

OCD-ARTESIA

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. SL:LC-028731B; BL:LC-0068722
1b Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name N/A
2 Name of Operator COG Operating LLC		7 If Unit or CA Agreement, Name and No N/A
3a Address 550 W. Texas Ave., Suite 100 Midland, TX 79701	3b Phone No. (include area code) 432-685-4384	8. Lease Name and Well No SUBMARINE 10 FED COM #3H
4 Location of Well (Report location clearly and in accordance with any State requirements.) At surface SHL: 1605' FNL & 85' FEL, Unit H At proposed prod zone BHL: 1650' FNL & 330' FWL, Unit E		9 API Well No. 30-015-40543
14 Distance in miles and direction from nearest town or post office* 2 miles from Loco Hills, NM		10 Field and Pool, or Exploratory Dodd; Glorieta-Upper Yeso
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 85'	16 No of acres in lease SHL: 1480 BHL: 160	11 Sec, T R M or Blk and Survey or Area Sec 10 T17S R29E
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 170'	19 Proposed Depth TVD: 5200' MD: 9868'	12 County or Parish EDDY
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3627' GL	22 Approximate date work will start* 06/30/2012	13 State NM
23 Estimated duration 15 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form

- | | |
|--|--|
| 1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer |
|--|--|

25 Signature	Name (Printed/Typed) Kelly J. Holly	Date 04/04/2012
Title Permitting Tech		

Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	Date JUL 26 2012
Title FIELD MANAGER		Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

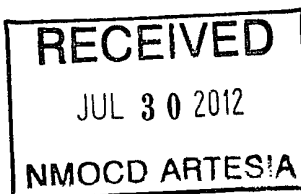
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*(Instructions on page 2)

Roswell Controlled Water Basin



**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**Approval Subject to General Requirements
& Special Stipulations Attached**

Surface Use Plan
COG Operating, LLC
Submarine 10 Federal Unit #3H
SL: 1605' FNL & 85' FEL *UL H*
BHL: 1650' FNL & 330' FWL *UL E*
Section 10, T-17-S, R-29-E
Eddy County, New Mexico

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Operating, LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 15th day of December, 2011.

Signed: _____

Carl Bird

Printed Name: Carl Bird

Position: Drilling Engineer

Address: 550 W. Texas, Suite 1300, Midland, Texas 79701

Telephone: (432) 683-7443

Field Representative (if not above signatory): Same

E-mail: cbird@conchoresources.com

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6101 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (303) 476-3460 Fax: (303) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-DIS-40543	Pool Code 97917	Pool Name Dodd-Glorieta-Upper Yeso
Property Code 39652	Property Name SUBMARINE 10 FEDERAL COM.	Well Number 3H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3627'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	17-S	29-E		1605	NORTH	85	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	17-S	29-E		1650	NORTH	330	WEST	EDDY

Dedicated Acres 1.20	Joint or Infill	Consolidation Code	Order No
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>DETAIL 3618.9' 3639.0' 600' 600' 3615.2' 3627.9'</p> <p>GRID AZ = 269°22'56" HORZ. DIST. = 4874.2'</p> <p>CORNER COORDINATES TABLE</p> <p>① - Y=674001.8 N, X=580629.2 E ② - Y=674009.3 N, X=585916.2 E ③ - Y=672681.7 N, X=580629.9 E ④ - Y=672688.7 N, X=585919.9 E</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=673725.0 N X=585832.0 E</p> <p>LAT.=32.851842° N LONG.=104.053837° W</p> <p>BOTTOM HOLE LOCATION Y=673672.5 N X=580959.3 E</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Date 5/2/12</p> <p>Signature Kanicia Castillo</p> <p>Printed Name Kcastillo@concho.com</p> <p>E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</p> <p>DECEMBER 3, 2011</p> <p>Date of Survey Signature & Seal of Professional Surveyor: RONALD J. EIDSON 3239 12/14/2011 Certificate Number Ronald J. Eidson 12641 3239 PROFESSIONAL TWSC W.O.: 11.11.1274</p>
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DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40543	Pool Code 28509	Pool Name Grayburg Jackson, SR Q-G-SA
Property Code 392-52	Property Name EMPIRE, GLOR-YESO, EAST	Well Number 3H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3627'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	17-S	29-E		1605	NORTH	85	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	17-S	29-E		1650	NORTH	330	WEST	EDDY

