Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28,1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: LC-029390A

6. IF INDIAN, ALLOTTEE OR TRIBAL NAME: ----------

1a. TYPE OF WORK

DRILL [X] DEEPEN [ ]

7. UNIT AGREEMENT NAME: ----------

b. TYPE OF WELL

OIL [ ] GAS WELL [X] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: SHUGART "28" FEDERAL # 3

2. NAME OF OPERATOR: Ocean Energy Inc. 169365

9. API WELL NO.: 30-015-31639

3. ADDRESS AND TELEPHONE NO.: 1001 Fannin, Suite 1600, Houston, TX 77002 (713) 265-6834

10. FIELD AND POOL, OR WILDCAT: Shugart - Morrow

4. LOCATION or WELL (Report location clearly and in accordance with any State requirements.*)
At surface
2180' FSL & 1330' FEL of Section 28, T18S, R31 E.
At proposed prod. zone
Same Unit J

RECEIVED
OCD - ARTESIA

11. SEC., T., R., M., or BLK.: Sec. 28, T18S, R31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 10 miles Southeast of Loco Hills, New Nexico

12. COUNTY OR PARISH: Eddy

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg unit line, if any): 320

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.: 1400'

19. PROPOSED DEPTH: 12000'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3615'

22. APPROX. DATE WORK WILL START*: As soon as APD approved

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY of CEMENT
25"	20" Conductor	N/A	40'	Cement to surface with Redi-mix
17-1/2"	13-3/8" N-40 ST&C	48#	650' WITNESS	400 sx circulated to surface
11"	8-5/8" K-55 ST&C	32#	4100'	1000 sx 35/65" Poz Cl "C"
7-7/8"	5-1/2" L-80n & S-95, LT&C	17#	12000'	690 sx Cl C POZ & Cl H

CAPITAN CONTROLLED WATER BASIN

1. Drill 25" hole through the unconsolidated zone 40' +/-. Set 40' of 20" conductor. Cement to surface with Redi-Mix cement.

2. Drill 17-1/2" hole to 650'. Run & set 650' of 13-3/8" H-40 48# ST&C casing. Cement with 400 sx Class "C" w/additives Circulate cement to surface.

3. Drill 12-1/4" hole to 4100'. Run & set 4100' of 8-5/8" K-55, 32# ST&C casing. Cement with 1000 sx Class C w/additives. Circulate cement to surface.

4. Drill 7-7/8" hole to 12,000'. Run & set 12,000' of 5-1/2" L-80 & S-95 17# LT&C. Cement with 690 sxs Cl C & H w/additives. Estimate top of cement 500' above uppermost productive interval. Cement volume will be adjusted based on open-hole Caliper log.

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

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

24.

SIGNED Jeanie McMillan Jeanie McMillan TITLE Regulatory DATE 11/10/00

(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 thereon
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /S/ [illegible] TITLE ---------- DATE ----------

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingiy 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.

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 Departmen

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	85300	SHUGART - MORROW

Property Code	Property Name	Well Number
23537	SHUGART "28"	3

OGRID No.	Operator Name	Elevation
169355	OCEAN ENERGY	3615'

Surface Location

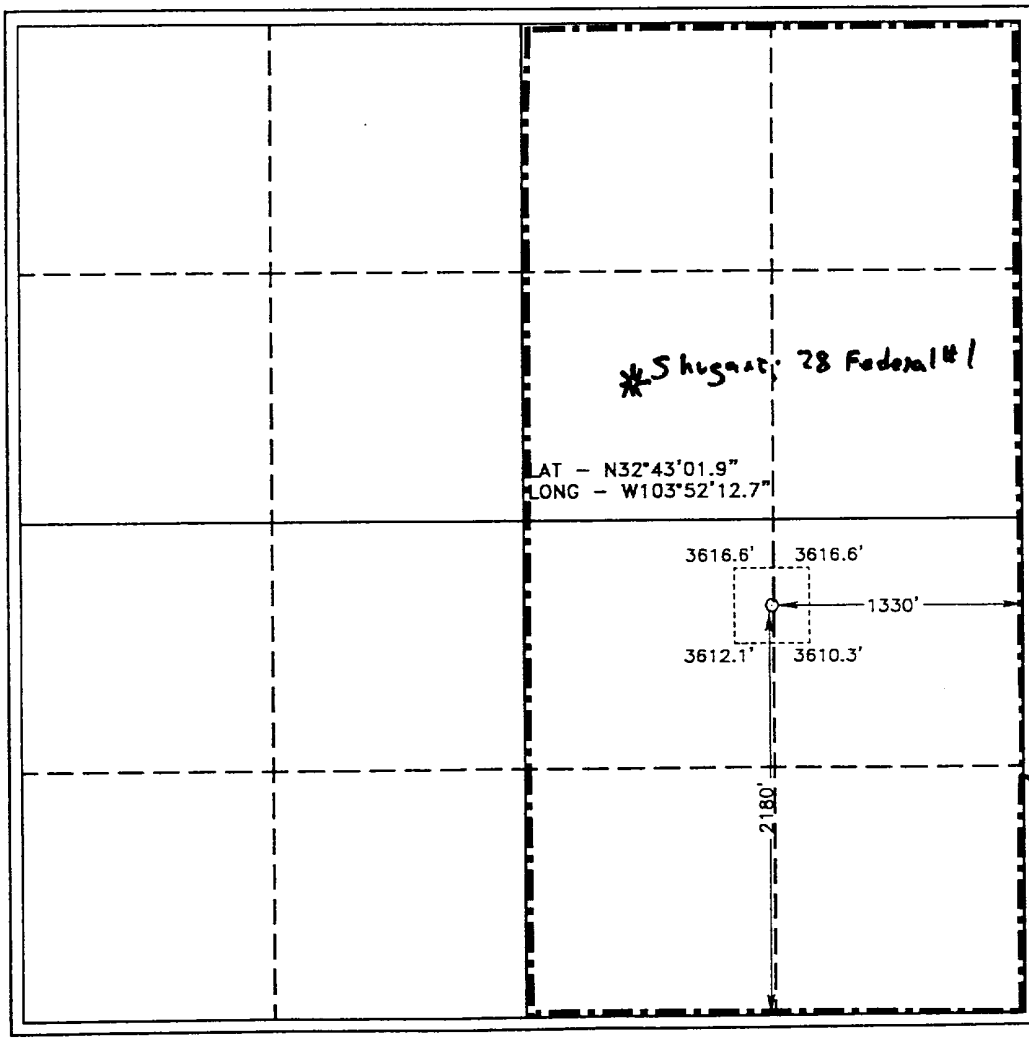
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	28	18 S	31 E		2180	SOUTH	1330	EAST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

