

ATS-10-143

RECEIVED

COPIES

FEB 02 2010

Form 3160-3  
(April 2004)

HOBBSOCD

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

|  |   |   |
|--|---|---|
| 1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |   | 5 Lease Serial No.<br>NMLC-- 0 065525B                          |
| 1b Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone |   | 6 If Indian, Allottee or Tribe Name<br>NA                       |
| 2 Name of Operator<br>Apache Corporation   |   | 7 If Unit or CA Agreement, Name and No<br>EBDU NMNM 112723X     |
| 3a Address 6120 S. Yale, STE 1500, Tulsa, Ok 74136   | 3b Phone No. (include area code)<br>918-491-4900  | 8 Lease Name and Well No<br>EBDU #95 - (35023)                  |
| 4 Location of Well (Report location clearly and in accordance with any State requirements *)<br>At surface 165 FSL 1380 FWL Sec 1 T21S R37E UL N<br>At proposed prod zone Same                                       |   | 9 API Well No.<br>30-025-3967                                   |
| 10 Field and Pool, or Exploratory<br>North Eunice, BTD   |   | 11 Sec, T R M or Blk and Survey or Area<br>Sec 1 T21S R37E UL N |
| 12 County or Parish<br>Lea   |   | 13 State<br>NM  |
| 14 Distance in miles and direction from nearest town or post office*<br>Approximately 5 Miles NE of Eunice, NM.  | 15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drng unit line, if any)<br>165 FLL<br>1340 FUL | 16 No. of acres in lease<br>80                                  |
| 17 Spacing Unit dedicated to this well<br>40 acres   | 18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft<br>753'                          | 19 Proposed Depth<br>7200'                                      |
| 20 BLM/BIA Bond No. on file<br>CO-1463 Nation Wide   | 21 Elevations (Show whether DF, KDB, RT, GL, etc)<br>3487' GL   | 22 Approximate date work will start*<br>02/05/2010              |
| 23 Estimated duration<br>7 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<br>           | Name (Printed/Typed)<br>Curt Jones | Date<br>12/08/2009 |
| Title<br>Drilling Engineer |                                    |                    |

|   |                                 |                     |
|---|---------------------------------|---------------------|
| Approved by (Signature)<br>/s/ Don Peterson | Name (Printed/Typed)            | Date<br>JAN 16 2010 |
| Title<br>FIELD MANAGER                      | Office<br>CARLSBAD FIELD OFFICE |                     |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon  
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 USC Section 1001 and Title 43 USC 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 N. FRENCH DR., HOBBS, NM 88240

RECEIVED

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

FEB 02 2010

HOBBSOCD

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

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<br><b>30.025-39676</b> | Pool Code<br><b>22900</b>                           | Pool Name<br><b>Eunice B.T.D North</b> |
| Property Code<br><b>35023</b>     | Property Name<br><b>EAST BLINEBRY DRINKARD UNIT</b> | Well Number<br><b>95</b>               |
| OGRID No.<br><b>873</b>           | Operator Name<br><b>APACHE CORPORATION</b>          | Elevation<br><b>3487'</b>              |

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             | 1       | 21-S     | 37-E  |         | 165           | SOUTH            | 1380          | WEST           | LEA    |

Bottom Hole Location If Different From Surface

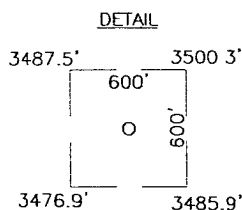
| UL or lot No.                             | Section         | Township           | Range     | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
|   |                 |                    |           |         |               |                  |               |                |        |
| Dedicated Acres<br><b>40<sup>25</sup></b> | 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

GEODETIC COORDINATES  
NAD 27 NME

Y=548132.8 N  
X=873988.8 E

LAT.=32°50'10.79" N  
LONG.=103°12'02.92" W  
LAT = 32°30'03.88" N  
LONG. = 103°07'13.05" W



|          |          |          |          |
|----------|----------|----------|----------|
| LOT 4    | LOT 3    | LOT 2    | LOT 1    |
| 37.10 AC | 37.11 AC | 37.11 AC | 37.12 AC |
| LOT 5    | LOT 6    | LOT 7    | LOT 8    |
| 40 AC    | 40 AC    | 40 AC    | 40 AC    |
| LOT 12   | LOT 11   | LOT 10   | LOT 9    |
| 40 AC    | 40 AC    | 40 AC    | 40 AC    |
| LOT 13   | LOT 14   | LOT 15   | LOT 16   |
| 40 AC    | 40 AC    | 40 AC    | 40 AC    |
| 40 AC    | 40 AC    | 40 AC    | 40 AC    |
| 40 AC    | 40 AC    | 40 AC    | 40 AC    |

SEE DETAIL

SCALE: 1" = 2000'

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

Date

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.

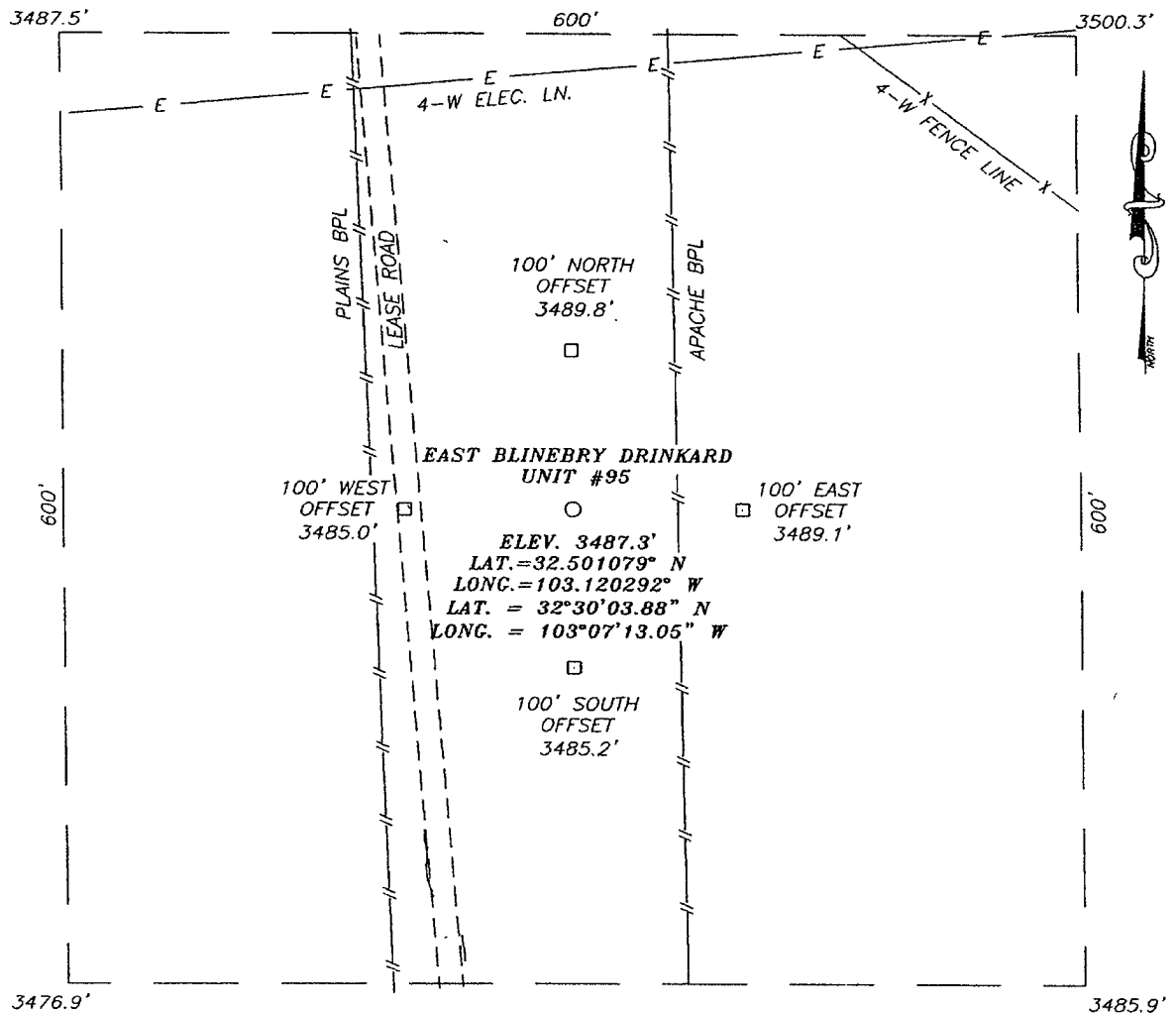
Date Surveyed

Signature & Seal of  
Professional Surveyor

**Ronald J. Eidson**  
11-12-09  
09.11-0992

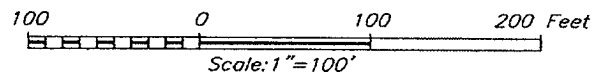
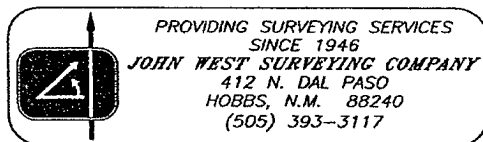
Certificate No. GARY EIDSON 12641  
RONALD J. EIDSON 3239

SECTION 1, TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF STATE HWY. #18 AND  
STATE HWY. #207, GO SOUTH ON HWY. #18  
APPROX. 1.3 MILES. TURN LEFT AND GO EAST  
APPROX. 0.2 MILES. TURN RIGHT AND GO SOUTH  
APPROX. 0.1 MILES. THIS LOCATION STAKE IS  
APPROX. 100 FEET EAST.



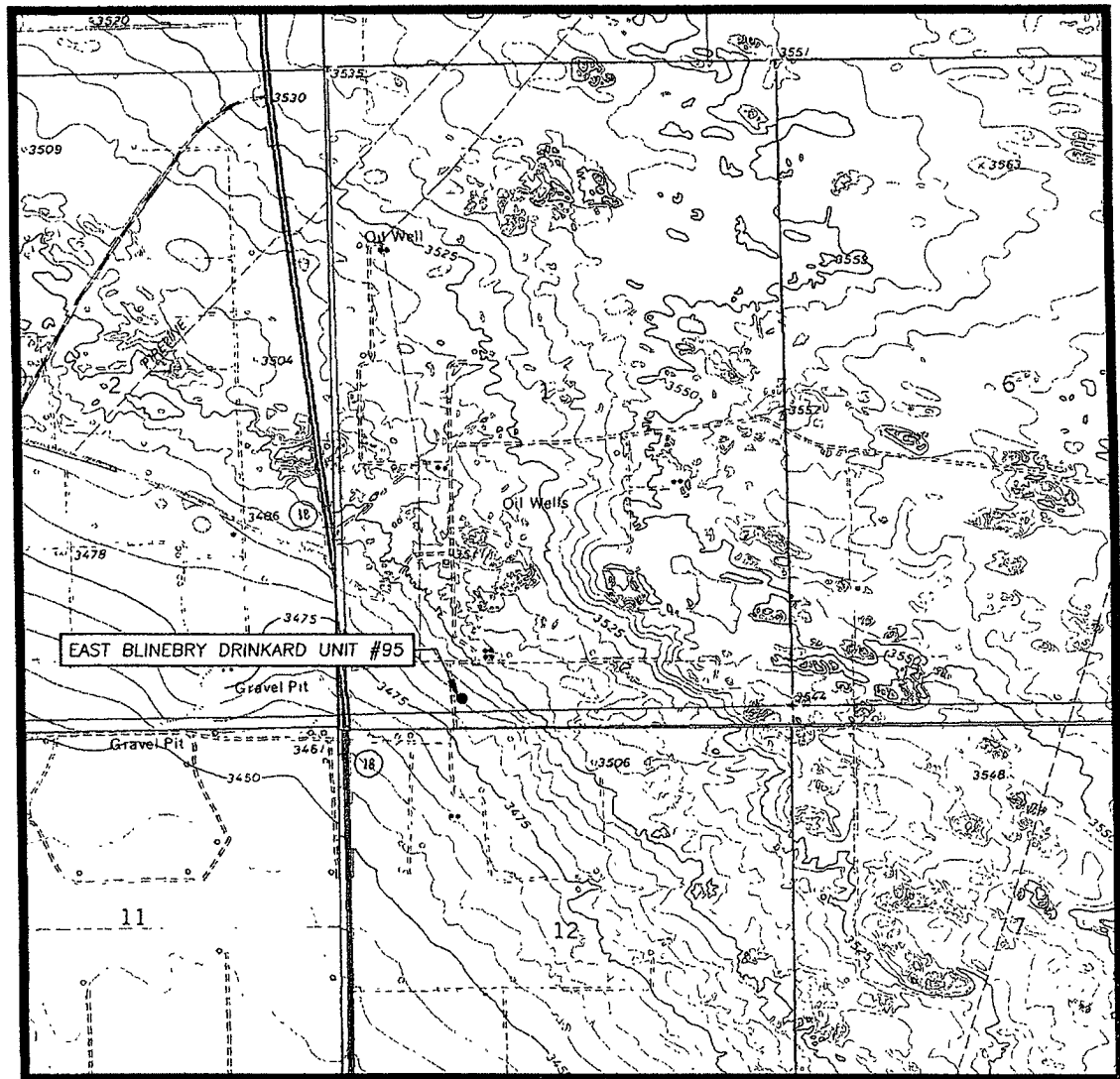
APACHE CORPORATION

EAST BLINEBRY DRINKARD UNIT #95 WELL  
LOCATED 165 FEET FROM THE SOUTH LINE  
AND 1380 FEET FROM THE WEST LINE OF SECTION 1,  
TOWNSHIP 21 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

|                         |                     |
|-------------------------|---------------------|
| Survey Date: 11/5/09    | Sheet 1 of 1 Sheets |
| W.O. Number: 09.11.0992 | Dr By: LA           |
| Date: 11/11/09          | 09110992            |
|                         | Scale: 1"=100'      |

EXHIBIT 'A'

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 1 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 165' FSL & 1380' FWL

ELEVATION 3487'

OPERATOR APACHE CORPORATION

LEASE EAST BLINEBY DRINKARD UNIT

U.S.G.S. TOPOGRAPHIC MAP  
HOBBS SE, N.M.


CONTOUR INTERVAL:

HOBBS SE, N.M. - 5'

EUNICE, N.M. - 10'

HOBBS SW, N.M. - 5'

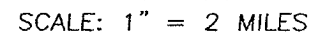
EUNICE NE, N.M. - 5'



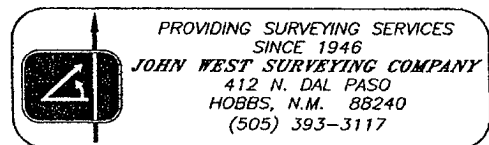
PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 393-3117

EXHIBIT 'B'