Dedicated Acres 1.0040	Joint or infill	Consolidation Code	Order No.
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	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Date: 5/2/12</p> <p>Signature: Kanicia Castillo</p> <p>Printed Name: kc Castillo@concho.com</p> <p>E-mail Address: kc Castillo@concho.com</p>
<p>CORNER COORDINATES TABLE</p> <p>① - Y=674001.8 N, X=580629.2 E</p> <p>② - Y=674009.3 N, X=585916.2 E</p> <p>③ - Y=672681.7 N, X=580629.9 E</p> <p>④ - Y=672688.7 N, X=585919.9 E</p>	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 3, 2011</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor:</p> <p>RONALD J. EIDSON</p> <p>3239</p> <p>Certificate Number: 12641</p> <p>Professional Surveyor: 12/14/2011</p> <p>AF</p>

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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015 40543	Pool Code 97917	Pool Name Dodd; Glorieta-Upper YESo
Property Code 39252	Property Name SUBMARINE 10 FEDERAL COM.	Well Number 3H
GRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3627'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	17-S	29-E		1605	NORTH	85	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	17-S	29-E		1650	NORTH	330	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 12-19-11 Signature Date Kelly J. Holly Printed Name kholly@concho.com E-mail Address</p>
<p>CORNER COORDINATES TABLE</p> <p>① - Y=674001.8 N, X=580629.2 E ② - Y=674009.3 N, X=585916.2 E ③ - Y=672681.7 N, X=580629.9 E ④ - Y=672688.7 N, X=585919.9 E</p>		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 3, 2011</p> <p>Date of Survey Signature & Seal of Professional Surveyor: <i>[Signature]</i> RONALD J. EIDSON NEW MEXICO 3239 Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239 AF JWSC W.O. 11.11 2274</p>

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

JAMI BAILEY
Division Director
Oil Conservation Division



Administrative Order DHC-4564

Order Date: 5/9/2012

Application Reference Number: pWVJ1213036056

COG OPERATING LLC
550 W TEXAS, SUITE 100
MIDLAND, TX 79701

Attention: Kanicia Castillo

Submarine 10 Federal Com Well No. 3H
API No: 30-015-NA
Unit H, Section 10, Township 17 South, Range 29 East, NMPM
Eddy County, New Mexico

Pool: DODD;GLORIETA-UPPER YESO Oil 97917
Names: ~~UNDES~~; EMPIRE; GLORIETA-YESO, EAST Oil 96610

Reference is made to your recent application for an exception to 19.15.12.9A NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

DODD;GLORIETA-UPPER YESO Pool	Pct Gas: 75	Pct Oil: 75
UNDES ; EMPIRE; GLORIETA-YESO, EAST Pool	Pct Gas: 25	Pct Oil: 25

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad

DATE IN 5/8/12	SUSPENSE	ENGINEER WVJ	LOGGED IN 5/8/12	TYPE DHC	APPROVAL PLWJ 1213038056
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A] Submarine 10 Federal Com Lease
- [A] Location - Spacing Unit - Simultaneous Dedication Eddy County, NM
☐ NSL ☐ NSP ☐ SD Section 10, 17S, 29E
 Check One Only for [B] or [C] OGRID # 229137
- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply
- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached
- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.
- [4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kanicia Castillo

Print or Type Name

Signature

Lead Regulatory Analyst 5/2/12

Title

Date

kcastillo@concho.com

e-mail Address

District I
1633 N. French Drive, Hobbs, NM 88240

District II
417 S. First St., Ancho, NM 88210

District III
1000 Kibb Road, Amar, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87501

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

COG Operating LLC 550 West Texas Ave, Suite 100, Midland, TX 79701
Operator Address
Submarine 10 Federal Com #3H H, 10, 17S, 29E DHC-456 Eddy
Lease Well No. Unit Letter-Section Township-Range County
OGRID No. 229137 Property Code API No. Lease Type. ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Dodd-Glorieta-Upper Yesso	Grayburg Jackson; SR	Q-G-SA 9610
Pool Code	97917	28509	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4008 - 5355	4008 - 5355	
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	
Bottomhole Pressure (Note: Pressure data will not be required if the bottomhole pressure in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-in or New Zone	New Zone	New Zone	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 75 % 75 %	Oil Gas 25 % 25 %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well.

