

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210


FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-27278	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator OXY USA WTP Limited Partnership		7. Unit or CA Agreement Name and No.	
3a. Address P.O. Box 50250 Midland, TX 79710-0250		8. Lease Name and Well No. OXY Kid Nate Federal #1	
3b. Phone No. (include area code) 432-685-5717		9. API Well No. 30-015- 33210	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 990 FSL 810 FEL SESE(P) At proposed prod. zone Secretary's Potash		10. Field and Pool, or Exploratory Undsg. Hackberry Morrow, N.	
14. Distance in miles and direction from nearest town or post office* 7 miles southeast from Loco Hills, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 27 T18S R30E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 810'		12. County or Parish Eddy	
16. No. of Acres in lease 320		13. State NM	
17. Spacing Unit dedicated to this well 320		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	
19. Proposed Depth 12400'		20. BLM/BIA Bond No. on file 9312774	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3413' GL		22. Approximate date work will start* 1/30/04	
23. Estimated duration 30 days		24. Attachments CAPITAN CONTROLLED WATER BASIN	

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 	Name (Printed/Typed) David Stewart	Date 12/5/03
Title Sr. Regulatory Analyst		
Approved by (Signautre) /s/ Jesse J. Juen	Name (Printed/Typed) /s/ Jesse J. Juen	Date 22 JAN 2004
Title Assoc. STATE DIRECTOR	Office NM STATE 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 Reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

RECEIVED

JAN 8 8 7AM

OCD-ARTESIA, NM Surface Casing

RECEIVED

S 1210-VIC, 12100 RO. M.M.
OXY Kid Nate Federal #1 M.M. #1210
990 FSL 810 FEL SESE(P) SEC 27 T18S R30E Eddy County, NM
Federal Lease No. NM-27278

PROPOSED TD: 12400' TVD

BOP PROGRAM: 0-625' None

625-4500' 13-3/8" 3M annular preventer, to be used as
divertor only.

4500-12400' 11" 5M blind pipe rams with 5M annular
preventer and rotating head below 8500'.

CASING: Surface: 13-3/8" OD 48# H40 ST&C new casing set at 625'
17-1/2" hole

Intermediate: 9-5/8" OD 36# K55 ST&C new casing from 0-4500'
12-1/4" hole

Production: 5-1/2" OD 17# L80-S95 LT&C new casing from 0-12400'
8-3/4" hole N80-8800' HP110-3500'

CEMENT: Surface - Circulate cement with 200sx 35:65 POZ/C with 6% Bentonite
+ 2% CaCl₂ + .25#/sx Cello-Seal followed by 200sx Cl C with 2% CaCl₂.

Intermediate - Circulate cement with 1000sx 35:65 POZ/C with 6%
Bentonite + 2% CaCl₂ + .25#/sx Cello-Seal followed by 200sx Cl C
with 2% CaCl₂.

Production - Cement with 1200sx 15:61:11 POZ/C/CSE with .5% FL-52
+ .5% FL-25 + 8#/sx Gilsonite followed by 200sx Cl C with .7%
FL-25. Estimated top of cement is 6000'.

Note: Cement volumes may need to be adjusted to hole caliper.

MUD: 0-625' Fresh water/native mud. Lime for pH control
(9-10). Paper for seepage.
Wt 8.7-9.2 ppg, Vis 32-34 sec

625-4500' Fresh/*Brine water. Lime for pH control
(10.0-10.5). Paper for seepage.
Wt 8.3-9.0/10.0-10.1ppg, Vis 28-29 sec
*Fresh water will be used unless chlorides in
the mud system increases to 20000PPM.

4500-8300' Fresh water. Lime for pH control(9-9.5).
Paper for seepage.
Wt 8.3-8.5 ppg, Vis 28-29 sec

8300-10000' Cut brine. Lime for pH control (10-10.5).
Wt 9.6-10.0 ppg, Vis 28-29sec

10000-12300' Mud up with an Duo Vis/Flo Trol mud system.
Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc

6LM
ROSWELL, NM

DEC 08 03

RECEIVED

State of New Mexico

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-	Pool Code 96785	Pool Name Undesignated Hackberry Morrow, North
Property Code	Property Name OXY KID NATE FEDERAL COM	Well Number 1
OGRID No. 192463	Operator Name OXY U.S.A. W.T.P., LP	Elevation 3413'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	27	18-S	30-E		990	SOUTH	810	EAST	EDDY

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 320	Joint or Infill N	Consolidation Code	Order No.
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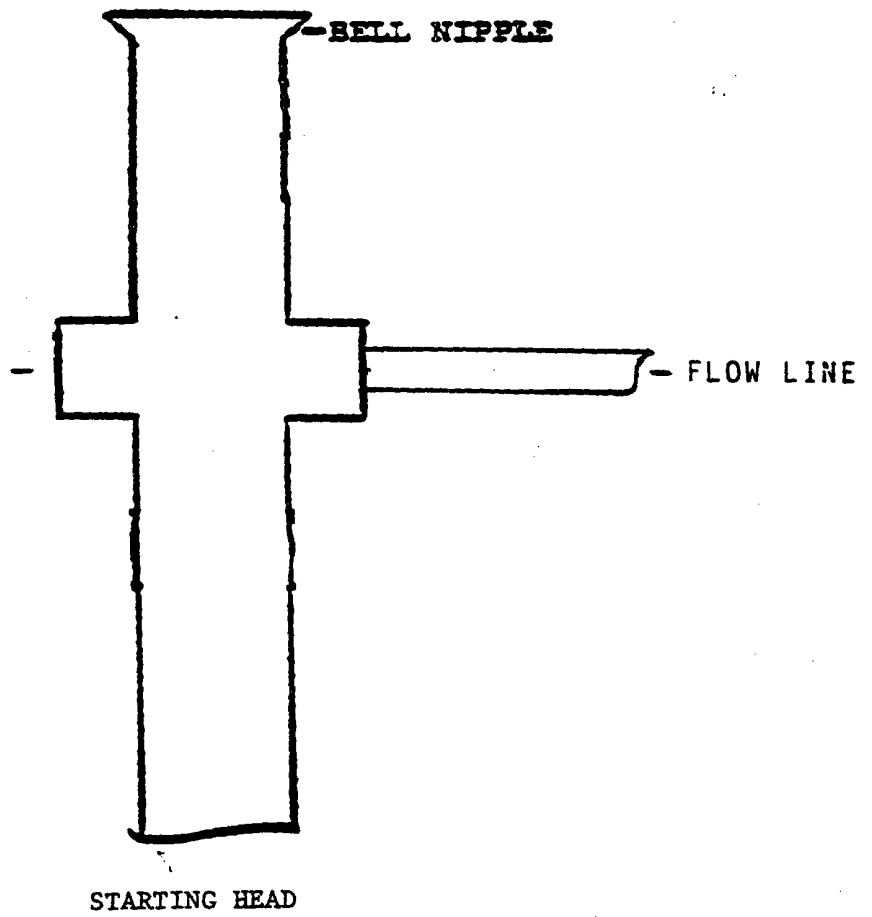
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEOGRAPHIC COORDINATES</p> <p>NAD 27 NME</p> <p>Y = 623587.2 N</p> <p>X = 616874.8 E</p> <p>LAT. 32°42'49.55"N</p> <p>LONG. 103°57'12.02"W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i></p> <p>Signature</p> <p>David Stewart</p> <p>Printed Name</p> <p>Sr. Regulatory Analyst</p> <p>Title</p> <p>12/5/03</p> <p>Date</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>November 06, 2003</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>GARY EIDSON</i> 11/13/03</p> <p>03.11.1152</p> <p>Certificate No. GARY EIDSON 12641</p>

