

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-93771	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator OXY USA WTP Limited Partnership		7. Unit or CA Agreement Name and No. 30748	
3a. Address P.O. Box 50250 Midland, TX 79710-0250		8. Lease Name and Well No. OXY Ivore Federal #1	
3b. Phone No. (include area code) 915-685-5717		9. API Well No. 30-015-32507	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1079 FNL 1610 FEL NWNE(B) At proposed prod. zone		10. Field and Pool, or Exploratory Undsg. Hackberry Morrow, N.	
14. Distance in miles and direction from nearest town or post office 7 miles southeast from Loco Hills, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 35 T18S R30E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1079'		12. County or Parish Eddy	
16. No. of Acres in lease 320		13. State NM	
17. Spacing Unit dedicated to this well 320		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1915'	
19. Proposed Depth 12300'		20. BLM/BIA Bond No. on file 9312774	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3415'		22. Approximate date work will start* 11/15/02	
		23. Estimated duration 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 Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) David Stewart	Date 9/16/02
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Title Sr. Regulatory Analyst	
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Approved by (Signautre) /S/ RICHARD A. WHITLEY	Name (Printed/Typed) /S/ RICHARD A. WHITLEY	Date OCT 23 2002
---	--	---------------------

Title ACTING STATE DIRECTOR	Office NM STATE OFFICE
--------------------------------	---------------------------

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, 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.

*(Instructions on Reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

OXY Ivore Federal Com.#1
1079 FNL 1610 FEL NWNE(B) SEC 35 T18S R30E Eddy County, NM
Federal Lease No. NM-93771

PROPOSED TD: 12300' TVD

BOP PROGRAM: 0-625' None

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

4500-12300' 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'
17-1/2" hole

Intermediate: 9-5/8" OD 36# HCK/K55 ST&C new casing from 0-4500'
12-1/4" hole

Production: 5-1/2" OD 17# L80-S95 LT&C new casing from 0-12300'
8-3/4" hole 8800'-L80 3500-S95

CEMENT: Surface - Circulate cement with 200sx 35:65 POZ/C with 6% Bentonite
+ 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: 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

625-4500' 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

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
1625 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
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 96785	Pool Name Undesignated Hackberry Morrow, North
Property Code	Property Name OXY IVORE FEDERAL COM.	Well Number 1
OGRID No. 192463	Operator Name OXY USA WTP, L.P.	Elevation 3415'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	35	18 S	30 E		1079	NORTH	1610	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 Y	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

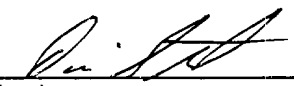
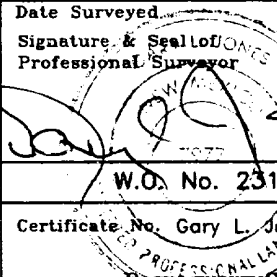
<p>Ray Westall Ritz Fed-4 3001525142 TD-3988'</p> <p>OXY USA WTP LP OXY Misty Fed-1 3001532359 Permitted/Not Drilled</p> <p>Lat - N32°42'29.6" Lon - W103°56'21.4"</p> <p>1079'</p> <p>3418.0'</p> <p>3426.2'</p> <p>1610'</p> <p>3406.7'</p> <p>3408.9'</p> <p>1915'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature David Stewart Printed Name Sr. Regulatory Analyst Title 9/16/02 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>FEBRUARY 15, 2002</p> <p>Date Surveyed Signature & Seal of Professional Surveyor  W.O. No. 2314 Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>

