Submit to Appropriate
District Office
State Lease – 6 copies
Fee Lease – 5 copies

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, [illegible]rals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

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

API NO. (assigned by OCD on New Wells) 30-025-00019

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No. E1311

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL [ ] RE-ENTER [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well:
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Lease Name or Unit Agreement Name: State BL

2. Name of Operator: OXY USA Inc.

8. Well No. 1

3. Address of Operator: P.O. Box 50250 Midland, TX. 79710

9. Pool name or Wildcat: North Mescalero Wolfcamp

4. Well Location
Unit Letter E : 2006 Feet From The North Line and 300 Feet From The East Line

Section 14 Township 10S Range 32E NMPM Lea County

10. Proposed Depth	11. Formation	12. Rotary or C.T.
10631'	Wolfcamp	

13. Elevations (Show whether DF, RT, GR, etc.)	14. Kind & Status Plug. Bond	15. Drilling Contractor	16. Approx. Date Work will start
4329'			ASAP

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17"	13-3/8"	48#	396'	375	Circulated
11"	8-5/8"	24-32#	3443'	1610	Circulated
7-7/8"	5-1/2"	15.5-17#	8866'	600	3000'

TD-10631'PBTD-4350' It is proposed to test the Wolfcamp in the following manner:

1. MIRU PU. POOH w/rods & pump. ND WH. NU BOP. POOH w/tbg. RIH w/4-3/4" RB & 5-1/2" CS on 2-7/8" tbg to 4350'. CHC. Send sample of any scale recovered from San Andres interval to lab for analysis. POOH.
2. RIH w/CR on 2-7/8" tbg to 4230' & set. Establish injection rate into perfs. Sqz San Andres 4324-4330' w/50 sx Cl C + .5% Halad 322 tailing in w/50 sx Cl C neat. Rel tbg from CR, reverse out any excess cmt & POOH. RIH w/CR on 2-7/8" tbg to 4000' & set. Pressure csg to 1000#. Establish injection rate into perfs. Sqz San Andres 4115-94' w/100 sx Cl C + .5% Halad 322 tailing in w/200 sx Cl C neat. Rel tbg from CR, reverse out any excess cmt & POOH.

(See other side)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE F.A.Vitrano TITLE Oper.Mgr. - Production DATE 1/30/90

TYPE OR PRINT NAME F.A. Vitrano (Prepared by David Stewart) TELEPHONE NO 915-685-5717

(This space for State Use) ORIGINAL SIGNED BY JERRY SEXTON DISTRICT I SUPERVISOR

APPROVED BY DISTRICT I SUPERVISOR TITLE DATE FEB 01 1990

CONDITIONS OF APPROVAL, IF ANY:

3. RIH w/4-3/4" RB & 6 - 3-1/2" DC's on 2-7/8" tbg. DO CR & cmt to 4220'. CHC & pres csg to 1000#. DO CR & cmt to 4340'. CHC & pres csg to 1000#. DO CIBP @ 4350'. DO cmt plug 8145-8375'. DO "junk from perf guns" @ 8401'. If necessary, wash over junk using CR shoe & washpipe. DO cmt ret @ 8750' & cmt to 8840'. CHC. POOH. RIH w/4-3/4" RB & 5-1/2" CS on 2-7/8" tbg to 8840'. CHC. POOH.

4. RU wireline. Install 3000# WP lubricator. RIH w/4" csg gun loaded 2 SPF w/premium charges & perf Penn 8300-14', 8334-60', 8761-76' and 8791-8811'. RIH w/5-1/2" RBP & RTTS on 2-7/8" tbg to 8830' & set RBP. POOH to 8730' & set RTTS. Swab test.

5. Rel RTTS. RIH to 8815'. Spot 85 gal 15% NEFe HCl 8815-8730'. POOH to 8730' & set RTTS. Open bypass, spot acid to RTTS & close bypass. Az 8761-8811' w/2915 gal 15% NEFe HCl in 2 stages, pumping 150# RS in 150 gal 20# GBW between stages. Flush to perfs w/2% KCl wtr. SI 1 hr. Swab test.

6. Rel RTTS. RIH, rel RBP, POOH to 8740' & set RBP. Set RTTS @ 8730' & test RBP to 1000#. Rel RTTS, POOH to 8420' & set RTTS. Swab test 8464-8721'.

7. Rel RTTS. RIH to 8725'. Spot 300 gal 15% NEFe HCl 8725-8425'. POOH to 8720' & set RTTS. Open bypass, spot acid to RTTS & close bypass. Az 8464-8721' w/5700 gal 15% NEFe HCl in 3 stages, pumping 150# RS in 150 gal 20# GBW between each stage. Flush to perfs w/2% KCl water. SI 1 hr. Swab test.

8. Rel RTTS. RIH, rel RBP, POOH to 8400' & set RBP. Set RTTS @ 8390' & test RBP to 1000#. Rel RTTS, POOH to 8190' & set RTTS. Swab test 8226-8360'.

9. Rel RTTS. RIH to 8360'. Spot 80 gal 15% NEFe HCl 8360-8280'. POOH to 8180' & set RTTS. Open bypass, spot acid to RTTS & close bypass. Pres csg to 1000#. Az 8226-8360' w/2920 gal 15% NEFe HCl in 2 stages, pumping 150# RS in 150 gal 20# GBW between stages. Flush to perfs w/2% KCl wtr. SI 1 hr. Swab test. Rel RTTS, RIH, rel RBP & POOH.

10. Transfer tbg, BPE & assoc equipment from State AD #11 to State BL #1. RIH w/2-7/8" tbg as before (in State AD #11) w/tbg set @ 8753' & TAC set @ 8039'. ND BOP. NU WH. RIH w/2-1/2" x 1-1/4" x 20' pump, 179 - 3/4" rods, 85 - 7/8" rods, & 85 - 1" rods. Set SL @ 120" & speed @ 7 SPM (80% theoretical = 111 BFPD). Start well pmpg. Monitor production and check fluid level.