

OCD-HOBBS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

ATS-07-136

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

5. Lease Serial No.
NMLC-0 034075

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

~~UNKNOWN BOX~~
~~LOCATION~~

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

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

8. Lease Name and Well No. # 348

NORTH MONUMENT G/SA UNIT

2. Name of Operator
APACHE CORPORATION (LANA WILLIAMS 918-491-4980) <873>

9. API Well No.
30-025-38142

3a. Address 6120 SOUTH YALE SUITE 1500
TULSA, OKLAHOMA 74136

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

10. Field and Pool, or Exploratory
EUNICE MONUMENT GRBG/SAN
ANDRES

4. Location of Well (Report location clearly and in accordance with any State requirements.) Unit N
At surface 1310' FSL & 1460' FWL SECTION 18 T19S-R37E LEA CO. NM
At proposed prod. zone SAME LEA COUNTY CONTROLLED WATER BASIN

11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 18 T19S-R37E

14. Distance in miles and direction from nearest town or post office*
Approximately 12 miles Southwest of Hobbs, New Mexico

12. County or Parish
LEA CO.

13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft. 140'
(Also to nearest drig. unit line, if any)

16. No. of acres in lease
160

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location*
to nearest well, drilling, completed, 809'
applied for, on this lease, ft.

19. Proposed Depth
4225'

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3695' GL

22. Approximate date work will start*
WHEN APPROVED

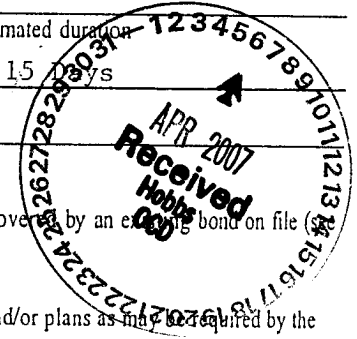
23. Estimated duration
15 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

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



25. Signature
Joe T. Janica
Title
Agent

Name (Printed/Typed)
Joe T. Janica

Date
12/01/06

Approved by (Signature) */s/ Don Peterson*

Name (Printed/Typed)

MAR 14 2007

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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1625 N. 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 30-025-38142	Pool Code 23000	Pool Name EUNICE MONUMENT-GRAYBURG, SAN ANDRES
Property Code 302708	Property Name NMGSAU	Well Number 348
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3695'

Surface Location

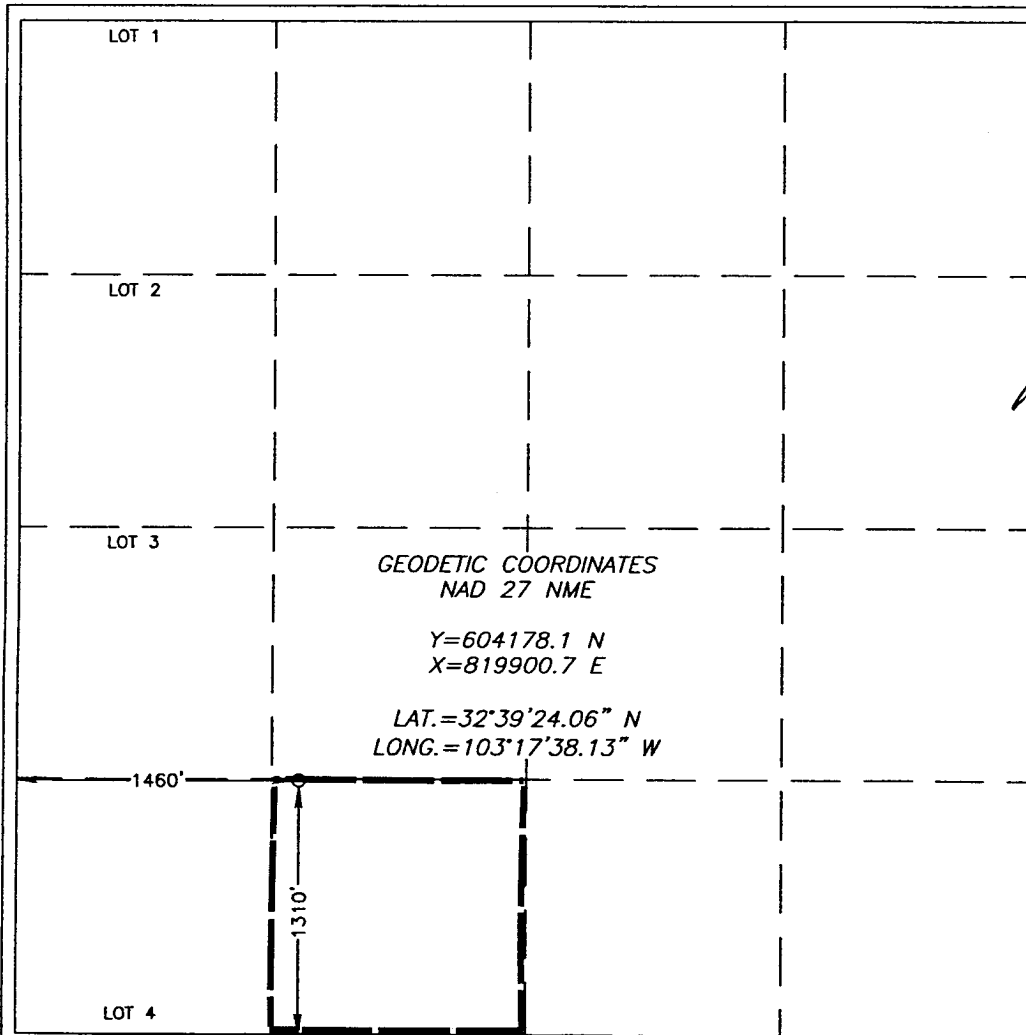
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	18	19-S	37-E		1310	SOUTH	1460	WEST	LEA