EXHIBIT A

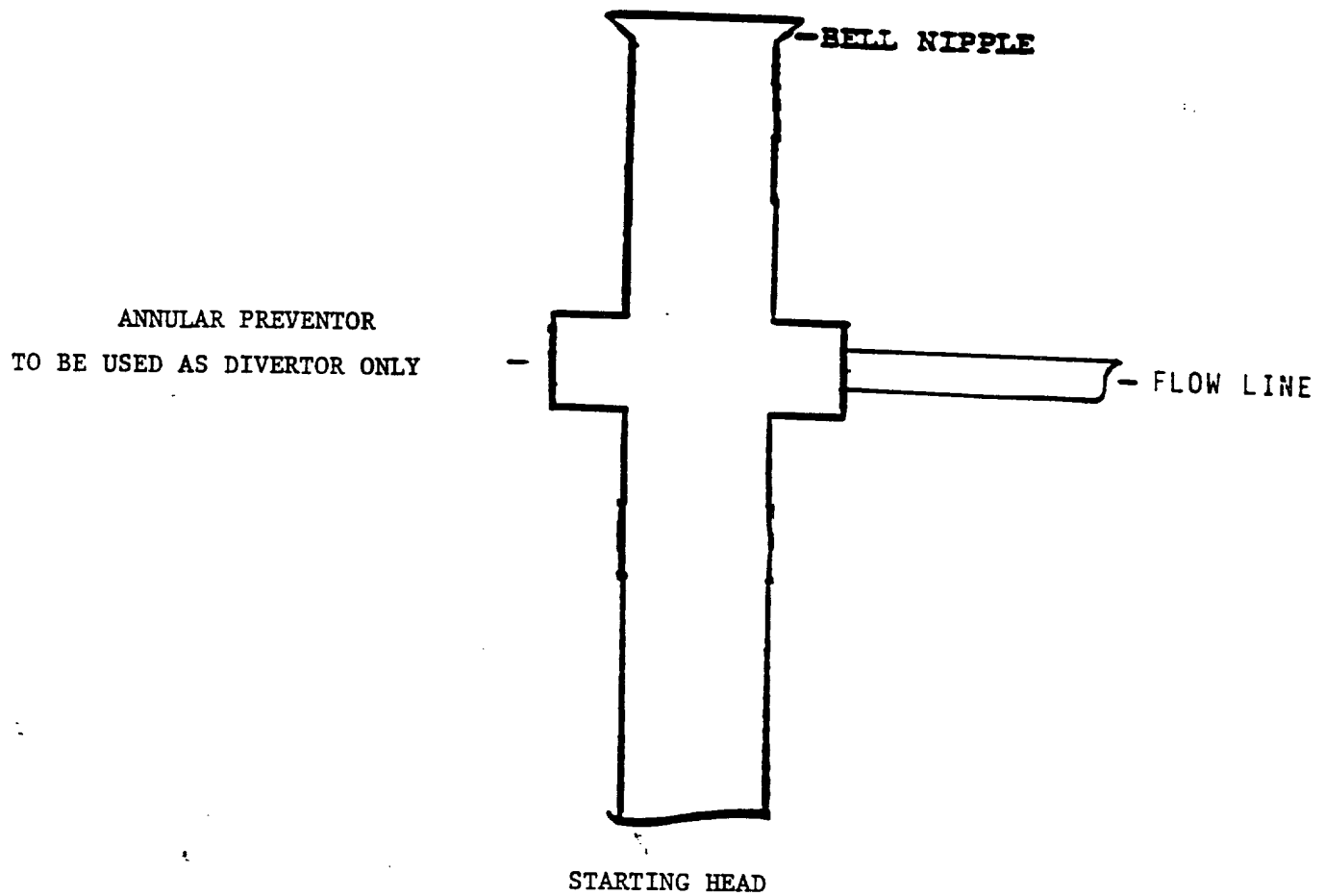
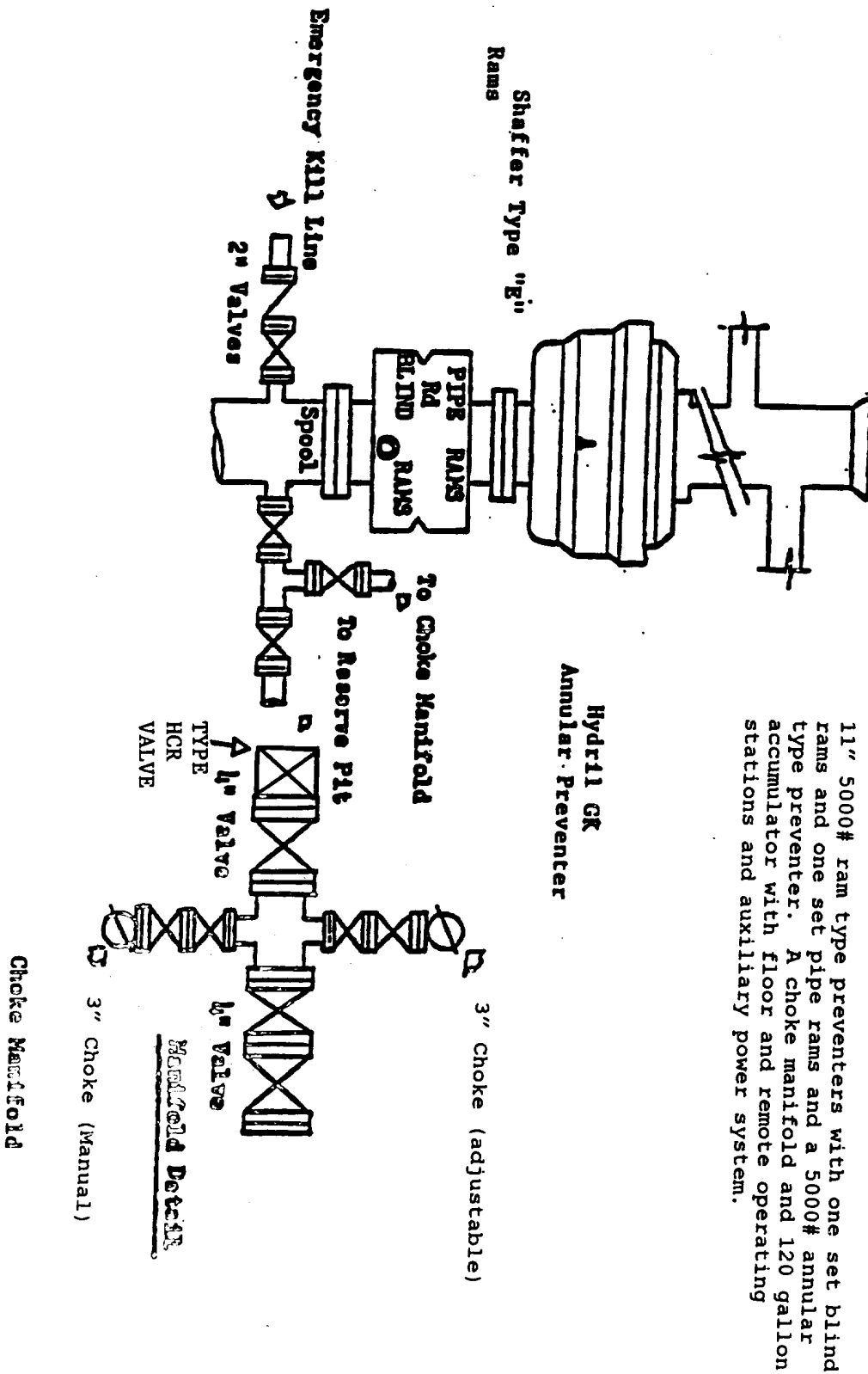


