Form 3160-3
(August 1999)

OCD-ARTESIA

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

EC

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM025604

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

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

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

8. Lease Name and Well No.
HORSETAIL GAS COM FEDERAL 2

2. Name of Operator
BP AMERICA PRODUCTION COMPANY
Contact: CHERRY HLAVA
E-Mail: hlavacl@bp.com

9. API Well No.
30-015-33528

3a. Address
HOUSTON, TX 77253

3b. Phone No. (include area code)
Ph: 281.366.4081
Fx: 281.366.0700

10. Field and Pool, or Exploratory
EMPIRE MORROW SOUTH

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface NWSW 1850FSL 900FWL 32.45361 N Lat, 104.16174 W Lon
1980 FSL 760 FWL SW (UL K)
At proposed prod. zone

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 10 T18S R27E Mer NMP

14. Distance in miles and direction from nearest town or post office*
5 MILES EAST OF ARTESIA, NM

12. County or Parish
EDDY

13. State
NM

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
900

16. No. of Acres in Lease
640.00

17. Spacing Unit dedicated to this well
320.00

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

19. Proposed Depth
10000 MD

20. BLM/BIA Bond No. on file

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OCD-ARTESIA

21. Elevations (Show whether DF, KB, RT, GL, etc.
3461 GL

22. Approximate date work will start
07/15/2004

23. Estimated duration
15 DAYS

24. Attachments

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

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
(Electronic Submission)

Name (Printed/Typed)
CHERRY HLAVA

Date
06/14/2004

Title
REGULATORY ANALYST

Approved by (Signature)
/s/ Joe G. Lara

Name (Printed/Typed)
/s/ Joe G. Lara

Date
JUL 21 2004

Title
FIELD MANAGER

Office
CARLSBAD FIELD OFFICE

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Pecos River Controlled Water Basin

Electronic Submission #31759 verified by the BLM Well Information System
For BP AMERICA PRODUCTION COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by ARMANDO LOPEZ on 06/15/2004 (04AL0211AE)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Witness Surface Casing

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional Operator Remarks:

Notice of Staking Submitted 05/04/2003.

BP America Production Company respectfully requests permission to drill the subject well to a total depth of approximately 10,000' and complete into the Empire; Morrow, South (Gas) formation.

Communitized acreage is same as Horsetail Gas Com Federal #1 (API 30-015-32556)

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: **OXY USA WTP Limited Partnership** Telephone: **432.685.5719** e-mail address: **don_thompson2@oxy.com**
Address: **P.O. Box 50250 Midland, TX 79710**
Facility or well name: **Horsetail Gas Com Federal No. 2** API #: _____ U/L or Qtr/Qtr **NW-SW** Sec **10** T **18-S** R **27-E**
County: **Eddy** Latitude **32°45'37.14"N** Longitude **104°16'19.14"W** NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit
Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined ☐ Unlined ☐
Liner type: Synthetic ☐ Thickness _____mil Clay ☐ Volume _____bbl See Note Below

Below-grade tank
Volume: _____bbl Type of fluid: _____
Construction material: _____
Double-walled, with leak detection? Yes ☐ If not, explain why not.
_____

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Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) **20** (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) **20** (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) **10** (0 points)
	Ranking Score (Total Points)	**50**

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: **July 14, 2004**
Printed Name/Title **Don Thompson/HES Specialist** Signature D Thompson

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

NOTE: Because of the shallow water table and the surface water location, less than 1000', and a wellhead at 960', we will be using a closed loop system on this well therefore there will be no drilling reserve pit.

Approval
Date: JUL 19 2004
Printed Name/Title Field Rep II Signature

Form 3160-5
(August 1999)

EC

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMNM025604

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
HORSETAIL GAS COM FEDERAL 2

2. Name of Operator
BP AMERICA PRODUCTION COMPANY
Contact: CHERRY HLAVA
E-Mail: hlavacl@bp.com

9. API Well No.

3a. Address
HOUSTON, TX 77253

3b. Phone No. (include area code)
Ph: 281.366.4081
Fx: 281.366.0700

10. Field and Pool, or Exploratory
EMPIRE MORROW SOUTH

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 10 T18S R27E NWSW 1850FSL 900FWL
32.45361 N Lat, 104.16174 W Lon

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Original APD was submitted 6/14/04 EC# 31759

Please note: The surface use plan listed Louis Derrick, Bogel Farms as surface owner. This is not correct. The surface owner is the State of New Mexico and they have been notified and approval given.

Minerals only are Bureau of Land Management.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #31907 verified by the BLM Well Information System
For BP AMERICA PRODUCTION COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by ARMANDO LOPEZ on 06/15/2004 (04AL0212SE)

Name *(Printed/Typed)* CHERRY HLAVA — Title REGULATORY ANALYST

Signature (Electronic Submission) — Date 06/14/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /s/ Joe G. Lara — Title ACTING FIELD MANAGER — Date JUL 2 1 2004

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CARLSBAD FIELD OFFICE

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM29271

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or N

1. Type of Well
[ ] Oil Well [X] Gas Well [ ] Other

8. Well Name and No.
Horsetail Gas Com Federal #2

2. Name of Operator
BP America Production Company (OXY USA WTP Limited Partnership)

9. API Well No.
30-015-

3a. Address
P.O. Box 50250, Midland, TX 79710-0250

3b. Phone No. (*include area code*)
432-685-5717

10. Field and Pool, or Exploratory Area
Empire Morrow, South

4. Location of Well (*Footage, Sec., T., R., M., or Survey Description*)
1950 FSL 750 FWL NWSW(L) Sec 10 T18S R27E

11. County or Parish, State
Eddy NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[ ] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other Move Surface Location
	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] Convert to Injection	[ ] Plug Back	[ ] Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Please see attached for an amended C-102 plat and Exhibit's B.

New Location: 1950 FSL 750 FWL NWSW(L) Sec 10 T18S R27E

Old Location: 1850 FSL 900 FWL NWSW(L) Sec 10 T18S R27E

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2004 JUL 15 PM 1 13
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct
Name (*Printed/Typed*)
David Stewart

Title
Sr. Regulatory Analyst

Date
7/14/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
/s/ Joe G. Lara

Title
FIELD MANAGER

Date
JUL 21 2004

Conditions of approval, if any, are attached. Approval of this notice 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.

Office
CARLSBAD FIELD OFFICE

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	76400	EMPIRE; MORROW SOUTH (GAS)

Property Code	Property Name	Well Number
NM 29271	HORSETAIL GAS COM FEDERAL	2

OGRID No.	Operator Name	Elevation
000778	BP America Production Co. / OXY U.S.A. W.T.P., L.P.	3464'

Surface Location

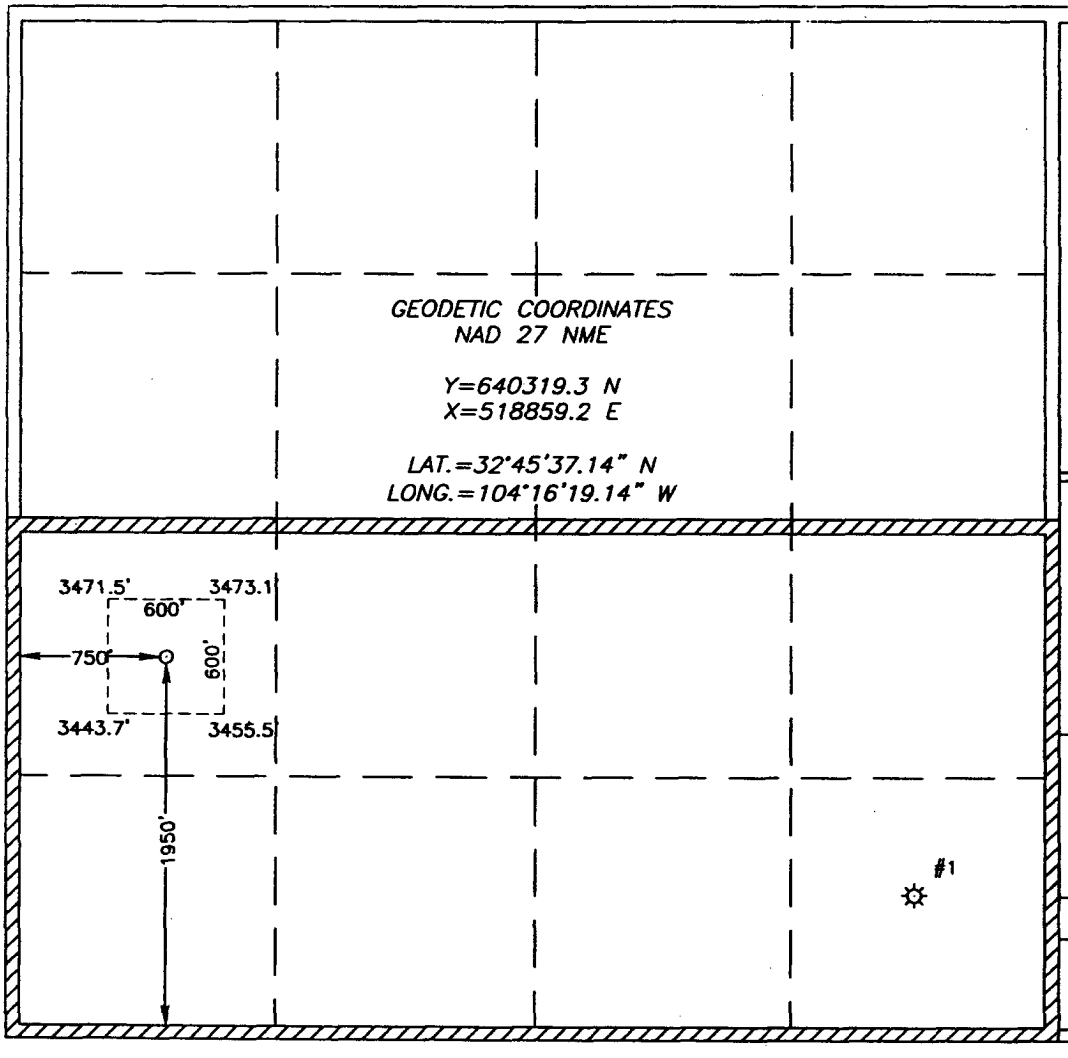
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	10	18-S	27-E		1950'	SOUTH	750'	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
320	Y		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

David Stewart
Printed Name

Sr. Regulatory Analyst
Title

7/14/04
Date

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 supervison, and that the same is true and correct to the best of my belief.

JULY 8, 2004
Date Surveyed JR

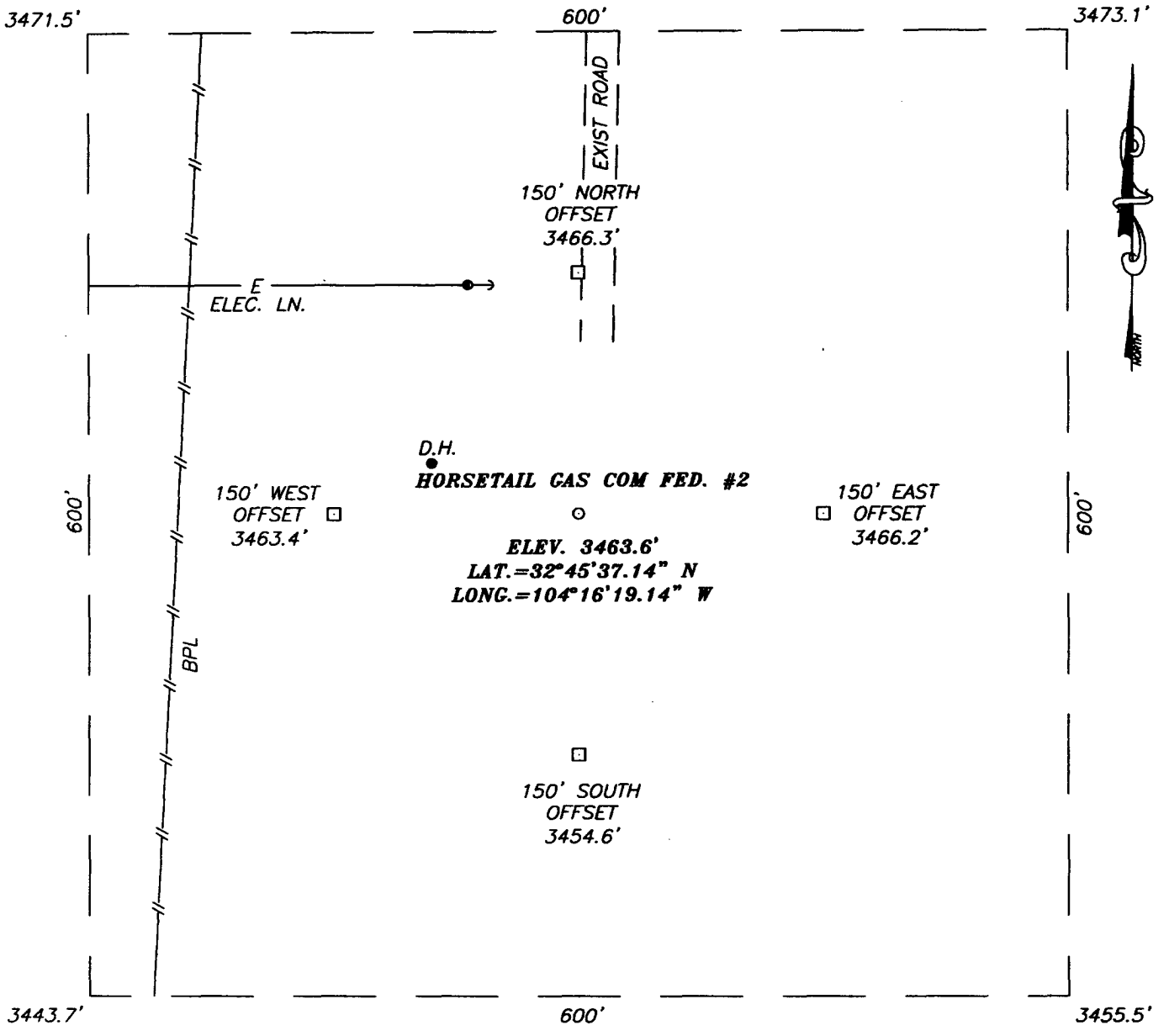
Signature & Seal of Professional Surveyor

Gary B Edson 7/12/04
04.11.0844

Certificate No. GARY EDSON 12641

SECTION 10, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #225 (EMPIRE RD.) AND CO. RD. #227 (LITTLE DIAMOND RD.) GO SW ALONG CO. RD. #227 APPROX. 1.1 MILES TO LEASE ROAD ON THE LEFT. TURN LEFT (SOUTH) ON LEASE ROAD AND GO 1.2 MILES TO PROPOSED LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

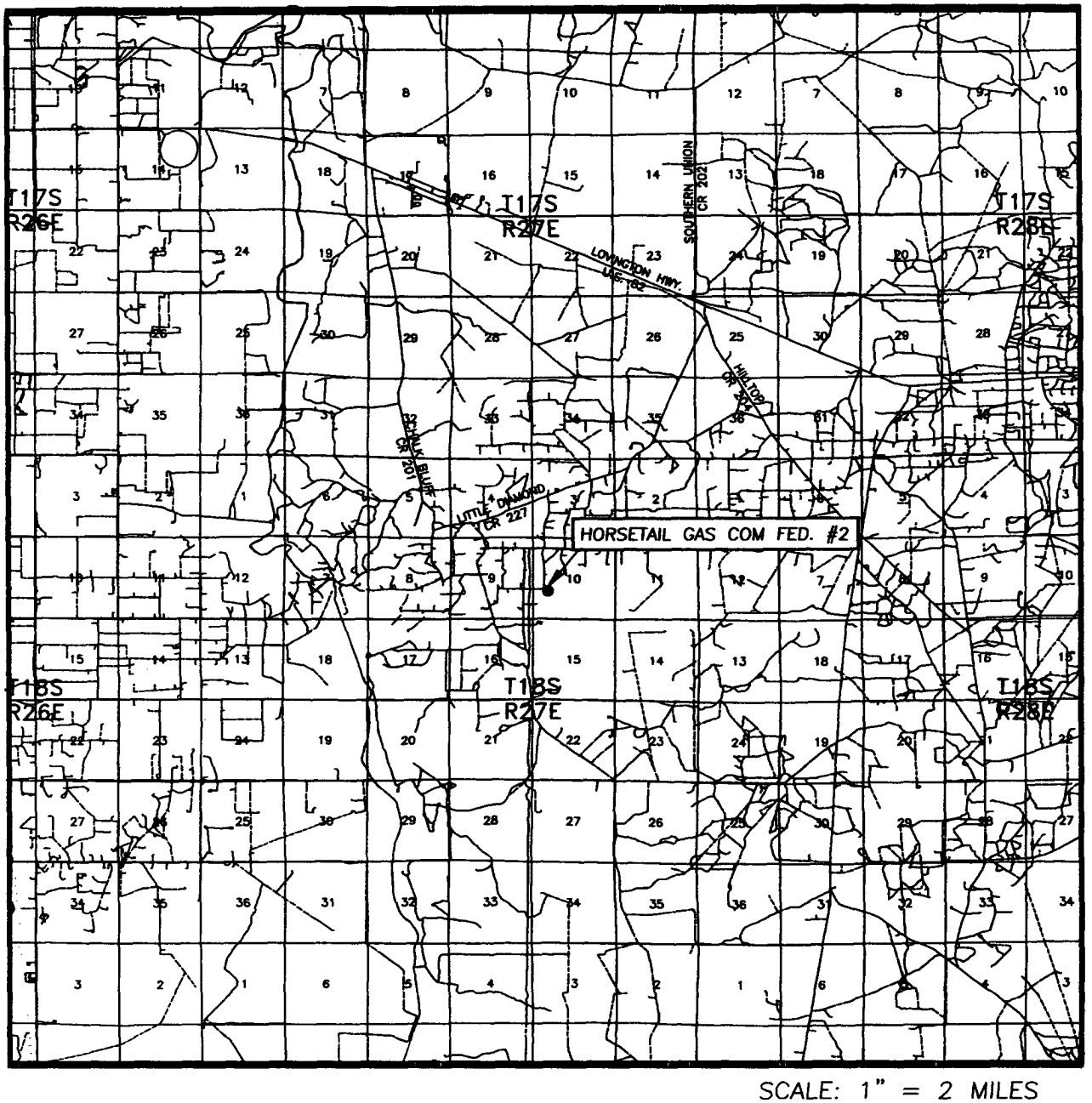
(505) 393-3117

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

HORSETAIL GAS COM FED. #2 WELL
LOCATED 1950 FEET FROM THE SOUTH LINE
AND 750 FEET FROM THE WEST LINE OF SECTION 10,
TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 07/08/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.0844	Dr By: J. RIVERO	Rev 1:N/A	
Date: 07/09/04	Disk: CD#10	04110844	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 18-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1950' FSL & 750' FWL

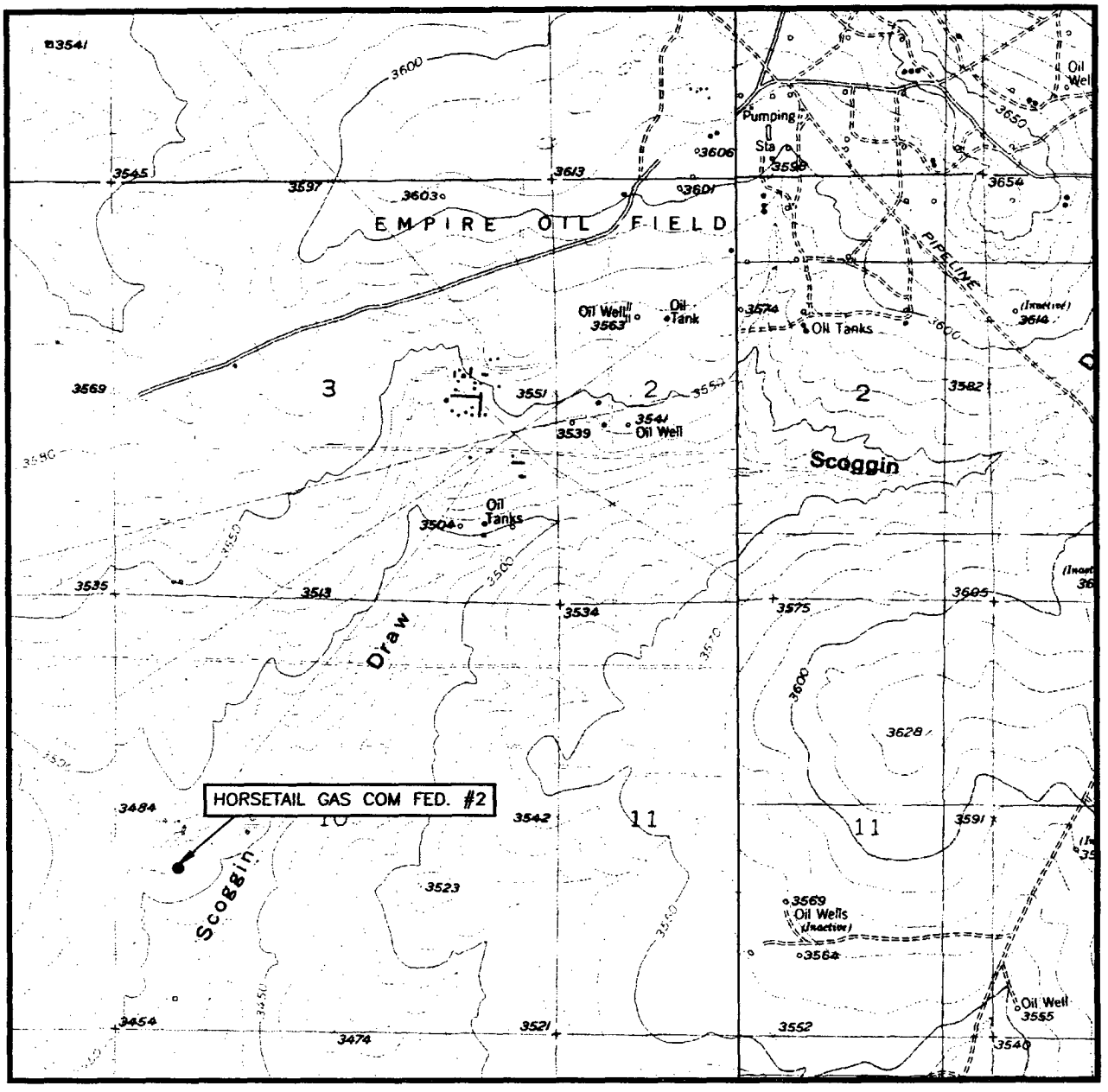
ELEVATION 3464'

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

LEASE HORSETAIL GAS COM FED.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SPRING LAKE, N.M. – 10'

SEC. 10 TWP. 18-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1950' FSL & 750' FWL

ELEVATION 3464'

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

LEASE HORSETAIL GAS COM FED.

U.S.G.S. TOPOGRAPHIC MAP
SPRING LAKE, N.M.

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

Attachment to BLM Form 3160-1:
Proposed Surface Use Plan

Well Name:	Horsetail Gas Com Federal #2
Surface / Bottom Hole Location	Section: 10, Township: 18S, Range: 27E 1850' FSL and 900 FWL
County, State	Eddy County, New Mexico
NM State Plane East Coordinates	X: 519,008.5 Y: 640,217.8
Ground Elevation	3460.8'
Latitude / Longitude (NAD 27)	Lat.: 32° 45' 36.13" N Long.: 104° 16' 17.40" W
Proposed Depth:	10,000' MD / TVD (Vertical Well)

1. Directions to locations from Existing Roads:

From the intersection of US HWY 82 and CR 201 about 5 miles east of Artesia, NM: Go South on CR 201 4.5 miles to CR 227, then go east on CR 227 1.4 miles to a 15' wide Caliche road running south, go south on the Caliche road 1.1 mile to point where road turns to the road turns to the west, said point being approximately 170 feet Northwest of proposed location.

2. Planned Access Roads:

None are required.

3. Location of Existing Wells:

The existing wells within a one-mile radius of this location are shown on the attached Survey Plat. One well is shown: EAU "O" #9 (BP America).

4. Location of Existing or Proposed Facilities:

- Existing Facilities: No facilities currently exist for this well.
- New Facilities Proposed: If a successful Morrow producer is completed, surface facilities will consist of a Stack Pack, collection tanks for oil and water and possible wellhead compression. The location site for the proposed surface facilities will be on the existing well location.

5. Location and Type of Water Supply:

Fresh and brine water used in drilling and completion operations will be purchased from independent trucking companies located in Loving or Carlsbad, New Mexico. The water will be hauled over existing roads to the location.

6. Source of Construction Materials:

Caliche for the well pad construction will be from the designated Caliche pit.

7. Methods of Handling Waste Disposal:

- Drill cuttings will be hauled off location for disposal to a permitted SWD.
- Trash, waste paper, garbage and junk will be contained in a fenced trash trailer to prevent scattering by the wind and hauled to a municipal sanitary landfill. The supplier will pick up all sacked drilling mud. The drilling contractor will haul away any chemicals that they use while drilling.
- Toilet facilities will be provided for human waste. Sewage disposal facilities will be in accordance with State and Local Regulations.
- Drilling fluids will be handled as follows: The free water will be either hauled to the reserve pit of the next drilling well for re-use or hauled to a permitted SWD. Any liquid mud that is hauled away it will be disposed of at an approved mud disposal site.
- Any fluids produced during swab testing the well while the pulling unit is on location will be collected in a test tank. Produced water will be hauled to a permitted SWD. Oil produced will remain in the test tank until sold and hauled from the site.

8. Auxiliary Facilities:

No new facilities will be built during the drilling of this well. A trailer will be used as an office and temporary living quarters for well site supervision.

9. Well site Layout:

- The attached survey plat shows the proposed well site layout and dimensions. Major rig components and reserve pits are shown.
- No significant cuts or fills will be required.
- No pits to be dug, will use steel surface flow back tanks.

10. Plans for Reclamation of the Surface:

- In a timely manner, after finishing the drilling and / or completion operations all equipment and other material not needed for production operations will be removed. The location will be cleared of all trash and debris. The cellar will be filled around the wellhead.
- Upon abandonment of the well, surface restoration will be in accordance with the surface owner requirements and will be accomplished as expediently as possible.

11. Surface Ownership:

The surface owner for the well site locations is Louis Derrick, Bogel Farms, P.O.Box 441, Artesia, NM 88210. Surface owner approval has been obtained. The minerals are administered by the BLM.

12. Additional Information:

- Topography: Gently rolling grassland with cap rock mesa formations.
- Vegetation includes Honey mesquite, creosote, broom snakeweed, various cacti, sand sage, various yucca and mixed grasses.
- Soils are of the Reeves-Gypsum land-Cottonwood association as defined by the Soil Conservation Service of the U.S. Department of Agriculture.
- Primary use of the land is livestock grazing and accessing producing wells.
- There are no dwellings in the vicinity.
- A BLM inspector accompanied a BP company representative to stake the location.
- The selected dirt contractor will be furnished with an approved copy of the Surface Use Plan and any additional stipulations prior to beginning any work.
- An archaeological survey will be conducted prior to beginning any work.

13. Operator's Representatives:

Joey Roth

BP America Production Company

Work	281 – 366 - 1202
Cell	713 – 203 - 4083
Pager	888 – 903 - 7347

Senior Drilling Engineer
Permian / Onshore U.S. Business Unit
501 Westlake Park Blvd
P.O.Box 3092 Houston, Texas 777253-3092

Attachment to BLM Form 3160-1:
Proposed Drilling Plan

Well Name:	Horsetail Gas Com Federal #2
Surface / Bottom Hole Location	Section: 10, Township: 18S, Range: 27E 1850' FSL and 900 FWL
County, State	Eddy County, New Mexico
NM State Plane East Coordinates	X: 519,008.5 Y: 640,217.8
Ground Elevation	3460.8'
Latitude / Longitude (NAD 27)	Lat.: 32° 45' 36.13" N Long.: 104° 16' 17.40" W
Proposed Depth:	10,000' MD / TVD (Vertical Well)

1. Surface Geological Formation:

Yates Formation (Sand and Anhydrite)

2. Estimated Tops of Geological Markers:

Formation	Estimated Top (MD/ TVD)
Salt	500' – 600'
San Andres	1,630'
Glorietta	3,200'
Abo	4,900'
Wolfcamp	6,450'
Strawn	8,780
Atoka	9,255
Morrow	9,560
Lower Morrow	9,680'
Mississippian Lime, TD	9,900

3. Estimated Tops of Possible Water, Oil, Gas or Mineral:

Formation	Estimated Top (MD/ TVD)	Hydrocarbon
Abo	4,900'	Oil
Wolfcamp	6,450'	Oil
Atoka	9,255	GAS
Morrow	9,560	GAS
Lower Morrow	9,680'	GAS
Mississippian Lime, TD	9,900	

4. Pressure Control Equipment:

Interval, (MD/TVD)	Pressure Control Equipment
0' – 400'	No Pressure Control Required
400' – TD (10,000' MD/TVD)	5M psi double ram preventer and 5M psi annular preventer

5. Proposed Casing and Cementing Program:

Casing	Hole Size	Interval MD	Casing Size	Weight / Grade	Cement Sx / type
Surface	17 ½"	0 – 400'	13 3/8"	48 # / J-55	500 sx – class "C"
Intermediate	12 ¼"	400' – 3,000'	8 5/8"	32# / J-55	700 sx (lead 11.9 ppg) / 300 sx (tail 14.8 ppg)
Production	7 7/8"	3,000' – 10,000'	5 ½"	17# / L-80	900 sx : class H – Poz mix

Note: All casing will be run back to surface. Actual volume of cement for the Production Interval will be based on the caliper log.

6. Mud Program:

Depth	Mud Type	Weight	Funnel Vis.	Water Loss
0' – 400'	Spud Mud	8.4 – 8.9	29 - 34	NC
400' – 3000'	Brine	10.0	28 - 30	NC
3000'- 9600'	Fresh Water	8.3 – 8.4	28 - 29	NC
9600' – 10000'	Cut Brine	10.0	34 - 44	8 – 10 cc

7. Auxiliary Equipment:

Upper Kelly Cock, Lower Kelly Cock, and Full Opening Stabbing Valve

8. Evaluation: Testing, Coring and Logging Program:

Evaluation Program		Interval
Open Hole Logs	GR, Density Neutron, Laterolog	3000' to TD (10,000')
Mud Log	10' dry samples	4000' to TD (10,000')
Samples	Possible Sidewall Samples	Morrow Formation (9,500')
Cased Hole Logs	Possible Temperature log and or CBL	As needed at casing points.
DST	None Planned	
Conventional Cores	None Planned	

9. Anticipated Abnormal Temperature, Pressure, or Hazards:

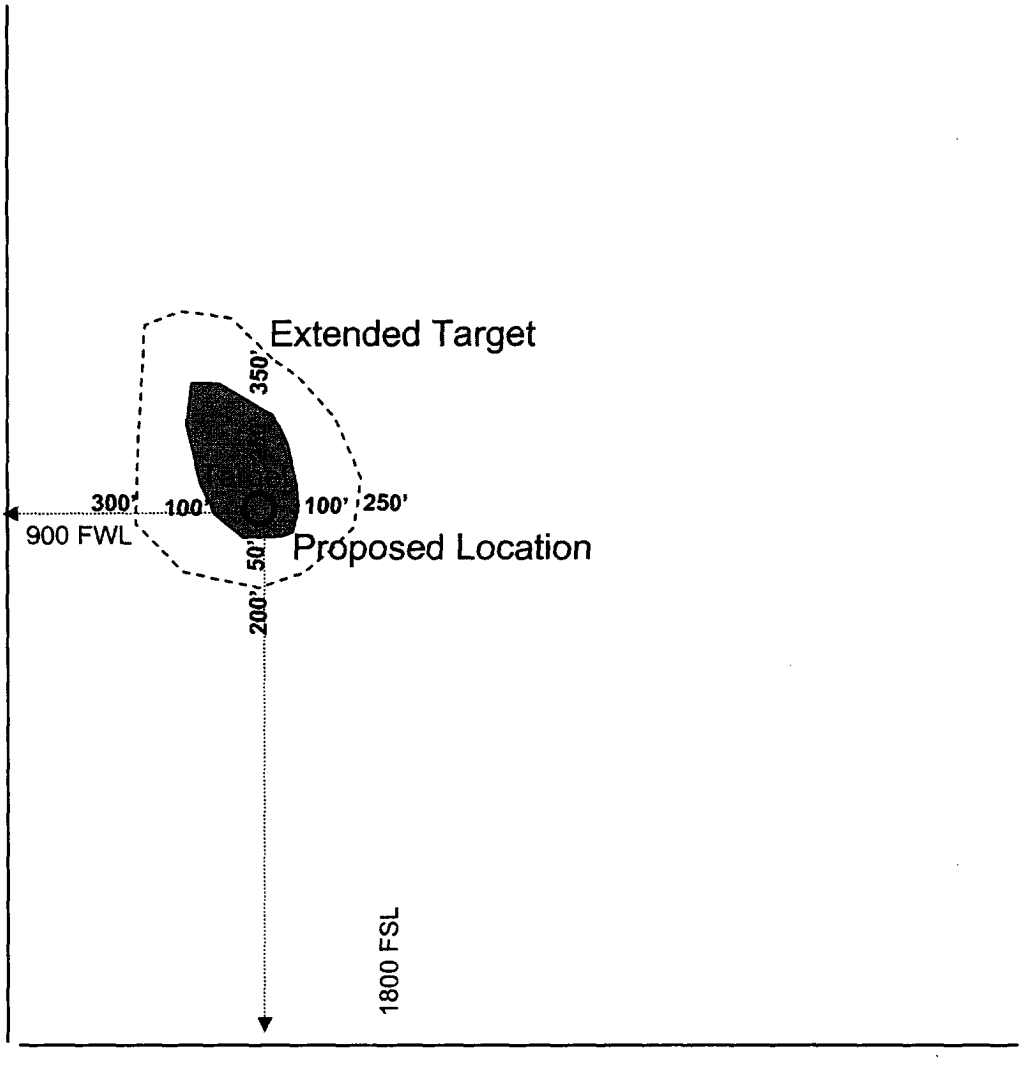
All zones are expected to be normal pressured. Offset data shows 4500 psi @ 170 °F in the Morrow (8.94 ppg EMWT) No anticipated abnormal hazards were found when reviewing the offset well records.

10. Anticipated Starting Date and Duration of Operations:

The Notice to Stake was filed for the surface location and surveyed on 5/6/04. Pending permit approval, construction work on this location would begin in late June of 2004. With a planned spud date in early July 2004.

Horsetail #2 Drilling Target

1800 FSL 900 FWL (nw sw) Sec 10 T18S R27E

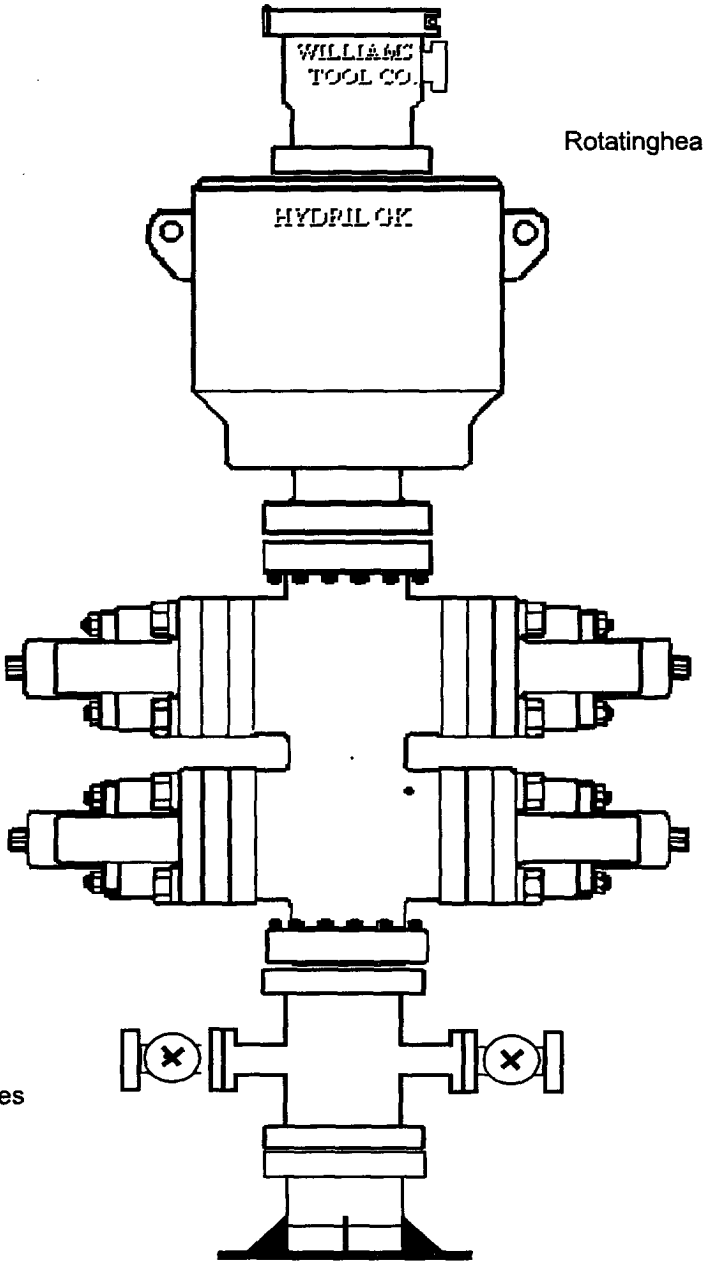


Proposed Location = Best Spot

Target = Penetrates Two Anomalies

Extended Target = Only Primary Target has seismic anomaly

Exhibit 1
5M BOP



Rotatinghead is optional

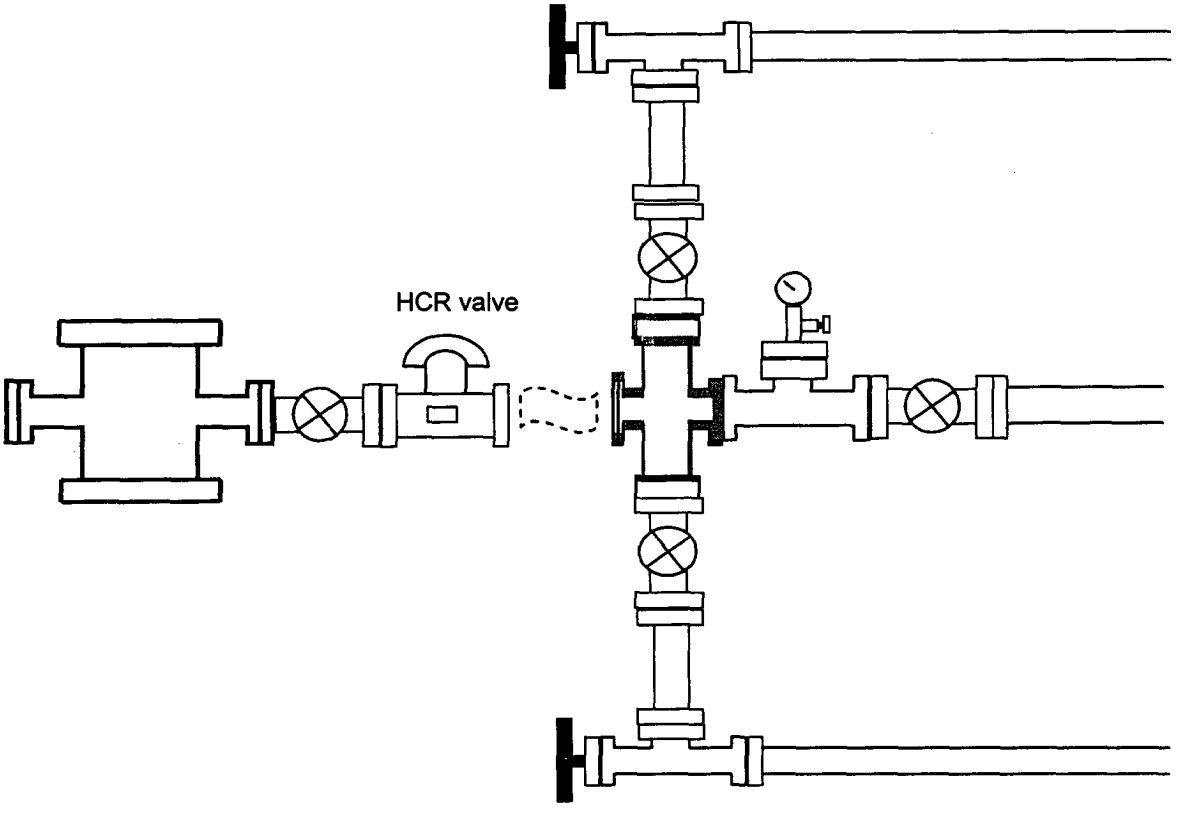
PIPE RAM

BLIND RAM

KILL LINE
With 2 manual valves
and 1 check valve

CHOKE LINE

Exhibit 2
5M Choke



bp

BP America, Inc.
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-4081

June 24, 2004

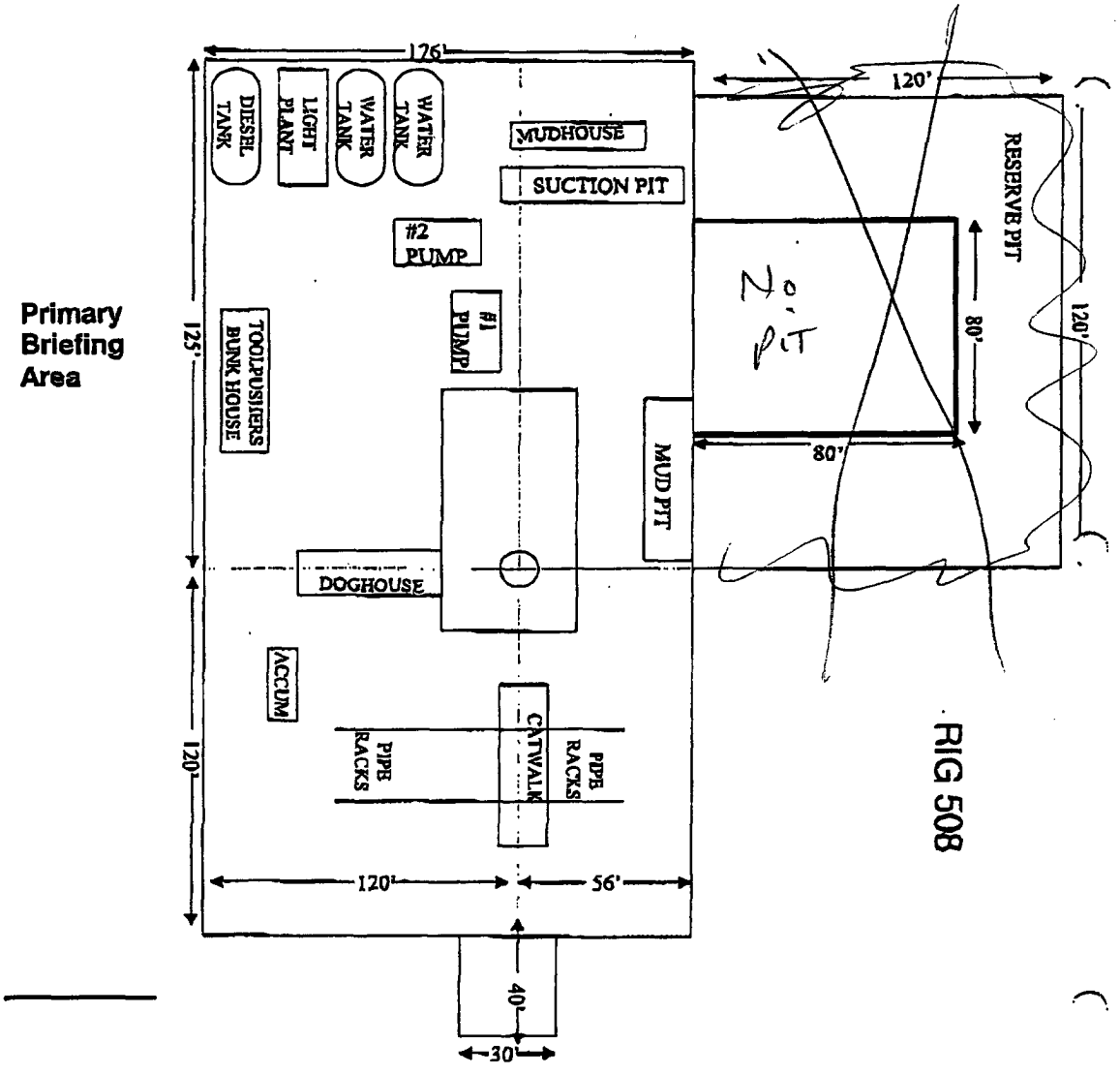
Horsetail Gas Com Federal #2 NM 025604

Please see below certification statement that should have been attached to the Surface Use plan on the Application for permit to drill submitted on 6/14/04. This statement was inadvertently left off.

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 that currently exist; that the statements made in the surface use plan are, to the best of my knowledge, true and correct. BP America Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved will perform the work associated with the operations proposed herein. This statement is subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

David Sims
David Sims/CLH
Wells Superintendent

Pad size is correct
No reserve pit or
cuttings pit



Primary Briefing Area

OXY USA WTP
Limited Partnership
PO Box 50250
Midland, TX 79710

Hydrogen Sulfide (H_2S) Contingency Plan

For

Horsetail Gas Com Federal No. 2
1950 FSL 750 ft FWL
Sec 10, T18S, R27E
Eddy County, NM

And

Patterson/UTI Drilling Co., Rig No. 508

TABLE OF CONTENTS

PREFACE

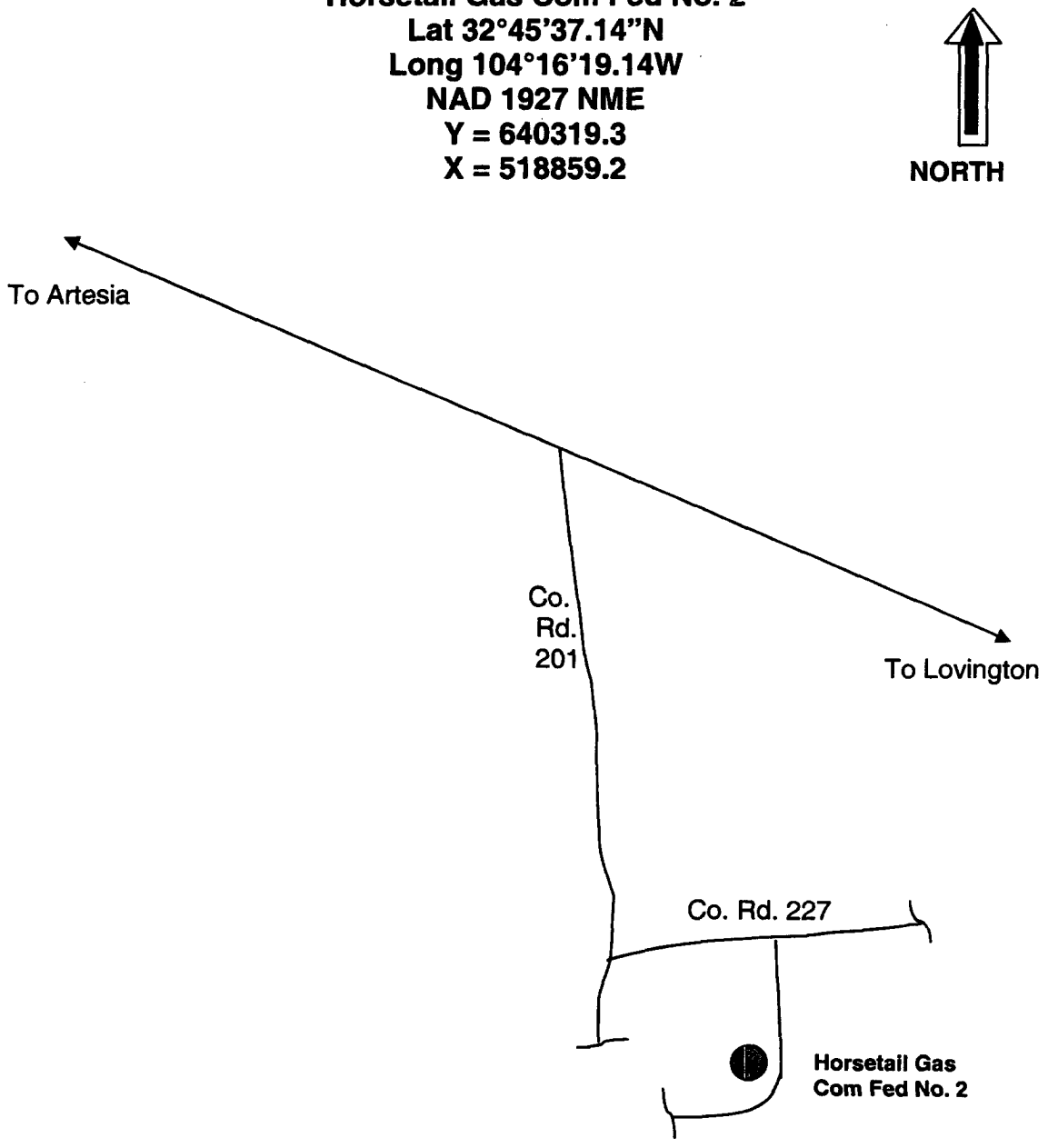
An effective and viable Contingency Plan is intended to provide prior planning and guidance in responding to emergency incidents. The primary considerations in its development are protection of personnel, the public, company and public property, and the environment.

Although the plan addresses varied emergency situations which may occur, it recognizes that flexibility and the use of the organization's knowledge and experience is critical to safe resolution of emergency incidents. Response actions outlined in the plan provide a framework, which may be placed into operation without confusion. These actions should promote quick and decisive actions during the critical initial period and immediately following an emergency. As the response progresses, additional guidelines and procedures may need to be implemented as the situation dictates. In addition, all emergency incidents must be properly reported per the Oxy Incident Reporting and Notification Policy, state and federal requirements, etc.

This Contingency Plan is intended for use on Oxy Downhole Services Group projects and the operations within their area of responsibility, such as drilling, critical well work, etc.

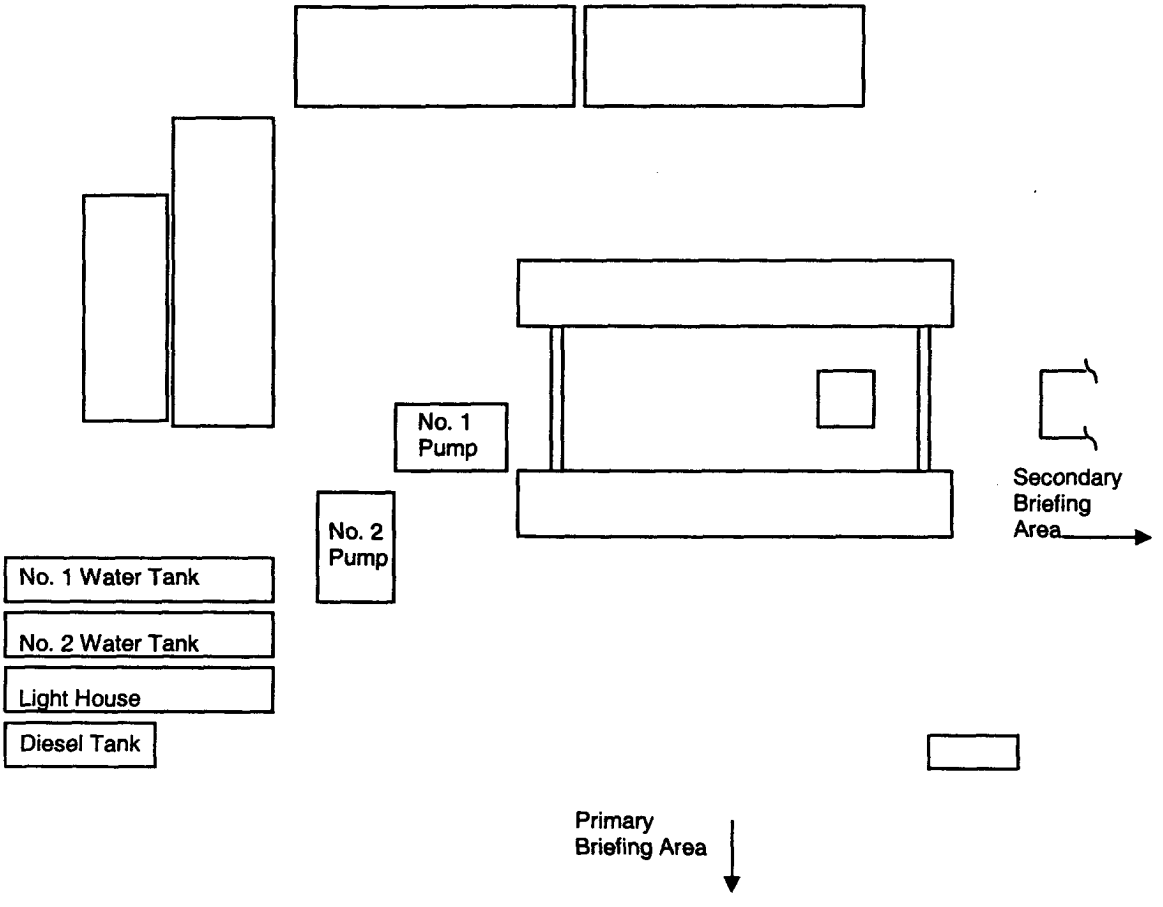
A copy of the Plan shall be maintained in the Top Dog House, Rig Managers trailer, and Company Representative's trailer if applicable.

Horsetail Gas Com Fed No. 2
Lat 32°45'37.14"N
Long 104°16'19.14W
NAD 1927 NME
Y = 640319.3
X = 518859.2



From the intersection of US HWY 82 and CR 201 about 5 miles East of Artesia, go south on CR201 4.5 miles to CR227, then go East on CR 227 1.4 miles to a caliche road running south. Go south 1.1 miles to a point where road turns to the west. Staked location is 170 ft. northwest.

Patterson/UTI 508



EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document for further responsibilities:

1. Notify the senior ranking contract representative on site.
2. Notify Oxy representative in charge.
3. Notify civil authorities if the Oxy Representative can not be contacted and the situation dictates.
4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

Oxy Permian Personnel:

A. Operations Specialist: The Oxy Drilling/Critical Well Servicing Operations Specialist or contract personnel serving in that capacity will serve as Operations Chief Officer for all emergency incidents. The Operations Chief Officer is responsible for:

1. Notification to the Downhole Services Team Leader of the incident occurrence.
2. Notification to the local RMT/PMT leader of the incident occurrence, and the need for the designated local RMT/PMT Incident Commander to act in that capacity for the response effort.
3. Sole control of all tactical activities directed toward reducing the immediate hazard, establishing situational control and restoring the operations to a non-emergency state.

B. Local RMT/PMT Designated Incident Commander: The Oxy local RMT/PMT Designated Incident Commander will serve as the overall Incident Commander for the drilling or critical well servicing emergency incident. The Incident Commander is responsible for:

1. Coordinating with the Downhole Services Team Leader for notification to the Oxy Crisis Management team of the incident occurrence.
2. Establishing and managing the overall incident command structure and response from inception through restoration of normal activities in the area.

C. Downhole Services HES Tech: The Downhole Services HES Tech (or his designate) is responsible for reporting to the incident as soon as reasonably possible, to provide support to the response effort as required by the Operations Chief Officer or the Incident Commander.

Contract Drilling Personnel will immediately report to their assigned stations and perform their duties as outlined in the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document.

Other Contractor Personnel will report to the safe briefing area to assist Oxy personnel and civil authorities as requested when it is safe to do so and if they have been adequately trained in their assigned duties.

Civil Authorities (Law Enforcement, Fire, and EMS) will be responsible for:

1. Establishing membership in the Unified Incident Command.
2. As directed by the Incident Commander and the Unified Command, control site access, re-route traffic, and provide escort services for response personnel.
3. Perform all fire control activities in coordination with the Unified Command.
4. Initiate public evacuation plans as instructed by the Incident Commander.
5. Perform rescue or recovery activities with coordination from the Unified Command.
6. Provide medical assistance as dictated by the situation at hand.

H2S RELEASE

The following procedures and responsibilities will be implemented on activation of the H2S siren and lights.

All Personnel:

1. On alarm, don escape unit (if available) and report to upwind briefing area.

Rig Manager/Tool Pusher:

1. Check that all personnel are accounted for and their condition.
2. Administer or arrange for first aid treatment, and /or call EMTs as needed.
3. Identify two people best suited to secure well and perform rescue, and instruct them to don SCBA.
4. Notify Contractor management and Oxy Representative.
5. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.

Two People Responsible For Shut-in and Rescue:

1. Don SCBA and acquire tools to secure well and perform rescue, i.e., wrenches, retrieval ropes, etc.

2. Utilize the buddy system to secure well and perform rescue(s).
3. Return to the briefing area and stand by for further instructions.

All Other Personnel:

1. Isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

Oxy Representative:

1. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.
2. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Training

There will be an initial training session prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan (Contingency Plan). This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release. Ignition of the well will be with the concurrence of the drilling team leader and the Oxy Crisis Management Team as time allows.

Characteristics of H2S and SO2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Oxy Permian personnel must liaison with local and state agencies to ensure a 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. Agencies will ask for information such as; type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. This response plan must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

WELL CONTROL

The following procedures will be implemented when a loss of primary control is indicated. Indicators of loss of primary control are flow from the well, an increase in pit volume, or when the drilling fluid used to fill the hole on trips is less than the calculated pipe displacement volume. The emergency signal for well control procedures will be a single long blast of the rig air horn.

Kick While Drilling - Procedures And Responsibilities

Driller:

1. Stop the rotary and hoist the kelly above the rotary table.
2. Stop the mud pump(s).
3. Check for flow.
4. If flowing, sound the alarm immediately.
5. Ensure that all crew members fill their responsibilities to secure the well.
6. Record drill pipe and casing shut-in pressures and pit volume increase and begin kill sheet.

Derrickman:

1. Go to BOP/choke manifold area.
2. Open choke line valve on BOP.
3. Signal to Floorman #1 that the choke line is open.
4. Close chokes after annular or pipe rams are closed.
5. Record shut-in casing pressure and pit volume increase.
6. Report readings and observations to Driller.
7. Verify actual mud weight in suction pit and report to Driller.
8. Be readily available as required for additional tasks.

Floorman # 1:

1. Go to accumulator control station and await signal from Derrickman.
2. Close annular preventer and HCR on signal (if available, if not then close pipe rams).
3. Record accumulator pressures and check for leaks in the BOP or accumulator system.
4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 2:

1. Start water on motor exhausts.
2. Notify Contractor Tool Pusher or Rig Manager of well control situation.
3. Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3:

1. Stand-by with Driller, and be readily available as required for additional tasks.

Tool Pusher/Rig Manager:

1. Notify Oxy Representative and report to rig floor.
2. Review and verify all pertinent information.
3. Communicate information to Oxy Representative, and confer on an action plan.
4. Finalize well control worksheets, calculations and preparatory work for action plan.
5. Initiate and ensure the action plan is carried out.
6. Communicate any changes in well or site conditions, or any indications that the action plan needs to be revised to the Oxy representative.

Oxy Representative:

1. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Kick While Tripping - Procedures and Responsibilities

Driller:

1. Sound the alarm immediately when pipe displacement volume is less than 75% of calculated.
2. Position the upper tool joint just above rotary table and set slips.
3. Check for flow.
4. Ensure that all crew members fill their responsibilities to secure the well.
5. Record drill pipe and casing shut-in pressures and pit volume increase, and begin kill sheets.

Derrickman: (same as while drilling)

Floor Man # 1:

1. Install full opening valve (with help from Floorman #2) in top drill string connection.
2. Tighten valve with make up tongs.
3. Go to accumulator control station and await signal from Derrickman.
4. Close annular preventer and HCR valve on signal (if available, if not then close pipe rams).
5. Record accumulator pressures and check for leaks in the BOP and accumulator system.
6. Report to Driller, and be readily available as required for additional tasks.

Floor Man # 2:

1. Assist installing full opening valve in drill string.
2. Position back-up tongs for valve make-up.
3. Start water on motor exhausts.
4. Notify Contractor Tool Pusher or Rig Manager of well control situation.
5. Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
6. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3, Rig Manager/Tool Pusher, and Oxy Representative: (same as while drilling)

PUBLIC RELATIONS

Oxy recognizes that the news media have a legitimate interest in incidents at Oxy facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public.

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately. Cooperation with news media representatives is the most reliable guarantee that this objective will be met.

All contract and Oxy employees are instructed **NOT** to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or his designated relief for any information concerning the incident.

OXY PERMIAN DOWNHOLE SERVICES GROUP

	LOCATION	OFFICE	HOME	CELL	PAGER
Manager Operations Support					
Hardesty, Steve	Midland	432-685-5880	432/694-6441	713-560-8095	
Team Leader					
Pennington, Randy	Midland	432-685-5684	432/689-7642	432-556-0207	
			Toledo Bend =	318-590-2349	
Operations Specialists					
Fleming, Joe	Midland	432-685-5858	432/699-0875	432-425-6075	432-498-3281
Ray, Fred	Midland	432-685-5683	432/362-2857	432-661-3893	432-499-3432
HES Tech					
Thompson, Don	Midland	432-685-5719	432/684-3900	432-556-1505	

Emergency Notification Numbers

Public Authorities		
New Mexico State Police	Artesia	505/746-2704
New Mexico State Police	Carlsbad	505/885-3137
New Mexico State Police	Hobbs	505/392-5588
Eddy County Sheriff's Office	Artesia	505/746-2704
Eddy County Sheriff's Office	Carlsbad	505/887-7551
Lea County Sheriff's Office	Hobbs	505/393-2515
Local Emergency Planning Center	Eddy County	505/887-9511
Local Emergency Planning Center	Lea County	505/397-9231
New Mexico Oil & Gas Commission	Artesia	505/748-1283
New Mexico Oil & Gas Commission	Hobbs	505/393-6161
NM Emergency Response Center	Hobbs	505/827-9222

Emergency Services		
Fire Fighting, Rescue, Ambulance, Police	Artesia	911
Fire Fighting, Rescue, Ambulance, Police	Carlsbad	911
Fire Fighting, Rescue, Ambulance, Police	Hobbs	911
Flight For Life	Lubbock	806/743-9911
Aerocare	Lubbock	806/7478923
Med Flight Air Ambulance	Albuquerque	505/842-4433

Other Emergency Services		
Boots and Coots		1/800-256-9688
Cudd Pressure Control	Midland	432/699-0139
B.J. Services	Artesia	505/746-3569
Halliburton	Artesia	505/746-2757

OXY Permian Production and Plant Personnel
OXY Permian Crisis Team Hotline Notification (713) 935-7210

PERSON	LOCATION	OFFICE	FAX	CELL	PAGER
Asset Management-Operations Areas					
OXY Permian General Manager: Tom Menges	Houston	(281) 552-1147	(281) 552-1484	(713) 560-8038	
South Permian Asset: Matt Hyde	Midland	(432) 685-5802	(432) 685-5930	(432) 556-5016	
RMT/PMT Leaders: South Permian Asset					
Frontier RMT: Tommy Johnson	Midland	(432) 685-5671	(432) 685-4054	(432) 238-9343	(432) 567-7038
PERSON	**LOCATION**	**OFFICE**	**FAX**	**CELL**	**PAGER**
Production Coordinators: S. Permian Asset					
New Mexico: John Erickson	Hobbs	(505) 393-2174	(505) 397-2671	(505) 390-6426	(505) 370-6836

OXY Permian HES Personnel
OXY Permian Crisis Team Hotline Notification (713) 935-7210

PERSON	LOCATION	OFFICE	FAX	CELL	PAGER
HES Coordinators & Area of Responsibility					
Frontier: Tom Scott	Midland	(432) 685-5677	(432) 685-5742	(432) 448-1121	(432) 498-1312
HES Techs & Area of Responsibility					
Hobbs RMT: Steve Bishop	Hobbs	(505) 397-8251	(505) 397-8204	(505) 390-4784	(877) 339-1954-1118#
Frontier-New Mexico: Rick Kerby	Hobbs	(505) 393-2174	(505) 393-2671	(505) 390-8639	(505) 370-6527

Arrant, Bryan

From: David_Stewart@oxy.com
Sent: Monday, July 26, 2004 10:03 AM
To: barrant@state.nm.us
Subject: Horsetail Gas Com Fed #2 - 10-T18S-R27E

The plans are to circulate cement to approximately 4000' on the 5-1/2" casing. Please see attached for the H2S plan, this was originally mailed with the C-144, 7/14/04. I If you need any additional information, please let me know.

Thanks,
David Stewart
Sr. Regulatory Analyst
OXY Permian
432-685-5717
Fax-432-685-5742
<<HORSETAILH2S.doc>>