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

Jeanie McMillan
Signature

JEANIE McMillan
Printed Name

Regulatory
Title

11-10-00
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

October 27, 2000
Date Surveyed

Signature & Seal of Professional Surveyor

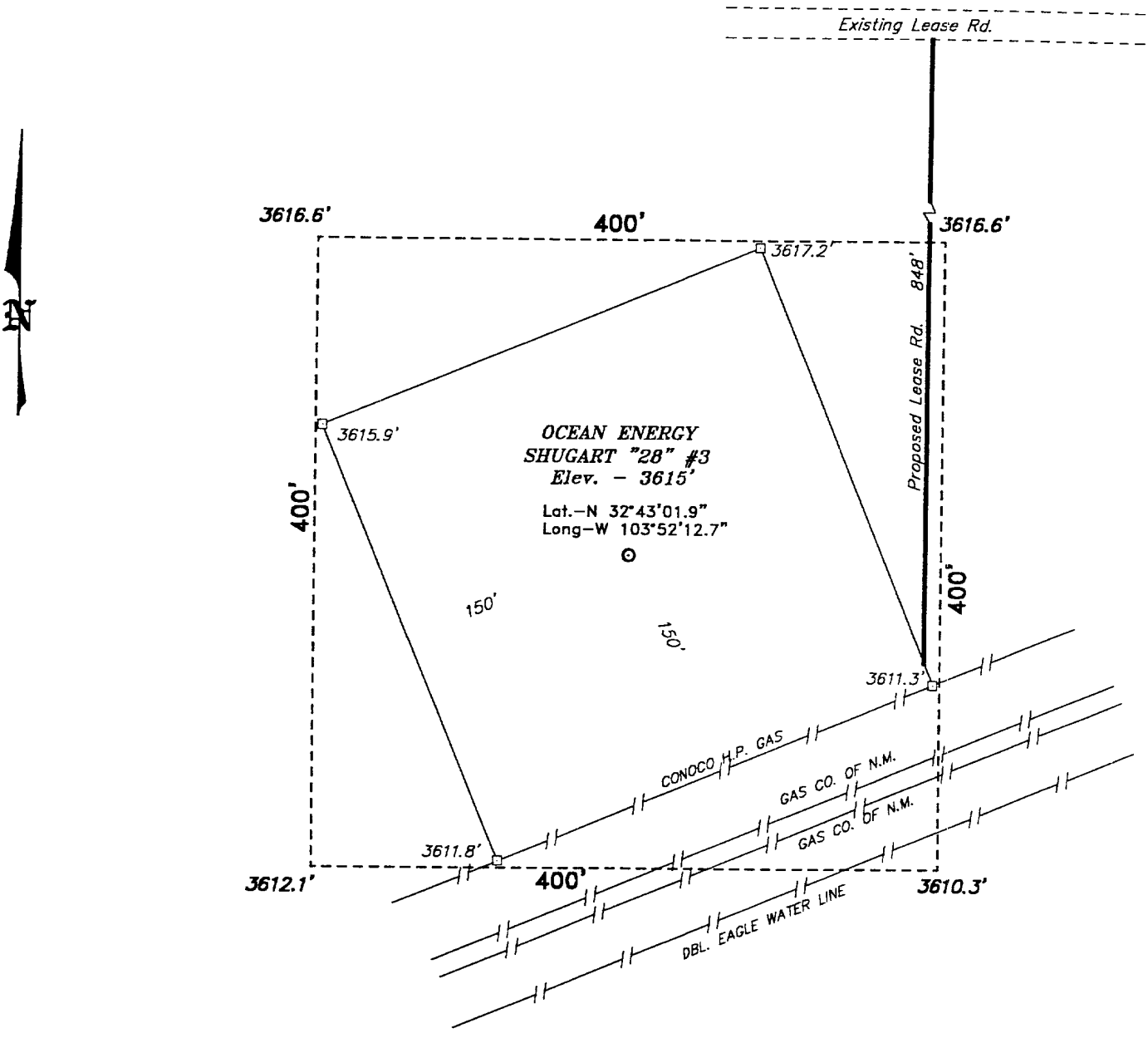
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 0597A

Certificate No. Gary L. Jones 7977

EXHIBIT "A"

SECTION 28, TOW. HIP 18 SOUTH, RANG. 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



100 0 100 200 FEET

SCALE: 1" = 100'

Directions to Location:

FROM THE JUNCTION OF US HWY 82 & CO. RD. 222(SHUGART ROAD), GO SOUTH ON 222 FOR 6.2 MILES TO A LEASE ROAD LEFT; THENCE GO EAST ON LEASE ROAD 0.8 MILE TO PROPOSED LEASE ROAD.

