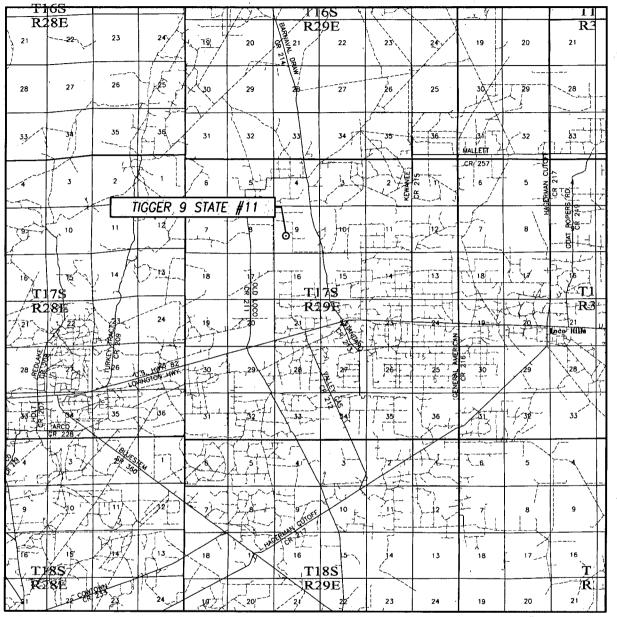


VICINITY MAP

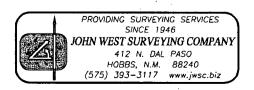


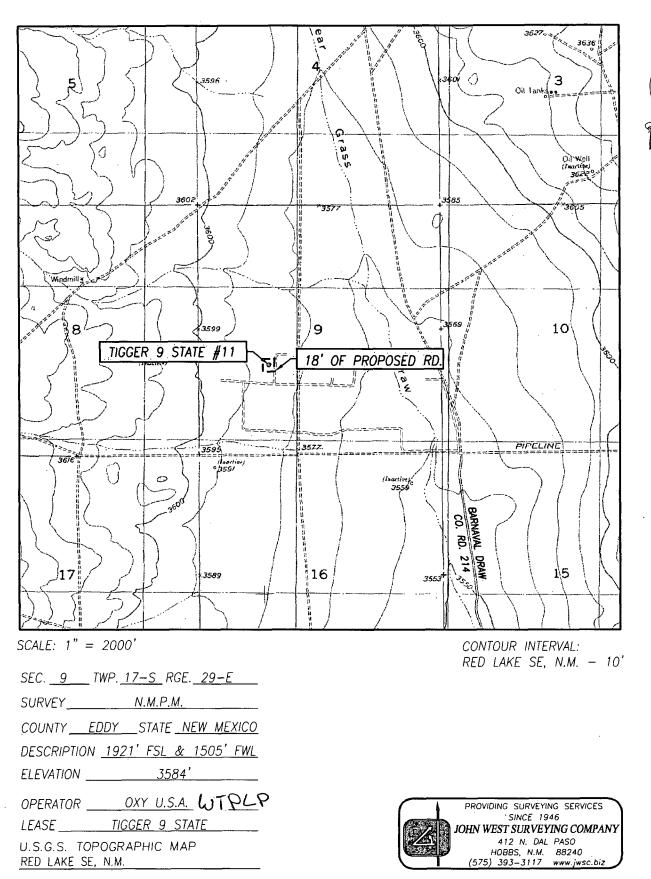
SCALE: 1'' = 2 MILES

NORTH

SEC. <u>9</u> TWP. <u>17–S</u> RGE. <u>29–E</u> SURVEY <u>N.M.P.M.</u> COUNTY <u>EDDY</u> STATE <u>NEW MEXICO</u> DESCRIPTION <u>1921' FSL & 1505' FWL</u> ELEVATION <u>3584'</u> OPERATOR <u>OXY U.S.A. WTP LP</u> LEASE <u>TIGGER 9 STATE</u>

3.





