

UNITED STATES

SUBMIT IN TRIPLICATE
(Other instructions on

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

DEPARTMENT OF

BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION
1301 W GRAND AVENUE
ARTESIA NM 88210

APPLICATION FOR PERMIT

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

192463

192463

3. ADDRESS AND TELEPHONE NO.

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

915-685-5717

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

660 FNL 1980 FWL NENW(C)
At proposed prod. zone

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

20 miles northeast of Carlsbad, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

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

19. PROPOSED DEPTH

12300'

20. ROTARY OR CABLE TOOLS

R

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

3603'

Captain Controlled Water Basin

22. APPROX. DATE WORK WILL START*

12/13/01

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# | 650' | 520sx - circulate |
| 12-1/4" | 9-5/8" K55 | 36# | 3600' | 950sx - circulate |
| 8-3/4" | 5-1/2" N80 | 17# | 12300' | 1375sx - EST TOC 6000' |

SEE OTHER SIDE

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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

10/23/01

(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:

APPROVED BY

/s/ LESLIE A. THEISS

TITLE

FIELD MANAGER

DATE

DEC 07 2001

*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 T-Bone Federal #1
660 FNL 1980 FEL NENW(C) SEC 33 T18S R31E
Federal Lease No. NM12211

PROPOSED TD: 12300' TVD

BOP PROGRAM: 0' - 650' None

650' - 3600' 13-3/8" 3M annular preventer.

3600' - 12300' 11" 5M blind pipe rams with 5M annular preventer and rotating head below 6900'.

CASING: Surface: 13-3/8" OD 48# H40 ST&C new casing set at 650' 17-1/2" hole

Intermediate: 9-5/8" OD 36# K55 ST&C new casing from 0-3600' 12-1/4" hole

Production: 5-1/2" OD 17# N80-S95 LT&C new casing from 0-12300' 8-3/4" hole

CEMENT: Surface - Circulate cement with 320sx 35:65 POZ/C with 6% Bentonite + 2% CaCl₂ + .25#/sx Cello-Flake followed by 200sx Cl C w/ 2% CaCl₂.

Intermediate - Circulate cement with 750sx 35:65 POZ/C with 6% Bentonite + 2% CaCl₂ + .25 #/sx Cello-Flake followed by 200sx Cl C with 2% CaCl₂.

Production - Cement with 1300sx 15:61:11 POZ/C/CSE with .5% FL-52 + .5% FL-25 + 8#/sx Gilsonite followed by 75sx 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 - 650' Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt 8.7-9.2 ppg, Vis 32-34 sec

650' - 3600' 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.

3600' - 6000' Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt 8.4 ppg, Vis 28-29 sec

6000' - 10300' Cut brine. Lime for pH control (10-10.5). Wt 9.6 - 10.0 ppg, Vis 28-29sec

10300' - 12500' Mud up with an Duo Vis/Flo Trol mud system. Wt 10-10.2ppg, Vis 34-38sec, WL<8cc

APPROVED
25 11:33
25 11:33

DISTRICT I
1626 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 85300 | Pool Name Undesignated Shugart Morrow |
| Property Code | Property Name OXY T-BONE FEDERAL | Well Number 1 |
| OGRID No. 192463 | Operator Name OXY USA WTP Limited Partnership | Elevation 3603 |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|--------------|---------|----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot No. C | Section 33 | Township 18 S | Range 31E | Lot Idn | Feet from the 660 | North/South line NORTH | Feet from the 1980 | East/West line WEST | County EDDY |
|--------------------|---------------|------------------|--------------|---------|----------------------|---------------------------|-----------------------|------------------------|----------------|

Bottom Hole Location If Different From Surface

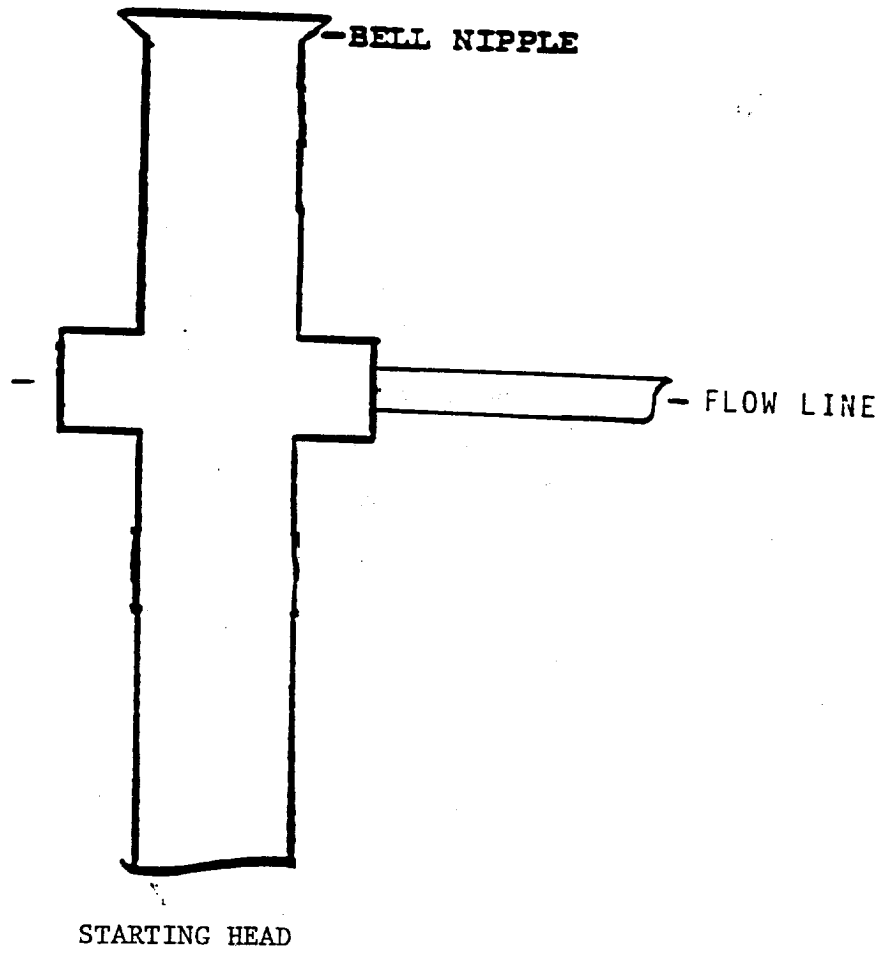
| | | | | | | | | | |
|------------------------|----------------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West 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