EXHIBIT A

BLOWOUT PREVENTOR SCHEME



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OXY USA WTP Limited Partnership
OXY Ivore Federal #1
Eddy County, New Mexico
Lease No. NM-93771

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 3 miles to a lease road, then south on lease road for approximately .5 miles to a proposed lease road.

2. Planned Access Road

- A. A new access road will be built. The access road will run approximately 474' southeast 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 Ivory 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 Ivory 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: 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 3415'.
- 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 north 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 Ivore 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

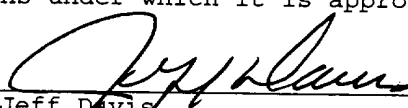
Calvin C. (Dusty) Weaver
Operation Specialist
P.O. Box 2000
Levelland, TX 79336
Office Phone: 806-229-9467
Cellular: 806-893-3067

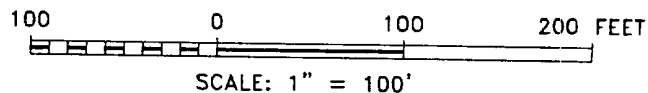
Terry Asel
Operation Specialist
1017 W. Stanolind Rd.
Hobbs, NM 88240
Office Phone: 505-397-8217
Cellular: 505-631-0393

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

9/16/02


Jeff Davis
Sr. Engineering Technician
915-685-5710
South Permian Asset Team
OXY USA WTP Limited Partnership



FROM THE JUNCTION OF CO. RD. 222 AND CO. RD. 250, GO WEST ON 250 FOR APPROX. 3 MILES TO A LEASE ROAD; THENCE SOUTH ON LEASE ROAD FOR APPROX. 0.5 MILE TO A PROPOSED LEASE ROAD.

