

Form 3160-3
(July 1992)

N.M. Oil Cons. Division

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1625 N. French Dr.
Hobbs, NM 88240

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

OCEAN ENERGY, INC.

(JEANIE McMILLAN)

3. ADDRESS AND TELEPHONE NO.

1001 FANNIN SUITE 1600 HOUSTON, TEXAS 77002 (713-265-6834)

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

At surface

660' FSL & 660' FWL SECTION 10 T18S-R33E LEA CO. NM

At proposed prod. zone SAME

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

Approximately 35 miles West of Hobbs New Mexico

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

40

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

1320'

19. PROPOSED DEPTH

9500'

20. ROTARY OR CABLE TOOLS

ROTARY

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

3938' GR.

22. APPROX. DATE WORK WILL START*

When approved

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40'	Cement to surface with Redi-mix.
17 1/2"	H-40 13 3/8"	48	450'	500 Sx. circulate to surface
11"	J-55 8 5/8"	32	3200'	800 Sx. " " "
7 7/8"	L-80 5 1/2"	17	9500'	900 Sx. estimate TOC 2700'

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 450'. Run and set 450' of 13 3/8" 48# H-40 ST&C casing. Cement with 200 Sx. of Class "H" cement + 1% CaCl, + 2% Bentonite, tail in with 300 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
3. Drill 11" hole to 3200'. Run and set 3200' of 8 5/8" 32# J-55 ST&C casing. Cement with 600 Sx. of 35/65 POZ Class "C" cement + 6% Bentonite, + 1% CaCl, tail in with 200 Sx. of Class "C" cement + additives, circulate cement to surface.
4. Drill 7 7/8" hole to 9500'. Run and set 9500' of 17# L-80 LT&C casing. Cement with 900 Sx. of Class "C" cement + 16% retarder, + .6% fluid loss, + 5% Salt, + 15# LCM/Sx. estimate top or cement 2700' from surface.

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

DET [Signature]

Agent

DATE 04/01/03

OPER. OGRID NO. 169355

PROPERTY NO. 32341

POOL CODE 45793

EFF. DATE 5-14-03

API NO. 30-025-36282

APPROVED BY

/s/ NOE GONZALEZ

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

ACTING

FIELD MANAGER

DATE

MAY 08 2003

*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

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

511 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 30-025-36282	Pool Code 45793	Pool Name MESCARLO ESCARPE-BONE SPRING
Property Code 32341	Property Name COCKBURN FEDERAL	Well Number 2
OGRID No. 169355	Operator Name OCEAN ENERGY	Elevation 3938'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	18 S	33 E		660	SOUTH	660	WEST	LEA

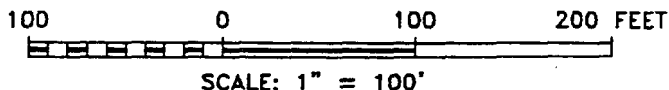
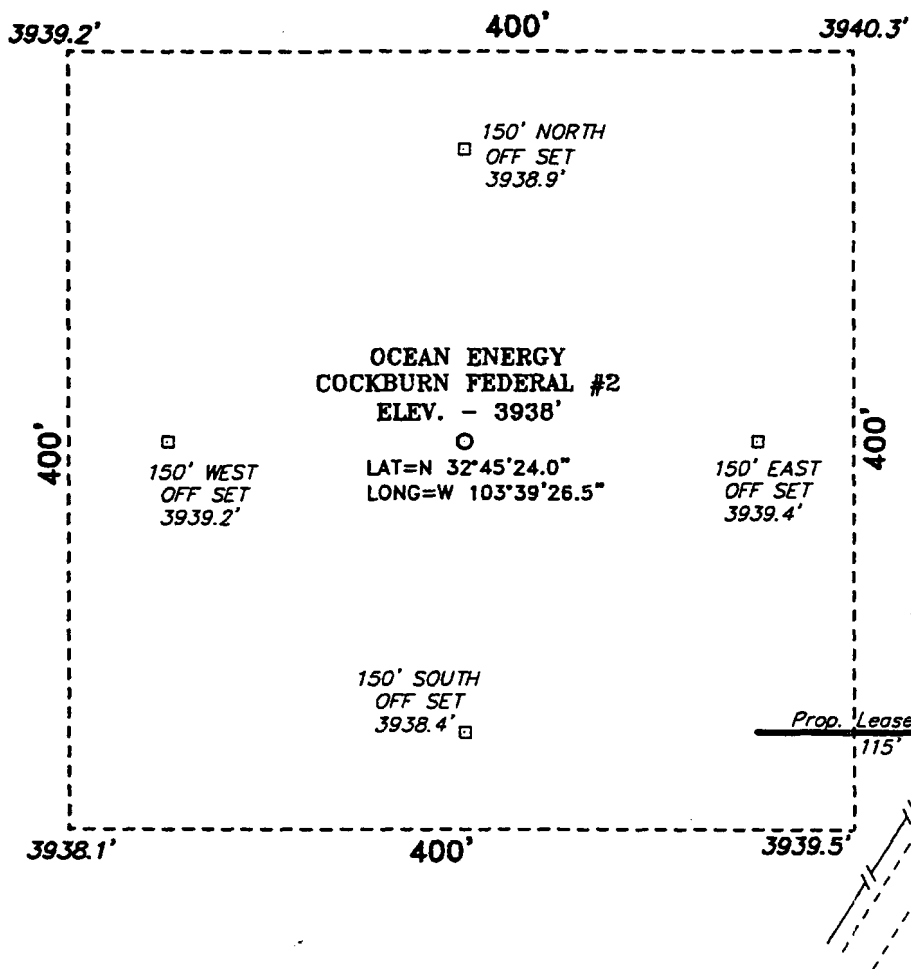
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	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>EXHIBIT "A"</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><i>Joe T. Janica</i> Signature</p> <p>Joe T. Janica Printed Name</p> <p>Agent Title</p> <p>04/01/03 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>MARCH 11, 2003</p> <p>Date Surveyed</p> <p><i>ARY L. JONES</i> Signature & Seal of Professional Surveyor</p> <p>W.O. No. 3098</p> <p>Certificate No. Gary Jones 7977</p> <p>PROFESSIONAL SURVEYOR</p>

