

# Oxy USA Inc. - Avogato 30-31 State Com 33H

## 1. Geologic Formations

TVD of target	11932'	Pilot Hole Depth	N/A
MD at TD:	22792'	Deepest Expected fresh water:	1005'

## Delaware Basin

Formation	TVD - RKB	Expected Fluids
Rustler	1,005	
Salado	1,675	Salt
Castile	3,135	Salt
Lamar/Delaware	4,922	Oil/Gas/Brine
Bell Canyon	4,988	Oil/Gas/Brine
Cherry Canyon	5,859	Oil/Gas/Brine
Brushy Canyon	7,155	Losses
Bone Spring	8,765	Oil/Gas
1st Bone Spring	9,875	Oil/Gas
2nd Bone Spring	10,571	Oil/Gas
3rd Bone Spring	11,685	Oil/Gas

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

## 2. Casing Program

Hole Size (in)	Casing Interval		Csg. Size (in)	Weight (lbs)	Grade	Conn.	SF		Buoyant	
	From (ft)	To (ft)					Collapse	SF Burst	Body SF Tension	Joint SF Tension
17.5	0	1055	13.375	54.5	J-55	BTC	1.125	1.2	1.4	1.4
12.25	0	5909	7.625	26.4	L-80 HC	BTC	1.125	1.2	1.4	1.4
9.875	5909	11452	7.625	26.4	L-80 HC	BTC	1.125	1.2	1.4	1.4
6.75	0	22792	5.5	20	P-110	DQX	1.125	1.2	1.4	1.4
SF Values will meet or Exceed										

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 may be run in case hole conditions merit pumping a second stage cement job to comply with permitted top of cement. If cement circulated to surface during first stage, we will drop a cancellation cone and not pump the second stage.

\*Oxy requests the option to run production casing with DQX, SF TORQ, and/or DQW TORQ connections to accommodate hole conditions or drilling operations.

## Annular Clearance Variance Request

As per the agreement reached in the Oxy/BLM meeting on Feb 22, 2018, Oxy requests permission to allow deviation from the 0.422" annular clearance requirement from Onshore Order #2 under the following conditions:

1. Annular clearance to meet or exceed 0.422" between intermediate casing ID and production casing coupling only on the first 500' overlap between both casings.
2. Annular clearance less than 0.422" is acceptable for the curve and lateral portions of the production open hole section.

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	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.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 <sup>rd</sup> string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 <sup>nd</sup> 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**

Casing String	# Sks	Wt. (lb/gal)	Yld (ft <sup>3</sup> /sack)	H2O (gal/sk)	500# Comp. Strength (hours)	Slurry Description
Surface (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Surface (Tail)	1113	14.8	1.33	6.365	5:26	Class C Cement, Accelerator
Intermediate 1st Stage (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate 1st Stage (Tail)	560	13.2	1.65	8.640	11:54	Class H Cement, Retarder, Dispersant, Salt
Intermediate 2nd Stage (Tail Slurry) to be pumped as Bradenhead Squeeze from surface, down the Intermediate annulus						
Intermediate 2nd Stage (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate 2nd Stage (Tail)	1883	12.9	1.92	10.41	23:10	Class C Cement, Accelerator
Production (Lead)	N/A	N/A	N/A	N/A	N/A	N/A
Production (Tail)	868	13.2	1.38	6.686	3:39	Class H Cement, Retarder, Dispersant, Salt

Casing String	Top (ft)	Bottom (ft)	% Excess
Surface (Lead)	N/A	N/A	N/A
Surface (Tail)	0	1055	100%
Intermediate 1st Stage (Lead)	N/A	N/A	N/A
Intermediate 1st Stage (Tail)	7405	11452	5%
Intermediate 2nd Stage (Lead)	N/A	N/A	N/A
Intermediate 2nd Stage (Tail)	0	7405	10%
Production (Lead)	N/A	N/A	N/A
Production (Tail)	10952	22792	20%

Drilling Plan

**4. Pressure Control Equipment**

<b>BOP installed and tested before drilling which hole?</b>	<b>Size?</b>	<b>Min. Required WP</b>	<b>Type</b>	<b>✓</b>	<b>Tested to:</b>
9.875" Hole	13-5/8"	5M	Annular	✓	70% of working pressure
		5M	Blind Ram	✓	250 psi / 5000 psi
			Pipe Ram		
			Double Ram	✓	
			Other*		
6.75" Hole	13-5/8"	5M	Annular	✓	70% of working pressure
		5M	Blind Ram	✓	250 psi / 5000 psi
			Pipe Ram		
			Double Ram	✓	
			Other*		

\*Specify if additional ram is utilized.

Oxy will utilize a 5M annular with a 10M BOPE stack. The 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.

	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
Y	Are anchors required by manufacturer?
	A multibowl or a unionized multibowl wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange. We are proposing that we will run the wellhead through the rotary prior to cementing surface casing as discussed with the BLM on October 8, 2015.  See attached schematics.

**BOP Break Testing Request**

As per the agreement reached in the Oxy/BLM meeting on Feb 22, 2018, Oxy requests permission to allow BOP Break Testing under the following conditions:

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- After a full BOP test is conducted on the first well on the pad.
- When skidding to drill an intermediate section that does not penetrate into the Wolfcamp.
- Full BOP test will be required prior to drilling any production hole.

**5. Mud Program**

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From (ft)	To (ft)				
0	1055	Water-Based Mud	8.6-8.8	40-60	N/C
1055	11452	Saturated Brine-Based or Oil-Based Mud	8.0-10.0	35-45	N/C
11452	22797	Water-Based or Oil-Based Mud	9.5-12.0	38-50	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. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2. Oxy will use a closed mud system.

What will be used to monitor the loss or gain of fluid?	PVT/MD Totco/Visual Monitoring
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**6. Logging and Testing Procedures**

Logging, 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

Additional logs planned	Interval
No	Resistivity
No	Density
No	CBL
Yes	Mud log
No	PEX

**7. Drilling Conditions**

Condition	Specify what type and where?
BH Pressure at deepest TVD	7446 psi
Abnormal Temperature	No
BH Temperature at deepest TVD	176°F

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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 (H<sub>2</sub>S) monitors will be installed prior to drilling out the surface shoe. If H<sub>2</sub>S 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 H<sub>2</sub>S is present

Y H<sub>2</sub>S Plan attached

### 8. Other facets of operation

	Yes/No
Will the well be drilled with a walking/skidding operation? If yes, describe. <ul style="list-style-type: none"><li>We plan to drill the four 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.</li></ul>	Yes
Will more than one drilling rig be used for drilling operations? If yes, describe. <ul style="list-style-type: none"><li>Oxy requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that Oxy would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig.</li></ul>	Yes

Total estimated cuttings volume: 2048.7 bbls.

### 9. Company Personnel

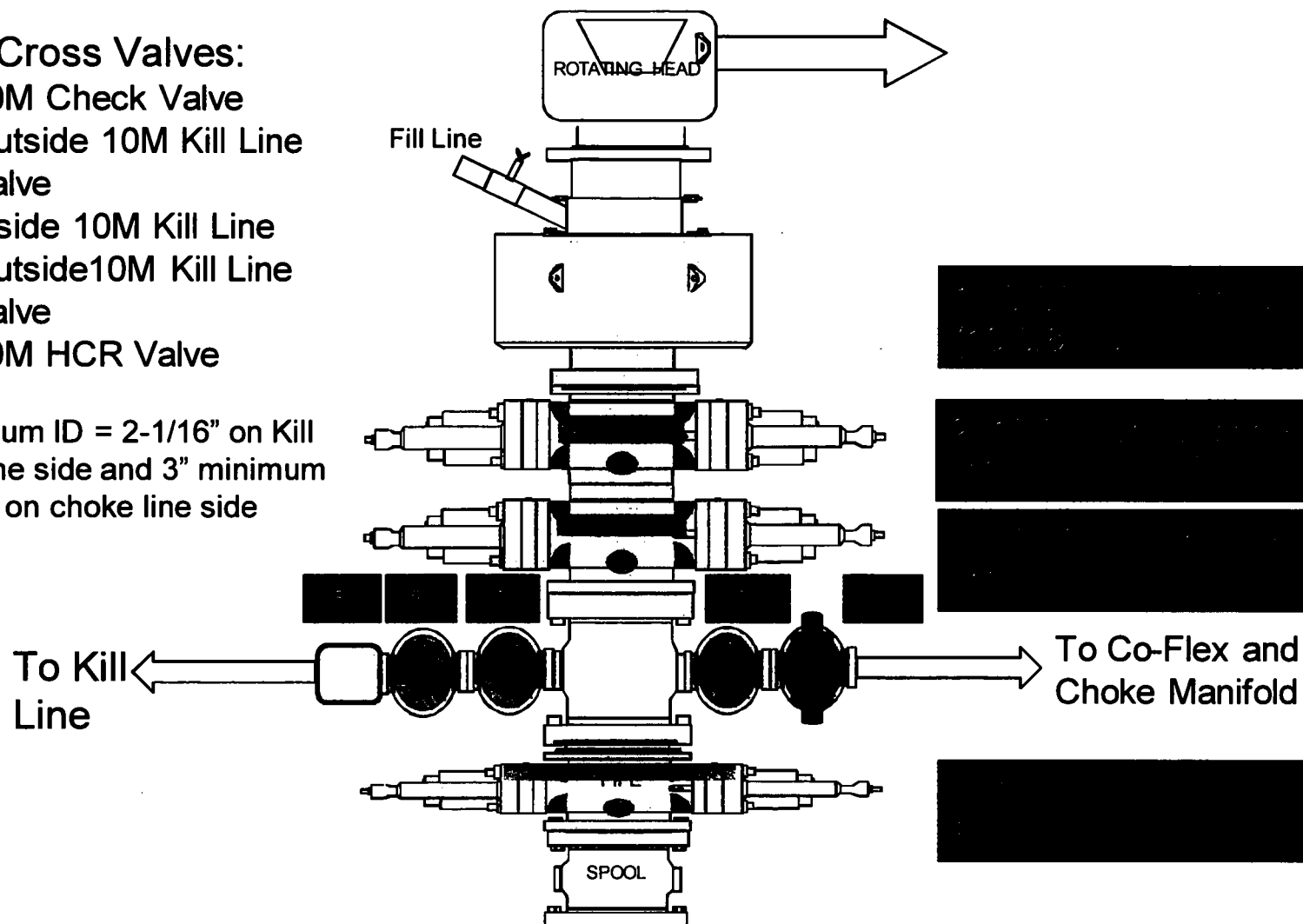
Name	Title	Office Phone	Mobile Phone
Price Maxwell	Drilling Engineer	713-552-8744	830-370-6326
Diego Tellez	Drilling Engineer Supervisor	713-350-4602	713-303-4932
Simon Benavides	Drilling Superintendent	713-522-8652	281-684-6897
John Willis	Drilling Manager	713-366-5556	713-259-1417

# 5/10M BOP Stack

## Mud Cross Valves:

5. 10M Check Valve
6. Outside 10M Kill Line Valve
7. Inside 10M Kill Line
8. Outside 10M Kill Line Valve
9. 10M HCR Valve