REF: OXY IVORE #1 / Well Pad Topo

THE OXY IVORE No. 1 LOCATED 1079' FROM
THE NORTH LINE AND 1610' FROM THE EAST LINE OF
SECTION 35, TOWNSHIP 18 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 2314

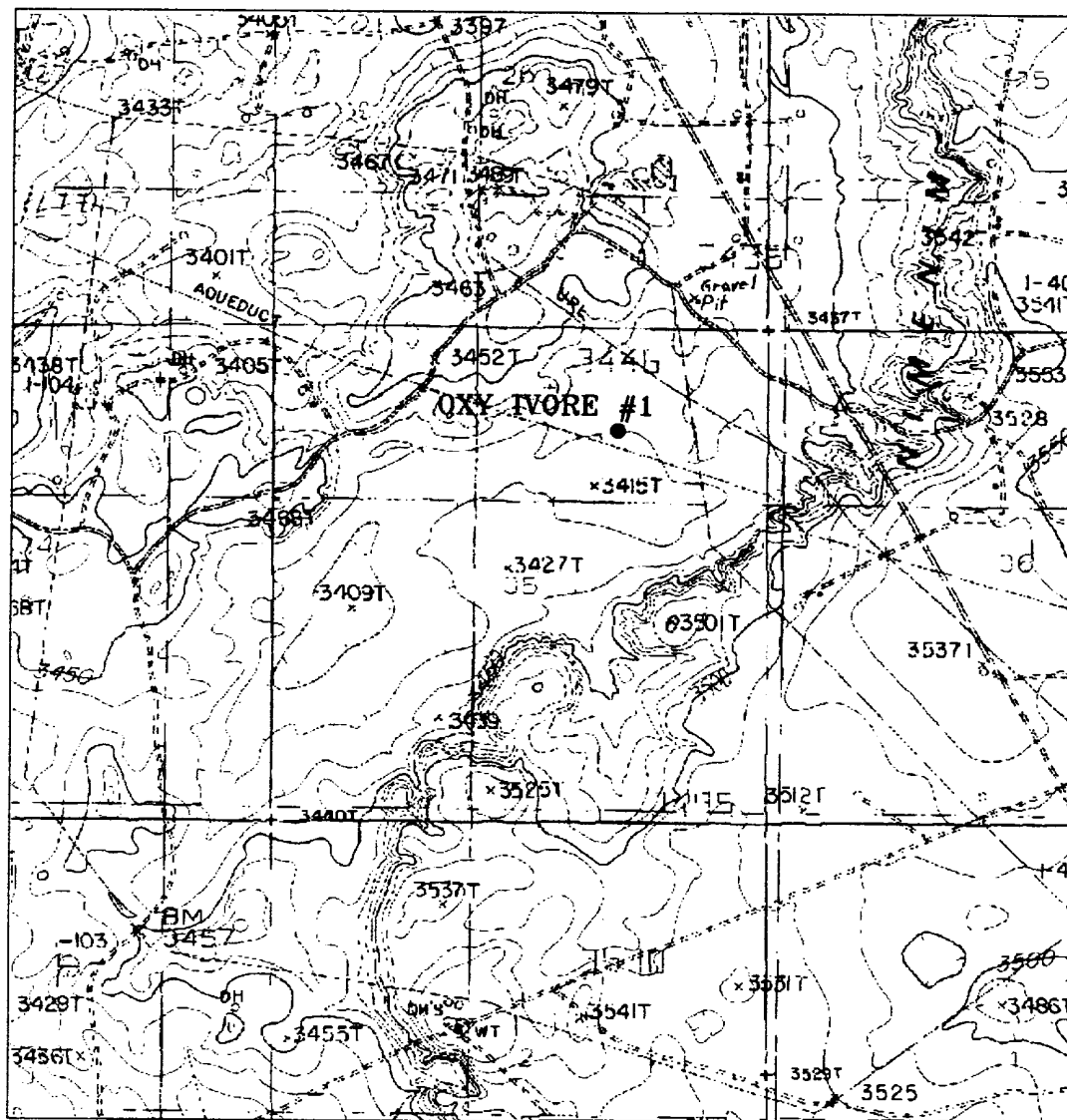
Drawn By: K. GOAD

Date: 02-18-2002

Disk: KJG CD#5 - 2314A.DWG

Survey Date: 02-15-2002

Sheet 1 of 1 Sheets



OXY IVORE #1

Located at 1079' FNL and 1610' FEL
 Section 35, 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.G. Number: 2314AA - KJG CD#4

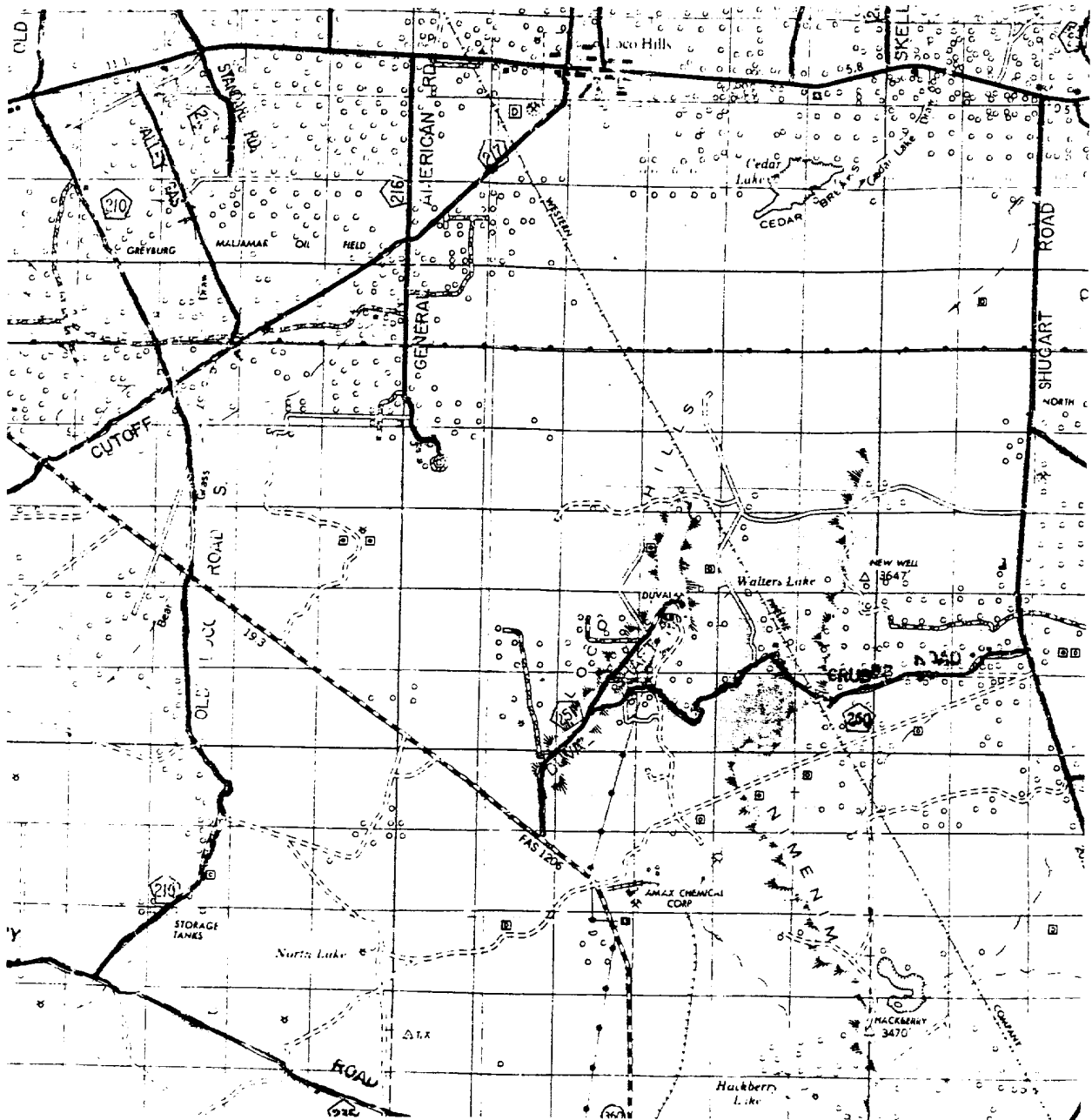
Survey Date: 02-15-2002

Scale: 1" = 2000'

Date: 02-18-2002

OXY USA
WTP, L.P.