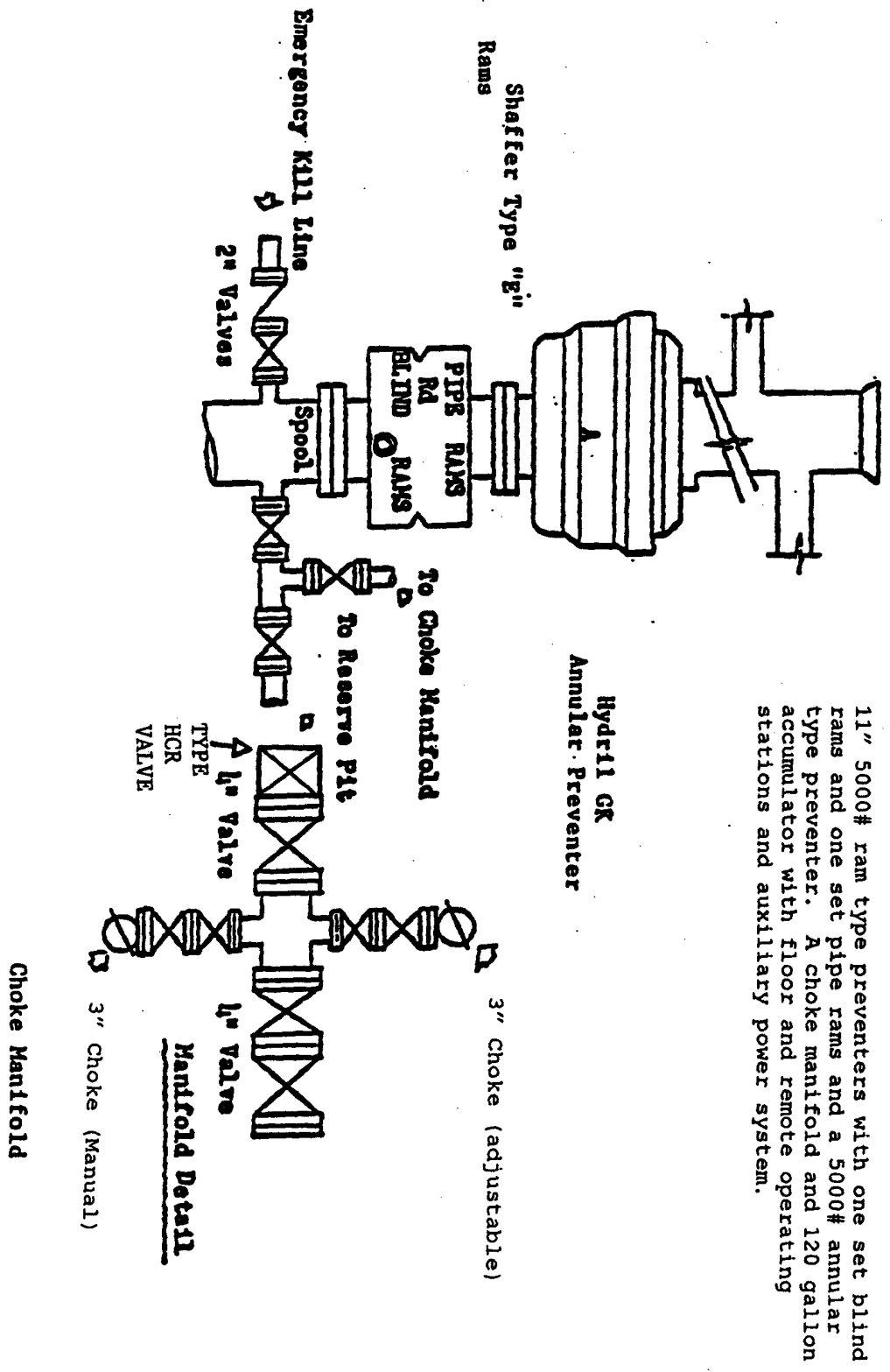
1. Ray Westall - Federal N #2 - 3001520689 - 990 FSL 990 FEL - TD-3463'

EXHIBIT A

ANNULAR PREVENTOR
TO BE USED AS DIVERTOR ONLY



BLOWOUT PREVENTOR SCHEME



11" 5000# ram type preventers with one set blind rams and one set pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OXY USA WTP Limited Partnership
OXY Kid Nate Federal #1
Eddy County, New Mexico
Lease No. NM-27278

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to identify the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal may be made of the environmental effects associated with the operation.

The well, and work area have been staked by a registered New Mexico land surveyor. Boone Archaeological Services, LLC has been engaged to make an archaeological reconnaissance of the work area. Their findings concerning cultural resources will be reported to the Bureau of Land Management.

1. Existing Roads

A copy of a USGS "Red Lake, SE New Mexico" quadrangle map is attached showing the proposed location. The well location is spotted on this map, which also shows the existing road system. Exhibit B.

Directions to location:

Go north-northwest .7 miles past mile marker #11 on SH 360 to CR 251. Turn right on CR 251 and go 1.9 miles to CR 250, turn right (east) and go 1.5 miles to a road intersection. Turn left and go 1 mile to Ray Westall Fed N #2, proposed location 180' east.

2. Planned Access Road

- A. No new access road will be built. Exhibit B.
- B. Surfacing material: N/A
- C. Maximum Grade: N/A
- D. Turnouts: N/A
- E. Drainage Design: N/A
- F. Culverts: N/A
- G. Cuts and Fills: Leveling the location will require minimal cuts or fills.
- H. Gates or Cattleguards: N/A

3. Existing wells within a one mile radius of the proposed development well are shown on Exhibit C.

4. Location of Existing and/or Proposed Facilities

- A. If the well is productive, production facilities will be constructed on the well pad. The facility will consist of a stack pack, one 300 bbl oil tank and one 300 bbl fiberglass water tank. All permanent above ground facilities will be painted in accordance with the BLM's painting guidelines simulating the color of sandstone brown.
- B. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to and a site security plan will be submitted for the OXY Kid Nate Federal #1 tank battery. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

5. Location and Type of Water Supply

Fresh water and brine water will be used to drill this well. It will be purchased from a supply in Loco Hills and transported to the well site.

6. Source of Construction Materials

Caliche for surfacing the well pad will be obtained from a Federal pit located in SW/4 Section 26, T18S, R30E, Eddy County, New Mexico.

7. Method of Handling Waste Disposal

- A. Drill Cuttings will be disposed of in drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage and junk will be collected in steel trash bins and removed after drilling and completion operations are completed. All waste material will be contained to prevent scattering by the wind.
- F. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. Ancillary Facilities

- A. None needed.

9. Wellsite Layout

- A. The location and dimensions of the well pad, mud pits, reserve pit and location of major rig components are shown on the well site layout sketch. The V-door will be to the south and the pits to the east. Exhibit D.
- A. Leveling of the wellsite will be required with minimal cuts or fills anticipated.

- B. The reserve pit will be plastic lined.
- C. While constructing the pits and material is encountered at a depth which would not allow the pits to meet the BLM stipulations without blasting, OXY requests a variance. There will be an adequate amount of material to reclaim the pit per the stipulations.
- D. The pad and pit area have been staked and flagged.

10. Plans for Restoration of the Surface

- A. After completion of drilling and/or completion operations, all equipment and other materials not needed for operations will be removed.
- B. Pits will be filled and location cleaned of all trash and junk to leave the well site in as aesthetically pleasing condition as possible. Any plastic material used to line the pits or sumps will be cut off below ground level as far as possible and disposed of before the pits are covered. All unattended pits containing liquid will be fenced and the liquid portion allowed to evaporate before the pits are broken and backfilled.
- C. After abandonment of the well, surface restoration will be in accordance with the land owner. This will be accomplished as expeditiously as possible. Barring unforeseen problems, all pits will be filled and leveled within 90 days after abandonment.

11. Surface Ownership

The wellsite is on federal owned surface. The surface is leased to: Richardson Cattle Co., P.O. Box 487, Carlsbad, NM 88221. They will be notified of our intention to drill prior to any activity.

12. Other Information

- A. Topography: The location is a flat plain. GL elevation is 3413'.
- B. Soil: Sandy clay loams.
- C. Flora and Fauna: The vegetative cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grasses. Wildlife in the area is also sparse consisting of coyotes, rabbits, rodents, reptiles, dove and quail.
- D. Ponds and Streams: There are no rivers, streams, lakes or ponds in the area.
- E. Residences and Other Structures: Nearest residence is .8 miles east of the proposed location.
- F. Archaeological, Historical and Cultural Sites: Cultural resources have been recorded in the area. Boone Archaeological Services, LLC will be engaged to make an archaeological reconnaissance of the work area.
- G. Land Use: Cattle ranching.

Multi-Point Surface Use and Operations Plan
OXY Kid Nate Federal #1
Page 4

- H. The well site, if a producer, will be maintained and kept clean of all trash and litter which detracts from the surrounding environment. Equipment will be maintained in accordance with good operating practice.
- I. After the wellsite is cleaned and pits and sumps backfilled, any obstruction to the natural drainage will be corrected by ditching or terracing. All disturbed areas, including any access road no longer needed, will be ripped. Those areas will be reseeded with grass if, in the opinion of the land owner, it is required.

13. Operator's Representatives and Certification

The field representative responsible for assuring compliance with the approved surface use and operations plan are as follows:

John Erickson
Production Coordinator
P.O. Box 69
Hobbs, New Mexico 88240
Office Phone: 505-393-2174
Cellular: 505-390-6426

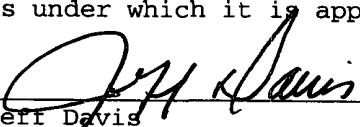
Joe Fleming
Drilling Coordinator
P.O. Box 50250
Midland, TX 79710-0250
Office Phone: 915-685-5858

Calvin C. (Dusty) Weaver
Operation Specialist
P.O. Box 2000
Levelland, TX 79336
Office Phone: 806-229-9467
Cellular: 806-893-3067

Terry Asel
Operation Specialist
1017 W. Stanolind Rd.
Hobbs, NM 88240
Office Phone: 505-397-8217
Cellular: 505-631-0393

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by OXY USA WTP Limited Partnership and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