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____ TITLE Head Regulatory Analyst DATE 5/02/12

TYPE OR PRINT NAME Kanicia Castillo TELEPHONE NO (432) 665-4332

E-MAIL ADDRESS kcastillo@concho.com

ATTACHMENT TO FORM 3160-3
 COG Operating, LLC
 SUBMARINE 10 FEDERAL COM #3H
 SHL: 1605' FNL & 85' FEL, Unit H
 BHL: 1650' FNL & 330' FWL, Unit E
 Sec 10, T17S, R29E
 Eddy County, NM

1. Proration Unit Spacing: 160 Acres
2. Ground Elevation: 3627'
3. Proposed Depths: Horizontal TVD = 5200', MD = 9868'
4. Estimated tops of geological markers:

Quaternary	Surface
Rustler	300'
Top of Salt	450'
Base of Salt	800'
Yates	958'
Seven Rivers	1232'
Queen	1824'
Grayburg	2236'
San Andres	2530'
Glorieta	3948'
Paddock	4008'
Blaine	4410'
Tubb	5355'

5. Possible mineral bearing formations:

Water Sand	150'	Fresh Water
Grayburg	2236'	Oil/Gas
San Andres	2530'	Oil/Gas
Glorieta	3948'	Oil/Gas
Paddock	4008'	Oil/Gas
Blaine	4410'	Oil/Gas
Tubb	5355'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 400' and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 9 5/8" casing to 1350' and circulating cement, in a single or multi-stage job and/or with an ECP, back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them. This will be achieved by cementing, with a single or multi-stage job, the 7" x 5 1/2" production casing back 200' into the intermediate casing (although cement volume is actually calculated to surface), to be run at TD. If wellbore conditions arise that require immediate action and/or a change to this program, COG Operating LLC personnel will always react to protect the wellbore and/or environment.

see COA

see COA

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
SUBMARINE 10 FEDERAL COM #3H
Page 2 of 4

6. Casing Program - Proposed

Hole size	Interval	OD of Casing	Weight	Cond.	Collar	Grade
17-1/2"	0' - +/-400' ²²⁵	13-3/8"	48#	New	STC	H-40 or Hybrid J-55
Collapse sf – 4.36, Burst sf – 9.79, Tension sf – 16.77						
12-1/4"	0' - +/-1350'	9-5/8"	36#	New	STC	J/K-55
Collapse sf – 3.16, Burst sf – 5.51, Tension sf – 9.32						
8-3/4" x 7 7/8"	0' – 9868'	7" x 5-1/2"	26#/17#	New	LTC	L-80
7" Csg - Collapse sf – 2.42, Burst sf – 1.94, Tension sf – 4.23						
5 1/2" Csg - Collapse sf – 2.55, Burst sf – 1.95, Tension sf – 3.94						

Production string will be a tapered string with 7" 26# L-80 LTC ran from surface to kick off point and then crossed over to 5 1/2" 17# L-80 LTC.

7. Cement Program

13 3/8" Surface Csg: Set at +/- 400'MD: 400sx Class "C" w/ 2% CaCl₂ & 0.25 pps CF, yield 1.32 cu.ft./sk., wt. 14.8 ppg. 190% excess, calculated to surface.

9 5/8" Intrmd. Csg: Set at +/- 1350'MD.

Option #1: **Single Stage (TD to Surface):** Lead Slurry: 300 sx 50:50:10:C:Poz:Gel w/ 5% salt, 5 pps LCM-1, 0.25 pps CF, yield 2.45 cu.ft./sk., wt. 14.8 ppg. Tail Slurry: 200 sx Class "C" w/ 2% CaCl₂, yield 1.32 cu.ft./sk., wt. 14.8 ppg. 185% excess, calculated to surface.

Option #2: **Multi Stage: Stage 1 (TD to DV Tool @ 450"):** 200 sx Class "C" w/ 2% CaCl₂, yield 1.32 cu.ft./sk., wt. 14.8 ppg. 45% excess. **Stage 2 (DV Tool to surface):** 300 sx 50:50:10:C:Poz:Gel w/ 5% salt, 5 pps LCM-1, 0.25 pps CF, yield 2.45 cu.ft./sk., wt. 14.8 ppg. calculated to surface, 185% excess; assumption for tool is lost circulation. Multi stage tool to be set at approximately, depending on hole conditions, 450' (50' below the surface casing). Cement volumes will be adjusted proportionately for depth changes of multi stage tool.

7" x 5 1/2" Production Csg: Set at +/- 9868'MD.