EXHIBIT B



OXY IVORE #1

Located at 1079' FNL and 1610' FEL
Section 35, 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: 2314AA - KJG CD#4

Survey Date: 02-15-2002

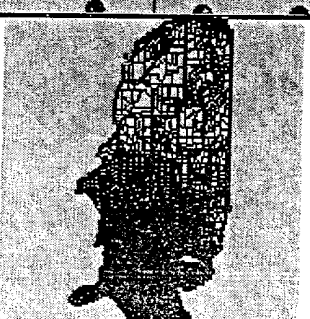
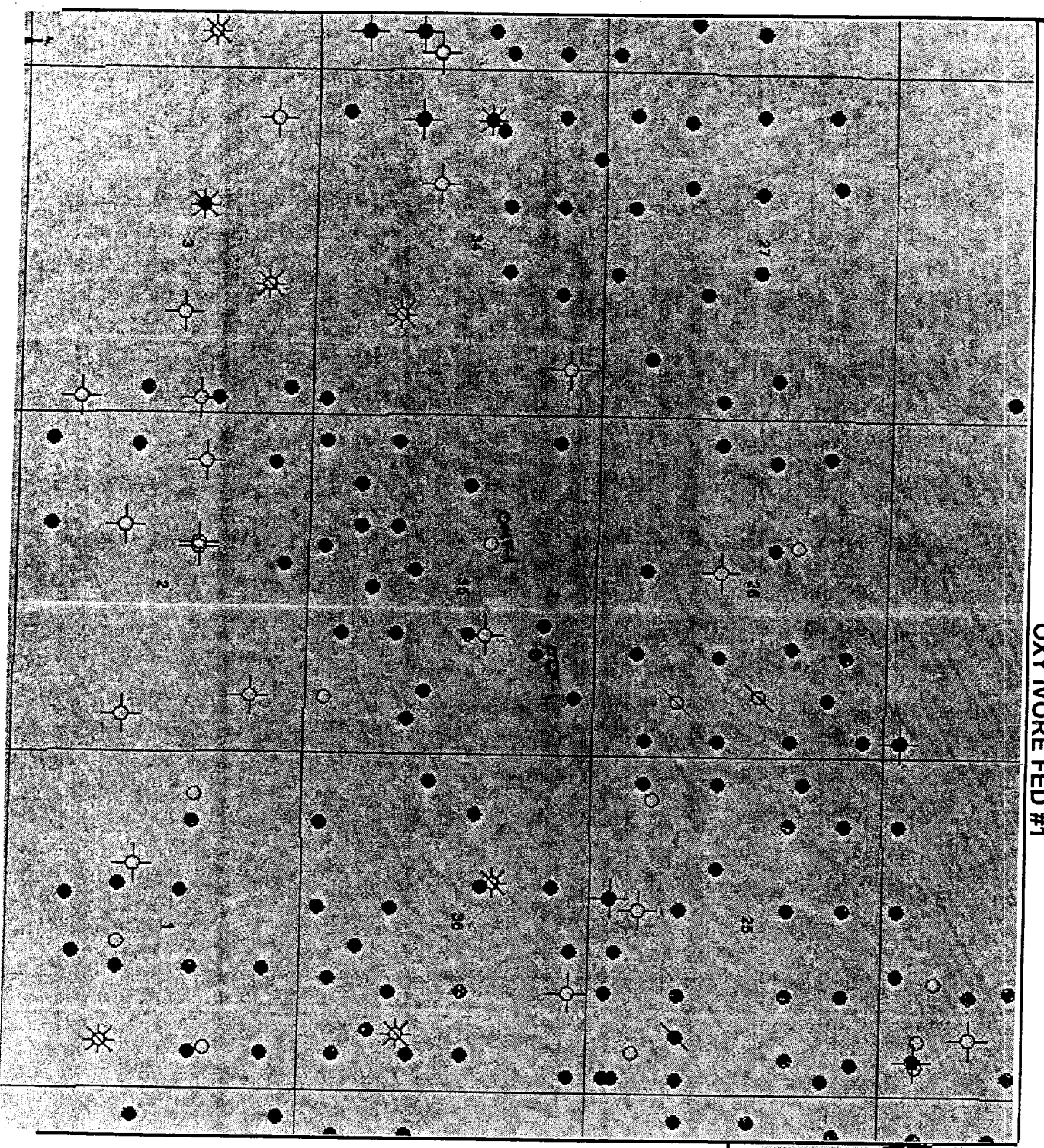
Scale: 1" = 2 MILES

Date: 02-18-2002

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

EXHIBIT C

OXY IVORE FED #1



- Legend**
- State Outlines
 - County Outlines
 - IHS Well Locations
 - Dry Hole, Trap Abnd
 - Oil
 - Gas
 - Oil Muds Comp
 - Gas Muds Comp
 - Gas Oil
 - Acid & Abandoned
 - Injection
 - Location
 - Suspended
 - Well Start
 - Over
 - Township Outlines
 - Township Labels
 - Section Outlines
 - Section Labels

The site plan shows a large rectangular building layout with overall dimensions of 370' by 700'. The layout includes several rooms and utility areas:

