

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 OXY USA Inc. 16696 16696

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 1350 FNL 930 FEL SENE(H)  
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 22 miles northwest of Carlsbad, NM

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)  
 930'

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  
 9300'

20. ROTARY OR CABLE TOOLS  
 R

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 4216'

22. APPROX. DATE WORK WILL START\*  
 10/25/00

5. LEASE DESIGNATION AND SERIAL NO.  
 NM91500

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME  
 26986

8. FARM OR LEASE NAME WELL NO.  
 OXY Penny Loafer Federal

9. API WELL NO.  
 #1

10. FIELD AND POOL, OR WILDCAT  
 30-015- 31453

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Indian Basin Morrow, West

12. COUNTY OR PARISH 13. STATE  
 Sec 23 T21S R22E  
 EDDY NM

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#	400'	360sx - Circular
11"	8-5/8" K55	32#	2000'	555sx - Circular
7-7/8"	4-1/2" N80	11.6#	9300'	705sx - Est TOC 5400

**CARLSBAD CONTROLLED WATER BASIN**  
**WITNESS**  
**WITNESS**



SEE OTHER SIDE

**APPROVAL SUBJECT TO  
 GENERAL REQUIREMENTS AND  
 SPECIAL STIPULATIONS  
 ATTACHED**

Operator to notify NMOCD time of spud  
 & time to witness 5/8" casing

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.

SIGNED: David Stewart TITLE: DAVID STEWART REGULATORY ANALYST DATE: 9/25/00

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:  
/S/ LARRY D. BRAY  
 Assistant Field Manager,  
 Lands And Minerals

APPROVED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: NOV 20 2000

\*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

**OXY Penny Loafer Federal #1  
1350 FNL 930 FEL SEC 23 T21S R22E Eddy County, NM  
Federal Lease No. NM 91500**

**PROPOSED TD:** 9300' TVD

**BOP PROGRAM:** 0' - 400' None  
400' - 2000' 11" 5M blind and pipe rams with 5M annular preventer.  
2000' - 9300' 11" 5M blind pipe rams with 5M annular preventer and rotating head below 6000'.

**CASING:** Surface: 13-3/8" OD 48# H40 ST&C new casing set at 400'  
Intermediate: 8-5/8" OD 32# K55 ST&C new casing from 0-2000'  
Production: 4-1/2" OD 11.6# N80 LT&C new casing from 0-9300'

**CEMENT:** Surface - Circulate cement with 160sx 35:65 POZ/C with 6% Bentonite + 2% CaCl<sub>2</sub> + .25#/sx Cello-Seal followed by 200sx Cl C with 2% CaCl<sub>2</sub>.

Intermediate - Circulate cement with 355sx 35:65 POZ/C with 6% Bentonite + 2% CaCl<sub>2</sub> + .25#/sx Cello-Seal followed by 200sx Cl C with 2% CaCl<sub>2</sub>.

Production - Cement with 630sx 15:61:11 POZ/C/CSE with .5% FL-25 + .5% FL-52 + 8#/sx Gilsonite followed by 75sx Cl C with .7% FL-25.  
Estimated top of cement is 5400'.

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

**MUD:** 0 - 400' Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt 8.7-9.2 ppg, Vis 32-34 sec  
400' - 2000' 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 increase to 20000PPM.  
2000' - 5700' Fresh water. Lime for pH control(9-9.5). Paper for seepage. Wt 8.3-8.5 ppg, Vis 28-29 sec  
5700' - 8300' Cut brine. Lime for pH control (10-10.5). Wt 9.6-10.0 ppg, Vis 28-29sec  
8300' - 9300' Mud up with an Duo Vis/Flo Trol mud system. Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc