Form 3160-3
(August 1999)

F-04-27

UNITED STATES
DEPARTMENT OF THE INTERI(
BUREAU OF LAND MANAGEME

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

Lease No.
NM-97

APPLICATION FOR PERMIT TO DRILL (

1a. Type of Work: [X] DRILL [ ] REENTER	6. If Indian, Allotee or Tribe Name
1b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone	7. Unit or CA Agreement Name and No.
2. Name of Operator: OXY USA WTP Limited Partnership 192463	8. Lease Name and Well No.: OXY Max Federal #1
3a. Address: P.O. Box 50250 Midland, TX 79710-0250	3b. Phone No. (include area code): 432-685-5717
	9. API Well No.: 30-015- 33884
4. Location of Well (*Report location clearly and in accordance with any State equirements)** At surface: 1650 FSL 1650 FWL NESW(K) At proposed prod. zone	RECEIVED APR 2 0 2004 OCD-ARTESIA
	10. Field and Pool, or Exploratory: Burton Flat Morrow
	11. Sec., T., R., M., or Blk. and Survey or Area: Sec 24 T20S R28E
14. Distance in miles and direction from nearest town or post office*: 10 miles northeast from Carlsbad, NM	12. County or Parish: Eddy; 13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any): 990'	16. No. of Acres in lease: 320	17. Spacing Unit dedicated to this well: 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: N/A	19. Proposed Depth: 12000'	20. BLM/BIA Bond No. on file: 9312774
21. Elevations (Show whether DF, KDB, RT, GL, etc.: 3241'	22. Approximate date work will start*: 6/1/04	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.
2. A Drilling Plan
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signuature	Name (*Printed/Typed*): David Stewart	Date: 3/16/04
Title: Sr. Regulatory Analyst		
Approved by (Signautre): /s/ Joe G. Lara	Name (*Printed/Typed*): /s/ Joe G. Lara	Date: 19 APR 2004
Title: ACTING FIELD MANAGER	Office: CARLSBAD FIELD 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 knowlingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on Reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Witness Surface Casing

rbd

OXY Max Federal #1
1650 FSL 1650 FWL NESW(K) SEC 24 T20S R28E Eddy County, NM
Federal Lease No. LC-050797

PROPOSED TD: 12000' TVD

BOP PROGRAM:

~~0-625'~~ 300'	None
~~625-4500'~~ 300' 2900'	13-3/8" 3M annular preventer, to be used as divertor only.
~~4500~~-12000' 2900'	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'~~ 300'
17-1/2" hole

Intermediate: 9-5/8" OD 36# K55/HCK55 ST&C new casing from 0-~~4500'~~ 2900'
12-1/4" hole

Production: 5-1/2" OD 17# N80-HP110 LT&C new casing from 0-12000'
8-3/4" hole 8600'-N80 3400'-HP110

CEMENT: Surface - Circulate cement with 300sx 35:65 POZ/C with 6% Bentonite + 2% $CaCl_2$ + .25#/sx Cello-Seal followed by 200sx Cl C with 2% $CaCl_2$.

Intermediate - Circulate cement with 1100sx 35:65 POZ/C with 6% Bentonite + 2% $CaCl_2$ + .25#/sx Cello-Seal followed by 200sx Cl C with 2% $CaCl_2$.

Production - Cement with 1300sx 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 5000'.

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

MUD:

0-~~625'~~ 300'	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'~~ 300' 2900'	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~~-8700' 2900'	Fresh water. Lime for pH control(9-9.5). Paper for seepage. Wt 8.3-8.5 ppg, Vis 28-29 sec
8700-10000'	Cut brine. Lime for pH control (10-10.5). Wt 9.6-10.0 ppg, Vis 28-29sec
10000-12000'	Mud up with an Duo Vis/Flo Trol mud system. Wt 9.6-10.0ppg, Vis 32-36sec, WL<10cc

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-	73280	Burton Flat Morrow

Property Code	Property Name	Well Number
	OXY MAX FEDERAL COM	1

OGRID No.	Operator Name	Elevation
192463	OXY U.S.A. W.T.P., LP	3241'

Surface Location

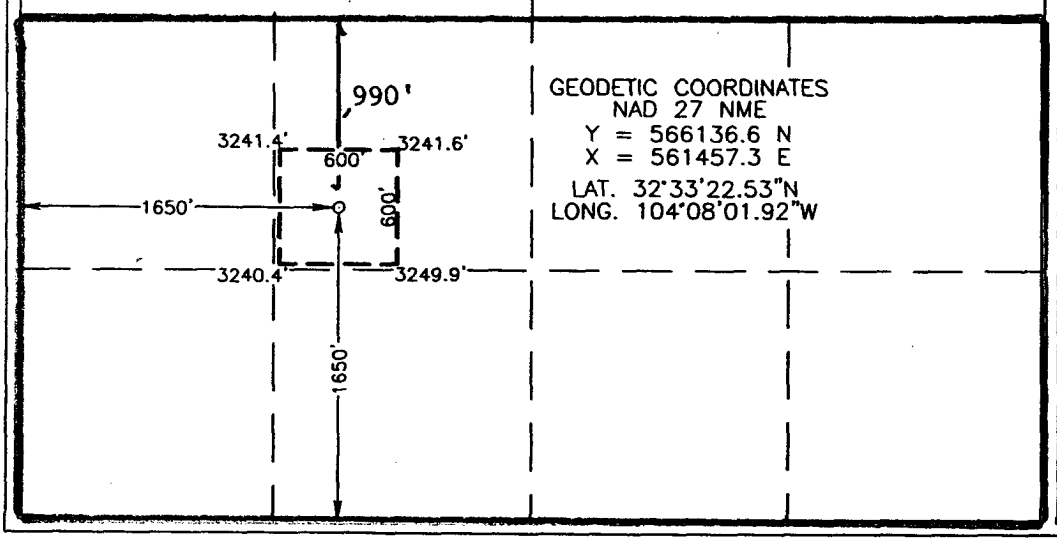
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	24	20-S	28-E		1650	SOUTH	1650	WEST	EDDY

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	N		

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.

Signature

David Stewart
Printed Name

Sr. Regulatory Analyst
Title

3/16/04
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.

FEBRUARY 5, 2004
Date Surveyed L.A.

Signature & Seal of Professional Surveyor

Gary L. Eidson 2/17/04

04.11.0137

Certificate No. GARY EIDSON 12641

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: _Oxy USA WTP Limited Partnership_____ Telephone: 432.685.5719_____e-mail address: Don_Thompson2@oxy.com_____
Address: P.O. Box 50250, Midland, TX 79710_____
Facility or well name: Oxy Max Fed. No. 1___API #: _____U/L or Qtr/Qtr_NWNE__Sec_24__T_20S__R_28E_
County: _Eddy_____ Latitude_32°33'22.53" N__ Longitude_104°08'01.92"W___ NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness _12__mil Clay ☐ Volume _11,000_____bbl	Volume: ____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) See Note Below (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) 0
	Ranking Score (Total Points)	

RECEIVED
OCT 21 2004
OCD-ARTESIA

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: _October 20. 2004
Printed Name/Title_ Don Thompson/HES Tech._____ Signature_____

Copies for record - NMOCD

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.
Because of the unknown fresh water debth Oxy is applying for a closed loop pit system at this time. Once the drilling permit has been approved a hole will be drilled with the rat hole machine to determine the depth to the fresh water. After determining what the sub-surface water level is and if conditions are met using the NMOCD Pit or Below-Grade Tank Guidelines allow, Oxy will file an amended C-144 requesting an earthen reserve drilling pit.

Approval
Date: OCT 21 2004
Printed Name/Title_____ Signature_____

EXHIBIT A

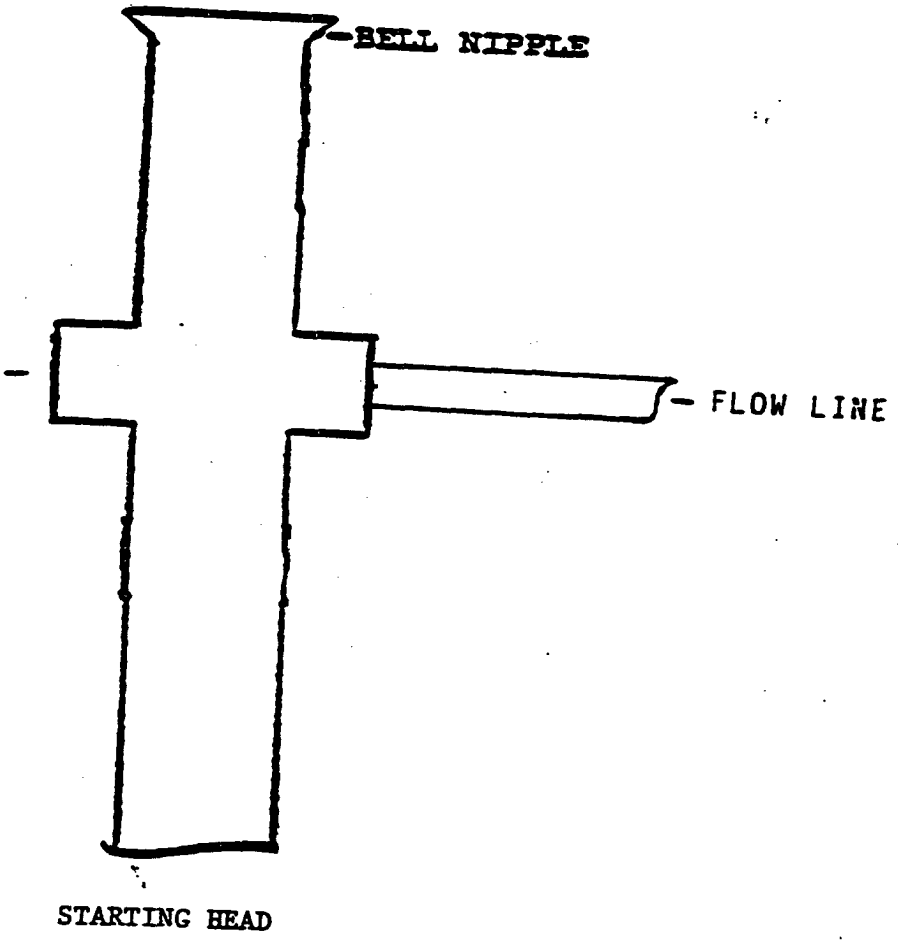
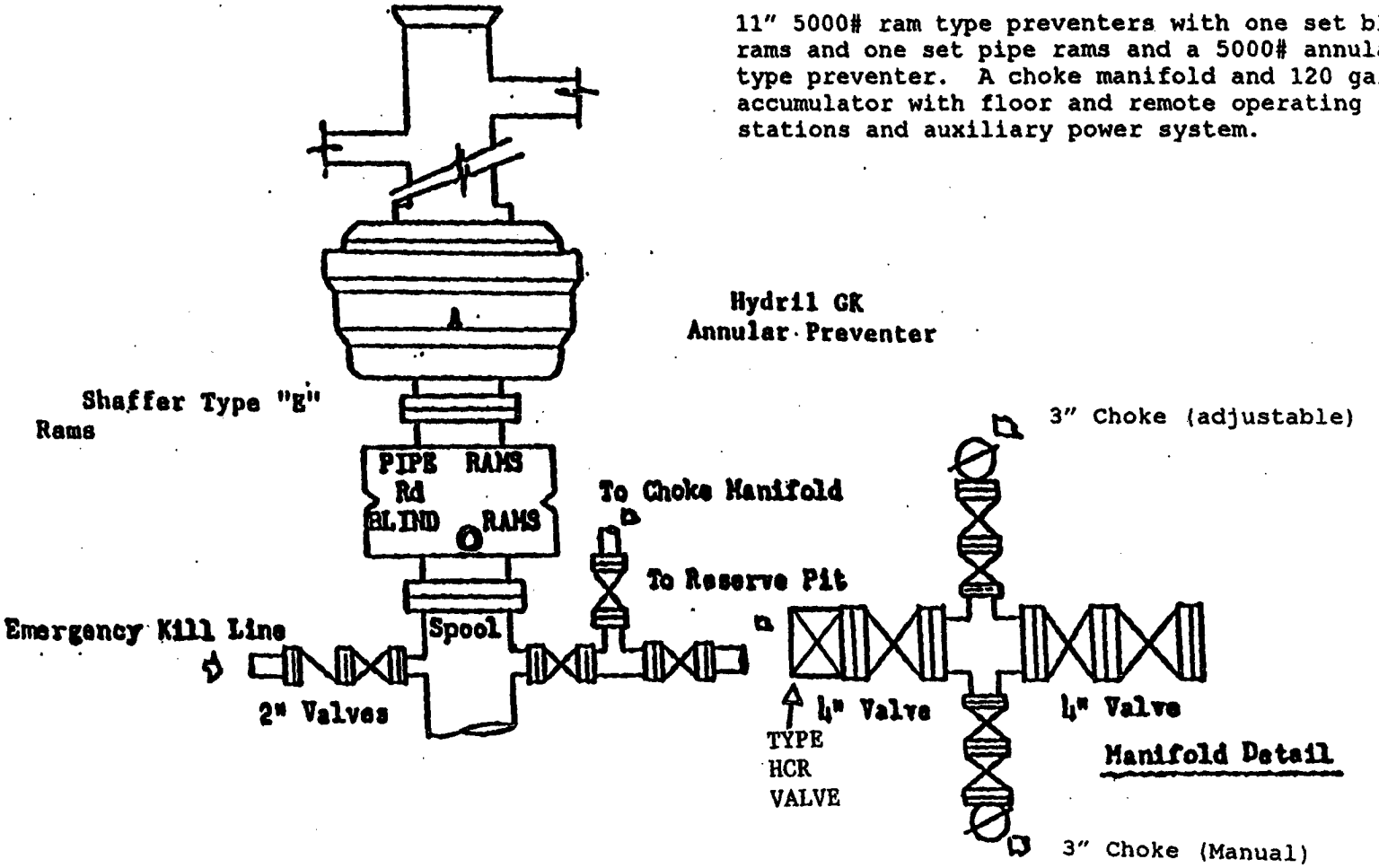

BELL NIPPLE
ANNULAR PREVENTOR
TO BE USED AS DIVERTOR ONLY
FLOW LINE
STARTING HEAD

EXHIBIT A

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.

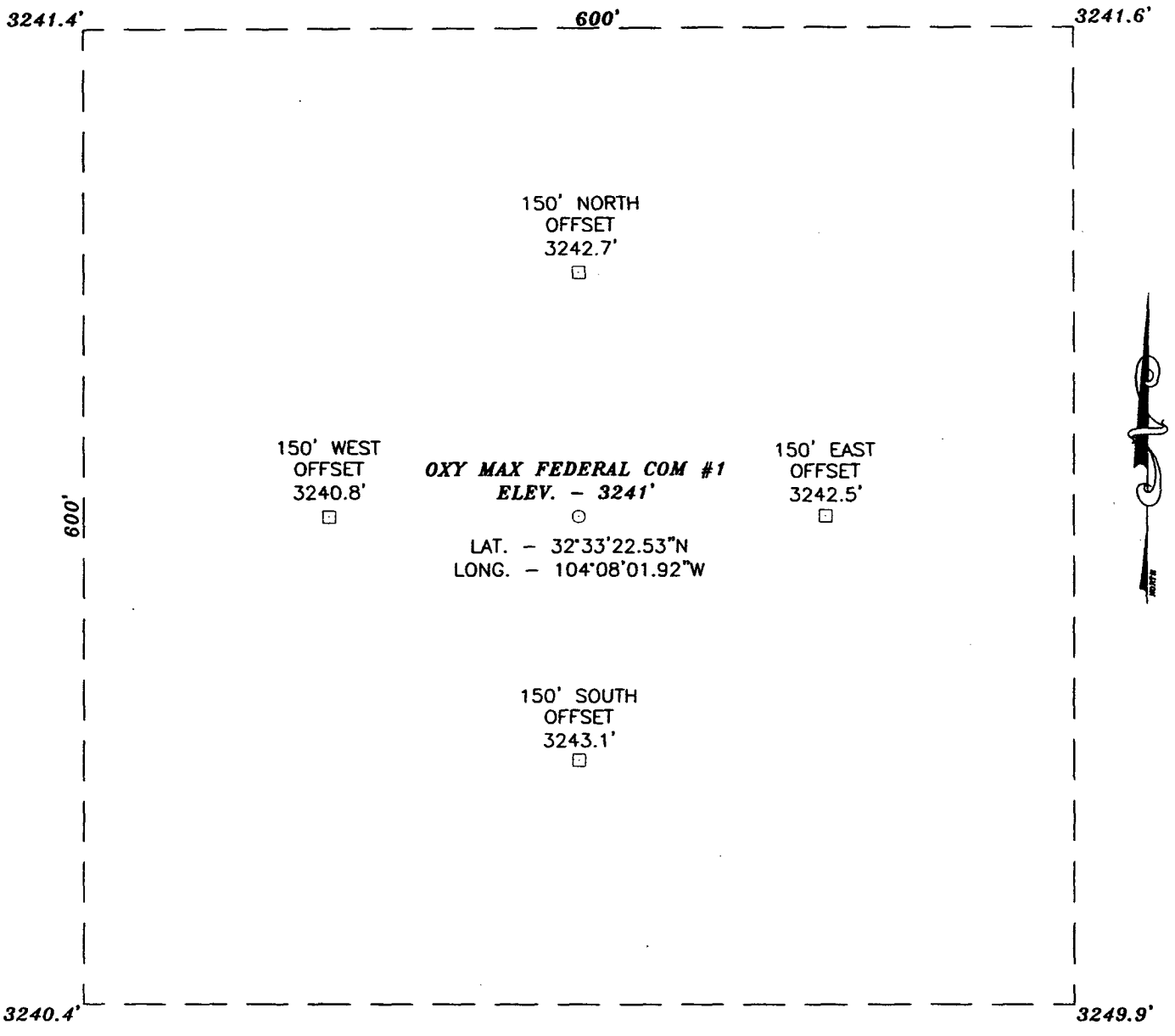


Choke Manifold

EXHIBIT B

SECTION 24, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



100 0 100 200

SCALE: 1"=100'

DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF U.S. HWY #62-180 AND CO. RD. #243 (MAGNUM ROAD) 9.5 MILES EAST OF CARLSBAD. GO NORTH ON CO. RD. #243 4.5 MILES AND TURN LEFT. GO WEST 0.6 MILES AND TURN RIGHT. GO 0.7 MILES TO A PROPOSED ROAD SURVEY. GO NORTH 0.37 MILES ALONG PROPOSED ROAD TO LOCATION.

JOHN WEST SURVEYING COMPANY
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

OXY U.S.A. W.T.P., LP

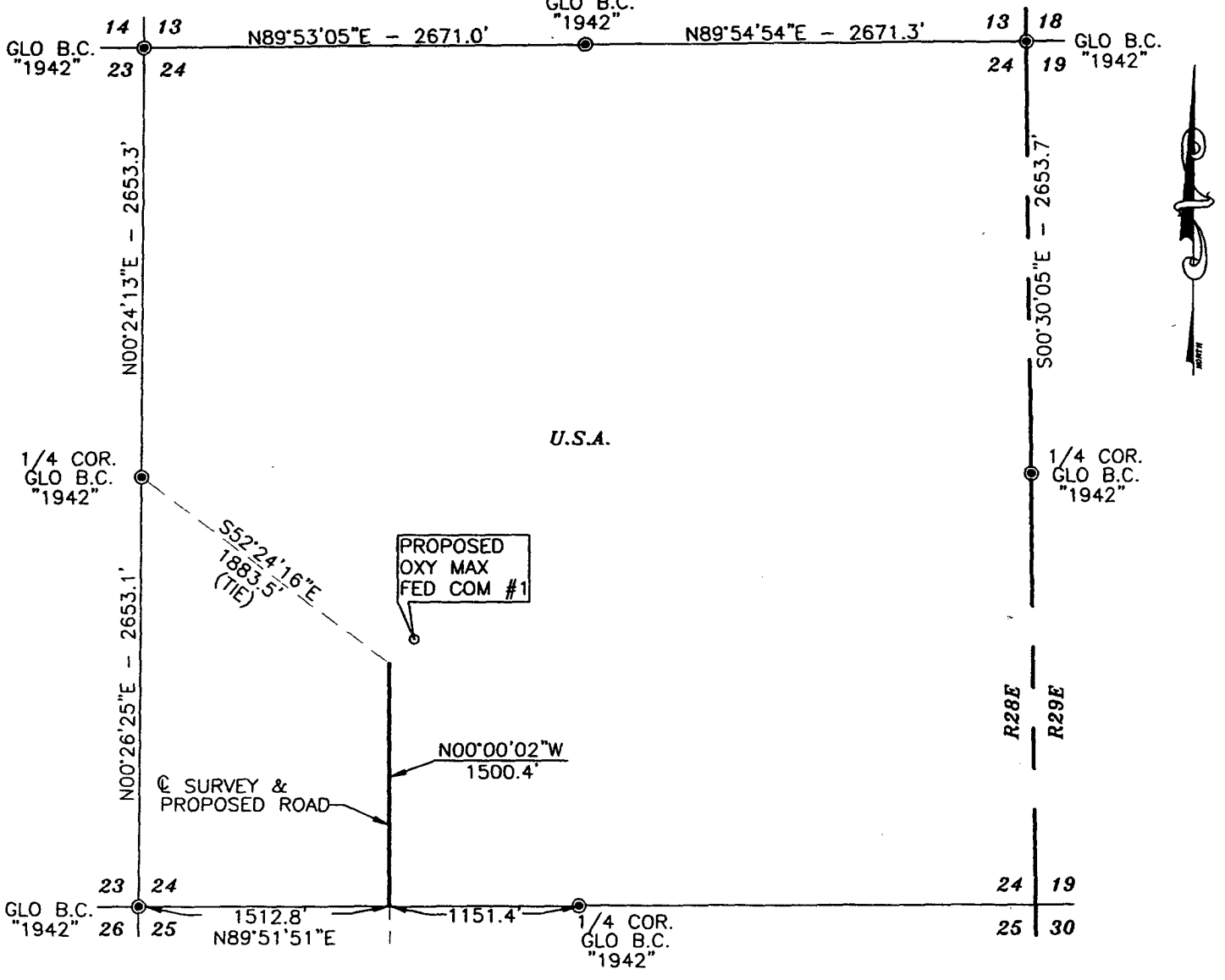
THE OXY MAX FEDERAL COM #1 LOCATED 1650 FROM THE SOUTH LINE AND 1650 FROM THE WEST LINE SECTION 24, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 2/05/04		Sheet 1 of 1 Sheets	
W.O. Number: 04.11.0137		Drawn By: L.A.	
Date: 2/10/04	DISK:CD#3	04110137	

EXHIBIT B

SECTION 24, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE AND 1500.4 FEET OR 0.284 MILES IN LENGTH CROSSING USA LAND IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE.

NOTE: BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

1000 0 1000 2000 FEET

Scale:1"=1000'

I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

Gary G. Eidson 2/18/04

GARY G. EIDSON N.M. P.S. No. 12641

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO – HOBBS, NEW MEXICO – 505-393-3117

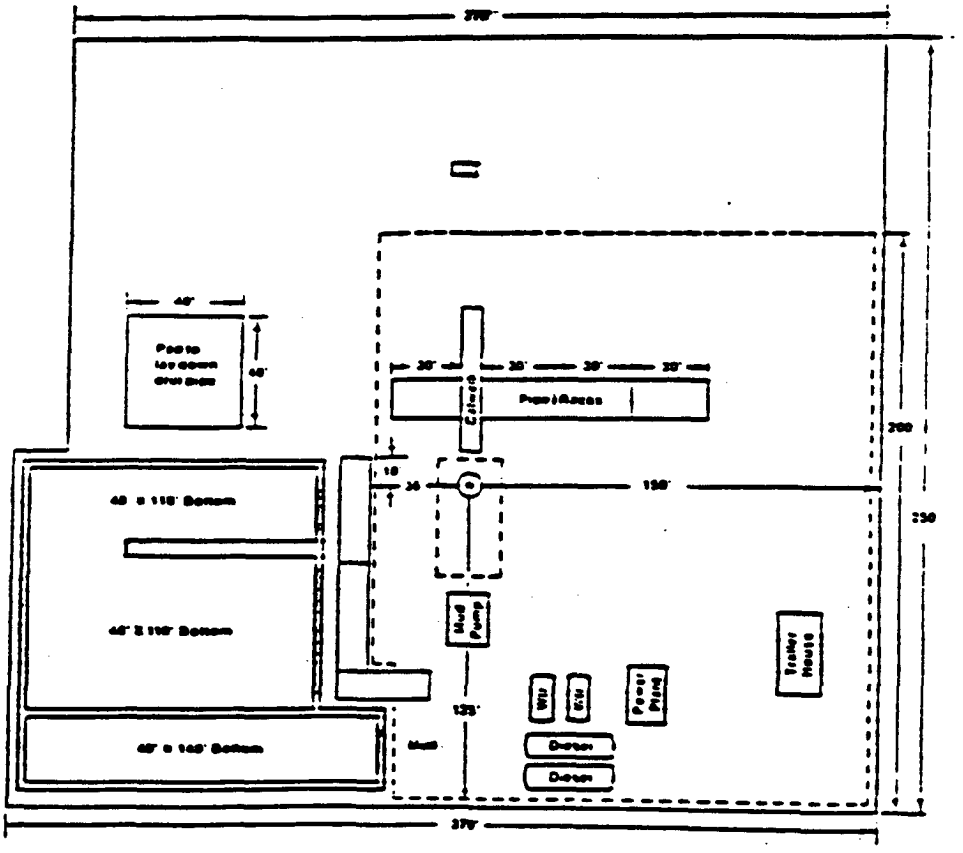
OXY U.S.A. W.T.P., LP

SURVEY A PROPOSED ROAD IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 2/5/04		Sheet 1 of 1 Sheets	
W.O. Number: 04.11.0137		Drawn By: L.A.	
Date: 2/13/04	DISK: CD#3	04110137	

EXHIBIT D

LOCATION PLAT



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 Max Federal Com #1
S/2 of Section 24, T20S-R28E
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.: LC-050797

LEGAL DESCRIPTION: 1650' FSL and 1650' FWL Section 24, T20S-R28E
Eddy County, New Mexico

FORMATIONS: All depths

BOND COVERAGE: Nationwide

BLM BOND FILE NO.: ES 0136

OXY USA WTP Limited Partnership

AUTHORIZED SIGNATURE: **BY:** _____

TITLE: Senior Landman Advisor
DATE: March 15, 2004

cc: David Stewart

OXY USA WTP
Limited Partnership
PO Box 50250
Midland, TX 79710

Hydrogen Sulfide (H_2S) Contingency Plan

For

Oxy Max Fed. Com. No. 1
1650 ft FSL, 1650 ft FWL
Sec 24, T20S, R28E
Eddy County, NM

And

McVay Drilling Co. Rig No. 8

TABLE OF CONTENTS

PREFACE

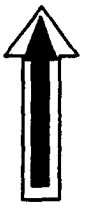
An effective and viable Contingency Plan is intended to provide prior planning and guidance in responding to emergency incidents. The primary considerations in its development are protection of personnel, the public, company and public property, and the environment.

Although the plan addresses varied emergency situations which may occur, it recognizes that flexibility and the use of the organization's knowledge and experience is critical to safe resolution of emergency incidents. Response actions outlined in the plan provide a framework, which may be placed into operation without confusion. These actions should promote quick and decisive actions during the critical initial period and immediately following an emergency. As the response progresses, additional guidelines and procedures may need to be implemented as the situation dictates. In addition, all emergency incidents must be properly reported per the Oxy Incident Reporting and Notification Policy, state and federal requirements, etc.

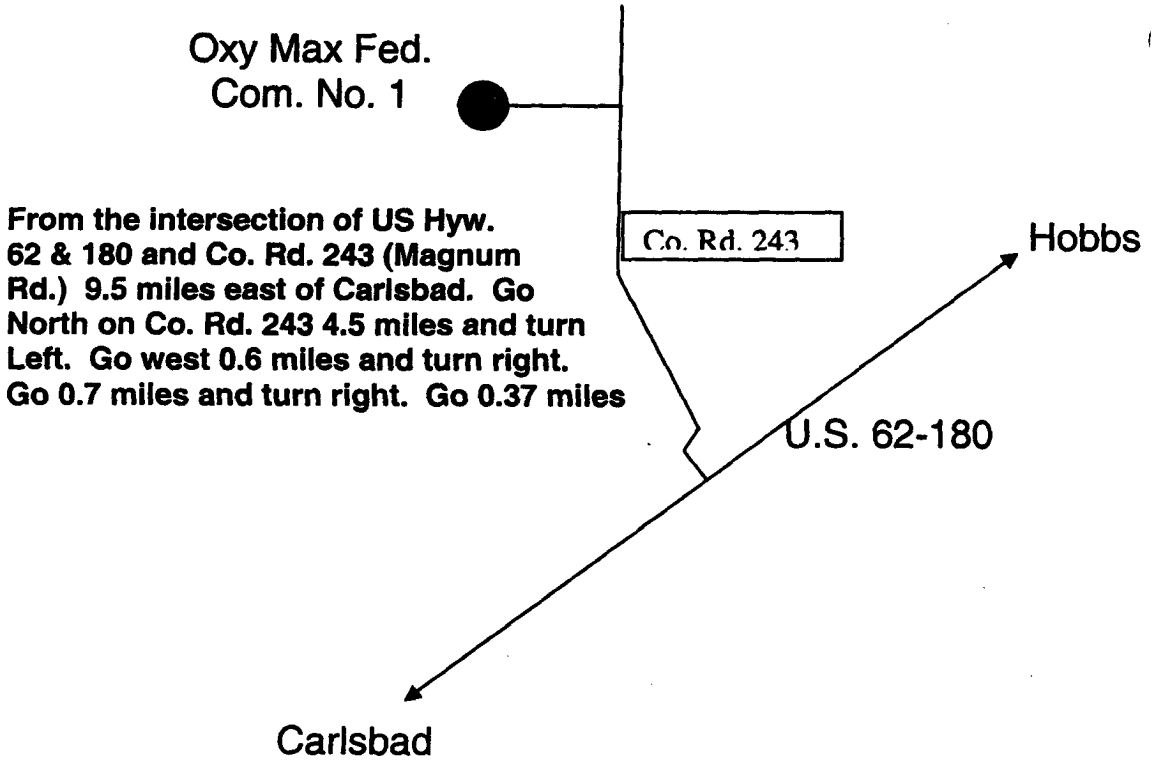
This Contingency Plan is intended for use on Oxy Downhole Services Group projects and the operations within their area of responsibility, such as drilling, critical well work, etc.

A copy of the Plan shall be maintained in the Top Dog House, Rig Managers trailer, and Company Representative's trailer if applicable.