Option #1: **Single Stage (KOP to surface):** Lead Slurry: 400 sx 35:65:6:C:Poz:Gel w/ 5% salt, 5 pps LCM, 0.2% SMS, 0.3% FL-52A, 0.125 pps CF, yield 2.01 cu.ft./sk., wt. 12.5 ppg. Tail Slurry: 300 sx 50:50:2:C:Poz:Gel w/ 5% salt, 3 pps LCM, 0.6% SMS, 1% FL-25, 1% BA-58, 0.125 pps CF, 0.3% FL-52A; yield 1.37 cu. ft./sk., wt. 14.0 ppg. DV Tool and ECP to be set at kick off point with 7" cemented to surface and 5 1/2" run with +/- 18 isolation packers and sliding sleeves in uncemented lateral. 95% excess in open hole, from kick off point, calculated to surface. **This is a minimum volume and will be adjusted up after caliper is run.**

Option #2: **Multi Stage (DV Tool & ECP (external csg. Packer)@ KOP and DV Tool at 3000'):** Stage 1:(KOP to Dv Tool at 3000'): 200 sx 50:50:2:C:Poz:Gel w/ 5% salt, 3 pps LCM, 0.6% SMS, 1% FL-25, 1% BA-58, 0.125 pps CF, 0.3% FL-52A; yield 1.37 cu.ft./sk., 14.00 ppg. 6% excess. **This is a minimum volume and will be adjusted up after caliper is run.** Stage 2: Lead Slurry: 400 sx 50:50:2:C:Poz:Gel w/ 5% salt, 3 pps LCM, 0.6% SMS, 1% FL-25, 1% BA-58, 0.125 pps CF, 0.3% FL-52A; yield 1.37 cu.ft./sk., wt.14.0 ppg. Tail Slurry: 300 sx Class C w/ 0.3% R-3 + 1.5% CD-32, yield 1.02 cu.ft./sk., wt. 16.6 ppg. 154% excess calculated back to surface (no need for excess in casing overlap). **This is a minimum volume and will be adjusted up after caliper is run.**

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
SUBMARINE 10 FEDERAL COM #3H
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You will note that in option #2 the Multi stage tool (DV Tool) will be set at approximately 3000', depending on hole conditions. Cement volumes will be adjusted proportionately for depth changes of multi stage tool; assumption for use of tool is water flow.

8. Pressure Control Equipment:

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer, and in some cases possibly a 2000 psi Hydril type annular preventer as provided for in Onshore Order #2. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. A 13-5/8" BOP will be used during the drilling of the well. A 13 5/8" permanent casing head will be installed on the 13 3/8" casing. The BOP will be nipped up on the 13 5/8" permanent casing head and tested to 2000 psi. After setting 9-5/8", permanent "B section" well head will be installed and the BOP will then be nipped up on the permanent B section well head and tested by a third party to 2000 psi and used continuously until total depth is reached. 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 (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) with a 2000 psi WP rating.

9. Proposed Mud Circulating System

Interval	Mud Wt.	Visc.	FL	Type Mud System
0' - 400' <i>225</i>	8.5	28	NC	Fresh water native mud w/ paper for seepage and sweeps. Lime for PH.
400' - 1350'	10	30	NC	Brine mud, lime for PH and paper for seepage and sweeps.
1350' - 9868'	9.1	29	NC	Drill section with fresh water/cut brine circulating the reserve utilizing periodic sweeps of paper as needed for seepage control and solids removal.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

10. Production Hole Drilling Summary:

Drill 8 3/4" hole and kick off at +/- 4723', building curve over +/- 750' to horizontal at 5200' TVD. Drill 7 7/8" lateral section in a westerly direction for +/-4395' lateral to TD at +/-9868' MD, 5200' TVD. Run 7" x 5-1/2" production casing. 7" to be ran from surface to kickoff point and changed over to 5 1/2" with DV Tool and ECP at kickoff point. 5 1/2" casing will be ran from kickoff point to td and isolation packers set throughout lateral. 7" to be cemented from kickoff point to surface.

11. Auxiliary Well Control and Monitoring Equipment

- A. Kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
SUBMARINE 10 FEDERAL COM #3H
Page 4 of 4

12. Logging, Testing and Coring Program:

- A. No electric logs to be run.
- B. The mud logging program will consist of lagged 10' samples from intermediate casing point to T.D. in vertical pilot hole and from Kick off point to TD in Horizontal hole.
- C. Drill Stem test is not anticipated.
- D. No conventional coring is anticipated.
- E. Further testing procedures will be determined after the 7" x 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

13. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature at TD of pilot hole is 90 degrees and estimated maximum bottom hole pressure is 1800 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area, however an H2S plan is attached to the Drilling Program. No major loss of circulation zones has been reported in offsetting wells.

14. Anticipated Starting Date

Drilling operations will commence approximately on June 30, 2012 with drilling and completion operations lasting approximately 90 days.



