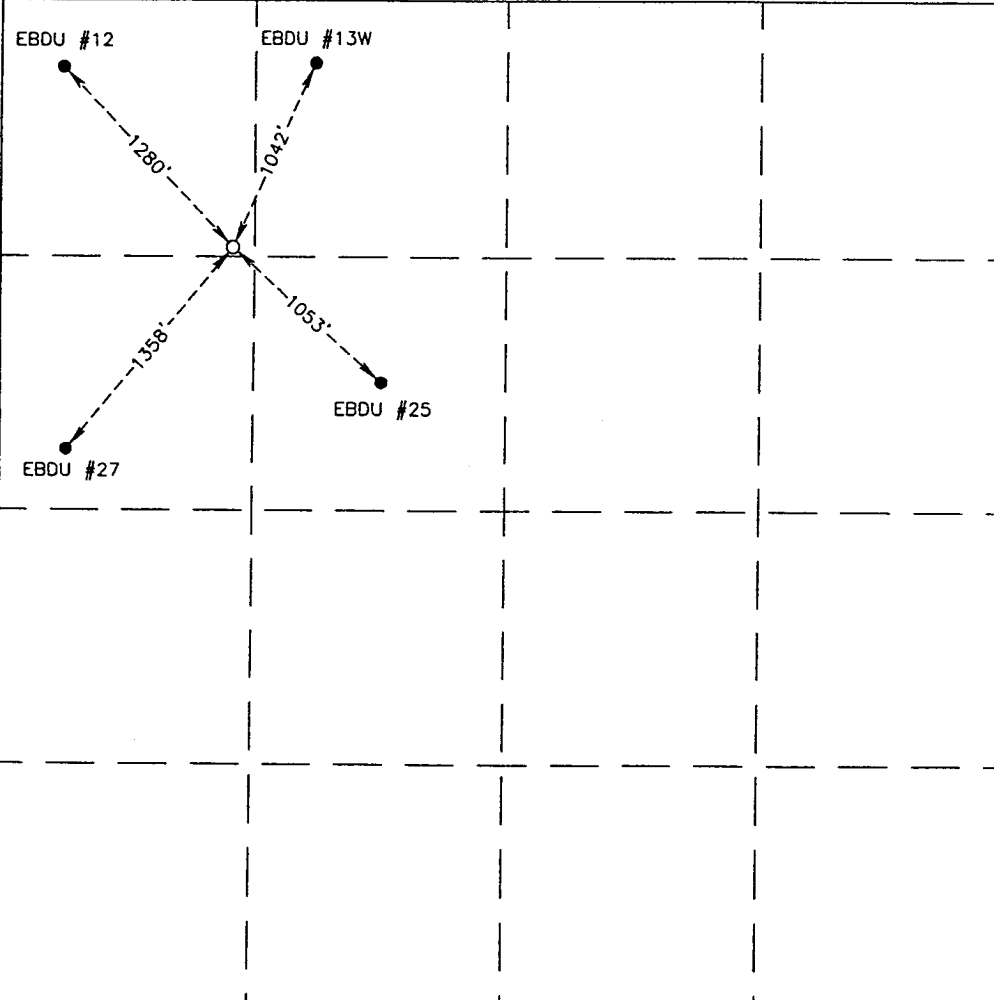
| | |
|--|---|
|  | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location 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> 7/28/06 Signature Date Lana Williams 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 Signature & Seal of Professional Surveyor</p> <p>06.11.0939</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p> |
|--|---|

EXHIBIT "A"
EAST BLINEBRY DRINKARD UNIT # 64
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 | 1308' |
| Yates | 2619' |
| Queen | 3423' |
| Grayburg | 3760' |
| San Andres | 3985' |
| Glorieta | 5243' |
| Blinebry | 5672' |
| Tubb | 6162' |
| Drinkard | 6499' |
| Abo | 6772' |
| TD | 6950' |

- 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@5672' Tubb@6162' Drinkard@ 6499' |
| 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>CASING</u> | | <u>WEIGHT</u> | | <u>SACKS</u> | <u>ESTIMATED TOC -</u> |
|-------------|------------------|--------------|---------------|--------------|---------------|---|
| <u>SIZE</u> | <u>OD / ID</u> | <u>GRADE</u> | <u>PER</u> | <u>DEPTH</u> | <u>CEMENT</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# | 6950' | 1,400 | TOC - Surface Float Collar set @ 6905' / 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> - 70 BC (HH:MM)-4:00; | 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> BC (HH:MM)-4:00; | 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 |
| 3300 ft | x | 0.1733 cf/ft | with 159% excess | = | 1481.2 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 | | | | | = 2313.8 cf |
| | | | | | = 412 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.