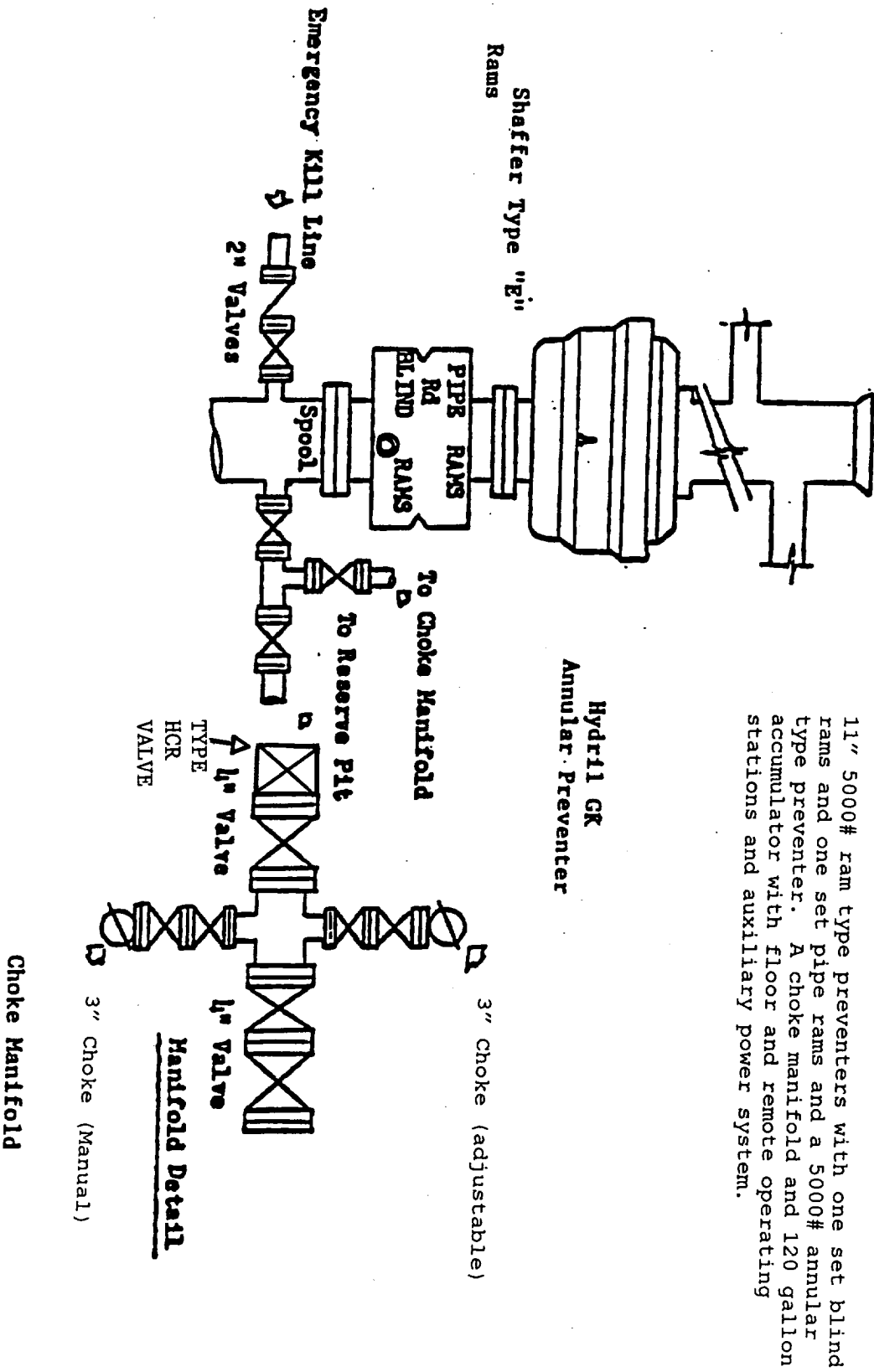
| | |
|---|---|
| <p>Lat - N32°42'33.5" Lon - W103°52'35.0"</p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature David Stewart Printed Name Sr. Regulatory Analyst Title 10/23/01 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>June 30, 2000 Date Surveyed GARY L. JONES Signature & Seal of Professional Surveyor 7977 W.O. No. 05234 Certificate No. GARY L. JONES 7977 BASIN SURVEYS</p> |
|---|---|

EXHIBIT A

ANNULAR PREVENTOR
TO BE USED AS DIVERTOR ONLY



BLOWOUT PREVENTOR SCHEME



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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

OXY USA WTP Limited Partnership
OXY T-Bone Federal #1
Eddy County, New Mexico
Lease No. NM12211

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 the junction of USH 82 and SH 529 go west approximately .5 miles to CR 222. Go south 7.4 miles to a point approximately 1050 feet east of the proposed well location.

2. Planned Access Road

- A. A new access road will be built. The access road will run approximately 1084' 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 T-Bone 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: Bogle Ltd., P.O. Box 460, Dexter, NM 88230. 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 3603'.
- B. Soil: Sandy clay loams.
- C. Flora and Fauna: The vegetative cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grasses. Wildlife in the area is also sparse consisting of coyotes, rabbits, rodents, reptiles, dove and quail.
- D. Ponds and Streams: There are no rivers, streams, lakes or ponds in the area.
- E. Residences and Other Structures: There are no occupied dwellings within a 2 miles radius 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 T-Bone 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

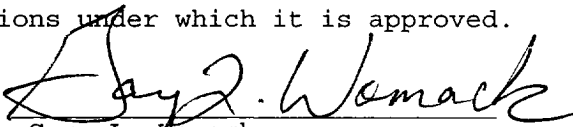
Joe Fleming
Drilling Coordinator
P.O. Box 50250
Midland, TX 79710-0250
Office Phone: 915-685-5858

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

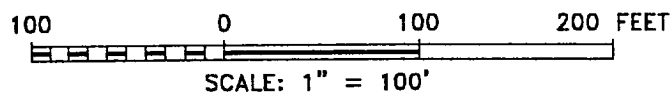
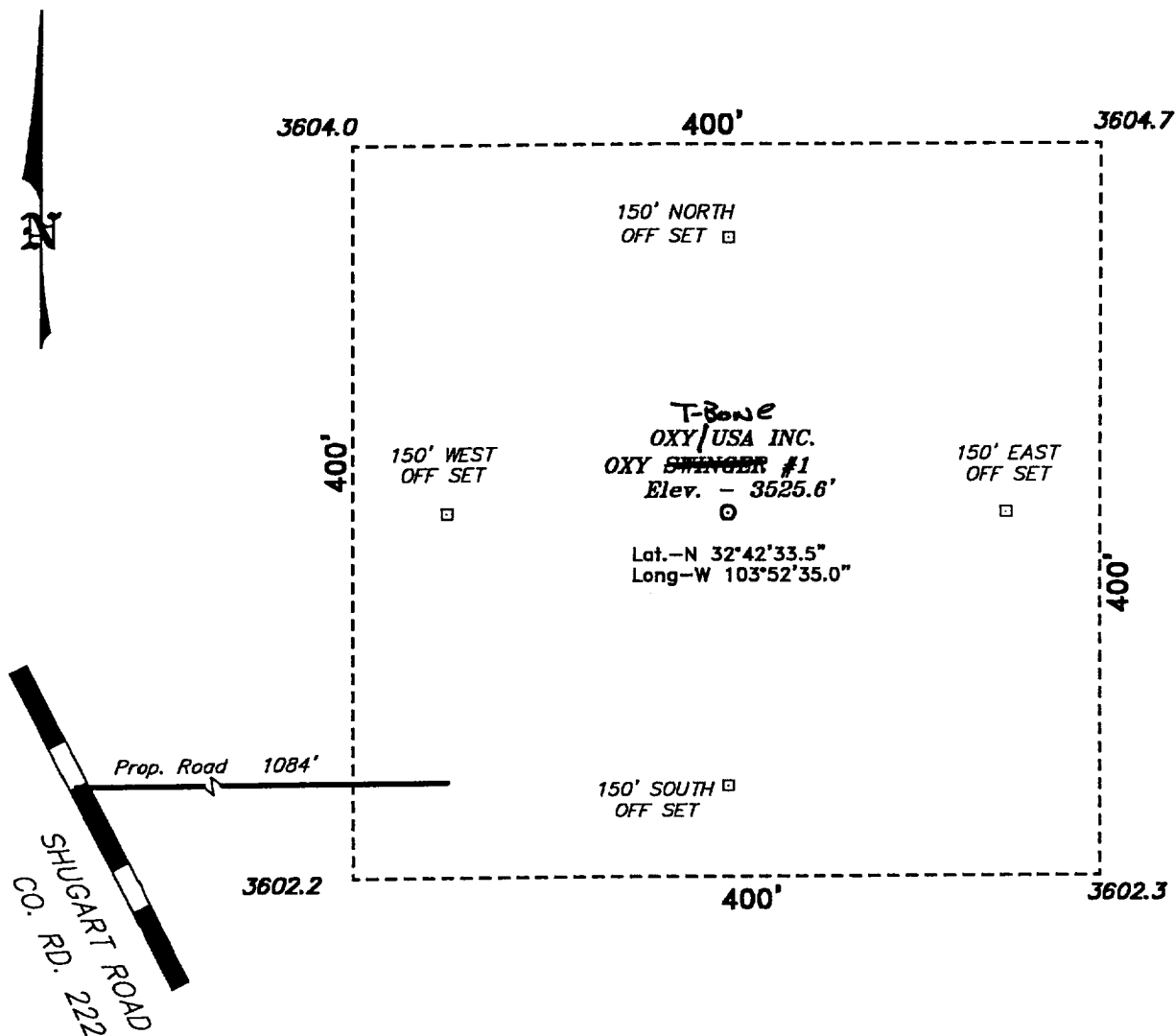
Terry Asel
Operation Specialist
1017 W. Stanolind Rd.
Hobbs, NM 88240
Office Phone: 505-397-8217
Cellular: 505-631-0393