COG Operating LLC

Eddy County, NM (NAN27 NME)

Submarine 10 Federal Com #3H

Submarine 10 Federal Com #3H

OH

Plan: Plan #2 8-3/4" Hole

SHL = 1605' FNL & 85' FEL

PP = 1608' FNL & 330' FEL

BHL = 1650' FNL & 330' FWL

Standard Planning Report

23 January, 2012



Scientific Drilling
Directional Drilling Operations

Database:	EDM:5000 1 Single User Db	Local Co-ordinate Reference:	Site Submarine 10 Federal Com #3H
Company:	COG Operating LLC	TVD Reference:	GL Elev @ 3627 00usft
Project:	Eddy County, NM (NAN27.NME)	MD Reference:	GL Elev @ 3627 00usft
Site:	Submarine 10 Federal Com #3H	North Reference:	Grid
Well:	Submarine 10 Federal Com #3H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 8-3/4" Hole		

Project:	Eddy County, NM (NAN27.NME)		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site:	Submarine 10 Federal Com #3H		
Site Position:		Northing:	673,725 00 usft
From:	Map	Easting:	585,832 00 usft
Position Uncertainty:	0 00 usft	Slot Radius:	13-3/16 "
		Latitude:	32° 51' 6 632 N
		Longitude:	104° 3' 13 813 W
		Grid Convergence:	0.15 °

Well:	Submarine 10 Federal Com #3H					
Well Position	+N/-S	0 00 usft	Northing:	673,725 00 usft	Latitude:	32° 51' 6 632 N
	+E/-W	0 00 usft	Easting:	585,832.00 usft	Longitude:	104° 3' 13 813 W
Position Uncertainty		0 00 usft	Wellhead Elevation:		Ground Level:	3,627.00 us

Wellbore	OH				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	2012/01/23	7 78	60 67	48,878

Design:	Plan #2 8-3/4" Hole			
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0 00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W	Direction
	(usft)	(usft)	(usft)	(°)
	0 00	0 00	0.00	269 38

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
4,722 54	0 00	0 00	4,722 54	0 00	0 00	0 00	0 00	0 00	0 00	
5,472 54	90 00	269 38	5,200 00	-5 14	-477 44	12 00	12 00	0 00	269 38	
9,868 05	90 00	269 38	5,200 00	-52 50	-4,872 70	0 00	0.00	0 00	0 00	PBHL-Submanne 10



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Site Submarine 10 Federal Com #3H
Company:	COG Operating LLC	TVD Reference:	GL Elev @ 3627.00usft
Project:	Eddy County, NM (NAN27 NME)	MD Reference:	GL Elev @ 3627.00usft
Site:	Submarine 10 Federal Com #3H	North Reference:	Grid
Well:	Submarine 10 Federal Com #3H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 8-3/4" Hole		

