ONSHORE ORDER NO. 1 Chevron SD EA 18/19 Fed Com P14 12H Lea County, NM

1. FORMATION TOPS

The estimated tops of important geologic markers are as follows:

| FORMATION | SUB-SEA TVD | KBTVD | MD |
|--------------------------|-------------|--------|-------|
| Rustler | | 800 | |
| Castile | | 3480 | |
| Lamar | | 4900 | |
| Bell Canyon | | 4930 | |
| Cherry Canyon | | 5970 | |
| Brushy Canyon | | 7620 | |
| Bone Spring Limestone | | 9090 | |
| Upr. Avalon | | 9120 | |
| Top Bone Spring 1 | | 10040 | |
| Top Bone Spring 2 | | 10700 | |
| Top Bone Spring 3 | | 11740 | |
| Wolfcamp | | 12140 | |
| Wolfcamp A1 | | 12193 | |
| | | | |
| Lateral TD (Wolfcamp A1) | | 12,213 | 22300 |

2. ESTIMATED DEPTH OF WATER, OIL, GAS & OTHER MINERAL BEARING FORMATIONS

The estimated depths at which the top and bottom of the anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered are as follows:

| Substance | Formation | Depth |
|-------------|---------------------------|-------|
| Deepest Exp | ected Base of Fresh Water | 700 |
| Water | Rustler | 800 |
| Water | Bell Canyon | 4930 |
| Water | Cherry Canyon | 5970 |
| Oil/Gas | Brushy Canyon | 7620 |
| Oil/Gas | Bone Spring Limestone | 9090 |
| Oil/Gas | Upr. Avalon | 9120 |
| Oil/Gas | Top Bone Spring 1 | 10040 |
| Oil/Gas | Top Bone Spring 2 | 10700 |
| Oil/Gas | Top Bone Spring 3 | 11740 |
| Oil/Gas | Wolfcamp | 12140 |
| Oil/Gas | Wolfcamp A1 | 12193 |
| Oil/Gas | | |

All shows of fresh water and minerals will be reported and protected.

3. BOP EQUIPMENT

Will have a minimum of a 10000 psi rig stack (see proposed schematic) for drill out below surface (Wolfcamp is not exposed until drillout of the intermediate casing). Could possibly utilize the 5000 psi rig stack (see proposed schematic) for drill out below surface casing due to the availabity of 10 M annular. (Wolfcamp is not exposed until drillout of the intermediate casing) Stack will be tested as specified in the attached testing requirements. Batch drilling of the surface, intermediate, and production will take place. A full BOP test will be performed unless approval from BLM is received otherwise. Flex choke hose will be used for all wells on the pad (see attached specs) BOP test will be conducted by a third party.

Chevron requests a variance to use a FMC UH2 Multibowl wellhead, which will be run through the rig foor on surface casing. BOPE will be nippled up and tested after cementing surface casing. Subsequent tests will be performed as needed, not to exceed 30 days. The field report from FMC and BOP test information will be provided in a subsequent report at the end of the well. Please see the attached wellhead schematic. An installation manual has been placed on file with the BLM office and remains unchanged from previous submittal.

4. CASING PROGRAM

a. The proposed casing program will be as follows:

| Purpose | From | То | Hole Size | Csg Size | Weight | Grade | Thread | Condition |
|--------------|------|---------|-----------|----------|--------|-----------|---------|-----------|
| Surface | 0' | 800' | 17-1/2" | 13-3/8" | 55 # | J55 | STC | New |
| Intermediate | 0' | 11,500' | 12-1/4" | 9-5/8" | 43.5# | HCK-L80 | LTC | New |
| Production | 0' | 22,300' | 8-1/2" | 5-1/2" | 20.0 # | P-110-ICY | TXP BTC | New |

b. Casing design subject to revision based on geologic conditions encountered.

c. ***A "Worst Case" casing design for wells in a particular area is used below to calculate the Casing Safety Factors. If for any reason the casing design for a particular well requires setting casing deeper than the following "worst case" design, then the Casing Safety Factors will be recalcuated & sent to the BLM prior to drilling.

d. Chevron will fill casing at a minimum of every 20 jts (840') while running for intermediate and production casing in order to maintain collapse SF.

SF Calculations based on the following "Worst Case" casing design:

| Surface Casing: | 850' | | | |
|----------------------|--------------|---------------------------|----------------|------------------|
| Intermediate Casing: | 11,200' TV | D | | |
| Production Casing: | 23,000' MD | 0/12,750' TVD (10,300' VS | @ 90 deg inc) | |
| Casing String | Min SF Burst | Min SF Collapse | Min SF Tension | Min SF Tri-Axial |
| Surface | 1.36 | 3.12 | 3.17 | 1.70 |
| Intermediate | 1.12 | 1.44 | 1.93 | 1.37 |
| Production | 1.11 | 1.23 | 1.97 | 1.37 |

Min SF is the smallest of a group of safety factors that include the following considerations:

| | | Surf | Int | Prod |
|------------------------|---|------|-----|------|
| Burst Design | | | | |
| Pressure Test- Surface | ce, Int, Prod Csg | Х | X | Х |
| P external: | Water | | | |
| P internal: | Test psi + next section heaviest mud in csg | | | |
| Displace to Gas- Sur | Csg | X | | |
| P external: | Water | | | |
| P internal: | Dry Gas from Next Csg Point | | | |
| Frac at Shoe, Gas to | Surf- Int Csg | | X | |
| P external: | Water | | | |
| P internal: | Dry Gas, 16 ppg Frac Gradient | | | |
| Stimulation (Frac) Pre | essures- Prod Csg | | | X |
| P external: | Water | | | |
| P internal: | Max inj pressure w/ heaviest injected fluid | | | |
| Tubing leak- Prod Cs | g (packer at KOP) | | | X |
| P external: | Water | | | |
| P internal: | Leak just below surf, 8.7 ppg packer fluid | | | |
| Collapse Design | | | | |
| Full Evacuation | | X | X | X |
| P external: | Water gradient in cement, mud above TOC | | | |
| P internal: | none | | | |
| Cementing- Surf, Int, | Prod Csg | X | X | X |
| P external: | Wet cement | | | |
| P internal: | water | | | |
| Tension Design | | | | |
| 100k lb overpull | | X | X | X |

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5. CEMENTING PROGRAM

| Slurry | Туре | Тор | Bottom | Weight | Yield | %Excess | Sacks | Water |
|--------------|-------------------|---------|---------|--------|------------|-----------|-------|--------|
| Surface | | | | (ppg) | (sx/cu ft) | Open Hole | | gal/sk |
| Tail | Class C | 0' | 800' | 14.8 | 1.33 | 50 | 650 | 6.57 |
| Intermediate | | | | | | | | |
| Stage 2 Lead | Class C | 0' | 4570 | 11.9 | 2.39 | 100 | 1070 | 13.46 |
| Stage 2 Tail | Class C | 4570 | 4870 | 14.8 | 1.33 | 25 | 89 | 6.35 |
| Stage 1 Lead | 50:50 Poz Class C | 4,870' | 10,650' | 11.9 | 2.21 | 25 | 1024 | 12.18 |
| Stage 1 Tail | Class H | 10,650' | 11,150' | 15.6 | 1.22 | 25 | 184 | 5.37 |
| Production | | | | | | | | |
| Tail | Acid Soluble | 10,350' | 22,300' | 15.6 | 1.2 | 10 | 2500 | 5.05 |

1. Final cement volumes will be determined by caliper.

2. Surface casing shall have at least one centralizer installed on each of the bottom three joints starting with the shoe joint.

3. Production casing will have one horizontal type centralizer on every joint for the first 1000' from TD, then every other joint to EOB, and then every third joint to KOP. Bowspring type centralizers will be run from KOP to intermediate casing.

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6. MUD PROGRAM

| From | То | Туре | Weight | F. Vis | Filtrate |
|---------|---------|---------------|-----------|---------|----------|
| 0' | 800' | Spud Mud | 8.3 - 8.7 | 32 - 34 | NC - NC |
| 800' | 11,150' | Oil Based Mud | 8.7-9.2 | 28 - 30 | 25-30 |
| 11,150' | 12,300' | Oil Based Mud | 9.5-13.5 | 70 - 75 | 25 - 30 |
| 12,300' | 22,300' | Oil Based Mud | 9.5-13.5 | 70 - 75 | 25 - 30 |

A closed system will by utilized consisting of above ground steel tanks. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in an approved sanitary landfill. Sanitary wastes will be contained in a chemical porta-toilet and then hauled to an approved sanitary landfill.

All fluids and cuttings will be disposed of in accordance with New Mexico Oil Conservation Division rules and regulations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.

Visual mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume. When abnormal pressures are anticipated -- a pit volume totalizer (PVT), stroke counter, and flow sensor will be used to detect volume changes indicating loss or gain of circulating fluid volume.

A weighting agent and lost circulating material (LCM) will be onsite to mitigate pressure or lost circulation as hole conditions dictate.

7. TESTING, LOGGING, AND CORING

The anticipated type and amount of testing, logging, and coring are as follows:

- a. Drill stem tests are not planned.
- b. The logging program will be as follows:

| TYPE | Logs | Interval | Timing | Vendor |
|---------|--------------|---------------------|---------------------|--------|
| Mudlogs | 2 man mudlog | Int Csg to TD | Drillout of Int Csg | TBD |
| LWD | MWD Gamma | Int. and Prod. Hole | While Drilling | TBD |

c. Conventional whole core samples are not planned.

d. A Directional Survey will be run.

8. ABNORMAL PRESSURES AND HYDROGEN SULFIDE

| a. | No abnormal pressures or temperatures are expected. | Estimated BHP at intermediate TD is: | 5750 | psi |
|----|---|--------------------------------------|------|-----|
| | No abnormal pressures or temperatures are expected. | Estimated BHP at production TD is: | 8650 | psi |

b. Hydrogen sulfide gas is not anticipated. An H2S Contingency plan is attached with this APD in the event that H2S is encountered

Tenaris

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Casing and Tubing Performance Data

PIPE BODY DATA

GEOMETR

| Outside Diameter | 9.625 in | Wall Thickness | 0.435 in | API Drift Diameter | 8.599 in |
|--------------------|--------------|-------------------------|------------|------------------------------|------------|
| Nominal Weight | 43.50 lbs/ft | Nominal ID | 8.755 in | Alternative Drift Diameter | 8.625 in |
| Plain End Weight | 42.73 lbs/ft | Nominal cross section | 12.559 in | | |
| | | PER | FORMANCI | | |
| Steel Grade | L80 | Minimum Yield | 80,000 psi | Minimum Ultimate | 95,000 psi |
| Tension Yield | 1,005,000 in | Internal Pressure Yield | 6,330 psi | Collapse Pressure | 3,810 psi |
| Available Seamless | Yes | Available Welded | No | | |
| | | CONNE | | A | |
| TYPE: LTC | | GI | EOMETRY | | |
| Coupling Reg OD | 10.625 in | Threads per in | 8 | Thread turns make up | 3.5 |
| | | PER | FORMANCI | | |
| Steel Grade | L80 | Coupling Min Yield | 80,000 psi | Coupling Min Ultimate | 95,000 psi |
| Joint Strength | 813,000 lbs | | | Internal Pressure Resistance | 6,330 psi |
| | | | | | |

For the latest performance data, always visit our website: <u>www.tenaris.com</u>

January 18 2016



Connection: TenarisXP® BTC Casing/Tubing: CAS Coupling Option: REGULAR

Size: 5.500 in. Wall: 0.361 in. Weight: 20.00 lbs/ft Grade: P110-ICY Min. Wall Thickness: 87.5 %

| | | GEOMET | r R Y | | |
|---|----------------------|---------------------------------------|--------------------------|---|--------------------|
| Nominal OD | 5.5 00 in. | Nominal Weight | 20.00 lbs/ft | Standard Drift Diameter | 4.653 in. |
| Nominal ID | 4.77 8 in. | Wall Thickness | 0 .361 in. | Special Drift Diameter | N/A |
| Plain End Weight | 19.83 lbs/ft | | | | |
| | | PERFORM | ANCE | | |
| Body Yield Strength | 729 x 1000 lbs | Internal Yield | 14360 psi | SMYS | 125000 psi |
| Collapse | 12100 psi | | | | |
| | 10 | NARISMP BTC CO | NNECTION | R I II | |
| | | GEOME | ERY | | |
| Connection OD | 6,100 in. | Coupling Length | 9.450 in. | Connection ID | 4.766 in. |
| Critical Section Area | 5.828 sq. in. | Threads per in. | 5.00 | Make-Up Loss | 4 .204 in. |
| | | PERFORM | ANLE | | |
| Tension Efficiency | 100 % | Joint Yield Strength | 729 x 1000 lbs | Internal Pressure Capacity $(\underline{1})$ | 14 36 0 psi |
| Structural Compression Efficiency | 100 % | Structural Compression Strength | 729 × 1000 Ibs | Structural Bending ^(<u>2</u>) | 104 °/100 f |
| External Pressure Capacity | 1210 0 psi | | | | |
| | Ę | STIMATED MAKE I | JP TORQUES | | |
| Minimum | 11540 ft-lbs | Optimum | 12820 ft-lbs | Maximum | 14100 ft-lb |
| | | OPFRATIONAL LI | MIT TORQUL | 1 | |
| Operating Torque | 22700 ft-lbs | Yield Torque | 25250 ft-lbs | | |
| Operating rorque | | | | | |

 (1) Internal Pressure Capacity related to structural resistance only. Internal pressure leak resistance as per section 10.3 API 5C3 / ISO 10400 - 2007.

(2) Structural rating, pure bending to yield (i.e no other loads applied)

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(3) Torque values calculated for API Modified thread compounds with Friction Factor=1. For other thread compounds please contact us at <u>licensees@oilfield.tenaris.com</u>. Torque values may be further reviewed. For additional information, please contact us at <u>contact-tenarishydril@tenaris.com</u>

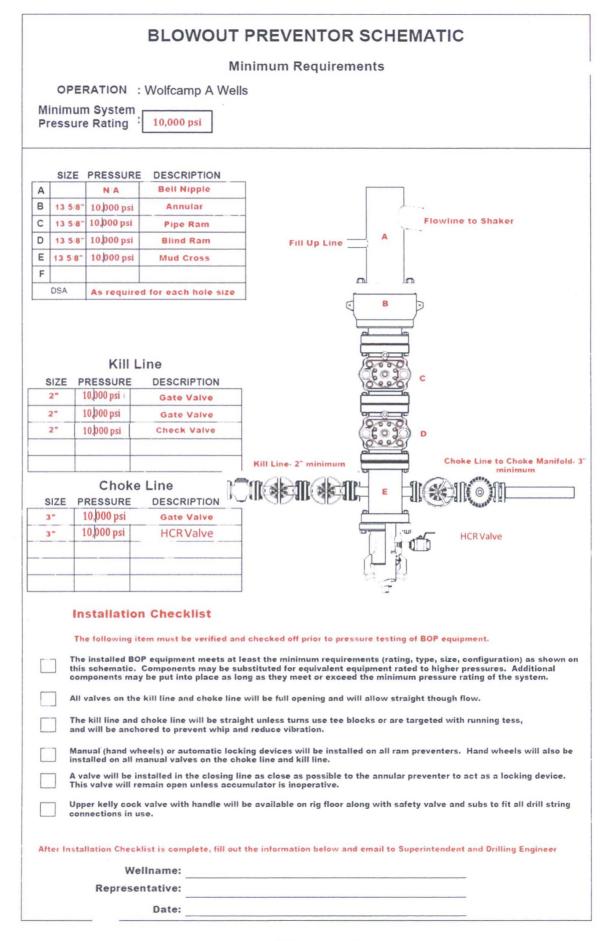
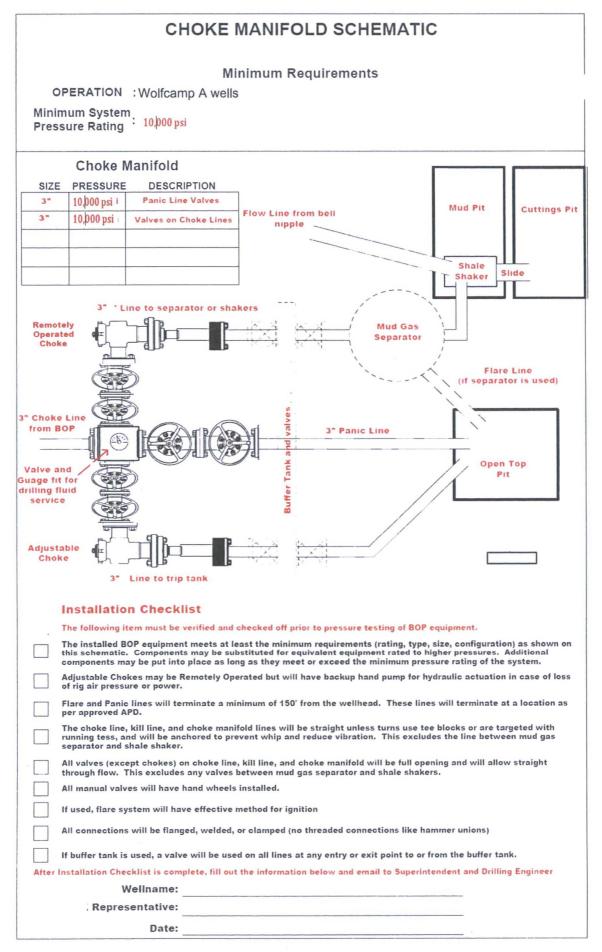


Diagram A



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Diagram B

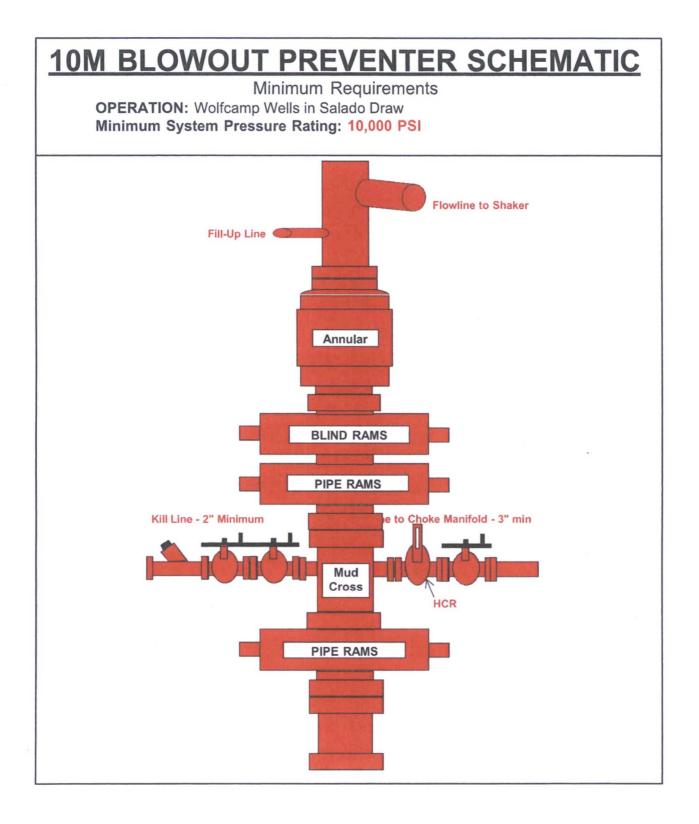


Diagram C

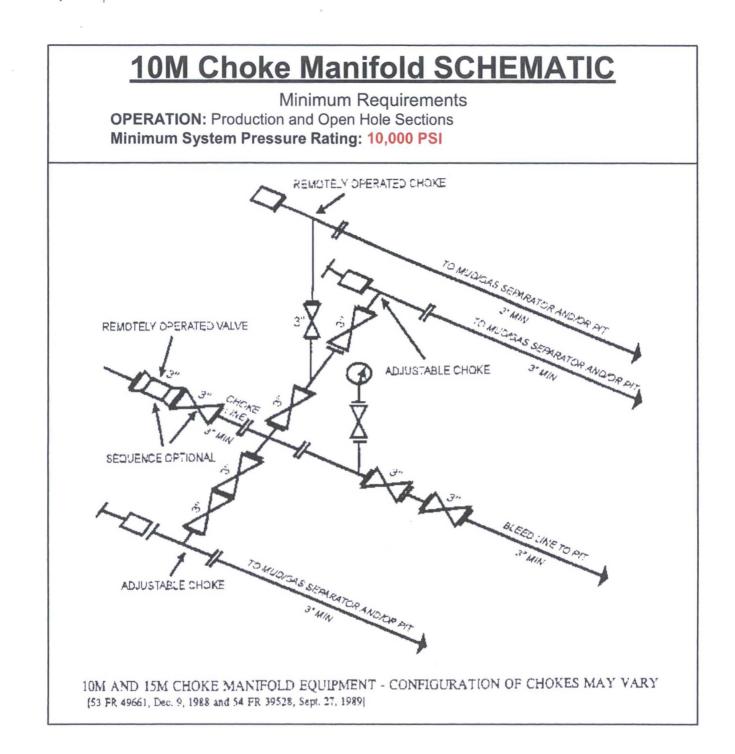


Diagram D

| CONTITECH RUBBER | No:QC-DB- 231/ 2014 |
|------------------|---------------------|
| Industrial Kft. | Page: 14/119 |



