

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 WTP Limited Partnership

3. ADDRESS AND TELEPHONE NO.

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

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

At surface

835 FSL 660 FEL SESE(P)

At proposed prod. zone

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

6 miles southeast of Loco Hills, NM

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 660'

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

N/A

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED TO THIS WELL

320

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

3558'

Capitan Controlled Water Basin

22. APPROX. DATE WORK WILL START\*

1/20/02

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#	625'	500sx - circulate
12-1/4"	9-5/8" HCK/K55	36#	3700'	950sx - circulate
8-3/4"	5-1/2" N80-S95	17#	12000'	950sx - EST TOC 7500'

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

SEE OTHER SIDE

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

*[Signature]*

TITLE Sr. Regulatory Analyst

DATE

10/22/01

(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:

(ORIG. SIGN.) M. J. CHAVEZ

APPROVED BY

TITLE

STATE DIRECTOR

DATE

FEB 01 2002

\*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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.

OXY XICA Federal #1  
835 FSL 660 FEL SEC 25 T18S R30E Eddy County, NM  
Federal Lease No. NM01375-A

PROPOSED TD: 12000' TVD

BOP PROGRAM: 0' - 625' None

625' - 3700' 13-3/8" 3M annular preventer, to be used as  
divertor only.

3700' - 12000' 11" 5M blind pipe rams with 5M annular  
preventer and rotating head below 8500'.

CASING: Surface: 13-3/8" OD 48# H40 ST&C new casing set at 625'  
Intermediate: 9-5/8" OD 36# HCK/K55 ST&C new casing from 0-3700'  
Production: 5-1/2" OD 17# N80-S95 LT&C new casing from 0-12000'  
N80-0-8800' S95-8800-12000'

CEMENT: Surface - Circulate cement with 300sx 35:65 POZ/C with 6% Bentonite  
+ 2%  $\text{CaCl}_2$  + .25#/sx Cello-Seal followed by 200sx Cl C with 2%  $\text{CaCl}_2$ .  
Intermediate - Circulate cement with 750sx 35:65 POZ/C with 6%  
Bentonite + 2%  $\text{CaCl}_2$  + .25#/sx Cello-Seal followed by 200sx Cl C  
with 2%  $\text{CaCl}_2$ .  
Production - Cement with 850sx 15:61:11 POZ/C/CSE with .5% FL-52  
+ .5% FL-25 + 8#/sx Gilsonite followed by 100sx Cl C with .7%  
FL-25. Estimated top of cement is 7500'.

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

MUD: 0 - 625' Fresh water/native mud. Lime for pH control  
(9-10). Paper for seepage.  
Wt 8.7-9.2 ppg, Vis 32-34 sec  
625' - 3700' Fresh/\*Brine water. Lime for pH control  
(10.0-10.5). Paper for seepage.  
Wt 8.3-9.0/10.0-10.1ppg, Vis 28-29 sec  
\*Fresh water will be used unless chlorides in  
the mud system increases to 20000PPM.  
3700' - 8300' Fresh water. Lime for pH control(9-9.5).  
Paper for seepage.  
Wt 8.3-8.5 ppg, Vis 28-29 sec  
8300' - 10000' Cut brine. Lime for pH control (10-10.5).  
Wt 9.6-10.0 ppg, Vis 28-29sec  
10000' - 12000' Mud up with an Duo Vis/Flo Trol mud system.  
Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc

1525 N. French Dr., Hobbs, NM 88240

## DISTRICT II

811 South First, Artesia, NM 88210

### DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

2040 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**

For 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 30-015-		Pool Code	Pool Name Wildcat Morrow
Property Code	Property Name OXY XICA FEDERAL		Well Number 1
OGRID No. 192463	Operator Name OXY USA WTP Limited Partnership		Elevation 3558'

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	18 S	30 E		835	SOUTH	660	EAST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill N	Consolidation Code		Order No.					

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

<div style="border: 1px dashed black; height: 200px; margin-bottom: 20px;"></div> <div style="border: 1px dashed black; height: 200px;"></div>	<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;"><i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <div style="margin-top: 10px;"> </div> <div style="margin-top: 5px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Signature</span> <span>David Stewart</span> </div> </div> <div style="margin-top: 5px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Printed Name</span> <span>Sr. Regulatory Analyst</span> </div> </div> <div style="margin-top: 5px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Title</span> <span>10/29/01</span> </div> </div> <div style="margin-top: 5px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Date</span> <span></span> </div> </div> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 20px;"> <h3 style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;"><i>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.</i></p> <div style="text-align: center; margin-top: 10px;"> <h2 style="margin: 0;">Septmeber 6, 2001</h2> </div> <div style="margin-top: 10px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Date Surveyed</span> <span></span> </div> </div> <div style="margin-top: 10px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Signature &amp; Seal of Professional Surveyor</span> <div style="text-align: center;"> </div> </div> </div> <div style="margin-top: 10px;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <span>Certificate No.</span> <span>Gary L. Jones 7977</span> </div> </div> </div>
--	---

Lat - N32°42'48.4"

Lon - W103°55'08.6"

\*Manzano Oil Corp.

