Occidental Permian Limited Partnership

580 WestLake Park Blvd.
Houston, TX 77079
PO Box 4294
Houston, TX 77210-4294
281-552-1000

August 25, 2000

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
Occidental Permian Limited Partnership
South Mattix Unit Federal #48
Lea County, New Mexico
Lease No. NM032450A

Gentlemen:

Occidental Permian Limited Partnership respectfully requests permission to drill our South Mattix Unit Federal #48 located 2055 FNL and 660 FEL of Section 22, T24S, R37E, Lea County, New Mexico, Federal Lease No. NM032450A. The proposed well will be drilled to a TD of approximately 6500' (TVD). The location and work area has been staked. It is approximately 6 miles northeast of Jal, 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 July 10, 2000.

3. The elevation of the unprepared ground is 3246 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 6500' (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 6500' TVD.

7. Estimated tops of important geologic markers.

Drinkard	6000' TVD
Blinebry	5300' TVD
Yeso	5100' TVD
Queen	3200' TVD
Grayburg	3480' TVD
7 River	2700' TVD

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

Primary Objective: Drinkard 6000' TVD

9. The proposed casing program is as follows:

Surface:	13-3/8" 48# H40 ST&C new casing set at 300'
Intermediate:	8-5/8" 32# K55 ST&C new casing from 0-1100'
Production:	5-1/2" 17# L80 LT&C new casing from 0-6500' DV Tool @ 3500'

10. Casing setting depth and cementing program:

A. 13-3/8" surface casing set at 300' in 17-1/2" hole. Circulate cement with 390sx Premium Plus cement 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. 8-5/8" intermediate casing set at 1100' in 11" hole. Circulate cement with 525sx Premium Plus cement w/ 4% Gel + 2% $CaCl_2$ + .25#/sx Flocele followed by 200sx Premium Plus cement w/ 2% $CaCl_2$ + .25#/sx Flocele.

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 6500'. Circulate cement
1st stage-285sx Interfill C cement followed by 395sx Premium Plus Cement with .3% CFR-3 + .3% D-AIR-1 + .4% LAP-1.
2nd stage-240sx Interfill C cement followed by 395sx Premium Plus Cement with 2% $CaCl_2$.

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

11. Pressure Control Equipment

0' - 300'	None
300' - 1100'	11" 5M blind and pipe with 5M annular preventer.
1100' - 6500'	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 5300'. 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'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 - 300′	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt.8.7-9.2 ppg, vis 32-34 sec.
300′ - 1100′	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.
1100′ - 6500′	Brine Water (10.0). Starch for shales. Paper for seepage. Vis 28-32sec. WL 10-15cc

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 1100′ to TD.

C. Electric logging program: CNL/LDT/CAL/GR, DLL/CAL/GR.

14. No abnormal temperatures are anticipated. The highest anticipated pressure gradient would be .55psi/ft. H_2S might be present, H_2S plan is attached. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

15. Anticipated starting date is October 15, 2000. It should take approximately 15 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
Occidental Permian Limited Partnership

DRS/drs

Attachments

BLOWOUT PREVENTOR SCHEME

EXHIBIT A

Shaffer 11" - 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