NOTES



LEASE NORTHEAST DRINKARD UNIT



## Surface Use Plan of Operations

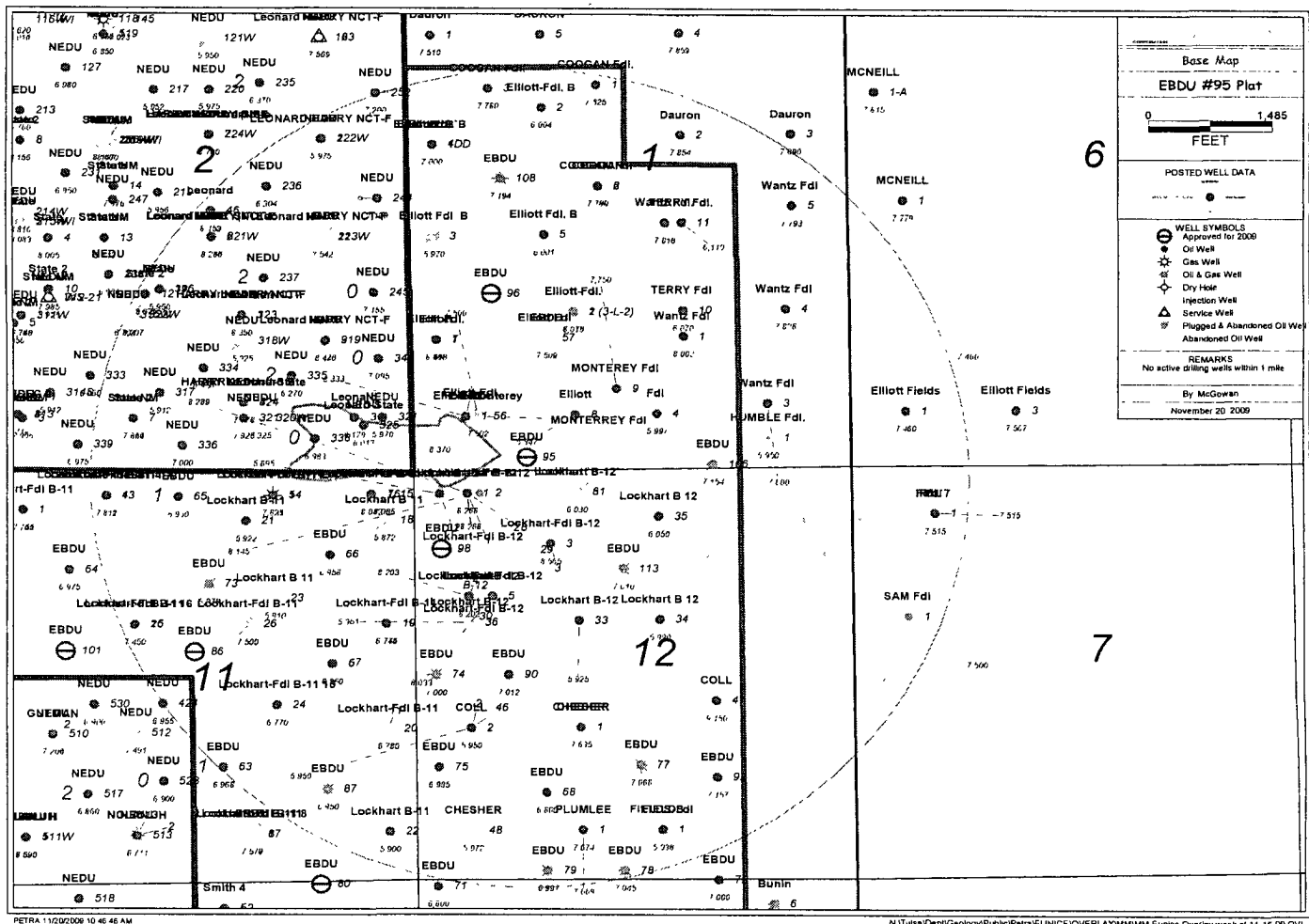
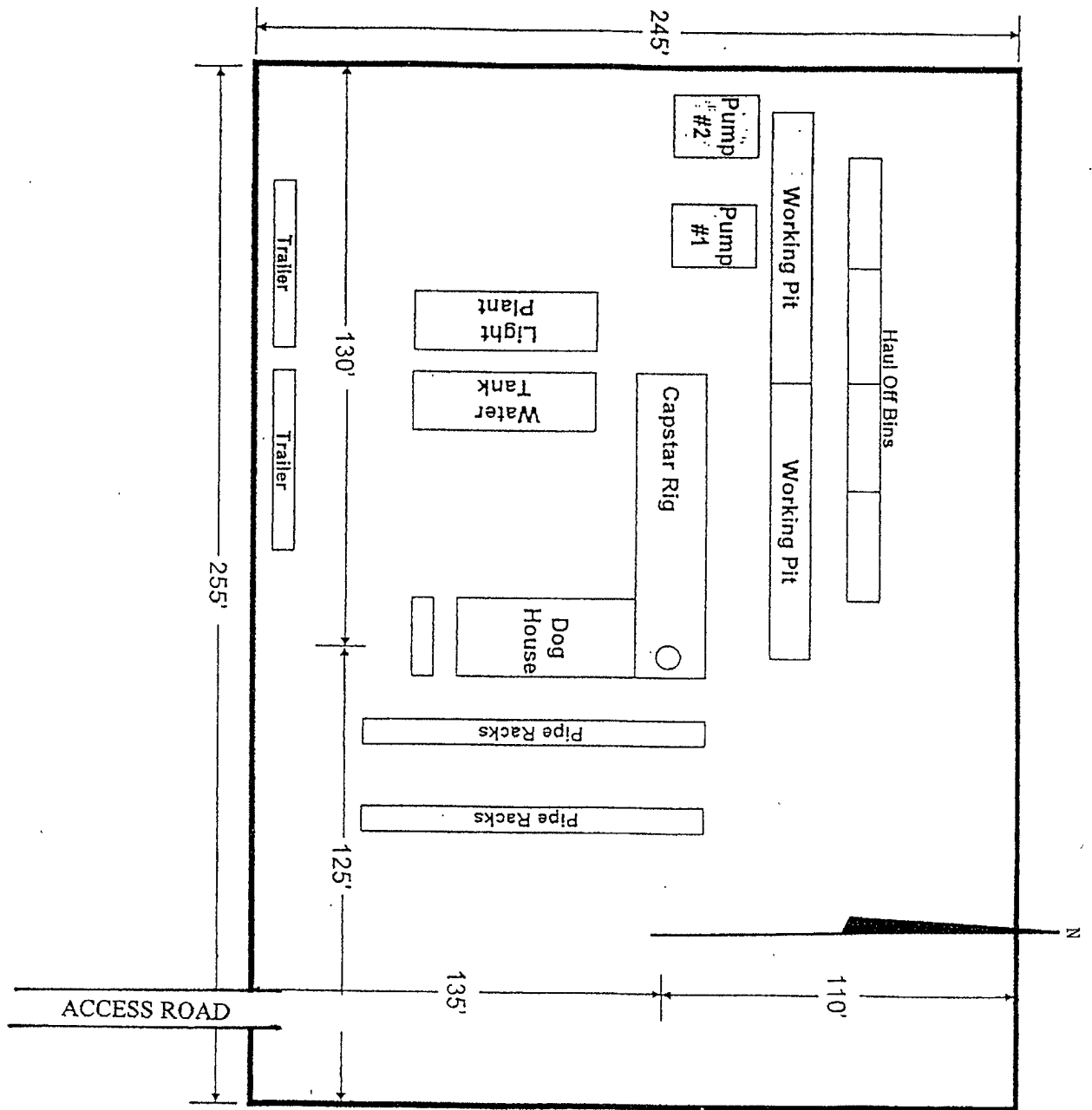


EXHIBIT 'D'



RIG LAY OUT PLAT  
APACHE CORPORATION

EXHIBIT 'E'

## East Blinebry Drinkard Unit 95

### DRILLING PLAN

#### Surface Location

165' FSL, 1380' FWL

SW 1/4 of Section 1, Township 21 South, Range 37 East, UL N  
Lea County, New Mexico

### DRILLING PROGRAM

1. **The geological surface formation** is recent Permian with quaternary alluvium and other superficial deposits.

2. **Estimated Tops of Geological Markers:**

| <u>FORMATION</u>     | <u>DEPTH</u> |
|----------------------|--------------|
| Quaternary alluvials | Surface      |
| Rustler              | 1300'        |
| Yates                | 2645'        |
| Seven Rivers         | 2897'        |
| Queen                | 3450'        |
| Grayburg             | 3785'        |
| San Andres           | 4033'        |
| Glorieta             | 5242'        |
| Blinebry             | 5686'        |
| Tubb                 | 6168'        |
| Drinkard             | 6482'        |
| ABO                  | 6769'        |
| TD                   | 7200'        |

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 @ 5686'<br>Tubb @ 6168'<br>Drinkard @ 6482' |
| 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.