- Top Left:** A room labeled "Pod to 1st down from 2nd" with dimensions 45' x 60'.
- Left Side:** A large section containing three rooms:
 - Top: 45' x 110' Room
 - Middle: 45' x 110' Room
 - Bottom: 45' x 140' Room
- Center:** A central area featuring a "Mud Pump" and a "Mud" storage area. A vertical line with a circle at the top is labeled "Chase".
- Top Center:** A horizontal area labeled "Post/Access" with dimensions 35' x 35' x 35' x 35'.
- Bottom Center:** A vertical area labeled "Power Pipe" with dimensions 10' x 10'.
- Bottom Right:** A room labeled "Trailer House".
- Dimensions:** The overall width is 370' and the overall height is 700'. Internal dimensions include 150' and 125'.

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

1/95

1. BLM Report No.	2. (ACCEPTED) (REJECTED)	3. NMCRIS No. 77900
4. Title of Report (Project Title) Class III Archaeological Survey of OXY USA WTP, L.P.'s Proposed Relocated Ivore No. 1 Well Pad and Access Road in Section 35, T18S, R30E, Eddy County, NM		5. Project Date(s) <u>3/5/02</u> to _____ 6. Report Date 3/6/02
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-P 9. Consultant Report No. 515EPa
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>6.59</u> SURFACE OWNERSHIP: Federal: <u>6.59</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: Loco Hills e. Legal Location: T <u>18S</u> R <u>30E</u> Sec. <u>35</u> : NW 1/4 NE 1/4, SW 1/4 NE 1/4 Well Footages: 1079 FNL, 1610 FEL f. USGS 7.5 Map Name(s) and Code Number(s): Hackberry Lake, NM (Provisional Edition 1985) 32103-F8 g. Area: Block: surveyed: Pad: 500' x 500', 5.74 Ac Impact: Within relocated staked area Linear: Surveyed: Access Road: @350' x 100' Impact: @350' x 30'		

14. a. Records Search; ARMS: Date(s): 2/22/02 Name(s): R.C. Medlock
BLM Office: Date(s): 2/22/02 Name(s): R.C. Medlock
List Sites within .25 miles of Project: LA 135119
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. An overhead power line and 2 buried pipelines bisect the pad; these are not mapped as B.L.M. previous projects.

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

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

Topography: In the valley west of Nimenim Ridge; low dunes, shallow deflation basins, loose sand; rocky knoll at the north edge.

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

Visibility: 90% due to locally heavy ground cover.

Elevation: 3405-3425

d. Field Methods:

Parallel transects 15 meters apart.

Crew size: 1

Time in field: 1.5 hrs

15. Cultural Resource Findings:

a. Identification and description

One isolated manifestation was found and recorded.

I.M. 1: T18S, R30E, Sec. 35 SE 1/4 NW 1/4 NE 1/4 U.T.M. 599418E 3619284N

Burned caliche concentration 5.25 x 2.5m; probably a badly eroded hearth; no stain, no alignment; in a shallow drainage; no other artifacts.