SECTION 10, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 529 AND US HWY 62/180, GO NORTHWESTERLY ON HWY 529 FOR 16.1 MILES TO LEASE ROAD AT (LEASE ROAD 0.5 MILE PAST MM 15); THENCE SOUTH ON LEASE ROAD FOR 1.2 MILE TO PROPOSED LEASE ROAD.

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

W.O. Number: 3099 Drawn By: K. GOAD

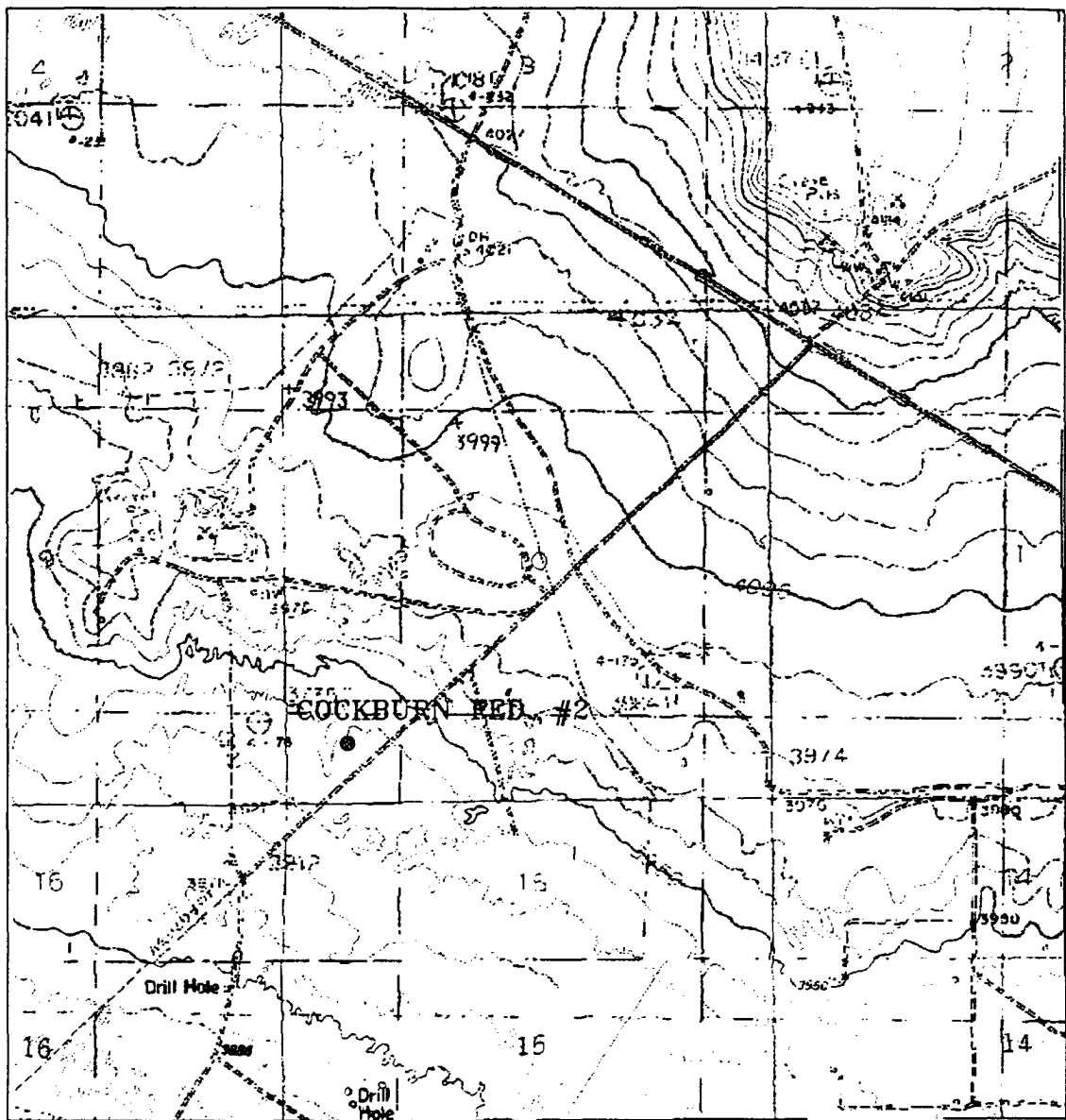
Date: 03-13-2003 Disk: KJG #7 - 3099A.DWG