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4,722.54	0.00	0.00	4,722.54	0.00	0.00	0.00	0.00	0.00	0.00
Start Build 12.00°/100'									
4,800.00	9.30	269.38	4,799.66	-0.07	-6.27	6.27	12.00	12.00	0.00
4,900.00	21.30	269.38	4,895.94	-0.35	-32.60	32.60	12.00	12.00	0.00
5,000.00	33.30	269.38	4,984.64	-0.84	-78.37	78.38	12.00	12.00	0.00
5,100.00	45.30	269.38	5,061.89	-1.53	-141.59	141.59	12.00	12.00	0.00
5,200.00	57.30	269.38	5,124.31	-2.36	-219.48	219.49	12.00	12.00	0.00
5,229.71	60.86	269.38	5,139.57	-2.64	-244.96	244.97	12.00	12.00	0.00
PP-330° FEL Submarine 10 #3H									
5,300.00	69.30	269.38	5,169.16	-3.33	-308.64	308.66	12.00	12.00	0.00
5,400.00	81.30	269.38	5,194.50	-4.37	-405.18	405.21	12.00	12.00	0.00
5,472.54	90.00	269.38	5,200.00	-5.14	-477.44	477.47	12.00	12.00	0.00
Land hold 90.00°									
5,500.00	90.00	269.38	5,200.00	-5.44	-504.90	504.93	0.00	0.00	0.00
5,600.00	90.00	269.38	5,200.00	-6.52	-604.89	604.93	0.00	0.00	0.00
5,700.00	90.00	269.38	5,200.00	-7.59	-704.89	704.93	0.00	0.00	0.00
5,800.00	90.00	269.38	5,200.00	-8.67	-804.88	804.93	0.00	0.00	0.00
5,900.00	90.00	269.38	5,200.00	-9.75	-904.88	904.93	0.00	0.00	0.00
6,000.00	90.00	269.38	5,200.00	-10.83	-1,004.87	1,004.93	0.00	0.00	0.00
6,100.00	90.00	269.38	5,200.00	-11.90	-1,104.87	1,104.93	0.00	0.00	0.00
6,200.00	90.00	269.38	5,200.00	-12.98	-1,204.86	1,204.93	0.00	0.00	0.00
6,300.00	90.00	269.38	5,200.00	-14.06	-1,304.85	1,304.93	0.00	0.00	0.00
6,400.00	90.00	269.38	5,200.00	-15.14	-1,404.85	1,404.93	0.00	0.00	0.00
6,500.00	90.00	269.38	5,200.00	-16.21	-1,504.84	1,504.93	0.00	0.00	0.00
6,600.00	90.00	269.38	5,200.00	-17.29	-1,604.84	1,604.93	0.00	0.00	0.00
6,700.00	90.00	269.38	5,200.00	-18.37	-1,704.83	1,704.93	0.00	0.00	0.00
6,800.00	90.00	269.38	5,200.00	-19.45	-1,804.82	1,804.93	0.00	0.00	0.00
6,900.00	90.00	269.38	5,200.00	-20.52	-1,904.82	1,904.93	0.00	0.00	0.00
7,000.00	90.00	269.38	5,200.00	-21.60	-2,004.81	2,004.93	0.00	0.00	0.00
7,100.00	90.00	269.38	5,200.00	-22.68	-2,104.81	2,104.93	0.00	0.00	0.00
7,200.00	90.00	269.38	5,200.00	-23.76	-2,204.80	2,204.93	0.00	0.00	0.00
7,300.00	90.00	269.38	5,200.00	-24.83	-2,304.80	2,304.93	0.00	0.00	0.00
7,400.00	90.00	269.38	5,200.00	-25.91	-2,404.79	2,404.93	0.00	0.00	0.00
7,500.00	90.00	269.38	5,200.00	-26.99	-2,504.78	2,504.93	0.00	0.00	0.00
7,600.00	90.00	269.38	5,200.00	-28.06	-2,604.78	2,604.93	0.00	0.00	0.00
7,700.00	90.00	269.38	5,200.00	-29.14	-2,704.77	2,704.93	0.00	0.00	0.00
7,800.00	90.00	269.38	5,200.00	-30.22	-2,804.77	2,804.93	0.00	0.00	0.00
7,900.00	90.00	269.38	5,200.00	-31.30	-2,904.76	2,904.93	0.00	0.00	0.00
8,000.00	90.00	269.38	5,200.00	-32.37	-3,004.76	3,004.93	0.00	0.00	0.00
8,100.00	90.00	269.38	5,200.00	-33.45	-3,104.75	3,104.93	0.00	0.00	0.00
8,200.00	90.00	269.38	5,200.00	-34.53	-3,204.74	3,204.93	0.00	0.00	0.00
8,300.00	90.00	269.38	5,200.00	-35.61	-3,304.74	3,304.93	0.00	0.00	0.00
8,400.00	90.00	269.38	5,200.00	-36.68	-3,404.73	3,404.93	0.00	0.00	0.00
8,500.00	90.00	269.38	5,200.00	-37.76	-3,504.73	3,504.93	0.00	0.00	0.00
8,600.00	90.00	269.38	5,200.00	-38.84	-3,604.72	3,604.93	0.00	0.00	0.00
8,700.00	90.00	269.38	5,200.00	-39.92	-3,704.71	3,704.93	0.00	0.00	0.00
8,800.00	90.00	269.38	5,200.00	-40.99	-3,804.71	3,804.93	0.00	0.00	0.00
8,900.00	90.00	269.38	5,200.00	-42.07	-3,904.70	3,904.93	0.00	0.00	0.00
9,000.00	90.00	269.38	5,200.00	-43.15	-4,004.70	4,004.93	0.00	0.00	0.00
9,100.00	90.00	269.38	5,200.00	-44.23	-4,104.69	4,104.93	0.00	0.00	0.00
9,200.00	90.00	269.38	5,200.00	-45.30	-4,204.69	4,204.93	0.00	0.00	0.00
9,300.00	90.00	269.38	5,200.00	-46.38	-4,304.68	4,304.93	0.00	0.00	0.00



