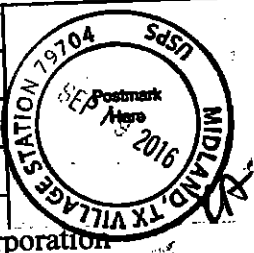


U.S. Postal Service  
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For delivery information visit our website at [www.usps.com](http://www.usps.com)

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 Certified Fee 330  
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 Restricted Delivery Fee (Endorsement Required) 736  
 Total Postage & Fees \$ 1136



Sent To **Abq Petroleum Corporation**  
 105 S. 4<sup>th</sup> Street  
 Street Apt. No. or PO Box No. **Artesia, New Mexico 88210**  
 City, State, ZIP+4

PS Form 3800

2906 0402 0000 005E T102

**SENDER: COMPLETE THIS SECTION**

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
**Abq Petroleum Corporation**  
**105 S. 4<sup>th</sup> Street**  
**Artesia, New Mexico 88210**

2. Article Number  
 (Transfer from service label)

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature [Signature] ☐ Agent ☐ Addressee  
 B. Received by (Printed Name) Abq Petroleum  
 C. Date of Delivery 9-21-16  
 Delivery address different from item 1? ☐ Yes ☐ No  
 If different, enter delivery address below:

3. Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
 4. Restricted Delivery? (Extra Fee) ☐ Yes



EXHIBIT

102506-02-M-1540

# OGX Operating, LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 • Fax (432) 685-1320 • Fax (432) 686-7109

September 19, 2016

Abo Petroleum Corporation  
105 S 4<sup>th</sup> St.  
Artesia, NM 88210

**Certified Mail #7011 3500 0000 2040 9082**

Attn: Land Dept.

Re: **Red Bluff Lake Prospect**  
Well Proposal  
Littlefield 34 Fed Com #3H  
**T-26-S, R-29-E, N.M.P.M.**  
NE/4 Section 34 and E/2 Section 27  
Eddy County, New Mexico

Gentlemen:

OGX Operating, LLC ("OGX") hereby proposes to drill the above referenced horizontal well with a surface hole location of 380' FSL & 2,470' FWL of Section 34 and a bottom hole location of 330' FNL & 1900' FEL of Section 27, all located in T-26-S, R-29-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a drilling pad approved by the BLM which will be on the same drilling pad as the #1H and necessitate drilling approximately 570 feet Southeast which will be 50 feet FSL and 1900 feet FEL of said Section 34 to the first kick-off point, then drilling North to the first take point, being approximately 330' FSL and 1900' FEL of said Section 34, turning horizontal with an azimuth of 359.24 degrees for a total horizontal distance of approximately 6,680' to test the Wolfcamp formation. The total measured depth is estimated to be 16,680'. The proration unit for this well will be the E/2 of Section 27 and the NE/4 of Section 34, T-26-S, R-29-E, N.M.P.M., Eddy County, New Mexico, containing 441.71 acres of land, more or less.

According to the records of Eddy County, New Mexico, Abo Petroleum Corporation ("Abo") owns a 30.00% leasehold interest in the Lot 12 (21.77 acres) said Section 33 or 6.531 net acres of land, more or less, being the lands contained in that certain USA lease NMNM-47159 dated November 1, 1981, below a depth of 6,350'. Your interest in this well would be 6.531/441.71 or 1.47857%.

Enclosed for your review is an AFE (in duplicate) showing the estimated drilling and completion costs for the subject well, as well as two plats showing the proposed location and production unit.

## DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

Phone (575) 393-6161 Fax: (575) 393-0720

## DISTRICT II

811 S. First St., Artesia, NM 88210

Phone (575) 748-1253 Fax: (575) 748-9720

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

Phone (505) 354-6178 Fax: (505) 354-6179

## DISTRICT IV

1226 S. St. Francis Dr., Santa Fe, NM 87505

Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

## OIL CONSERVATION DIVISION

1226 South St. Francis Dr.  
Santa Fe, New Mexico 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
	LITTLEFIELD 34 FEDERAL COM	3H
OGRID No.	Operator Name	Elevation
	OGX OPERATING, LLC	2885'

## Surface Location

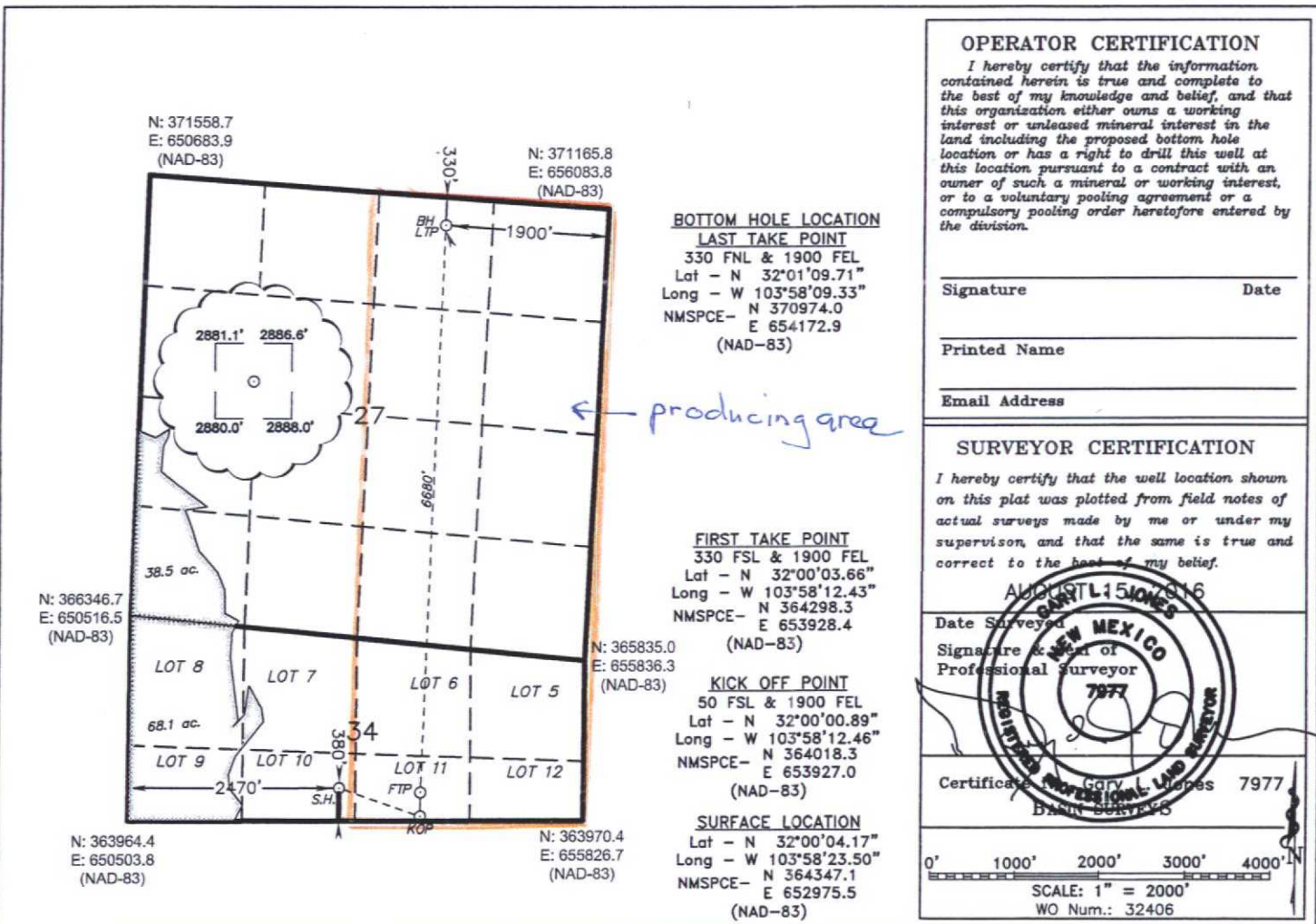
UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South Line	FEET from the	East/West LINE	County
LOT 10	34	26 S	29 E		380	SOUTH	2470	WEST	EDDY