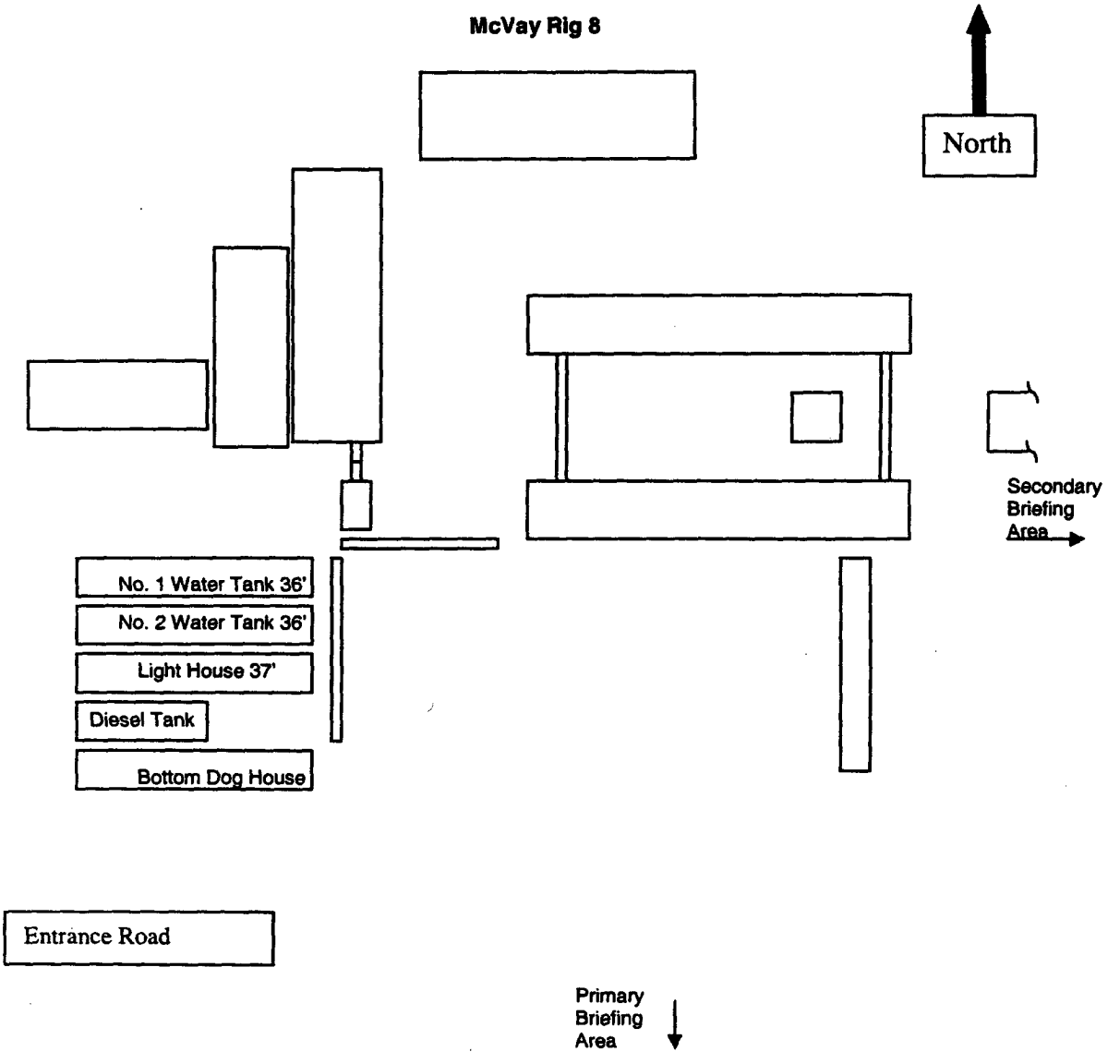
Oxy Federal Com. No. 1
Lat. 32° 33'22.53"N
Long. 104° 08' 01.92"W
NAD 27 NME
Y = 566136.6 N
X = 561457.3 E



North



From the intersection of US Hyw. 62 & 180 and Co. Rd. 243 (Magnum Rd.) 9.5 miles east of Carlsbad. Go North on Co. Rd. 243 4.5 miles and turn Left. Go west 0.6 miles and turn right. Go 0.7 miles and turn right. Go 0.37 miles


McVay Rig 8
North
Secondary
Briefing
Area
No. 1 Water Tank 36'
No. 2 Water Tank 36'
Light House 37'
Diesel Tank
Bottom Dog House
Entrance Road
Primary
Briefing
Area

EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

A. In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document for further responsibilities:

1. Notify the senior ranking contract representative on site.
2. Notify Oxy representative in charge.
3. Notify civil authorities if the Oxy Representative can not be contacted and the situation dictates.
4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

Oxy Permian Personnel:

A. Operations Specialist: The Oxy Drilling/Critical Well Servicing Operations Specialist or contract personnel serving in that capacity will serve as Operations Chief Officer for all emergency incidents. The Operations Chief Officer is responsible for:

1. Notification to the Downhole Services Team Leader of the incident occurrence.
2. Notification to the local RMT/PMT leader of the incident occurrence, and the need for the designated local RMT/PMT Incident Commander to act in that capacity for the response effort.
3. Sole control of all tactical activities directed toward reducing the immediate hazard, establishing situational control and restoring the operations to a non-emergency state.

B. Local RMT/PMT Designated Incident Commander: The Oxy local RMT/PMT Designated Incident Commander will serve as the overall Incident Commander for the drilling or critical well servicing emergency incident. The Incident Commander is responsible for:

1. Coordinating with the Downhole Services Team Leader for notification to the Oxy Crisis Management team of the incident occurrence.
2. Establishing and managing the overall incident command structure and response from inception through restoration of normal activities in the area.

C. Downhole Services HES Tech: The Downhole Services HES Tech (or his designate) is responsible for reporting to the incident as soon as reasonably possible, to provide support to the response effort as required by the Operations Chief Officer or the Incident Commander.

Contract Drilling Personnel will immediately report to their assigned stations and perform their duties as outlined in the appropriate Specific Emergency Guidance sections on pages ten (10) through twelve (12) in this document.

Other Contractor Personnel will report to the safe briefing area to assist Oxy personnel and civil authorities as requested when it is safe to do so and if they have been adequately trained in their assigned duties.