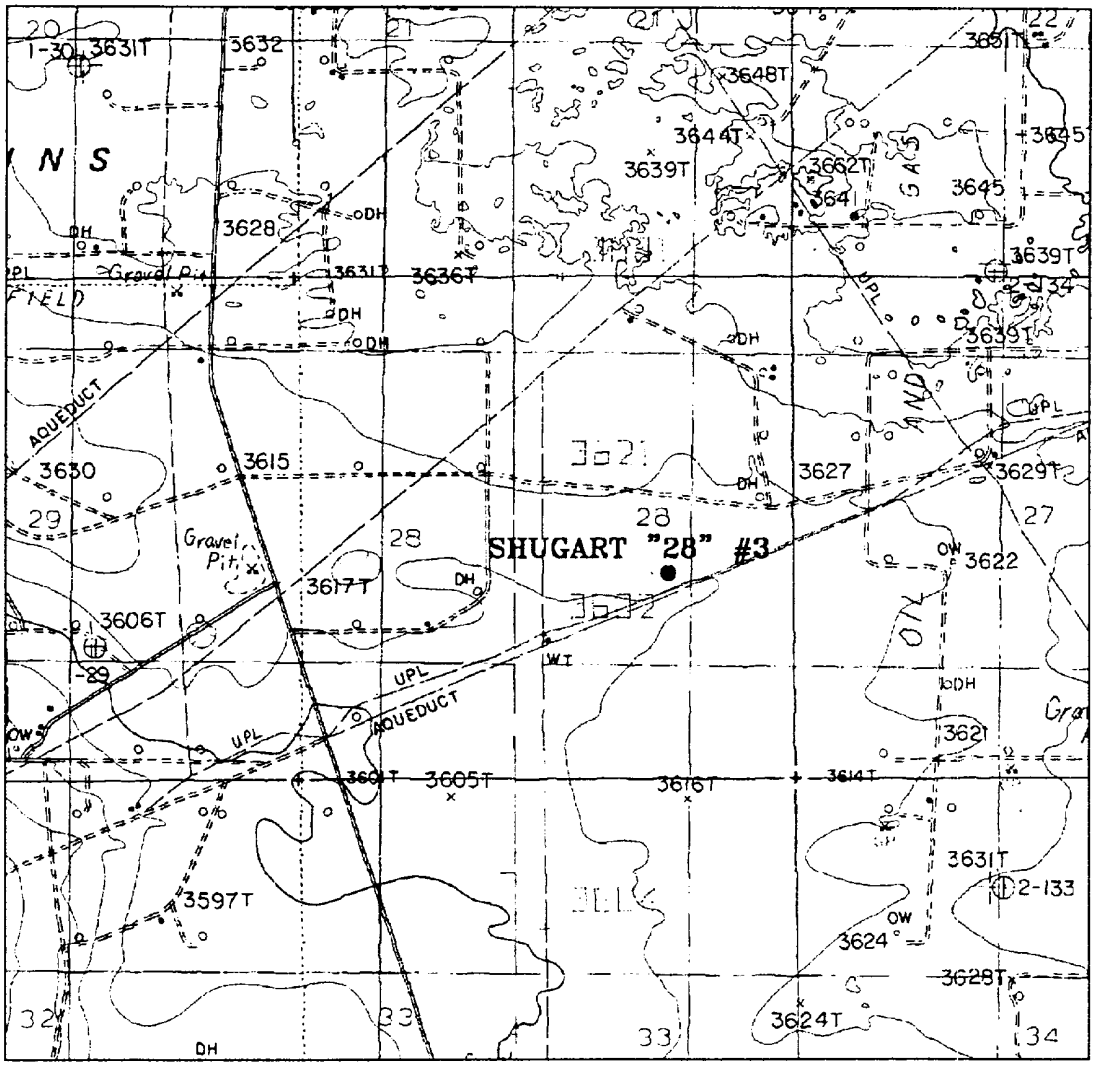
OCEAN ENERGY

REF: Shugart "28" No. 3 / Well Pad Topo

THE SHUGART "28" No. 3 LOCATED 2180' FROM THE SOUTH LINE AND 1330' FROM THE EAST LINE OF SECTION 28, TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 0597	Drawn By: K. GOAD		
Date: 11-1-2000	Disk: KJG #122 - 0597A.DWG	Survey Date: 10-27-2000	Sheet 1 of 1 Sheets

