



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 27570, Houston, Texas 77227-7570

February 10, 2016

FEDEX – RETURN RECEIPT REQUESTED

Claiborne, LP
500 Commerce St., Suite 600
Fort Worth, TX 76102-5477

Re: Well Proposal – Cedar Canyon 21 Fed Com #5H
SHL – 1120' FSL & 207' FWL Section 22, T24S-R29E (SWSW)
BHL – 1980' FSL & 180' FWL Section 21, T24S-R29E (NWSW)
Eddy County, NM

Dear Sir/Madam:

OXY USA Inc. ("OXY") hereby proposes the drilling of the Cedar Canyon 22 Federal Com 4H well at the referenced surface location to its terminus at the referenced bottom hole location in Section 21-24S-29E, Eddy County, New Mexico. The proposed horizontal well will be drilled to an approximate vertical depth of 8,715', and to an approximate measured depth of 14,000' to evaluate the Second Bone Spring formation. A detailed description of the total estimated cost to drill and complete the well is set out in the enclosed AFE.

OXY is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement, enclosed herewith and dated February 10, 2016, by and between OXY USA Inc., as Operator, and Claiborne LP, et al as Non-Operators, covering the N/2 S/2 of Section 21, Township 24 South, Range 29 East, N.M.P.M., Eddy Co., New Mexico.

Please indicate your election to participate in the drilling, completing, and equipping of the proposed well by executing and returning one copy of this letter, the enclosed AFE, and extra set of signature pages to the Operating Agreement in the self addressed stamped envelope provided.

If you have any questions, or would like to discuss this proposal in greater detail, please don't hesitate to call or e-mail.

Very truly yours,

OXY USA Inc.

Jeremy Murphrey, CPL
Land Negotiator Sr.
Dir: 713.350.4816
Fax: 713.985.4942
Email: jeremy_murphrey@oxy.com

Claiborne, LP elects to:

☐ participate in the drilling of the Cedar Canyon 21 Federal Com #5H

☐ non-consent the drilling of the Cedar Canyon 21 Federal Com #5H

By: _____

Name: _____

Title: _____

Date: _____

Enclosures

**BEFORE THE OIL CONVERSATION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: OXY USA Inc.

Hearing Date: May 12, 2016



Well Name:	Cedar Canyon 21 Fed Core 8H		Field:	Cedar Canyon	
Location:	New Mexico		FD:	14,000' MD / 9,715' TVD	
County:	Eddy		Date:	25-Jan-16	
SL:	Sec 21, T24S, R29E		Rig:	H&P	
Well Type:	2nd Bone Spring Sand		Rig Type:	Flex 10	
Sub Well Type:			RM7:	New Mexico	
	1	2	3	4	5
	Moving	Re-entry Preparation	Drilling & Evaluation	P&A	Production Casing
	1.5 days	0.0 days	11.3 days		3.3 days
Location / Mobilization / Rig Move	\$ 247,800	\$ -	\$ -	\$ -	\$ -
Location	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Mobilization/Activation	\$ -	\$ -	\$ -	\$ -	\$ -
Rig Move	\$ 147,000	\$ -	\$ -	\$ -	\$ -
Services & Equipment Rentals	\$ 21,851	\$ -	\$ 801,705	\$ -	\$ 406,943
Rig Costs - Drilling Rig	\$ -	\$ -	\$ 244,125	\$ -	\$ 70,325
Camp & Catering	\$ 1,733	\$ -	\$ 13,594	\$ -	\$ 3,754
Directional Drilling and LWD	\$ -	\$ -	\$ 274,083	\$ -	\$ 26,000
Drilling & Completion Fluids	\$ -	\$ -	\$ 38,575	\$ -	\$ 8,255
Cementing	\$ -	\$ -	\$ 48,000	\$ -	\$ 91,000
Electric Logging	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Sea	\$ -	\$ -	\$ -	\$ -	\$ -
Fluid Handling	\$ -	\$ -	\$ 33,750	\$ -	\$ 139,750
Logging	\$ -	\$ -	\$ -	\$ -	\$ -
Fluid Logging	\$ -	\$ -	\$ 13,267	\$ -	\$ 1,600
Formation Testing & Coring	\$ -	\$ -	\$ -	\$ -	\$ -
Wireline/Slickline	\$ -	\$ -	\$ -	\$ -	\$ -
Perforating	\$ -	\$ -	\$ -	\$ -	\$ 82,900
Stimulation	\$ -	\$ -	\$ -	\$ -	\$ 1,017,000
H2S & Industrial Waste Handling	\$ -	\$ -	\$ 4,050	\$ -	\$ 1,170
Miscellaneous Services	\$ -	\$ -	\$ 35,725	\$ -	\$ 35,625
Flow Back	\$ -	\$ -	\$ -	\$ -	\$ -
Inspection	\$ 9,000	\$ -	\$ 13,275	\$ -	\$ 4,775
Rental Downhole Logs/Tools	\$ 7,820	\$ -	\$ 36,871	\$ -	\$ 8,133
Rental Surface Equip/Tools	\$ 1,748	\$ -	\$ 43,390	\$ -	\$ 12,334
Misc Incidentals & Contingency	\$ 750	\$ -	\$ -	\$ -	\$ -
Hydrates	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities (labor, rentals)	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities (equipment, materials)	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Commodities	\$ 5,805	\$ -	\$ 426,827	\$ -	\$ 339,558
Gas/Misc/Sevens/H2S	\$ -	\$ -	\$ 32,500	\$ -	\$ -
Fuel & Lubricants	\$ 4,500	\$ -	\$ 33,750	\$ -	\$ 9,750
Utilities: Electricity/Water/Sevens/Trash	\$ 555	\$ -	\$ 4,163	\$ -	\$ 1,203
Miscellaneous Supplies	\$ 750	\$ -	\$ 5,625	\$ -	\$ 1,625
Casing/Tools/Accessories	\$ -	\$ -	\$ 220,789	\$ -	\$ 296,973
Tubing and Accessories	\$ -	\$ -	\$ -	\$ -	\$ 102,000
Artificial Lift Equipment	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Drilling Fluids	\$ -	\$ -	\$ 100,000	\$ -	\$ -
Workup & Instrumentation	\$ -	\$ -	\$ -	\$ -	\$ -
Wellhead Equipment	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
Labor	\$ 10,500	\$ -	\$ 78,750	\$ -	\$ 22,750
Direct Supervision	\$ 10,500	\$ -	\$ 78,750	\$ -	\$ 16,900
Logistics, Insurance & Tax	\$ 26,107	\$ -	\$ 153,993	\$ -	\$ 59,328
Freight Shipping - Equipment Transportation Charges	\$ -	\$ -	\$ 11,250	\$ -	\$ 3,250
Land Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -
Watercrafts	\$ -	\$ -	\$ -	\$ -	\$ -
Aircrafts	\$ -	\$ -	\$ -	\$ -	\$ -
Communication & IT	\$ 473	\$ -	\$ 3,544	\$ -	\$ -
Insurance	\$ -	\$ -	\$ 139,198	\$ -	\$ 1,024
Taxes	\$ 25,634	\$ -	\$ -	\$ -	\$ 54,954
TOTAL	\$ 318,443	\$ -	\$ 1,462,774	\$ -	\$ 2,681,178

Signature: _____

Company: _____

Printed Name: _____

Title: _____

Date: _____ Approved: _____ % 100

This AFE is only an estimate. By signing, you agree to pay your proportional share of the actual costs incurred.

Total Dry Hole cost (1+2+3+4): \$ 1,772,237

Total Producer cost (1+2+3+5): \$ 2,681,178

Total Completed Well cost (1+2+3+5+6): \$ 6,199,583

Owner (Signature): _____

PMT Team Lead - New Mexico

Ockidental Oil and Gas

Date: _____



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77048-0521
P.O. Box 27570, Houston, Texas 77227-7570

February 10, 2016

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Brazos, LP
P.O. Box 911
Brokenridge, TX 76424

Re: Well Proposal - Cedar Canyon 21 Fed Com #5H
SHL - 1120' FSL & 207' FWL Section 22, T24S-R29E (SWSW)
BHL - 1980' FSL & 180' FWL Section 21, T24S-R29E (NWSW)
Eddy County, NM

Dear Sir/Madam:

OXY USA Inc. ("OXY") hereby proposes the drilling of the Cedar Canyon 22 Federal Com 4H well at the referenced surface location to its terminus at the referenced bottom hole location in Section 21-24S-29E, Eddy County, New Mexico. The proposed horizontal well will be drilled to an approximate vertical depth of 8,715', and to an approximate measured depth of 14,000' to evaluate the Second Bone Spring formation. A detailed description of the total estimated cost to drill and complete the well is set out in the enclosed AFE.