3. **Proposed Casing Program:**

| <u>HOLE SIZE</u> | <u>CASING<br/>SIZE<br/>OD / ID</u> | <u>GRADE</u>     | <u>WEIGHT<br/>PER FOOT</u> | <u>DEPTH<br/>LENGTH</u>                | <u>SACKS<br/>CEMENT</u> | <u>ESTIMATED TOC -<br/>REMARKS</u>   |
|------------------|------------------------------------|------------------|----------------------------|--|-------------------------|--|
| 12 1/4"          | 8 5/8"<br>8.097"                   | J55 STC          | 24#                        | <del>1,300'</del><br>See COA<br>1,510' | 650                     | TOC – Surface<br>Float collar at 1,257<br>8.9 ppg Water-based<br>Mud;<br>89 ° F Est. Static Temp;<br>83 ° F Est. Circ. Temp. |
| 7 7/8"           | 5 1/2"<br>4.892"                   | J-55 LTC         | 17#                        | 1000-7,200'                            | 1200                    | Included with above.   |
|                  |                                    | L-80             | 17#                        | 1000                                   |                         | TOC-Surface<br>Float collar @ 7,157<br>Brine mud 10.1 ppg<br>112° F est Static Temp<br>101° F est Circ Temp                  |
|                  |                                    | <b>17 #J-55</b>  |                            |  |                         |  |
|                  |                                    | LTC              | Clps.-1.30                 |  |                         |  |
|                  |                                    | Safety           | Brst.-1.41                 |  |                         |  |
|                  |                                    | Factors          | Ten.J-2.34                 |  |                         |  |
|                  |                                    | <b>17 #L-80*</b> |                            |  |                         |  |
|                  |                                    | LTC              | Clps.- 11.98               |  |                         |  |
|                  |                                    | Safety           | Brst.- 14.74               |  |                         |  |
|                  |                                    | Factors          | Ten.J- 2.8                 |  |                         |  |

All casing will be new and API approved. \* L-80 Run on top for possible completion pressures.

4. **Proposed Cement Program:**

| <u>CASING</u> | <u>LEAD SLURRY</u>   | <u>TAIL SLURRY</u>   | <u>DISPLACEMENT</u>                  |
|---------------|--|--|--------------------------------------|
| 8 5/8"        | 450 sacks 35:65 Poz C Cmt<br>+ 3% bwoc CaCl + 0.25<br>lbs/sack Cello Flake + 6%<br>bwoc Bentonite Gel<br>Slurry Weight 12.7 ppg<br>Slurry yield 1.88 cf/sack<br>Mix Water 10.7 gps<br>846 cuft or 150.7 bbls<br>Estimated Pumping Time –<br>70 BC (HH:MM) 5:00 | 200 sacks Class C Cement +<br>2% bwoc Calcium Chloride +<br>0.125 lbs/sack Cello Flake<br>Slurry Weight (ppg) 14.8<br>Slurry Yield (cf/sack) 1.35<br>Mix Water (gps) 6.35<br>270 cuft or 48.1 bbls<br>Estimated Pumping Time –<br>70 BC (HH:MM)-3:15 | 80.07 bbls Fresh<br>Water @ 8.33 ppg |

8 5/8" Casing: Volume Calculations:

|                       |   |              |                    |                      |
|-----------------------|---|--------------|--------------------|----------------------|
| 1,300 ft              | x | 0.4127 cf/ft | with 100% excess = | 1073 cf              |
| 43 ft                 | x | 0.3576 cf/ft | with 0% excess =   | 15.4cf (inside pipe) |
| TOTAL SLURRY VOLUME = |   |              |                    | 1088.4 cf            |
|                       |   |              |                    | = 193.8 bbls         |
| Plan =                |   |              |                    | 198.8 bbls           |

Spacer 20.0 bbls Water @ 8.33 ppg

| CASING | LEAD SLURRY  | TAIL SLURRY   | DISPLACEMENT                       |
|--------|--|---|------------------------------------|
| 5 1/2" | 900 sacks (35:65) Poz: Class C Cement + 5% bwow Sodium Chloride + 0.13 lbs/sack Cello Flake + 3 lbs/sk LCM-1 + 6% bwoc Bentonite + 0.5% bwoc BA-10A + 0.5% bwoc FL-52A<br>Slurry Weight (ppg) 12.8<br>Slurry Yield (cf/sack) 1.90<br>Mix Water (gps) 9.83;<br>1,710 cuft or 304.5 bbls<br><u>Estimated Pumping Time</u><br>– 70 BC (HH:MM)-4:34; | 300 sacks (50:50) Poz :Class C Cement + 5% bwow Sodium Chloride + 0.13 lb/sk Cello Flake +3 lbs/sk LCM-1 + 2% bwoc Bentonite + 0.2%bwoc Sodium Metasilicate + 0.45% bwoc FL-52A<br>Slurry Weight (ppg) 14.2<br>Slurry Yield (cf/sack) 1.30<br>Mix Water (gps) 5.59;<br>390 cuft or 69.5 bbls<br><u>Estimated Pumping Time</u><br>70 BC (HH:MM)-3:41 | 164.0 bbls 2% Kcl Water @ 8.43 ppg |

| <u>5 1/2" Casing: Volume Calculations:</u> |   |              |                  |                        |
|--|---|--------------|------------------|------------------------|
| 1,300 ft                                   | x | 0.1926 cf/ft | with 0% excess   | = 250.4 cf             |
| 3,700 ft                                   | x | 0.1733 cf/ft | with 100% excess | = 1282.4 cf            |
| 2,200 ft                                   | x | 0.1733 cf/ft | with 40% excess  | = 533.8 cf             |
| 43 ft                                      | x | 0.1305 cf/ft | with 0% excess   | = 5.6 cf (inside pipe) |
| TOTAL SLURRY VOLUME                        |   |              |                  | = 2072.16 cf           |
|  |   |              |                  | = 369 bbls             |
| Plan                                       |   |              |                  | = 374 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.