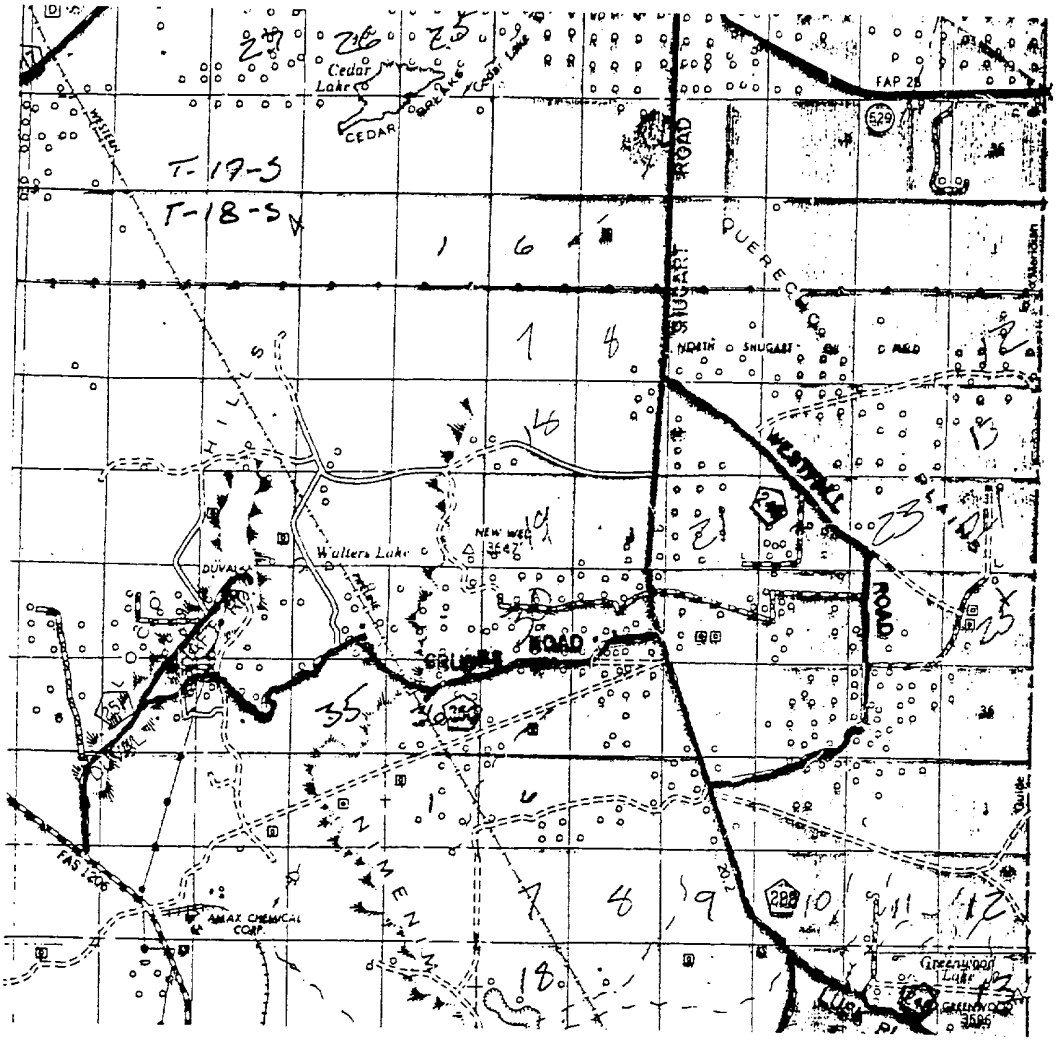


SHUGART "28" #3
Located at 2180' FSL and 1330' FEL
Section 28, Township 18 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.

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:	0597AA - KJG #122
Survey Date:	10-27-2000
Scale:	1" = 2000'
Date:	11-01-2000

OCEAN ENERGY



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(505) 392-3074 – Fax
basinsurveys.com

W.O. Number:	0597AA – KJG #122
Survey Date:	10-27-2000
Scale:	1" = 2 MILES
Date:	11-01-2000

OCEAN ENERGY

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U~S-C- 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill or deepen an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the operator elects to initiate drilling operation on an oil and gas lease.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C treet, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0136), Washington, D.C. 20503.

The Paperwork Reduction Act of 1980 (44 TJ.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling operations on in oil and gas lease.

*U.S. GPO: 1992-774-017/67029

APPLICATION TO DRILL

OCEAN ENERGY, INC.
Shugart Federal 28 Well No. 3
SECTION 28, T18S, R31E
Eddy County, NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location: 1330' FEL & 2180' FSL, Sec. 28, T18S, R31E, Eddy Co., NM
2.
3. Elevation above Sea Level: 3600' GR

4. Geologic name of surface formation: Rustler

5. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.

6. Proposed drilling depth: 12,000'

7. Estimated tops of geological markers:

Yates	2250'
Queen	3300'
Greyburg	3800'
Brushy Canyon	4875'
Bone Springs	6205'
Avalon	6545'
1st BS Clastics	7125'
2nd BS Clastics	7735'
3rd BS Clastics	9275'
Wolfcamp	9670'
Strawn	10735'
Atoka	11095'
Morrow Clastics	11575'
L. Morrow	11920'
TD	12000'

8. Possible mineral bearing formation:

Queen	Oil	Strawn	Gas
Grayburg	Oil	Morrow	Gas
Wolfcamp	Oil	Morrow A	Gas
Cisco Ls	Oil	Morrow B	Gas

9. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
36"	0-40'	20"	60	NA	NA	Conductor
17-1/2"	0-650'	13-3/8"	48	8-R	ST&C	H-40
11"	0-4100'	8-5/8"	32	8-R	ST&C	K-55
7-7/8"	0-12000'	5-1/2"	17	8-R	LT&C	L-80 /S-95

OCEAN ENERGY, INC.
Shugart Federal 28 Well No. 3
SECTION 28, T18S, R31E
Eddy County, NM

10. Cementing and setting depth:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13-3/8"	Surface	Set 650' of 13-3/8" H-40, 48# ST&C csg. Cement with 400 sx of Class "C" cement + 2% $CaCl_2$, circulate to surface.
8-5/8"	Intermediate	Set 4100' of 8-5/8" K55 32# LT&C csg. Cement with 600 sx of 35/65 POZ Class "C" + 6% Gel + 5% salt tail in with 400 sx of Class "C" cement + 2% $CaCl_2$, circulate cement to surface.
5-1/2	Production	Set 12000' of 5-1/2" 17# LT&C csg. Cement with 500 sx of Class "C" 35/65 POZ + additives, tail in with 190 sx of 50/50 POZ Class "H" + 10% Salt + .25% Dispersant + 2% Gel. Estimate top of cement 500' above uppermost productive interval. Cement volumes will be adjusted based on open-hole caliper log.

11. Pressure control equipment: Exhibit "E". A Series 1500 5000-PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1". Choke manifold and closing unit. BOP will be nippled up on 13-3/8" casing and will be operated at least once each 24 hr. period while drilling and blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized from 7000' to TD. No abnormal pressure or temperature is expected while drilling

12. Proposed mud circulating system:

40-650'	8.4-9.0	32-36	NC	Fresh water mud use paper to control seepage add Bentunite/ Soda Ash for Viscosity.
650-4100'	10.1-10.2	32-38	NC	Brine water Salt-Gel add paper to control seepage, high viscosity sweeps to clean hole.
4100-9000'	8.4-9.2	32-38	NC	Fresh water use caustic soda to maintain pH @ 9.5-10.5 high viscosity sweeps to clean if necessary.
9000' - 12000'	9.2-9.6	34-38 40-45	8-10cc 6-10 for DST	Fresh water Polymer maintain pH with Caustic Soda @ 9.5-10.5 high viscosity sweeps to clean if necessary.

Sufficient mud materials will be kept on location or available at the nearest stocking points at all times in order to combat lost circulation and unexpected kicks. In order to run DST's, open hole logs and casing the viscosity and water loss may have to be adjusted to meet these needs.

13. Testing, logging and casing program:

A. Open hole logs: Fluid caliper from 500-2000'.
B. CNL/Gamma Ray with caliper from TD to surface.
C. Dual Induction, Dual Induction, Compensated Sonic, Gamma Ray from TD to 4100'.
D. Cement Bond Log Gamma Ray and CCL TD to top of cement.
E. Mud logger on at 4100' to TD.

DST"s as warranted in Bone Spring, Atoka, and Morrow.

14. Potential hazards:
No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered; H_2S detectors will be in place to detect any presence after setting the intermediate casing. No lost circulation is expected to occur. All personal will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4200 PSI, estimated BHT 170°.

