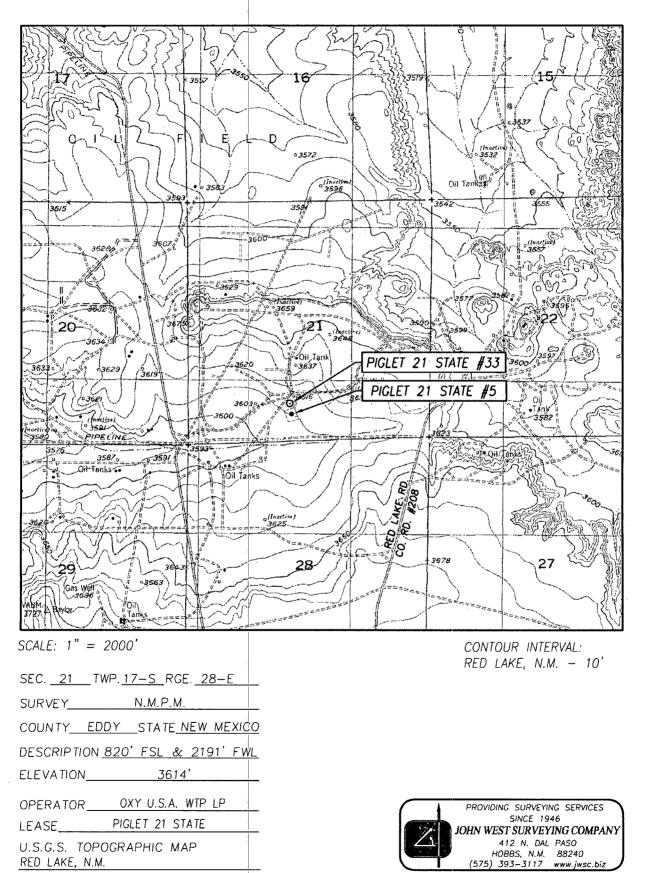
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DISTRICT I 1625 N. French Dr., Hobbs, NM 88240- Phone: (575) 393-6161 Fax: (575)393-0720			ew Mexico		Des	Form C-102 rised August 1, 2011
DISTRICT II			ral Resources De	-		copy to appropriate District Office
811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 DISTRICT III			St. Francis Dr.	N		Distilici Office
1000 Rio Brazos Road, Aztee, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 DISTRICT IV	Sant	ta Fe, New	Mexico 87505			ENDED REPORT
1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462						
	L LOCATION		REAGE DEDICA			
3)-015-41208	9/0830	e	ARTUSA: 6	FL- VASU	5	
Property Code			ty Name 21 STATE		Wel	l Number
OGRID No.		-	or Name		El	33 levation
192463		OXY U.S.	A. WTP LP		3	614'
			Location			
UL or lot No. Section Township N 21 17-S	Range Lot Id	In Feet from		Feet from the 2191	East/West line WEST	County EDDY
IN 21 17-5			f Different From Surface	2191		
UL or lot No. Section Township	Range Lot Id		······································	Feet from the	East/West line	County
Dedicated Acres Joint or Infill C	Consolidation Code	Order No.		L		
					······································	
NO ALLOWABLE WILL BE ASSIGNED TO THIS C	OMPLETION UNTIL ALL	INTERESTS HAVE	BEEN CONSOLIDATED OR A	NON-STANDARD UNIT	HAS BEEN APPROVE	D BY THE DIVISION
· · · · · · · · · · · · · · · · · · ·)
	i		1	11	ATOR CERTIFIC fy that the information he	11
				complete to the	he best of my knowledge nization either owns a wo	and belief, and
			1	proposed bott	eral interest in the land in om hole location or has a	right to drill this
	1		1	of such miner	cation pursuant to a contr al or working interest, or	to a voluntary
					ment or a compulsory po tered by the division.	oling order
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2191					EN METO	
					(12842)	~ · · ·
	820'			Cértificale	Number Gary G	25/13. Eidson 12641
			1	3 Per	Ronald	Eidson 3239
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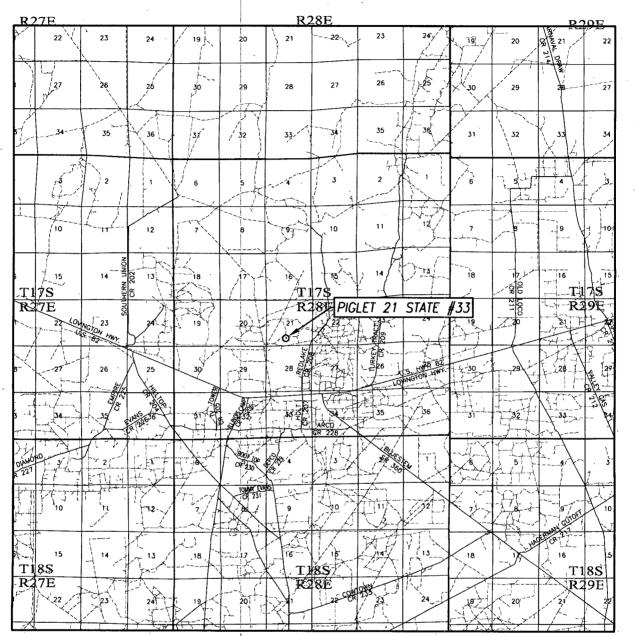
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LOCATION VERIFICATION MAP