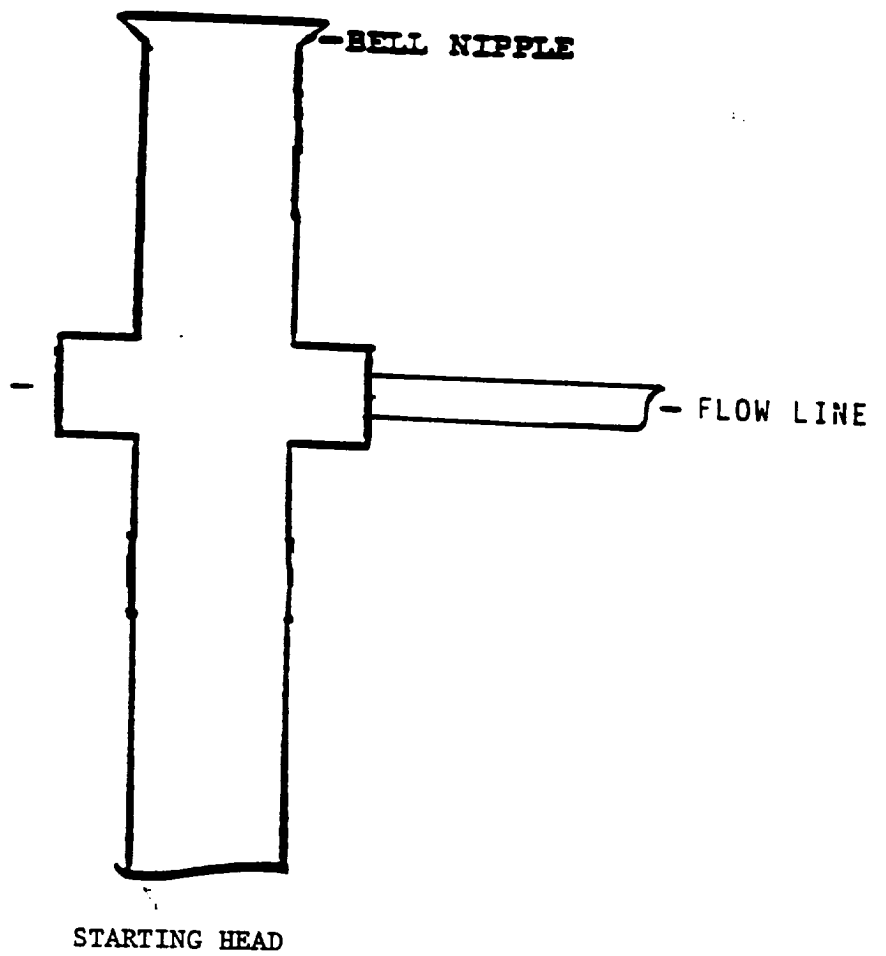
Benson Shugart Waterflood Unit

#27 - 30-015-21911

#28 - 30-015-04547

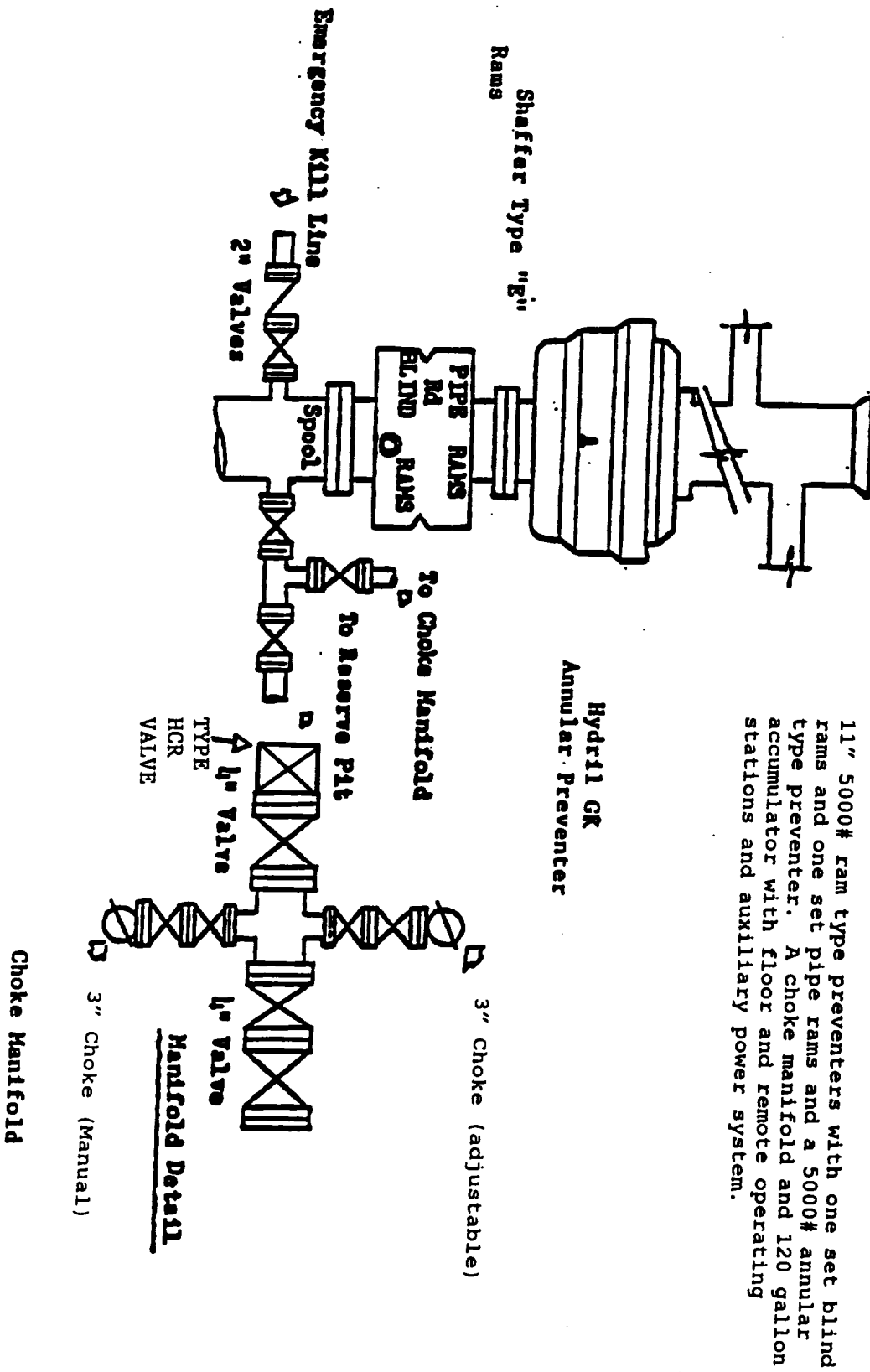
EXHIBIT A

ANNULAR PREVENTOR  
TO BE USED AS DIVERTOR ONLY



# EXHIBIT A

## BLOWOUT PREVENTOR SCHEME



## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OXY USA WTP Limited Partnership  
OXY Xica Federal #1  
Eddy County, New Mexico  
Lease No. NM01375-A

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. Geo-Marine Inc. 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 CR 222 and CR 250, go west on CR 250 approximately 2.2 miles to a lease road. Go north on lease road approximately 648' to a proposed lease road.

### 2. Planned Access Road

- A. A new access road will be built. The access road will run approximately 159' west from an existing lease road to the location. 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.
- 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 Xica 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 south and the pits to the east. 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: Richardson Cattle Co., P.O. Box 487, Carlsbad, NM 88221. They will be notified of our intention to drill prior to any activity.

12. Other Information

- A. Topography: The location is a flat plain. GL elevation is 3558'.
- B. Soil: Sandy clay loams.
- C. Flora and Fauna: The vegetative cover is generally sparse consisting of mesquite, yucca, shinny 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: The nearest dwellings is approximately 1.2 miles west of the location.
- F. Archaeological, Historical and Cultural Sites: Cultural resources have been recorded in the area. Geo-Marine Inc. will be engaged to make an archaeological reconnaissance of the work area.
- G. Land Use: Cattle ranching.

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

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

13. Operator's Representatives and Certification

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

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

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

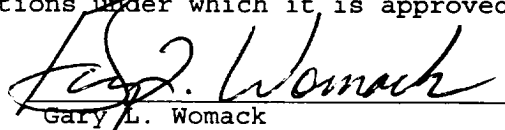
Calvin C. (Dusty) Weaver  
Operation Specialist  
P.O. Box 2000  
Levelland, TX 79336  
Office Phone: 806-229-9467  
Cellular: 806-893-3067

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

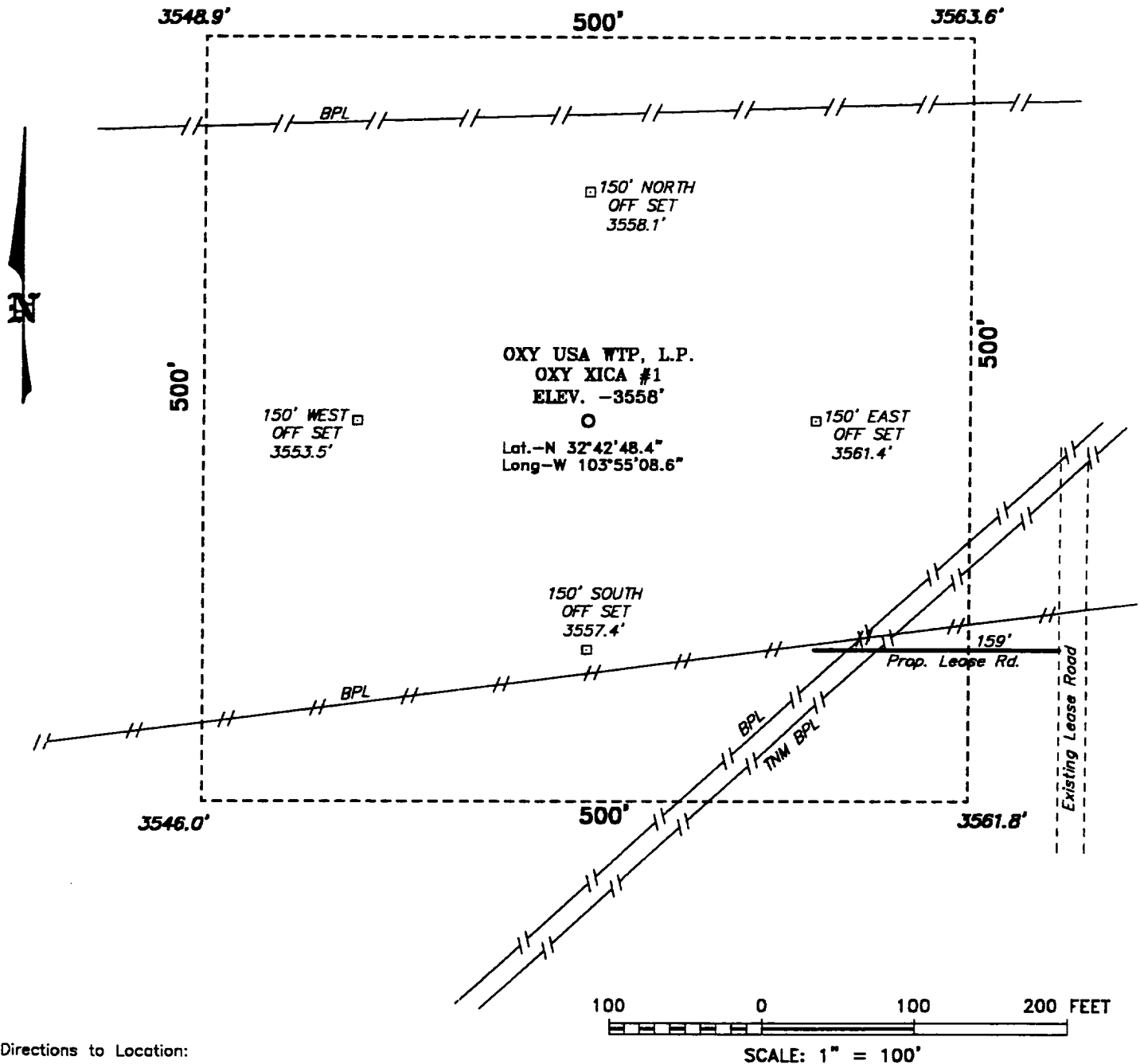
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated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