15. Anticipated starting date and duration of operation:
Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 30 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

16. Other facets of operations:
After running casing, cased hole gamma ray cement bond and collar logs will be run from total depth over possible pay intervals. The Morrow pay will be perforated and stimulated. The well will be swab tested and potentialed as a gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If location is near any dwelling a closed D.S.T. will be performed.

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

OCEAN ENERGY, INC.
Shugart Federal "28" #3
Section 28, T18S, R31E, Eddy County, NM

1. Existing roads:
   Area maps, Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

   A. Exhibit "A" shows the proposed well site as staked.
   B. Directions to location from the Junction of US Hwy 82 and County Road 222 (Shugart Road), go South on 222 for 6.2 miles to a lease road left; thence go East on lease road 0.8 mile to proposed lease road.
   C. Lay 3" pipelines and construct power lines along existing roads and pipeline R-O-W's necessary to produce this well.

2. Planned access roads:
   Approximately 848' of new road will be constructed.

   A. The access road will be crowned and ditched to a 12'00" wide travel surface with a 40' right-of-way.
   B. Gradient on all roads will be less than 5.00%.
   C. No turnouts will be necessary.
   D. If needed, road will be surfaced with a minimum of 4" of caliche.
   E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.
   F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.

3. Location of existing wells in a one-mile radius Exhibit "A-1"

A.	Water wells	None known
B.	Disposal wells	None known
C.	Drilling wells	None known
D.	Producing wells	As shown on Exhibit "A-1"
E.	Abandoned wells	As shown on Exhibit "A-1"

4. If, upon completion this well is a producer OCEAN ENERGY, INC. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

5. Location and type of water supply:
   Water will be purchase locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6. Source of construction material:
   If possible construction will be obtained from the excavation of drill site, if additional material is needed it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

SURFACE USE PLAN

OCEAN ENERGY, INC.
Shugart Federal "28" #3
Section 28, T18S, R31E, Eddy County, NM

7. Methods of handling waste material:

   A. Drill cuttings will be disposed of in the reserve pit.
   B. All trash junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.
   C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
   D. Sewage from living quarters will drain into holes with a minimum depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
   E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. Ancillary facilities:

   A. No camps or airstrips to be constructed.

9. Well site layout:

   A. Exhibit "D" shows location and rig layout.
   B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.
   C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be lined.
   D. The reserve pit is to be lined with PVC or polyethylene liner. The pit liner will be 6 mils thick. Pit liner will extend a minimum, 2'00" over the reserve pits dikes where the liner will be anchored down.
   E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The forth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. Plans for restoration of surface:
    Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountered to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas, which are not required for production facilities.

11. Other information:

    A. Topography consists of sand dunes, sandy soils with native grasses consisting Sand Sage, Scrub Oak Snakeweed and mesquite. Drainage is westerly toward the Querecho Plains.
    B. The surface is owned by The Bureau of Land Management, U.S. Department of Interior.
    C. An archaeological survey will be conducted and the results will be submitted to the Bureau of Land Management, Carlsbad, New Mexico.
    D. No dwellings within one mile of location.

12. Operators representative:
    Field representative to contact regarding compliance with Application to Drill and surface Use Plan is:

Before APD is approved:

OCEAN ENERGY, INC.
1001 Fannin, Suite 1600
Houston, Texas 77002
William (Bill) Billman
Chief Drilling Engineer
(713) 265-6605

Before APD is approved:

OCEAN ENERGY, INC.
1001 Fannin, Suite 1600
Houston, Texas 77002
William (Bill) Billam
Chief Drilling Engineer
(713) 265-6605

OR

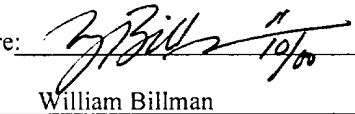
Mr. Joe Janica (Consultant)
726 East Michigan, Suite 188
Hobbs, New Mexico
505-391-8503

SURFACE USE PLAN

OCEAN ENERGY, INC.
Shugart Federal "28" #3
Section 28, T18S, R31E, Eddy County, NM

13. Certification:
I herby 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 currently 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 OCEAN ENERGY, INC., its contractors/subcontractors in conformity with this plan and the terms and the conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for filing a false statement.

DATE: November 10, 2000

Signature: 

