láh	UNI DEPARTMEN	TED STATE	s1625 N. Fłêns I NT&BUS RNM 88	8240	OMB NO. 1004-0136 Expires: February 28, 1995 5. LEASE DESIGNATION AND BERIAL 1	
01	BUREAU O	F LAND MANA	GEMENT		NM-89891	
APPL	LICATION FOR F	PERMIT TO	DRILL OR DEEP	EN	6. IF INDIAN, ALLOTTER OR TRIBE NAM	
1a. TYPE OF WORK D. TYPE OF WELL		DEEPEN			7. UNIT AGREEMENT NAME	
OIL	GAS OTHER				8. FARM OR LEASE NAME, WELL NO. COCKBURN FEDERAL # 2	
OCEAN ENERGY		(JEANIE MCMILLAN)		9. API WELL NO.	
3. ADDRESS AND TELEPHONE NO 1001 FANNIN	SUITE 1600 HOUS		77002 (713-265-		30-D25-36283	
At surface	-		th any State requirements."	•)	BONE SPRING	
660' FSL & 6 At proposed prod. zo	0.8 e	10 T18S-R33	E LEA CO. NM	1	AND SURVET OR AREA	
	SAME			, 	SECTION 10 T18S-R33E	
	AND DIRECTION FROM NE. y 35 miles West				12. COUNTY OF PARISH 13. STATE LEA CO. NM	
15. DISTANCE FROM PROF LOCATION TO NEARES	PUSED*	· · · · · · · · · · · · · · · · · · ·	16. NO. OF ACRES IN LEA		CEA CO. INT	
PROPERTY OR LEASE (Also to nearest dr	LINE, FT. (ig. unit line, if any)	560'	320		40	
13. DISTANCE FROM PRO TO NEAREST WELL, OR APPLIED FOR, ON TI	DRILLING, COMPLETED.	1320'	19. Гнорозед рертн 9500 [†]		RT OR CABLE TOOLS	
	hether DF, RT. GR, etc.)			<u> </u>	DTARY 22. APPROX. DATE WORK WILL STA	
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23.		PROPOSED CAS	ING AND CEMENTING PRO	GRAM		
SIZE OF ROLE	GRADE, SIZE OF CASING	WEIGHT PER P			QUANTITY OF CEMENT	
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<u> </u>	<u>H-40 13 3/8"</u> J-55 8 5/8"	48	450'	800 52	<u>, circulate to surface</u>	
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7 7/8"	'L-80 5 ¹ ₂ "	1 1/		1900 52	C. ESLIMALE IVO 2700	
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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 MEAR

DISTRICT 1 1525 N. French Dr., Hobbs, NM 88240 DISTRICT II 811 South First, Artesis, NM 88210

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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 Pee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87504-2088

D AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	Number 25-3	6282	45793	Pool Code		Pool Name MESCARLO ESCARPE-BONE SPRING							
Property (3234	Code			C	Propert CKBURN	•		Well Nu 2	mber				
OGRID NO		<u> </u>			Operato				Elevat	lion			
169355					OCEAN	ENEF	RGY		3938'				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from	the	North/South line	Feet from the	East/West line	County			
М	10	18 S	S 33 E 66				SOUTH	660	WEST	LEA			
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			
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SECTION 10, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.





COCKBURN FEDERAL #2 Located at 660' FSL and 660' FWL Section 10, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

	P.C. Box 1786 1120 N. West County Rd.	W.O Number: 3099AA – KJG #7		
Surveys	Hobbs, New Mexico 88241 (505) 393-7316 - Office	Survey Date: 03-11-2003 Scale: 1" = 2000'	OCEAN	ENERGY
focused on excellence in the oilfield	(505) 392-3074 - Fax basinsurveys.com	Date: 03-13-2003		



7 7/8" Production Hole: Production casing is to be 5 1/2", 17#/ft, L-80 LTC set to 9,500'. This will be cemented to 2,700' (inside the 8 5/8" casing). Cement volume will be caliper plus 20% by volume. Cement to be Class C with 16 % retarder, .6 % fluid loss additive, 5% NaCl and 5 lbs/sx lost circulation material mixed at 13.2 ppg, yield 1.64 cuft/sx, 7.81 gal / sx of water. Compressive strength to be greater than 2000 psi in 24 hours. Centralizers and float equipment will be used in pay zones and in the overlap area of the 8 5/8" casing.

7. Proposed Mud Program:

Surface hole will be drilled with fresh water and gel sweeps for hole cleaning.

The intermediate hole will be drilled utilizing a 10 ppg brine water to minimize salt leaching in salt bearing formations.

The production interval will be drilled utilizing a low solids fresh water mud system consisting primarily of bentonite, starch and bacteriacide. Barite will be used if mud weights above 9.5 ppg are required.

Depth	Mud Wt.	Vis	Fluid loss	System
0 - 450',	8.4 - 9.0	29 to 32	NC	Fresh water mud use LCM to control seepage and gel sweeps for hole cleaning.
450- 3200'	10.0	28 to 30	NC	Lease brine water circulated from a lined pit.
3200 - 9500	8.5 ⁻ to 9.0	30-40	NC to – 6cc	Fresh water LSND mud system. Fluid loss to be lowered at 8000' for pay zones.

8. Cuttings Disposal:

Water base cutting will be disposed of in a lined reserve pit which will be de-watered and back filled.

