

Oxy USA Inc. - Turkey Track 4-3 State 22H

1. Geologic Formations

| | | | |
|---------------|--------|-------------------------------|------|
| TVD of target | 7958' | Pilot Hole Depth | N/A |
| MD at TD: | 18048' | Deepest Expected fresh water: | 250' |

Delaware Basin

| Formation | TVD - RKB | Expected Fluids |
|------------------------|--------------|-----------------|
| Rustler | 250 | Water |
| Salado | 353 | |
| Tansill | 968 | |
| Yates | 1085 | |
| Seven Rivers | 1495 | |
| Queen | 2,054 | Oil/Gas |
| Grayburg | 2,470 | |
| San Andres | 2,805 | |
| Lamar/Delaware | 2,928 | |
| Bone Spring | 3,875 | Oil/Gas |
| 1st Bone Spring | 6,809 | Oil/Gas |
| 2nd Bone Spring | 6,912 | Oil/Gas |

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 26 2017

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*H₂S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program

| | | | | | | | | | | Buoyant | Buoyant |
|-------|---|-------|--------|------|-------|-----|------|------|------|---------|---------|
| 17.5 | 0 | 400 | 13.375 | 54.5 | J55 | BTC | 6.23 | 1.33 | 2.44 | 2.61 | |
| 12.25 | 0 | 3000 | 9.625 | 36 | J55 | BTC | 2.32 | 1.40 | 1.99 | 2.27 | |
| 8.75 | 0 | 18048 | 5.5 | 20 | P-110 | DQX | 2.09 | 1.28 | 2.21 | 2.39 | |

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

*Oxy requests the option to set casing shallower yet still below the salts if losses or hole conditions require this. Cement volumes may be adjusted if casing is set shallower and a DV tool may be run in case hole conditions merit pumping a second stage cement job to comply with permitted top of cement. If cement circulated to surface during first stage we will drop a cancelation cone and not pump the second stage.

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| | |
|--|---|
| Is casing new? If used, attach certification as required in Onshore Order #1 | Y |
| Does casing meet API specifications? If no, attach casing specification sheet. | Y |
| Is premium or uncommon casing planned? If yes attach casing specification sheet. | Y |
| Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria). | Y |
| Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing? | Y |
| Is well located within Capitan Reef? | N |
| If yes, does production casing cement tie back a minimum of 50' above the Reef? | |
| Is well within the designated 4 string boundary. | |
| Is well located in SOPA but not in R-111-P? | N |
| If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing? | |
| Is well located in R-111-P and SOPA? | N |
| If yes, are the first three strings cemented to surface? | |
| Is 2 nd string set 100' to 600' below the base of salt? | |
| Is well located in high Cave/Karst? | N |
| If yes, are there two strings cemented to surface? | |
| (For 2 string wells) If yes, is there a contingency casing if lost circulation occurs? | |
| Is well located in critical Cave/Karst? | N |
| If yes, are there three strings cemented to surface? | |

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3. Cementing Program

| Cementing Program | | | | | | |
|---------------------|------|------|------|--------|-------|--|
| Surface | 307 | 14.2 | 1.48 | 7.405 | 7:20 | Class C Cement, Accelerator |
| Intermediate Casing | 767 | 12.9 | 1.69 | 9.009 | 10:50 | Class C: Pozzolan Cement, Retarder, Dispersant |
| | 156 | 14.8 | 1.33 | 6.366 | 8:56 | Class C Cement, Retarder, Dispersant, Extenders |
| Production Casing | 846 | 11.9 | 2.2 | 12.163 | 19:37 | Class H Cement Pozzolan, Extenders, Dispersant, Retarder |
| | 2350 | 13.2 | 1.38 | 6.686 | 11:06 | LW Cement, Extender, Retarder, Dispersant |

| Cementing Program | | | | | | |
|---------------------|------|------|------|-------|-----|-----|
| Surface | N/A | N/A | 0 | 400 | N/A | 50% |
| Intermediate Casing | 0 | 2500 | 2500 | 3000 | 75% | 20% |
| Production Casing | 2500 | 6903 | 6903 | 18048 | 75% | 15% |

Include Pilot Hole Cementing specs:

Pilot hole depth: N/A

KOP: N/A

| Cementing Program | | | | | | | |
|-------------------|--|--|--|--|--|--|--|
| N/A | | | | | | | |
| N/A | | | | | | | |

