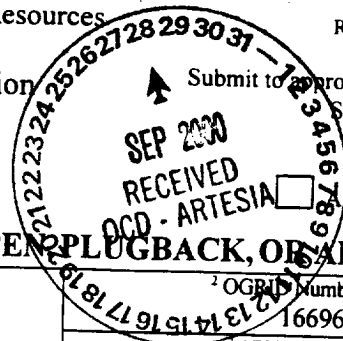


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999



Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

RECOMMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address OXY USA Inc. P.O. Box 50250 Midland, TX 79710-0250		² OGB Number 16696
³ Property Code 26738	⁵ Property Name OXY The Bug State	⁴ API Number 30-015-31363
		⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	21	17S	28E		1160	South	1937	West	Eddy

⁸ Proposed 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
⁹ Proposed Pool 1 Empire Penn					¹⁰ Proposed Pool 2 76440				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S - D1969	¹⁵ Ground Level Elevation 3619'
¹⁶ Multiple No	¹⁷ Proposed Depth 10500'	¹⁸ Formation Morrow	¹⁹ Contractor UTI	²⁰ Spud Date 9/29/00

Minimum WOC time 8 hrs. ²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	400'	360	Circulate
11"	8-7/8" 9 3/8"	24#	2100'	515	Circulate
7-7/8"	4-1/2"	11.6#	10500'	825	Est TOC 6000'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE OTHER SIDE

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>David Stewart</i>		Approved by: ORIGINAL SIGNED BY TIM W. GUM BGA DISTRICT II SUPERVISOR	
Printed name: David Stewart		Title:	
Title: Regulatory Analyst		Approval Date: SEP 30 2000 Expiration Date: SEP 30 2001	
Date: 9/29/00	Phone: 915-685-5717	Conditions of Approval:	
		Attached <input type="checkbox"/>	

OXY The Bug State State #1
1160 FSL 1937 FWL SESW(N) SEC 21 T17S R28E
State Lease No.

PROPOSED TD: 10500' TVD

BOP PROGRAM: 0' - 400' None

400' - 2100' 11" 5M blind and pipe rams with 5M annular
preventer.

2100' - 10500' 11" 5M blind pipe rams with 5M annular
preventer and rotating head below 6900'.

CASING: Surface: 13-3/8" OD 48# H40 ST&C new casing set at 400'

Intermediate: 8-5/8" OD 24# K55 ST&C new casing from 0-2100'

Production: 4-1/2" OD 11.6# N80 LT&C new casing from 0-10500'

CEMENT: Surface - Circulate cement with 160sx 35:65 POZ/C with 6% Bentonite
+ 2% CaCl₂ + .25#/sx Cello-Flake followed by 200sx Cl C w/ 2% CaCl₂.

Intermediate - Circulate cement with 315sx 35:65 POZ/C with 6%
Bentonite + 2% CaCl₂ + .25 #/sx Cello-Flake followed by 200sx Cl C
with 2% CaCl₂.

Production - Cement with 750sx 15:61:11 POZ/C/CSE with .5% FL-52
+ .5% FL-25 + 8#/sx Gilsonite followed by 75sx Cl C with .7%
FL-25.

Estimated top of cement is 6000'.

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

MUD:

0 - 400' Fresh water/native mud. Lime for pH control
(9-10). Paper for seepage.
Wt 8.7-9.2 ppg, Vis 32-34 sec

400' - 2100' 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.

2100' - 6900' Fresh water. Lime for pH control(9-9.5).
Paper for seepage.
Wt 8.4 ppg, Vis 28-29 sec

6900' - 9300' Cut brine. Lime for pH control (10-10.5).
Wt 9.6 - 10.0 ppg, Vis 28-29sec

9300' - 10500' Mud up with an Duo Vis/Flo Trol mud system.
Wt 10-10.2ppg, Vis 34-38sec, WL<8cc

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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 30-015-	Pool Code 76440	Pool Name Empire Penn
Property Code	Property Name OXY THE BUG STATE	Well Number 1
OGRD No. 16696	Operator Name OXY USA INC.	Elevation 3619'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	21	17 S	28 E		1160	SOUTH	1937	WEST	EDDY

Bottom Hole Location If Different From Surface

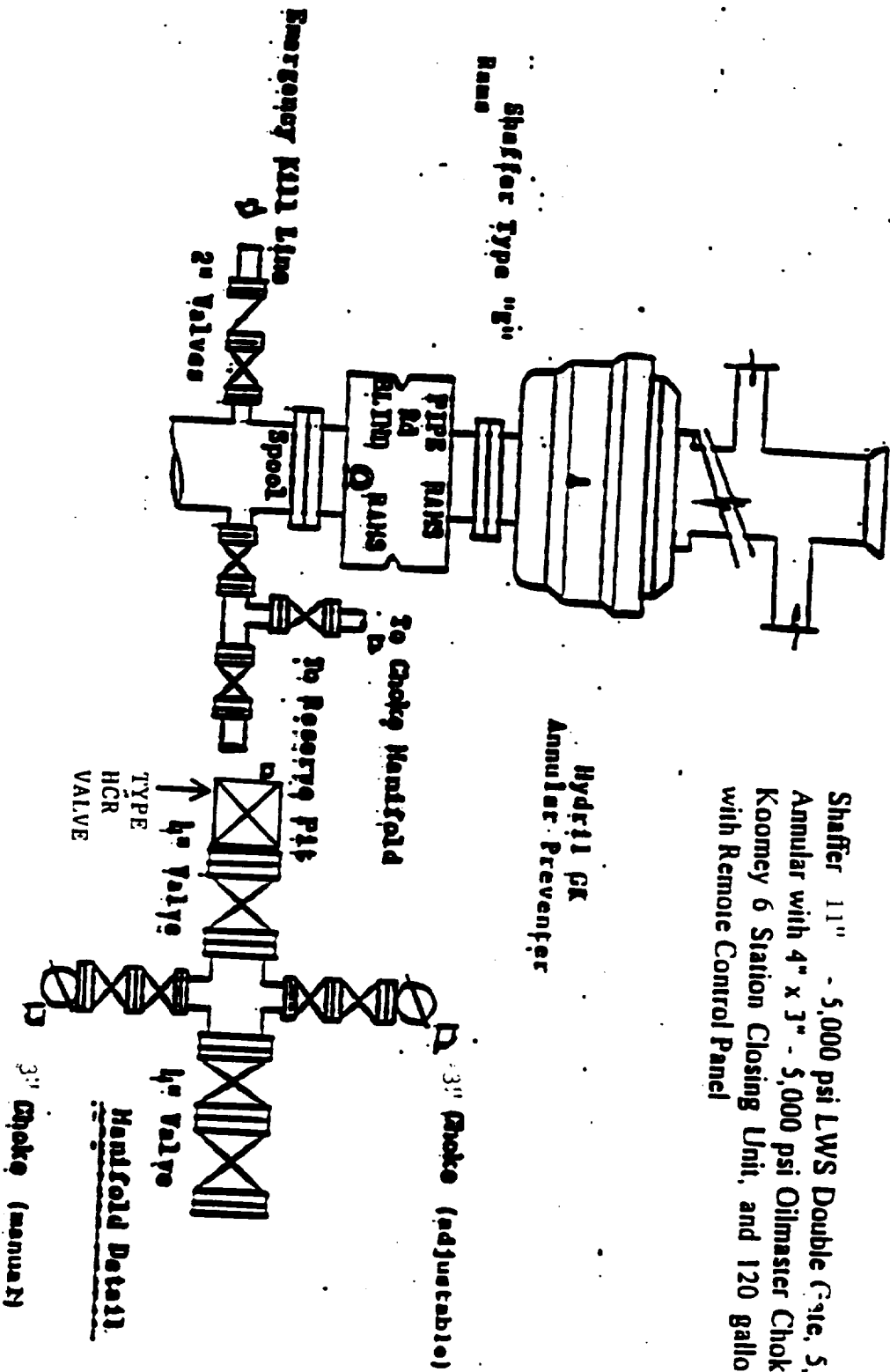
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill N	Consolidation Code	Order No.						

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>Lat - N32°48'56.5" Lon - W104°10'58.6"</p> <p>3621.6' 3626.6'</p> <p>3612.4' 3615.1'</p> <p>703'</p> <p>Kersey & Co. RLPSU 11-3001501488 19-3001501491</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></p> <p>Signature David Stewart Printed Name Regulatory Analyst Title 9/27/00 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>September 20, 2000 Date Surveyed Signature & Seal of Professional Surveyor W.D. No. 0599A Certificate No. 6811 Jones 7977 BASIN SURVEYS</p>
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BLOWOUT PREVENTOR SCHEMATIC

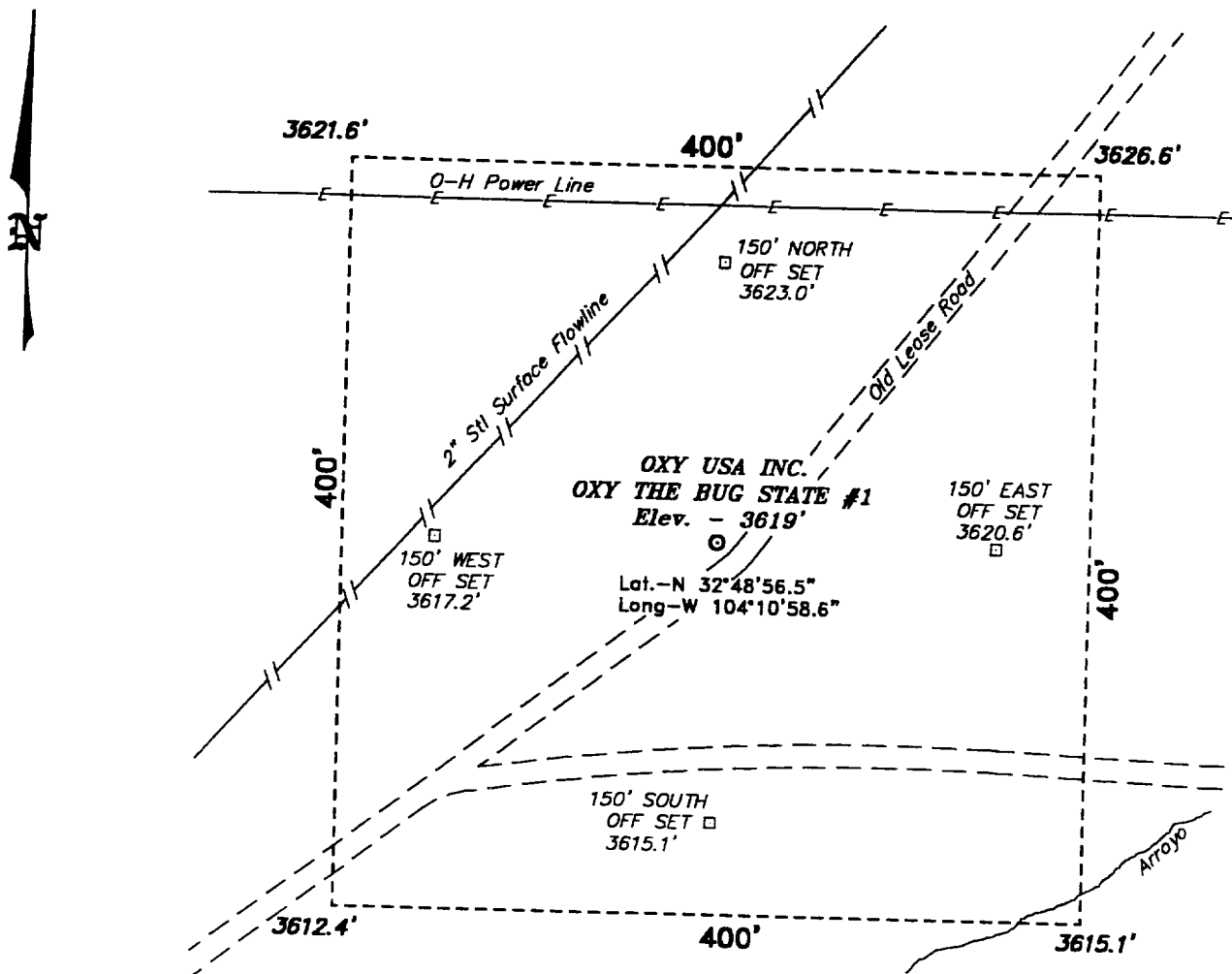
EXHIBIT A



Shaffer 11" - 5,000 psi LWS Double Gate, 5,000 psi Shaffer Annular with 4" x 3" - 5,000 psi Oilmaster Choke Manifold and Koomsey 6 Station Closing Unit, and 120 gallon Accumulator with Remote Control Panel

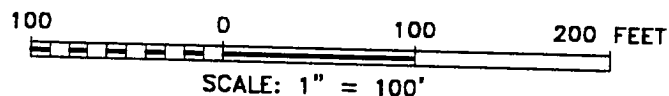
Choke Manifold

**SECTION 21, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY,
NEW MEXICO.**



Directions to Location:

FROM THE JUNCTION OF STATE HWY 360 AND US HWY 82, GO WEST ON US 82 APPROX. 1.1 MILE TO A LEASE ROAD; THENCE NORTH ON LEASE ROAD APPROX. 1.2 MILE TO A LEASE ROAD; THENCE EAST AND NORTHEAST APPROX. 0.5 MILE TO A POINT ON THE PROPOSED WELL LOCATION.



Oxy USA Inc.

REF: Oxy The Bug State No. 1 / Well Pad Topo

THE OXY THE BUG STATE No. 1 LOCATED 1160' FROM THE SOUTH LINE AND 1937' FROM THE WEST LINE OF SECTION 21, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 0519

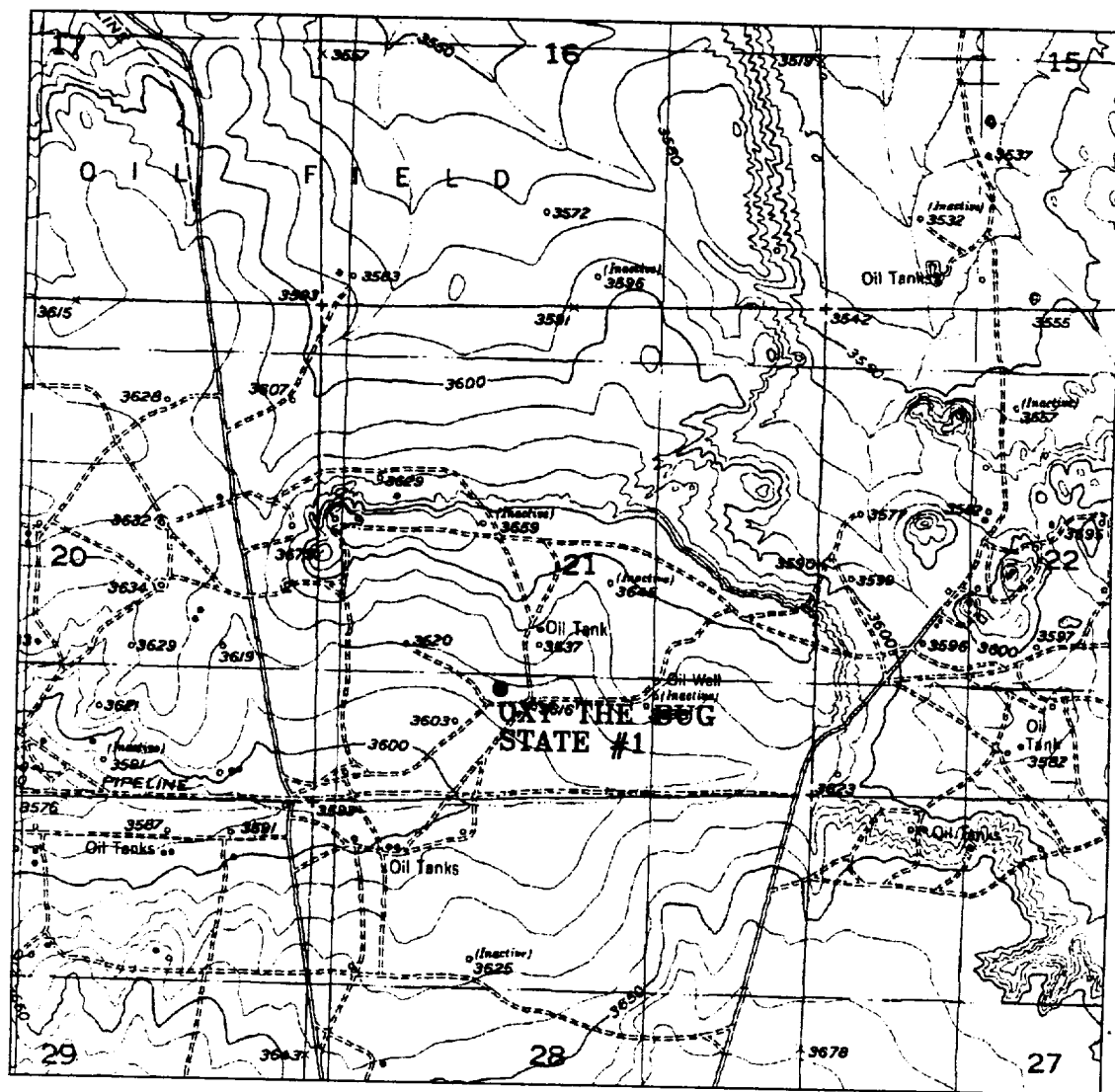
Drawn By: **K. GOAD**

Date: 09-25-2000

Disk: KJG #122 — 0519A.DWG

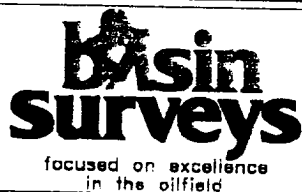
Survey Date: 09-20-2000

Sheet 1 of 1 Sheets



OXY THE BUG STATE #1

Located at 1160' FSL and 1937' FWL
 Section 21, Township 17 South, Range 28 East,
 N.M.P.M., Eddy 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