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.

10-23-01
DATE


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

**SECTION 33, TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



Oxy USA Inc.

REF: Oxy T- BONE FED. #1 / Well Pad Topo

THE OXY T-BONE FED. No. 1 LOCATED 660' FROM
THE NORTH LINE AND 1980' FROM THE WEST LINE OF
SECTION 33, TOWNSHIP 18 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

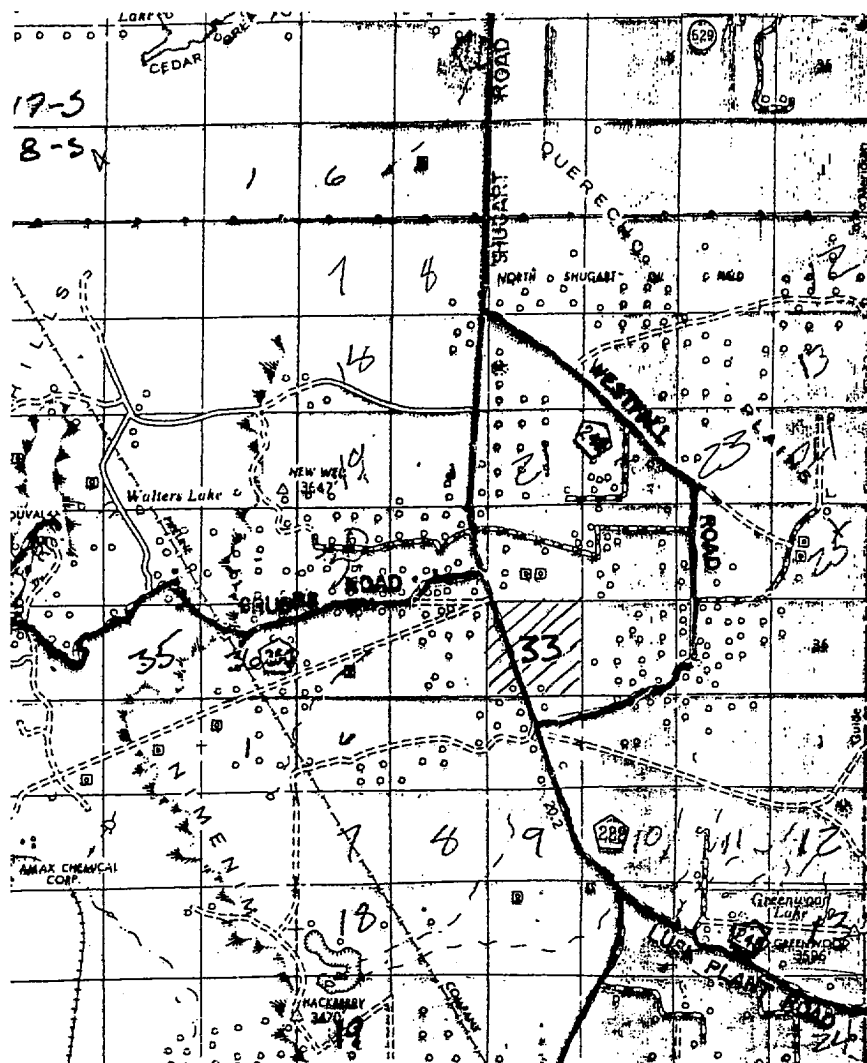
W.O. Number: 0377

Drawn By: G.SHOULTS

Date: 07-06-2000 Disk: GWS # 1 - 0378A