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Please indicate your election to participate in the drilling, completing, and equipping of the proposed well by executing and returning one copy of this letter, the enclosed AFE, and extra set of signature pages to the Operating Agreement in the self addressed stamped envelope provided.

If you have any questions, or would like to discuss this proposal in greater detail, please don't hesitate to call or e-mail.

Very truly yours,

OXY USA Inc.

Jeremy Murphrey, CPL
Land Negotiator Sr.
Dir: 713.350.4816
Fax: 713.985.4942
Email: jeremy_murphrey@oxy.com

Brazos, LP elects to:

☐ participate in the drilling of the Cedar Canyon 21 Federal Com #5H
☐ non-consent the drilling of the Cedar Canyon 21 Federal Com #5H

By: _____

Name: _____

Title: _____

Date: _____

Enclosures



Well Name:	Order Canyon 21 Fed Can 311	Field:	Order Canyon		
Location:	New Mexico	TD:	14,000 MD / 18,715 TVD		
County:	Chlor	Date:	25-Jan-16		
SL:	Sec 21, T34S, R29E	R/W:	NAP		
Well Type:	2nd Bone Shale Sand	Rig Type:	Flex III		
Sub Well Type:		RMT:	New Mexico		
1	2	3	4	5	6
Moving	Re-entry Preparation	Drilling & Evaluation	P&A	Production Casing	Completion & Perforation
1.5 days	0.0 days	11.3 days		3.3 days	
\$ 217,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 147,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 31,851	\$ -	\$ 801,705	\$ -	\$ 484,913	\$ 3,817,435
\$ -	\$ -	\$ 244,125	\$ -	\$ 70,375	\$ 62,500
\$ 1,733	\$ -	\$ 13,994	\$ -	\$ 3,754	\$ -
\$ -	\$ -	\$ 274,083	\$ -	\$ 26,000	\$ -
\$ -	\$ -	\$ 38,575	\$ -	\$ 8,255	\$ 418,250
\$ -	\$ -	\$ 48,000	\$ -	\$ 95,000	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 31,750	\$ -	\$ 139,750	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 15,267	\$ -	\$ 1,600	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,900
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,017,000
\$ -	\$ -	\$ 4,850	\$ -	\$ 1,170	\$ -
\$ -	\$ -	\$ 35,725	\$ -	\$ 33,625	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,000	\$ -	\$ 15,375	\$ -	\$ 4,775	\$ -
\$ 7,820	\$ -	\$ 36,871	\$ -	\$ 8,125	\$ 133,000
\$ 1,748	\$ -	\$ 41,396	\$ -	\$ 22,334	\$ 601,715
\$ 750	\$ -	\$ -	\$ -	\$ -	\$ 202,070
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
\$ 6,805	\$ -	\$ 436,837	\$ -	\$ 339,350	\$ 362,000
\$ -	\$ -	\$ 32,500	\$ -	\$ -	\$ -
\$ 4,500	\$ -	\$ 33,750	\$ -	\$ 9,750	\$ -
\$ 555	\$ -	\$ 4,163	\$ -	\$ 1,203	\$ -
\$ 750	\$ -	\$ 5,625	\$ -	\$ 1,625	\$ -
\$ -	\$ -	\$ 220,789	\$ -	\$ 296,972	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ -
\$ 10,580	\$ -	\$ 78,358	\$ -	\$ 22,750	\$ 16,950
\$ 10,500	\$ -	\$ 78,750	\$ -	\$ 22,750	\$ 16,900
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 26,107	\$ -	\$ 153,992	\$ -	\$ 99,328	\$ 201,078
\$ -	\$ -	\$ 11,250	\$ -	\$ 3,250	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 473	\$ -	\$ 3,544	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 139,198	\$ -	\$ 1,034	\$ -
\$ 25,634	\$ -	\$ -	\$ -	\$ 4,854	\$ 202,070
\$ 310,463	\$ -	\$ 1,462,324	\$ -	\$ 834,111	\$ 3,998,485

Signature: _____

Company: _____

Printed Name: _____

Title: _____

Date: _____ Approver: _____ % W

This AFE is only an estimate. By signing, you agree to pay your proportional share of the actual costs incurred.

Total Dry Hole cost (1+2+3+4)	\$ 1,772,937
Total Producer cost (1+3+4+5)	\$ 2,481,178
Total Completed Well cost (1+2+3+4+5)	\$ 4,199,583
Owner: Occidental	
RMT Team Lead - New Mexico	
Occidental Oil and Gas	
Date: _____	