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.

Signature: *Joe T. Jancica*
Date: 06/13/06
Printed Name: Joe T. Jancica
Agent:

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was located from field notes or actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

Received
MAY 09, 2006
Date Surveyed: 06/13/06
Signature & Seal of Professional Surveyor: *Gary Eidson*
06.13.1015

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

EXHIBIT "A"

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

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

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1000 Rio Brazos Rd., Aztec, NM 87410

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Property Code	Property Name NMGSAU		Well Number 348
OGRID No.	Operator Name APACHE CORPORATION		Elevation 3695'

Surface Location

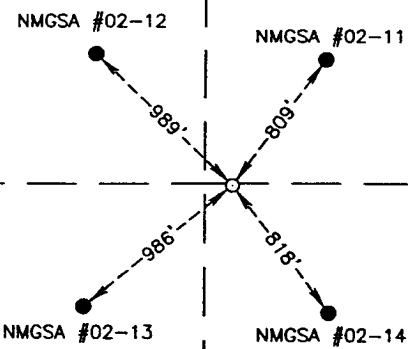
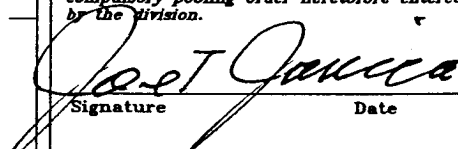
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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>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.</i>  Signature _____ Date _____ Printed Name _____
	SURVEYOR CERTIFICATION <i>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.</i> MAY 09, 2006 Date Surveyed REVISION DATE: 06/13/06 Signature & Seal of Professional Surveyor MR 06.13.1015 Certificate No. GARY KIDSON 12641 RONALD J. KIDSON 3239

APACHE CORPORATION

NORTH MONUMENT GB/SA UNIT # 348
UNIT "N" SECTION 18
T19S-R37E LEA CO. NM

1. Drill 11" hole to 400'. Run and set 400' of 8 5/8" 24# J-55 ST&C casing. Cement with 300 Sx. of Class "C" cement + 1/4# Flocele/Sx, + 2% CaCl, circulate cement to surface.
2. Drill 7 7/8" hole to 4225'. Run and set 4225' of 5 1/2" 17# J-55 ST&C casing. Cement with 850 Sx. of Class "C" cement + additives, circulate cement to surface.