DATE

10-29-01

  
Gary L. Womack  
Operations Engineer  
915-685-5772  
South Permian Asset Team  
OXY USA WTP Limited Partnership

**SECTION 25, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



Directions to Location:

FROM THE JUNCTION OF CO. RD. 222 AND CO. RD. 250, GO WEST ON 250 FOR APPROX. 2.2 MILES TO A LEASE ROAD; THENCE NORTH ON LEASE ROAD FOR 648 FEET TO A PROPOSED LEASE ROAD.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 1857

Drawn By: K. GOAD

Date: 09-10-2001

Disk: KJG CD#5 - 1857A.DWG

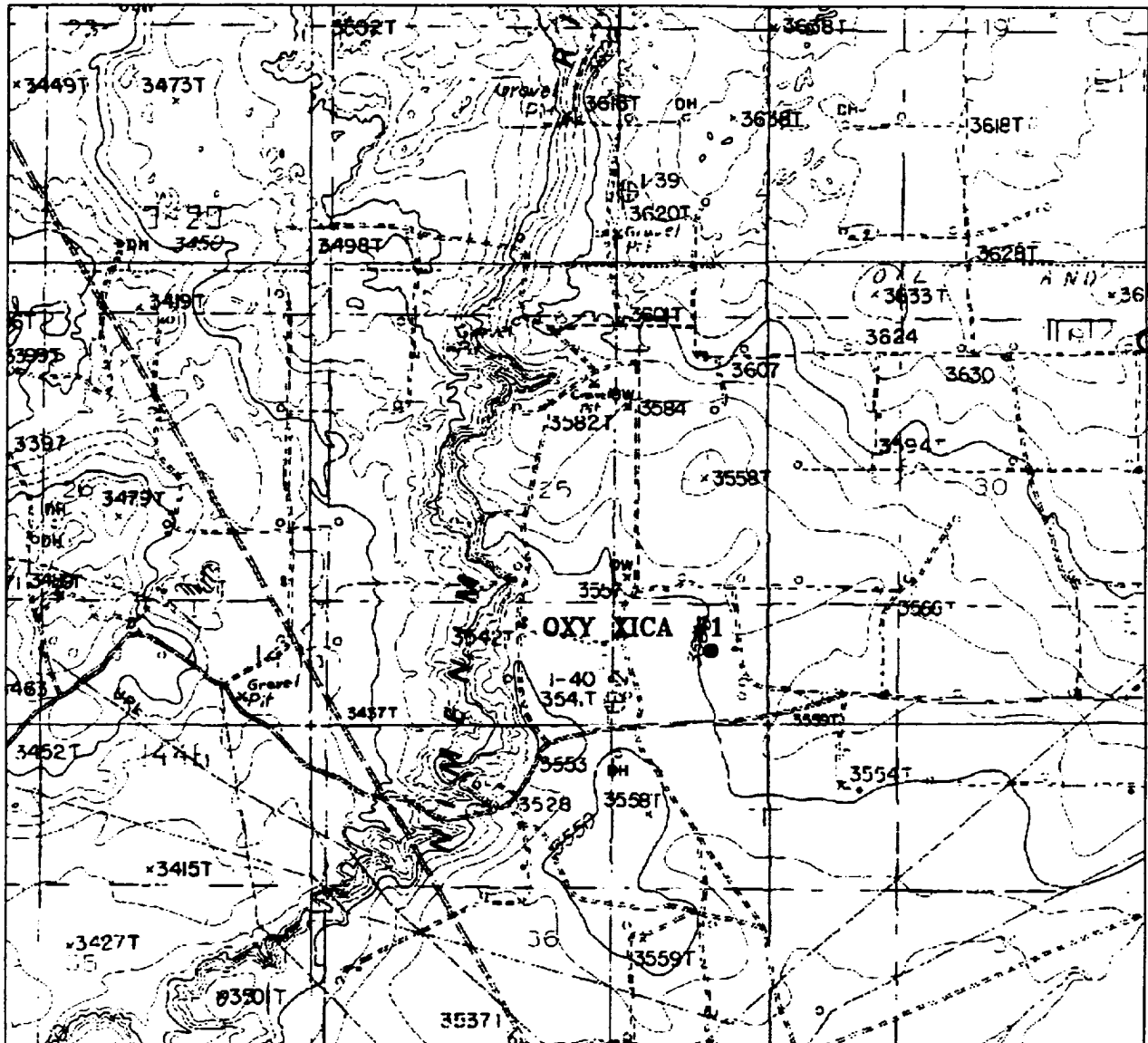
**OXY USA WTP, L.P.**

REF: OXY XICA #1 / Well Pad Topo

THE OXY XICA No. 1 LOCATED 835' FROM THE SOUTH LINE AND 660' FROM THE EAST LINE OF SECTION 25, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 09-06-2001