Survey Date: 06-30-2000

Sheet 1 of 1 Sheets



OXY T-BONE FEDERAL #1

Located at 660' FNL and 1980' FWL

Section 33, 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

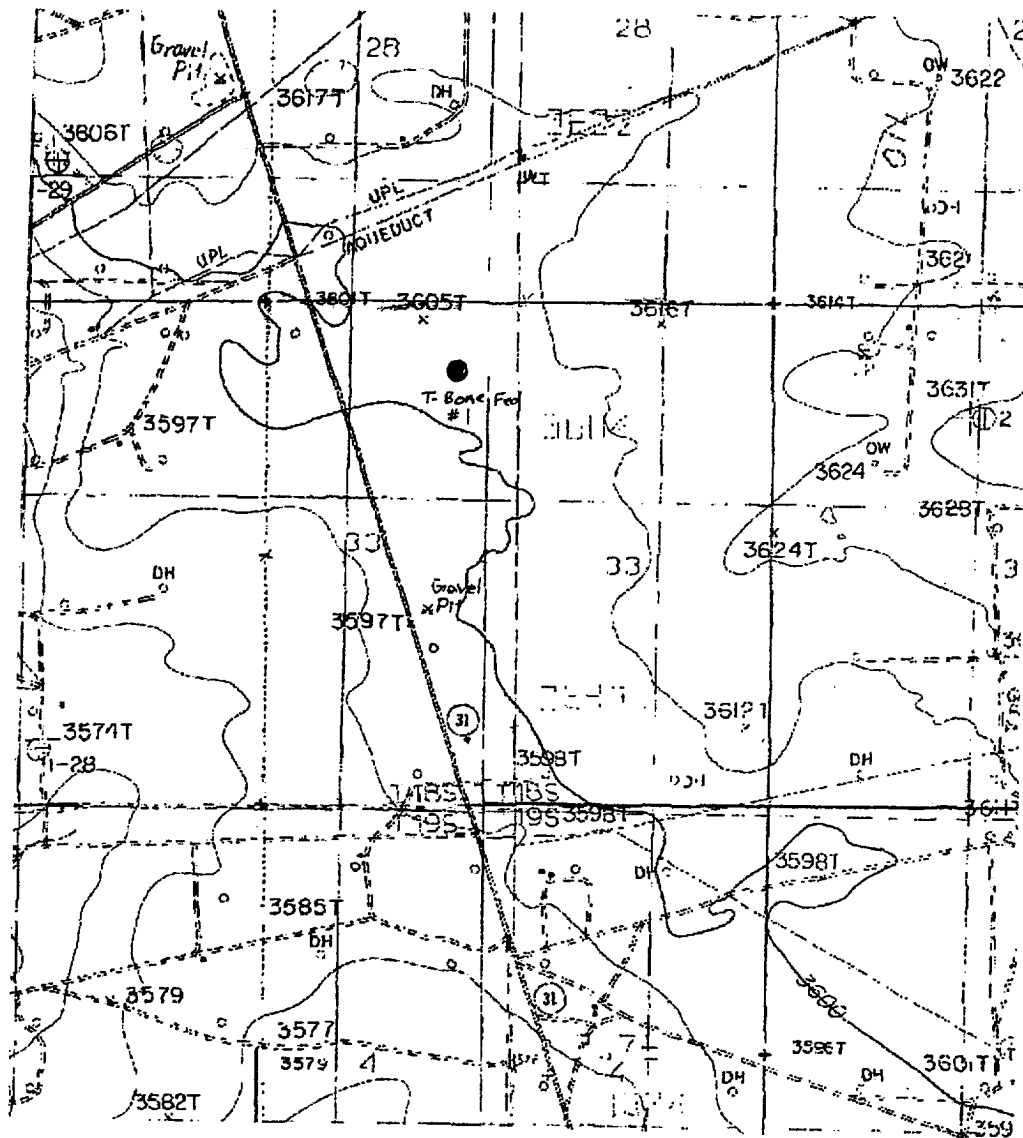
W.O. Number: 0378AA - GWS # 1

Survey Date: 06-30-2000

Scale: 1" = 2 MILES

Date: 07-06-2000

OXY USA INC.



OXY T-BONE FEDERAL #1

Located at 660' FNL and 1980' FWL

Section 33, 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: 0378AA - GWS # 1

Survey Date: 06-30-2000

Scale: 1" = 2000'

Date: 07-06-2000

OXY USA INC.