Ocean Energy

REF: COCKBURN FEDERAL No. 2 / Well Pad Topo

THE COCKBURN FED. No. 2 LOCATED 660' FROM THE SOUTH LINE AND 660' FROM THE WEST LINE OF SECTION 10, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 03-11-2003 Sheet 1 of 1 Sheets



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.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

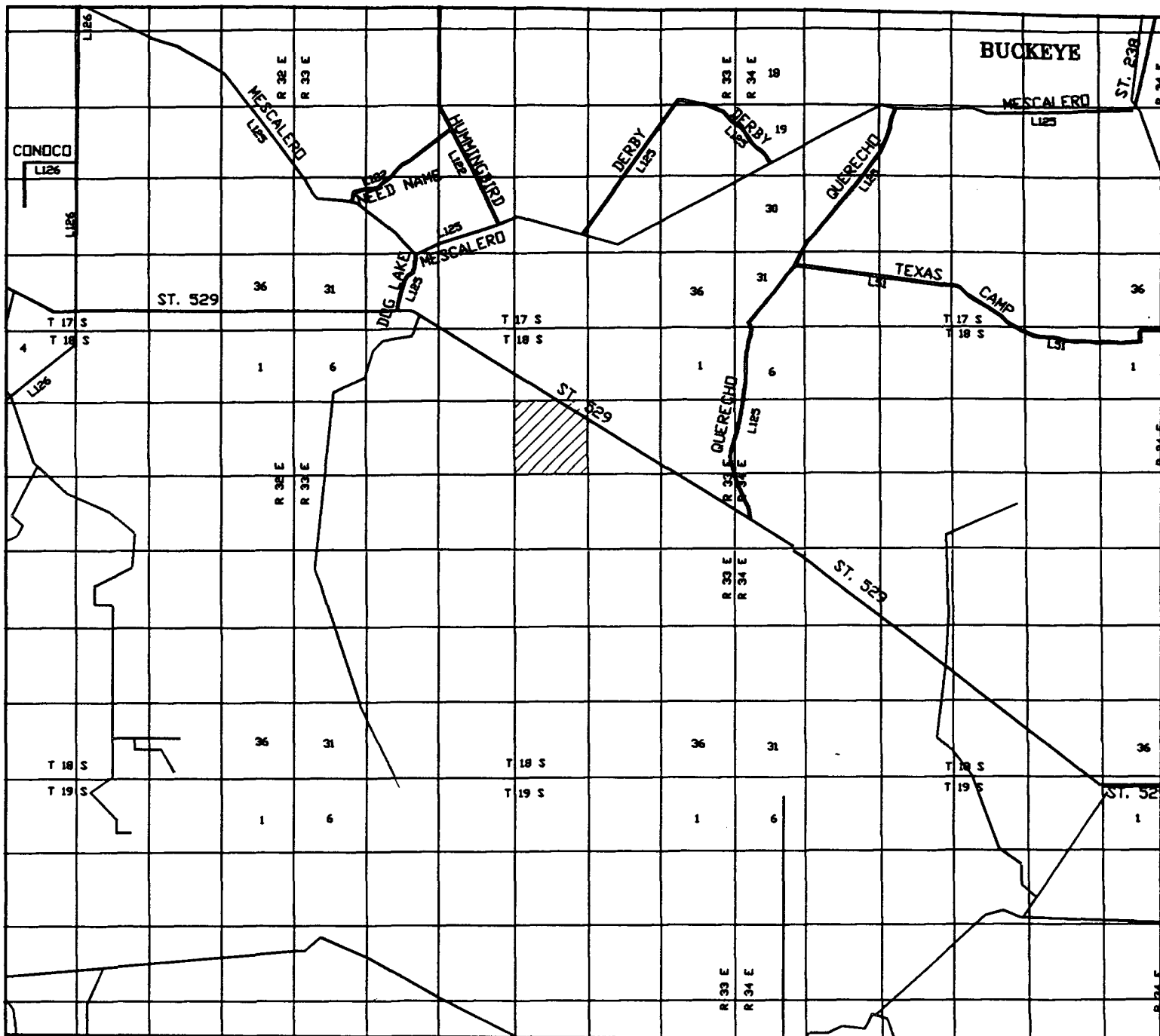
W.O. Number: 3099AA - KJG #7

Survey Date: 03-11-2003

Scale: 1" = 2000'

Date: 03-13-2003

OCEAN ENERGY



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.

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: 3099AA - KJG #7

Survey Date: 03-11-2003

Scale: 1" = 2 miles

Date: 03-13-2003

OCEAN ENERGY

APPLICATION TO DRILL

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

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.

APPLICATION TO DRILL

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

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 existing 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 14½ 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 be constructed.
 - 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. Culverts 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

SURFACE USE PLAN

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

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:

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 quarters 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.

SURFACE USE PLAN

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

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 by 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 REPRESENTATIVE:

BEFORE CONSTRUCTION:

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

DURING AND AFTER CONSTRUCTION:

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

13. CERTIFICATION: 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

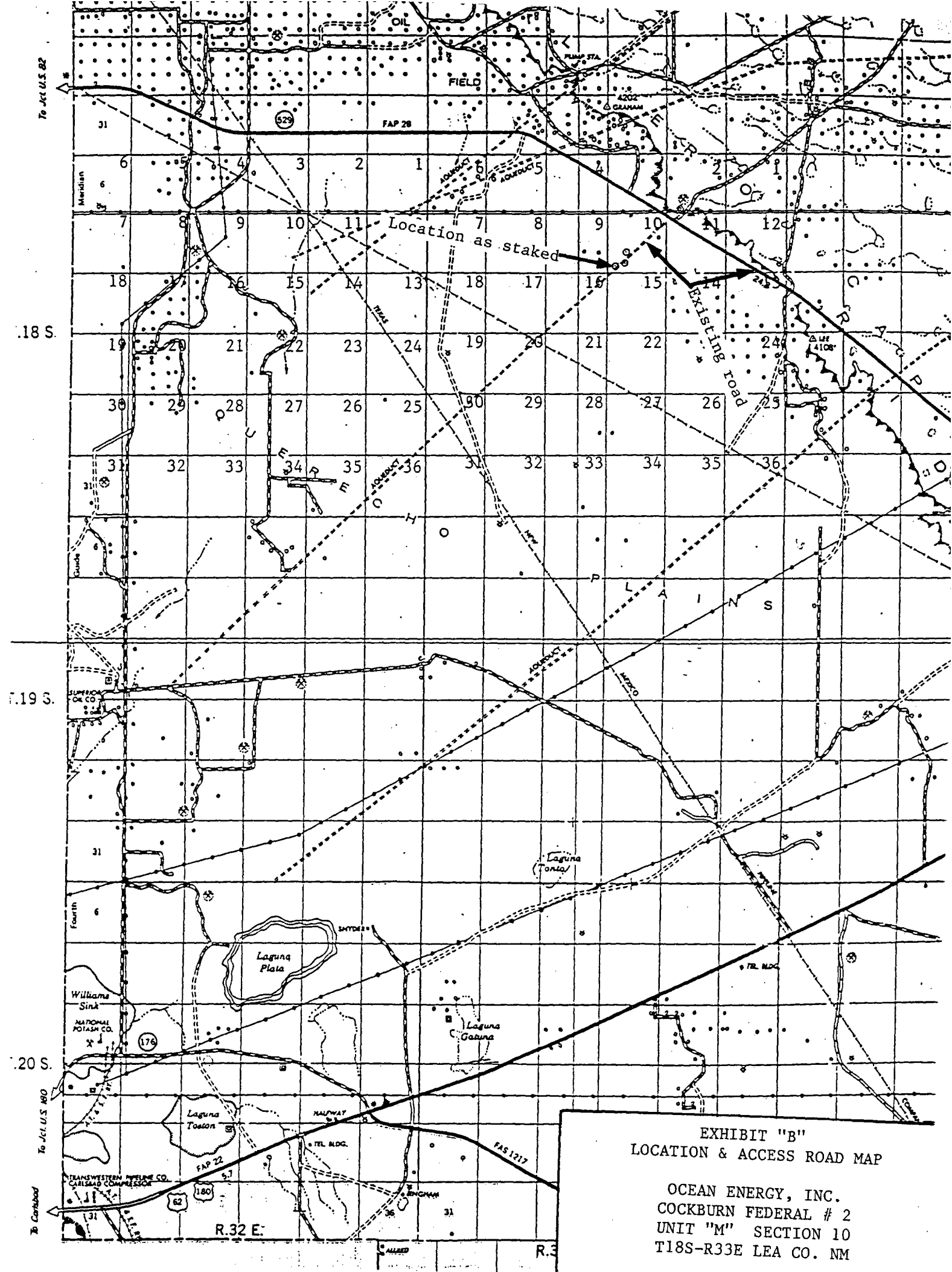
: Joe T Janica

DATE

: 04/01/03

TITLE

: Agent