Sheet 1 of 1 Sheets



### OXY XICA #1

Located at 835' FSL and 660' FEL  
 Section 25, Township 18 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**

focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

W.O. Number: 1857AA - KJG CD#4

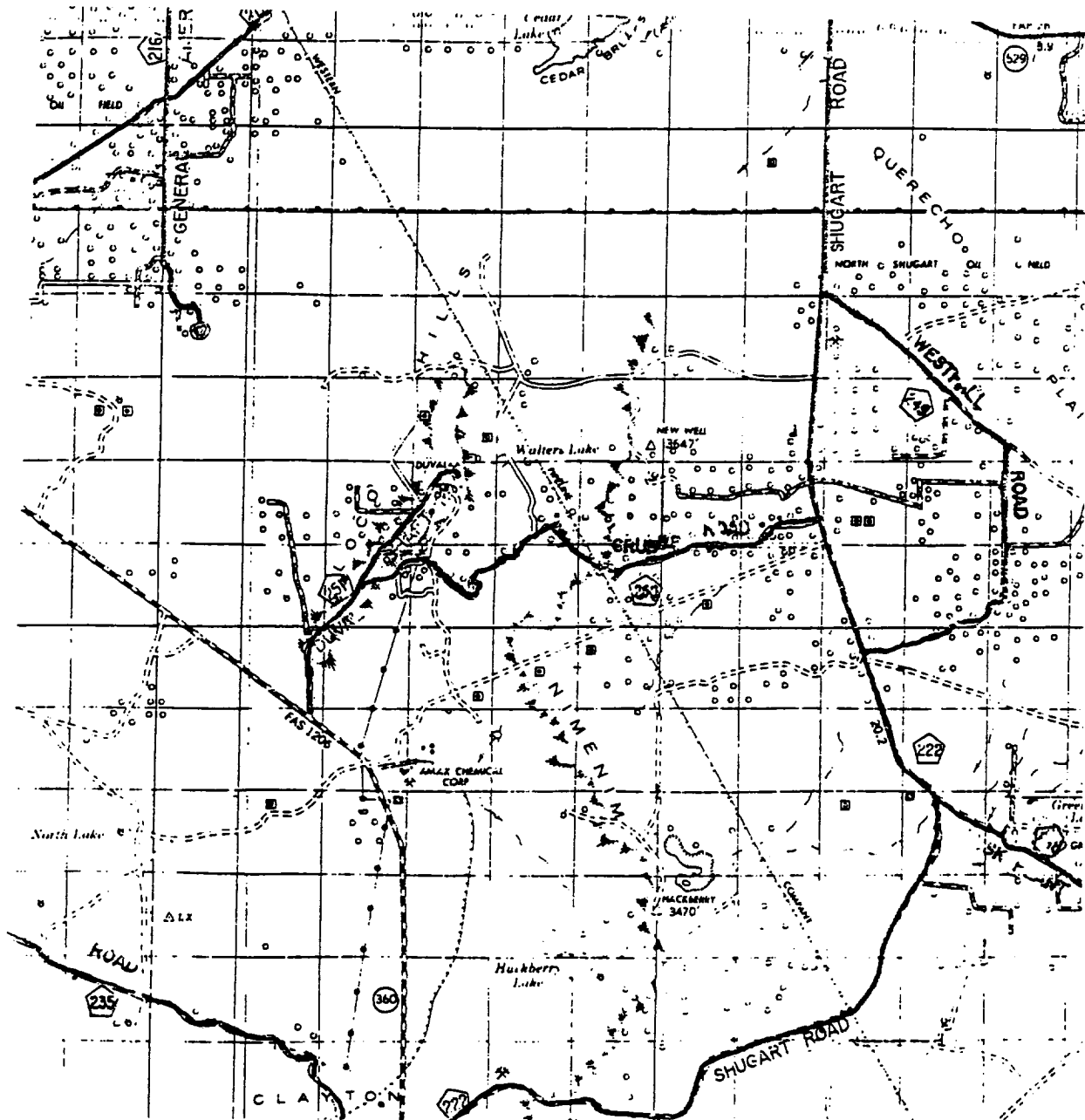
Survey Date: 09-06-2001

Scale: 1" = 2000'

Date: 09-10-2001

**OXY USA**  
**WTP, L.P.**

# EXHIBIT B



**OXY XICA #1**

Located at 835' FSL and 660' FEL  
Section 25, Township 18 South, Range 30 East,  
N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**

focused on excellence  
in the oilfield

P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(505) 393-7316 - Office  
(505) 392-3074 - Fax  
basinsurveys.com

