N.M. Cil Cone, DIV-Dist. 2 H-16 1301 W. Grand Avenue 7 orm 3160-3 .. (August 1999) Artesia, NM 88210 EPARTMENT OF THE INTERIOR OMB NO. 1004-0136 BUREAU OF LAND MANAGEMENT Expires: November 30, 2000 5. Lease Serial No. PAPPLICATION FOR PERMIT TO DRILL OR REENTER NM-27278 6. If Indian, Allotee or Tribe Name 1a. Type of Work REENTER 1b. Type of Well EL Zt 7. Unit or CA Agreement Name and No. X Gas Well Other X Single Zone Multiple Zone 2. Name of Operator 8. Lease Name and OXY USA WIP Limited Partnership OXY Freddie Federal 3b. Phone No. (include area code) 3a. Address 9. API Well No. P.O. Box 50250 Midland, TX 79710-0250 915-685-5717 30-015-Location of Well (Report location clearly and in accordance with any State equirements)* 10. Field and Pool, or Exploratory 1650 FNL 1980 FWL SENW(F) Undsg. Hackberry Morrow, N. R-111-P-POTASH 11. Sec., T., R., M., or Blk. and Survey or Area At proposed prod. zone Sec 26 T18S R30E 14. Distance in miles and direction from nearest town or post office* 12. County or Parish 13 State 6 miles southeast from Artesia, NM 15. Distance from proposed* 16. No. of Acres in lease 17. Spacing Unit dedicated to this well location to nearest property or lease line, ft. 660' 320 (Also to nearest drg. unit line, if any) 320 18. Distance from proposed location* 19. Proposed Depth 20.BLM/BIA Bond No. on file to nearest well, drilling, completed, applied for, on this lease, ft. N/A 12300' 9312774 21. Elevations (Show whether DF, KDB, RT, GL, etc. 22. Approximate date work will start* 23. Estimated duration 33961 7/1/02 30 days 24. Attachments Capitan Controlled Water Basin The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form: 1. Well plat certified by a registered surveyor. 4. Bond to cover the operations unless covered by an existing bond on file (see A Drilling Plan Item 20 above). A Surface Use Plan (if the location is on National Forest System Lands, the Operator certification. SUPO shall be filed with the appropriate Forest Service Office). Such other site specific information and/or plans as may be required by the authorized officer. 25. Signuature Name (Printed/Typed) Date David Stewart Title Sr. Regulatory Analyst Approved by (Signautre) Name (Printed/Typed) Date JUN 1 5 2002 Title Office NM STATE OFFICE Application approved 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. APPROVAL FOR 1 YEAR Conditions of approval, if any, are attached. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. \$ection 1212, make it a crime for any person knowlingly 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) Prod. Casing To be circ. To surface per phone conversation with Dave Stewart M/28/02 **APPROVAL SUBJECT TO** GENERAL REQUIREMENTS AND

SPECIAL STIPULATIONS

ATTACHED

OXY Freddie Federal #1 1650 FNL 1980 FWL SENW(F) SEC 26 T18S R30E Eddy County, NM Federal Lease No. NM-27278

PROPOSED TD: 12300' TVD

BOP PROGRAM: 0-625' None

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

divertor only.

11" 5M blind pipe rams with 5M annular 4500-12300'

preventer and rotating head below 8500'.

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

17-1/2" hole

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

12-1/4" hole

5-1/2" OD 17# L80-S95 LT&C new casing from 0-12300' Production:

8-3/4" hole 8800'-L80 3500-S95

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

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

with 2% CaCl2.

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

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

MUD: Fresh water/native mud. Lime for pH control 0-625′

(9-10). Paper for seepage. Wt 8.7-9.2 ppg, Vis 32-34 sec

625-4500' Fresh/*Brine water. Lime for pH control

(10.0-10.5). Paper for seepage.

Wt 8.3-9.0/10.0-10.1ppg, Vis 28-29 sec

*Fresh water will be used unless chlorides in

the mud system increases to 20000PPM.

4500-8300' Fresh water. Lime for pH control(9-9.5).

Paper for seepage.

Wt 8.3-8.5 ppg, Vis 28-29 sec GORDAN ATATO NO

8300-10000' Cut brine. Lime for pH control (10-10.5).

Wt 9.6-10.0 ppg, Vis 28-29sec

10000-12300' Mud up with an Duo Vis/Flo Trol mud system.

Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc

DISTRICT I 1621 N. French Dr., Robbs, NM 85240 DISTRICT II 811 South First, Artesia, NM 85210

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

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

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-	96785	Undesignated Hackberry Morrow, North
Property Code	_	DOE FEDERAL Well Number
ogrid No. 192463	-	A WTP, L.P. Elevation 3396'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	26	18 S	30		1650	NORTH	1980	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section To	wnship	Range	Lot	dn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or In	fill Cor	solidation	Code	Ord	er 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

1980'-	3391.2'r 3398.3' 660' 3396.8' 3405.3' Lon - W103'56'41.2" Ray Westhall Featherstone FI 3001525440	, 	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 5 7 02 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 me	n f
	3001525440 		on this plat was plotted from field notes of	f ivy

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

May 7, 2002

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 Freddie Federal #1
Eddy County, New Mexico
Lease No. NM-27278

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Freddie Federal #1 located 1650 FNL and 1980 FWL of Section 26, T18S, R30E, Eddy County, New Mexico, Federal Lease No. NM-27278. The proposed well will be drilled to a TD of approximately 12300' (TVD). The location and work area has been staked. It is approximately 6 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.
 - 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 March 18, 2002.
 - 3. The elevation of the unprepared ground is 3396 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 12300' (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 12300' TVD.
 - Estimated tops of important geologic markers.

Wolfdamp	9850′	TVD
Strawn	10900′	TVD
Atoka	11200′	TVD
Morrow	11500′	TVD

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

Primary Objective: Morrow 11500' TVD

Secondary Objective: Atoka 11200' TVD

APD - OXY Freddie Federal #1 Page 2

9. The proposed casing program is as follows:

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

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

Production: 5-1/2" 17# L80/S95 LT&C new casing from 0-12300'

L80-8800' S95-3600'

10. Casing setting depth and cementing program:

A. 13-3/8" surface casing set at 625' in 17-1/2" hole.
Circulate cement with 300sx 35:65 POZ/C w/ 6% Bentonite + 2%
CaCl₂ + .25#/sx Cello-Seal followed by 100sx Class C w/ 2%
CaCl₂.

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% CaCl₂.

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

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

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl₂.

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

C. 5-1/2" production casing set at 12300' in 8-3/4" hole. Cement with 900sx 15:61:11 POZ/C/CSE w/ .5% FL-25 + .5% FL-52 + 8#/sx Gilsonite followed by 100sx Class C w/ .7% FL-25.

Estimated top of cement is 8000'.

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

11. Pressure Control Equipment

0-625' None

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

divertor only. Exhibit A

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.

APD - OXY Freddie Federal #1 Page 3

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.

Fresh/*brine water. Lime for pH control (10-10.5). Paper for seepage.
Wt. 8.3-9.0/10.0-10.1ppg, vis 28-29 sec.
*Fresh water will be used unless chlorides in the mud system increase to 20000PPM.

4500-9500' Fresh water. Lime for pH control (9-9.5). Paper for seepage.
Wt. 8.3-8.5 ppg, vis 28-29 sec.

9500-11000 Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec.

11000-12300' 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.

APD - OXY Freddie Federal #1 Page 4

- 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 July 1, 2002. It should take approximately 30 days to drill the well and another 10 days to complete.
- 16. The Multi-Point Surface Use & Operation Plan is attached.
- 17. If the Bureau of Land Management needs additional information to evaluate this application, please advise.