## 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
B	27	26 S	29 E		330	NORTH	1900	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
441.71			

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





## SDS PETROLEUM CONSULTANTS OIL AND GAS DRILL &amp; COMPLETE PROJECT TEMPLATE

## Project Information

Project Number	Project Name	PRF Number	PRF Name
1	Littelfield 34 Federal Com #3H		
Date Submitted	Est Spud Date		
	TBD		

## Budget Information

Investment Category	Reserve Category	Reserve Association	Peep GUID (optional)	Peep Case Name (optional)

## Budget Description

## Description of Work (This Info will be Printed on Partner Ballots)

DRILL AND COMPLETE -16,680' MD 10,000' TVD horizontal Wolfcamp A with 6,796' lateral. Located near Red Bluff Lake in Eddy Co., NM

## Team Comments (optional)

## Land Information

Co Number	Company Name (Operator)			Prospect Number	Prospect Name	
	OGX Operating, LLC				Wolfcamp A 6,680' lateral	
Operated	Field	Field Group	Region (Project Area)	Sub Division (District)	Division	
	Wildcat-Wolfcamp					
Country	County	State	API#	Cost Center Number	Cost Center Name	
USA	Eddy	NM				
Working Interest Info		Pre-Spud				
OGX Wt%	OGX	<input checked="" type="checkbox"/>				
100.00000000%	100.00000000%					

Surface Location Data				Bottom Hole Location Data			
Legal Description				Legal Description			
380' FSL & 2470' FWL Sec 34 T26S-R29E				330' FNL & 1900' FEL Sec 27 T26S-R29E			
Surface Coordinates		Surface Footage from Unit/Lease Lines		Bottom Hole Coordinates		Btm Hole Footage from Unit/Lease Lines	
Latitude	Longitude	Direction	Distance	Latitude	Longitude	Direction	Distance
364347.1	652975.5	Ft Distance		370974	654172.9	Distance (ft)	Distance (ft)

## Well Info:

Primary Reservoir	WOLFCAMP A		Depths:					
Completion Type	Plug and Perf		Total MD	Total TVD	PBTMD	PBTVD	KB Elev	Ground Elev
Product Type			16,680	10,000	16,495	10,000		
Rig Names and Rates			Breakdown of Well in Days					
BCP - Rig Name		Operational Phases	BCP Days	BCP Evaluation	ACP Suspend	ACP Evaluation	Complete Days	Total Days
BCP- Rig Rates	14,000	Surface I	2					2
ACP - Rig Name		Intermediate I	3					3
ACP - Rig Rates	14,000	Intermediate II	11					11
Completion - Rig Name		Drig Liner I						0
Completion - Rig Rates		Drig Liner II						0
Rounding (Sub details)		Drig Tieback I						0
Rounding (Totals Only)		Prod Hole	11		5			16
Spread Rates:	Total \$	\$/Day						
DH Intangible Only	z	#VALUE!	Prod Liner I					0
DH Tangible Only	285,750	10,583	Prod Liner II					0
TOTAL	285,750	10,583	Prod Tieback I					0
			Prod Tieback II					0
			Comp Rig Days					0
			Totals	27	0	5	0	32
			Evaluation					
			Allocation					
			Percentage					