EXHIBIT C

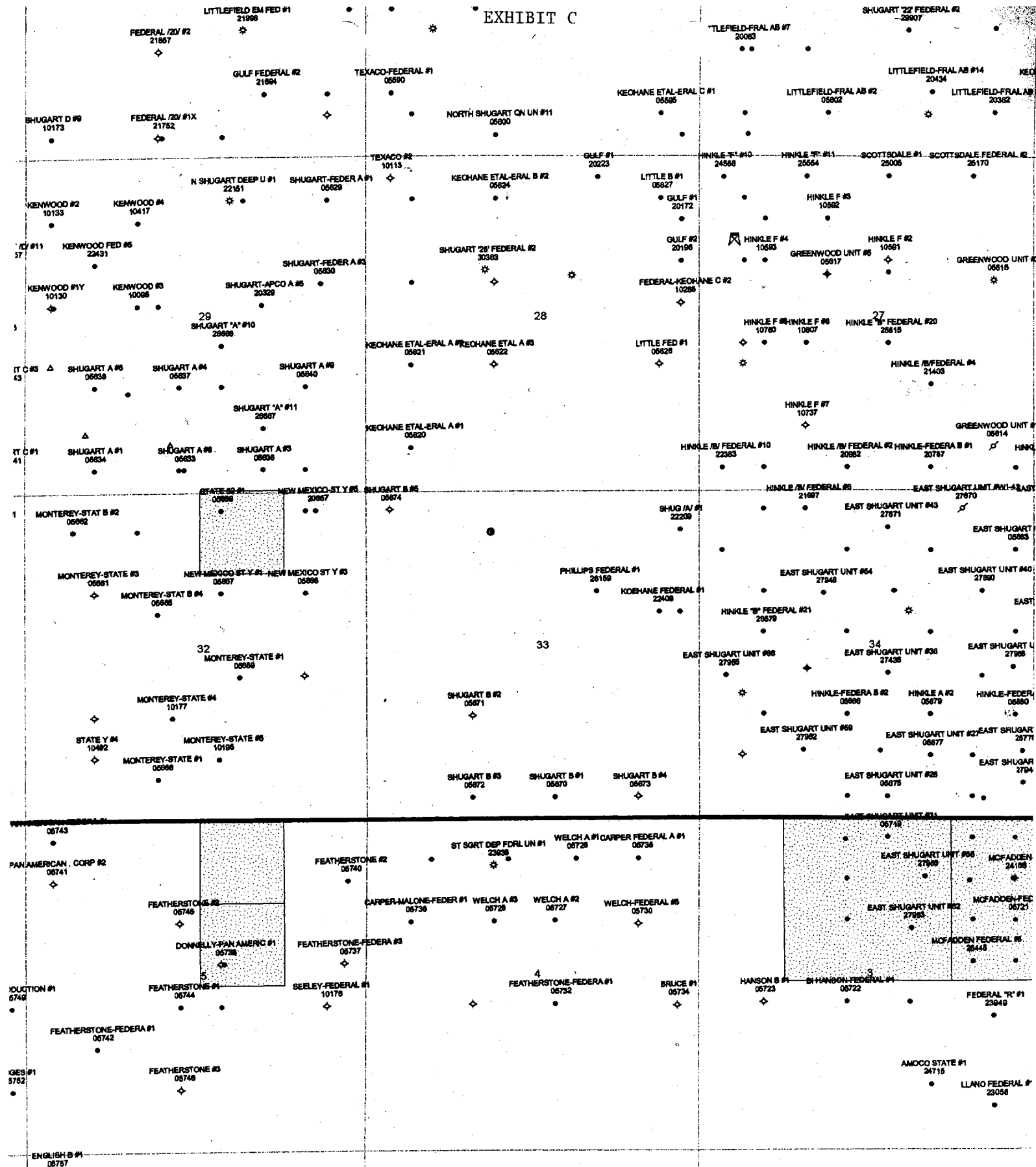
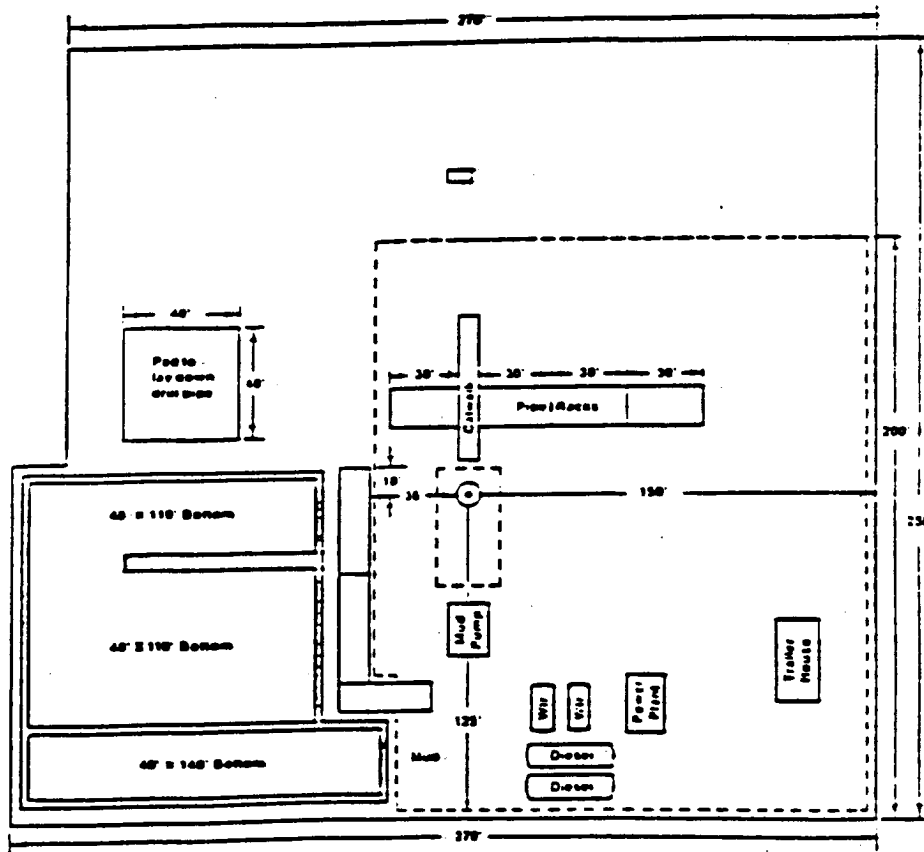