Very truly yours,

David Stewart

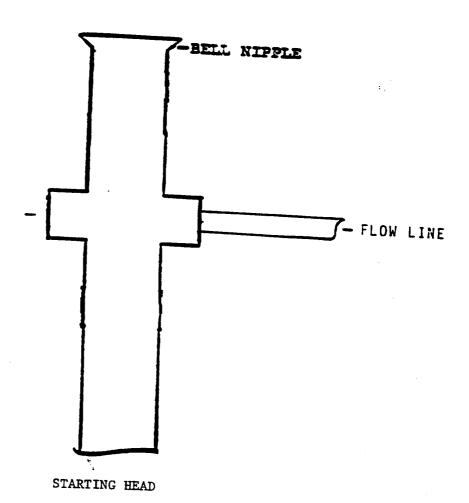
Sr. Regulatory Analyst

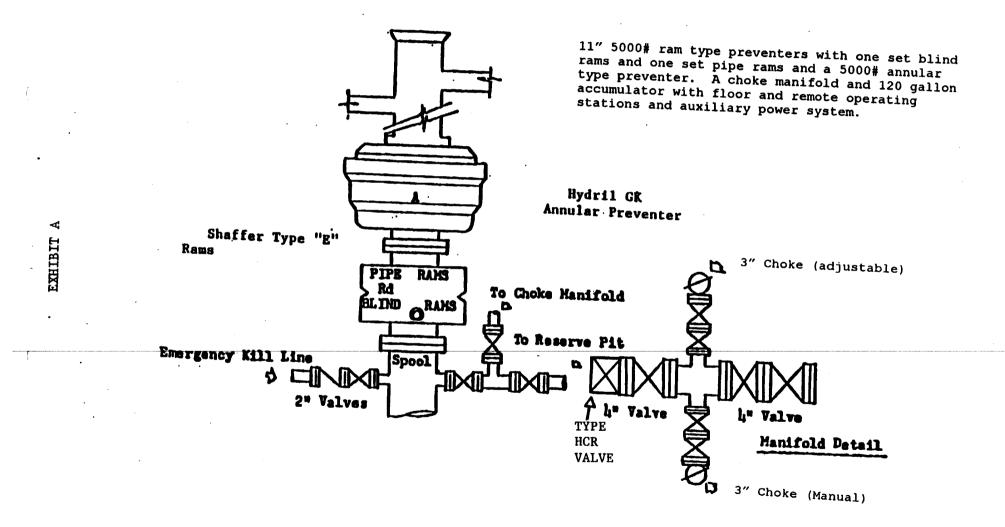
OXY USA WTP Limited Partnership

DRS/drs

Attachments

ANNULAR PREVENTOR
TO BE USED AS DIVERTOR ONLY





Choke Manifold

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

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

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

The well, and work are a 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.

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 3.75 miles to a lease road. Go north on lease road approximately .5 miles to proposed lease road.

2. Planned Access Road

- A. A new access road will be built. The access road will run approximately 311' east 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.

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

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 Freddie 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, was to 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.

Multi-Point Surface Use and Operations Plan OXY Freddie Federal #1 Page 3

- 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 with out 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 liquid will be fenced and the liquid portion allowed to evaporate before the
- 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 3396'.
- B. Soil: Sandy clay loams.
- C. Flora and Fauna: The vegetative cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grasses. Wildlife in the area is also sparse consisting of coyotes, rabbits, rodents, reptiles, dove and quail.
- D. Ponds and Streams: There are no rivers, streams, lakes or ponds in the area.
- E. Residences and Other Structures: Nearest residence is .5 miles southeast of the proposed 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 Freddie 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

Calvin C. (Dusty) Weaver Operation Specialist P.O. Box 2000 Levelland, TX 79336 Office Phone: 806-229-9467 Cellular: 806-893-3067 Joe Fleming Drilling Coordinator P.O. Box 50250 Midland, TX 79710-0250 Office Phone: 915-685-5858

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.