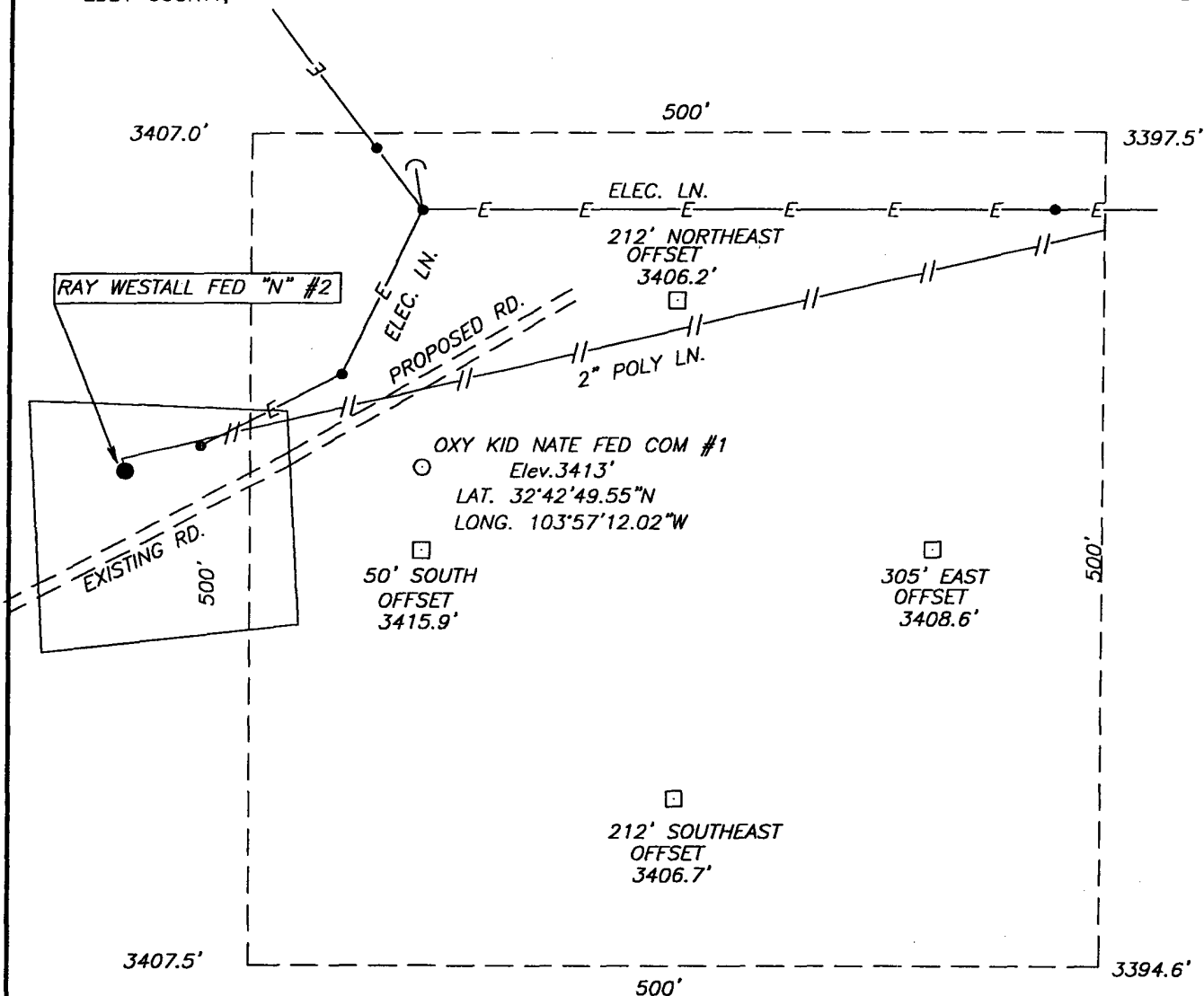
12/5/03
DATE


Jeff Davis
Engineering Specialist
432-685-5710
South Permian Asset Team
OXY USA WTP Limited Partnership

SECTION 27, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,

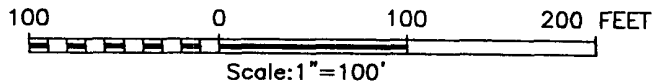
EDDY COUNTY,

NEW MEXICO.



DIRECTIONS TO LOCATION:

GO NORTH-NORTHWEST 0.7 MILES PAST MILE MARKER #11 ON STATE HIGHWAY #360 TO CO. RD. #251 (DUVAL RD.). TURN RIGHT ON DUVAL AND GO 1.9 MILES TO CO. RD. #250 (GRUBBS RD.) TURN RIGHT (EAST) AND GO 1.5 MILES TO A ROAD INTERSECTION. TURN LEFT AND GO 1 MILE TO THE RAY WESTALL FED "N" #2 WELL AND THIS LOCATION.

**OXY U.S.A. W.T.P., LP**

THE OXY KID NATE FEDERAL COM #1 WELL LOCATED
990' FROM THE SOUTH LINE AND 810'
FROM THE EAST LINE OF SECTION 27,
TOWNSHIP 18 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 11/06/03	Sheet 1 of 1 Sheets
W.O. Number: 03.11.1152	DRAWN BY: A.B/Rev.11/19/03
Date: 11/10/03	DISK: CD#10
Oxy U.S.A. 1152	Scale: 1"=100'