NORTH

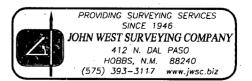
VICINITY MAP

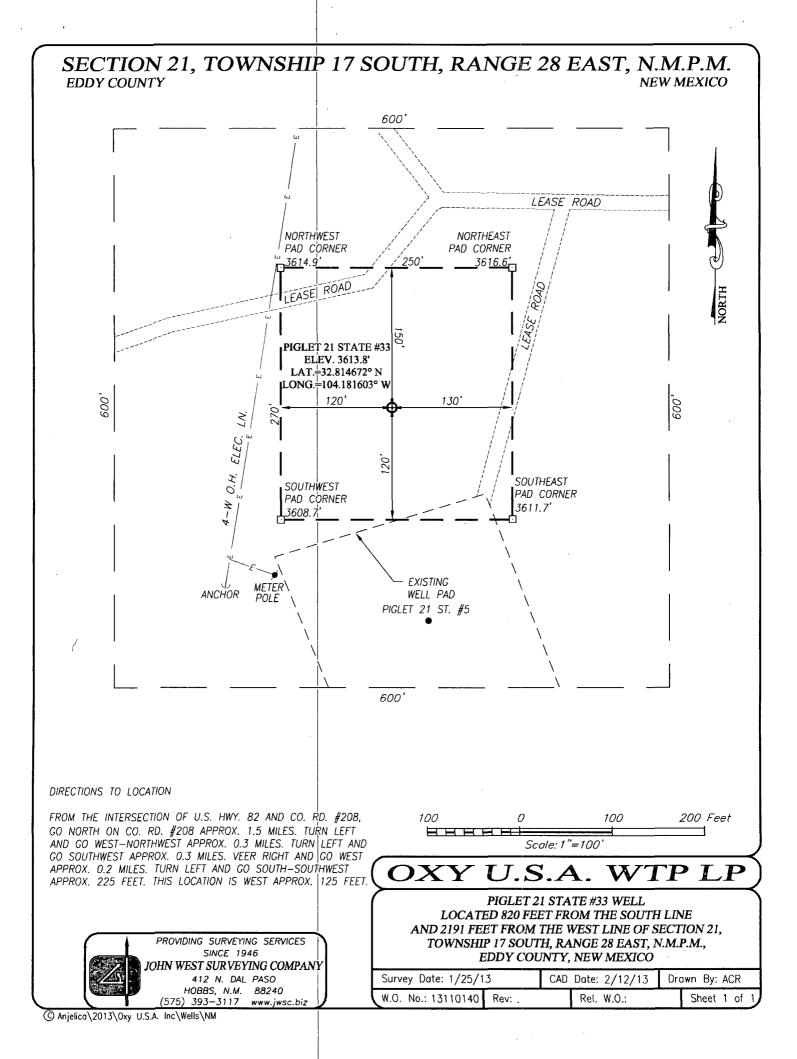


SCALE: 1" = 2 MILES

NORTH

SEC. <u>21</u> TWP. <u>17–S</u> RGE. <u>28–E</u>
SURVEY <u>N.M.P.M.</u>
COUNTY <u>EDDY</u> STATE <u>NEW MEXICO</u>
DESCRIPTION <u>820' FSL & 2191' FWL</u>
ELEVATION 3614'
OPERATOROXY_U.S.A. WTP_LP
LEASE PIGLET 21_STATE





APD DATA – DRILLING PLAN –

OPERATOR NAME / NUMBER: OXY USA WTP LP

LEASE NAME / NUMBER: Piglet 21 State 33

STATE: NM **COUNTY:** Eddy

SURFACE LOCATION: 820' FSL & 2191' FWL, Sec 21, T 17S, R 28E

C-102 PLAT APPROX GR ELEV: 3614

EST KB ELEV: 3628' (14' KB)

1. GEOLOGIC NAME OF SURFACE FORMATION a. Permian

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

Formation	TV Depth Top	Expected Fluids
Rustler	Surface	Fresh Water
	Outcropping	
Yates	410	-
Seven Rivers	604	
Queen	1170	
Grayburg	1640	Oil
San Andres	1749	Oil/Water
Glorietta	3350	Oil
Paddock	3440	Oil
Blinebry	· 3900	Oil
Tubb – Base of Yeso	4820	Oil
TD	5100	TD

- A. Based on the State Engineer Website, there no known nearby water wells drilled in the area.
- B. The 16" conductor pipe will be set at 80' prior to spud.