APPLICATION TO DRILL

APACHE CORPORATION
NORTH MONUMENT G/SA UNIT # 348
UNIT "N" SECTION 18
T19S-R37E LEA CO. NM

In response to questions asked under Section II of Bulletin NTL-6, the following information on the above will is provided for your information.

1. LOCATION: 1310' FSL & 1460' FWL SECTION 18 T19S-R37E

2. ELEVATION ABOVE SEA LEVEL: 3695' GL

3. GEOLOGIC NAME OF SURFACE FORMATION: Quaternary Aeolian Deposits.

4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.

5. PROPOSED DRILLING DEPTH: 4225'

6. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Rustler Anhydrite	1267'	Queen	3379'
Yates	2618'	Grayburg	3713'
Grayburg	3713'	San Andres	4022'

7. POSSIBLE MINERAL BEARING FORMATION:

Grayburg	Oil
San Andres	Oil

8. CASING PROGRAM:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
11"	0-400' — CCA	8 5/8"	24#	8-R	ST&C	J-55
7 7/8"	0-4225'	5 1/2"	17#	8-R	ST&C	J-55

APPLICATION TO DRILL

APACHE CORPORATION
NORTH MONUMENT G/SA UNIT # 348
UNIT "N" SECTION 18
T19S-R37E LEA CO. NM

9. CEMENTING & SETTING DEPTH:

8 5/8"	Surface	Drill 11" hole to 400'. Run and set 400' of 8 5/8" 24# J-55 ST&C casing. Cement with 400 Sx. of Class "C" cement + 1/4# Floccula/Sx, + 2% CaCl, circulate cement to surface.
5 1/2"	Production	Drill 7 7/8" hole to 4225'. Run and set 4225' of 5 1/2" 17# J-55 ST&C casing. Cement with 850 Sx. of Class "C" cement + additives, circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 2000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipped up on the 9 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when the drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected in this well.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE SYSTEM
0-400'	8.4-8.7	29-36	NC	Fresh water add paper to control seepage.
400-4225'	10.0-10.2	29-38	NC	Brine water add paper to control seepage. use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, & casing the viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

APACHE CORPORATION
NORTH MONUMENT G/SA UNIT # 348
UNIT "N" SECTION 18
T19S-R37E LEA CO. NM

12. LOGGING, CORING, & TESTING PROGRAM:

- A. Open hole logs: Run Dual Laterolog, CNL, LDT, Gamma Ray and Caliper from Td back to 2500'±. Run Gamma Ray, Neutron from 2500'± back to surface.
- B. Run Sequentail formation tester over selected intervals.
- C. Rig up mud logger up on the hole at 3200'± and remain on hole to TD
- D. No cores or DST's are planned at this time

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 300-1200 PSI, and Estimated BHT 160±°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