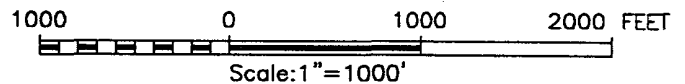
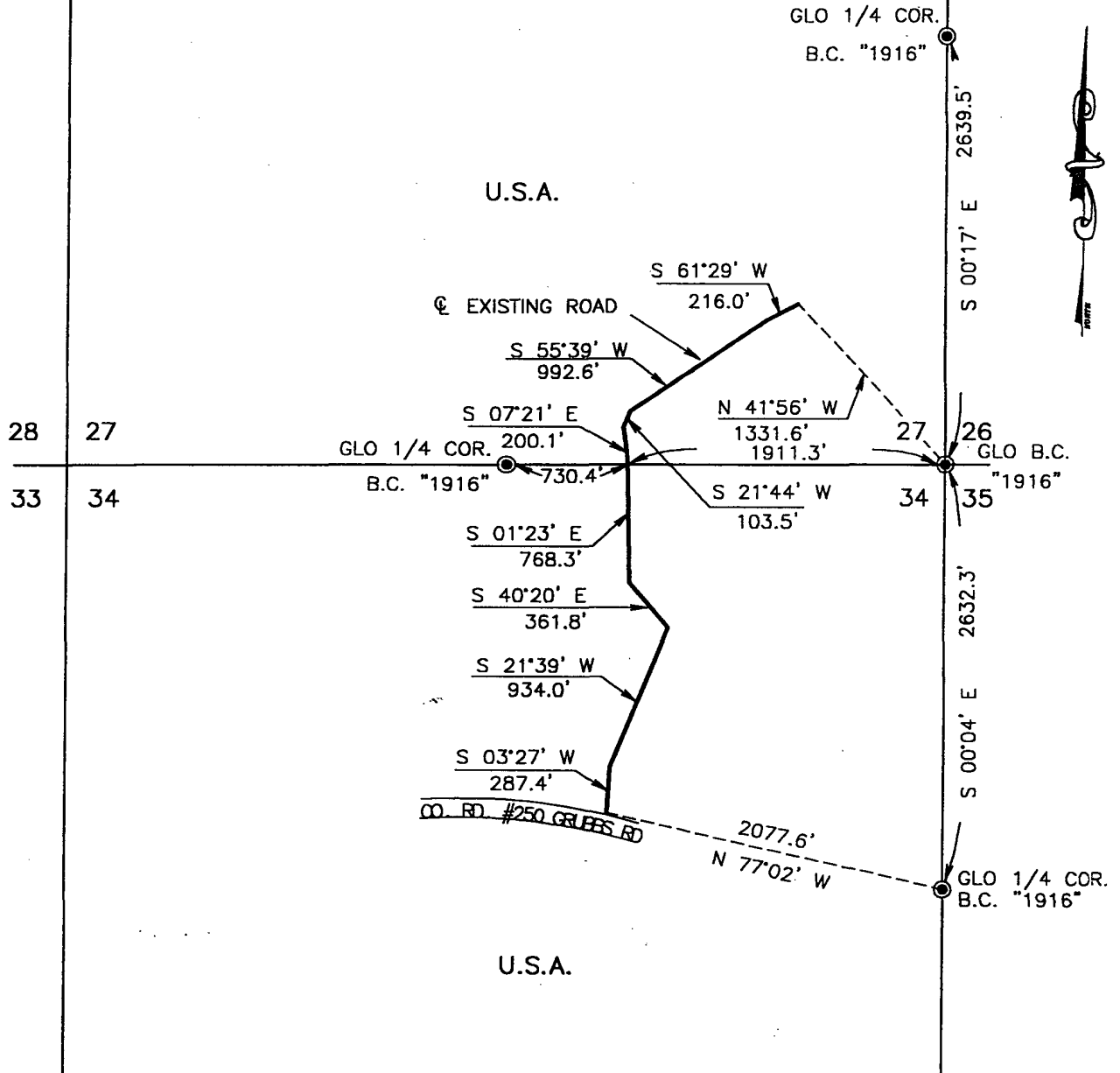
JOHN WEST SURVEYING COMPANY

412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

SECTIONS 27 & 34, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,

EDDY COUNTY,

NEW MEXICO.



OXY U.S.A. W.T.P., LP

SURVEY OF AN EXISTING ROAD CROSSING SECTIONS 27 & 34,
TOWNSHIP 18 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

I HEREBY CERTIFY THAT I DIRECTED AND AM
RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY
IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE
AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE
MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

Gary G. Eidson 11/19/03

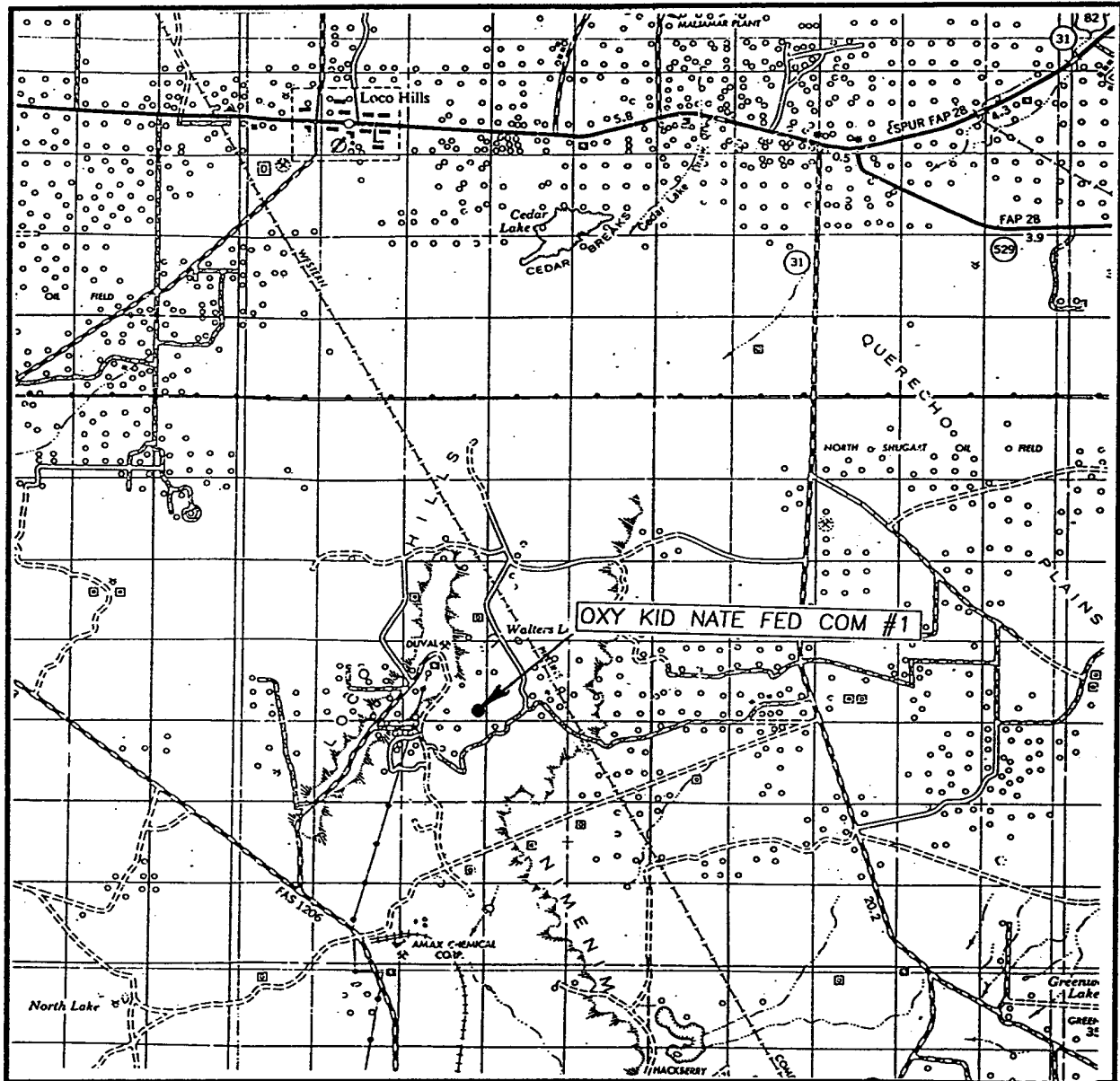
GARY G. EIDSON, N.M. P.S. No. 12641

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

Survey Date: 11/06/03	Sheet 1 of 1 Sheets
W.O. Number: 03.11.1152	DRAWN BY: A.W.B
Date: 11/12/03	DISK: CD#10
ROAD#1152	Scale: 1"=1000'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 27 TWP. 18-S RGE. 30-E