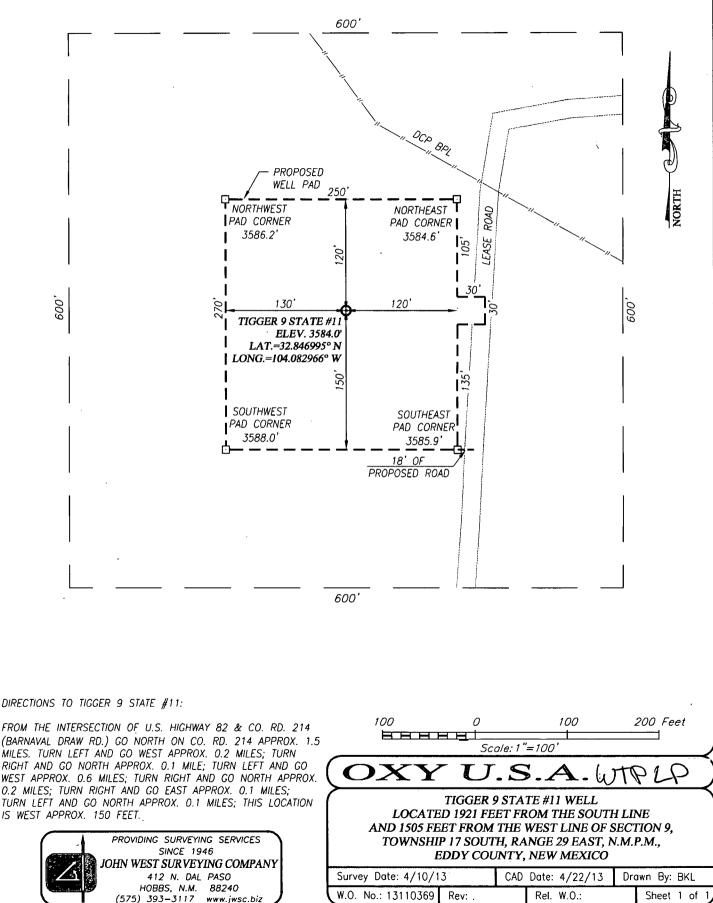
NORTH

LOCATION VERIFICATION MAP

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APD Data

OPERATOR NAME / NUMBER: OXY USA WTPLP 192463

LEASE NAME / NUMBER: <u>Tigger 9 State # 11</u>

Federal Lease No:

STATE: <u>NM</u> COUNTY: <u>Eddy</u>

SURFACE LOCATION:

1921' FSL & 1505' FWL, Sec 9, T17S, R29E

APPROX GR ELEV: <u>3584'</u>

EST KB ELEV: <u>3598' (14' KB-GL)</u>

1. GEOLOGIC NAME OF SURFACE FORMATION

a. Permian

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS

Formation Name	TVD	Expected Fluids
Rustler	310	Fresh Water
Salado (Salt)	340	-
Yates	882	-
Queen	1736	-
Grayburg	2165	Oil
San Andres	2438	Oil/Water
Glorietta	3887	Oil
Paddock	3951	Oil
Blinebry	4351	Oil
Tubbs	5300	Oil
TD	5500	TD

A. Fresh Water formation is outcropping and will be covered with the 16" conductor pipe, which will be set at 120' prior to spud.

GREATEST PROJECTED TD: 5500' MD / 5500' TVD

OBJECTIVE: <u>Yeso</u>

3. CASING PROGRAM

Surface Casing set at ± 400' MD/ 400' TVD in a 11" hole filled with 8.8 ppg mud

Interval (MD)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Jt Str (M-lbs)	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
0'- 400'	8.625	24	J55	STC	8.097	New	244	2950	1370	1.42	10.42	2.26

Production Casing set at ± 5500'MD / 5500'TVD in a 7.875" hole filled 9.6 ppg mu	bL
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Interval (MD)	OD (in)	Wt (ppf)	Grade	Conn	ID (in)	Condition	Jt Str (M-lbs)	Burst (psi)	Collapse (psi)	Burst SF	Coll SF	Ten SF
0'- 5,500'	5.5	17	L80	BTC	4.892	New	428	7740	6290	1.28	2.20	2.22

Casing Design Assumptions:

Burst Loads

CSG Test (Surface)

- Internal: Displacement fluid + 70% CSG Burst rating
- External: Pore Pressure from section TD to surface

CSG Test (Production)

- Internal: Displacement fluid + 80% CSG Burst rating
- External: Pore Pressure from the well TD the Surface CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

Gas Kick (Surface)

- Internal: Gas Kick based on Pore Pressure or Fracture Gradient @ CSG shoe with a gas 0.115psi/ft Gas gradient to surface while drilling the next hole section
- External: Pore Pressure from section TD to previous CSG shoe and MW of the drilling mud that was in the hole when the CSG was run to surface

Stimulation (Production)

- Internal: Displacement fluid + Max Frac treating pressure (not to exceed 80% CSG Burst rating)
- External: Pore Pressure from the well TD to the surface CSG shoe and 8.5 ppg MWE to surface

Collapse Loads

Lost Circulation (Surface)

- Internal: Losses experienced while drilling the next hole section (e.g. losses while drilling the production hole section are used as a collapse load to design the surface CSG). After losses there will be a column of mud inside the CSG with an equivalent weight to the Pore Pressure of the lost circulation zone
- External: MW of the drilling mud that was in the hole when the CSG was run

Cementing (Surface/Production)

- Internal: Displacement Fluid
- External: Cement Slurries to TOC, MW to surface

Full Evacuation (Production)

- Internal: Atmospheric Pressure
- External: MW of the drilling mud that was in the hole when the CSG was run

Tension Loads

Running CSG (Surface/Production)

• Axial load of the buoyant weight of the string plus either 100 klb over-pull or string weight in air, whichever is less

Green Cement (Surface/Production)

• Axial,load of the buoyant weight of the string plus the cement plug bump pressure (Final displacement pressure + 500 psi)

Burst, Collapse and Tensile SF are calculated using Landmark's Stress Check (Casing Design) software.