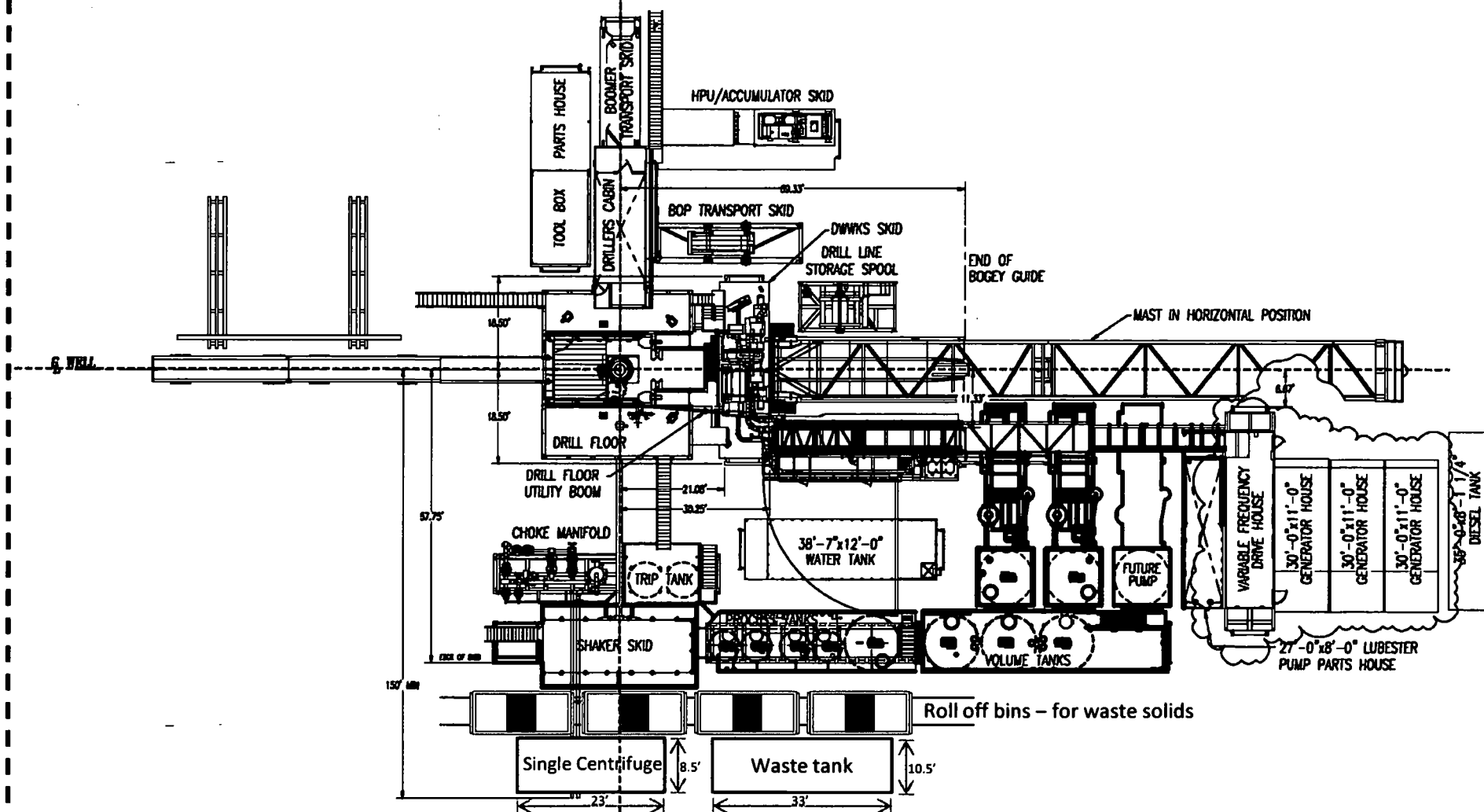
\*Minimum ID = 2-1/16" on Kill Line side and 3" minimum ID on choke line side





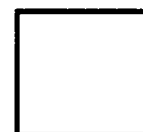
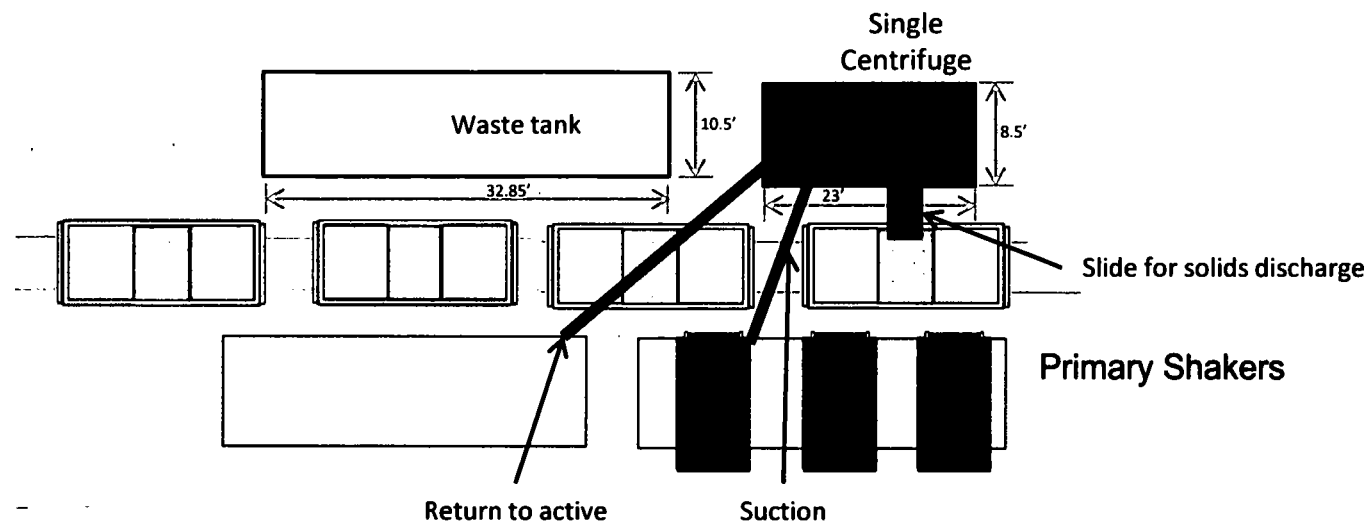
## Oxy Single Centrifuge Closed Loop System – New Mexico Flex III