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4. Pressure Control Equipment

| Pressure Control Equipment | | | | | |
|----------------------------|-------------|-------|------------|--------|-------------------------|
| Wellbore Size | Casing Size | Depth | Equipment | Tested | Pressure |
| 12.25" Production | 13-5/8" | 5M | Annular | ✓ | 70% of working pressure |
| | | | Blind Ram | ✓ | 250/5000psi |
| | | | Pipe Ram | | |
| | | | Double Ram | ✓ | |
| | | | Other* | | |

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

| | |
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| | Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i. |
| | A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart. |
| Y | Are anchors required by manufacturer? |
| | A multibowl or a unionized multibowl wellhead system will be employed. The wellhead and connection to the BOPE will meet all API 6A requirements. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. We will test the flange connection of the wellhead with a test port that is directly in the flange. We are proposing that we will run the wellhead through the rotary prior to cementing surface casing as discussed with the BLM on October 8, 2015. See attached schematics. |

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5. Mud Program

| Depth (ft) | Depth (m) | Mud Type | Weight (ppg) | Viscosity (cP) | Yield Point (lb/100 sq ft) |
|------------|-----------|-----------------|--------------|----------------|----------------------------|
| 0 | 400 | Water-Based Mud | 8.4-8.6 | 40-60 | N/C |
| 400 | 3000 | Brine | 9.8-10.0 | 35-45 | N/C |
| 3000 | 7403 | Water-Based Mud | 8.8-9.6 | 38-50 | N/C |
| 7403 | 18048 | Oil-Based Mud | 8.8-9.6 | 35-50 | N/C |

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times. The following is a general list of products: Barite, Bentonite, Gypsum, Lime, Soda Ash, Caustic Soda, Nut Plug, Cedar Fiber, Cotton Seed Hulls, Drilling Paper, Salt Water Clay, CACL2. Oxy will use a closed mud system.

| | |
|---|--------------------------------|
| What will be used to monitor the loss or gain of fluid? | PVT/MD Totco/Visual Monitoring |
|---|--------------------------------|

6. Logging and Testing Procedures

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|-----|---|
| Yes | Will run GR from TD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM. |
| No | Logs are planned based on well control or offset log information. |
| No | Drill stem test? If yes, explain |
| No | Coring? If yes, explain |

| Log Type | Log Name | Log Location |
|----------|-------------|--------------|
| No | Resistivity | |
| No | Density | |
| No | CBL | |
| Yes | Mud log | ICP - TD |
| No | PEX | |

7. Drilling Conditions

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| | |
|-------------------------------|----------|
| BH Pressure at deepest TVD | 3973 psi |
| Abnormal Temperature | No |
| BH Temperature at deepest TVD | 176°F |

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.

| | |
|--|-------------------|
| Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM. | |
| N | H2S is present |
| Y | H2S Plan attached |

8. Other facets of operation

| | Yes/No |
|--|--------|
| Will the well be drilled with a walking/skidding operation? If yes, describe. <ul style="list-style-type: none"> We plan to drill the three well pad in batch by section: all surface sections, intermediate sections and production sections. The wellhead will be secured with a night cap whenever the rig is not over the well. | Yes |
| Will more than one drilling rig be used for drilling operations? If yes, describe. <ul style="list-style-type: none"> Oxy requests the option to contract a Surface Rig to drill, set surface casing, and cement for this well. If the timing between rigs is such that Oxy would not be able to preset surface, the Primary Rig will MIRU and drill the well in its entirety per the APD. Please see the attached document for information on the spudder rig. | Yes |

Total estimated cuttings volume: 2526.6 bbls.

Attachments

- ☒ Directional Plan
- ☒ H2S Contingency Plan
- ☒ Flex III Attachments
- ☒ Spudder Rig Attachment
- ☒ Premium Connection Specs

9. Company Personnel

Oxy USA Inc. - Turkey Track 4-3 State 22H

| <u>Name</u> | <u>Title</u> | <u>Office Phone</u> | <u>Mobile Phone</u> |
|--------------------|------------------------------|----------------------------|----------------------------|
| Philippe Haffner | Drilling Engineer | 713-985-6379 | 832-767-9047 |
| Diego Tellez | Drilling Engineer Supervisor | 713-350-4602 | 713-303-4932 |
| Simon Benavides | Drilling Superintendent | 713-522-8652 | 281-684-6897 |
| John Willis | Drilling Manager | 713-366-5556 | 713-259-1417 |