Team Members	Name	Confirm	AFE Structure Cost Estimate Summary			
Land		<input type="checkbox"/>	AFE Number	AFE Description	Gross \$	Net \$
Reservoir		<input type="checkbox"/>				
Geologist		<input type="checkbox"/>				
Geophysicist		<input type="checkbox"/>		Before Casing Point	\$2,292,565	\$2,292,565
Drilling Engineer		<input checked="" type="checkbox"/>		After Casing Point	\$635,633	\$635,633
Prod/Ops Engineer		<input type="checkbox"/>		Complete	\$2,808,782	\$2,808,782
Drilling Superintendent	Jacky Brown	<input type="checkbox"/>		Site Equip	\$600,000	\$600,000
Other		<input type="checkbox"/>		Well Tie In	\$0	\$0
Other		<input type="checkbox"/>				
Other		<input type="checkbox"/>				
Other		<input type="checkbox"/>				
Date:	9/19/2016	Version	1.0	Total D&C	\$6,336,980	\$6,336,980



AUTHORIZATION FOR EXPENDITURE



Littelfield 34 Federal Com #3H

Eddy	COST CTR NUM	AFE NUMBER
		AFE DATE

SURFACE LOCATION: 380' FSL & 2470' FWL Sec 34 T26S-R29E / BOTTOM HOLE LOCATION: 330' FNL & 1900' FEL Sec 27 T26S-R29E

### Drill and Complete Cost Plan Summary

Cost Element Description	BCP	ACP	Complete	Site Equip	Well Tie In	Element	Totals
Employee Salaries	\$0	\$0	\$0	\$0	\$0		\$0
Contract Labor						\$0	\$0
Dyed Liquid Fuels (Texas Only)	\$0	\$0	\$0	\$0			\$0
Liquid Fuels - Other	\$68,040	13125	\$0	\$0			\$81,165
Electricity & Utilities	\$0		\$15,750	\$0			\$15,750
Disposal - Saltwater & Other Fluids	\$0		\$0				\$0
Fluids - Water	\$20,000		\$0				\$20,000
Fluids - Lube & Hydraulic Oil						\$0	\$0
Permitting, Surveying & Title Services	\$26,250		\$0	\$0		\$0	\$26,250
Right Of Way						\$0	\$0
Roads & Location Recovery	\$0		\$0				\$0
Road & Site Preparation Materials & Supplies	\$0			\$0		\$0	\$0
Road & Site Preparation Services	\$91,875	\$0	\$0	\$0		\$0	\$91,875
Damages & Remediation	\$0	\$0		\$0		\$0	\$0
Measurement Equipment				\$0		\$0	\$0
Communication Services - Other	\$7,350	\$1,050	\$2,625	\$0			\$11,025
Enviro - Community Consultations							\$0
Enviro - Compliance & Fines						\$0	\$0
Enviro - Services	\$14,753	\$2,100	\$2,100				\$18,953
Logging, Perf & W/L Services (CH Only)	\$0	\$0	\$119,175				\$119,175
Materials & Supplies	\$11,375	\$5,688	\$5,688	\$0		\$0	\$22,750
Pulling & Swabbing Services			\$0				\$0
Snubbing & Coil Tubing Services			\$126,000				\$126,000
Vehicles - Usage	\$0	\$0	\$0	\$0		\$0	\$0
Trucking & Hauling	\$35,175	\$44,625	\$21,000	\$0		\$0	\$100,800
Welding services	\$0	\$0	\$12,500				\$12,500
Other Roustabout Services	\$0	\$0	\$0				\$0
Inspection Services	\$0	\$21,000	\$0	\$0		\$0	\$21,000
Consultants - Technical & Professional Fees	\$141,960	\$19,688	\$33,863	\$0		\$0	\$195,510
Stimulation Services			\$2,164,575				\$2,164,575
Casing & Tubular Services	\$26,250	\$18,375	\$10,500				\$55,125
Cementing Services	\$39,813	\$63,000	\$0				\$102,813
Daywork Costs	\$396,900	\$73,500	\$0				\$470,400
Turnkey Drilling Costs	\$0	\$0	\$0				\$0
Directional Services	\$240,923	\$0					\$240,923