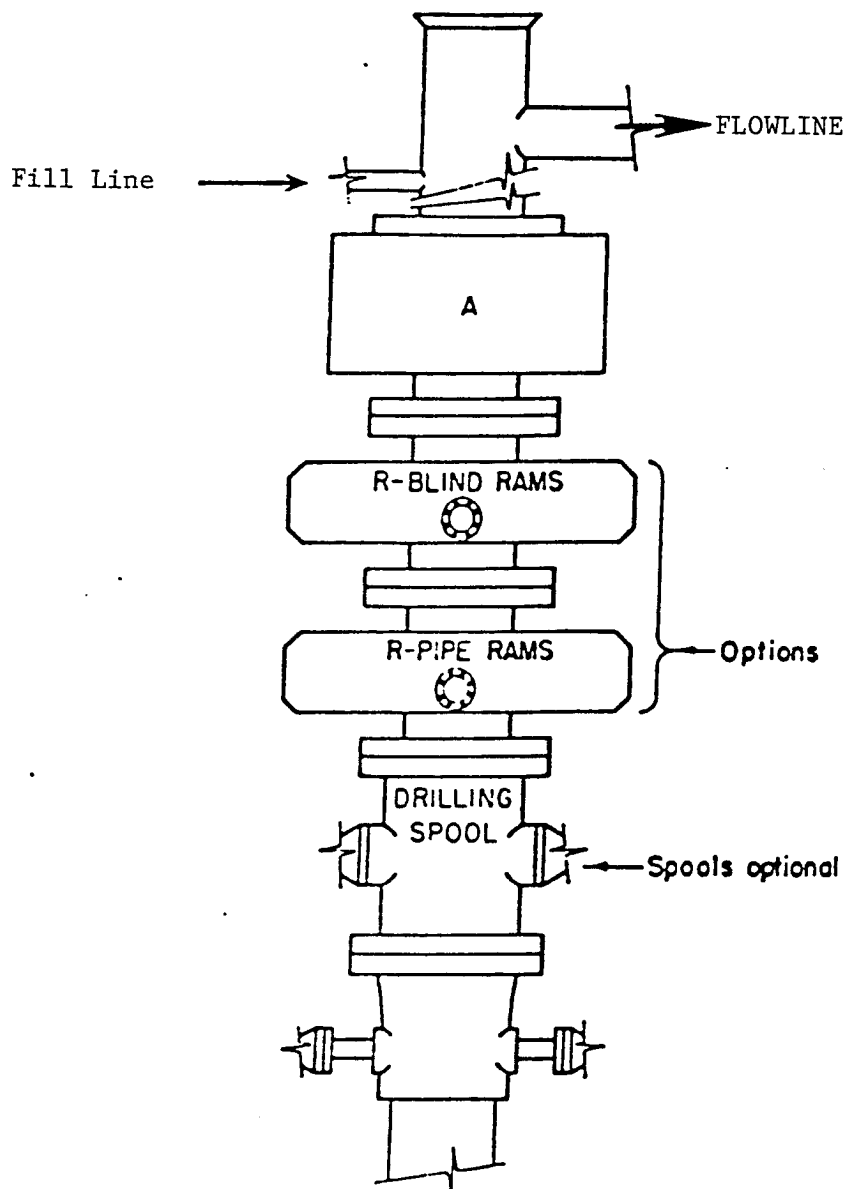
Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 10 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The San Andres Grbg formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialied as an Oil well.

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E" & "E-1"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If the location is near to a dwelling a closed DST will be performed.

8. Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
9. If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary.