4. CEMENT PROGRAM:

Surface Interval

Interval	Amount sx	Ft of Fill	Туре	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
Surface (TOC	: 0' – 400')					
Lead: 0' - 400' (125% Excess)	190	400	Premium Plus Cement: 1% Calcium Chloride – Flake	6.36	14.8	1.34	1608 psi

Production Interval

Interval	Amount sx	Ft of Fill	Туре	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp	
Production (TOC: 0' – 5500')								
Lead: 0' – 3000' (100 % Excess)	. 400	3000	Interfill C: 0.25 lbm/sk D-AIR 5000	13.88	11.9	2.43	281 psi	
Tail: 3000' - 5500' (100 % Excess)	560	2500	Premium Plus Cement: 0.5% Halad ®-344, 0.2% WellLife 734, 5 lbm/sk Microbond, 0.3% Econolite, 0.3% CFR-3	7.72	14.2	1.55	1413 psi	

Description of Cement Additives: Calcium Chloride – Flake (Accelerator), D-AIR 5000 (Defoamer), Halad ®-344 (Low Fluid Loss Control), WellLife 734 (Cement Enhancer), Microbond (Expander), Econolite (Light Weight Additive), CFR-3 (Dispersant)

The volumes indicated above may be revised depending on if a caliper measurement.

5. DIRECTIONAL PLAN

Vertical well: No directional plan

6. PRESSURE CONTROL EQUIPMENT

Surface: <u>0' – 400'</u> None.

Production: <u>400' MD/TVD – 5500' MD / 5500' TVD</u> The minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required to drill below the surface casing shoe shall be 3000 (3M) psi. Operator will be using an 11" 3M two ram stack with 3M annular preventer, & 3M Choke Manifold.

- **a.** The 11" 3000 psi blowout prevention equipment will be installed and operational after setting the 8 5/8" surface casing and the 8 5/8" SOW x 11" 3K conventional wellhead; the rotating head body will be installed but the rubber will be installed when it becomes operationally necessary.
- **b.** The BOP and ancillary BOPE will be tested by a third party after setting surface casing. All equipment will be tested to 250/3000 psi for <u>5</u> minutes and charted, except the annular, which will be tested to 70% of working pressure.
- c. The BOPE test will be repeated within 21 days of the original test, on the first trip
- **d.** Other accessory BOP equipment will include a floor safety valve, choke lines, and choke manifold having a 3000 psi working pressure rating and tested to 3000 psi.
- e. The Operator also requests a variance to connect the BOP choke outlet to the choke manifold using a 3" co-flex hose with a working pressure of 3000 psi.
- f. BOP & Choke manifold diagrams attached.

Depth	Mud Wt ppg	Vis Sec	Fluid Loss	Type System
0' - 400'	8.4 - 8.8	27 – 28	NC	Fresh Water / Spud Mud
400' – TD	9.2 - 9.6	28 – 29	NC	Brine Water / Salt Gel / Sweeps

<u>Remarks</u>: 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.

8. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor unobstructed and readily accessible at all times.

9. POTENTIAL HAZARDS:

- **a.** Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing has been cemented. Breathing equipment will be on location from drilling out the surface shoe until production casing is cemented. If H2S is encountered the operator will comply with Onshore Order #6.
- **b.** No abnormal temperatures or pressures are anticipated. The highest anticipated pressure gradient is **0.5 psi/ft.** Maximum anticipated bottom hole pressure is **2750 psi.**
- **c.** All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS

Road and location construction will begin after the **<u>NMOCD</u>** has approved the APD. Anticipated spud date will be as soon as possible after approval and as soon as a rig will be available. Move in operations and drilling is expected to take 15 days. If production casing is run, then an additional 30 days will be needed to complete the well and construct surface facilities and/or lay flow lines in order to place well on production.

11. WIRELINE LOGGING / MUD LOGGING / LWD

- **a.** NO open hole wireline logging
- **b.** Mud logging: None

COMPANY PERSONNEL:

Name	<u>Title</u>	Office Phone	<u>Mobile Phone</u>
Kacie Cruz	Drilling Engineer	(713)350-4889	
Sebastian Millan	Drilling Engineer Supervisor	(713)350-4950	
Roger Allen	Drilling Superintendent	(713)215-7617	
Oscar Quintero	Drilling Manager	(713)985-6343	