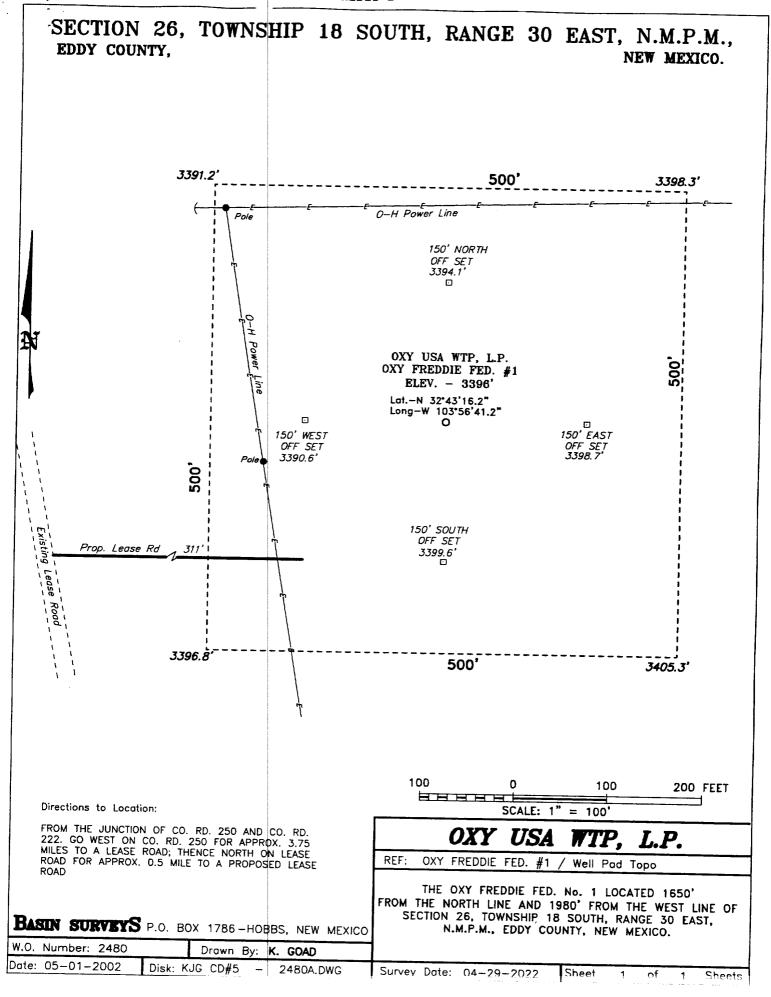
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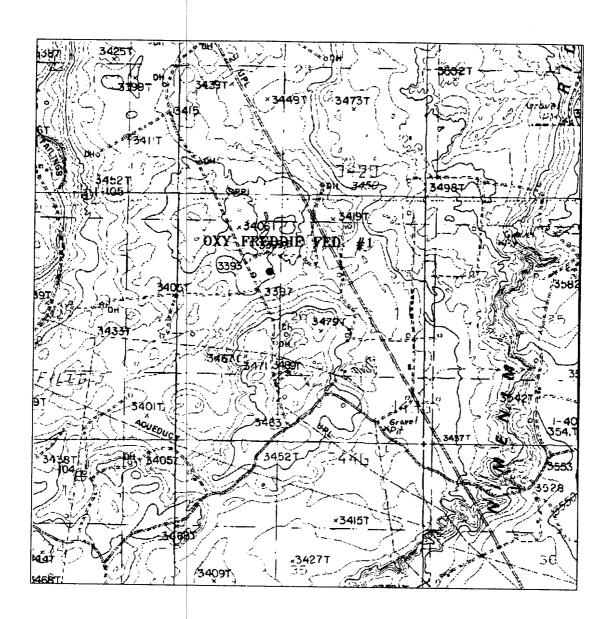
Jeff Davis
Sr. Engineering Technician

915-685-5710

South Permian Asset Team

OXY USA WTP Limited Partnership





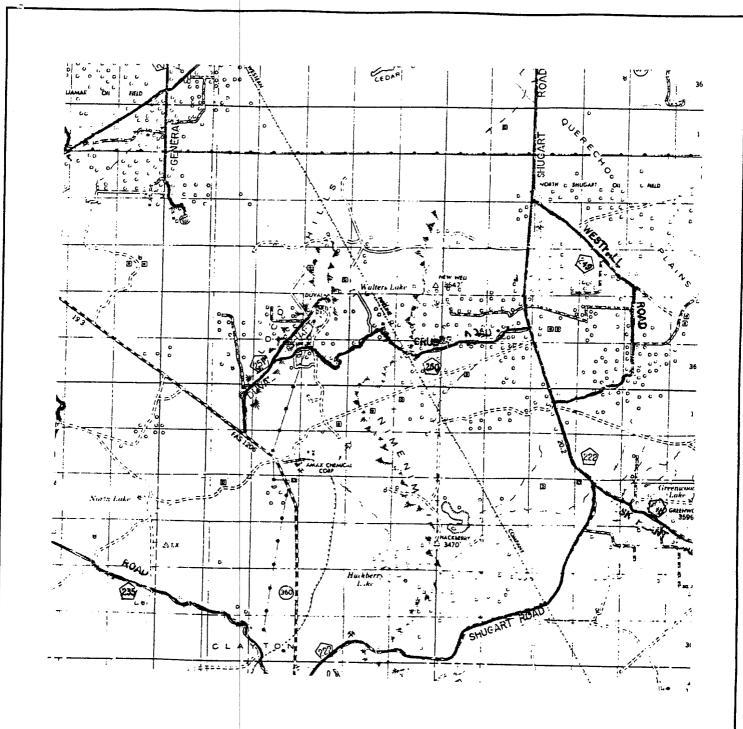
OXY FREDDIE FED. #1 Located at 1650' FNL and 1980' FWL Section 26, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



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:	2480A4 - KJG CD#4
Survey Date:	04-29-2002
Scale 1" = :	2000,
Date. 05-01	-2002

OXY USA WTP, L.P.



OXY FREDDIE FED. #1 Located at 1650' FNL and 1980' FWL Section 26, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Date: 05-01-2002



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:	2480AA - KJG CD#4
Survey Date:	04-29-2002
Scale: 1" = 2	MILES

OXY USA WTP, L.P.