Drill Bits	\$82,469	\$0	\$0				\$82,469
Drilling and Completion Fluids & Services	\$318,045	\$18,113	\$0				\$336,158
Fishing Services	\$0	\$0	\$0				\$0
Footage Costs	\$0	\$0					\$0
Mob & Demobilization	\$152,040	\$152,040	\$0				\$304,080
Open Hole Evaluation	\$77,910	\$0					\$77,910
Well Testing Services			\$115,500				\$115,500
Equipment Services - Surface Rentals	\$121,331	\$15,063	\$16,223	\$0		\$0	\$152,616
Equipment Services - Downhole Rentals	\$47,408	\$21,875	\$0				\$69,283
Construction Services						\$0	\$0
Land						\$0	\$0
Other Services	\$61,950	\$15,015	\$24,675	\$0		\$0	\$101,640
Electrical, Instrumentation & Control Services				\$0			\$0
Safety Services				\$0			\$0
Casualty & Property Insurance	\$25,000	\$0	\$26,250				\$51,250
Overhead	\$0	\$0	\$0	\$0		\$0	\$0
Leasehold Rentals							\$0
Other Leasehold Costs							\$0
<b>TOTAL INTANGIBLE ITEMS</b>	<b>2,006,815</b>	<b>484,255</b>	<b>2,696,423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,187,493</b>
Dehydration Equipment				\$0		\$0	\$0
Heaters & Heat Exchange Equipment				\$0			\$0
Separator Equipment				\$0		\$0	\$0
Treater & Free Water Knockout Equipment				\$0			\$0
Storage Vessels & Tanks				\$600,000			\$600,000
Pumps - Surface				\$0			\$0
Valves						\$0	\$0
Artificial Lift Equipment			\$36,750				\$36,750
Casing - Conductor & Drive Pipe	\$4,550						\$4,550
Sucker Rods			\$17,063				\$17,063
Oil Country Tubular Goods Tubing			\$30,678				\$30,678
Wellhead Equipment	\$15,925	\$0	\$10,806				\$26,731
Surface Casing	\$14,719						\$14,719
Intermediate Casing	\$250,556						\$250,556
Intermediate Casing II	\$0		\$0				\$0
Production Casing		\$173,253	\$0				\$173,253
Production Liner							\$0
Equipment Other			\$17,063	\$0		\$0	\$17,063
Corrosion Protection Equip				\$0		\$0	\$0
Pipe, Fitting, Flanges & Couplings				\$0		\$0	\$0
Comm devices and accessories - SCADA				\$0			\$0
Electrical, Instrumentation & Control Equip				\$0			\$0
Measurement Equipment				\$0			\$0
Engines & Motors				\$0			\$0
<b>TOTAL TANGIBLE ITEMS</b>	<b>285,750</b>	<b>173,253</b>	<b>112,360</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>1,171,362</b>
<b>TANGIBLE SPLIT %</b>	<b>12</b>	<b>26</b>	<b>4</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>18</b>
<b>AFE TOTAL</b>	<b>2,292,565</b>	<b>657,508</b>	<b>2,808,782</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>6,358,855</b>

Cost Element Description	BCP	ACP	Complete	Site Equip	Well Tie In	Element	Totals
--------------------------	-----	-----	----------	------------	-------------	---------	--------

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

Occidental Permian LP

BY:

Printed Name:

Title:

Date:

WI% 45.28%





Cost Element Description	BCP	ACP	Complete	Site Equip	Well Tie In	Element	Totals
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Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

Occidental Permian LP

BY:

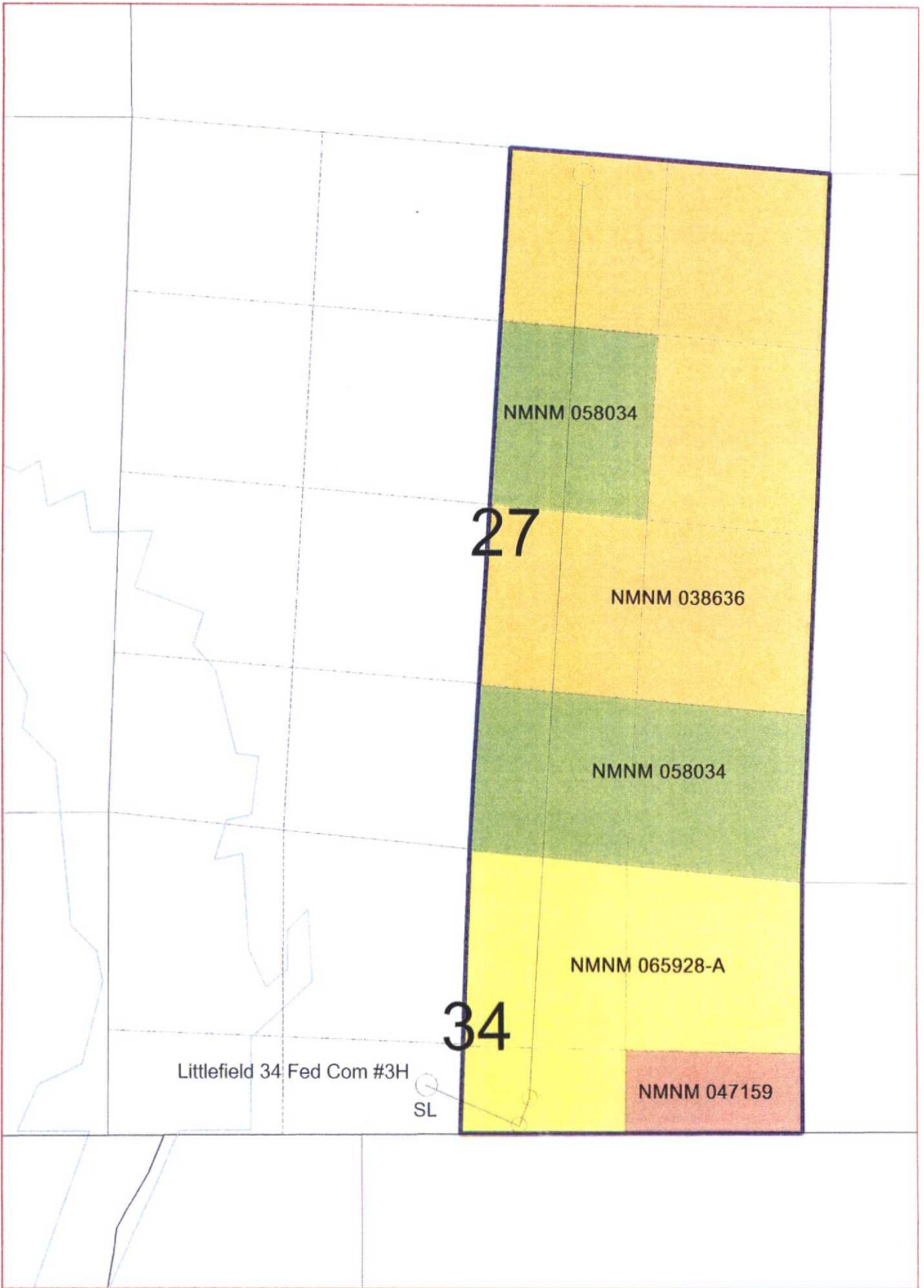
Printed Name:

Title:

Date:

WI% 45.28%





-  OGX Leasehold
-  OXY Leasehold
-  Khody L&M Leasehold
-  EOG 70% OXY 30%

Project Area



<b>OGX</b> OPERATING LLC	
<b>Red Bluff Prospect</b>	
State Line Area	
Eddy County, New Mexico	
Loving & Reeves Counties, Texas	
WEB	Red Bluff OGX vs OXY
2/28/15	