Civil Authorities (Law Enforcement, Fire, and EMS) will be responsible for:

1. Establishing membership in the Unified Incident Command.
2. As directed by the Incident Commander and the Unified Command, control site access, re-route traffic, and provide escort services for response personnel.
3. Perform all fire control activities in coordination with the Unified Command.
4. Initiate public evacuation plans as instructed by the Incident Commander.
5. Perform rescue or recovery activities with coordination from the Unified Command.
6. Provide medical assistance as dictated by the situation at hand.

H2S RELEASE

The following procedures and responsibilities will be implemented on activation of the H2S siren and lights.

All Personnel:

1. On alarm, don escape unit (if available) and report to upwind briefing area.

Rig Manager/Tool Pusher:

1. Check that all personnel are accounted for and their condition.
2. Administer or arrange for first aid treatment, and /or call EMTs as needed.
3. Identify two people best suited to secure well and perform rescue, and instruct them to don SCBA.
4. Notify Contractor management and Oxy Representative.
5. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.

Two People Responsible For Shut-in and Rescue:

1. Don SCBA and acquire tools to secure well and perform rescue, i.e., wrenches, retrieval ropes, etc.
2. Utilize the buddy system to secure well and perform rescue(s).
3. Return to the briefing area and stand by for further instructions.

All Other Personnel:

1. Isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

Oxy Representative:

1. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.
2. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Training

There will be an initial training session prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan (Contingency Plan). This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release. Ignition of the well will be with the concurrence of the drilling team leader and the Oxy Crisis Management Team as time allows.

Characteristics of H2S and SO2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Oxy Permian personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as; type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. This response plan must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

WELL CONTROL

The following procedures will be implemented when a loss of primary control is indicated. Indicators of loss of primary control are flow from the well, an increase in pit volume, or when the drilling fluid used to fill the hole on trips is less than the calculated pipe displacement volume. The emergency signal for well control procedures will be a single long blast of the rig air horn.

Kick While Drilling - Procedures And Responsibilities

Driller:

1. Stop the rotary and hoist the kelly above the rotary table.
2. Stop the mud pump(s).
3. Check for flow.
4. If flowing, sound the alarm immediately.
5. Ensure that all crew members fill their responsibilities to secure the well.
6. Record drill pipe and casing shut-in pressures and pit volume increase and begin kill sheet.

Derrickman:

1. Go to BOP/choke manifold area.
2. Open choke line valve on BOP.
3. Signal to Floorman #1 that the choke line is open.
4. Close chokes after annular or pipe rams are closed.
5. Record shut-in casing pressure and pit volume increase.
6. Report readings and observations to Driller.
7. Verify actual mud weight in suction pit and report to Driller.
8. Be readily available as required for additional tasks.

Floorman # 1:

1. Go to accumulator control station and await signal from Derrickman.
2. Close annular preventer and HCR on signal (if available, if not then close pipe rams).
3. Record accumulator pressures and check for leaks in the BOP or accumulator system.
4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 2:

1. Start water on motor exhausts.
2. Notify Contractor Tool Pusher or Rig Manager of well control situation.
3. Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
4. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3:

1. Stand-by with Driller, and be readily available as required for additional tasks.

Tool Pusher/Rig Manager:

1. Notify Oxy Representative and report to rig floor.
2. Review and verify all pertinent information.
3. Communicate information to Oxy Representative, and confer on an action plan.
4. Finalize well control worksheets, calculations and preparatory work for action plan.
5. Initiate and ensure the action plan is carried out.
6. Communicate any changes in well or site conditions, or any indications that the action plan needs to be revised to the Oxy representative.

Oxy Representative:

1. Notify Operation Specialists or Team Leader and RMT Leader or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

Kick While Tripping - Procedures and Responsibilities

Driller:

1. Sound the alarm immediately when pipe displacement volume is less than 75% of calculated.
2. Position the upper tool joint just above rotary table and set slips.
3. Check for flow.
4. Ensure that all crew members fill their responsibilities to secure the well.
5. Record drill pipe and casing shut-in pressures and pit volume increase, and begin kill sheets.

Derrickman: (same as while drilling)

Floor Man # 1:

1. Install full opening valve (with help from Floorman #2) in top drill string connection.
2. Tighten valve with make up tongs.
3. Go to accumulator control station and await signal from Derrickman.
4. Close annular preventer and HCR valve on signal (if available, if not then close pipe rams).
5. Record accumulator pressures and check for leaks in the BOP and accumulator system.
6. Report to Driller, and be readily available as required for additional tasks.

Floor Man # 2:

1. Assist installing full opening valve in drill string.
2. Position back-up tongs for valve make-up.
3. Start water on motor exhausts.
4. Notify Contractor Tool Pusher or Rig Manager of well control situation.
5. Check location for ignition sources and extinguish or turn off, and stop any welding in progress.
6. Report to Driller, and be readily available as required for additional tasks.

Floorman # 3, Rig Manager/Tool Pusher, and Oxy Representative: (same as while drilling)

PUBLIC RELATIONS

Oxy recognizes that the news media have a legitimate interest in incidents at Oxy facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public.

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately. Cooperation with news media representatives is the most reliable guarantee that this objective will be met.

All contract and Oxy employees are instructed **NOT** to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or his designated relief for any information concerning the incident.

OXY PERMIAN DOWNHOLE SERVICES GROUP

	LOCATION	OFFICE	HOME	CELL	PAGER
Manager Operations Support					
Hardesty, Steve	Midland	432-685-5880	432/694-6441	713-560-8095	
Team Leader					
Pennington, Randy	Midland	432-685-5684	432/689-7642	432-556-0207	713-312-8186
			Toledo Bend =	318-590-2349	
Operations Specialists					
Fleming, Joe	Midland	432-685-5858	432/699-0875	432-425-6075	432-498-3281
Ray, Fred	Midland	432-685-5683	432/362-2857	432-661-3893	432-499-3432
HES Tech					
Thompson, Don	Midland	432-685-5719	432/684-3900	432-556-1505	

