Form 3160-3
(July 1992)

N.M. OIL CONSERVATION COMMISSION
P.O. BOX 1980
HOBBS, NEW MEXICO 88240

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NMLC029489B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME, WELL NO.: Federal AE #14

9. API WELL NO.: 30-025-

10. FIELD AND POOL, OR WILDCAT: South Corbin Wolfcamp

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 4 T18S R33E

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: OXY USA Inc. 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: 660 FSL 510 FWL SWSW(M)
At proposed prod. zone:

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 8 miles Southeast of Maljamar, NM

12. COUNTY OR PARISH: Lea

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 510'

16. NO. OF ACRES IN LEASE: 681

17. NO. OF ACRES ASSIGNED TO THIS WELL: 80

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

19. PROPOSED DEPTH: 12000'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3996'

22. APPROX. DATE WORK WILL START*: 4/15/96

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'	300sx - Circulated
11"	8-5/8" K55	24-32#	3000'	1100sx - Circulated
7-7/8"	5-1/2" N80	17-20#	12000'	1250sx - Est TOC @ 2500'

It is proposed to drill this well to a TD of 12000' and test the Wolfcamp fromation.

The Blowout Prevention Program is as follows:

1) One set of Drill Pipe Rams (5M).
2) One set of Blind Rams (5M).
3) One Hydrill (5M).

OPER. OGRID NO. 16696
PROPERTY NO. 15794
POOL CODE 13320
EFF. DATE 2/13/96
API NO. 30-025 33366

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 David Stewart Regulatory Analyst DATE 3/8/96

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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 (ORIG. SGD.) RICHARD L. MANUS TITLE AREA MANAGER DATE APR 01 1996

*See Instructions On Reverse Side

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.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-		South Corbin Wolfcamp Pool

Property Code	Property Name	Well Number
	Federal AE	14

OGRID No.	Operator Name	Elevation
16696	Oxy USA	3996'

Surface Location

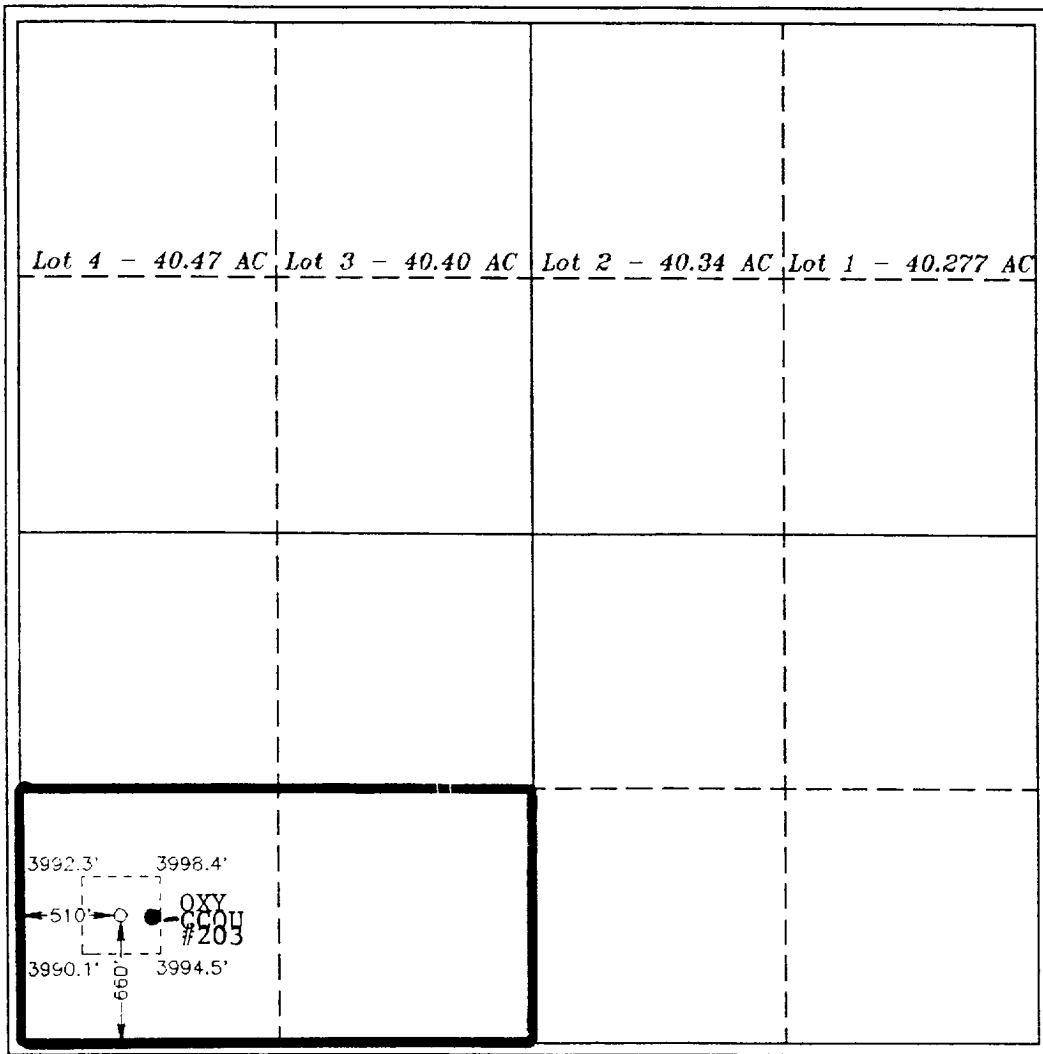
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	18 S	33 E		660	South	510	West	Lea

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	Joint or Infill	Consolidation Code	Order No.
80	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

Regulatory Analyst
Title

3/8/96
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 29, 1996
Date Surveyed

Signature & Seal of Professional Surveyor

W.O. No. 6072

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

OXY USA Inc.
P.O. Box 50250, Midland, TX 79710-0250

March 8, 1996

United States Department of the Interior
Bureau of Land Management
Carlsbad Resource Area
P.O. Drawer 1778
Carlsbad, New Mexico 88220

Re: Application for Permit to Drill
OXY USA Inc.
Federal AE #14
Lea County, New Mexico
Lease No. NMLC029489B

Gentlemen:

OXY USA Inc. respectfully requests permission to drill our Federal AE #14 located 660 FSL and 510 FWL of Section 4, T18S, R33E, Lea County, New Mexico, Federal Lease No. NMLC029489B. The proposed well will be drilled to a TD of approximately 12,000' (TVD). The location and work area have been staked. It is approximately 8 miles Southeast of Maljamar, 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 February 29, 1996.

3. The elevation of the unprepared ground is 3996 feet above sea level.

4. The geologic name of the surface formation is Tertiary Ogallala.

5. Rotary drilling equipment will be utilized to drill the well to TD 12,000' (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 12,000' TVD.

7. Estimated tops of important geologic markers.

Anhydrite	1530' TVD
Yates	3056' TVD
Seven Rivers	3461' TVD
Queen	4237' TVD
1st Bone Spring Sand	8175' TVD
Wolfcamp	9993' TVD

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

Primary Objective: Wolfcamp 11181' TVD

Secondary Objective: Bone Springs 8907' TVD

9. The proposed casing program is as follows:

Surface: 13-3/8" OD 48# H40 ST&C new casing

Intermediate: 8-5/8" OD 24-32# K55 ST&C new casing
600' - 32# 2400' - 24#

Production: 5-1/2" OD 17-20# N-80 LT&C new casing
1500' - 20# 10500' - 17#

10. Casing setting depth and cementing program:

A. 13-3/8" surface casing set at 400', or the top of the Rustler Anhydrite, in 17-1/2" hole. Circulate cement with 300sx Class C with 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. 8-5/8" intermediate casing set at 3000' in 11" hole. Circulate cement with 900 sx Class C Lite + 8 #/sx salt + 0.25 #/sx Cello-Seal. Tail-in with 200 sx class "C" with 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% $CaCl_2$.
Note: Cement volumes may be adjusted according to fluid caliper.

C. 5-1/2" production casing set at 12,000'. Cement with 1050sx Class H + 3% Econolite + 5#/sx salt + .25#/sx Cello-seal. Tail-in with 200sx 50/50 Poz A/Class H + 2% Gel + 3#/sx KCl + 0.5% Halad 322.

Estimated top of cement is 2500'.

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

11. Pressure Control Equipment

0' - 400'	None
400' - 3000'	13-3/8" 5000# ram type preventers with one set blind rams and one set pipe rams and a 5000# annular preventer.
3000' - 12000'	13-3/8" 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 8000'. 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 8-5/8" 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'swill 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 - 400'	Fresh water/native mud. Wt.8.7-9.0 ppg, vis 33-35 sec, Lime for pH control (9-10). Paper for seepage.
400' - 3000'	Brine water. Wt. 10.0-10.1 ppg, vis 26-28 sec. Lime for pH control (9.5-10). Paper for seepage.
3000' - 9600'	Cut brine. Wt. 9.0 - 9.2 ppg, vis 26-28 sec, Lime for pH control (9.5 to 10).
9600' - 12000'	Mud up with a Duovis/Poly Pac system using Duovis for viscosity with the following characteristics: Wt. 9.0 - 9.3 ppg, Vis 30-32sec, WL 6-10cc

13. Testing, Logging and Coring Program:

    A. Testing program: DST possible for Wolfcamp.

    B. Mud logging program: One man unit from 5000' to TD.

    C. Electric logging program: CNL/LDT/GR, DLL/MSFL/CAL/GR, Long Spaced Sonic/GR.

    D. Coring program: Possible sidewall rotary cores.

14. No abnormal temperatures or pressures are anticipated. Estimated BHP at TD 2600#. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely. An H2S Drilling Operations is attached.

15. Anticipated starting date is April 15, 1996. It should take approximately 35 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
Regulatory Analyst
OXY USA Inc.

DRS/drs

Attachments

EXHIBIT A

BLOWOUT PREVENTOR SCHEME

Shaffer 13 3/8" - 5,000 psi LWS Double Gate, 5,000 psi Shaffer Annular with 4" x 3" - 5,000 psi Oilmaster Choke Manifold and Koomey 6 Station Closing Unit, and 120 gallon Accumulator with Remote Control Panel