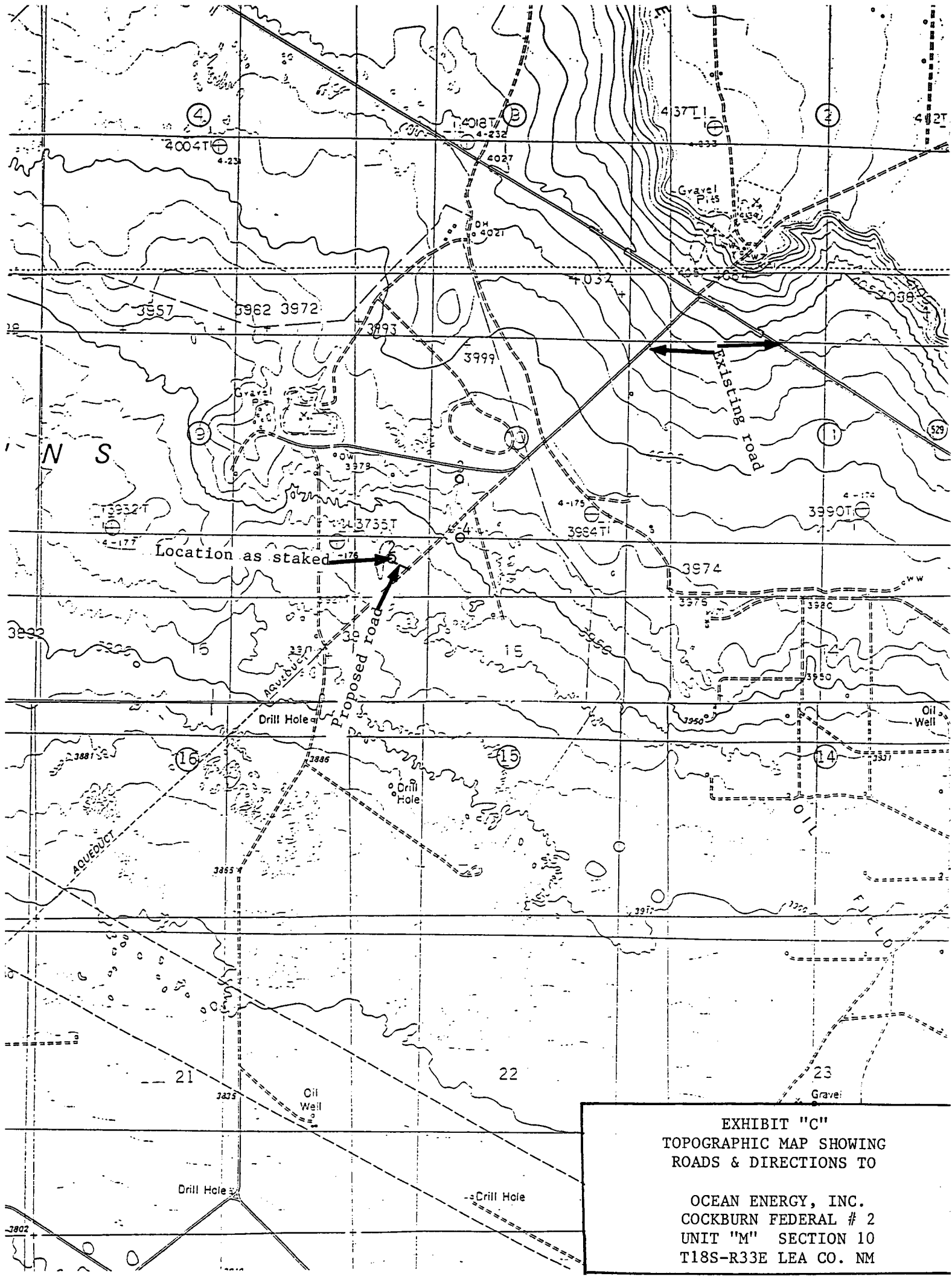


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

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

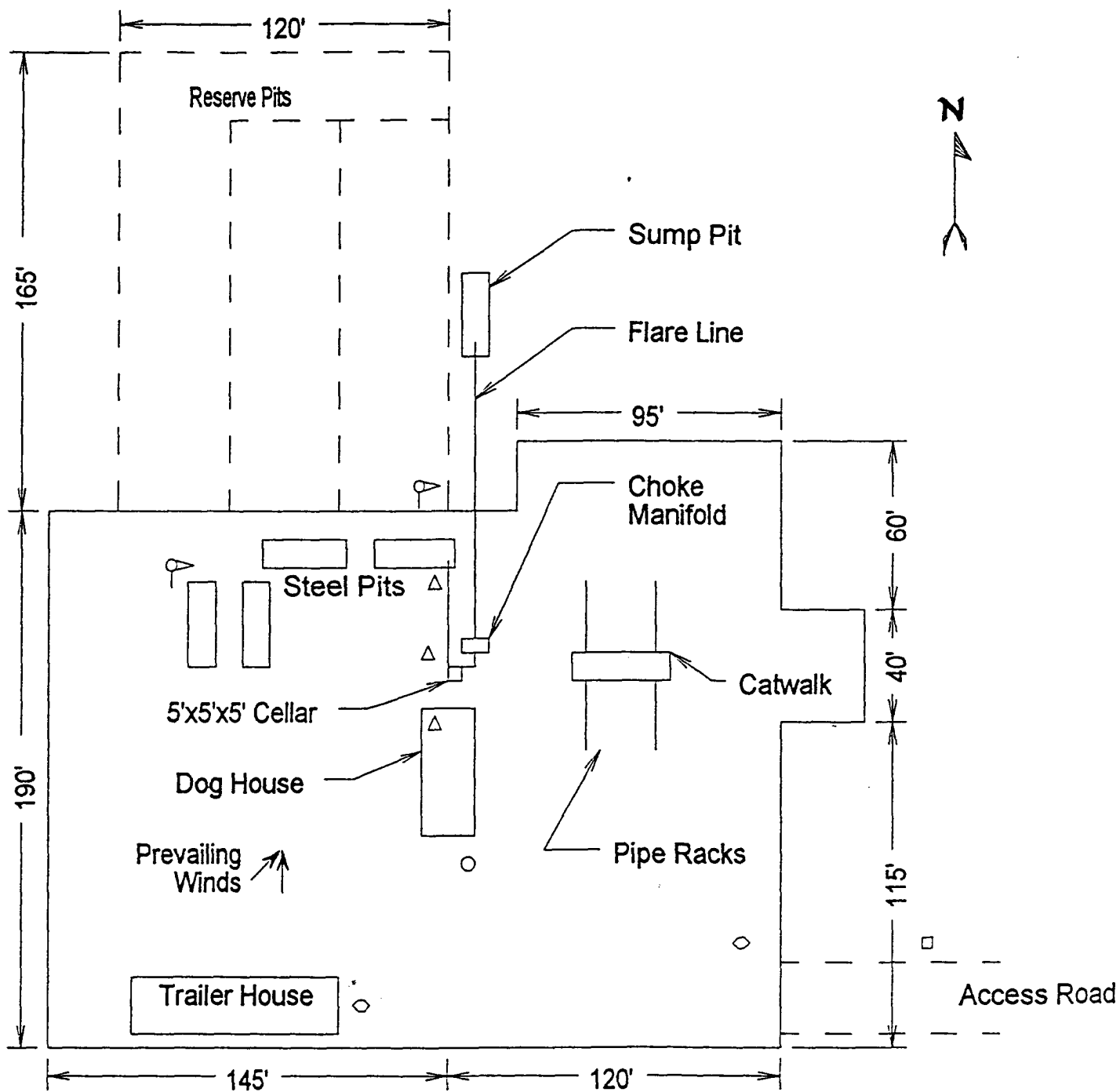
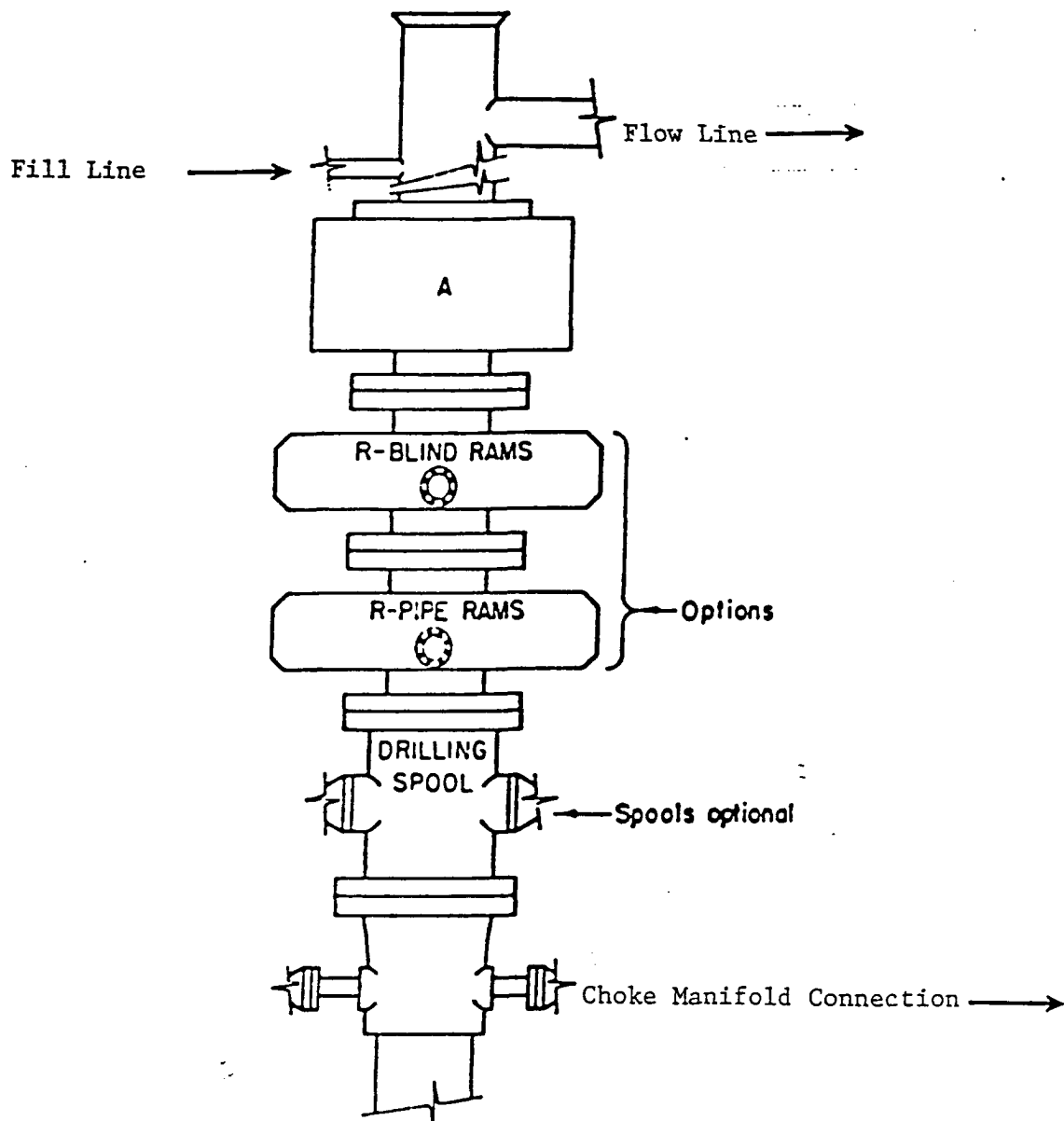