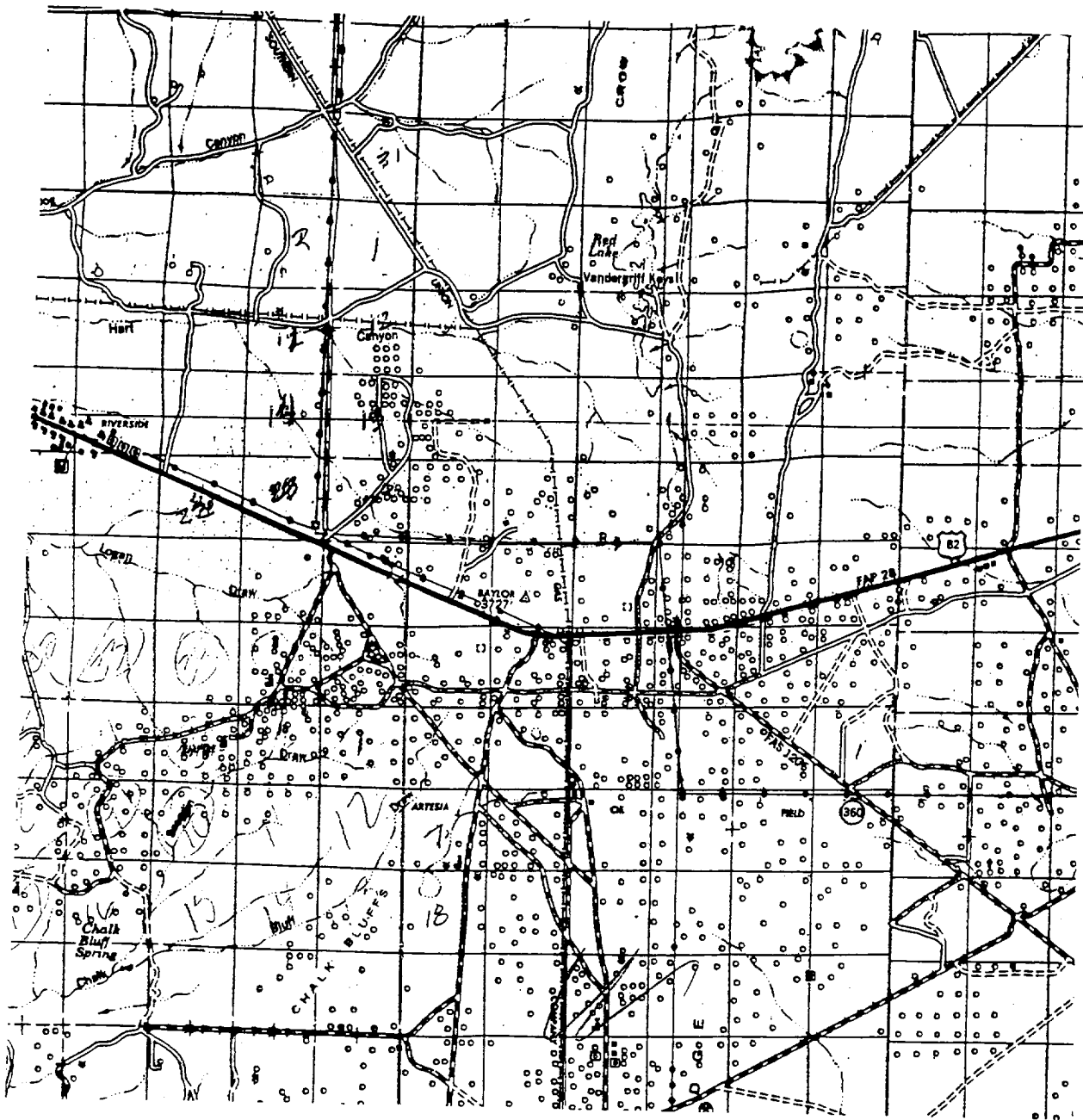
W.O. Number: 0519AA - KJG #122

Survey Date: 09-20-2000

Scale: 1" = 2000'

Date: 09-25-2000

OXY USA INC.



OXY THE BUG STATE #1
 Located at 1160' FSL and 1937' FWL
 Section 21, Township 17 South, Range 28 East,
 N.M.P.M., Eddy County, New Mexico.

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surveys
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 in the oilfield

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 basinsurveys.com

W.O. Number: 0519AA - KJG #122

Survey Date: 09-20-2000

Scale: 1" = 2 MILES

Date: 09-25-2000

OXY USA INC.