**May 28, 2013**





# Oxy

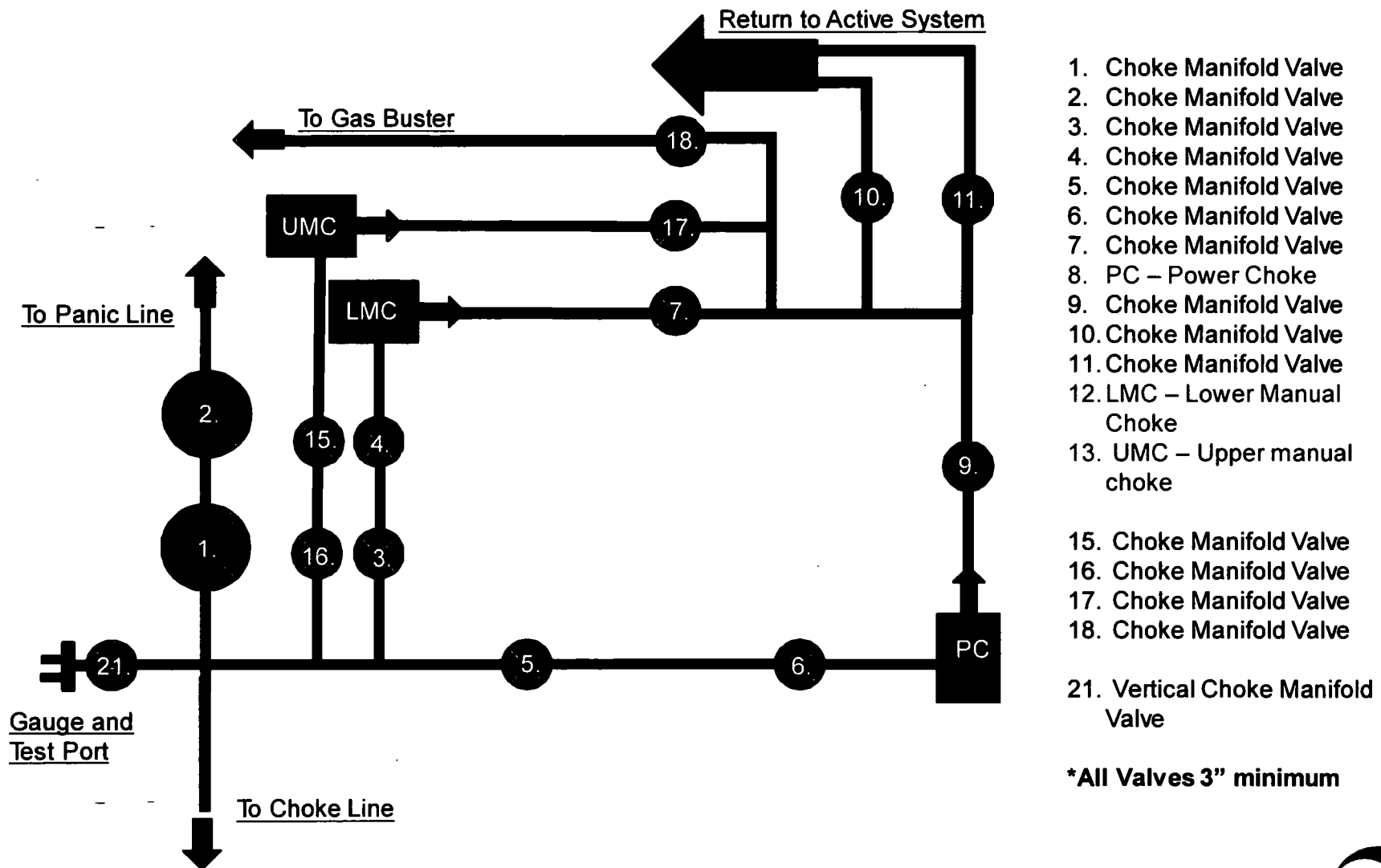


Well Head

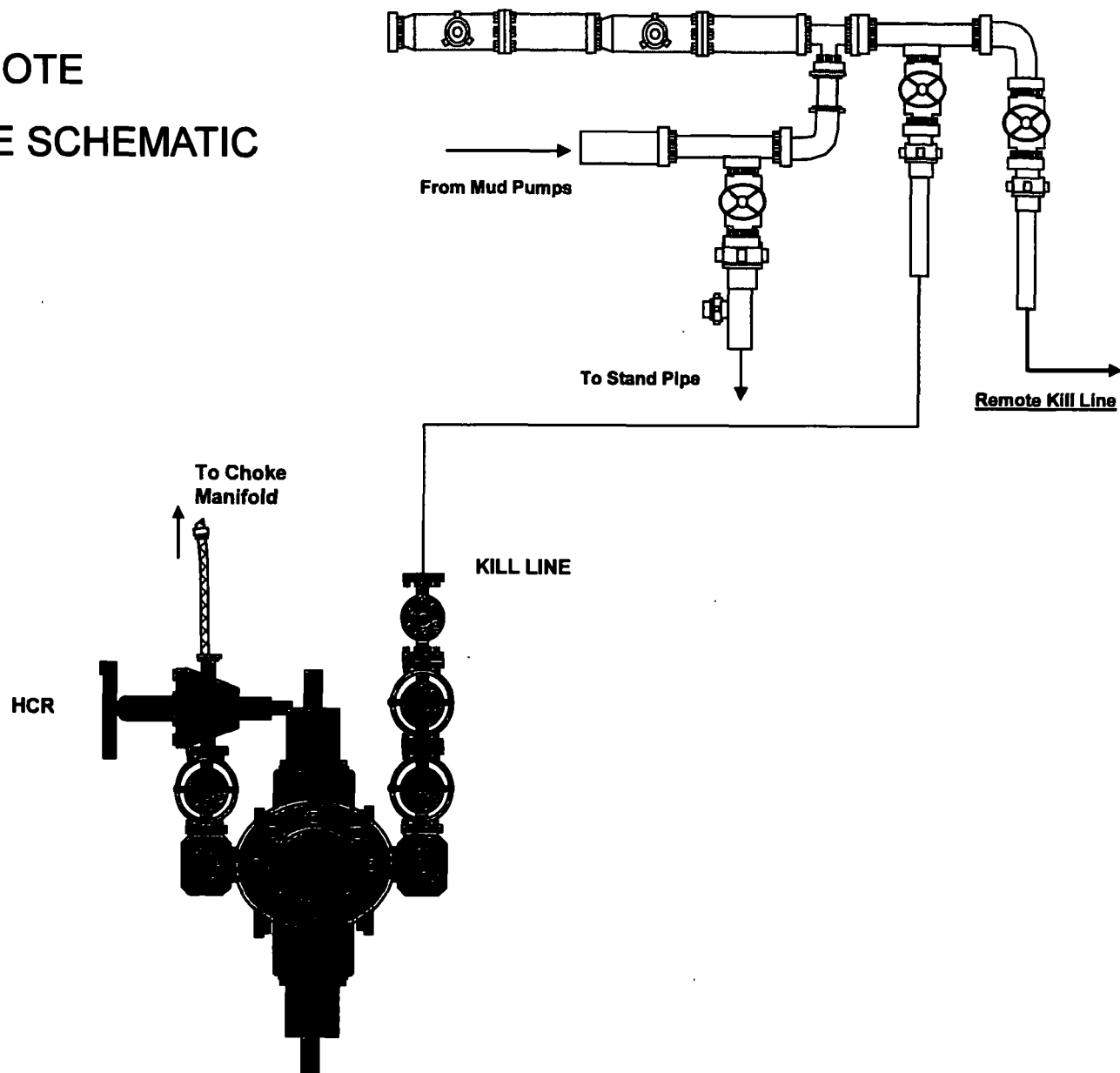


Oxy Single Centrifuge  
Closed Loop System – New  
Mexico Flex III  
May 28, 2013

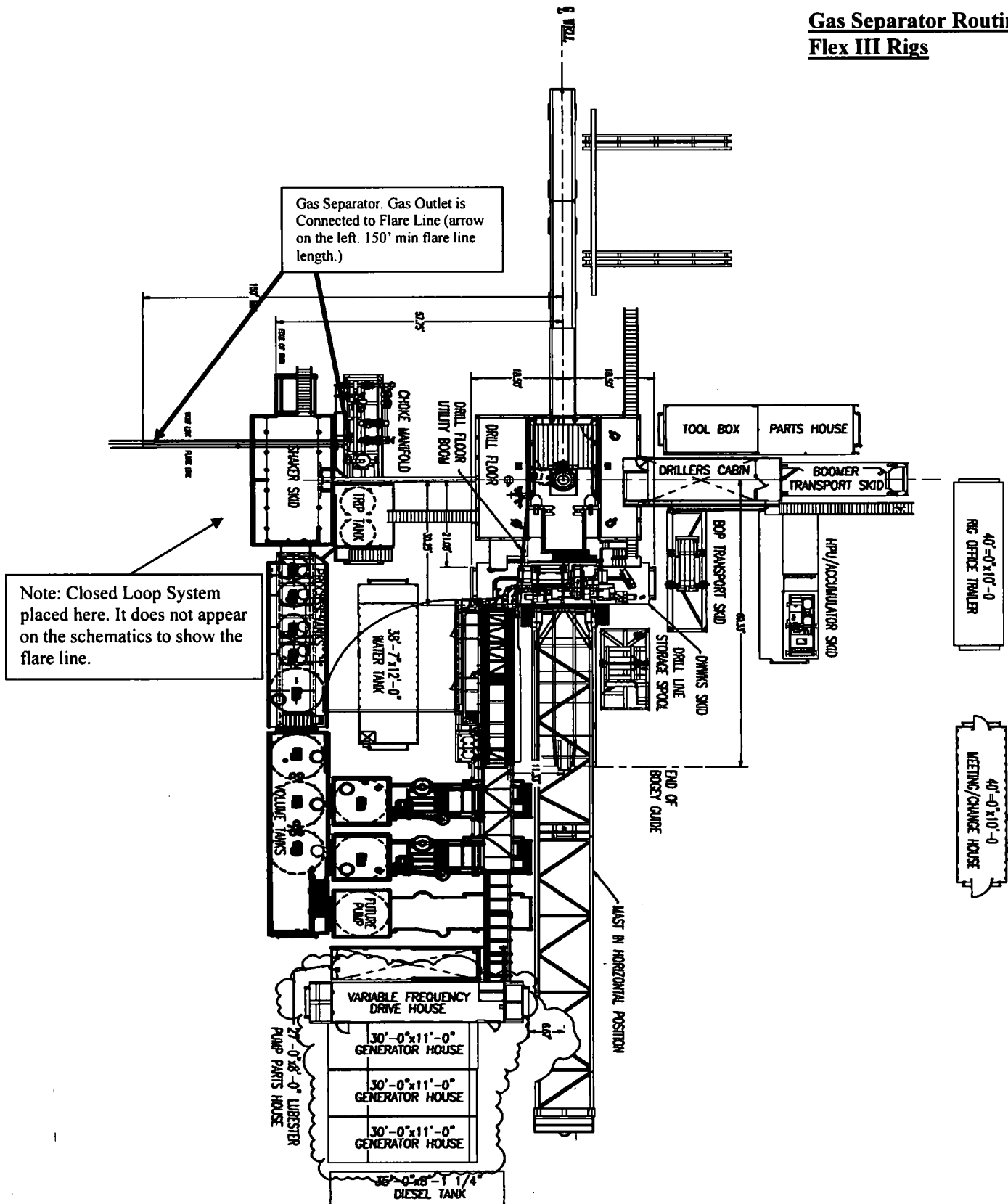
# 10M Choke Panel



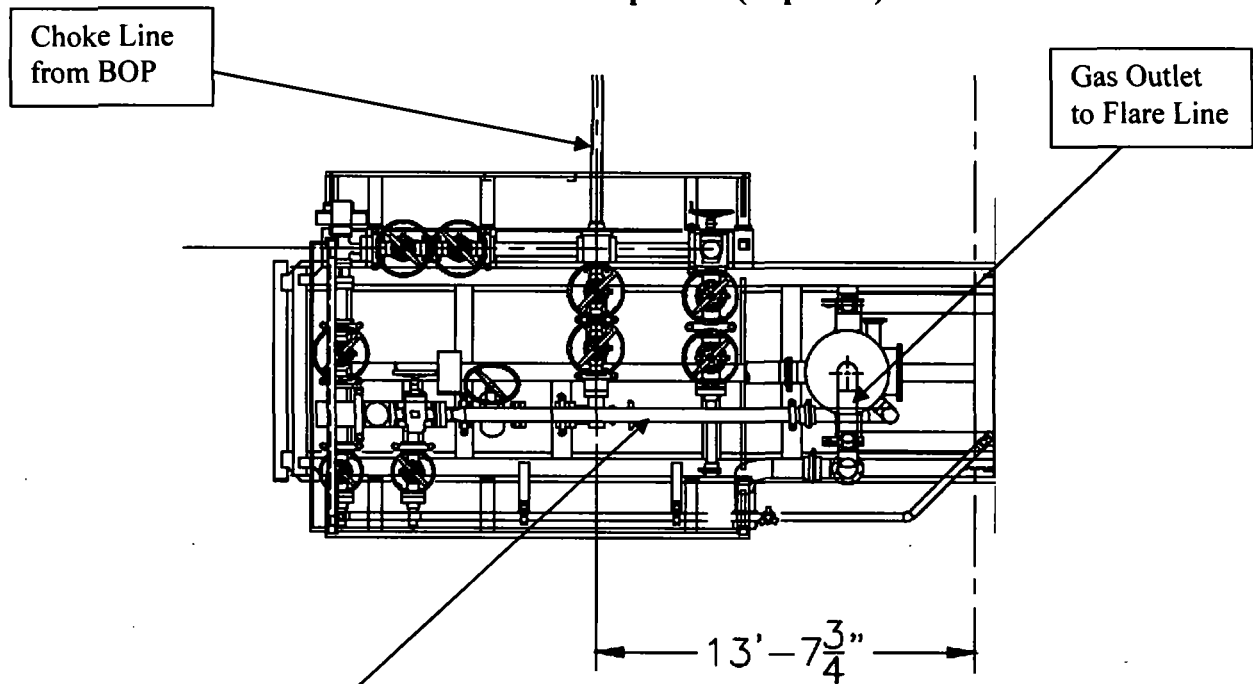
# 10M REMOTE KILL LINE SCHEMATIC



## Gas Separator Routing Flex III Rigs



**Choke Manifold – Gas Separator (Top View)**



**Choke Manifold – Gas Separator (Side View)**