#### 5. Proposed Pressure Control Equipment:

Will install on the 8 5/8" surface casing a 9" x 3000 psi WP Double Ram BOP with Annular, and will test using a 3<sup>rd</sup> party tester before drilling out of surface casing. **As maximum anticipated surface pressures do not exceed 2,000 psi, we will test the BOPE as a 2,000 psi system.** Bottom hole pressure calculations are included below. See Exhibit I, 3,000 psi BOPE attached.

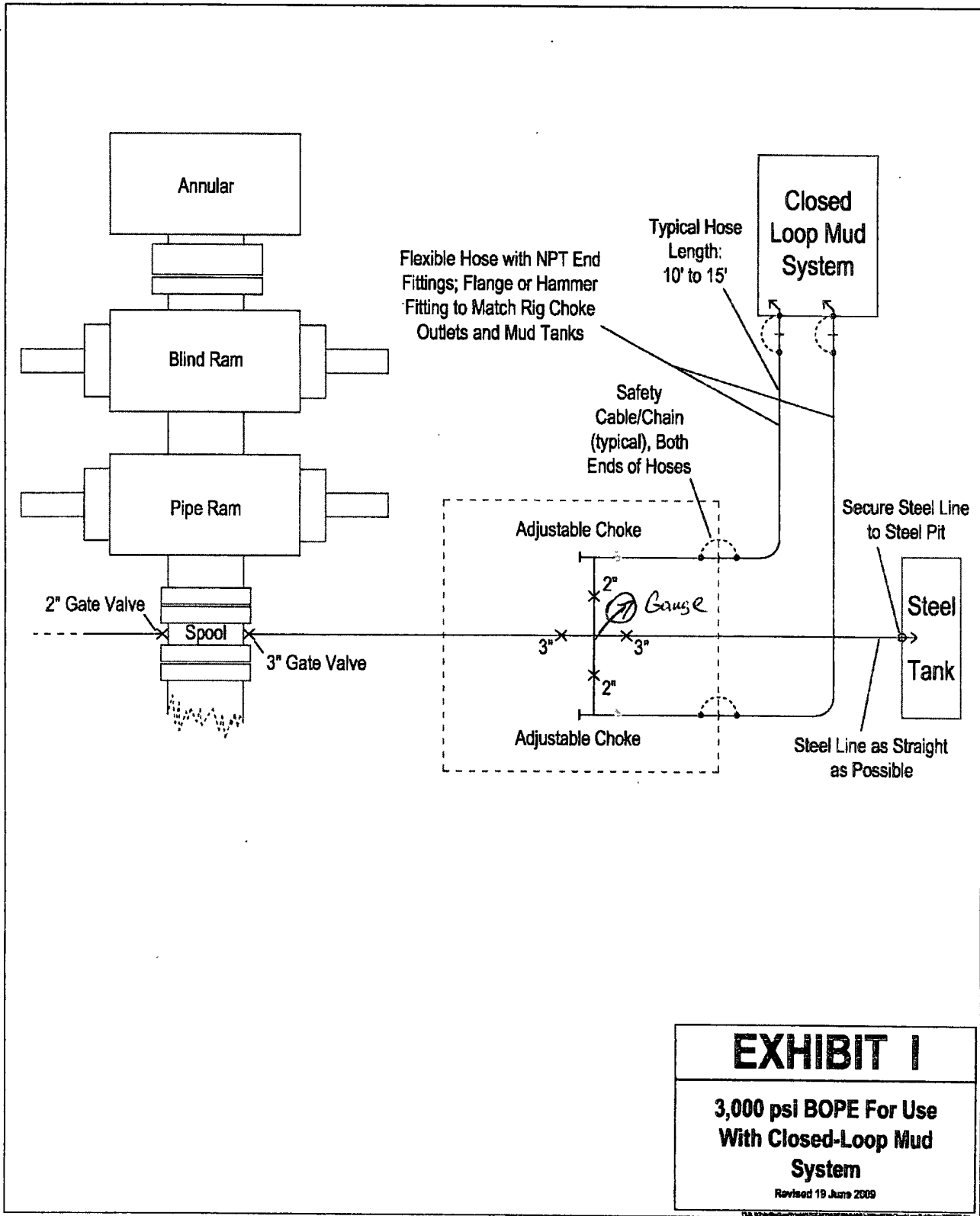
#### Bottom Hole Pressure Calculations

The maximum anticipated bottom hole pressure is calculated by multiplying the depth of the well by 0.44. The maximum anticipated surface pressure is calculated assuming a partially evacuated hole with a pressure gradient of 0.22 psi/ft.

For the EBDU #95 the maximum anticipated bottom hole pressure is  $7200 \times 0.44 \text{ psi/ft} = 3168 \text{ psi}$ .

The maximum anticipated surface pressure for the EBDU #95 assuming a partially evacuated hole is  $7,200' \times 0.22 \text{ psi/ft} = 1584 \text{ psi}$ .

# Exhibit I



6. **Proposed Mud Program**

| <u>DEPTH</u>                           | <u>MUD PROPERTIES</u>   | <u>REMARKS</u>   |
|--|---|--|
| 0 – 1,300'<br>15 10'<br><br>See<br>COA | Weight: 8.6 – 9.2 ppg<br>Viscosity: 34 – 36 sec/qt<br><br>pH: NC<br>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. |
| 1,300' – 7,000'                        | Weight: 9.0 – 10.4 ppg<br>Viscosity: 32 – 34 sec/qt<br><br>pH: NC<br>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. Mix one gallon of New-55 at flowline every 250 feet drilled to promote solids settling. Sweep hole with 3-ppb of Super Sweep every 500 feet.   |
| 7,000' – TD                            | Weight: 10.0 – 10.4 ppg<br>Viscosity: 34 – 36 sec/qt<br><br>pH: 9-10<br>Filtrate: 15-20 cm/30 min | From 7,000' 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-20cc.  |

7. **Auxiliary Well Control and Monitoring Equipment:**

- 4 1/2" x 3000 psi Kelly valve
- H<sub>2</sub>S detection equipment will be rigged up and functional and breathing apparatus will be on location before drilling out of 8 5/8" surface casing.