9. Auxiliary Equipment:

A mud gas separator and closed mud system along with the required solids control equipment will be rigged up for drilling the production hole. Pressure while drilling tools will be utilized to monitor bottom hole pressure in drilling this interval. All equipment required for near balance drilling will be employed as the objective is to drill this section at or slightly above pore pressure. Float valves will be utilized in drilling this section.

10. Testing and Logging:

Intermediate Hole: no logs run.

Production Hole: Compensated Neutron Porosity log, Dual Induction, SP, Gamma Ray, Caliper and Sonic Logs. There are no drillstem tests programmed for this interval.

11. Anticipated Abnormal Pressures or Temperatures:

No abnormal pressures or temperatures have been noticed or reported in wells drilled in the area or at the depths anticipated in this well

12. Drilling Activities:

The anticipated starting date is set for on or about 1 May 2003 or as soon as possible after approval of drilling permit. Twenty (20) days are programmed for drilling the well from spud to running of the production liner.

SURFACE USE PLAN

OCEAN ENERGY, INC. COCKBURN FEDERAL # 2 UNIT "M" SECTION 10 T18S-R33E LEA CO. NM

- 1. EXISTING ROADS: Area roads, Exhibit "B" is a reproduction of a County General Hiway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing exixting roads and proposed roads. All existing 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 location as staked.
 - B. From Hobbs, New Mexico take U.S. Hi-way 62-180 toward Carlsbad New Mexico go the junction with State Hi-way 529 Bear Right onto 529 go 15.8± miles to mile post 14¹/₅ turn Left go 1.3± miles to location on the West side of road.

C. See Exhibit "F" for routes of flowlines and powerlines.

2. PLANNED ACCESS ROADS: 100' of new road will beeconstructed.

- A. The access road will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.
- . B. Gradient on all roads will be less than 5%.
 - C. Turnouts will be constructed as required or as directed by the BLM.
 - D. If needed roads will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.
 - E. Center line for the new access road has been staked and flagged. Earthwork will be done as required by field and topographic conditions.
 - F. Colverts in the access road will be used where necessary. The road will be constructed to utilize low water crossings for drainage as dictated by the topography.
- 3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS SHOWN ON 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".
 - F. Injection wells None known

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "F". If operator alters the above plans a sundry report will be filed for desired routes.

5. LOCATION AND TYPE OF WATER SUPPLY:

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Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

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

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

. . . .

- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.
- D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

9. WELL SITE LAYOUT

- A. Exhibit "D" shows the proposed well site layout.
- B. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with polyethelene. 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 fourth 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 contoured 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.

SURFACE USE PLAN

OCEAN ENERGY, INC. COCKBURN FEDERAL # 2 UNIT "M" SECTION 10 T18S-R33E LEA CO. NM

11. OTHER INFORMATION:

- A. Topography consists of sandy plains with areas of exposed caliche and low lying sand dunes. Vegetation consists of shinnery oak mesquite, saltbush, yucca, and native grasses. The dip on the surface is in a Southwesterly direction.
- B. The surface is owned by The Caviness Family Trust, the minerals are owned U.S. Government and is administered byt The Bureau of Land Management. The surface is used for the grazing of livestock.
- C. An archaeological survey has been completed and a copy of this report has been filed with The Bureau of Land Management in the Carlsbad Field Office.

D. There are no dwellings located in the near vicinity of this location.

12. OPERATORS REPRESENTIVE:

BEFORE CONSTRUCTION:

DURING AND AFTER CONSTRUCTION:

TIERRA EXPLORATION, INC. P.O. BOX 2188 HOBBS, NEW MEXICO 88241 JOE T. JANICA OFFICE PHONE 505-391-8503

.

OCEAN ENERGY, INC. 1001 FANNIN, SUITE 1600 HOUSTON, TEXAS 77002 JEANIE McMILLAN PHONE 713-265-6834

13. <u>CERTIFICATION</u>: I 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 and that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by OCEAN ENERGY, INC it's contractors/subcontractors and is in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false report.

NAME	: JOPT G	cent	ca.
DATE	04/01/03		
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EXHIBIT "D" RIG LAY OUT PLAT OCEAN ENERGY, INC. COCKBURN FEDERAL # 2 UNIT "M" SECTION 10 T18S-R33E LEA CO. NM



ARRANGEMENT SRRA

1500 Series 5000 PSI WP

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

> > OCEAN ENERGY, INC. COCKBURN FEDERAL # 2 UNIT "M" SECTION 10 T18S-R33E LEA CO. NM



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



FIGURE K42. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1" CHOKE MANIFOLD & CLOSING UNIT

2

OCEAN ENERGY, INC. COCKBURN FEDERAL # 2 UNIT "M" SECTION 10 T18S-R33E LEA CO. NM



May 6, 2003

NKE

Bureau of Land Management Roswell Field Office 2909 W. Second Street Roswell, N.M. 88201-2019

Re: Surface Owner Agreement

14:22

Attn: Linda Askwig

Dear Linda:

An agreement has been made for surface damages with the surface owners for the wells to be drilled in Section 10, T18-S, R33E, Les Co. NM Federal lesse #NM-89891.

i erra

Sincerely. anica

Joe T. Janice Agent for Ocean Energy, Inc.

CC: Jeanie McMillan Joe Laura Chrono File -loe This is for ocean Energy, sno. Cockburn Federal

wells 2, 3, 4

Jtj/a