W.O. Number: 1857AA - KJG CD#4

Survey Date: 09-08-2001

Scale: 1" = 2 MILES

Date: 09-10-2001

**OXY USA**  
**WTP, L.P.**

EXHIBIT C

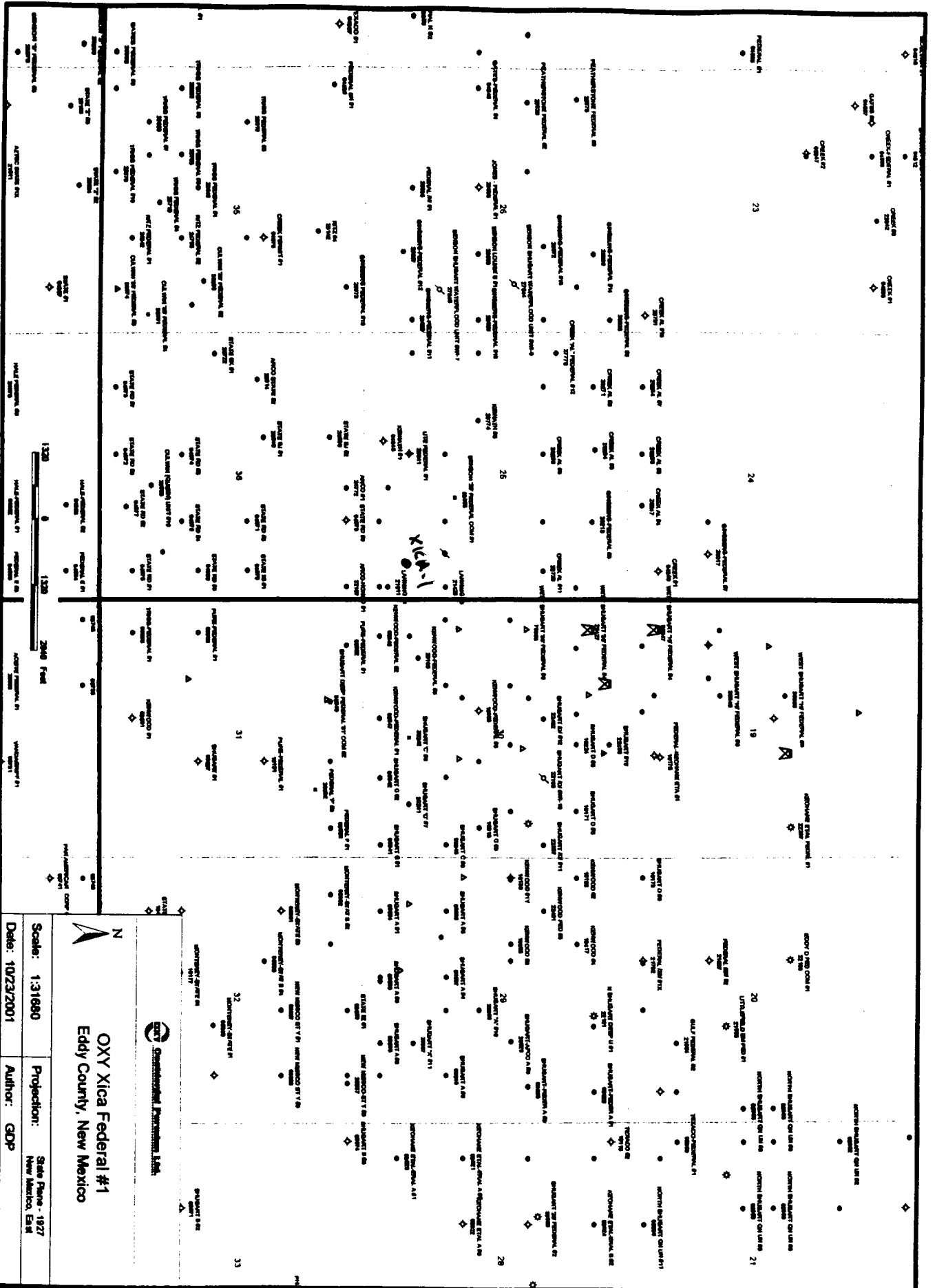
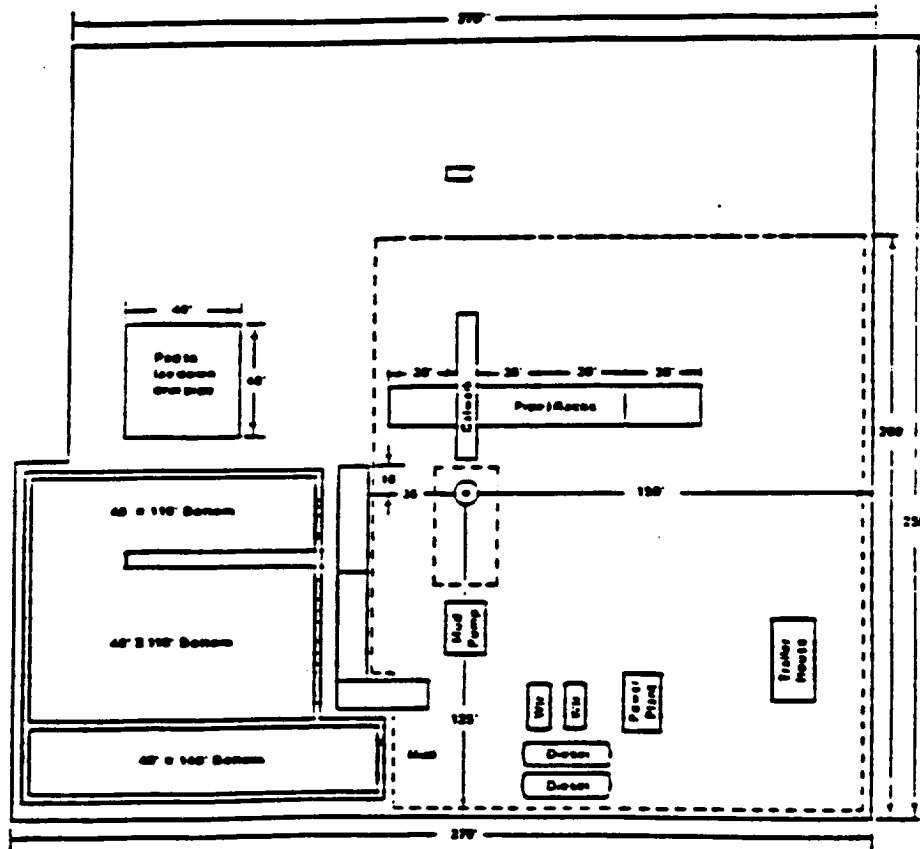