8. **Evaluation Program:** See COA  
**Open Hole Logging:**

The following logs may be run:

CNL, Litho Density, GR, CAL, Dual Laterolog/MSFL, Sonic from TD-1300'  
CNL, GR from TD-Surface

**Mudlogging Program:**

There are no plans to utilize a mud logging service on this well.

9. **Potential Hazards:**

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 3,168 psi, estimated BHT is 112°F. No H<sub>2</sub>S is anticipated. See Public Protection Plan for Hydrogen Sulfide (H<sub>2</sub>S) attached.

10. **Anticipated Starting Date:**

Road and location construction will begin after the BLM has approved the APD, the NMOCD has issued a drilling permit, and Apache Corporation management determines the well to be economically advantageous to drill. Drilling will begin when a rig becomes available following completion of the location construction and access roads.

### **Representative and Emergency Contacts**

**Senior Representative (Manager, Engineering & Production):**

Ross Murphy  
Apache Corporation  
6120 South Yale Avenue  
Suite 1500  
Tulsa, Oklahoma 74136  
(918) 491-4834

**Project (Operations Engineer):**

Darrin Steed  
Apache Corporation  
6120 South Yale Avenue  
Suite 1500  
Tulsa, Oklahoma 74136  
(918) 491-4842

**Drilling Operations (Operations Engineer):**

Curt Jones  
Apache Corporation  
6120 South Yale Avenue  
Suite 1500  
Tulsa, Oklahoma 74136  
(918) 491-4828

**HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**  
**APACHE CORP. – PERMIAN BASIN**

revised 4/9/2009

**This Hydrogen Sulfide Drilling Operations Plan shall be implemented prior to drilling out from under casing (surface or intermediate) set above potential H<sub>2</sub>S bearing formations.**

**I. Hydrogen Sulfide Training**

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

All personnel entering a location posted with the potential of Hydrogen Sulfide shall be required to carry documentation that they have received the proper training. (Training certificate typically valid for 1 year after training)

**II. Site Specific Information:**

Upon installation of H<sub>2</sub>S Safety Equipment and Systems on a well, and prior to drilling out of casing above potential Hydrogen Sulfide bearing formations a briefing with all personnel on location shall be held. The briefing should include a review of H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. This briefing should include site specific elements such as;

- Identification of the briefing areas.
- Discussion of rig orientation and prevailing wind direction.

- Identification of access roads, including secondary egress.
- Confirmation that all personnel have current training.
- Formation tops of potential H<sub>2</sub>S bearing formations.

The H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan shall be available at the well site.

### III. H<sub>2</sub>S Safety Equipment and Systems

1. Well Control Equipment that will be installed prior to drilling out of casing above potential Hydrogen Sulfide bearing formations:
  - A. Choke manifold with a minimum of one adjustable choke.
  - B. At least one choke line must be directed away from the drilling unit and secured at the end. (For closed-loop operations this should be directed to containment bin at the back edge of the location.)
  - C. Blind rams and pipe rams to accommodate all pipe sizes
  - D. Annular preventor
  - E. Properly sized closing unit.
- 1.1 Well control equipment to be available to install as needed should H<sub>2</sub>S be encountered;
  - A. Flare line with electronic igniter or continuous pilot.
  - B. Mud gas separator
  - C. Flare gun with flares.
  - D. One portable S<sub>02</sub> monitor positioned near flare line.
2. Protective equipment for essential personnel:
  - A. 30-minute air pack units located in the dog house and at briefing areas.
3. H<sub>2</sub>S detection and monitoring equipment:
  - A. Two portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.
4. Visual warning systems:
  - A. Wind direction indicators.
  - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

5. Mud program:
  - A. The mud program shall be designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S-bearing zones.
  - B. A mud-gas separator and an H<sub>2</sub>S gas buster will be utilized as required if H<sub>2</sub>S is encountered.
6. Metallurgy:
  - A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.
  - B. All elastomers used for packing and seals shall be H<sub>2</sub>S trim.
7. Communication:
  - A. Communications shall be available on the rig site and in company vehicles. Communications equipment may include one or more of the following; land lines, satellite phones, cellular telephone and 2-way radios.



## **PUBLIC PROTECTION PLAN FOR HYDROGEN SULFIDE (H<sub>2</sub>S)**

Assumed 100 ppm Radius of Exposure (ROE) = 3000'

**100 ppm H<sub>2</sub>S concentration shall trigger activation of this plan.**

### **Emergency Procedures**

In the event of a release of gas containing 100 ppm H<sub>2</sub>S, the first responder(s) must;

- Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- Evacuate any public places encompassed by the 100 ppm ROE.
- Be equipped with H<sub>2</sub>S monitors and air packs in order to safely conduct efforts to control the release.
- Use the "buddy system" to ensure no injuries during the response operations.
- Take precautions to avoid personal injury during the operation.
- Contact operator and/or local officials to aid in operations. See list of phone numbers attached.
- Have received training in the
  - a. Detection of H<sub>2</sub>S
  - b. Measures for protection against H<sub>2</sub>S gas
  - c. Equipment used for protection and emergency response to H<sub>2</sub>S gas

### **Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the New Mexico State Police may be involved. The New Mexico State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of gas.

