

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division  
1625 N. French Dr  
Hobbs, NM 88240

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.  
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

Type of Well

☒ Oil Well ☐ Gas Well ☐ Other type other description or delete

Name of Operator

Ocean Energy, Inc.

Address and Telephone No.

1001 Fannin, Suite 1600, Houston, TX 77002 (713) 265-6834

Location of Well (Footage, Sec., T., R., M., or Survey Description)

1290' FNL & 1980' FEL of Lot B, Sec. 31, T14S, R35E

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Kukui "31" #1

9. API Well No.

30-025-35861

10. Field and Pool, or Exploratory Area

Morrow: Morrow

11. County or Parish, State

Lea County, NM

CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent  
☒ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other Spud/Casing Info.  
☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion on Well  
Completion or Recompletion Report and Log form.)

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

4-1-02 Spud with Greywolf Rig 33 using 17-1/2" bit.

4-2-02 Drill to 450' and run 10 jts 13-3/8" 48# H-40 csg, set @ 450'. Cmt'd w/BJ using 492 sx CI C + additives. Bumped to plug to 600 psi, floats held, circ 64 sx to surface, full circ. WOC 27 hrs, test csg to 500 psi - OK. Drill from 450' to

5/25/02 6255' w/11" bit. Ran 144 jts 8-5/8" 32# HCK-55 LTC csg & set @ 6248'. Cemented w/BJ using 2575 sx 35.65:5% gel + additives, tail w/200 sx CI C neat. Displace w/375 bbls fresh water, bumped plug to 2050 psi, floats held, circ 215 sx to surface w/full circ. WOC 18 hrs, test csg to 1500 psi. Drilled and surveyed from 6248' to TD of 13560'. Ran Triple Combo log from TD to 6250'. Took SWC's & ran RFT's across Wolfcamp formation. Ran 5-1/2" casing, 138 jts 17# P-110 LTC & 172 jts 17# L-80 LTC to 13,560'. RU BJ & pumped 150 bbls of 150 SCF N2/bbl mud ahead. Cemented w/1150 sx Super C modified additives; tail w/275 sx CI H + additives. Reciprocated casing during cement job. Bumped plug w/313 bbls fresh water to 2400 psi, floats held. RIG RELEASED 5/25/02. Test wellhead to 5000 psi.

I hereby certify that the foregoing is true and correct

Signed Jeanne McMillan

Title Regulatory Specialist

Date 07/23/02

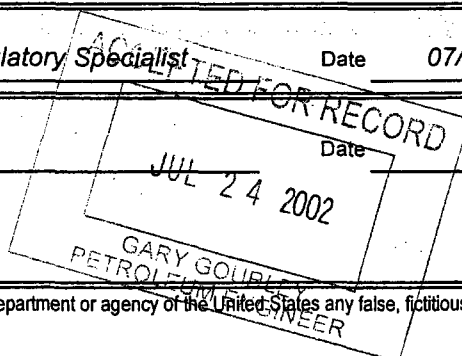
(This space for Federal or State office use)

Approved by \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Conditions of approval, if any: \_\_\_\_\_



Title 18 U.S.C. Section 1001, makes 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 Instructions on Reverse Side

# INCLINATION REPORT

TE: 5/30/02

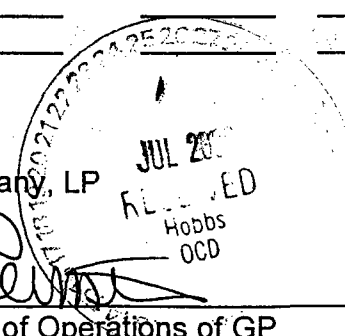
WELL NAME : Kukui 31-1 - <sup>#</sup> B-31-14s-35e 1290/N @ 1980/E  
 LOCATION: Lea County, New Mexico 30-025-35861  
 OPERATOR: OCEAN ENERGY, INC.  
 DRILLING CONTRACTOR: GREY WOLF DRILLING COMPANY, LP  
 Rig #33