SDI
Planning Report

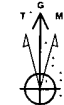


Database:	EDM 5000 1 Single User Db	Local Co-ordinate Reference:	Site Submarine 10 Federal Com #3H
Company:	COG Operating LLC	TVD Reference:	GL Elev @ 3627 00usft
Project:	Eddy County, NM (NAN27 NME)	MD Reference:	GL Elev @ 3627 00usft
Site:	Submarine 10 Federal Com #3H	North Reference:	Gnd
Well:	Submarine 10 Federal Com #3H	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 8 3/4" Hole		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
9,400.00	90.00	269.38	5,200.00	-47.46	-4,404.67	4,404.93	0.00	0.00	0.00
9,500.00	90.00	269.38	5,200.00	-48.53	-4,504.67	4,504.93	0.00	0.00	0.00
9,600.00	90.00	269.38	5,200.00	-49.61	-4,604.66	4,604.93	0.00	0.00	0.00
9,700.00	90.00	269.38	5,200.00	-50.69	-4,704.66	4,704.93	0.00	0.00	0.00
9,800.00	90.00	269.38	5,200.00	-51.77	-4,804.65	4,804.93	0.00	0.00	0.00
9,868.05	90.00	269.38	5,200.00	-52.50	-4,872.70	4,872.98	0.00	0.00	0.00
PBHL-Submarine 10 #3H									

Design Targets									
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
- hit/miss target									
- Shape									
PP-330° FEL Submarine	0.00	0.00	5,139.59	-2.64	-244.98	673,722.36	585,587.02	32° 51' 6.612 N	104° 3' 16.685 W
- plan hits target center									
- Point									
PBHL-Submarine 10 #3H	0.00	0.00	5,200.00	-52.50	-4,872.70	673,672.50	580,959.30	32° 51' 6.236 N	104° 4' 10.935 W
- plan hits target center									
- Point									

Plan Annotations				
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	+E/-W (usft)	Comment
4,722.54	4,722.54	0.00	0.00	Start Build 12.00°/100'
5,472.54	5,200.00	-5.14	-477.44	Land hold 90.00°



Altitude to Grid North
True North -4 15
Magnetic North 7 637
Magnetic Field
Strength 48878.5 nT
Dip Angle 66.87°
Date 2012/07/23
To convert a Magnetic Direction to a Grid Direction Add 7.63°
To convert a True Direction to a Grid Direction Subtract 0.15° Model IGRF2010

Submarine 10 Federal Com #3H
Eddy County, NM (NAN27 NME)
Northing (Y) 673725.00
Easting (X) 585832.00
Plan #2 8-3/4" Hole

WELL DETAILS Submarine 10 Federal Com #3H

	North	East	South	West
Ground Level	3627.00			
North	673725.00			
East		585832.00		
South			32° 51' 6.632" N	
West				104° 3' 13.813" W

PROJECT DETAILS Eddy County, NM (NAN27 NME)

Geodetic System US State Plane 1927 (Exact solution)
Datum NAD 1927 (NADCON CONUS)
Ellipsoid Clarke 1866
Zone New Mexico East 3001
System Datum Mean Sea Level

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	N-S	E-W	Deg	T-Face	V-Sect	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4722.54	0.00	0.00	4722.54	0.00	0.00	0.00	0.00	0.00	
3	5472.54	90.00	289.38	5200.00	-5.14	-477.44	12.00	289.38	477.44	
4	9658.05	50.00	289.38	5200.00	-52.50	-4872.70	0.00	0.00	4872.70	PBHL-Submarine 10 #3H

SITE DETAILS Submarine 10 Federal Com #3H

Site Centre Northing 673725.00
Easting 585832.00
Positional Uncertainty 0.00
Convergence 0.15
Local North Grid

DESIGN TARGET DETAILS

Name	TVD	N-S	E-W	North	East	Latitude	Longitude	Shape
PP-330 FEL Submarine 10 #3H139.59	-2.64	-244.58	673722.36	585593.02	32° 51' 6.632" N	104° 3' 16.885" W	Point	
plan hts target center								
PBHL-Submarine 10 #3H	5200.00	-52.50	-4872.70	673972.50	585959.30	32° 51' 6.236" N	104° 4' 10.935" W	Point
plan hts target center								