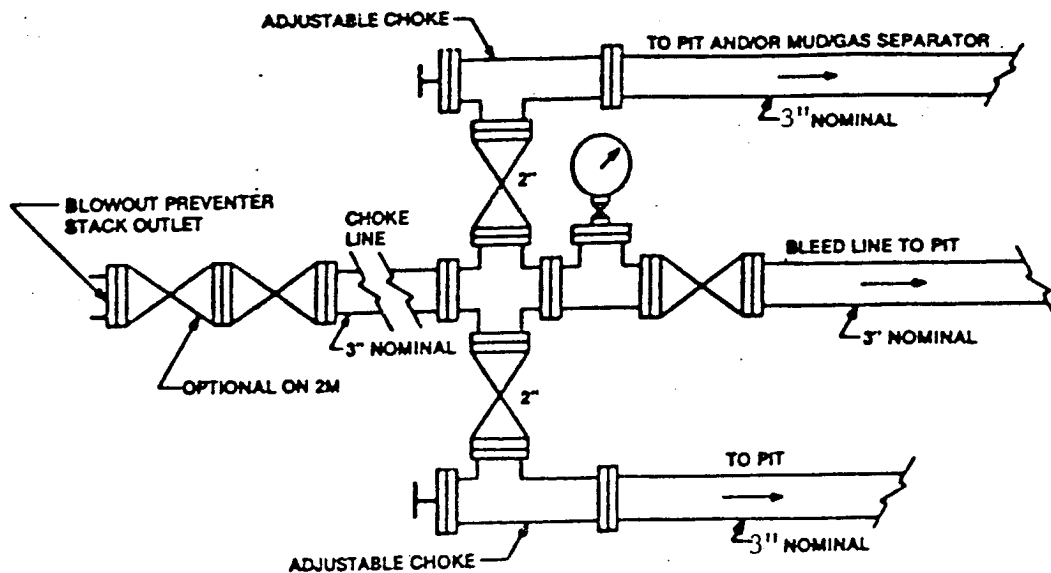


ARRANGEMENT SRRA

SERIES 900

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

APACHE CORPORATION
NORTH MONUMENT G/SA UNIT # 348
UNIT "N" SECTION 18
T19S-R37E LEA CO. NM



Typical choke manifold assembly for 3M WP system

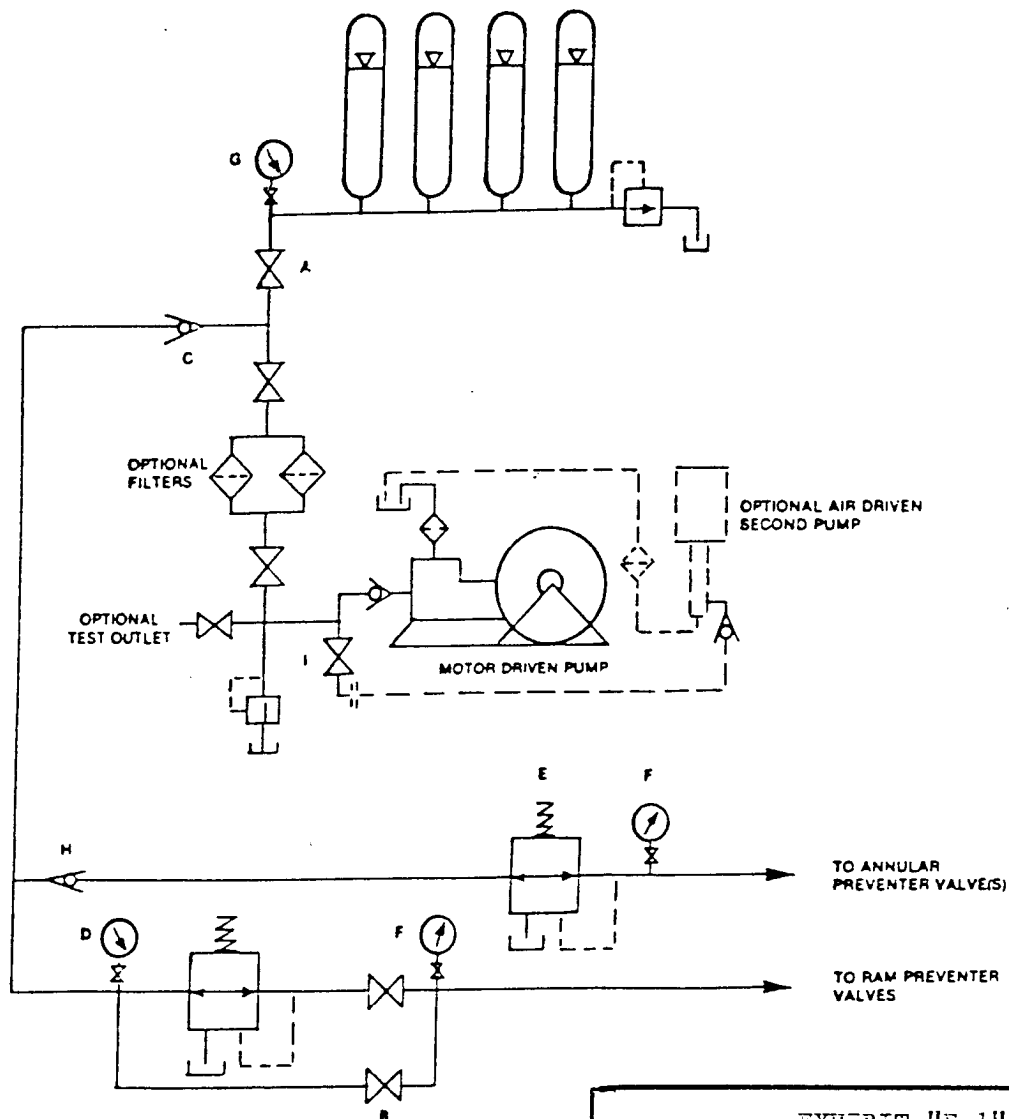


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

APACHE CORPORATION
NORTH MONUMENT G/SA UNIT # 348
UNIT "N" SECTION 18
T19S-R37E LEA CO. NM