SURVEY_____ N.M.P.M.

COUNTY EDDY

DESCRIPTION 990' FSL & 810' FEL

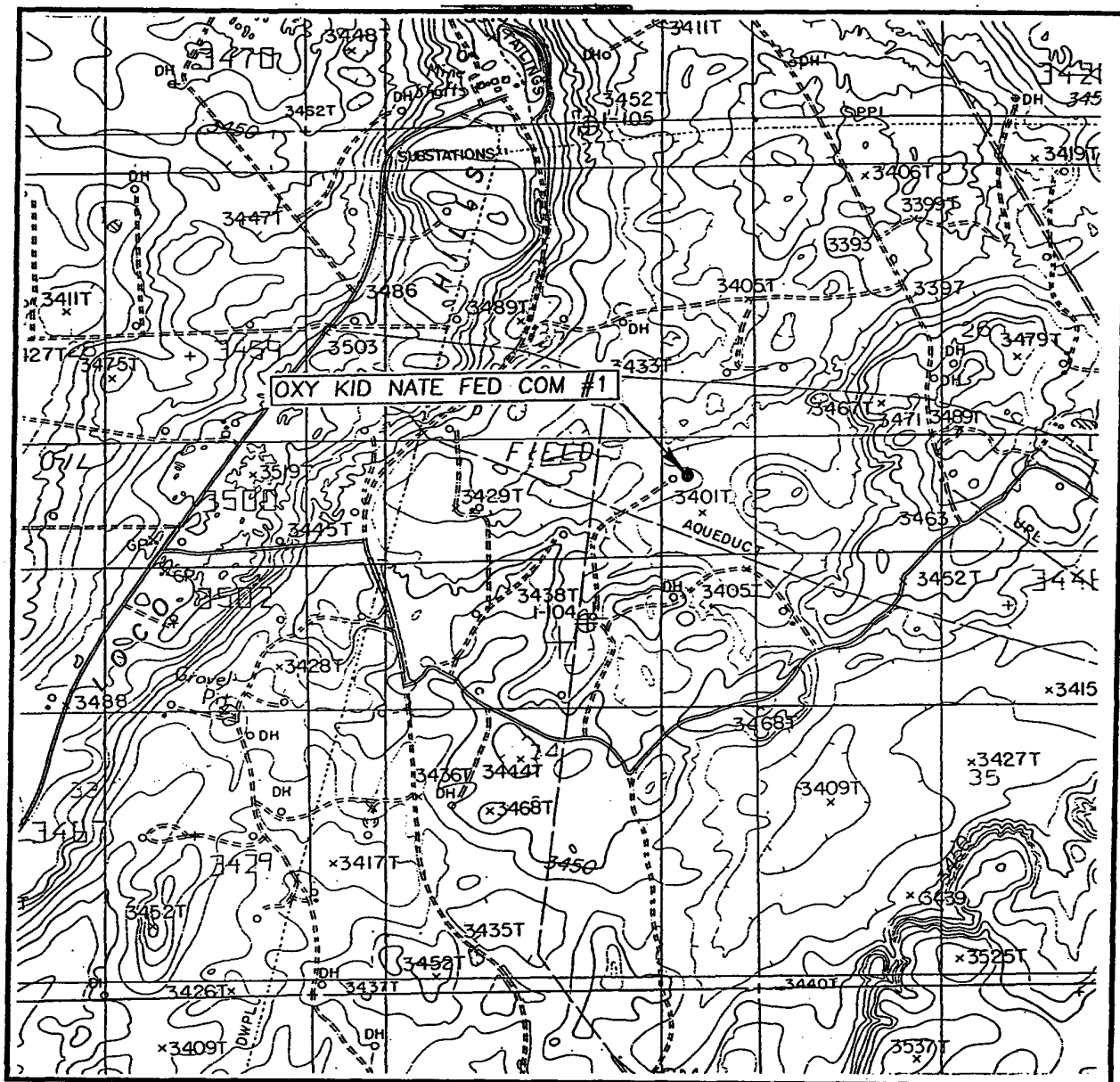
ELEVATION 3413'

OPERATOR OXY U.S.A. W.T.P., LP

LEASE OXY KID NATE FEDERAL COM

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
HACKBERRY LAKE, N.M.

SEC. 27 TWP. 18-S RGE. 30-E

SURVEY *N.M.P.M.*

COUNTY EDDY

DESCRIPTION 990' FSL & 810' FEL

ELEVATION 3413'