EXHIBIT D
LOCATION PLAT



**TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
ROSWELL DISTRICT**

BLM/ RDO 1/95

| | | |
|---|-------------------------------|--|
| 1. BLM Report No. | 2. (ACCEPTED) (REJECTED) | 3. NMCRIS No. 71477 |
| 4. Title of Report (Project Title) Archaeological Survey of the Proposed OXY T-Bone Federal #1 Well Pad and Associated 1084 ft Access Road for OXY USA, Inc., in Eddy County, N.M. | | 5. Project Date(s) <u>8/2/00 to 8/4/00</u> |
| 7. Consultant Name & Address: Direct Charge: Mark Slaughter Name: Geo-Marine Inc. Address: 150-A N. Festival Drive, El Paso, TX 79912 Authors Name: Martin Goetz field personnel names Chris Lowry Phone (915)585-0168 | | 6. Report Date 8/15/00 |
| 10. Sponsor Name and Address: Indiv. Responsible: Dusty Weaver Name: Basin Surveys Address: PO Box 1786, Hobbes, NM Phone (505)393-7316 | | 8. Permit No. 03-2920-00-K |
| | | 9. Consultant Report No. 168ep |
| | | 11. For BLM Use only. |
| | | 12. ACREAGE: Total No. of acres surveyed <u>6.2, including 1084 ft road and 400x400 ft pad</u> SURFACE OWNERSHIP: Federal <u>BLM 6.2 acres</u> State _____, Private _____ |
| 13. Location: (Maps Attached if negative survey) a. State: NM b. County: Eddy c. BLM Office Carlsbad d. Nearest City or Town: Loco Hills, NM e. Legal Location: T <u>18 S</u> R <u>31 E</u> Sec. <u>33</u> NW NE NW, NE NE NW, SE NE NW, SW NE NW Well Footages: 660' FNL, 1980' FWL f. USGS 7.5 Map Name(s) and Code Number(s): Hackberry Lake, N.M. 32103-F8 g. Area: Block: surveyed: 3.7 acres (400x400 ft) Impact: Within 3.7 acres Linear: Surveyed: 2.5 acres (1084 ft road w/ 100 ft ROW) Impact: 0.4 acres (1084 ft road at 15 ft wide) | | |

14. a. Records Search; ARMS: Date(s): 8/2/00 Name(s): Martin Goetz
BLM Office: Date(s): 7/31/00 Name(s): Chris Lowry
List Sites within .25 miles of Project: none
Show sites within 500' on Project Map

b. Description of Undertaking:

Client proposes to build a 400'x400' well pad adjacent to an existing two-track road, which will be upgraded with caliche for a distance of 1084', from the well pad, directly west to New Mexico State Rd. 31. A cultural resources pedestrian survey was conducted on both the road and the well pad.

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

The project area is located in a low flat area with a hummocky surface. Vegetation in the area includes shinnery oak, creosote, and various grasses. Soils in the area consist of the Berino complex with a 0-3% slope. The surface layers are characterized by fine sandy loams and varies in depth from 17-36 inches. Sub-soils are described as non-calcareous, yellowish-red to red fine sandy loam to sandy clay loam.

d. Field Methods:

Archaeologist Chris Lowry performed systematic pedestrian transects across the 400'x400' well pad, at a maximum interval of 15 m. Flagging tape was used to ensure non-overlapping coverage and was subsequently removed. Additionally, Lowry also surveyed the 1084 ft of the proposed road on two transects approximately 7 m on either side of the existing two-track.

15. Cultural Resource Findings:

a. Identification and description

No new archaeological sites or isolated manifestations were discovered.

16. Management Summary (Recommendations):

Archaeological clearance for the project to proceed is recommended.