EXHIBIT D  
LOCATION PLAT



**TITLE PAGE/ABSTRACT/  
NEGATIVE SITE REPORT  
CFO/RFO**

1/95

1. BLM Report No.	2. (ACCEPTED)      (REJECTED)	3. NMCRIS No. 76334
4. Title of Report (Project Title)  Class III Archaeological Survey of OXY USA WTP, L.P.'s Xica #1 Well Pad, Access Road, and Lease Road Improvement in Section 25, T18S, R30E, Eddy County, NM		5. Project Date(s) 10/5/01 to -----  6. Report Date 10/10/01
7. Consultant Name & Address: Direct Charge: Mark C. Slaughter Name: Geo-Marine Inc. Address: 150-A N. Festival Drive, El Paso, TX 79912 Authors Name: R.C. Medlock Field Personnel Names: R.C. Medlock Phone: (915)585-0168		8. Permit No. 103-2920-01-O  9. Consultant Report No. 476EP
10. Sponsor Name and Address: Indiv. Responsible: Mr. Dusty Weaver Name: OXY USA WTP, L.P. Address: 2028 Buffalo Levelland, TX 79336 Phone: (806)894-8302		11. For BLM Use Only.   12. ACREAGE: Total No. of acres surveyed: <u>6.37</u> SURFACE OWNERSHIP: Federal: <u>6.37</u> State: _____, Private: _____
13. Location: (Maps Attached if Negative Survey) a. State: New Mexico b. County: Eddy c. BLM Office Carlsbad d. Nearest City or Town: Maljamar e. Legal Location: T <u>18S</u> R <u>30E</u> Sec. <u>25</u> ; SE 1/4 NE 1/4 Well Footages: 835 FSL, 660 FEL f. USGS 7.5 Map Name(s) and Code Number(s): Hackberry Lake, NM (Provisional Edition 1985) 32103-F8 g. Area: Block: surveyed: 5.74 acres (500' x 500') Impact: Within staked area Linear: Surveyed: Access Road - 36' x 100';    Lease Road - 242' x 100' Impact: 278' x 50'		



14. a. Records Search; ARMS: Date(s): 10/4/01 Name(s): R.C. Medlock  
BLM Office: Date(s): 10/4/01 Name(s): R.C. Medlock  
List Sites within .25 miles of Project: None  
Show sites within 500' on Project Map

b. Description of Undertaking:

Construction of a well pad and access road. The road begins at a lease road, a portion of which needs improving. The access road is not located as shown on the plat, due to the relocation of the pits to the SE corner of the pad; the road will be 25' north of the SE corner of the 500' x 500', go west and then north to the SW corner of the pad.

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

NRCS: Simona-Pajarito association; generally shallow soil with caliche outcrops.

Topography: Low dunes, shallow deflation basins, loose sand, on a gentle west slope near the top of a ridge.

Vegetation: Mesquite, javelina bush, yucca, prickly pear, snakeweed.

Visibility: 80% due to locally heavy ground cover.

Elevation: 3550-3560

d. Field Methods:

Parallel transects 15 meters apart

Crew size: 1

Time in field: 2.5 hrs

15. Cultural Resource Findings:

a. Identification and description

No cultural resources were encountered.

16. Management Summary (Recommendations):

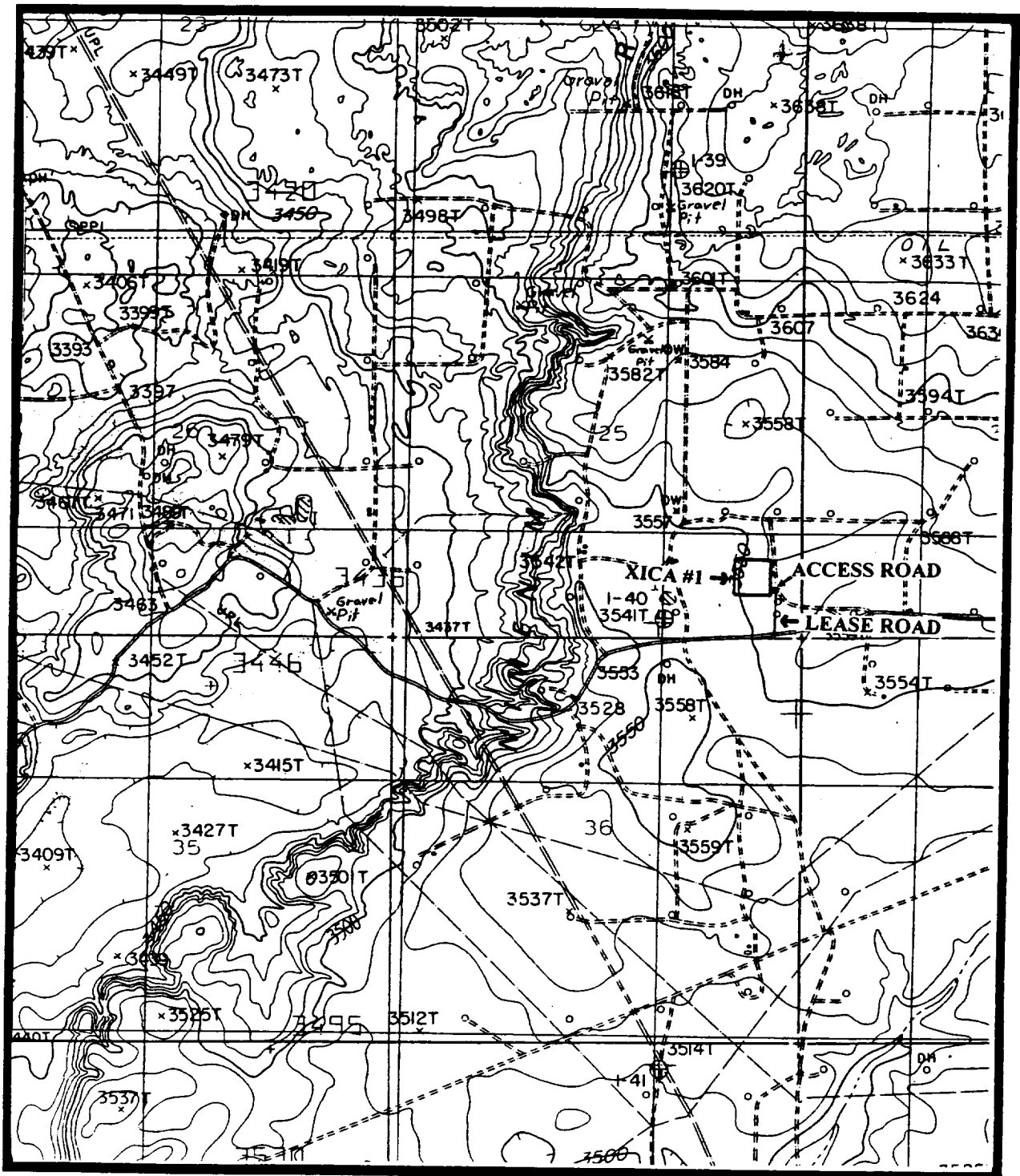
Archaeological clearance is recommended. A BLM archaeologist should be notified immediately if any cultural resources are encountered at any time.