NAME: William Billman

TITLE: Chief Drilling Engineer

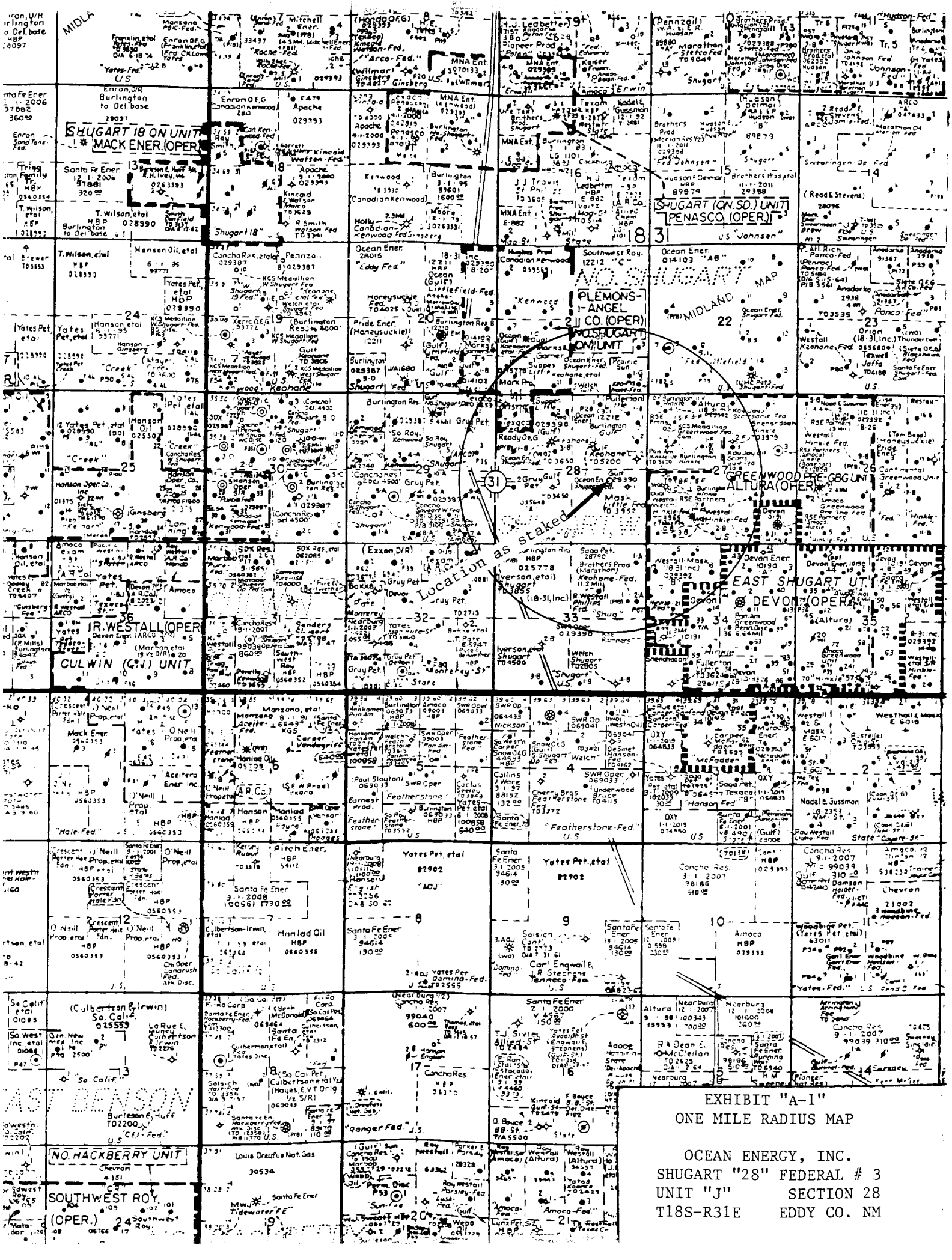


EXHIBIT "A-1"
ONE MILE RADIUS MAP

OCEAN ENERGY, INC.
SHUGART "28" FEDERAL # 3
UNIT "J" SECTION 28
T18S-R31E EDDY CO. NM

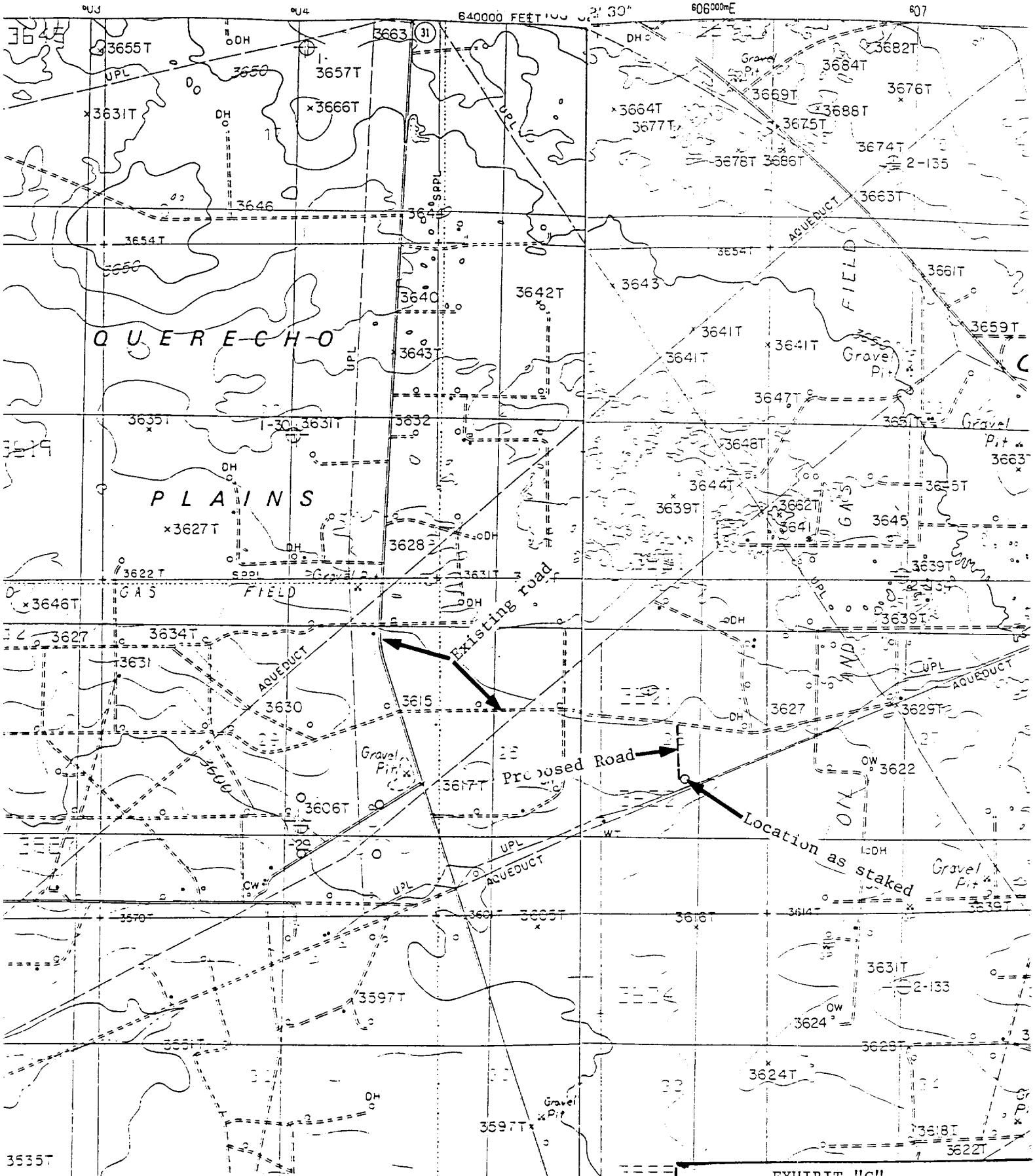