I, Mike Reimers, do hereby certify, that the following inclination report was prepared in the office of GREY WOLF DRILLING COMPANY, LP in Alice, Texas, under my supervision, from records of said well, and is true and correct to the best of my knowledge:

| DEGREE | DEPTH | DEGREE  | DEPTH | DEGREE  | DEPTH | DEGREE | DEPTH |
|--------|-------|---------|-------|---------|-------|--------|-------|
| 3/4 @  | 403   | 1/4 @   | 6730  | 3-1/4 @ | 10648 |        |       |
| 1/4 @  | 974   | 1/4 @   | 7217  | 2-1/2   | 10827 |        |       |
| 1/4 @  | 1468  | 3/4 @   | 7712  | 1/2     | 11355 |        |       |
| 1/4 @  | 1965  | 1/4 @   | 8207  | 1-1/2   | 11777 |        |       |
| 1/4 @  | 2453  | 3/4 @   | 8701  | 2       | 12171 |        |       |
| 1/4 @  | 3006  | 1 @     | 8914  | 1-3/4   | 12663 |        |       |
| 3/4 @  | 3189  | 3/4 @   | 9405  | 1-3/4   | 13157 |        |       |
| 3/4 @  | 3685  | 3/4 @   | 9897  |         |       |        |       |
| 3/4 @  | 4172  | 1 @     | 10517 |         |       |        |       |
| 1/2 @  | 4662  | 3/4 @   | 10195 |         |       |        |       |
| 1/2 @  | 5157  | 4-1/4   | 10406 |         |       |        |       |
| 1/4 @  | 5713  | 3-3/4 @ | 10497 |         |       |        |       |

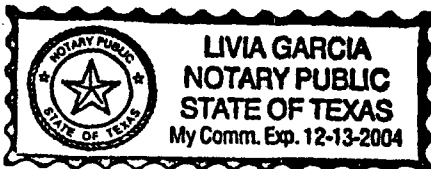
Drilling Contractor:  
 Grey Wolf Drilling Company, LP

By: Mike Reimers  
 Mike Reimers, VP of Operations of GP



Subscribed and sworn to before me on this 11 day of June, 2002.

Commission Expires: 12-13-04



By: Livia Garcia  
 Livia Garcia  
 Notary Public - State of Texas  
 County of Jim Wells

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 & Natural Resources

Form C-104  
Reformatted July 20, 2001

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

Submit to Appropriate District Office  
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

|  |   |   |                                 |
|--|---|---|---------------------------------|
| <sup>1</sup> Operator name and Address<br>OCEAN ENERGY, INC.<br>1001 Fannin, Suite 1600, Houston, TX 77002 |   | <sup>2</sup> OGRID Number<br>169355                               |                                 |
|  |   | <sup>3</sup> Reason for Filing Code/ Effective Date<br>NW 06/2002 |                                 |
| <sup>4</sup> API Number<br>30 025-35861  | <sup>5</sup> Pool Name<br>Morton (Morrow) |   | <sup>6</sup> Pool Code<br>81460 |
| <sup>7</sup> Property Code<br>29596  | <sup>8</sup> Property Name<br>Kukui "31"  |   | <sup>9</sup> Well Number<br>1   |

II. <sup>10</sup> Surface Location

|                    |               |                 |              |         |                       |                           |                       |                        |               |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no.<br>B | Section<br>31 | Township<br>14S | Range<br>35E | Lot.Idn | Feet from the<br>1290 | North/South Line<br>North | Feet from the<br>1980 | East/West line<br>East | County<br>Lea |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

<sup>11</sup> Bottom Hole Location

|                             |                              |                              |                                   |         |                                    |                  |                                     |                |        |
|-----------------------------|------------------------------|------------------------------|-----------------------------------|---------|------------------------------------|------------------|-------------------------------------|----------------|--------|
| UL or lot no.               | Section                      | Township                     | Range                             | Lot Idn | Feet from the                      | North/South line | Feet from the                       | East/West line | County |
|                             |                              |                              |                                   |         |                                    |                  |                                     |                |        |
| <sup>12</sup> Lse Code<br>F | <sup>13</sup> Producing<br>F | <sup>14</sup> Gas<br>6/27/02 | <sup>15</sup> C-129 Permit Number |         | <sup>16</sup> C-129 Effective Date |                  | <sup>17</sup> C-129 Expiration Date |                |        |

III. Oil and Gas Transporters

|  |   |                              |                        |  |
|--|---|------------------------------|------------------------|--|
| <sup>18</sup> Transporter<br>OGRID<br>208400 | <sup>19</sup> Transporter Name<br>and Address<br>BP Amoco<br>200 Loraine, Suite 1222<br>Midland, TX 79701 | <sup>20</sup> POD<br>2832373 | <sup>21</sup> O/G<br>O | <sup>22</sup> POD ULSTR Location<br>and Description<br>B, 31-14S-35E<br>Tank Battery |
| 147831                                       | AGAVE<br>105 S. 4 <sup>th</sup> Street<br>Artesia, NM 88210   | 2832374                      | G                      | B, 31-14S-35E<br>Tank Battery  |
|  |   |                              |                        |  |
|  |   |                              |                        |  |
|  |   |                              |                        |  |

IV. Produced Water

|                              |   |
|------------------------------|---|
| <sup>23</sup> POD<br>2832375 | <sup>24</sup> POD ULSTR Location and Description<br>Tank Battery - B, Sec. 31-14S-35E |
|------------------------------|---|

V. Well Completion Data

|                                   |                                     |                            |                              |   |                       |
|-----------------------------------|-------------------------------------|----------------------------|------------------------------|---|-----------------------|
| <sup>25</sup> Spud Date<br>4/1/02 | <sup>26</sup> Ready Date<br>6/27/02 | <sup>27</sup> TD<br>13650' | <sup>28</sup> PBDT<br>13398' | <sup>29</sup> Perforations<br>13215-13253 | <sup>30</sup> DHC, MC |
| <sup>31</sup> Hole Size           | <sup>32</sup> Casing & Tubing Size  | <sup>33</sup> Depth Set    |                              | <sup>34</sup> Sacks Cement                |                       |
|                                   | 20"                                 | 40'                        |                              |   |                       |
| 17-1/2"                           | 13-3/8"                             | 450'                       |                              | 492 sx Cl C + 2% CaCl2                    |                       |
| 11"                               | 8-5/8"                              | 6248'                      |                              | 2775 sx 35:65 & Class C                   |                       |
| 7-7/8"                            | 5-1/2"                              | 13560'                     |                              | 1150 sx Super C & Class H                 |                       |

VI. Well Test Data

|                                    |  |                                   |                                    |   |                                      |
|------------------------------------|--|-----------------------------------|------------------------------------|---|--------------------------------------|
| <sup>35</sup> Date New Oil         | <sup>36</sup> Gas Delivery Date<br>6/27/02 | <sup>37</sup> Test Date<br>7/1/02 | <sup>38</sup> Test Length<br>24 hr | <sup>39</sup> Tbg. Pressure<br>1700 psi | <sup>40</sup> Csg. Pressure          |
| <sup>41</sup> Choke Size<br>12/64" | <sup>42</sup> Oil<br>81                    | <sup>43</sup> Water<br>0          | <sup>44</sup> Gas<br>1452          | <sup>45</sup> AOF                       | <sup>46</sup> Test Method<br>Flowing |

<sup>47</sup> I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Jeanie McMillan*

Printed name:  
Jeanie McMillan

Title:  
Sr. Regulatory Specialist

Date: 7/2/02  
Phone: (713) 265-6834; fax 713/265-8086

OIL CONSERVATION DIVISION

Approved by:

*Paul E. King*

Title:

PETROLEUM ENGINEER

Approval Date:

AUG 1 2 2002

PROPERTY NO. 29596 1625 N. French Drive  
HOL CODE 81460 Hobbs, NM 88240  
F. DATE 3-12-02 SUBMIT IN TRIPLICATE\*  
PI NO. 30-025-3586 STATES (Other instructions on reverse side)  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Conservation, District, LEASE EXPEDITE DRILLING RIG  
WAITING  
Form approved.  
Budget Bureau No. 1004-0136  
Expires December 31, 1991

5. LEASE DESIGNATION AND SERIAL NO.  
**NM 96249**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐  
1b. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐  
2. NAME OF OPERATOR **OCEAN ENERGY INC.**  
3. ADDRESS OF OPERATOR **1001 Fannin, Suite 1600, Houston, TX 77002 (713) 265-6000 X-6834**  
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
At Surface **1290' FNL & 1980' FEL of Sec. 31**  
At proposed Prod. Zon **Same**  
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
**Approximately 7 miles northwest of Lovington, NM**  
15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)  
**1290'**  
16. NO. OF ACRES IN LEASE  
**321.01**  
17. NO. OF ACRES ASSIGNED TO THIS WELL  
**321.01**  
18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT.  
**N/A**  
19. PROPOSED DEPTH  
**14,000'**  
20. ROTARY OR CABLE TOOLS  
**Rotary**  
21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
**GR 4048'**  
22. APPROX. DATE WORK WILL START\*  
**March 10, 2002**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
**API #30-025-3586**  
7. UNIT AGREEMENT NAME  
**Kukui "31"**  
8. FARM OR LEASE NAME  
**North Morton (Brunson Mesa)**  
10. FIELD AND POOL OR WILDCAT  
**North Morton (Brunson Mesa)**  
11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA  
**B, Sec. 31, T14S, R35E**  
12. COUNTY OR PARISH  
**Lea County**  
13. STATE  
**NM**

| 23. PROPOSED CASING AND CEMENTING PROGRAM |                |             |               |                             |
|---|----------------|-------------|---------------|-----------------------------|
| SIZE OF HOLE                              | SIZE OF CASING | WEIGHT/FOOT | SETTING DEPTH | QUANTITY OF CEMENT          |
| 36"                                       | 20"            | 60#         | 50'           | ready-mix to surface        |
| 17-1/2"                                   | 13-3/8"        | 48#         | 450'          | 400 sx Class C + 2% Cacl2   |
| 11"                                       | 8-5/8"         | 32#         | 6200'         | 1100 sx POZ Cl C+ additives |
| 7-7/8"                                    | 5-1/2"         | 17#         | 14000'        | 875 sx Cl C POZ + additives |

1. Drill 36" hole to 50'. Set 50' of 20" conductor & cement to surface with ready-mix  
2. Drill 17-1/2" hole to 450'. Run & set 450' of 13-3/8" H-40, 48# ST&C csg, cmt w/400 sx o Class "C" cement + 2% circulate to surface.  
3. Drill 11" hole to 6200'. Run & set 6200' of 8-5/8" HCK55, 32# LT&C csg. Cmt w/900 sx 35/65 POZ Class C + 6% 5% salt + 0.25#/sd Cello 1 and tail in with 200 sx of Class C cmt, circ cmt to surface.  
4. Drill 7-7/8" hole to 14000'. If logs indicate commercial production, run & set 14000' of 5-1/2" 17# LT&C csg. Cement w/875 sx Class C 15/61/11 POZ w/additives.  
Estimated top of cement 500' above uppermost productive interval. Cement volumes will be adjusted based on open hole caliper log.

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone.  
If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Jeannie McMillon TITLE Sr. Regulatory Specialist DATE 2/7/2002  
(This space for Federal or State office use)  
PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
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:  
APPROVED BY /S/ JOE G. LARA FIELD MANAGER DATE MAR 07 2002

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

**APPROVAL FOR 1 YEAR**

STRICT I  
5 N. French Dr., Hobbs, NM 88240  
STRICT II  
1 South First, Artesia, NM 88210  
STRICT III  
10 Rio Brazos Rd., Aztec, NM 87410  
STRICT IV  
0 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |               |                                     |               |   |                       |                           |                       |                        |               |
|----------------------------|---------------|-------------------------------------|---------------|---|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| API Number<br>30-025-35861 |               | Pool Code<br>81H60                  |               | Pool Name<br>NORTH MORTON, BRUNSON MESA |                       |                           |                       |                        |               |
| Property Code<br>29596     |               | Property Name<br>KUKUI "31"         |               | Well Number<br>1                        |                       |                           |                       |                        |               |
| OGRID No.<br>169355        |               | Operator Name<br>OCEAN ENERGY, Inc. |               | Elevation<br>4048'                      |                       |                           |                       |                        |               |
| Surface Location           |               |                                     |               |   |                       |                           |                       |                        |               |
| 1/4 or lot No.<br>B        | Section<br>31 | Township<br>14 S                    | Range<br>35 E | Lot 1dn                                 | Feet from the<br>1290 | North/South line<br>NORTH | Feet from the<br>1980 | East/West line<br>EAST | County<br>LEA |

Bottom Hole Location If Different From Surface

|                           |         |                 |       |                    |               |                  |               |                |        |
|---------------------------|---------|-----------------|-------|--------------------|---------------|------------------|---------------|----------------|--------|
| 1/4 or lot No.            | Section | Township        | Range | Lot 1dn            | Feet from the | North/South line | Feet from the | East/West line | County |
|                           |         |                 |       |                    |               |                  |               |                |        |
| Dedicated Acres<br>321.01 |         | 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

|  |  |  |
|--|--|--|
|  | <b>OPERATOR CERTIFICATION</b><br><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br>Signature<br>JEANIE McMILLAN<br>Printed Name<br>SR. Regulatory Specialist<br>Title<br>2/3/02<br>Date                        |  |
|  | <b>SURVEYOR CERTIFICATION</b><br><br>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.<br><br>January 30, 2002<br>Date Surveyed |  |
|  | Signature & Seal of Professional Surveyor<br>NEW MEXICO<br>7977<br>W.O. No. 22<br>Certificate No. Gary L. Jones 7977   |  |
|  | BASIN SURVEYS  |  |

# APPLICATION TO DRILL

## OCEAN ENERGY, INC.

Kukui 31 #1  
Sec. 31, T14S, R35E

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

1. Location: 1290' FNL & 1980' FEL, Section 31, T14S-R35E Lea Co. NM

2. Elevation above Sea Level: 4048' GR

3. Geologic name of surface formation:

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: 14,000'

6. Estimated tops of geological markers:

|            |        |                 |        |
|------------|--------|-----------------|--------|
| Rustler    | 1907'  | Strawn          | 11994' |
| Yates      | 3085'  | Strawn Clastics | 12130' |
| San Andres | 4445'  | Atoka Shale     | 12430' |
| Glorieta   | 5950'  | Atoka Lime      | 12490' |
| Tubb       | 7442'  | Brunson Sd      | 12950' |
| Abo        | 8233'  | Mesa Sd         | 13280' |
| Wolfcamp   | 9700'  | Austin          | 13500' |
| Penn Shale | 11518' | TD              | 14000' |

7. Possible mineral bearing formation:

|          |                  |
|----------|------------------|
| Wolfcamp | 9700' Oil        |
| Strawn   | 11994' Oil & Gas |
| Brunson  | 12950' Gas       |
| Mesa     | 13280' Gas       |
| Austin   | 13500' Gas       |

8. Casing program:

| Hole size | Interval | OD of casing | Weight | Thread | Collar | Grade        |
|-----------|----------|--------------|--------|--------|--------|--------------|
| 20"       | 0-50'    | 20"          | 60     | NA     | NA     | Conductor    |
| 17-1/2"   | 0-450'   | 13-3/8"      | 40     | 8-R    | ST&C   | H-40         |
| 11"       | 0-6200'  | 8-5/8"       | 32     | 8-R    | LT&C   | HCK-55       |
| 7-7/8"    | 0-14000' | 5-1/2"       | 17     | 8-R    | LT&C   | L-80 & P-110 |

9. Cementing and setting depth:

|         |              |  |
|---------|--------------|--|
| 20"     | Conductor    | Set 50' of 20" conductor pipe and cement to surface with Redi-mix.   |
| 13-3/8" | Surface      | Set 450' of 13-3/8" H-40, 40# ST&C csg. Cement with 400 sx of Class "C" cement + 2% CaCl <sub>2</sub> , circ to surface.   |
| 8-5/8"  | Intermediate | Set 6200' of 8-5/8" HCK55 32# LT&C csg. Cement with 900 sx of 35/65 POZ Class "C" + 6% Gel + 5% salt + 0.25 #/sx Cello Flake and tail in with 200 sx of Class "C" cement, circulate cement to surface.                         |
| 5-1/2"  | Production   | Set 14,000' of 5-1/2" 17# LT&C csg. Cement with 875 sx of Class "C" 15/61/11 POZ + additives. Estimate top of cement 500' above uppermost productive interval. Cement volumes will be adjusted based on open-hole caliper log. |

## APPLICATION TO DRILL

### OCEAN ENERGY, INC.

Kukui 31 #1  
Sec. 31, T14S, R35E

10. Pressure control equipment: Exhibit "E". A 10000-PSI working pressure B.O.P. consisting of a double ram type preventor with a 5000-PSI bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1". Choke manifold and closing unit. BOP will be nipped up on 13-3/8" casing and will be operated at least once each 24 hr. period while drilling and blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized from 6200' to TD. No abnormal pressure or temperature is expected while drilling.

11. Proposed mud circulating system:

|               |            |         |                           |  |
|---------------|------------|---------|---------------------------|--|
| 50 - 450'     | 8.4 - 9.0  | 32-36   | NC                        | Fresh water mud use paper to control seepage add Bentunite/ Soda Ash for Viscosity.                              |
| 500 - 6200'   | 9.0 - 10.1 | 32-34   | NC                        | Brine water Salt-Gel add paper to control seepage, high viscosity sweeps to clean hole.                          |
| 6200 - 9900'  | 8.4 - 9.0  | 32-38   | NC                        | Fresh water / cut brine, use caustic soda to maintain pH @ 9.5-10.5 high viscosity sweeps to clean if necessary. |
| 8000 - 14000' | 9.0 - 10.0 | 32 - 50 | 15 - <8cc<br>6-10 for DST | Cut brine and Polymer, maintain pH with Caustic Soda @ 9.0-10.0 high viscosity sweeps to clean if necessary.     |

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

12. Testing, logging and casing program:

- A. Open hole logs: Fluid caliper from 500-6200'.
  - B. CNL/Gamma Ray with caliper from TD to surface.
  - C. Dual Induction, Dual Induction, Compensated Sonic, Gamma Ray from TD to 6200'.
  - D. Cement Bond Log Gamma Ray and CCL TD to top of cement.
  - E. Mud logger on at 6200' to TD.
- DST's as warranted in Wolfcamp and Strawn formations.

13. Potential hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered; H<sub>2</sub>S detectors will be in place to detect any presence after setting the surface casing. There is the potential for lost circulation in the Wolfcamp, Cisco, Canyon formations. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 6500 PSI, estimated BHT 185°.

14. Anticipated starting date and duration of operation:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 50 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. Other facets of operations:

After running casing, cased hole gamma ray cement bond and collar logs will be run from total depth over possible pay intervals. The Brunson/Mesa pay will be perforated and stimulated. The well will be swab tested and potentialized as a gas well.