OPERATOR OXY U.S.A. W.T.P., LP

LEASE OXY KID NATE FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP

HACKBERRY LAKE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

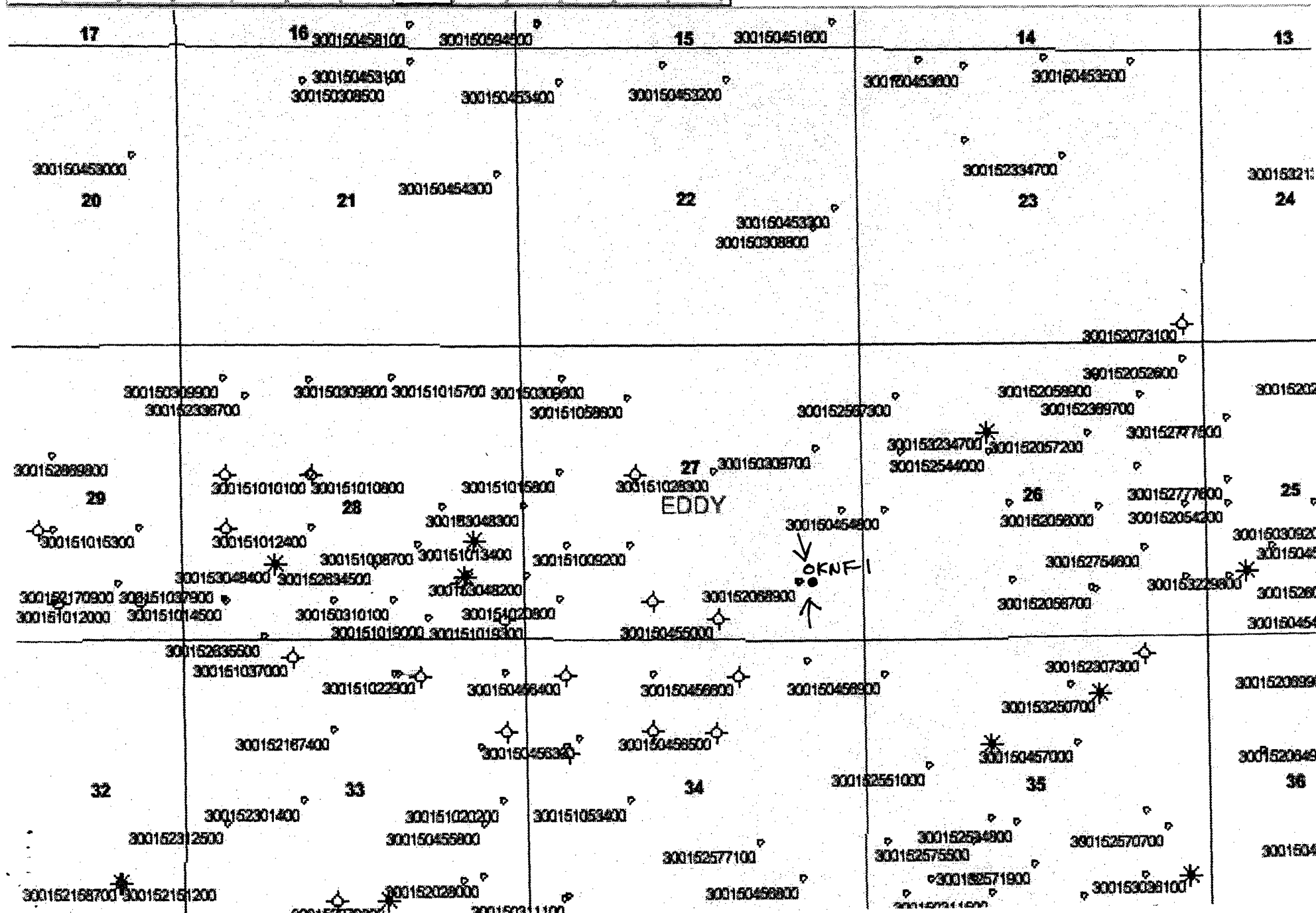
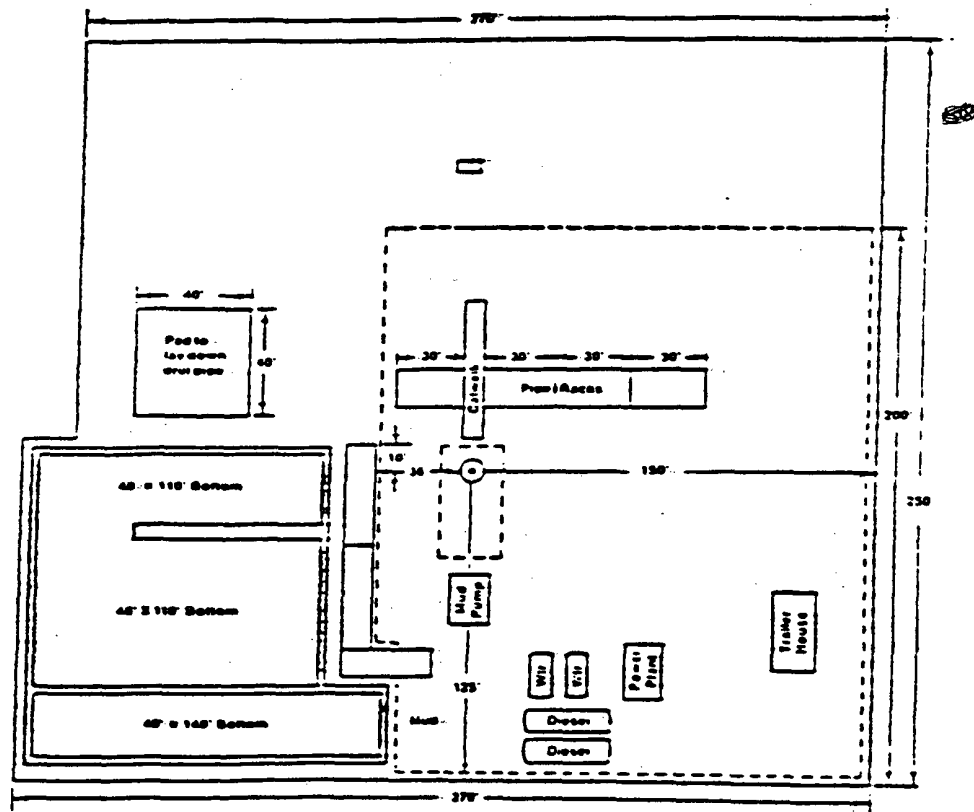


EXHIBIT D
LOCATION PLAT



United States Department of the Interior
Bureau of Land Management
Roswell District
2909 W. Second Street
Roswell, New Mexico 88202

Attention: Armando A. Lopez

RE: OXY Kid Nate Fed. Com. #1
Section 27, T18S-R30E
Eddy County, New Mexico

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME: OXY USA WTP Limited Partnership
ADDRESS: P. O. Box 50250
Midland, Texas 79710

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

LEASE NO.: NM-27278
LEGAL DESCRIPTION: 990' FSL and 810' FEL
Section 27, T18S-R30E
Eddy County, New Mexico
FORMATIONS: Limited to depths below 3600'
BOND COVERAGE: Nationwide
BLM BOND FILE NO.: ES 0136