V. A. Proposed Mud Program

| <u>DEPTH</u> | <u>MUD PROPERTIES</u> | <u>REMARKS</u> |
|---------------|---|--|
| 0 – 1,300' | Weight: 8.6 – 9.6 ppg Viscosity: 34 – 36 sec/qt pH: NC Filtrate: NC | Spud with a Conventional New Gel/Lime "Spud mud". Use NewGel and native solids to maintain a sufficient viscosity to keep the hole clean. Mix Paper one-two sacks every 100 feet drilled to minimize wall cake build up on water sands and to control seepage loss. At TD of interval, mix in pre-mix pit, 100 barrels of system fluid, NewGel viscosity of 60 sec/100cc, add 0.25 ppb of Super Sweep. |
| 1300' – 5600' | Weight: 9.9 – 10.1 ppg Viscosity: 28 – 29 sec/qt pH: 9-10 Filtrate: NC | Drill out from under the surface casing with Brine Water. Paper should be added at 2 bags after every 100' drilled to control seepage losses. Use Lime to maintain pH at 9-10. Mix one gallon of New-55 at flowline every 250 feet drilled to promote solids settling. Sweep hole with 5-ppb of Super Sweep every 500 feet. |
| 5600' – TD | Weight: 9.9 – 10.1 ppg Viscosity: 30 – 40 sec/qt pH: 9-10 Filtrate: 8-15 cm/30 min | From 5600' to Total Depth, it is recommended the system be restricted to the working pits. Adjust and maintain pH with Caustic Soda. Treat system with Newcide to prevent bacterial degradation of organic materials. Mix Starch (yellow) to control API filtrate at <15cc. |

VI. Proposed Control Equipment:

Will install on the 8 5/8" surface casing a 9" x 3000 psi WP Double Ram BOP and will test before drilling out of surface casing. **As expected pressures will not exceed 2000 psi, we request a waiver of the remote control requirement on the accumulator of the 3M BOP and a variance to run a 2M BOP, if available.** See Exhibit "H" for BOP layout.

VII. Auxiliary Equipment:

- 9" x 3000 psi double BOP/blind & pipe ram (2M BOP if available)
- 41/2" 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 # 64

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 # 64
OPERATOR: APACHE CORPORATION

LOCATION: NE¼ 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:
NE ¼ of Section 11, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
1270' FNL, 1205' FWL, Lot No. D
- 2) Bottom Hole Location:
NE ¼ of Section 11, Township 21 South, Range 37 East, N.M.P.M.
Lea County, New Mexico
1270' FNL, 1205' FWL, Lot No. D
- 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> |

EXHIBIT "C"

SURFACE USE AND OPERATIONS PLAN
CULTURAL RESOURCES SURVEY
APPROXIMATE REHABILITATION SCHEDULE

LOCALITY: EAST BLINEBRY DRINKARD UNIT # 64
OPERATOR: APACHE CORPORATION

LOCATION: NE¼ 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
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| 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 D 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. 8 & Hwy. 207 in Eunice New Mexico, go 5 miles North on Hwy. 207, turn Southeast at entrance #17, cross cattle guard, and go 200 feet Southeast, 0.5 mile South, and 0.1 mile East 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 Paige McNeill (McNeill Ranch), PO Box 1058, Hobbs, NM 88241, 505-631-5211.
 - 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 : 12/01/06