Emergency Notification Numbers

Public Authorities		
New Mexico State Police	Artesia	505/746-2704
New Mexico State Police	Carlsbad	505/885-3137
New Mexico State Police	Hobbs	505/392-5588
Eddy County Sheriff's Office	Artesia	505/746-2704
Eddy County Sheriff's Office	Carlsbad	505/887-7551
Lea County Sheriff's Office	Hobbs	505/393-2515
Local Emergency Planning Center	Eddy County	505/887-9511
Local Emergency Planning Center	Lea County	505/397-9231
New Mexico Oil & Gas Commission	Artesia	505/748-1283
New Mexico Oil & Gas Commission	Hobbs	505/393-6161
NM Emergency Response Center	Hobbs	505/827-9222

Emergency Services		
Fire Fighting, Rescue, Ambulance, Police	Artesia	911
Fire Fighting, Rescue, Ambulance, Police	Carlsbad	911
Fire Fighting, Rescue, Ambulance, Police	Hobbs	911
Flight For Life	Lubbock	806/743-9911
Aerocare	Lubbock	806/7478923
Med Flight Air Ambulance	Albuquerque	505/842-4433

Other Emergency Services		
Boots and Coots		1/800-256-9688
Cudd Pressure Control	Midland	432/699-0139
B.J. Services	Artesia	505/746-3569
Halliburton	Artesia	505/746-2757

OXY Permian Production and Plant Personnel
OXY Permian Crisis Team Hotline Notification (713) 935-7210

PERSON	LOCATION	OFFICE	FAX	CELL	PAGER
Asset Management-Operations Areas					
OXY Permian General Manager: Tom Menges	Houston	(281) 552-1147	(281) 552-1484	(713) 560-8038	
South Permian Asset: Matt Hyde	Midland	(432) 685-5802	(432) 685-5930	(432) 556-5016	
RMT/PMT Leaders: South Permian Asset					
Frontier RMT: Tommy Johnson	Midland	(432) 685-5671	(432) 685-4054	(432) 238-9343	(432) 567-7038
PERSON	**LOCATION**	**OFFICE**	**FAX**	**CELL**	**PAGER**
Production Coordinators: S. Permian Asset					
New Mexico: John Erickson	Hobbs	(505) 393-2174	(505) 397-2671	(505) 390-6426	(505) 370-6836

OXY Permian HES Personnel
OXY Permian Crisis Team Hotline Notification (713) 935-7210

PERSON	LOCATION	OFFICE	FAX	CELL	PAGER
HES Coordinators & Area of Responsibility					
Frontier: Tom Scott	Midland	(432) 685-5677	(432) 685-5742	(432) 448-1121	(432) 498-1312
HES Techs & Area of Responsibility					
Hobbs RMT: Steve Bishop	Hobbs	(505) 397-8251	(505) 397-8204	(505) 390-4784	(877) 339-1954- 1118#
Frontier-New Mexico: Rick Kerby	Hobbs	(505) 393-2174	(505) 393-2671	(505) 390-8639	(505) 370-6527

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

March 16, 2004

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 Max Federal #1
Eddy County, New Mexico
Lease No. LC-050797

Gentlemen:

OXY USA WTP Limited Partnership respectfully requests permission to drill our OXY Max Federal #1 located 1650 FSL and 1650 FWL of Section 24, T20S, R28E, Eddy County, New Mexico, Federal Lease No. LC-050797. The proposed well will be drilled to a TD of approximately 12000' (TVD). The location and work area has been staked. It is approximately 10 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 G. Eidson, Registered Land Surveyor No. 12641 in the State of New Mexico, dated February 17, 2004.

3. The elevation of the unprepared ground is 3241 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 12000' (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 12000' TVD.

7. Estimated tops of important geologic markers.

Wolfcamp	9000' TVD
Strawn	10200' TVD
Atoka	10600' TVD
Morrow	11100' TVD

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

Primary Objective: Morrow 11100' TVD

Secondary Objective: Atoka 10600' TVD

9. The proposed casing program is as follows:

Surface: 13-3/8" 48# H40 ST&C new casing set at ~~625'~~ 300'

Intermediate: 9-5/8" 36# HCK/K55 ST&C new casing from 0-~~4500'~~ 2900'

Production: 5-1/2" 17# N80/HP110 LT&C new casing from 0-12000'
N80-8600' HP110-3400'

10. Casing setting depth and cementing program:

A. 13-3/8" surface casing set at ~~625'~~ 300' in 17-1/2" hole. Circulate cement with 300sx 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 ~~4500'~~ 2900' in 12-1/4" hole. Circulate cement with 1100sx 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 12000' in 8-3/4" hole. Cement with 1300sx 15:61:11 POZ/C/CSE w/ .5% FL-25 + .5% FL-52 + 8#/sx Gilsonite followed by 200sx Class C w/ .7% FL-25.

Estimated top of cement is 5000'.

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

11. Pressure Control Equipment

0-~~625~~ 300'	None
~~625~~-~~4500~~' 300' 2900'	13-3/8" 3M annular preventer, to be used as divertor only. Exhibit A
~~4500~~-12000' 2900'	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~~ 300'	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' 300' 2900'	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~~-8700' 2900'	Fresh water. Lime for pH control (9-9.5). Paper for seepage. Wt. 8.3-8.5 ppg, vis 28-29 sec.
8700-10000'	Cut brine. Lime for pH control (10-10.5). Wt. 9.6-10.0 ppg, vis 28-29 sec.
10000-12000'	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. H2S Contingency Plan is attached per NMOCD requirements. 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 June 1, 2004. 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 LP

DRS/drs

Attachments

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 11, 2005
OXY USA WTP Limited Partnership
P.O. Box 50250
Midland, TX 79710-0250
Attn: Mr. David Stewart

RE: OXY USA WTP Limited Partnership: OXY Max Federal #1, located in Unit K (1650 'FSL & 1650' FWL) of Section 24, Township 20 South Range 28 East Eddy County, New Mexico. API # 30-015-33884

Dear Mr. Stewart,

In regards to our phone conversation this afternoon, I would like to recap the New Mexico Oil Conservation Divisions' (NMOCD) requirement for approval to drill for the above captioned well. This is for OXY USA WTP Limited Partnership to take samples of the drilling mud every 100' in order to determine the chloride levels from sub-surface depth of @ 1000' down to the intermediate casing point, which is on the drilling prognosis to be @ 2900'.
Please give our office a call if you have any questions regarding this matter.

Respectfully yours,

Bryan G. Arrant
PES

CC: Tim Gum-District Supervisor-Artesia
Bureau of Land Management-Roswell