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 R.C. Medlock
Signature

3/7/02
Date

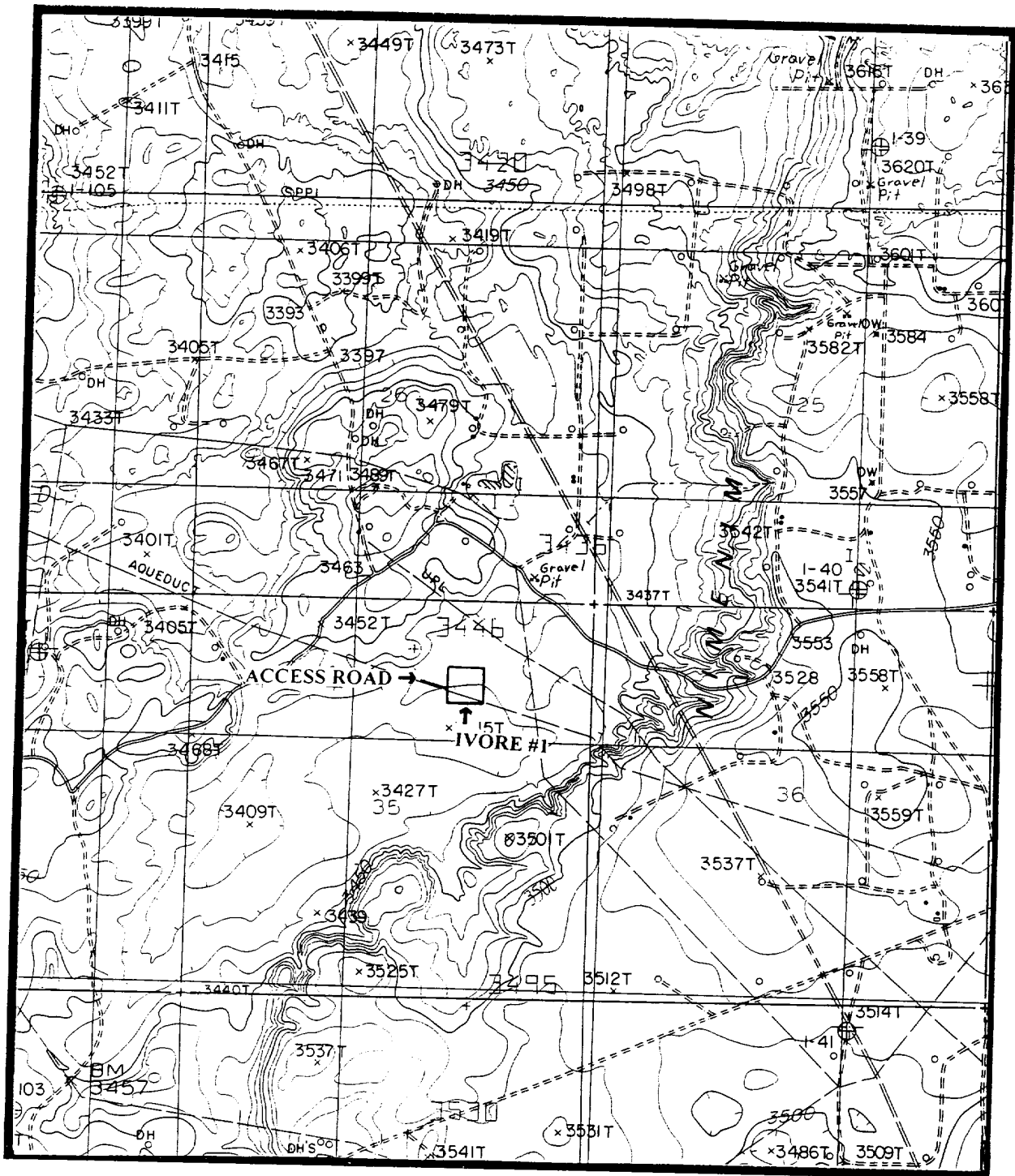


Figure 1. Location of OXY USA WTP, L. P.'s Proposed Relocated Ivore #1 Well Pad and Access Road in Section 35, T18S, R30E, N.M.P.M., Eddy County, NM. Map Reference: U.S.G.S 7.5' Hackberry Lake, NM (Provisional Edition 1985).

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 Ivore Federal Com #1
Section 35, 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-93771

LEGAL DESCRIPTION: 1079' FNL and 1610' FEL Section 35,
T18S-R30E
Eddy County, New Mexico

FORMATIONS: Limited to rights below 4,100'

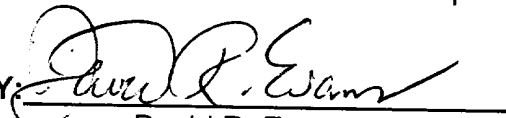
BOND COVERAGE: Nationwide

BLM BOND FILE NO.: ES 0136

OXY USA WTP Limited Partnership

AUTHORIZED SIGNATURE:

BY:


David R. Evans

TITLE: Sr. Landman Advisor
DATE: September 16, 2002

cc: David Stewart

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

September 16, 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 Ivore Federal #1
Eddy County, New Mexico
Lease No. NM-93771

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Ivore Federal #1 located 1079 FNL and 1610 FEL of Section 35, T18S, R30E, Eddy County, New Mexico, Federal Lease No. NM-93771. The proposed well will be drilled to a TD of approximately 12300' (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 February 15, 2002.
3. The elevation of the unprepared ground is 3415 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.
7. Estimated tops of important geologic markers.

Wolfcamp	9475' TVD
Strawn	10700' TVD
Atoka	10990' TVD
Morrow	11250' TVD

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

Primary Objective:	Morrow	11250' TVD
Secondary Objective:	Atoka	10990' TVD

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
625-12300'	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.
625-4500'	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.

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 November 15, 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