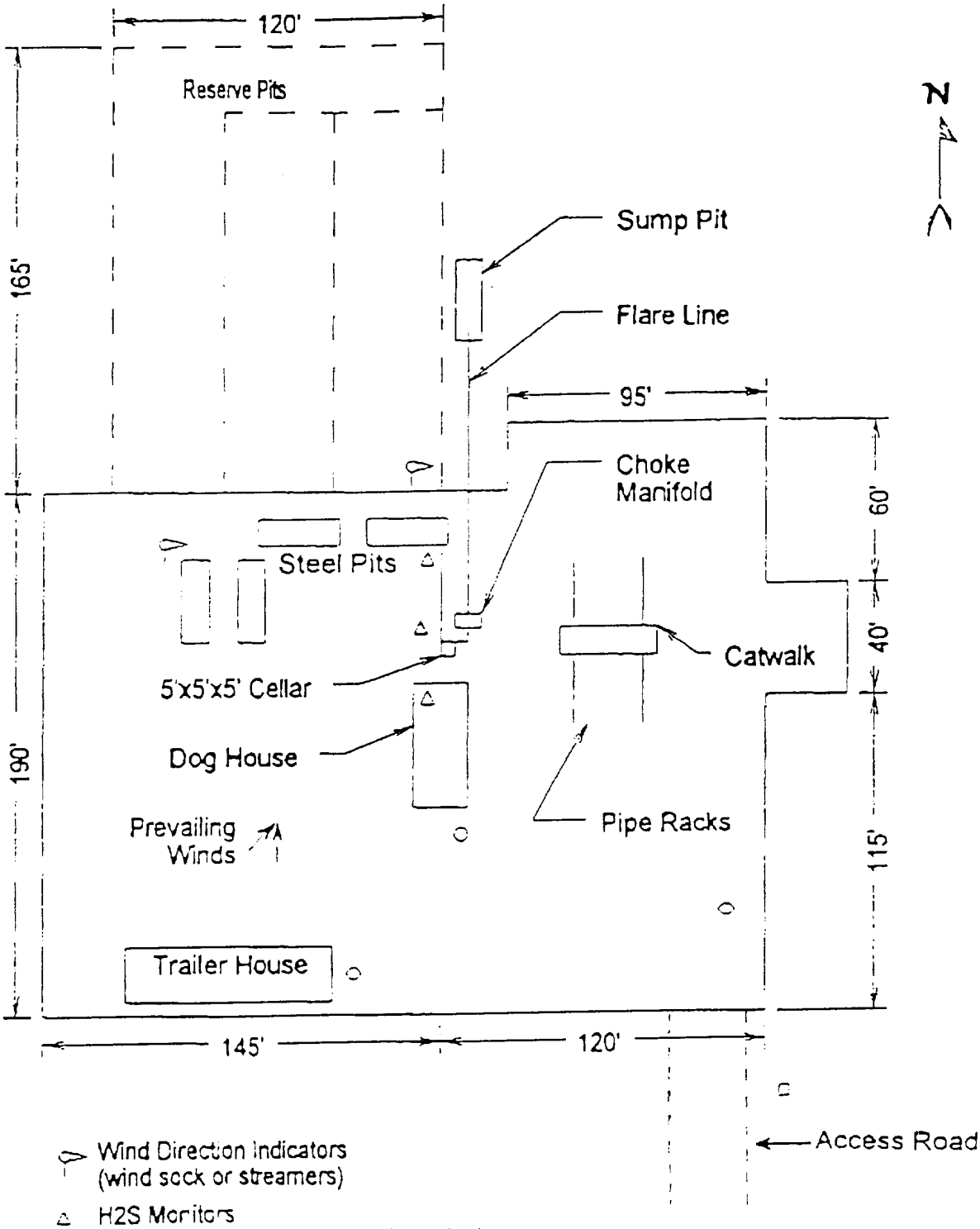


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

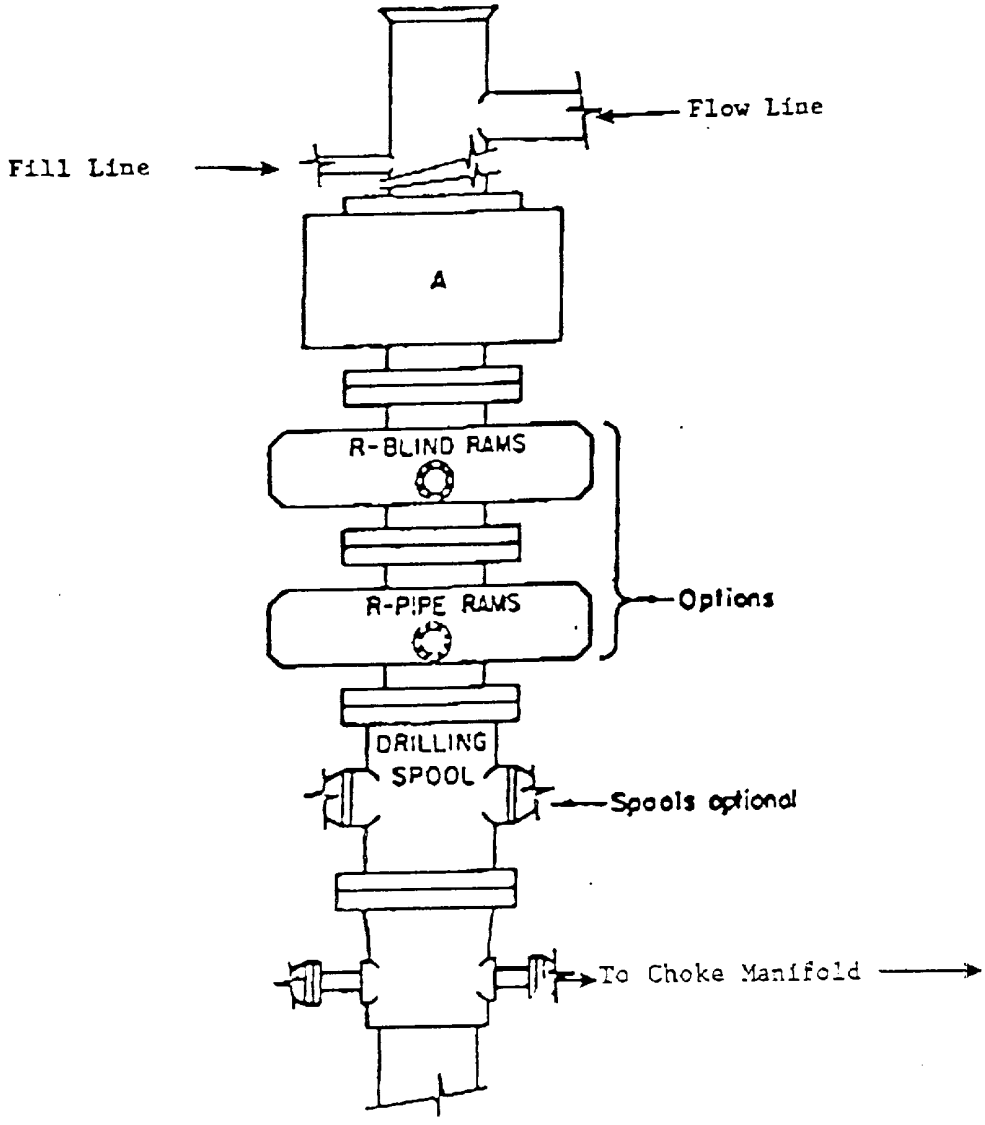
OCEAN ENERGY, INC.
SHUGART "28" FEDERAL # 3
UNIT "J" SECTION 28
T18S-R31E EDDY CO. NM



- Wind Direction Indicators (wind sock or streamers)
- H2S Monitors (alarms at bell nipple and shale shaker)
- Bnefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D"
RIG LAYOUT PLAT

OCEAN ENERGY, INC.
SHUGART "28" FEDERAL # 3
UNIT "F" SECTION 28
T18S-R31E EDDY CO. NM



ARRANGEMENT SRRA

1500 Series

5000# Working Pressure

EXHIBIT "E"
B.O.P. SKETCH TO BE USED ON

OCEAN ENERGY, INC.
SHUGART "28" FEDERAL # 3
UNIT "F" SECTION 28
T18S-R31E EDDY CO. NM

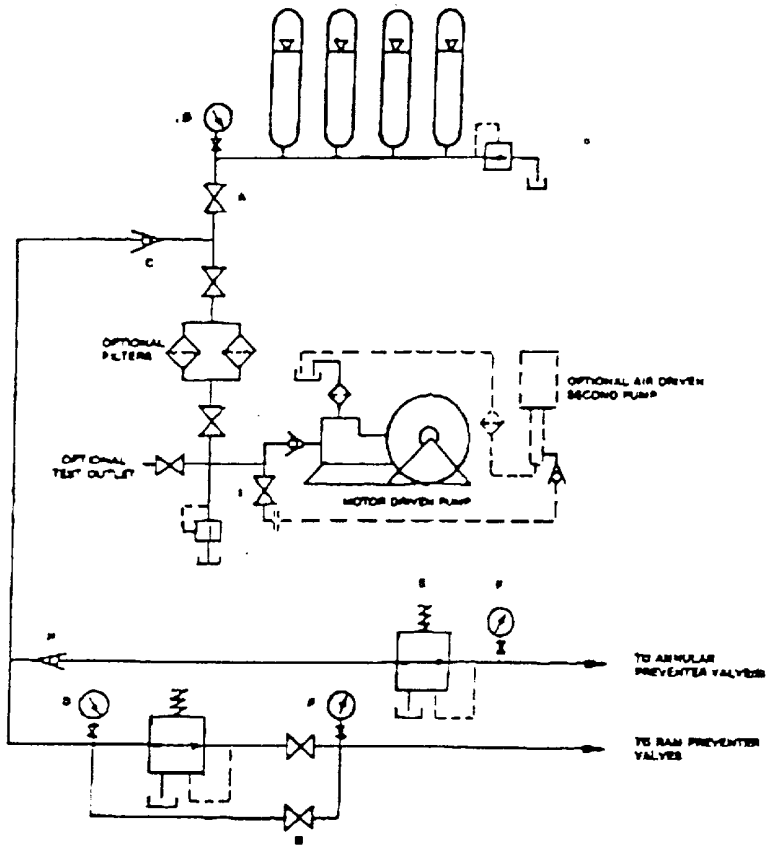


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

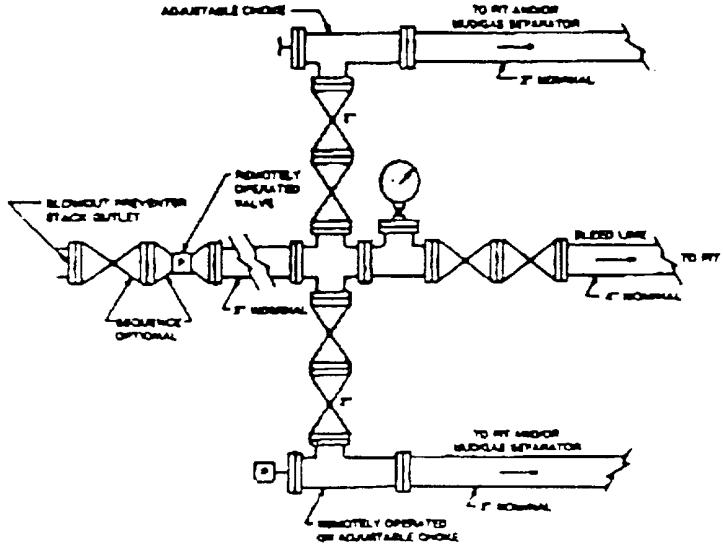


FIGURE K-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

OCEAN ENERGY, INC.
SHUGART "28" FEDERAL # 3
UNIT "F" SECTION 28
T18S-R31E EDDY CO. NM

30-015-10113

Rec
2/17/64
(2) Radioactivity Log