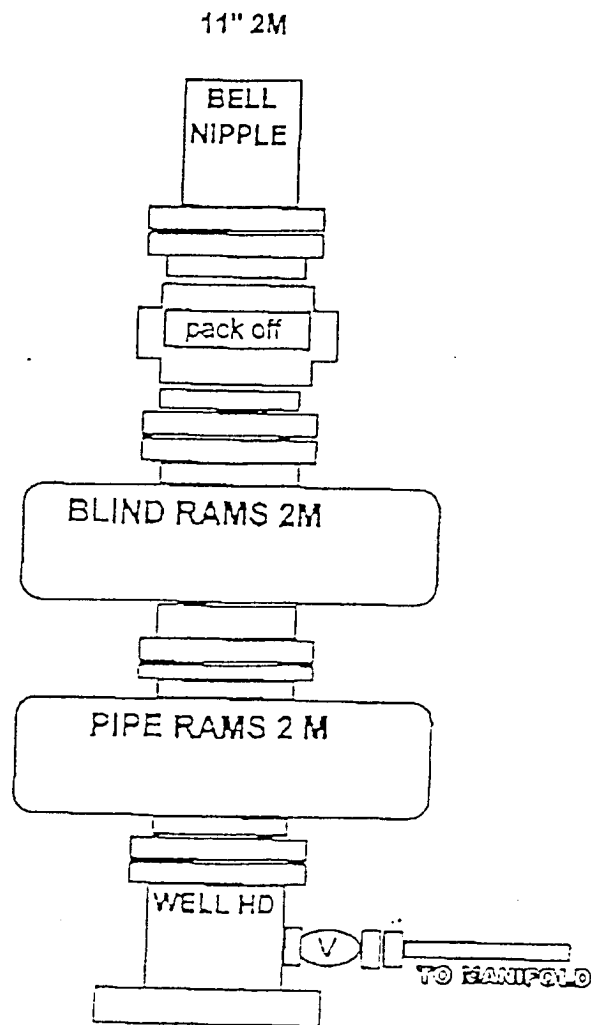


EXHIBIT "H"
 SKETCH OF B.O.P. TO BE USED ON

APACHE CORPORATION
 EAST BLINEBRY DRINKARD UNIT # 64
 UNIT "O" SECTION 11
 T21S-R37E LEA CO. NM

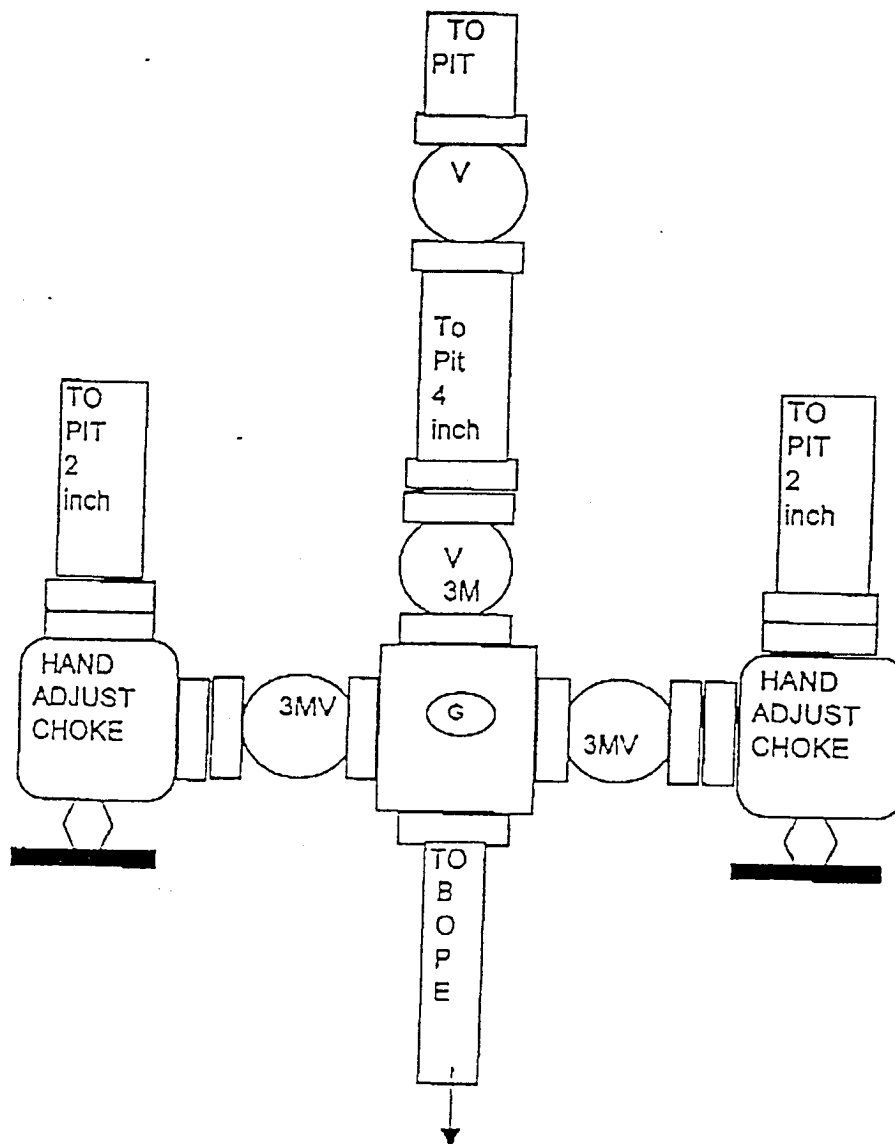


EXHIBIT "H-1"
CHOKE MANIFOLD

APACHE CORPORATION
EAST BLINEBRY DRINKARD UNIT # 64
UNIT "O" SECTION 11
T21S-R37E LEA CO. NM

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 64-East Blinebry Drinkard Unit
Operator's Name: Apache Corporation
Location: 1270 FNL, 1205 FWL, Section 11, T-21-S, R-37-E
Lease: NMLC-032096-B

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) 234-5972 or (505) 361-2822 (After hours) - 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 Glorieta Formation. A copy of the plan shall be posted at the drilling site. **Hydrogen Sulfide has been reported in wells in section 3 and 10 in amounts from 200-800 ppm in gas streams and 400-130,000 in STVs.**

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 NMOCD 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 below usable water **a minimum of 25 feet into the Rustler Anhydrite approximately 1300 feet** 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.

Possible lost circulation in the Glorieta.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall circulate to 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. **2M BOP can be used if available.**

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineer on call phone: 505-706-2779

WWI 010907