<u>District 1</u> <u>1635 N. French Dr., Hobbs, NM 88240</u> <u>Phone: (375) 393-6161 Faz: (375) 393-0720</u> <u>District II.</u> <u>Bill S. First Sz., Artesia, NM 88210</u> <u>Phone: (375) 748-1283 Faz: (575) 748-9720</u> <u>District IV.</u> <u>1000 Rob Braune Roud, Astee, NM 87410</u> <u>Phone: (305) 334-6178 Faz: (585) 334-6170</u> <u>District IV.</u> <u>1220 S. St. Francis Dr., Santa Fe, NM 87505</u> <u>Phone: (305) 476-3460</u> Faz: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

- J.

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

			ห	ELL I	LOCAT	TION AN	D ACH	REAGE D	EDICATIO	N PLAT			
API Number 30-015-43843				96	vol Code 173		² ierce	Crossing;	Pool Name	Spring	, Eas	t	
Property Code 39663				Property Name CEDAR CANYON "16" STATE						ell Number 34H			
OGRID No. 16696				Operator Name OXY USA INC.					Elevation 127.3'				
						Sur	face L	ocation	•				
UL. or lot no.	Section	Tow	nship		Range	;	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County
A	16	24 S	OUTH	29	EAST,	N. M. P. M.		402'	NORTH	1083'	EAS	T	EDDY
	_			Bo	ttom H	ole Locat	on If I	Different.	From Surfac	e		1	
UL, or lot no.	Section	Tow	nship	[Range		Lot Ida	Feet from the	North/South line	Feet from the	East/We	st line	County
Р	16	24 S	OUTH	29	EAST,	N. M. P. M.		180'	SOUTH	380'	EAS	T	EDDY
Dedicated	Acres	Joint o	or Infill	Consolid	istion Code	Order No.	•	·	·			, A.	
160	0	१											

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.

		50'	
	SURFACE LOCATION	CC 23	OPERATOR CERTIFICATION
	NEW MEXICO EAST NAD 1927	N 380	I hereby cortify that the information contained herein is true and
	Y=445258.92 US FT X=608047.88 US FT		complete to the best of my knowledge and belief, and that this
	LAT.: N 32.2236509 LONG.: W 103.9839360	1083'	organization eather owns a working banness or unleased mineral
			interest in the land including the proposed bottom hole location ar
	GRID AZ = 63-03'29"		has a right to shill this well as this location pursuant to a contract
	785.91		- with an owner of such a mineral or working interest, or to a
	KICK OFF POINT		volunitory pooling agreement or a computerory pooling order
l l	NEW MEXICO EAST NAO 1927		
	Y=445614.99 US FT X=608748.49 US FT LAT.: N 32.2246235		Rignature Dear
	LONG.: W 103.9816667	100 BC	Duvid Stewart Sp. Rg. Adu. Mind New david Stewart Ooky.com
		5000.	Primed Name
	I TOP PERF. NEW MEXICO EAST NAD 1927	7///// 330' 330'	E-mil Address
	Y=445325.01 US FT X=608750.44 US FT		
	LAT.: N 32.2238263 LONG.: W 103.9816634	VIITTTTTTTTTTTTT KOLECT AREA BUCING AREA <u>179*36'47"</u>	SURVEYOR CERTIFICATION
· · ·		1000 CC1	I hereby certify that the wet poon by haven on this
	BOTTON PERF. NEW MEXICO EAST		plat was plotted) rate field house of actual surveys
	NAD 1927 Y=440694.35 US FT X=608781.60 US FT		made by the do what my supervisition and the inter same is true and correct to the best of my new off.
1	LAT.: N 32.2110966		[ઙૻૢૣૢૣૣૣૢૣૣૢૣૢ ઙૻૢૣૢૣૣૢૣૣૢૣ
	LONG.: W 103.9816117	(1111) (1111) (1111)	APRIL 19_2016
			Land to Start of the start of t
			Signature and Seal OF FSSIONAL Professional Surveyor
	 		
	BOTTOM HOLE LOCATION		
,	NAD 1927 Y=440534.35 US FT X=608782.67 US FT		Sena/11/2 5/23/7016
	LAT.: N 32.2106568 LONG.: W 103.9816099	1000 1000 1000 1000 1000 1000 1000 100	Certificate Number 15079
1	Lond. # 103.3010053		WO# 160419WL-b (KA)

1. Geologic Formations

TVD of target	9935'	Pilot Hole Depth	N/A
MD at TD:	14838'	Deepest Expected fresh water:	193'

Delaware Basin

Formation	TVD - RKB	Expected Fluids
Rustler	193	
Salado	615	
Lamar/Delaware	2913	Oil/Gas
Bell Canyon*	2961	Water/Oil/Gas
Cherry Canyon*	3645	Oil/Gas
Brushy Canyon*	5051	Oil/Gas
1st Bone Spring	6630	Oil/Gas
2nd Bone Spring	7915	Oil/Gas
3rd Bone Spring	8838	Oil/Gas
3rd Bone Spring (target)	9892	Oil/Gas

*H2S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program

	Casing 1	nterval Csg. Size		Weight	eight Grade		SF	SF Burst	SF
Hole Size (in)	From (ft)	To (ft)	(in)	(lbs)	Grade	Conn.	Collapse	SF Bursi	Tension
14.75	0	400	10.75	40.5	J55	BTC	7.59	1.54	2.89
9.875	0	8030	7.625	29.7	L80	BTC	1.14	1.28	1.71
9.875	8030	9330	7.625	29.7	HCL80	BTC	1.18	1.43	3.19
6.75	9230	14838	5.5	20	P-110	UltraSF	2.06	1.23	2.42
			BLM Mini	imum Safet	y Factor	1.125	1.2	1.6 Dry 1.8 Wet	

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h *Oxy requests the option to set casing shallower yet still below the salts if losses or hole conditions require this. Cement volumes may be adjusted if casing is set shallower and a DV tool will be run in case a contingency second stage is required for cement to reach surface. If cement circulated to surface during first stage we will drop a cancelation cone and not pump the second stage.

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	Y
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	

OXY USA Inc. - Cedar Canyon 16 State #34H

Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back	
500' into previous casing?	
Is well located in R-111-P and SOPA?	<u> </u>
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

ı I

Casing	. # Sks	Wt. lb/	Yld ft3/ sack	H20 gal/sk	500# Comp. Strength (hours)	Slurry Description
Surface	265	14.8	1.35	6.53	6:50	Premium Plus Cement 2% Calcium Chloride – Flake (Accelerator)
Production	848	10.2	3.05	15.63	15:07	TUNED LIGHT (TM) SYSTEM 0.80% HR-601(Retarder), 3 lbm/sk Kol-Seal (Lost Circulation Additive), 0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)
Casing	366	13.2	1.65	8.45	12:57	Super H Cement, 0.1 % HR-800 (Retarder), 0.5 % Halad(R)-344 (Low Fluid Loss Control), 0.3 % CFR-3 (Dispersant), 2 Ibm Kol-Seal (Lost Circulation Additive), 3 Ibm Salt (Salt)
DV/ECP Tool	@ 2963' (We	e request the	option to cance	el the secon	d stage if cement is c	irculated to surface during the first stage of cement operations)
2nd Stage Prodution Casing	470	12.9	1.85	9.86	12:44	Halliburton Light Premium Plus Cement with 5% Salt (Accelerator), 0.125 lbs/sk Poly-E-Flake (Lost Circulation Additive), 5 lbs/sk Kol-Seal (Lost Circulation Additive), 0.35% HR-800 (Retarder)
	182	14.8	1.33	6.34	6:31	Premium Plus cement
Production Liner			Super H Cement, 0.1 % HR-800 (Retarder), 0.5 % Halad(R)-344 (Low Fluid Loss Control), 0.4 % CFR-3 (Dispersant), 3 lbm Salt (Salt)			

Casing String	TOC (ft)	% Excess Lead	% Excess Tail
Surface	0		50%
Production Casing	0	75%	20%
2nd Stage Prodution Casing	0	75%	125%
Production Liner	9230		15%

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Ту	pe		Tested to:
			Ann	Annular		70% of working pressure
9.875"	13-5/8"	5M	Blind Ram		✓	
Intermediate			Pipe	Pipe Ram Double Ram ✓ ther*		250/5000
mermediate			Double			250/5000psi
			Other*			

4. Pressure Control Equipment

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

On Ex greate	ation integrity test will be performed per Onshore Order #2. Apploratory wells or on that portion of any well approved for a 5M BOPE system or er, a pressure integrity test of each casing shoe shall be performed. Will be tested in dance with Onshore Oil and Gas Order #2 III.B.1.i.
	iance is requested for the use of a flexible choke line from the BOP to Choke fold. See attached for specs and hydrostatic test chart.
Y	Are anchors required by manufacturer?
install	Itibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after lation on the surface casing which will cover testing requirements for a maximum of ys. If any seal subject to test pressure is broken the system must be tested.
See at	tached schematic.
	e proposing that we will run the wellhead through the rotary prior to cementing e casing as discussed with the BLM on October 8, 2015.

5. Mud Program

Depth		Ture a		37* *4	13 7 4 1	
From (ft)	To (ft)	Туре	Weight (ppg)	Viscosity	Water Loss	
0	400	EnerSeal (MMH)	8.4-8.6	40-60	N/C	
400	2963	Brine	9.8-10.0	35-45	N/C	
2963	9330	EnerScal (MMH)	8.8-9.6	38-50	N/C	
9330	14838	Oil-Based Mud	10.0-12.0	35-50	N/C	

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

Oxy proposes to drill out the 10.75" surface casing shoe with a saturated brine system from 400' - 2963', which is the base of the salt system. At this point we will swap fluid systems to a high viscosity mixed metal hydroxide system. We will drill with this system to the intermediate TD @ 9330'.

What will be used to monitor the loss or gain	PVT/MD Totco/Visual Monitoring
of fluid?	

6. Logging and Testing Procedures

Logg	ing, Coring and Testing.
Yes	Will run GR from TD to surface (horizontal well – vertical portion of hole). Stated logs
	run will be in the Completion Report and submitted to the BLM.
No	Logs are planned based on well control or offset log information.
No	Drill stem test? If yes, explain
No	Coring? If yes, explain

Addi	tional logs planned	Interval	
No	Resistivity		
No	Density		
No	CBL		
Yes	Mud log	Surface Shoe - TD	
No	PEX		

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4600 psi
Abnormal Temperature	No

Pump high viscosity sweeps as needed for hole cleaning. The mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

N H2S is present

Y H2S Plan attached

8. Other facets of operation

	Yes/No
 Will the well be drilled with a walking/skidding operation? If yes, describe. We plan to drill the two well pad in batch by section: all surface sections, intermediate sections and production sections. The wellhead will be secured with a night cap whenever the rig is not over the well. 	Yes
Will more than one drilling rig be used for drilling operations? If yes, describe.	No

Attachments

_x__ Directional Plan

_x__ H2S Contingency Plan

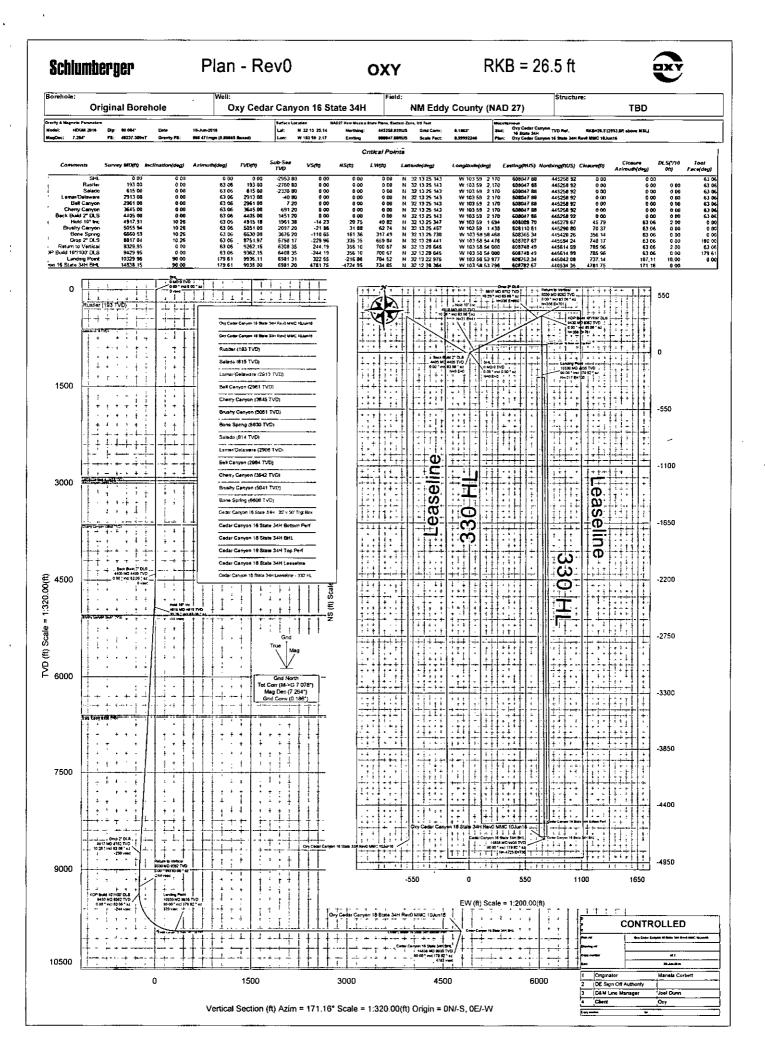
9. Company Personnel

Name	Title	Office Phone	Mobile Phone
Ludwing Franco	Drilling Engineer	713-366-5174	832-523-6392
Tim Barnard	Drilling Engineer Team Lead	713-366-5706	281-740-3084
Amrut Athavale	Drilling Engineer Supervisor	713-350-4747	281-740-4448
Simon Benavides	,Drilling Superintendent	713-522-8652	281-684-6897
Angie Contreras	Drilling & Completions Manager	713-497-2012	832-605-4882
Daniel Holderman	Drilling Manager	713-497-2006	832-525-9029

Spacing Units

The following wells are in the Corral Draw/East Pierce Crossing Bone Spring Pools.

- 1. Cedar Canyon 16 State #2H 30-015-41024 TVD-8626' Units P-O-N-M 2nd Bone Spring
- 2. Cedar Canyon 16 State #6H 30-015-41595 TVD-8620' Units I-J-K-L 2nd Bone Spring
- 3. Cedar Canyon 16 State #7H 30-015-41251 TVD-8644' Units H-G-F-E 2nd Bone Spring
- 4. Cedar Canyon 16 State #8H 30-015-41596 TVD-8618' Units A-B-C-D 2nd Bone Spring
- 5. Cedar Canyon 16 State #12H 30-015-42683 TVD-8624' Units P-O-N-M 2nd Bone Spring
- 6. H. Buck State #3 30-015-33820 TVD 7675' Units A-B-C 1st Bone Spring
- 7. H. Buck State #4H 30-015-34444 TVD 7689' Units H-G-F 1st Bone Spring
- 8. H. Buck State #5 30-015-335042 TVD 7630' Units I-J-K 1st Bone Spring
- 9. H. Buck State #10 30-015-34695 TVD 7692' Units P-O-N-M 1st Bone Spring



Schlumberger

Oxy Cedar Canyon 16 State 34H Rev0 MMC 10Jun16 Proposal Geodetic

Report (Non-Def Plan)

					(Non-D	ef Plan)					
Report Date:		June 20, 2016 - 09	.58 AM			Survey / DLS Com	ulation:	Minimum Curvatur	re/Luhinski		
Client:		OXY				Vertical Section Az		171.160 " (Grid No			
Field:		NM Eddy County (NAD 27)			Vertical Section Or	Vertical Section Origin: 0.000 ft, 0.000 ft					
Structure / Slot:		Oxy Cedar Canyon	16 State 34H / Oxy (itate 34H	TVD Reference Dat	Reference Datum: RKB=26 5'					
Well:		Oxy Cedar Canyon	16 State 34H			TVD Reference Ele	D Reference Elevation: 2953 800 (t above MSL				
Borehole:		Original Borehole				Seabed / Ground E		2927.300 ft above			
UWI/API#:		Unknown / Unknow				Magnetic Declinati		7.264 *			
Survey Name: Survey Date:		June 08, 2016	16 State 34H Revol	MMG 10JUn 16		Total Gravity Field Gravity Model:	Strength:	998.4710mgn (9 6 GARM	0665 Based)		
Tort / AHD / ODI / EF	D Ratio:	110.518 */ 5867,12	23 ft / 5 986 / 0.591			Total Magnetic Fiel	ld Strength:	48237.309 nT			
Coordinate Referen			o State Plane, Easter			Magnetic Dip Angle		60 084 °			
Location Lat / Long:			0", W 103" 59' 2.169			Declination Date:		June 10, 2015			
Location Grid N/E Y. CRS Grid Converge		N 445258.920 MUS 0.1863 *	, E 608047.880 HUS			Magnetic Declinati North Reference:	on Model:	HDGM 2016 Grid North			
Grid Scale Factor:		0.99992246				Grid Convergence	Used:	0 1863 *			
Version / Patch:		2 9 365 0				Total Corr Mag Nor	th->Grid North:	7.0775 °			
						Local Coord Refere		Well Head			
Comments	MD		Azim Grid	TVD	TVDSS		NS		DLS	Northing	Easting Latitude Longitude
SHL	(ft) 0 00		<u>(*)</u>	(ft) 0.00	-2953.80		(ft) 0 00	(ft) 0.00	(*/100ft) N/A	(ftUS) 445258 92	(ftUS) (N/S ***) (E/W ***) 608047.88 N 32 13 25.14 W 103 59 2.17
	100.00	0.00	63.06	100.00	-2853 80	0 00	0 00	0 00	0.00	445258 92	606047.88 N 32 13 25.14 W 103 59 2.17
Rustler	193.00	0.00	63.06	193.00	-2760.80		0.00	0.00	0.00	445258.92	608047.88 N 32 13 25.14 W 103 59 2,17
	200.00 300.00		63 06 63 06	200 00	-2753 80 -2653 80		0.00 0.00		0 00 0 00	445258.92 445258.92	606047.66 N 32 13 25 14 W 103 59 2.17 606047.68 N 32 13 25 14 W 103 59 2.17
	400 00		63 06	400 00	-2553.80		0.00		0 00	445258 92	608047.88 N 32 13 25 14 W 103 59 2.17
	500 00		63.06	500 00	-2453.80	0.00	0.00		0 00	445258 92	608047.88 N 32 13 25 14 W 103 59 2.17
Salado	600 00 615.00	0.00 0.00	63 06 63.06	600 00 615.00	-2353.80 - <i>2338 80</i>		0 00 <i>0.00</i>	0.00 0.00	0.00 0.00	445258.92 445258.92	608047.88 N 32 13 25.14 W 103 59 2.17 608047.88 N 32 13 25.14 W 103 59 2.17
	700.00	0 00	63.06	700 00	-2253 80	0.00	0.00	0.00	0.00	445258 92	608047.88 N 32 13 25.14 W 103 59 2.17
	800.00		63.06	800 00	-2153 80		0.00	0.00	0.00	445258.92	608047 88 N 32 13 25 14 W 103 59 2.17
	900.00 1000.00		63.06 63.05	900 00 1000 00	-2053 80 -1953 80		0 00 0.00	0 00 0 000	0.00 0.00	445258 92 445258 92	608047.88 N 32 13 25.14 W 103 59 2.17 608047.86 N 32 13 25 14 W 103 59 2.17
	1100.00		63.06	1100.00	-1953.60		0.00	0.00	0.00	445258.92	608047.88 N 32132514 W 10359 2.17 608047.88 N 321325.14 W 10359 2.17
	1200 00	0.00	63.06	1200 00	-1753.80	0.00	0.00	0.00	0.00	445258 92	608047 88 N 32 13 25 14 W 103 59 2 17
	1300 00 1400 00		63.06 63.06	1300.00 1400 DO	~1653 80 ~1553 80		0 00 0 00	0 00	0 00 0 00	445258.92 445258.92	608047.88 N 32 13 25.14 W 103 59 2.17 608047 88 N 32 13 25 14 W 103 59 2.17
	1500 00		63 06	1500 00	-1453 60		0.00	0.00	0 00	445258 92	608047.88 N 32 13 25.14 W 103 59 2.17
	1600 00		63 06	1600 00	-1353 60		0.00	0 00	0.00	445258.92	608047.88 N 32 13 25.14 W 103 59 2.17
	1700.00		63.06	1700.00	-1253 80		0.00	0.00	0.00	445258 92	608047 88 N 32 13 25.14 W 103 59 2.17
	1800.00		63.06 63.06	1600.00 1900.00	-1153 B0 -1053 B0		0 00 0.00	0.00	0.00 0.00	445258 92 445258.92	508047.88 N 32 13 25.14 W 103 59 2.17 508047.88 N 32 13 25.14 W 103 59 2.17
	2000.00	0 00	63.06	2000.00	-953.80		0 00	0.00	0.00	445258 92	608047 88 N 32 13 25.14 W 103 59 2.17
	2100 00		63 06	2100 00	-853 80		0.00	0.00	0.00	445258 92	608047 88 N 32 13 25.14 W 103 59 2,17
	2200 00 2300.00		63.06 63.06	2200 00 2300 00	-753 60 -653 80		0 00 0 00	0.00	0 00 0 00	445258.92 445258 92	608047.88 N 32 13 25.14 W 103 59 2.17 608047.88 N 32 13 25.14 W 103 59 2.17
	2400 00		63.06	2400 00	-553 80		0.00	0 00	0 00	445258.92	608047.68 N 32 13 25.14 W 103 59 2.17
	2500.00		53 06	2500 00	-453 80		0.00	0 00	0 00	445258.92	608047.88 N 32 13 25.14 W 103 59 2.17
	2600 00 2700.00		63 06 63 06	2600 00 2700 00	-353 80 -253 80		0.00	0.00 0.00	0.00 0.00	445258.92 445258 92	608047.88 N 32 13 25.14 W 103 59 2.17 608047.88 N 32 13 25.14 W 103 59 2.17
	2800.00		63.06	2800 00	-153.80		0.00	0.00	0.00	445258 92	608047.88 N 32 13 25.14 W 103 59 2.17
	2900.00	0 00	63.06	2900.00	-53 80		0.00	0 00	0.00	445258 92	608047.88 N 32 13 25.14 W 103 59 2.17
Lamar/Delaware	2913.00	0.00	63.06	2913 00	-40.80	0,00	0.00	0.00	0.00	445258.92	608047.88 N 32 13 25.14 W 103 59 2.17
Bell Canyon	2961.00	0 00	63 06	2961,00	7.20		0.00	0.00	0.00	445258.92	608047.88 N 32 13 25.14 W 103 59 2.17
	3000 00		63 06	3000 00	46 20		0 00	0.00	0.00	445258 92	608047.68 N 32 13 25 14 W 103 59 2.17
	3100 00 3200 00		63 06 53 06	3100 00	146 20 246 20		0 00 0	0 00 0 000	0.00	445258.92 445256.92	608047.88 N 32 13 25.14 W 103 59 2.17 608047.88 N 32 13 25.14 W 103 59 2.17
	3300 00		63 06	3300 00	346 20		0 00	0.00	0.00	445258.92	606047.88 N 32 13 25.14 W 103 59 2.17
	3400.00		63.06	3400 00	446.20		0.00	0.00	0.00	445258.92	608047.58 N 32 13 25.14 W 103 59 2.17
	3500.00 3600.00		63.06 63.06	3500 00 3600.00	546 20 646 20		0.00 0 00	0.00 0.00	0.00 0.00	445258.92 445258 92	608047.88 N 32 13 25 14 W 103 59 2.17 608047.88 N 32 13 25 14 W 103 59 2.17
Cherry Canyon	3645.00	0.00	63.06	3645 00	691.20		0.00	0.00	0.00	445258.92	608047.88 N 32 13 25.14 W 103 59 2.17
	3700 00 3800 00		63 06	3700 00	746 20		0 00	0.00	0.00	445258 92	608047.88 N 32 13 25 14 W 103 59 2.17
	3800.00		63 06 63 06	3800 00 3900 00	846 20 946 20		0.00 0.00	0.00	0 00 0 00	445256.92 445256.92	608047.88 N 32 13 25.14 W 103 59 2,17 608047.88 N 32 13 25.14 W 103 59 2,17
	4000 00	0 00	63 06	4000 00	1046.20	0.00	0 00	0.00	0.00	445256.92	608047.88 N 32 13 25.14 W 103 59 2.17
	4100.00		63.06	4100 00	1146 20		0.00	0.00	0.00	445258 92	608047.88 N 32 13 25.14 W 103 59 2.17
	4200.00 4300.00		63 06 63.06	4200 00 4300 00	1246 20 1346 20		0 00 0 00	0.00	0 00	445258.92 445258 92	608047.68 N 32 13 25.14 W 103 59 2.17 608047.88 N 32 13 25.14 W 103 59 2.17
	4400 00		63.06	4400 00	1446 20		0 00	0.00	0.00	445258 92	608047.88 N 32 13 25.14 W 103 59 2.17
Back Build 2° DLS	4405.00	0.00	63 06	4405 00	1451 20	0.00	0.00	0.00	0.00	445258.92	608047.88 N 32 13 25.14 W 103 59 2.17
220	4500 00	1.90	63 06	4499,98	1546 18	-0 49	0.71	1.40	2.00	445259 63	608049.28 N 32.13.25.15 W 103.59 2.15
	4600 00	3 90	63 06	4599 65	1646 05	-2 06	3 01	5 91	2 00	445261.93	608053.79 N 32 13 25.17 W 103 59 2.10
	4700.00 4800 00		63 06 63 06	4699 48	1745 68 1844,95		6.68	13 53	2.00	445265.79	60806141 N 32132521 W 10359 2.01 608072.12 N 32132526 W 10359 189
	4800.00		63 06	4798 75 4897.54	1844.95 1943.74		12.32 19 33	24 24 38 03	2 00 2 00	445271 24 445278 25	608072,12 N 32 13 25 26 W 103 59 1 89 608085 91 N 32 13 25 33 W 103 59 1,73
Hold 10° Inc	4917 91	t0 26	63.06	4915.18	1961.38	-14.23	20.75	40.82	2 00	445279 67	608088.70 N 32 13 25.35 W 103 59 1.69
Paushu Comma	5000 00	10 26	63.06	4995.95	2042.15		27.37	53.86	0.00	445286 29	608101.73 N 32 13 25 41 W 103 59 1.54
Brushy Canyon	5055.94 5100.00	10.26 10.26	63.06 63.06	5051,00 5094 35	2097.20 2140 55	-21.86 -24 30	31.88 35 44	62,74 69.73	<i>0.00</i> 0.00	445290.80 445294 38	608110.61 N 32 13 25.46 W 103 59 1.44 508117.61 N 32 13 25 49 W 103 59 1.36
	5200 00	10 26	63.06	5192.75	2238.95	-29.84	43 51	85 61	0.00	445302 42	608133 48 N 32 13 25 57 W 103 59 1.17
	5300.00		63 06	5291.16	2337.36	-35.37	51.56	101 4B	0 00	445310 49	508149 36 N 32 13 25 65 W 103 59 0 99
	5400 00 5500 00	10 26 10 26	63 D6 63 O6	5389 56 5487.96	2435 76 2534.16		59 65 67.71	117.36 133 23	0 00 0 00	445318 56 445326 63	608165.23 N 32 13 25.73 W 103 59 0.80 608161 10 N 32 13 25 61 W 103 59 0 62
	5600.00	10.26	63.06	5586.36	2534.16 2632.56		57.78	133 23	0.00	445326.63	608196.98 N 32 13 25 61 W 103 59 0 62 608196.98 N 32 13 25 69 W 103 59 0.43
	5700 00	10 26	63.06	5684.76	2730.96	-57.50	83 85	164.99	0.00	445342.76	608212.85 N 321325.97 W 10359 025
	5800.00		63.06	5783.16	2829 36		91,92	180 86	0 00	445350 83	608228.73 N 32 13 26 05 W 103 59 0 06
	5900 00 6000.00	10 26 10 26	63.06 63.06	5681.57 5979 97	2927.77 3026.17		99.99 108.06	196 74 212 61	0 00 0 00	445358.90 445366.97	608244 60 N 32 13 26.13 W 103 58 59.88 608260 48 N 32 13 26 21 W 103 58 59 69
	6100.00	10 26	63.06	6078.37	3124 57	-79.63	116.13	228 49	0.00	445375 04	608276 35 N 32 13 26 29 W 103 58 59 51
	6200 00	10 25	63.06	6176.77	3222.97		124.19	244.37	0.00	445383.10	608292 23 N 32 13 26 36 W 103 56 59 32
	6300.00 6400.00	10 26 10 26	63.06 63.06	6275.17 8373 57	3321.37 3419 77		132 26 140 33	260 24 276 12	0 00 0 00	445391,17 445399 24	608308 10 N 32 13 26 44 W 103 58 59 14 608323 98 N 32 13 26 52 W 103 58 58 95
	6500 00	10 26	63.06	6471.97	3516.17		140 33	291.99	0.00	445399 24	608323 98 N 32 13 26 60 W 103 56 58 99 608339 85 N 32 13 26 60 W 103 56 58 77
	6600 00	10 26	63 06	6570 38	3618 58	-107 30	156 47	307 87	0 00	445415 38	608355 72 N 32 13 26 68 W 103 58 58 58
Bone Spring	6660.59 6700.00	10.26	<i>63 06</i>	6630.00	3676.20		161.36	317.49	0.00	445420 26	606365 34 N 32 13 26.73 W 103 56 56 47
	6700.00	10.26	63.06	6668 78	3714.96	-112.83	164.54	323.74	0 00	445423 44	608371 60 N 32 13 26.76 W 103 58 58 39

Comments	MD (11)	inci (*)	Azim Grid (*)	TVD (ft)	TVDSS (#)	VSEC (ft)	NS (#)	EW (#)	DLS (*/100ft)	Northing (ItUS)	Easting (ftUS)	Latitude (N/S***)	Longitude (E/W***)
	6800.00	10 26	63.06	6767.18	3813.38	-118 36	172.60	339 62	0.00	445431.51		N 32 13 26 84	W 103 58 58 21
	6900 00 7000 00	10.26 10 26	63.06 63.06	6865.58 6963.98	3911.78 4010.18	-123 90 -129 43	180.67 188.74	355 50 371.37	0.00 0.00	445439 58 445447.65		N 32 13 26 92 N 32 13 27.00	W 103 58 58 02 W 103 58 57.64
	7100 00	10 26	63.06	7062.38	4108.58	-134.96	196 81	387 25	0.00	445455 71		N 32 13 27.00	W 103 58 57.65
	7200 00	10 26	63 06	7160.79	4206.99	-140 49	204 88	403.12	0.00	445463.78		N 32 13 27.16	W 103 58 57.47
	7300 00	10 26	63 06	7259 19	4305 39	-146 03	212.95	419.00	0.00	445471.85		N 32 13 27.24	W 103 58 57.28
	7400 00	10 26	53 06	7357.59	4403.79	-151.56	221.02	434 88	0 00	445479 92		N 32 13 27 32	W 103 58 57.10
	7500 00 7600 00	10.26 10 26	63.06 63.06	7455.99 7554 39	4502.19 4600 59	-157.09 -162.63	229 08 237,15	450.75 466 63	0 00 0	445487.99 445496 05		N 32 13 27 40 N 32 13 27.48	W 103 58 56.91 W 103 58 56.73
	7700.00	10 26	63 06	7652.79	4698 99	-168 16	245 22	482.50	0.00	445504.12		N 32 13 27.55	W 103 58 56.54
	7800 00	10 26	63 06	7751 19	4797.39	-173 69	253 29	498 36	0.00	445512.19		N 32 13 27.63	W 103 58 56.36
	7900 00	10 26	63 06	7849 60	4895 80	-179 22	261.36	514 25	0.00	445520 26		N 32 13 27.71	W 103 58 56.17
	8000 00	10 26	53 06	7948 00	4994.20	-184.76	269 43	530.13	0 00	445528.33		N 32 13 27.79	W 103 58 55.99
	6100 00 8200 00	10 26 10 26	63.06 63.06	8046 40 8144.80	5092.60	-190 29	277.50	546.01 561.88	0.00 0.00	445536.39		N 32 13 27.87 N 32 13 27.95	W 103 58 55 80 W 103 58 55.62
	8300.00	10 26	63.06	6243 20	5191.00 5289 40	-195.82 -201.36	285.56 293 63	577.76	0.00	445544 46 445552.53		N 32 13 28 03	W 103 58 55 43
	8400.00	10 26	63 06	8341.60	5387 80	-206 89	301.70	593.63	0.00	445560.60		N 32 13 28.11	W 103 58 55 25
	8500 00	10.26	63 06	8440 00	5486 20	-212 42	309.77	609 51	0.00	445568.67	608657.34	N 32 13 28.19	W 103 58 55.06
	8600 00	10 26	63 06	8538 41	5584 61	-217.96	317.84	625 39	0.00	445576.73		N 32 13 28 27	W 103 58 54.88
	8700 00	10.26	63.06	8636.81	5683.01	-223 49	325.91	641 26	0.00	445584.80		N 32 13 28.35	W 103 58 54.69 W 103 58 54.51
Orop 2° DLS	8800 00 8817.04	10 26 10.26	63.06 63.06	8735 21 8751.97	5761.41 5798.17	-229.02 -229.96	333.98 335 35	657.14 659 84	0.00 0.00	445592.87 445594 24		N 32 13 28 43 N 32 13 28 44	W 103 58 54 51 W 103 58 54 48
DIOP 2 DEO	8900.00	6 60	63.06	6833 61	5880 01	-234.19	341.51	671,96	2 00	445600.40		N 32 13 28 50	W 103 58 54 33
	9000.00	6 60	63 06	8932.93	5979 13	-235 29	347.50	683 75	2 00	445606.39		N 32 13 28 56	W 103 58 54 20
	9100 00	4 60	63 06	9032 45	6078 65	-241.33	351.92	692.44	2 00	445610 81	608740 27	N 32 13 28 60	W 103 58 54 10
	9200 00	2.60	63 06	9132 25	6178 45	-243 28	354,76	698 04	2 00	445613 65		N 32 13 28 63	W 103 56 54.03
Debug to	9300 00	0.60	63 06	9232 20	6278.40	-244.14	356.03	700.53	2 00	445614.92	608748 35	N 32 13 28.64	W 103 58 54.00
Return to Vertical	9329 95	0.00	63 06	9262.15	6308 35	-244.19	356.10	700 67	2 00	445614 99		N 32 13 28 64	W 103 58 54 00
KOP Build	9400 00 9429 95	0 00 0.00	63 06 63 06	9332.20 9362.15	6378 40 6408.35	-244.19 -244.19	356.10 356.10	700 67 700 67	0.00 0.00	445614.99 445614.99		N 32 13 28.64 N 32 13 28.64	W 103 58 54 00 W 103 58 54.00
107/100 DLS	9500 00	7.01	179 61	9432.03	6478 23	-239 96	351.82	700 69	10 00	445610.71		N 32 13 28 60	W 103 58 54 00
	9600.00	17.01	179 61	9529 72	6575 92	-219 41	331.05	700 83	10 00	445589.94		N 32 13 28 40	W 103 58 54 00
	9700 00	27.01	179 61	9622 31	6668 51	-182.40	293.63	701.09	10 00	445552.52		N 32 13 28 03	W 103 58 54 00
	9600 00	37.01	179 61	9707.01	6753 21	-130.04	240.70	701 44	10 00	445499 60		N 32 13 27.50	W 103 58 54 00
	9900 00 10000 00	47 01 57 01	179 61 179 61	9781.22 9842.70	6827.42 6888 90	-63.93 13.92	173.86 95.16	701.89 702 42	10 00 10 00	445432.77 445354 07		N 32 13 26 84 N 32 13 26 06	W 103 58 53.99 W 103 58 53.99
	10100 00	67 01	179 61	9689.56	6935.78	101.15	6 97	703 01	10 00	445265 89		N 32 13 25.19	W 103 58 53.99
	10200-00	77.01	179 61	9920 43	6966.63	195.10	-88.01	703.65	10 00	445170.92		N 32 13 24.25	W 103 58 53.98
	10300 00	87.01	179 61	9934 33	6980.53	292.93	-186.91	704.32	10 00	445072.02		N 32 13 23.27	W 103 58 53 98
Landing Point	10329 96	90.00	179 61	9935.11	6981.31	322.55	-216 86	704.52	10 00	445042 08		N 32 13 22 97	W 103 58 53 98
	10400.00	90.00	179 61	8935.11	6981.31	391.83	-286 90	704 99	0.00	444972 05		N 32 13 22 28 N 32 13 21 29	W 103 58 53 97
	10500 00	90 00 90 00	179 61 179 61	9935.10 9935.10	6981.30 6981.30	490 74 589 68	-386 89 -486 89	705 66 706 34	0.00	444872 06 444772 07		N 32 13 20.30	W 103 58 53.97 W 103 58 53.97
	10700 00	90 00	179 61	9935.10	6981,30	668 57	-586 89	707.01	0.00	444672 08		N 32 13 19.31	W 103 58 53.96
	10800 00	90 00	179 61	9935.10	6981.30	787 48	-686 89	707.68	0.00	444572.09		N 32 13 18.32	W 103 58 53.96
	10900 00	90 00	179 61	9935 09	6981 29	886.40	-766 88	708 36	0.00	444472.10		N 32 13 17.33	W 103 58 53 95
	11000 00	90.00	179 61	9935 09	6981.29	965.31	-886.88	709.03	0.00	444372.11		N 32 13 16.34	W 103 58 53.95
	11100.00 11200.00	90.00 90.00	179 61 179 61	9935.09 9935.09	6981.29 6981.29	1084 22 1183.14	-966.88 -1066.88	709.70 710.37	0.00 0.00	444272.12 444172.13		N 32 13 15.35 N 32 13 14 37	W 103 58 53.95 W 103 58 53 94
	1 1300 00	90.00	179 61	9935 08	6981.28	1282.05	-1166 88	711.05	000	444072.14		N 32 13 13 36	W 103 58 53 94
	11400.00	90.00	179 61	9935 08	6981.28	1380 96	-1286 87	711.72	0.00	443972 15		N 32 13 12.39	W 103 58 53.93
	11500 00	90 00	179 61	9935 08	6981.28	1479 88	-1386 87	712.39	0.00	443872 16	608760 21	N 32 13 11 40	W 103 58 53 93
	11600.00	90 00	179 61	9935 08	6981.28	1578 79	-1486 87	713 06	0.00	443772.17		N 32 13 10 41	W 103 58 53 93
	11700 00	90 00	179 61	9935 08	6981 28	1677.70	-1586 87	713.74	0.00	443672.18		N 32 13 9 42	W 103 58 53.92
	11800-00 11900-00	90.00 90.00	179 61 179 61	9935 07 9935.07	6981 27 6981.27	1776.61 1875.53	-1686.86 -1786.86	714 41 715 06	0 00 0 00	443572.19 443472.20		N 32 13 8.43 N 32 13 7.44	W 103 56 53.92 W 103 56 53.91
	12000.00	90.00	179 61	9935.07	6981.27	1974.44	-1886.86	715.76	0.00	443372.20		N 32 13 6.45	W 103 58 53.91
	12100.00	90 00	179 61	9935.07	6961 27	2073.35	-1986 66	716 43	0.00	443272 22		N 32 13 5.46	W 103 56 53.91
	12200.00	90 00	179 61	9935 06	6961 25	2172 27	-2086 86	717.10	0.00	443172 23	608764 92	N 32 13 4 47	W 103 58 53 90
	12300.00	90 00	179 61	9935 06	6981 26	2271.18	-2186 65	717.77	0.00	443072 24		N 32 13 3 48	W 103 58 53 90
	12400 00	90 00	179 61	9935 06	6981 26	2370 09	-2286 85	718 45	0 00	442972.25		N 32 13 2 49	W 103 58 53 89
	12500 00 12600 00	90.00 90.00	179 61 179 61	9935 06 9935 05	6981 26 6981 25	2469 01 2567.92	-2386.85 -2486 85	719.12 719 79	0.00	442872.26 442772.27		N 32 13 1.50 N 32 13 051	W 103 58 53 89 W 103 58 53 89
	12700.00	90.00	179 61	9935.05	6961.25	2666 83	-2586.64	720.46	0.00	442672 28		N 32 12 59.52	W 103 56 53.68
	12800.00	90.00	179 61	9935.05	6981 25	2765.75	-2686.64	721.14	0 00	442572.29		N 32 12 58.53	W 103 58 53.68
	12900.00	90.00	179 61	9935.05	6981.25	2864 66	-2786.64	721.81	0.00	442472.30		N 32 12 57.54	W 103 58 53.87
	13000.00	90.00	179 61	9935.04	6981 24	2963.57	-2886 64	722 48	0.00	442372 31		N 32 12 56.55	W 103 58 53.67
	13100 00	90.00	179 61	9935 04	6981 24	3062 49	-2986 63	723.18	0.00	442272 32		N 32 12 55.56	W 103 58 53 67
	13200.00	90 00	179 61	9935.04	6961 24	3161.40	-3086 63	723 83	0.00	442172 33		N 32 12 54.57	W 103 58 53 86
	13300 00 13400 00	90.00 90.00	179 61 179 61	9935 04 9935 03	6981 24 6981 23	3260 31 3359 23	-3186 83 -3286 83	724 50 725 17	0 00	442072 34 441972.35		N 32 12 53 58 N 32 12 52 60	W 103 58 53 66 W 103 58 53 65
	13500.00	90.00	179 61	9935 03	6981.23	3458.14	-3386 83	725.85	0.00	441872.36		N 32 12 51.61	W 103 58 53 85
	13600.00	90 00	179 61	9935 03	6981 23	3557.05	-3486 82	726 52	0 00	441772.37	608774 34	N 32 12 50 62	W 103 58 53 85
	13700 00	90.00	179 61	9935 03	6961.23	3655 97	-3586.62	727.19	0 00	441672.38		N 32 12 49 63	W 103 58 53.84
	13800 00 13900 00	90.00 90.00	179 61 179 61	9935.02 9935.02	6981.22 6981.22	3754 88 3853.79	-3686.82 -3786.82	727 86 728.54	0 00 0.00	441572.39 441472 40		N 32 12 48 64 N 32 12 47.65	W 103 58 53 84 W 103 58 53.83
	14000 00	90.00	179 61	9935.02	6981.22	3952.71	-3686.81	729.54	0.00	441472 40		N 32 12 47.65	W 103 58 53 83
	14100 00	90.00	179 61	9935.02	6981.22	4051.62	-3986 81	729.68	0 00	441272.42		N 32 12 45.67	W 103 56 53.63
	14200 00	90.00	179 61	9935.02	6981.22	4150 53	-4085.81	730 56	0 00	441172 44	608778 38	N 32 12 44.68	W 103 58 53 82
	14300 00	90.00	179 61	9935.01	6981.21	4249 45	-4186.81	731.23	0 00	441072 45		N 32 12 43.69	W 103 56 53.82
	14400 0D	90.00	179 61	9935.01	5981.21 6081 21	4348.36	-4286.81	731.90	0.00	440972.45		N 32 12 42.70	W 103 58 53 81
	14500.00 14600.00	90 00 90.00	179 61 179 61	9935.01 9935.01	6981 21 6981 21	4447 27 4546.19	-4386.80 -4486.80	732.57 733 25	0.00	440872.47 440772.48		N 32 12 41.71 N 32 12 40.72	W 103 58 53 81 W 103 58 53.81
	14700 00	90.00	179 61	9935.00	6961 20	4645.10	-4586.80	733 92	0.00	440672.49		N 32 12 39 73	W 103 58 53.80
0.4.0	14800.00	90.00	179 61	9935.00	6981.20	4744 01	-4686 80	734.59	0 00	440572.50		N 32 12 38 74	W 103 58 53 80
Cedar Canyon 16 State 34H BHL	14838.15	90 00	179 61	9935.00	6981.20	4781.75	-4724 95	734.65	0.00	440534.35	608782.67	N 32 12 38.36	W 103 58 53.80

BHL

Survey Type:

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Non-Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95 000% Confidence 2.7955 sigma Survey Program;

Description	Part	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size Casin (in)	ng Diameter (in)	Expected Max Inclination (deg)	Survey Tool Type	Borehole / Survey
	1	0.000	26 500	1/100.000	30 000	30 000		NAL_MWD_HDGM-Depth Only	Original Borehole / Oxy Cedar Canyon 16 State 34H Revo MMC
	1	26 500	14838 150	1/100 000	30 000	30 000		NAL_MWD_HDGM	Original Borehole / Oxy Cedar Canyon 16 State 34H Rev0 MMC

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

GAS CAPTURE PLAN

Date: 6-28-2016

⊠ Original

Operator & OGRID No.: OXY USA INC. - 16696

□ Amended - Reason for Amendment:_

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility - Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name		API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Cedar Canyon #33H	16 State	Pending	Unit A Sec. 16, T24S, R29E	402FNL 1123FEL	1,598	0	
Cedar Canyon #34H	16 State	Pending	Unit A Sec. 16, T24S, R29E	402FNL 1083FEL	1,598	0	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, where a gas transporter system is in place. The gas produced from production facility is dedicated to <u>Enterprise Field Services, LLC ("Enterprise"</u>) and is connected to <u>Enterprise</u> low/high pressure gathering system located in Eddy County, New Mexico. <u>OXY USA INC. ("OXY"</u>) provides (periodically) to <u>Enterprise</u> a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, <u>OXY</u> and <u>Enterprise</u> have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at OXY USA WTP LP Processing Plant located in Sec. 23, Twn. 21S, Rng. 23E, Eddy County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on <u>Enterprise</u> system at that time. Based on current information, it is <u>OXY's</u> belief the system can take this gas upon completion of the well(s).

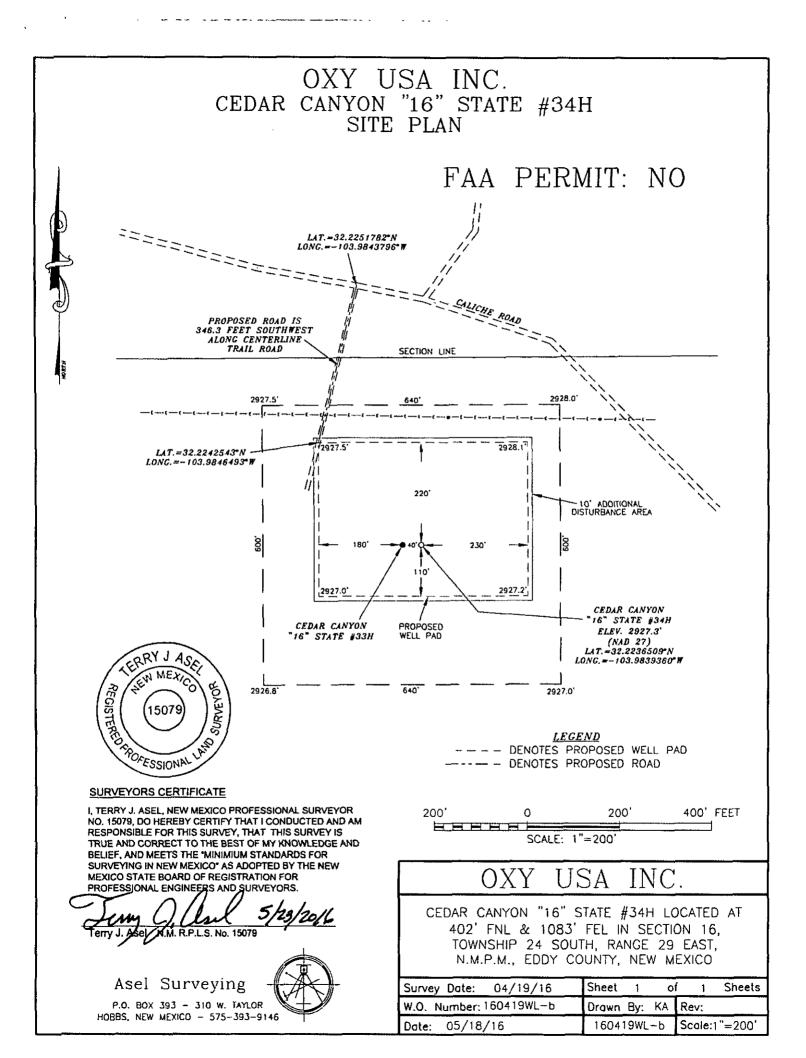
Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

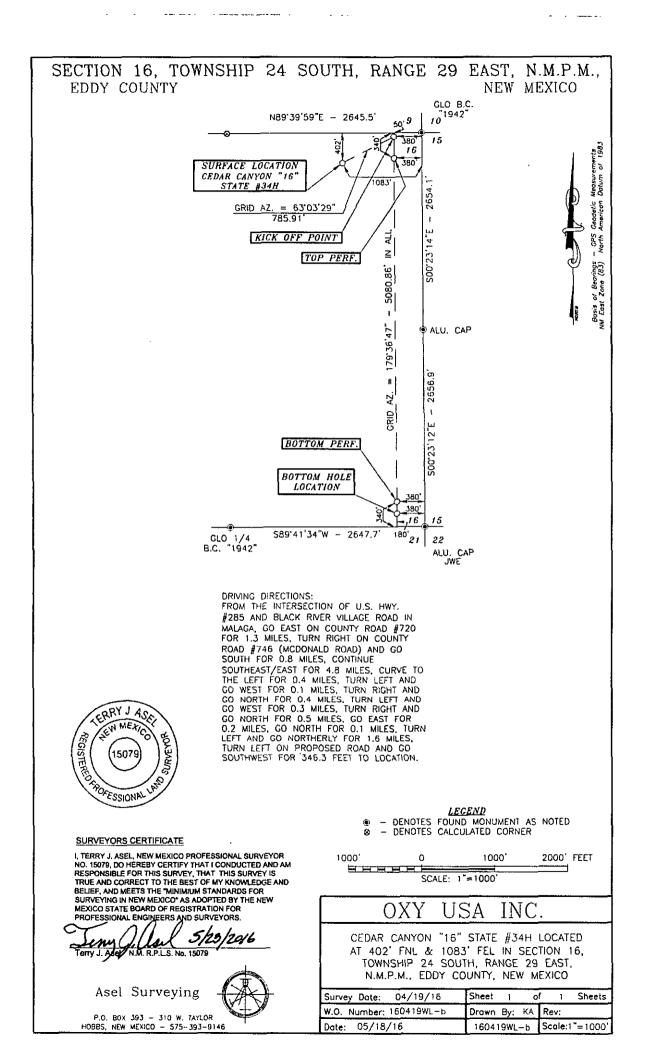
Alternatives to Reduce Flaring

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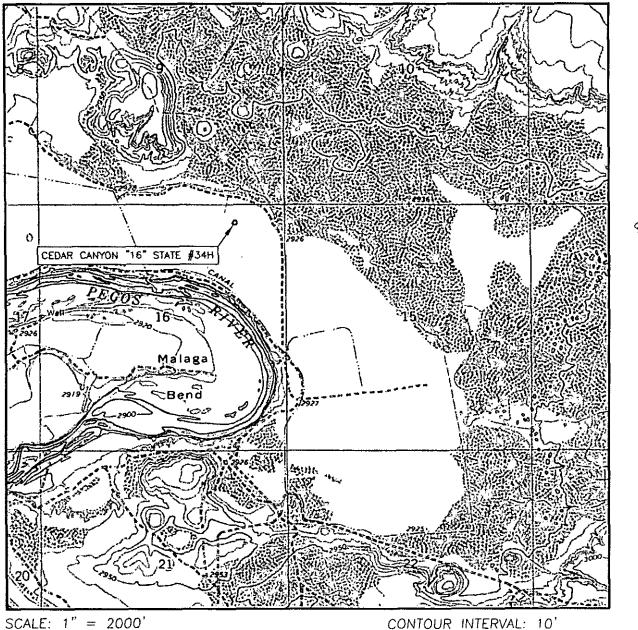
Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
 - Compressed Natural Gas On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal On lease
 - o Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines



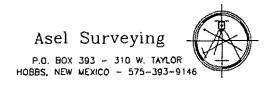


LOCATION VERIFICATION MAP

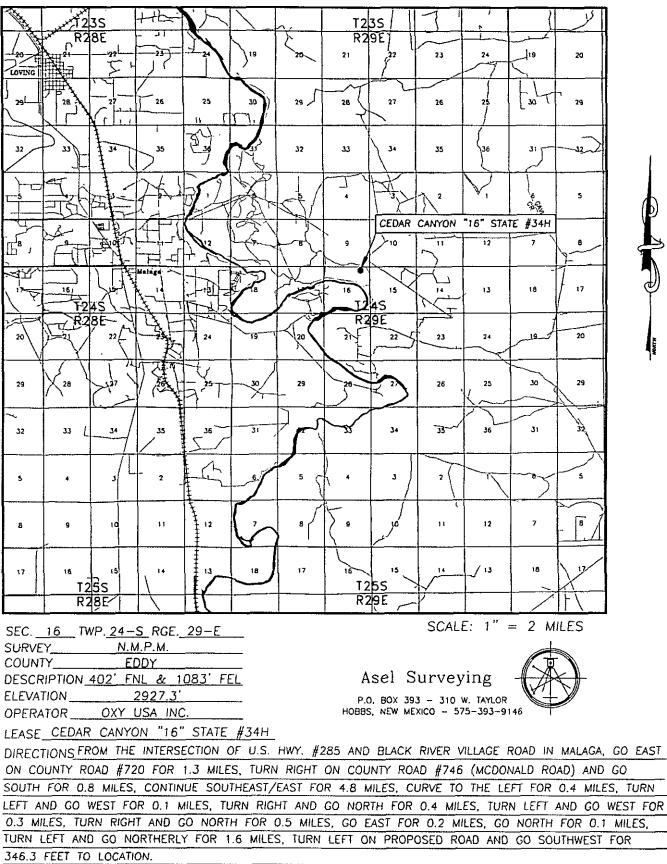


SCALE: 1" = 2000'

SEC. 16 TWP. 24-S RGE. 29-E SURVEY N.M.P.M. COUNTY____EDDY DESCRIPTION 402' FNL & 1083' FEL ELEVATION _____ 2927.3' OPERATOR ____OXY USA INC. LEASE CEDAR CANYON "16" STATE #34H U.S.G.S. TOPOGRAPHIC MAP PIERCE CANYON, N.M.



VICINITY MAP

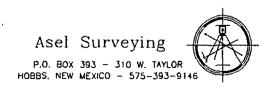


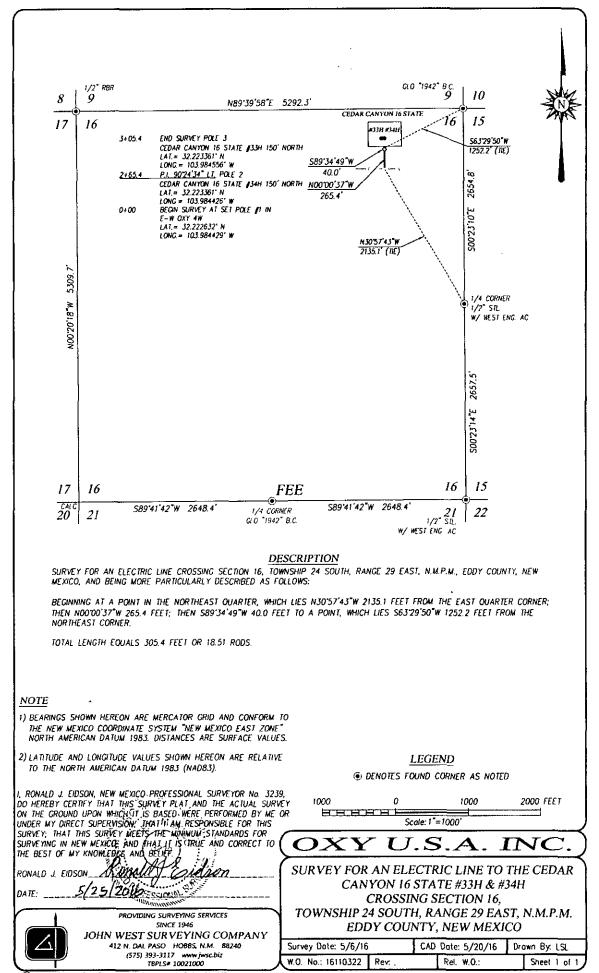
AERIAL MAP



SCALE: NOT TO SCALE

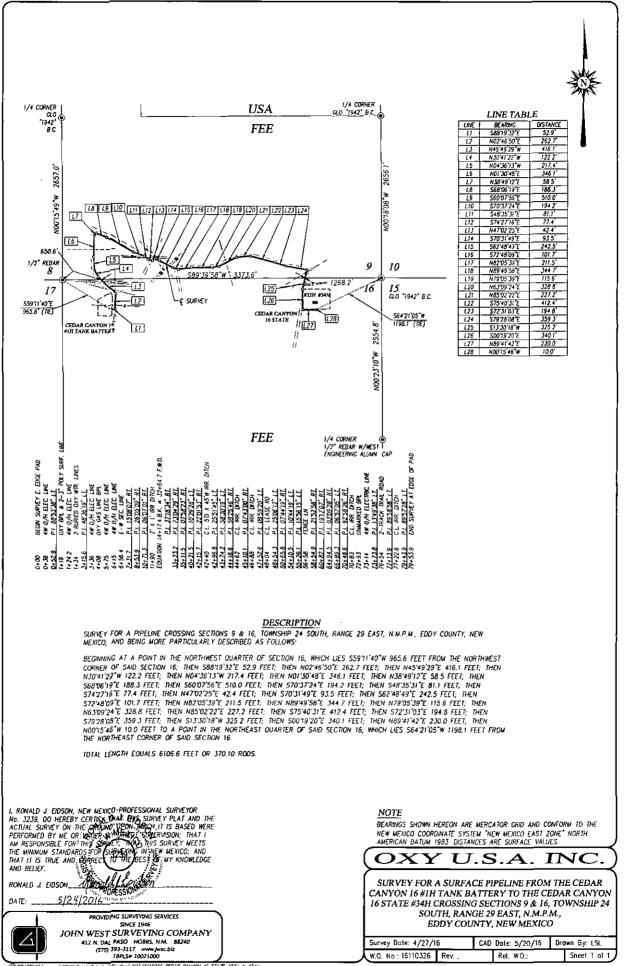
SEC. <u>16</u> TWP.<u>24-S</u> RGE. <u>29-E</u> SURVEY <u>N.M.P.M.</u> COUNTY <u>EDDY</u> DESCRIPTION <u>402' FNL & 1083' FEL</u> ELEVATION <u>2927.3'</u> OPERATOR <u>OXY USA INC.</u> LEASE <u>CEDAR CANYON "16" STATE #34H</u>



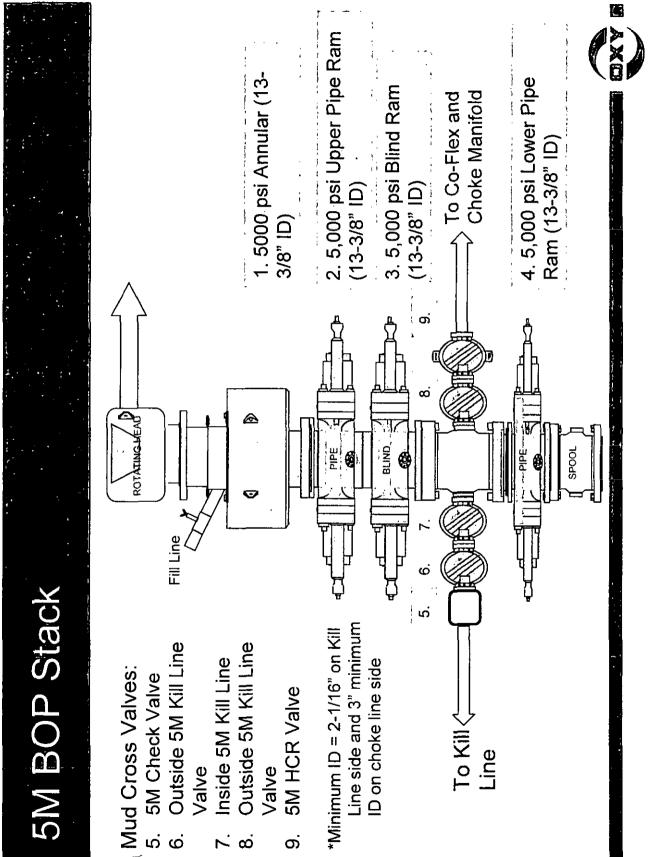


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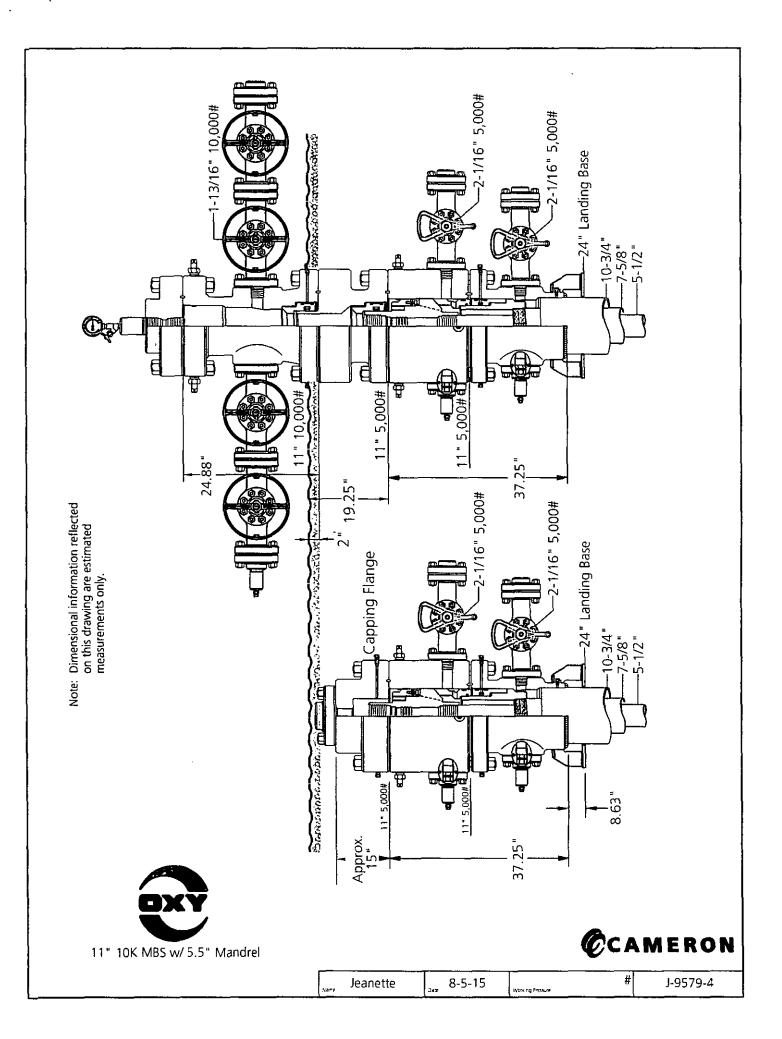
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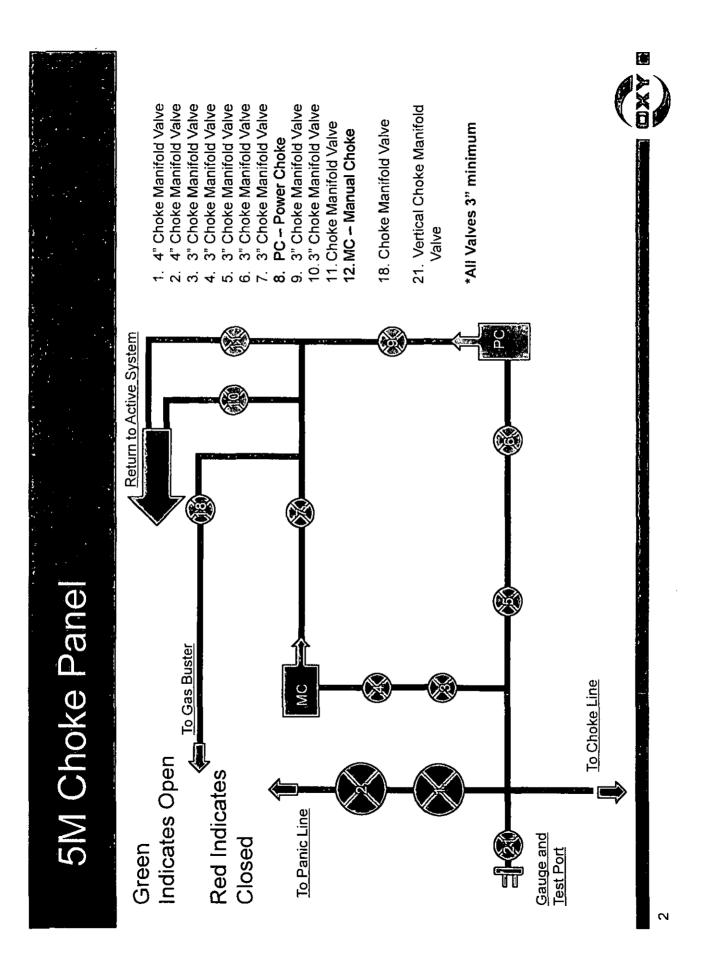


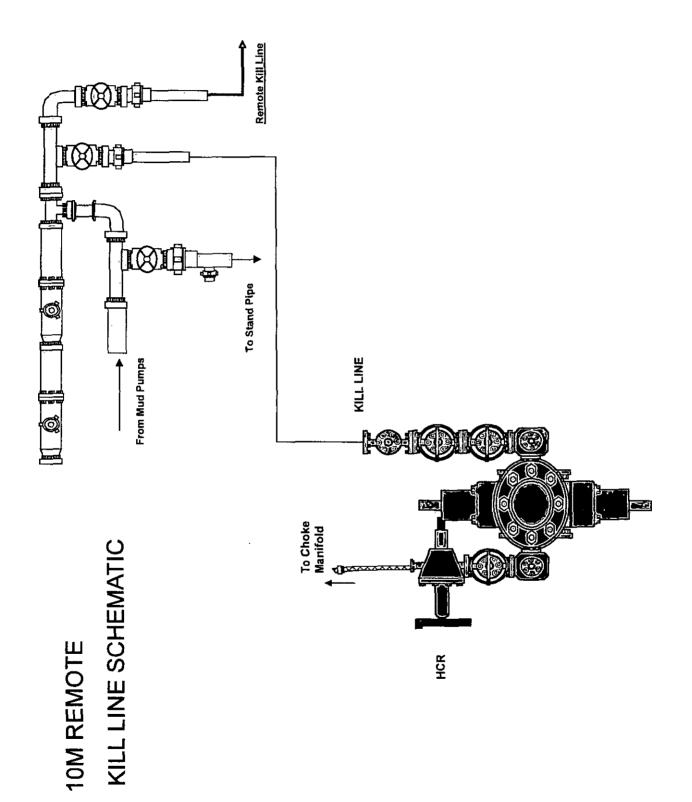
C DRAFTING\Lovenzo\2016\OXY U.S.A. Inc\Pipeline\ALL\16110326 CEDAR CANYON 16 STATE 433H & 434H

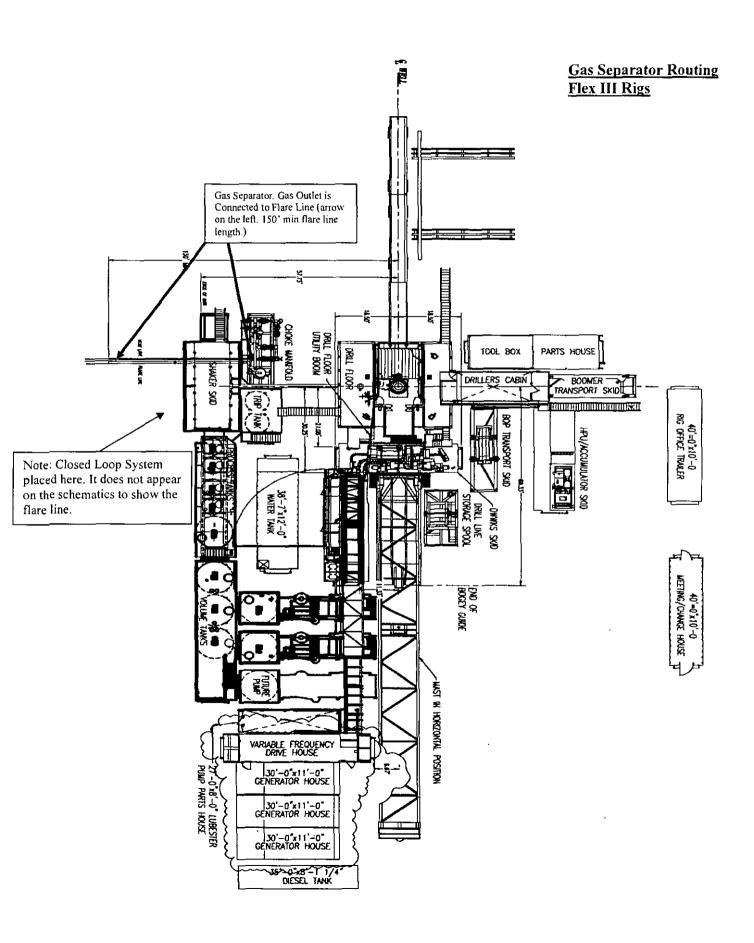


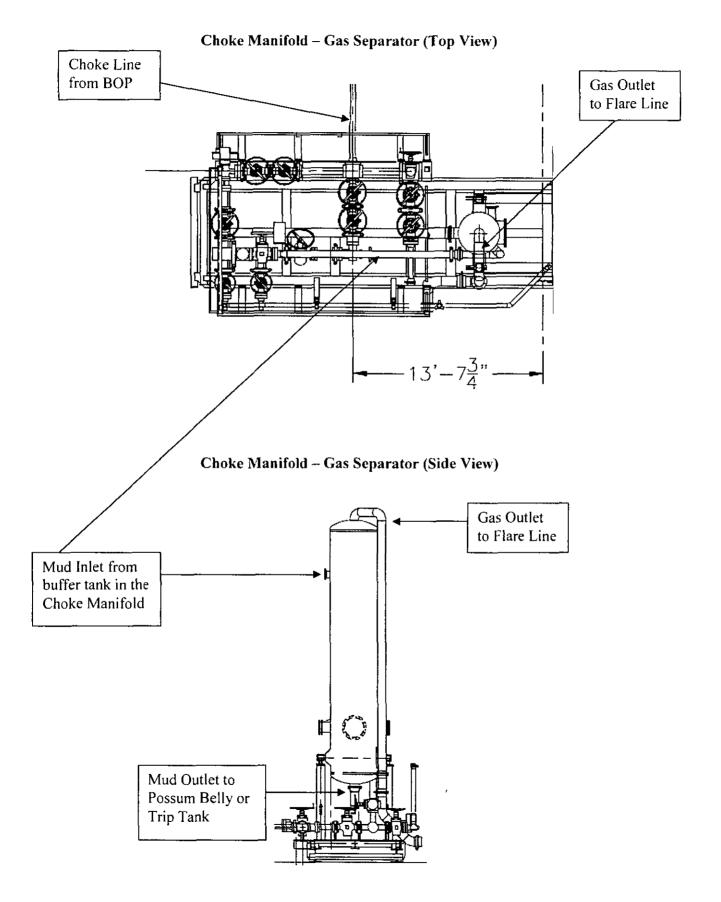
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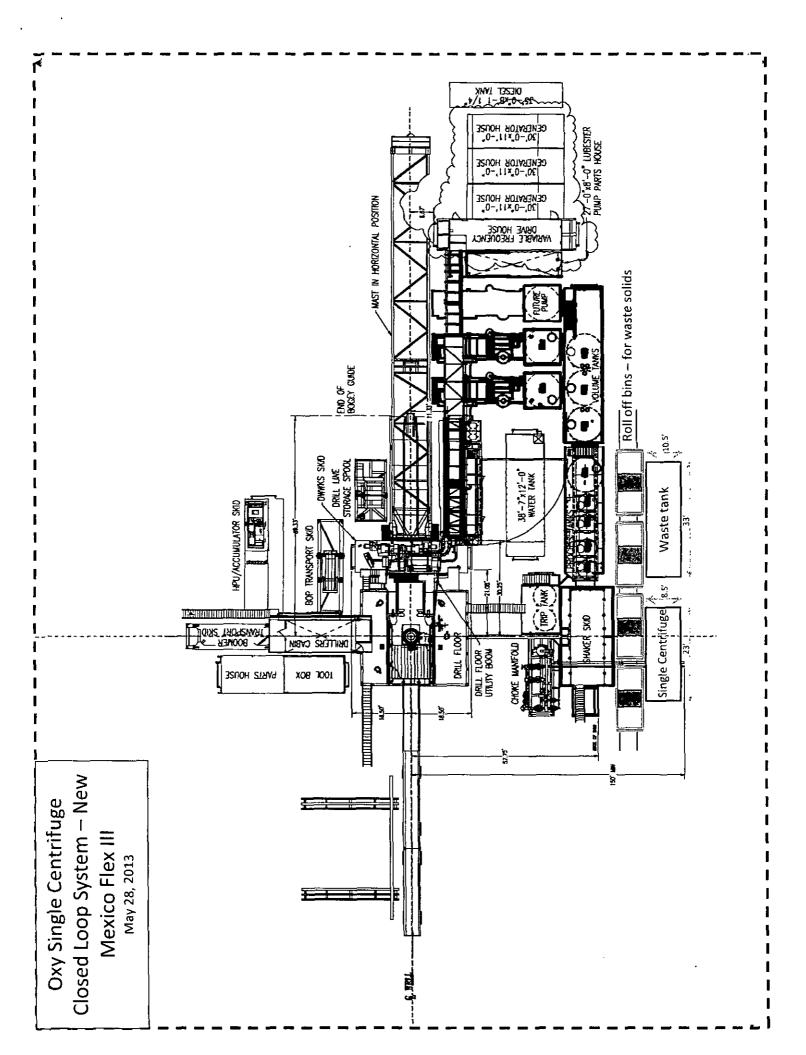


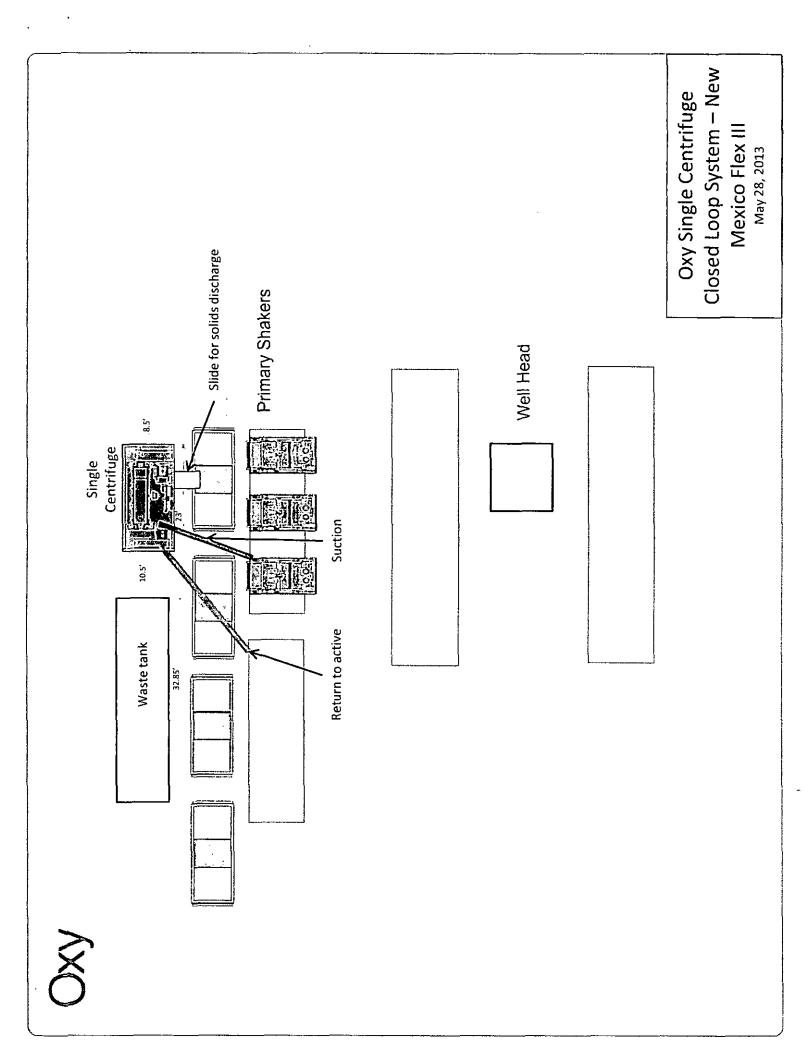












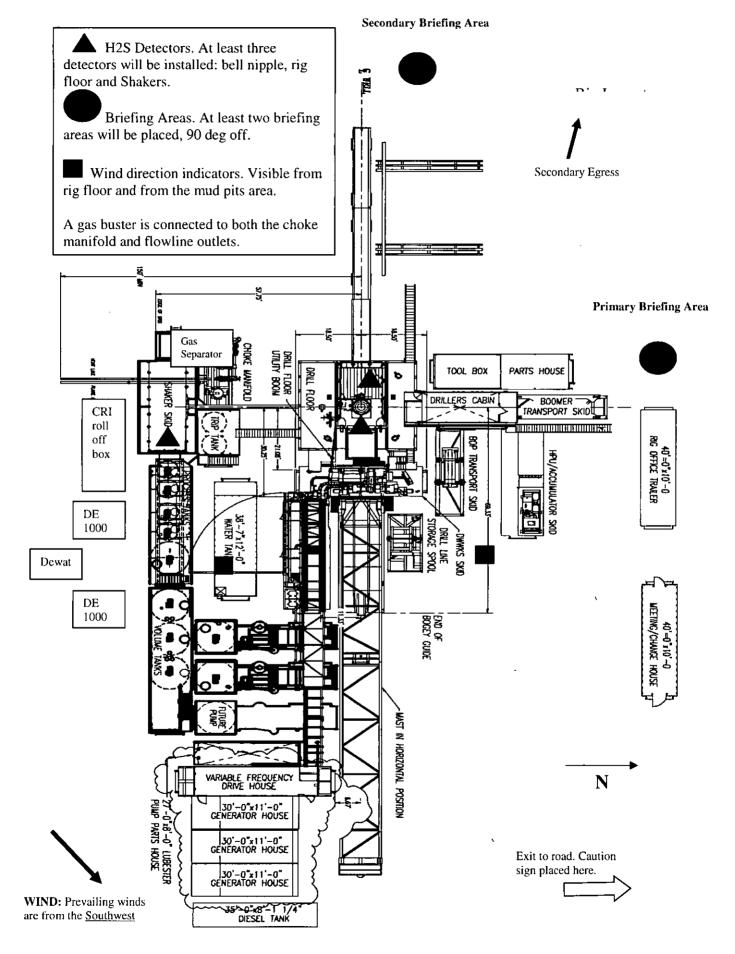


Permian Drilling Hydrogen Sulfide Drilling Operations Plan Cedar Canyon 16 State 34H

Open drill site. No homes or buildings are near the proposed location.

1. Escape

Personnel shall escape upwind of wellbore in the event of an emergency gas release. Escape can take place through the lease road on the Southeast side of the location. Personnel need to move to a safe distance and block the entrance to location. If the primary route is not an option due to the wind direction, then a secondary egress route should be taken.





Permian Drilling Hydrogen Sulfide Drilling Operations Plan New Mexico

<u>Scope</u>

This contingency plan establishes guidelines for the public, all company employees, and contract employees who's work activities may involve exposure to hydrogen sulfide (H2S) gas.

While drilling this well, it is possible to encounter H2S bearing formations. At all times, the first barrier to control H2S emissions will be the drilling fluid, which will have a density high enough to control influx.

Objective

- 1. Provide an immediate and predetermined response plan to any condition when H2S is detected. All H2S detections in excess of 10 parts per million (ppm) concentration are considered an Emergency.
- 2. Prevent any and all accidents, and prevent the uncontrolled release of hydrogen sulfide into the atmosphere.
- 3. Provide proper evacuation procedures to cope with emergencies.
- 4. Provide immediate and adequate medical attention should an injury occur.

Discussion

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Implementation:	This plan with all details is to be fully implemented before drilling to commence.
Emergency response Procedure:	This section outlines the conditions and denotes steps to be taken in the event of an emergency.
Emergency equipment Procedure:	This section outlines the safety and emergency equipment that will be required for the drilling of this well.
Training provisions:	This section outlines the training provisions that must be adhered to prior to drilling.
Drilling emergency call lists:	Included are the telephone numbers of all persons to be contacted should an emergency exist.
Briefing:	This section deals with the briefing of all people involved in the drilling operation.
Public safety:	Public safety personnel will be made aware of any potential evacuation and any additional support needed.
Check lists:	Status check lists and procedural check lists have been included to insure adherence to the plan.
General information:	A general information section has been included to supply support information.

Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on the well:

- 1. The hazards and characteristics of H2S.
- 2. Proper use and maintenance of personal protective equipment and life support systems.
- 3. H2S detection.
- 4. Proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
- 5. Proper techniques for first aid and rescue procedures.
- 6. Physical effects of hydrogen sulfide on the human body.
- 7. Toxicity of hydrogen sulfide and sulfur dioxide.
- 8. Use of SCBA and supplied air equipment.
- 9. First aid and artificial respiration.
- 10. Emergency rescue.

In addition, supervisory personnel will be trained in the following areas:

- 1. The effects of H2S on metal components. If high tensile strength tubular is to be used, personnel will be trained in their special maintenance requirements.
- 2. Corrective action and shut-in procedures when drilling a well, blowout prevention and well control procedures.
- 3. The contents and requirements of the H2S Drilling Operations Plan.

H2S training refresher must have been taken within one year prior to drilling the well. Specifics on the well to be drilled will be discussed during the pre-spud meeting. H2S and well control (choke) drills will be performed while drilling the well, at least on a weekly basis. This plan shall be available in the well site. All personnel will be required to carry the documentation proving that the H2S training has been taken.

Service company and visiting personnel

- A. Each service company that will be on this well will be notified if the zone contains H2S.
- B. Each service company must provide for the training and equipment of their employees before they arrive at the well site.
- C. Each service company will be expected to attend a well site briefing

Emergency Equipment Requirements

1. <u>Well control equipment</u>

The well shall have hydraulic BOP equipment for the anticipated pressures. Equipment is to be tested on installation and follow Oxy Well Control standard, as well as BLM Onshore Order #2.

Special control equipment:

- A. Hydraulic BOP equipment with remote control on ground. Remotely operated choke.
- B. Rotating head
- C. Gas buster equipment shall be installed before drilling out of surface pipe.

2. Protective equipment for personnel

- A. Four (4) 30-minute positive pressure air packs (2 at each briefing area) on location.
- B. Adequate fire extinguishers shall be located at strategic locations.
- C. Radio / cell telephone communication will be available at the rig.
 - Rig floor and trailers.
 - Vehicle.

3. <u>Hydrogen sulfide sensors and alarms</u>

- A. H2S sensor with alarms will be located on the rig floor, at the bell nipple, and at the flow line. These monitors will be set to alarm at 10 ppm with strobe light, and audible alarm.
- B. Hand operated detectors with tubes.
- C. H2S monitor tester (to be provided by contract Safety Company.)
- D. There shall be one combustible gas detector on location at all times.

4. Visual Warning Systems

A. One sign located at each location entrance with the following language:

Caution – potential poison gas Hydrogen sulfide No admittance without authorization

Wind sock – wind streamers:

- A. One 36" (in length) wind sock located at protection center, at height visible from rig floor.
- B. One 36" (in length) wind sock located at height visible from pit areas.

Condition flags

A. One each condition flag to be displayed to denote conditions.

green – normal conditions yellow – potential danger red – danger, H2S present

B. Condition flag shall be posted at each location sign entrance.

5. <u>Mud Program</u>

The mud program is designed to minimize the risk of having H2S and other formation fluids at surface. Proper mud weight and safe drilling practices will be applied. H2S scavengers will be used to minimize the hazards while drilling. Below is a summary of the drilling program.

Mud inspection devices:

Garrett gas train or hatch tester for inspection of sulfide concentration in mud system.

6. <u>Metallurgy</u>

- A. Drill string, casing, tubing, wellhead, blowout preventers, drilling spools or adapters, kill lines, choke manifold, lines and valves shall be suitable for the H2S service.
- B. All the elastomers, packing, seals and ring gaskets shall be suitable for H2S service.

7. <u>Well Testing</u>

No drill stem test will be performed on this well.

8. <u>Evacuation plan</u>

Evacuation routes should be established prior to well spud for each well and discussed with all rig personnel.

- 9. <u>Designated area</u>
 - A. Parking and visitor area: all vehicles are to be parked at a predetermined safe distance from the wellhead.
 - B. There will be a designated smoking area.
 - C. Two briefing areas on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds perpendicularly, or at a 45-degree angle if wind direction tends to shift in the area.

Emergency procedures

- A. In the event of any evidence of H2S level above 10 ppm, take the following steps:
 - 1. The Driller will pick up off bottom, shut down the pumps, slow down the pipe rotation.
 - 2. Secure and don escape breathing equipment, report to the upwind designated safe briefing / muster area.
 - 3. All personnel on location will be accounted for and emergency search should begin for any missing, the Buddy System will be implemented.
 - 4. Order non-essential personnel to leave the well site, order all essential personnel out of the danger zone and upwind to the nearest designated safe briefing / muster area.
 - 5. Entrance to the location will be secured to a higher level than our usual "Meet and Greet" requirement, and the proper condition flag will be displayed at the entrance to the location.
 - 6. Take steps to determine if the H2S level can be corrected or suppressed and, if so, proceed as required.
- B. If uncontrollable conditions occur:
 - 1. Take steps to protect and/or remove any public in the down-wind area from the rig – partial evacuation and isolation. Notify necessary public safety personnel and appropriate regulatory entities (i.e. BLM) of the situation.

- 2. Remove all personnel to the nearest upwind designated safe briefing / muster area or off location.
- 3. Notify public safety personnel of safe briefing / muster area.
- 4. An assigned crew member will blockade the entrance to the location. No unauthorized personnel will be allowed entry to the location.
- 5. Proceed with best plan (at the time) to regain control of the well. Maintain tight security and safety procedures.
- C. Responsibility:
 - 1. Designated personnel.
 - a. Shall be responsible for the total implementation of this plan.
 - b. Shall be in complete command during any emergency.
 - c. Shall designate a back-up.

All personnel:	l. 2. 3. 4.	On alarm, don escape unit and report to the nearest upwind designated safe briefing / muster area upw Check status of personnel (buddy system). Secure breathing equipment. Await orders from supervisor.
Drill site manager:	١.	Don escape unit if necessary and report to nearest upwind designated safe briefing / muster area.
	2.	Coordinate preparations of individuals to return to point of release with tool pusher and driller (using the buddy system).
	3.	Determine H2S concentrations.
	4.	Assess situation and take control measures.
Tool pusher:	1.	Don escape unit Report to up nearest upwind designated safe briefing / muster area.
	2.	Coordinate preparation of individuals to return to point of release with tool pusher drill site manager (using the buddy system).
	3.	Determine H2S concentration.
	3. 4.	Assess situation and take control measures.
Driller:	1.	Don escape unit, shut down pumps, continue

	 2. 3. 4. 5. 6. 	rotating DP. Check monitor for point of release. Report to nearest upwind designated safe briefing / muster area. Check status of personnel (in an attempt to rescue, use the buddy system). Assigns least essential person to notify Drill Site Manager and tool pusher by quickest means in case of their absence. Assumes the responsibilities of the Drill Site Manager and tool pusher until they arrive should they be absent.
Derrick man Floor man #1 Floor man #2	1.	Will remain in briefing / muster area until instructed by supervisor.
Mud engineer:	1. 2.	Report to nearest upwind designated safe briefing / muster area. When instructed, begin check of mud for ph and H2S level. (Garett gas train.)
Safety personnel:	1.	Mask up and check status of all personnel and secure operations as instructed by drill site manager.

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Taking a kick

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When taking a kick during an H2S emergency, all personnel will follow standard Well control procedures after reporting to briefing area and masking up.

Open-hole logging

All unnecessary personnel off floor. Drill Site Manager and safety personnel should monitor condition, advise status and determine need for use of air equipment.

Running casing or plugging

Following the same "tripping" procedure as above. Drill Site Manager and safety personnel should determine if all personnel have access to protective equipment.

Ignition procedures

The decision to ignite the well is the responsibility of the operator (Oxy Drilling Management). The decision should be made only as a last resort and in a situation where it is clear that:

- 1. Human life and property are endangered.
- 2. There is no hope controlling the blowout under the prevailing conditions at the well.

Instructions for igniting the well

- 1. Two people are required for the actual igniting operation. They must wear self-contained breathing units and have a safety rope attached. One man (tool pusher or safety engineer) will check the atmosphere for explosive gases with the gas monitor. The other man is responsible for igniting the well.
- 2. Primary method to ignite: 25 mm flare gun with range of approximately 500 feet.
- 3. Ignite upwind and do not approach any closer than is warranted.
- 4. Select the ignition site best for protection, and which offers an easy escape route.
- 5. Before firing, check for presence of combustible gas.
- 6. After lighting, continue emergency action and procedure as before.
- 7. All unassigned personnel will remain in briefing area until instructed by supervisor or directed by the Drill Site Manager.

<u>Remember</u>: After well is ignited, burning hydrogen sulfide will convert to sulfur dioxide, which is also highly toxic. <u>Do not assume the area is safe after the well is ignited.</u>

<u>Status check list</u>

Note: All items on this list must be completed before drilling to production casing point.

- 1. H2S sign at location entrance.
- 2. Two (2) wind socks located as required.
- 3. Four (4) 30-minute positive pressure air packs (2 at each Briefing area) on location for all rig personnel and mud loggers.
- 4. Air packs inspected and ready for use.
- 5. Cascade system and hose line hook-up as needed.
- 6. Cascade system for refilling air bottles as needed.
- 7. Condition flag on location and ready for use.
- 8. H2S detection system hooked up and tested.
- 9. H2S alarm system hooked up and tested.
- 10. Hand operated H2S detector with tubes on location.
- 11. 1 100' length of nylon rope on location.
- 12. All rig crew and supervisors trained as required.
- 13. All outside service contractors advised of potential H2S hazard on well.
- 14. No smoking sign posted and a designated smoking area identified.
- 15. Calibration of all H2S equipment shall be noted on the IADC report.

Checked by:_____ Date:_____

Procedural check list during H2S events

Perform each tour:

- 1. Check fire extinguishers to see that they have the proper charge.
- 2. Check breathing equipment to ensure that it in proper working order.
- 3. Make sure all the H2S detection system is operative.

Perform each week:

- 1. Check each piece of breathing equipment to make sure that demand or forced air regulator is working. This requires that the bottle be opened and the mask assembly be put on tight enough so that when you inhale, you receive air or feel air flow.
- 2. BOP skills (well control drills).
- 3. Check supply pressure on BOP accumulator stand by source.
- 4. Check breathing equipment mask assembly to see that straps are loosened and turned back, ready to put on.
- 5. Check pressure on breathing equipment air bottles to make sure they are charged to full volume. (Air quality checked for proper air grade "D" before bringing to location)
- 6. Confirm pressure on all supply air bottles.
- 7. Perform breathing equipment drills with on-site personnel.
- 8. Check the following supplies for availability.
 - A. Emergency telephone list.
 - B. Hand operated H2S detectors and tubes.

General evacuation plan

- 1. When the company approved supervisor (Drill Site Manager, consultant, rig pusher, or driller) determines the H2S gas cannot be limited to the well location and the public will be involved, he will activate the evacuation plan.
- 2. Drill Site Manager or designee will notify local government agency that a hazardous condition exists and evacuation needs to be implemented.
- 3. Company or contractor safety personnel that have been trained in the use of H2S detection equipment and self-contained breathing equipment will monitor H2S concentrations, wind directions, and area of exposure. They will delineate the outer perimeter of the hazardous gas area. Extension to the evacuation area will be determined from information gathered.
- 4. Law enforcement personnel (state police, police dept., fire dept., and sheriff's dept.) Will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.
- 5. After the discharge of gas has been controlled, company safety personnel will determine when the area is safe for re-entry.

<u>Important:</u> Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

Emergency actions

<u>Well blowout – if emergency</u>

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- 1. Evacuate all personnel to "Safe Briefing / Muster Areas" or off location if needed.
- 2. If sour gas evacuate rig personnel.
- 3. If sour gas evacuate public within 3000 ft radius of exposure.
- 4. Don SCBA and shut well in if possible using the buddy system.
- 5. Notify Drilling Superintendent and call 911 for emergency help (fire dept and ambulance) if needed.
- 6. Implement the Blowout Contingency Plan, and Drilling Emergency Action Plan.
- 6. Give first aid as needed.

Person down location/facility

- 1. If immediately possible, contact 911. Give location and wait for confirmation.
- 2. Don SCBA and perform rescue operation using buddy system.

Toxic effects of hydrogen sulfide

Hydrogen sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 ppm, which is .001% by volume. Hydrogen sulfide is heavier than air (specific gravity -1.192) and colorless. It forms an explosive mixture with air between 4.3 and 46.0 percent by volume. Hydrogen sulfide is almost as toxic as hydrogen cyanide and is between five and six times more toxic than carbon monoxide. Toxicity data for hydrogen sulfide and various other gases are compared in table i. Physical effects at various hydrogen sulfide exposure levels are shown in table ii.

Common name	Chemical formula	Specific gravity (sc=1)	Threshold limit (1)	Hazardous limit (2)	Lethal concentration (3)
Hydrogen Cyanide	Hcn	0.94	10 ppm	150 ppm/hr	300 ppm
Hydrogen Sulfide	H2S	1.18	10 ppm	250 ppm/hr	600 ppm
Sulfur Dioxide	So2	2.21	5 ppm	-	1000 ppm
Chlorine	Cl2	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	Co	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	Co2	1.52	5000 ppm	5%	10%
Methane	Ch4	0.55	90,000 ppm	Combustibl	e above 5% in air

Table i <u>Toxicity of various gases</u>

1) threshold limit - concentration at which it is believed that all workers may be repeatedly exposed day after day without adverse effects.

- 2) hazardous limit concentration that will cause death with short-term exposure.
- 3) lethal concentration concentration that will cause death with short-term exposure.

Toxic effects of hydrogen sulfide

Table ii Physical effects of hydrogen sulfide

Percent (%)	Ppm	Concentration Grains	Physical effects
		<u>100 std. Ft3*</u>	
0.001	<10	00.65	Obvious and unpleasant odor.

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0.002	10	01.30	Safe for 8 hours of exposure.
0.010	100	06.48	Kill smell in 3 – 15 minutes. May sting eyes and throat.
0.020	200	12.96	Kills smell shortly; stings eyes and throat.
0.050	500	32.96	Dizziness; breathing ceases in a few minutes; needs prompt artificial respiration.
0.070	700	45.36	Unconscious quickly; death will result if not rescued promptly.
0.100	1000	64.30	Unconscious at once; followed by death within minutes.

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*at 15.00 psia and 60'f.

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Use of self-contained breathing equipment (SCBA)

- 1. Written procedures shall be prepared covering safe use of SCBA's in dangerous atmosphere, which might be encountered in normal operations or in emergencies. Personnel shall be familiar with these procedures and the available SCBA.
- 2 SCBA's shall be inspected frequently at random to insure that they are properly used, cleaned, and maintained.
- 3. Anyone who may use the SCBA's shall be trained in how to insure proper facepiece to face seal. They shall wear SCBA's in normal air and then wear them in a test atmosphere. (note: such items as facial hair {beard or sideburns} and eyeglasses will not allow proper seal.) Anyone that may be reasonably expected to wear SCBA's should have these items removed before entering a toxic atmosphere. A special mask must be obtained for anyone who must wear eyeglasses or contact lenses.
- 4. Maintenance and care of SCBA's:
 - a. A program for maintenance and care of SCBA's shall include the following:
 - 1. Inspection for defects, including leak checks.
 - 2. Cleaning and disinfecting.
 - 3. Repair.
 - 4. Storage.
 - b. Inspection, self-contained breathing apparatus for emergency use shall be inspected monthly.
 - 1. Fully charged cylinders.
 - 2. Regulator and warning device operation.
 - 3. Condition of face piece and connections.
 - 4. Rubber parts shall be maintained to keep them pliable and prevent deterioration.
 - c. Routinely used SCBA's shall be collected, cleaned and disinfected as frequently as necessary to insure proper protection is provided.
- 5. Persons assigned tasks that requires use of self-contained breathing equipment shall be certified physically fit (medically cleared) for breathing equipment usage at least annually.
- 6. SCBA's should be worn when:
 - A. Any employee works near the top or on top of any tank unless test reveals less than 10 ppm of H2S.

- B. When breaking out any line where H2S can reasonably be expected.
- C. When sampling air in areas to determine if toxic concentrations of H2S exists.
- D. When working in areas where over 10 ppm H2S has been detected.
- E. At any time there is a doubt as to the H2S level in the area to be entered.

Rescue First aid for H2S poisoning

Do not panic!

Remain calm – think!

- 1. Don SCBA breathing equipment.
- 2. Remove victim(s) utilizing buddy system to fresh air as quickly as possible. (go up-wind from source or at right angle to the wind. Not down wind.)
- 3. Briefly apply chest pressure arm lift method of artificial respiration to clean the victim's lungs and to avoid inhaling any toxic gas directly from the victim's lungs.
- 4. Provide for prompt transportation to the hospital, and continue giving artificial respiration if needed.
- 5. Hospital(s) or medical facilities need to be informed, before-hand, of the possibility of H2S gas poisoning no matter how remote the possibility is.
- 6. Notify emergency room personnel that the victim(s) has been exposed to H2S gas.

Besides basic first aid, everyone on location should have a good working knowledge of artificial respiration.

Revised CM 6/27/2012



Form APD Comments

Permit 223021

 District
 Ene

 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720
 Ene

 District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720
 Ene

 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District III
 Oi

 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
 Oi

 Pistrict IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462
 Fax:(505) 476-3462

OCD Permitting

District I

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

PERMIT COMMENTS

Operator Name and Address; OXY USA INC [1	erator Name and Address: OXY USA INC [16696]	API Number:	
PO Box 4294 Houston, TX 772		Well: CEDAR CANYON 16 STAT	STATE #034H
Created Comment By		·····	Comment Date
		E - Lat: 32.2238263 Long: 103.9816634 Bottom Perforated	6/28/2016

	Interval: 340 FSL 380 FEL P 16-24S-29E - Lat: 32.2110966 Long: 103.9816117 A closed loop system will be utilized consisting of above ground steel tanks and haul-off bins. Disposal of liquids, drilling fluids and cuttings will be disposed of at an approved facility.	
stewartd	The following wells are in the Corral Draw/East Pierce Crossing Bone Spring Pools. 1. Cedar Canyon 16 State #2H – 30-015-41024 – TVD 8626' – Units P-O-N-M – 2nd Bone Spring 2. Cedar Canyon 16 State #6H – 30-015-41595 – TVD 8620' – Units I-J-K-L – 2nd Bone Spring 3. Cedar Canyon 16 State #7H – 30-015-41251 – TVD 8644' – Units H-G-F-E – 2nd Bone Spring 4. Cedar Canyon 16 State #8H – 30-015-41596 – TVD 8618' – Units A-B-C-D – 2nd Bone Spring 5. Cedar Canyon 16 State #12H – 30-015-42683 – TVD 8624' – Units P-O-N-M – 2nd Bone Spring 6. H. Buck State #3 – 30-015-33820 – TVD 7675' – Units A-B-C – 1st	6/29/2016
stewartd	Bone Spring 7. H. Buck State #4H – 30-015-34444 – TVD 7689' – Units H-G-F – 1st Bone Spring 8. H. Buck State #5 – 30-015-335042 – TVD 7630' – Units I-J-K – 1st Bone Spring 9. H. Buck State #10 – 30-015-34695 – TVD 7692' – Units P-O-N-M – 1st Bone Spring	6/29/2016

NMOCD CONDITION OF APPROVAL

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The *Newl* Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.