EXHIBIT "D"
RIG LAY OUT PLAT

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

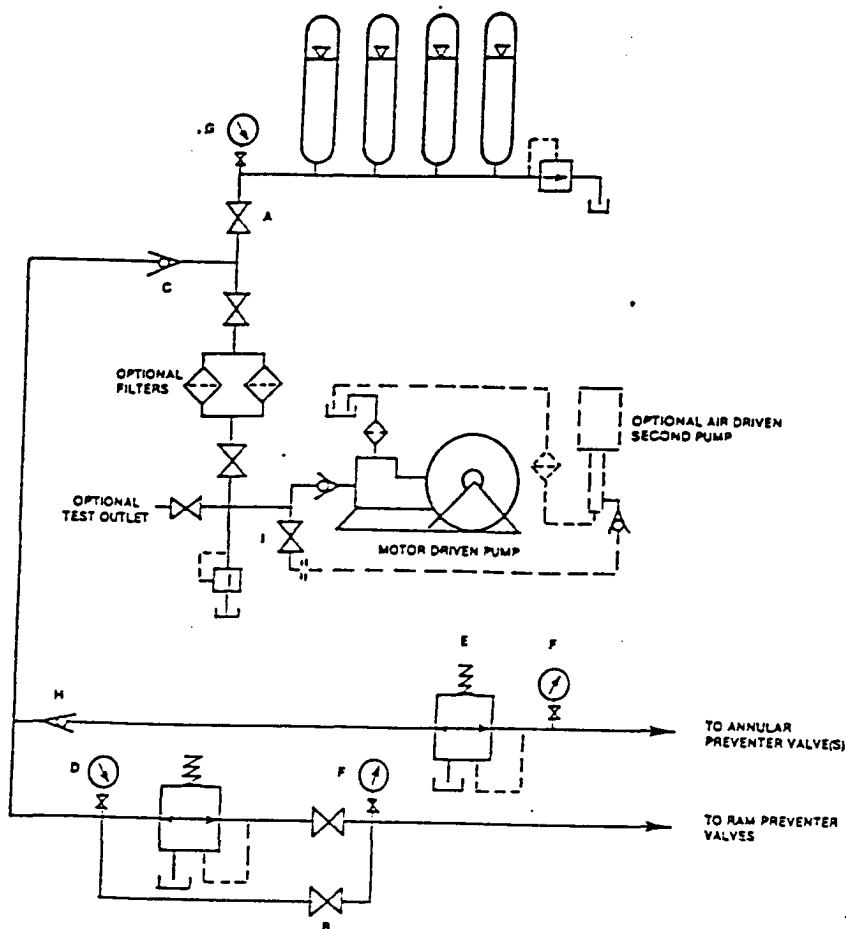


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

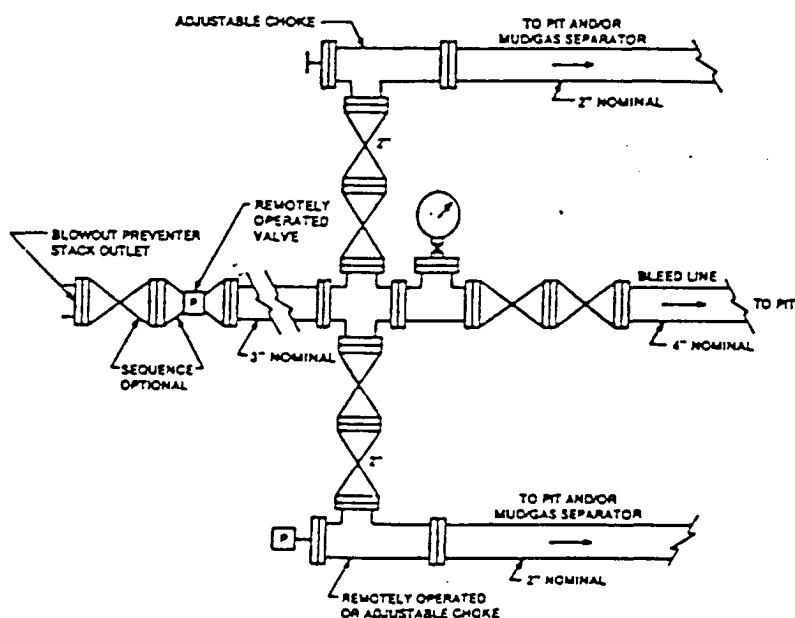


FIGURE K4-2. Typical choke manifold assembly for 3M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

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

May 6, 2003

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

Re: Surface Owner Agreement

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, Lea Co. NM Federal lease #NM-89891.

Sincerely,

Joe T. Janica
Joe T. Janica
Agent for Ocean
Energy, Inc.

CC: Jeanie McMillan
Joe Laura
Chrono
File

Jtj/a

*Joe This is for Ocean
Energy, Inc.*

*Cockburn Federal
wells 2, 3, 4*