GREATEST PROJECTED TD 5100' MD / 5100' TVD **OBJECTIVE**: Yeso

3. CASING PROGRAM

Surface Casing: 8.625" casing set at \pm 400' MD/ 400' TVD in a 11" hole filled with 8.4 ppg mud

Interval	Length	Wt	Gr	Condition	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	.SF Coll	SF Burst	SF Ten
0'- 400'	400'	24	J-55	New	ST&C	.1370	2950	381	8.097	7.972	10.17	1.72	45.54

Production Casing: 5.5" casing set at \pm 5100'MD / 5100'TVD in a 7.875" hole filled 9.6 ppg mud

	Interval	Length	Wt	Gr	Condition	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
Į	0'- 5100'	5100'	17	L-80	New	LT&C	6290	7740	338	4.892	4.767	2.47	3.80	4.57

Collapse and burst loads calculated using Stress Check with actual anticipated loads.

4. CEMENT PROGRAM:

Surface Interval

Interval Surface (TOC:	Amount sx 0' - 400')	Ft of Fill	Туре	Gal/Sk	PPG	Ft ³ /sk	24 Hr Comp
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 (T	OC: 0' - 5100')	· · ·	· · · · ·			
Lead: 0' - 3200' (98 % Excess)	420	3200'	Interfill C: 0.4% HR-800, 0.25% D-AIR 5000	14.34	11.9	2.48	327 psi
Tail: 3200' – 5100' (98 % Excess)	440	1900'	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	1914 psi

Description of Cement Additives: Calcium Chloride – Flake (Accelerator), HR-800 (Retarder), D-Air 5000 (Defoamer), Halad ®-344 (Low Fluid Loss Control), WellLife 734 (Cement Enhancer), Microbond (Expander), Econolite (Light Weight Additive), CFR-3 (Dispersant)

If a caliper log is run, cement volumes will be adjusted to caliper volume + 35% excess for the production hole.

5. PRESSURE CONTROL EQUIPMENT

Surface: 0 – 400' None.

Production: 0 - 5100' 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 upon installation to the 8 5/8" surface casing. All equipment will be tested to 250/3000 psi for 10 minutes and charted, except the annular, which will be tested to 70% of working pressure. This is to be in compliance with the Onshore Order # 2 which states the BOPE shall be tested to 70% of the yield of the casing when the BOP and casing are not isolated.
- c. The pipe rams will be functionally tested during each 24 hour period; the blind rams will be functionally tested on each trip out of the hole. These functional tests will be documented on the Daily Driller's Log. Other accessory equipment (BOPE) will include a safety valve and subs as needed to fit all drill strings, and a 2" kill line and 3" choke line having a 3000 psi WP rating. Oxy requests that the system be tested at 3,000 psi.

- **d.** Oxy requests a variance if Savanna 415 is used to drill this well to use a co-flex line between the BOP and choke manifold. See attached schematic.
 - Manufacturer: Hebei Ouya Ltd.

Serial Number: 1642343-04

- Length: <u>39</u>" Size: <u>3</u>" Ends: flanges
- WP rating: <u>3000 psi</u> Anchors required by manufacturer: <u>No</u>
- •. See attached BOP & Choke manifold diagrams.

6. MUD PROGRAM:

Depth	Mud Wt ppg	•	Vis Sec	Fluid Loss	Type System
0 – 400'	8.4 - 8.8		27 - 38	NC .	Fresh Water / Spud Mud
400' – TD	9.6 – 10		28 - 40	10 - 20	Brine Water / Salt Gel

Remarks: 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.

A. 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.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

- **a.** A Kelly cock will be in the drill string at all times.
- **b.** A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor unobstructed and readily accessible at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing is cemented. Breathing equipment will be on location upon drilling the surface casing shoe until total depth is reached. <u>If Hydrogen Sulfide is encountered</u>, measured amounts and formations will be reported to the BLM

8. LOGGING / CORING AND TESTING PROGRAM:

- A. Mud Logger: Log from 3000' to TD.
- B. DST's: None.
- C. Cased Hole Logs as follows: Gamma Ray / Neutron from surface casing to TD.

9. POTENTIAL HAZARDS:

- A. H2S 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. The bottomhole pressure is anticipated to be 2545 psi.
- C. No abnormal temperatures or pressures are anticipated. The highest anticipated pressure gradient is **0.50 psi/ft.** 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 BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM 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. COMPANY PERSONNEL:

Name	Title	Office Phone
Anthony Tschacher	Drilling Engineer	713-985-6949
Sebastian Millan	Drilling Engineer Supervisor	713-350-4950
Roger Allen	Drilling Superintendent	713-215-7617
Douglas Chester	Drilling Manager	713-366-5194