### **Characteristics of H<sub>2</sub>S and SO<sub>2</sub>**

| Common Name      | Chemical Formula | Specific Gravity   | Threshold Limit | Hazardous Limit | Lethal Concentration |
|------------------|------------------|--------------------|-----------------|-----------------|----------------------|
| Hydrogen Sulfide | H <sub>2</sub> S | 1.189<br>Air = 1.0 | 10 ppm          | 100 ppm/hr      | 600 ppm              |
| Sulfur Dioxide   | SO <sub>2</sub>  | 2.21<br>Air = 1.0  | 2 ppm           | N/A             | 1000 ppm             |

### **Contacting Authorities**

Apache Corporation's personnel must liaison with local and state agencies to ensure proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours after the release. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Apache Corporation's response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

(Note: Apache Corporation's Central Region Well Control Emergency Response Team should have already been notified. See Central Region Well Control Emergency Response Plan with drilling prognosis)

### PUBLIC PROTECTION PLAN FOR H<sub>2</sub>S - EMERGENCY CONTACTS

| LOCATION              | ENTITIY                          | PHONE NUMBER                            |
|-----------------------|----------------------------------|---|
|                       | Ambulance                        | 911                                     |
| Eunice, NM            | Apache Corp                      | (575) 394-1503                          |
| Eunice, NM            | Apache Corp                      | (575) 394-2743                          |
| Eunice, NM            | Sheriff's Office                 | (575) 394-2020                          |
| Hobbs, NM             | State Police                     | (575) 392-5588                          |
| Eunice, NM            | Fire Department                  | (575) 394-3258                          |
| Hobbs, NM             | Fire Department                  | (575) 397-9308                          |
| Hobbs, NM             | Local Emergency Mgmt. Safety     | (575) 397-9231                          |
| Hobbs, NM             | NM Oil Conservation Division     | (575) 393-6161                          |
| Carlsbad, NM          | Bureau of Land Management        | (575) 887-6544                          |
| Santa Fe, NM          | NM Emergency Response Commission | (505) 476-9600<br>24 hr, (505) 827-9126 |
| Washington, DC        | Nat'l Emergency Response Center  | (800) 424-8802                          |
| <b>Other Services</b> |                                  |   |
| Well Control          | GSM Engineering                  | (806) 358-6894                          |
| Snubbing              | Cudd Pressure Control            | (915) 699-0139                          |
| Pumping               | BJ Services                      | (575) 392-5556                          |

## Operator Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access roads proposed herein; that I am familiar with the conditions which presently exist; that I have knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed in conformity with this plan and the terms and conditions under which it is approved. I also certify that I, or APACHE CORPORATION am responsible for the operations conducted under this application. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date December 8, 2009

Name and Title Curt Jones – Drilling Engineer



# PECOS DISTRICT CONDITIONS OF APPROVAL

|                       |                                     |
|-----------------------|-------------------------------------|
| OPERATOR'S NAME:      | APACHE CORPORATION                  |
| LEASE NO.:            | LC065525B                           |
| WELL NAME & NO.:      | EAST BLINEBRY DRINKARD UNIT #95     |
| SURFACE HOLE FOOTAGE: | 165' FSL & 1380' FWL                |
| BOTTOM HOLE FOOTAGE   | ' F L & ' F L                       |
| LOCATION:             | Section 01, T. 21 S., R 37 E., NMPM |
| COUNTY:               | Lea County, New Mexico              |

## TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
  - Lesser Prairie-Chicken Timing Stipulations
  - Ground-level Abandoned Well Marker
  - Unit Plan of Development
- ☒ **Construction**
  - Notification
  - V-Door Direction - East
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
  - H2S Requirements-Onshore Order #6
  - Casing Depth Change
  - Logging Requirements
- ☐ **Production (Post Drilling)**
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## **V. SPECIAL REQUIREMENT(S)**

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

### **Plan of Development**

Operator is to submit a Unit Plan of Development (UPOD) annually to the BLM. Guidelines for UPOD are available upon request at the BLM Carlsbad Field Office.

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Hobbs Field Station at (575) 393-3612 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

**B. V-DOOR DIRECTION:** East

### **C. TOPSOIL**

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil will be used for interim and final reclamation.

### **D. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

**E. FEDERAL MINERAL MATERIALS PIT**

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

**F. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

**VII. DRILLING**

**A. DRILLING OPERATIONS REQUIREMENTS**

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,  
(575) 393-3612

1. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated 500 feet prior to drilling into the **Blaine** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. 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.

3. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

## **B. CASING**

**Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.**

**Centralizers required on surface casing per Onshore Order 2.III.B.1.f.**

**Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.**

**No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.**

**Possible lost circulation in the Glorieta Formation.**

**Possible water flows in the Blinberry Formation.**

1. **The 8-5/8 inch surface casing shall be set at approximately 1510 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. Fresh water mud to be used to setting depth.**
  - a. **If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.**
  - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
  - c. **Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.**
  - d. **If cement falls back, remedial cementing will be done prior to drilling out that**



string.

2. The minimum required fill of cement behind the **5-1/2** inch production casing is:

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

3. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

### C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) psi. Operator is installing a 3M system and testing as a 2M based on bottom hole pressure gradient. 2M system approved.**
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. Casing cut-off and BOP installation will not be initiated until the cement has had 4-6 hours of setup time in a water basin and 12 hours in the potash areas. This time will start after the cement plug is bumped. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.
  - b. The tests shall be done by an independent service company utilizing a test plug.
  - c. The results of the test shall be reported to the appropriate BLM office.
  - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
  - e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

#### **D. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

**CRW 010510**

### **VIII. PRODUCTION (POST DRILLING)**

#### **A. WELL STRUCTURES & FACILITIES**

##### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

##### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

##### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color  
Shale Green, Munsell Soil Color Chart # 5Y 4/2

### **IX. INTERIM RECLAMATION**

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and

loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

## **X. FINAL ABANDONMENT & RECLAMATION**

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared; these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

### **Seed Mixture for LPC Sand/Shinnery Sites**

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly

planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

| <u>Species</u>      | <u>lb/acre</u> |
|---------------------|----------------|
| Plains Bristlegrass | 5lbs/A         |
| Sand Bluestem       | 5lbs/A         |
| Little Bluestem     | 3lbs/A         |
| Big Bluestem        | 6lbs/A         |
| Plains Coreopsis    | 2lbs/A         |
| Sand Dropseed       | 1lbs/A         |

\*\*Four-winged Saltbush 5lbs/A

\* This can be used around well pads and other areas where caliche cannot be removed.

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed