

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

OXY USA Inc.

16696

16696

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 50250 MIDLAND, TX 79710-0250

915-685-5717

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At surface

1650 FNL 660 FWL SWNW(E)

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

10 miles east of Artesia, NM

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drilg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING COMPLETED
OR APPLIED FOR, ON THIS LEASE, FT.

2640'

19. PROPOSED DEPTH

9200'

20. ROTARY OR CABLE TOOLS

R

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3510'

22. APPROX. DATE WORK WILL START*

10/15/00

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8" H40	48#	300'	360sx - Circulate
11"	8-5/8" K55	32#	1500'	515sx - Circulate
7-7/8"	4-1/2" N80	11.6#	9200'	690sx - EST TOC 5800'

ROSWELL CONTROLLED WATER BASIN

SEE OTHER SIDE

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give depth of old 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.

SIGNER

TITLE

DAVID STEWART
REGULATORY ANALYST

DATE

9/6/00

(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 there.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY:

TITLE

Assistant Field Manager,
Lands And Minerals

DATE

9/6/00

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1011, 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.

ATTACHMENT 3160-3
OXY USA Inc.
OXY Waky Pack Federal #1
SEC 13 T17S R27E
Eddy County, NM

PROPOSED TD: 9200' TVD

BOP PROGRAM: 0' - 300' None
300' - 1500' 11" 5M blind and pipe rams with 5M annular
preventer.
1500' - 9200' 11" 5M blind pipe rams with 5M annular
preventer and rotating head below 6000'.

CASING: Surface: 13-3/8" OD 48# H40 ST&C new casing set at 300'
Intermediate: 8-5/8" OD 32# K55 ST&C new casing from 0-1500'
Production: 4-1/2" OD 11.7# N80 LT&C new casing from 0-9200'

CEMENT: Surface - Circulate cement with 160sx 35:65 POZ/C with 6% Bentonite
+ 2% CaCl_2 + .25#/sx Cello-Seal followed by 200sx C1 C with 2% CaCl_2 .
Intermediate - Circulate cement with 315sx 35:65 POZ/C with 6%
Bentonite + 2% CaCl_2 + .25#/sx Cello-Seal followed by 200sx C1 C
with 2% CaCl_2 .
Production - Cement with 615sx 15:61:11 POZ/C/CSE with
.5% FL-52 + .5% FL-25 + 8#/sx Gilsonite followed by 75sx C1 C
with .7% FL-25.
Estimated top of cement is 5800'.

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

MUD: 0 - 300' Fresh water/native mud. Lime for pH control
(9-10). Paper for seepage.
Wt 8.7-9.2 ppg, Vis 32-34 sec
300' - 1500' 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 increase to 20000PPM.
1500' - 6000' Fresh water. Lime for pH control (9-9.5).
Paper for seepage.
Wt 8.3-8.5 ppg, Vis 28-29 sec
6000' - 8800' Cut brine. Lime for pH control (10-10.5).
Wt 9.6-10.0 ppg, Vis 28-29sec
8800' - 9200' Mud up with an Duo Vis/Flo Trol mud system.
Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Depart

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 00, Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 75720	Pool Name Undesignated Crow Flats Morrow
Property Code	Property Name OXY WAKY PACK FEDERAL	Well Number 1
OGRID No. 16696	Operator Name Oxy USA Inc.	Elevation 3510'

Surface Location

UL or lot No. E	Section 13	Township 17 S	Range 27 E	Lot Idn	Feet from the 1650	North/South line North	Feet from the 660	East/West line West	County Eddy
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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.						

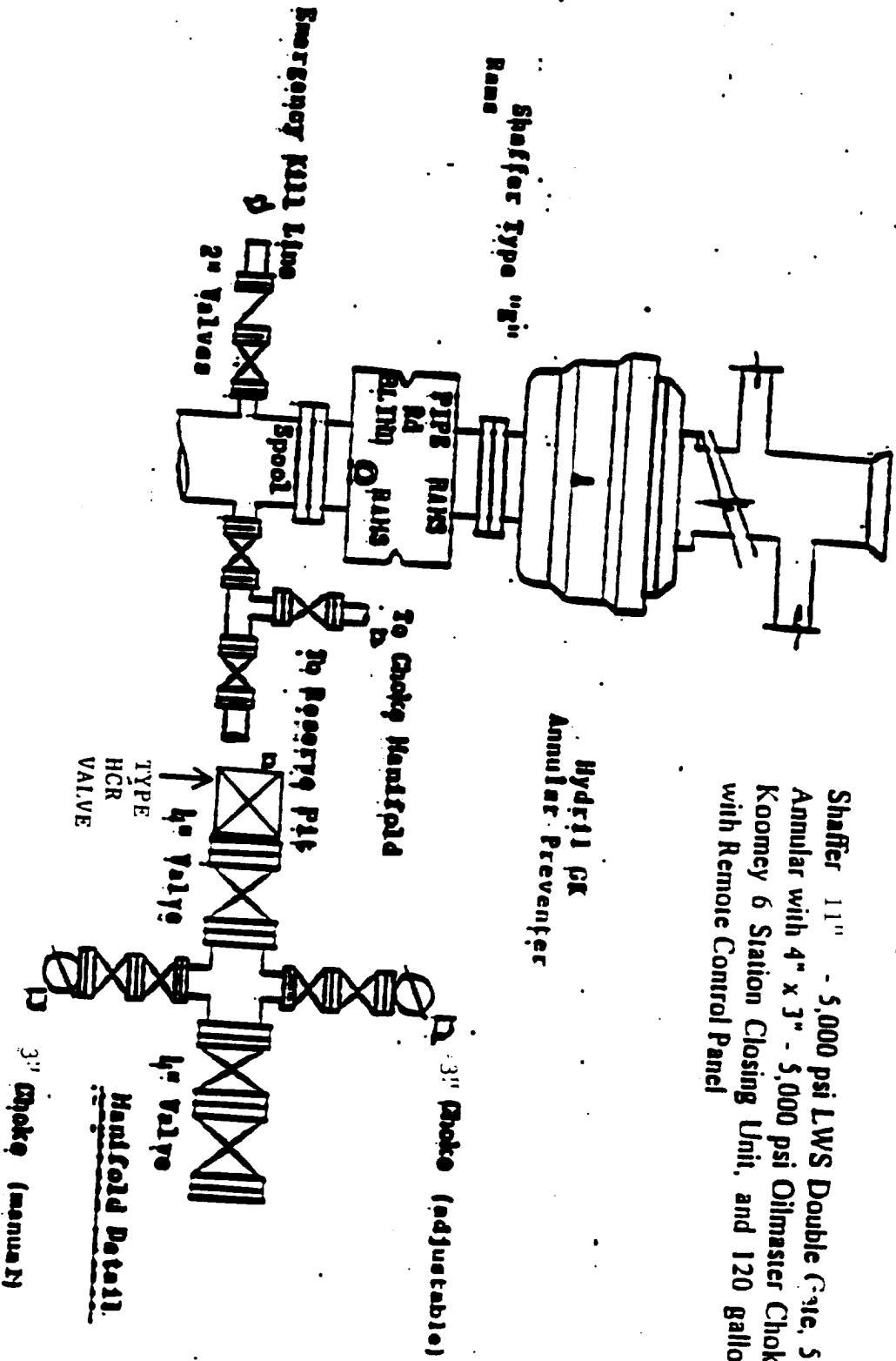
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>1650'</p> <p>3507.8' 3509.2'</p> <p>660'</p> <p>3511.9' 3511.7'</p> <p>H&S Oil CO Muncy FD-2 3001525012</p> <p>Lat.: N32°50'13" Long.: W104°14'19"</p> <p>2640'</p> <p>2</p> <p>3001531160</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> Signature</p> <p>David Stewart Printed Name</p> <p>Regulatory Analyst Title</p> <p>9/6/00 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>June 25, 1999 Date</p> <p><i>W.D. Jones</i> Signature & Seal of Professional Surveyor</p> <p>7977 W.D. No.</p> <p>Certification No. Jones 7977</p> <p>BASIN SURVEYS</p>
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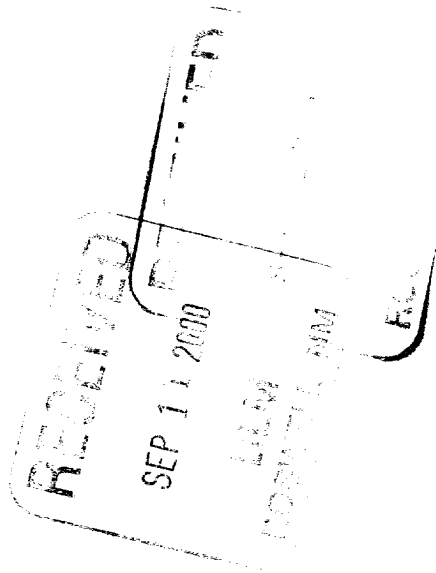
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SEP 11 2000
RILEY
RICHMOND, VA

BLOWOUT PREVENTOR SCHEMATIC

EXHIBIT A



Choke Manifold



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OXY USA Inc.
OXY Waky Pack Federal #1
Eddy County, New Mexico
Lease No. NM02931

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. Desert West 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:

From the junction of USH 82 & CR 202, go north on CR 202 for about 1.9 miles to gate on right. Turn onto trail road and go approximately 408' to the proposed lease road, which will run 143' to the southwest corner of the proposed well location.

2. Planned Access Road

- A. A new access road will built. The access road will run approximately 143' north. Exhibit B.
- B. Surfacing material: Six inches of caliche and water, compacted and graded.
- C. Maximum Grade: Less than 3%
- D. Turnouts: None needed.
- E. Drainage Design: N/A.
- F. Culverts: None needed.
- G. Cuts and Fills: Leveling the location will require minimal cuts or fills.
- H. Gates or Cattleguards: None required.

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.

RECEIVED
SEP 11 2000
LILA
254 E. J. NM

Multi-Point Surface Use and Operations Plan
OXY Waky Pack Federal #1
Page 2

- 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 Waky Pack 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 Section 12, T20S, R27E, 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 east and the pits to the north. Exhibit D.
- B. Leveling of the wellsite will be required with minimal cuts or fills anticipated.
- C. The reserve pit will be plastic lined.
- D. 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.
- E. 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: Boegle Farms, P.O. Box 460, Dexter, NM 88230-0460. 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 3510'.
- 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: There are no occupied dwellings within a 2 miles.
- F. Archaeological, Historical and Cultural Sites: Cultural resources have been recorded in the area. Desert West will be engaged to make an archaeological reconnaissance of the work area.
- G. Land Use: Cattle ranching.
- 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.

Multi-Point Surface Use and Operations Plan
OXY Waky Pack Federal #1
Page 4

- 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

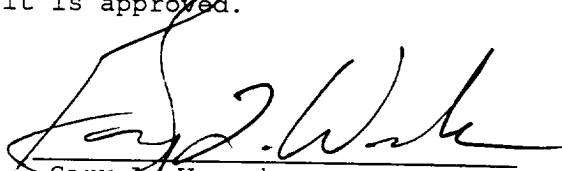
The field representative responsible for assuring compliance with the approved surface use and operations plan are as follows:

Joe Gibson, Production Coordinator
P.O. Box 69
Hobbs, New Mexico 88240
Office Phone: 505-393-2174
Home Phone: 505-390-4988

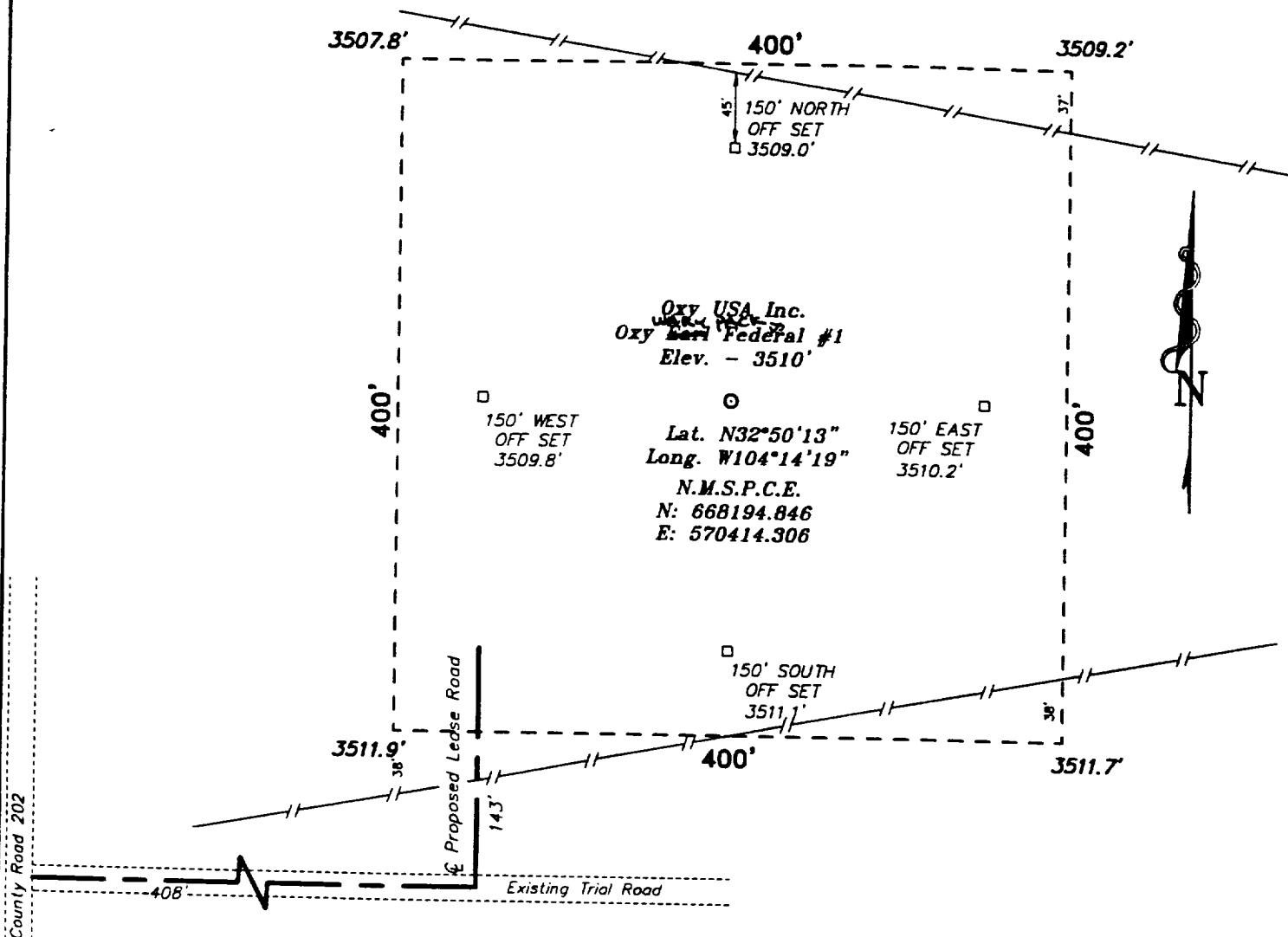
Joe Fleming
P.O. Box 50250
Midland, TX 79710-0250
Office Phone: 915-685-5858

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 Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

9/6/2000
DATE

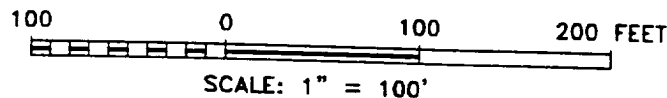

Gary L. Womack
Operations Engineer
915-685-5772
OXY USA Inc.

SECTION 13, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions

From the City of Artesia take US 82 (Lovington Hwy.) East 8 1/2 miles, thence north on County road 202 (Southern Union Rd) 1.7 miles to a proposed road, thence east on proposed road 0.1 mile and 143' North to proposed location.



Oxy USA Inc.

REF: Oxy ~~Earl~~ Federal No. 1 / Well Pad Topo

WAKY PACK 15
THE OXY ~~EARL~~ FEDERAL No. 1 LOCATED 1650' FROM
THE NORTH LINE AND 660' FROM THE WEST LINE OF
SECTION 13, TOWNSHIP 17 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Basin Surveys P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 9231

Drawn By: S.C. NICHOLS

Date: 06-29-99

Disk: SCN #104 - 9231AA.DWG

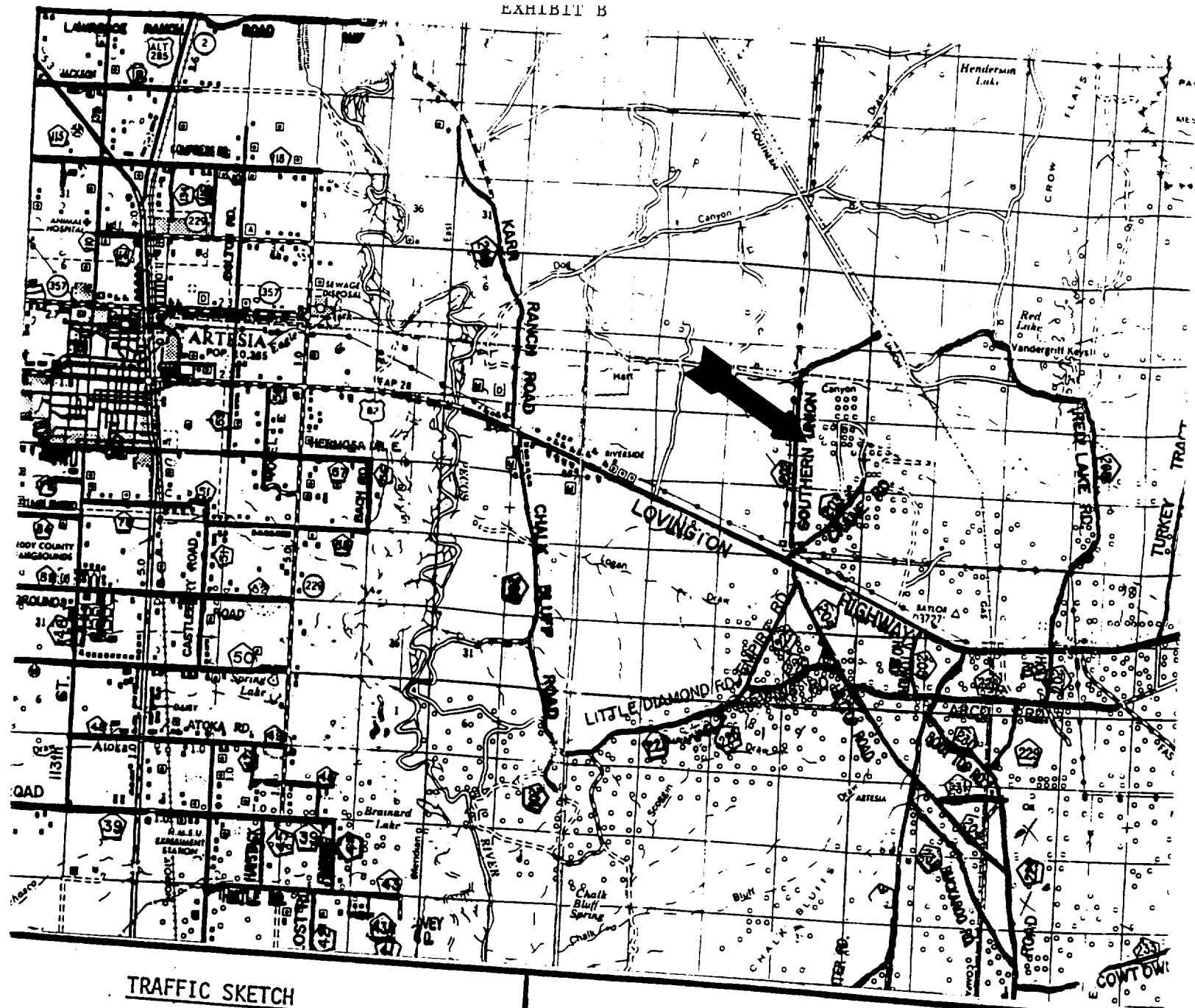
Survey Date: 06-25-99

Sheet 1 of 1 Sheets

Basin surveys

focused on excellence
in the oilfield

Oxy USA Inc.



TRAFFIC SKETCH

EASE: WAKY PACK FED. NO. 1
 LEGAL DESC.: 1650' FNL & 660' FWL
SECTION 13, T-17-S, R-27-E
 COUNTY: EDDY
 STATE: NEW MEXICO
 -DOOR: EAST
 RT CONTR.: KEY JCONSTRUCTION
 D SIZE: 150'x150'x150'x60'
 BILLING CONTR.: _____
 G NO.: _____
 S COOR.: _____
 LAT. 32°50'13.0"
 LONG. 104°14'19.0"

Artesia,
New Mexico



Hwy 82

Riverside
New Mexico



3.6

Co. Rd. 202

1.9

Waky Pack
Fed. # 1

.1



[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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

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

2. Name of Operator
OXY USA Inc.

16696

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

3b. Phone No. (include area code)
915-685-5717

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

5. Lease Serial No. -----

6. If Indian, Allottee or Tribe Name -----

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

8. Well Name and No. -----

9. API Well No. -----

10. Field and Pool, or Exploratory Area -----

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

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Reserve Pit
Variance

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 recompleat 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 recompleat 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.)

OXY USA Inc. is requesting a variance to the BLM reserve pit stipulations in the general area of the Crow Flats Morrow and Logan Draw Morrow pools in Eddy County, NM. When constructing the reserve pits and material such as gyp rock and/or caliche is encountered at a depth that would not allow a sufficient depth for a 100% cut without blasting. The cut leaves an adequate amount of surface material to reclaim the pit per the stipulations. Upon final reclamation, caliche will be used from the pad area to help cover the pits.

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

David Stewart

Title

Regulatory Analyst

Signature

Date

1/26/00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Petroleum Engineer

Date

2/16/2000

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

CFO

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.

(Instructions on reverse)



Desert West

ARCHAEOLOGICAL SERVICES

July 20, 1999

Mr. Gary Womack
OXY USA, INC.
P.O. Box 50250
Midland, TX 79710

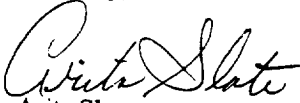
Dear Mr. Womack:

Enclosed please find your copy of ^{Wacky Pack} Desert West Archaeological Services (DWAS) Clearance Report for OXY USA, INC.'s proposed Oxy ~~East~~ Federal Well No. 1 (1650' FNL; 660' FWL) and access road in Section 13, T17S, R27E, NMPM, Eddy County, New Mexico. One isolated manifestation Lion Federal Well No. 1 (1650' FSL; 660' FWL (IM) was encountered during his survey. Archaeological clearance is recommended for OXY USA, INC.'s proposed Oxy ~~East~~ Federal Well No. 1 (1650' FNL; 660' FWL) and associated access road as presently staked. No further ^{Wacky Pack} archaeological work should be required.

The Bureau of Land Management will review this report and make the final decision on archaeological clearance for your project.

If you have any questions, please call our office.

Sincerely,


Arita Slate

Enclosure

Xc: Mr. Joe Gibson, OXY USA, INC., Hobbs, NM (1)
Mr. R. F. Fort, Midland, TX (1)
Bureau of Land Management, Carlsbad Field Office, Carlsbad, NM (2)

APPENDIX B.

TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
CARLSBAD FIELD OFFICE

BLM/ RDO 1/95

1. BLM Report No.	2. (ACCEPTED) (REJECTED)	3. NMCRIS No. 65351
4. Title of Report (Project Title): Archaeological survey of Oxy U.S.A., Inc.'s proposed Oxy East ^{Wakyl Pack} Federal Well No. 1 and associated access road in Section 13, T17S, R27E, NMPM, Eddy County, NM.		5. Project Date(s) 7-20-1999
		6. Report Date - 7-20-1999
7. Consultant Name & Address: Direct Charge: David Wilcox Name: Desert West Archaeological Services Address: P.O. Box 645, Carlsbad, NM 88220 Authors Name: David Wilcox Field personnel names - David Wilcox Phone (505) 887-7646		8. Permit No. 123-2920-99-T NM99-077
		9. Consultant Report No. DWAS 99-22JY
10. Sponsor Name and Address: Indiv. Responsible: Mr. Gary Womack Name: Oxy U.S.A., Inc. Address: 6 Desta Drive, Midland, TX 79705 Phone (915) 685-5600		11. For BLM Use only.
		12 ACREAGE: Total No. of acres surveyed - 4.93 Per Surface - Ownership: Federal
13. Location & Area: (Maps Attached if negative survey)		
a. State - NM b. County - Eddy c. BLM Field Office: Carlsbad d. Nearest City or town: Riverside, NM e. Location: Section 13, T17S, R27E Well Pad footages: 1650' FNL; 660' FWL (sw/4, nw/4) f. 7.5' Map Name(s) and Code Numbers(s): Red Lake, NM (1955, Photo Inspected 1975 [32104-G2]). g. Area: Block: Impact: within the staked area Surveyed: 400' x 400' Linear: Impact: 50' x 551' Surveyed: 551' x 100'		

14. a. Records Search:

Location: BLM and ARMS

Date: 7-20-1999

Conducted by: David Wilcox

List by LA# All sites within .25 miles of the project:

(Those sites within 500' are to be shown on the project map)

b. Description of undertaking:

Class III pedestrian survey of Oxy U.S.A., Inc.'s proposed Oxy Earl Federal Well No. 1 and associated access road in Section 13, T17S, R27E, NMPM, Eddy County, NM. This proposed access road connects to an existing caliche capped county road to the west. ^{Waky Packs}

c. Environmental Setting (NRCS soil designation; vegetative community; etc.)

Vegetation - Creosote, eagle claw cactus, salt brush, mesquite, snakeweed, yucca, greasewood, Mormon tea and assorted grasses.

Topography - This project lies on a terraced (flat) ridge composed of gypsum and loamy sediments. Two buried pipeline corridors parallel and cross the northern and southern perimeters of the staked location. A fence line and power line are crossed by this undertaking. An existing bulldozed trail road is paralleled by the east-west segment of the staked proposed access right-of-way.

Soils - Reeves-Gypsum land-Cottonwood association: Loamy soils that are very shallow to moderately deep over gypsum beds, and Gypsum land.

d. Field Methods:

Transect Intervals: straight and zigzag transects, spaced not greater than 15 meters apart

Crew Size: 1

Time in Field: 1 hour total

Collections: no

Cultural Resource Findings: One isolated manifestation (LM.) was encountered and recorded by this survey. I.M. #1 (se/4, nw/4, sw/4, nw/4) Consists of a single chert limited information flake fragment with no cortex.

16. Management Summary (Recommendations):

Archaeological clearance for Oxy U.S.A., Inc.'s proposed Oxy Earl Federal Well No. 1 and associated access road in Section 13, T17S, R27E, NMPM, Eddy County, NM is recommended as staked.

I maintain that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist

Signature

Date

Figure 1. Topographic map of USGS 7.5' Series Red lake, NM (1955, Photo Inspected 1975) showing the project area in Section 13, T17S, R27E.