ContiTech

Hose Data Sheet

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| CRI Order No. | 538332 | | | | |
|--------------------------------|---|--|--|--|--|
| Customer | ContiTech Oil & Marine Corp. | | | | |
| Customer Order No | 4500412631 CBC544771, CBC544769, CBC544767, CBC544763, CBC544768, CBC544745, CBC544744, CBC544746 | | | | |
| Item No. | 1 | | | | |
| Hose Type | Flexible Hose | | | | |
| Standard | API SPEC 16 C | | | | |
| Inside dia in inches | 3 | | | | |
| Length | 45 ft | | | | |
| Type of coupling one end | FLANGE 4.1/16" 10KPSI API SPEC 17D SV SWIVEL FLANGE SOURC/W BX155 ST/ST INLAID R.GR. | | | | |
| Type of coupling other end | FLANGE 4.1/16" 10KPSI API SPEC 17D SV SWIVEL FLANGE SOUR C/W BX155 ST/ST INLAID R.GR. | | | | |
| H2S service NACE MR0175 | Yes | | | | |
| Working Pressure | 10 000 psi | | | | |
| Design Pressure | 10 000 psi | | | | |
| Test Pressure | 15 000 psi | | | | |
| Safety Factor | 2,25 | | | | |
| Marking | USUAL PHOENIX | | | | |
| Cover | NOT FIRE RESISTANT | | | | |
| Outside protection | St.steel outer wrap | | | | |
| Internal stripwound tube | No | | | | |
| Lining | OIL + GAS RESISTANT SOUR | | | | |
| Safety clamp | Yes | | | | |
| Lifting collar | Yes | | | | |
| Element C | Yes | | | | |
| Safety chain | Yes | | | | |
| Safety wire rope | No | | | | |
| Max.design temperature [°C] | 100 | | | | |
| Min.design temperature [°C] | -20 | | | | |
| Min. Bend Radius operating [m] | 0,90 | | | | |
| Min. Bend Radius storage [m] | 0,90 | | | | |
| Electrical continuity | The Hose is electrically continuous | | | | |
| Type of packing | WOODEN CRATE ISPM-15 | | | | |



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| CONTITECH RUBBER | No:QC-DB- 231/ 2014 | | | |
|------------------|---------------------|--|--|--|
| Industrial Kft. | Page: 10 / 119 | | | |

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|--|---|-----------------------------|--|-------------------|-------------------|--|--------------|--|--|
| QUALITY CONTROL INSPECTION AND TEST CERTIFICATE | | | | | 1 °: | 594 | | | |
| PURCHASER: ContiTech Oil & Marin | | | orp. | P.O. N°: | | 4500412631 | | | |
| CONTITECH ORDER Nº: | 538332 | 538332 HOSE TYPE: 3" ID | | | Choke & Kill Hose | | | | |
| HOSE SERIAL Nº: | 67349 | NOMINAL / ACT | UAL LENGTH | 13,72 m / 13,85 m | | | | | |
| W.P. 68,9 MPa 1 | 0000 psi | T.P. 103,4 | MPa 150 | 00 psi | Duration: | 60 | min. | | |
| ambient temperature See attachment. (1 page) \uparrow 10 mm = 10 Min. \rightarrow 10 mm = 25 MPa | | | | | | | | | |
| COUPLINGS Type | | Serial N° | | Quality | | Heat N° | | | |
| 3" coupling with | | 1435 | 1436 | AIS | SI 4130 | A1258U | | | |
| 4 1/16" 10K API Swivel F | | | AIS | SI 4130 | 034939 | | | | |
| Hub | | | AIS | 61 4130 | A1045N | | | | |
| Not Designed For V | Vell Testing | g | | | AP | I Spec 16 C | | | |
| Tag No.: 66 – 1198 | | | Tempe | erature rate: | 'B" | | | | |
| All metal parts are flawless | talli she en sun gra a sur traden an traden | | Chilery polycetter Schol Salary Locality (2013 | | | is y which the second | | | |
| WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER INSPECTED AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT. | | | | | | | | | |
| STATEMENT OF CONFORMITY: We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements. | | | | | | | | | |
| Date: 03. April 2014. | Inspector | | Quality Control ContiTech Rubber Industrial Kft. Quality Control Dept. (1) (1) Dept. (1) D | | | | | | |