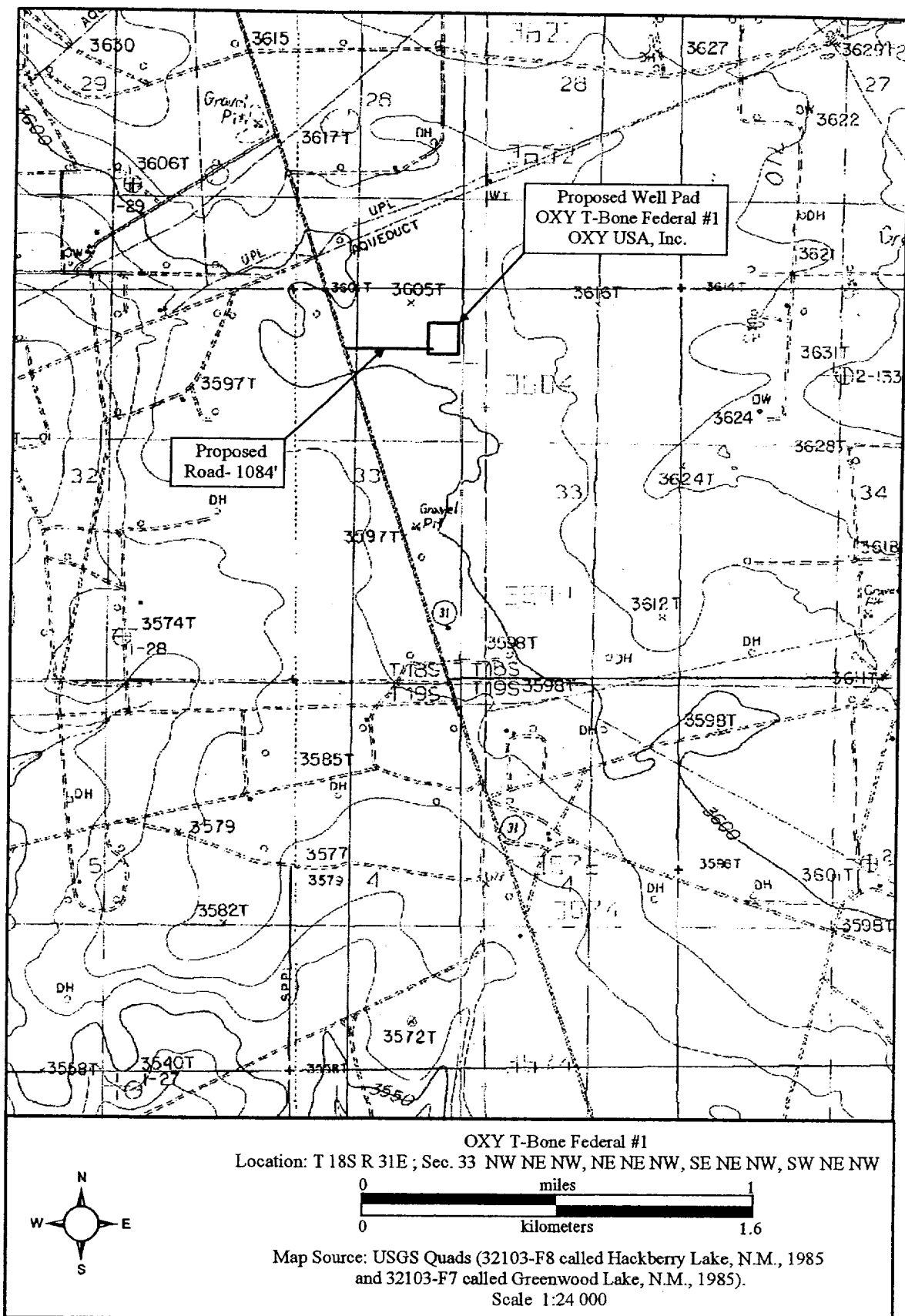
I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist

Signature

8-22-00

Date



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

October 23, 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 T-Bone Federal #1
Eddy County, New Mexico
Lease No. NM12211

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY T-Bone Federal #1 located 660 FNL and 1980 FWL of Section 33, T18S, R31E, Eddy County, New Mexico, Federal Lease No. NM12211. The proposed well will be drilled to a TD of approximately 12300' (TVD). The location and work area has been staked. It is approximately 20 miles northeast of Carlsbad, New Mexico.

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

I. Application for Permit to Drill:

1. Form 3160.3, Application for Permit to Drill.
2. Form C-102 Location and Acreage Dedication Plat certified by Gary L. Jones, Registered Land Surveyor No. 7977 in the State of New Mexico, dated June 30, 2000.
3. The elevation of the unprepared ground is 3603 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 | 9900' TVD |
| Strawn | 10900' TVD |
| Atoka | 11200' TVD |
| Morrow | 11700' TVD |

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

| | | |
|----------------------|--------|------------|
| Primary Objective: | Morrow | 11700' TVD |
| Secondary Objective: | Atoka | 11200' TVD |

9. The proposed casing program is as follows:

Surface: 13-3/8" 48# H40 ST&C new casing set at 650'

Intermediate: 9-5/8" 36# K55 ST&C new casing from 0-3600'

Production: 5-1/2" 17# N80-S95 LT&C new casing from 0-12300'

10. Casing setting depth and cementing program:

- A. 13-3/8" surface casing set at 650' in 17-1/2" hole.
Circulate cement with 320sx 35:65 POZ/C w/ 6% Bentonite + 2% CaCl_2 + .25#/sx Cello-Seal followed by 200sx Class C w/ 2% CaCl_2 .

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl_2 .

- B. 9-5/8" intermediate casing set at 3600' in 12 1/4" hole.
Circulate cement with 750sx 35:65 POZ/C w/ 6% Bentonite + 2% CaCl_2 + .25#/sx Cello-Seal followed by 200sx Class C w/ 2% CaCl_2 .

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

If cement does not circulate, a temperature survey will be run to find the TOC and then finish cementing to surface through 1" using Class C with 2% CaCl_2 .

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

- C. 5-1/2" production casing set at 12300'. Cement with 1300sx 15:61:11 POZ/C/CSE w/ .5% FL-25 + .5% FL-52 + 8#/sx Gilsonite followed by 75sx Class C w/ .7% FL-25.

Estimated top of cement is 6000'.

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

11. Pressure Control Equipment

| | |
|----------------|--|
| 0' - 650' | None |
| 650' - 3600' | 13-3/8" 3M annular preventer. |
| 3600' - 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 6900'. 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 - 650' | Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.7-9.2 ppg, vis 32-34 sec. |
| 650' - 3600' | 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. |
| 3600' - 8300' | Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec. |
| 8300' - 10300' | Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec. |
| 10300' - 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 December 18, 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

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 T-Bone Federal #1
Section 33, T18S-R31E
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:

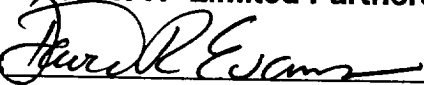
LEASE NO.: NM-12211

LEGAL DESCRIPTION: 660' FNL and 1980' FWL Section 33,
T18S-R31E
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