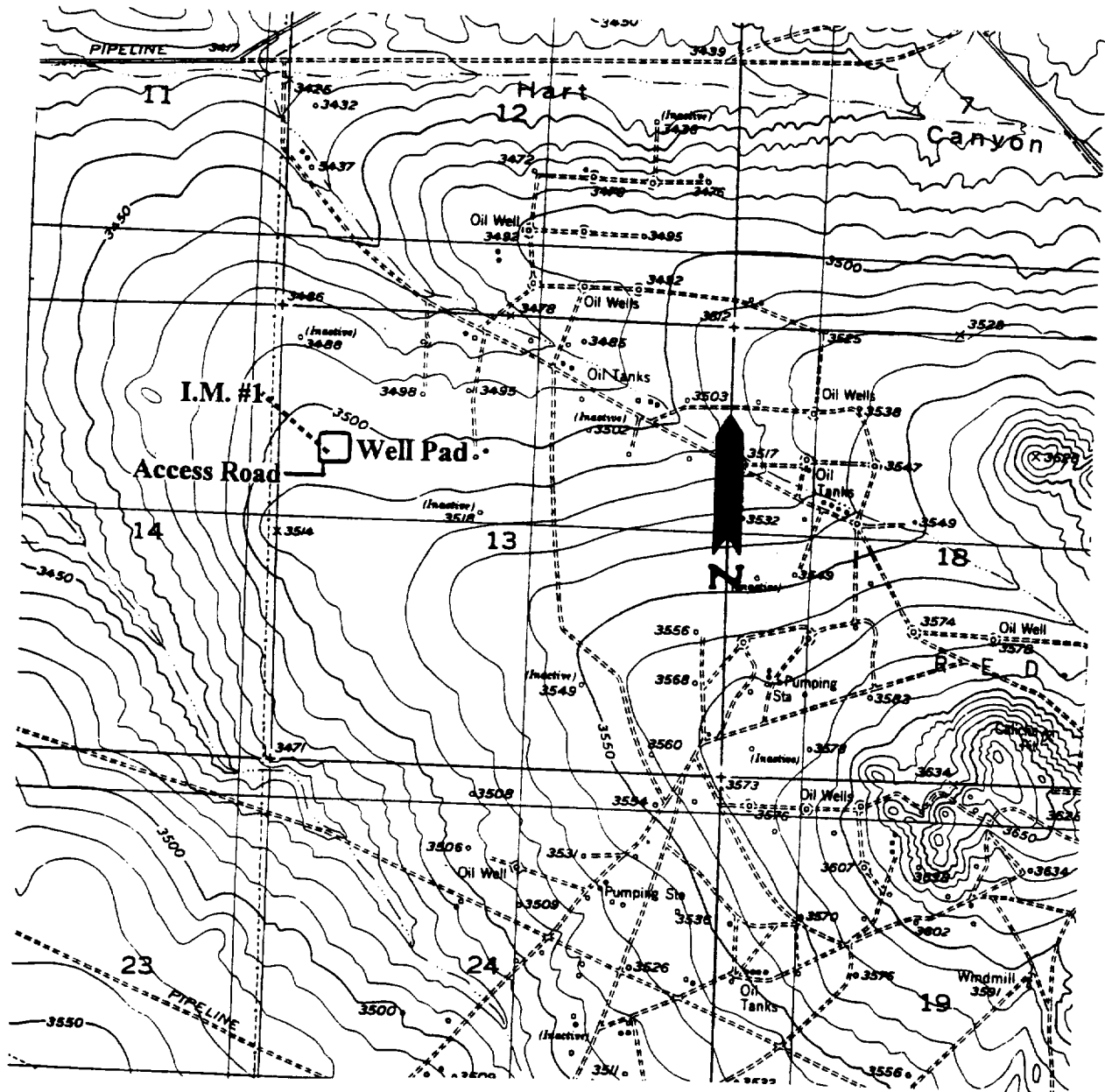


Figure 1. Showing OXY USA, INC.'s proposed Oxy ^{Water Pad} Well No. 1 (1650' FNL; 660' FWL) and associated access road in Section 13, T17S, R27E, Eddy County, NM. Map Reference: USGS 7.5' series, Red Lake, NM (1955, Photo Inspected 1975)



OXY USA Inc.

P.O. Box 50250, Midland, TX 79710-0250

September 6, 2000

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 Inc.
OXY Waky Pack Federal #1
Eddy County, New Mexico
Lease No. NM02931

Gentlemen:

OXY USA Inc. respectfully requests permission to drill our OXY Waky Pack Federal #1 located 1650 FNL and 660 FWL of Section 13, T17S, R27E, Eddy County, New Mexico, Federal Lease No. NM02931. The proposed well will be drilled to a TD of approximately 9200' (TVD). The location and work area has been staked. It is approximately 10 miles east of Artesia, 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 L. Jones, Registered Land Surveyor No. 7977 in the State of New Mexico, dated June 25, 1999.
3. The elevation of the unprepared ground is 3510 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 9200' (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 9200' TVD.
7. Estimated tops of important geologic markers.

Wolfcamp	6300' TVD
Strawn	8500' TVD
Atoka	8800' TVD
Morrow	9000' TVD
8. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Primary Objective:	Morrow	9000' TVD
Secondary Objective:	Atoka	8800' TVD

9. The proposed casing program is as follows:

Surface: 13-3/8" 48# H40 ST&C new casing set at 300'
Intermediate: 8-5/8" 32# K55 ST&C new casing from 0-1500'
Production: 4-1/2" 11.6# N80 LT&C new casing from 0-9200'

10. Casing setting depth and cementing program:

- A. 13-3/8" surface casing set at 300' in 17-1/2" hole.
Circulate cement with 160sx 35:65 POZ/C w/ 6% Bentonite + 2% CaCl_2 + .25#/sx Cello-Seal followed by 200sx 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. 8-5/8" intermediate casing set at 1500' in 11" hole.
Circulate cement with 315sx 35:65 POZ/C w/ 6% Bentonite + 2% CaCl_2 + .25#/sx Cello-Seal followed by 200sx Class C w/ 2% CaCl_2 .

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. 4-1/2" production casing set at 9200'. Cement with 615sx 15:61:11 POZ/C/CSE w/ .5% FL-25 + .5% FL-52 + 8#/sx Gilsonite followed by 75sx Class C w/ .7% FL-25.

Estimated top of cement is 5800'.

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

11. Pressure Control Equipment

0' - 300'	None
300' - 1500'	11" 5000# ram type preventers with one set blind rams and one set pipe rams and a 5000# annular preventer.
1500' - 9200'	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 6000'. Exhibit A.

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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 8-5/8" 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 - 300'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7-9.2 ppg, vis 32-34 sec.
300' - 1500'	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.
1500' - 6000'	Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec.
6000' - 8800'	Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec.
8800' - 9200'	Mud up with an Duo Vis/Flo Trol system. Wt. 9.6-10.0 ppg, Vis 32-36sec, WL<10cc.

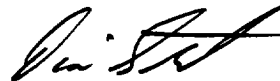
Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until the production casing is run and cemented. Monitoring equipment shall consist of the following:

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

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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. 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 October 15, 2000. It should take approximately 28 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
Regulatory Analyst
OXY USA Inc.

DRS/drs

Attachments