OXY USA WTP Limited Partnership

AUTHORIZED SIGNATURE:

BY: 
David R. Evans

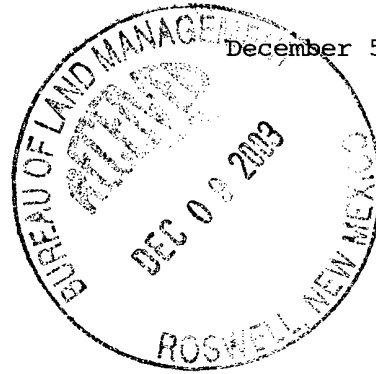
David R. Evans

TITLE: Sr. Landman Advisor
DATE: December 4, 2003

cc: David Stewart

December 5, 2003

United States Department of the Interior
Bureau of Land Management
Roswell District Office
2909 West Second Street
Roswell, New Mexico 88201



Re: Application for Permit to Drill
OXY USA WTP Limited Partnership
OXY Kid Nate Federal #1
Eddy County, New Mexico
Lease No. NM-27278

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Kid Nate Federal #1 located 990 FSL and 810 FEL of Section 27, T18S, R30E, Eddy County, New Mexico, Federal Lease No. NM-27278. The proposed well will be drilled to a TD of approximately 12400' (TVD). The location and work area has been staked. It is approximately 7 miles southeast of Loco Hills, New Mexico.

In accordance with requirements stipulated in Federal Onshore Oil and Gas Order No. 1 under 43 CFR 3162.1, our Application for Permission to Drill and supporting evidence is hereby submitted.

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill.
2. Form C-102 Location and Acreage Dedication Plat certified by Gary G. Eidson, Registered Land Surveyor No. 12641 in the State of New Mexico, dated November 6, 2003.
3. The elevation of the unprepared ground is 3413 feet above sea level.
4. The geologic name of the surface formation is Permian Rustler.
5. Rotary drilling equipment will be utilized to drill the well to TD 12400' (TVD), and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.
6. Proposed total depth is 12400' TVD.
7. Estimated tops of important geologic markers.

Wolfcamp	9650' TVD
Strawn	10800' TVD
Atoka	11100' TVD
Morrow	11400' TVD

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

Primary Objective:	Morrow	11400' TVD
Secondary Objective:	Atoka	11100' TVD

9. The proposed casing program is as follows:

Surface: 13-3/8" 48# H40 ST&C new casing set at 625'

Intermediate: 9-5/8" 36# HCK/K55 ST&C new casing from 0-4500'

Production: 5-1/2" 17# L80/S95 LT&C new casing from 0-12400'
N80-8800' HP110-3600'

10. Casing setting depth and cementing program:

- A. 13-3/8" surface casing set at 625' in 17-1/2" hole.
Circulate cement with 300sx 35:65 POZ/C w/ 6% Bentonite + 2% CaCl_2 + .25#/sx Cello-Seal followed by 100sx Class C w/ 2% CaCl_2 .

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl_2 .

- B. 9-5/8" intermediate casing set at 4500' in 12-1/4" hole.
Circulate cement with 1000sx 35:65 POZ/C w/ 6% Bentonite +
2% CaCl₂ + .25#/sx Cello-Seal followed by 200sx Class C w/
2% CaCl₂.

If hole conditions dictate, a DV tool may be run to ensure that the intermediate string is cemented to surface.

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl_2 .

Note: Cement volumes may be adjusted according to fluid caliper.

- C. 5-1/2" production casing set at 12400' in 8-3/4" hole.
Cement with 900sx 15:61:11 POZ/C/CSE w/ .5% FL-25 + .5% FL-52 + 8#/sx Gilsonite followed by 100sx Class C w/ .7% FL-25.

Estimated top of cement is 8000'.

Note: Cement volumes may need to be adjusted to hole caliper.

- ## 11. Pressure Control Equipment

0-625'	None
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625-4500' 13-3/8" 3M annular preventer, to be used as
divertor only. Exhibit A

4500-12400' 11" 5000# ram type preventers with one set blind rams and one set pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 8500'. Exhibit A.

A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

After setting the 9-5/8" casing, the blowout preventers and related control equipment shall be pressure tested to 5000 psi. Any equipment failing to test satisfactorily shall be repaired or replaced. Results of the BOP test will be recorded in the Driller's Log. The BOP's will be maintained ready for use until drilling operations are completed.

BOP drills will be conducted as necessary to assure that equipment is operational and each crew is properly trained to carry out emergency duties.

Accumulator shall maintain a pressure capacity reserve at all times to provide for the close-open-close sequence of the blind and pipe rams of the hydraulic preventers.

12. Mud Program:

0-625'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7-9.2 ppg, vis 32-34 sec.
625-4500'	Fresh/*brine water. Lime for pH control (10-10.5). Paper for seepage. Wt. 8.3-9.0/10.0-10.1ppg, vis 28-29 sec. *Fresh water will be used unless chlorides in the mud system increase to 20000PPM.
4500-9500'	Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec.
9500-11000'	Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec.
11000-12400'	Mud up with an Duo Vis/Flo Trol system. Wt. 9.6-10.0 ppg, Vis 32-36sec, WL<10cc.

Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until the production casing is run and cemented. Monitoring equipment shall consist of the following:

- 1) A recording pit level indicator.
- 2) A pit volume totalizer.
- 3) A flowline sensor.

13. Testing, Logging and Coring Program:
 - A. Testing program: No DST's are anticipated.
 - B. Mud logging program: One-man unit from 6000' to TD.
 - C. Electric logging program: CNL/LDT/CAL/GR, DLL/CAL/GR.
 - D. Coring program: Possible sidewall rotary cores.
14. No abnormal temperatures, or H2S gas are anticipated. H2S Contingency Plan is attached per NMOCD requirements. The highest anticipated pressure gradient would be .55psi/ft. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.
15. Anticipated starting date is January 30, 2004. It should take approximately 30 days to drill the well and another 10 days to complete.
16. The Multi-Point Surface Use & Operation Plan is attached.
17. If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Very truly yours,



David Stewart
Sr. Regulatory Analyst
OXY USA WTP Limited Partnership

DRS/drs

Attachments