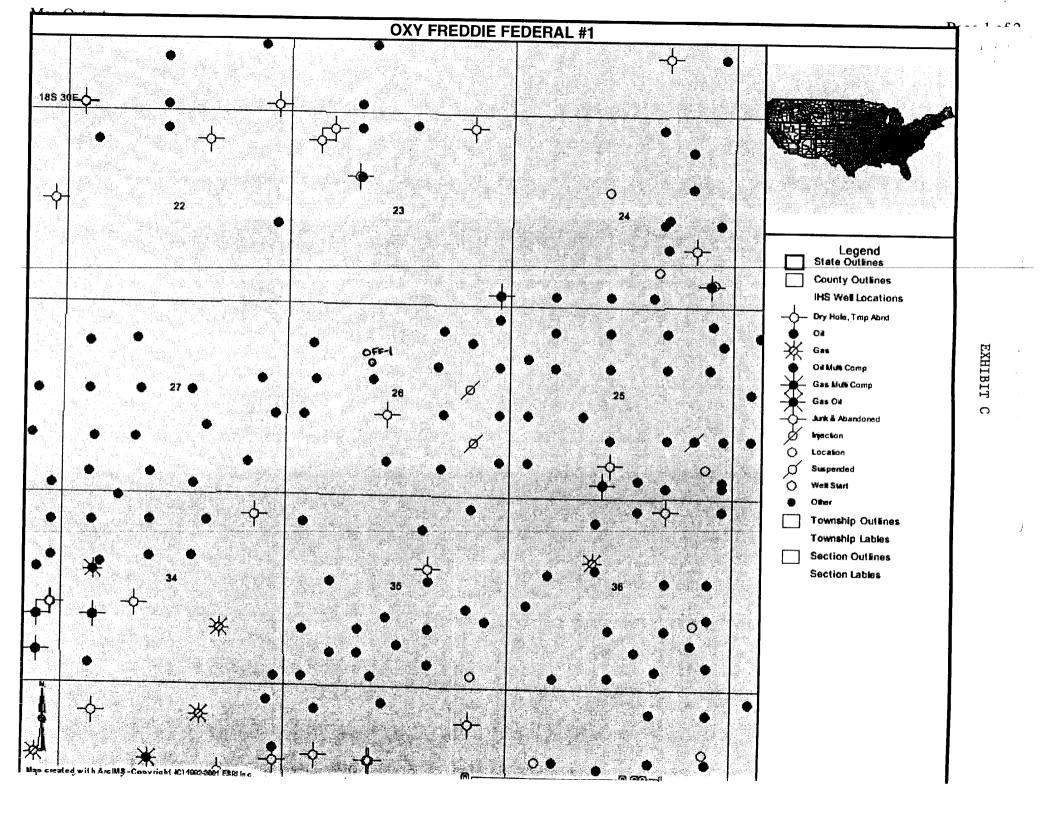
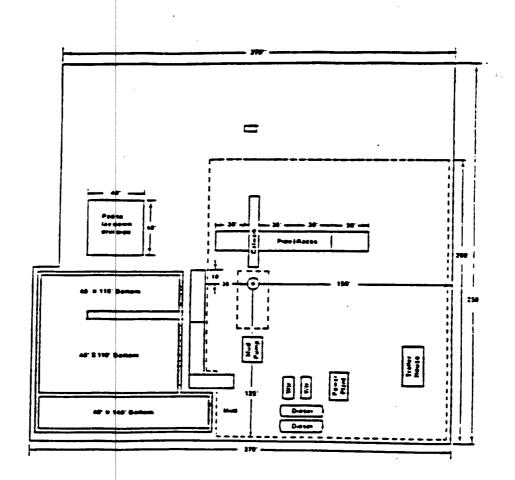


EXHIBIT D



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 Freddie Federal Com #1

Section 26, T18S-R30E Eddy County, New Mexico

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME:

OXY USA WTP Limited Partnership

ADDRESS:

P. O. Box 50250

Midland, Texas 79710

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

LEASE NO.:

NM-27278

LEGAL DESCRIPTION:

1650' FNL and 1980' FWL Section 26,

T18S-R30E

Eddy County, New Mexico

FORMATIONS:

Limited to rights below 3,600'

BOND COVERAGE:

Nationwide

BLM BOND FILE NO.:

ES 0136

OXY USA WTP Limited Partnership

AUTHORIZED SIGNATURE:

David R. Evans

TITLE:

Sr. Landman Advisor

DATE:

May 7, 2002

cc: David Stewart