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

Responsible Archaeologist

RC Medlock  
Signature

10/10/01  
Date



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

Attention: Armando A. Lopez

RE: OXY XICA Federal #1  
Section 25, T18S-R30E  
Eddy County, New Mexico

**STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS**

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

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


**LEASE NO.:** NM-01375-A

**LEGAL DESCRIPTION:** 835' FSL and 660' FEL Section 25,  
T18S-R30E  
Eddy County, New Mexico

**FORMATIONS:** All

**BOND COVERAGE:** Nationwide

**BLM BOND FILE NO.:** ES 0136

**AUTHORIZED SIGNATURE:** **OXY USA WTP Limited Partnership**  
BY:   
David R. Evans

**TITLE:** Sr. Landman Advisor  
**DATE:** October 29, 2001

cc: David Stewart

OXY USA WTP Limited Partnership  
P.O. Box 50250, Midland, TX 79710-0250

October 29, 2001

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

Re: Application for Permit to Drill  
OXY USA WTP Limited Partnership  
OXY Xica Federal #1  
Eddy County, New Mexico  
Lease No. NM01375-A

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Xica Federal #1 located 835 FSL and 660 FEL of Section 25, T18S, R30E, Eddy County, New Mexico, Federal Lease No. NM01375-A. The proposed well will be drilled to a TD of approximately 12000' (TVD). The location and work area has been staked. It is approximately 7 miles southeast of Loco Hills, New Mexico.

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

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill.
2. Form C-102 Location and Acreage Dedication Plat certified by Gary L. Jones, Registered Land Surveyor No. 7977 in the State of New Mexico, dated September 6, 2001.
3. The elevation of the unprepared ground is 3558 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 12000' (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 12000' TVD.
7. Estimated tops of important geologic markers.

Wolfcamp	9750' TVD
Strawn	10870' TVD
Atoka	11160' TVD
Morrow	11440' TVD
8. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Primary Objective: Morrow 11440' TVD

Secondary Objective: Atoka 11160' TVD

9. The proposed casing program is as follows:

Surface: 13-3/8" 48# H40 ST&C new casing set at 6250'  
Intermediate: 9-5/8" 36# HCK/K55 ST&C new casing from 0-3700'  
Production: 5-1/2" 17# N80-S95 LT&C new casing from 0-12000'  
N80-0-8800' S95-8800-12000'

10. Casing setting depth and cementing program:

- A. 13-3/8" surface casing set at 625' in 17-1/2" hole.  
Circulate cement with 300sx 35:65 POZ/C w/ 6% Bentonite + 2%  
CaCl<sub>2</sub> + .25#/sx Cello-Seal followed by 200sx Class C w/ 2%  
CaCl<sub>2</sub>.

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<sub>2</sub>.

- B. 9-5/8" intermediate casing set at 3700' in 12-1/4" hole.  
Circulate cement with 750sx 35:65 POZ/C w/ 6% Bentonite + 2%  
CaCl<sub>2</sub> + .25#/sx Cello-Seal followed by 200sx Class C w/ 2%  
CaCl<sub>2</sub>.

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<sub>2</sub>.

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

- C. 5-1/2" production casing set at 12000'. Cement with 850sx  
15:61:11 POZ/C/CSE w/ .5% FL-25 + .5% FL-52 + 8#/sx  
Gilsonite followed by 100sx Class C w/ .7% FL-25.

Estimated top of cement is 7500'.

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

11. Pressure Control Equipment

0' - 625'	None
625' - 3700'	13-3/8" 3M annular preventer, to be used as divertor only. Exhibit A
3700' - 12000'	11" 5000# ram type preventers with one set blind rams and one set pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 8500'. Exhibit A.

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

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

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

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

12. Mud Program:

0 - 625'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7-9.2 ppg, vis 32-34 sec.
625' - 3700'	Fresh/*brine water. Lime for pH control (10-10.5). Paper for seepage. Wt. 8.3-9.0/10.0-10.1 ppg, vis 28-29 sec. *Fresh water will be used unless chlorides in the mud system increase to 20000PPM.
3700' - 8300'	Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec.
8300' - 10000'	Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec.
10000' - 12000'	Mud up with an Duo Vis/Flo Trol system. Wt. 9.6-10.0 ppg, Vis 32-36sec, WL<10cc.

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

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

13. Testing, Logging and Coring Program:
  - A. Testing program: No DST's are anticipated.
  - B. Mud logging program: One-man unit from 6000' to TD.
  - C. Electric logging program: CNL/LDT/CAL/GR, DLL/CAL/GR.
  - D. Coring program: Possible sidewall rotary cores.
14. No abnormal temperatures, or H2S gas are anticipated. The highest anticipated pressure gradient would be .55psi/ft. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.
15. Anticipated starting date is January 20, 2001. 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  
Sr. Regulatory Analyst  
OXY USA WTP Limited Partnership

DRS/drs

Attachments