LEGEND

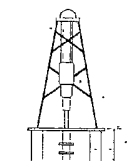
- Dodd Federal Unit #502 OH Plan #1 7-7/8" Hole V0
- Dodd Federal Unit #528 OH Plan #1 7-7/8" Hole V0
- Submarine 10 Federal Com #2H OH Plan #2 8-3/4" Hole V0
- Submarine 10 Federal Com #4H OH Plan #2 8-3/4" Hole V0
- Submarine 11 Federal Com #2H OH Plan #1 8-3/4" Hole V0
- Submarine 11 Federal Com #3H OH Plan #1 8-3/4" Hole V0
- Submarine 11 Federal Com #4H OH Plan #1 8-3/4" Hole V0
- Plan #2 8-3/4" Hole

Map System US State Plane 1927 (Exact solution)
Datum NAD 1927 (NADCON CONUS)
Ellipsoid Clarke 1866
Zone Name New Mexico East 3001

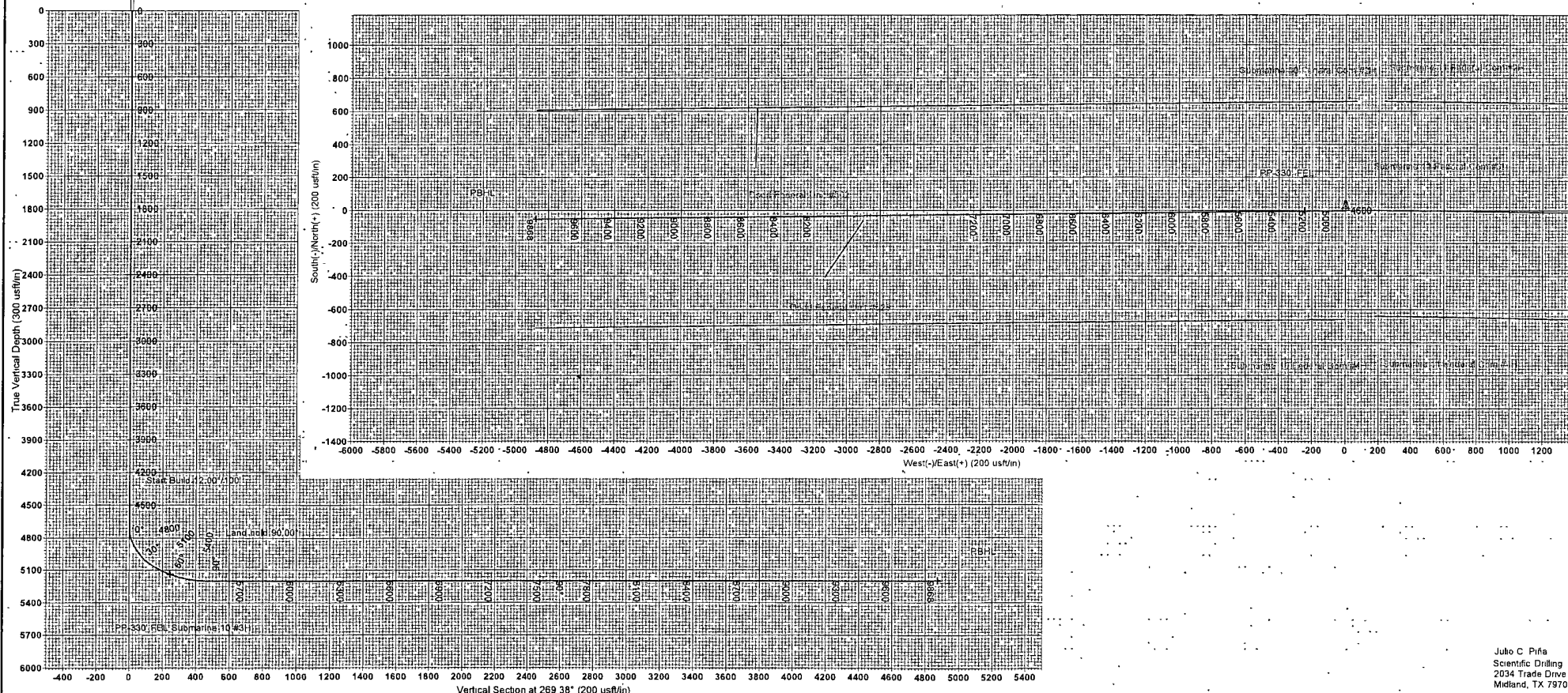
Local Origin See Submarine 10 Federal Com #3H Grid North
Latitude 32° 51' 6.632" N
Longitude 104° 3' 13.813" W
Grid East 585832.00
Grid North 673725.00
Scale Factor 1.000

Geomagnetic Model IGRF2010
Sample Date 23-Jan-12
Magnetic Declination 7.78°
Dip Angle from Horizontal 60.87°
Magnetic Field Strength 48878

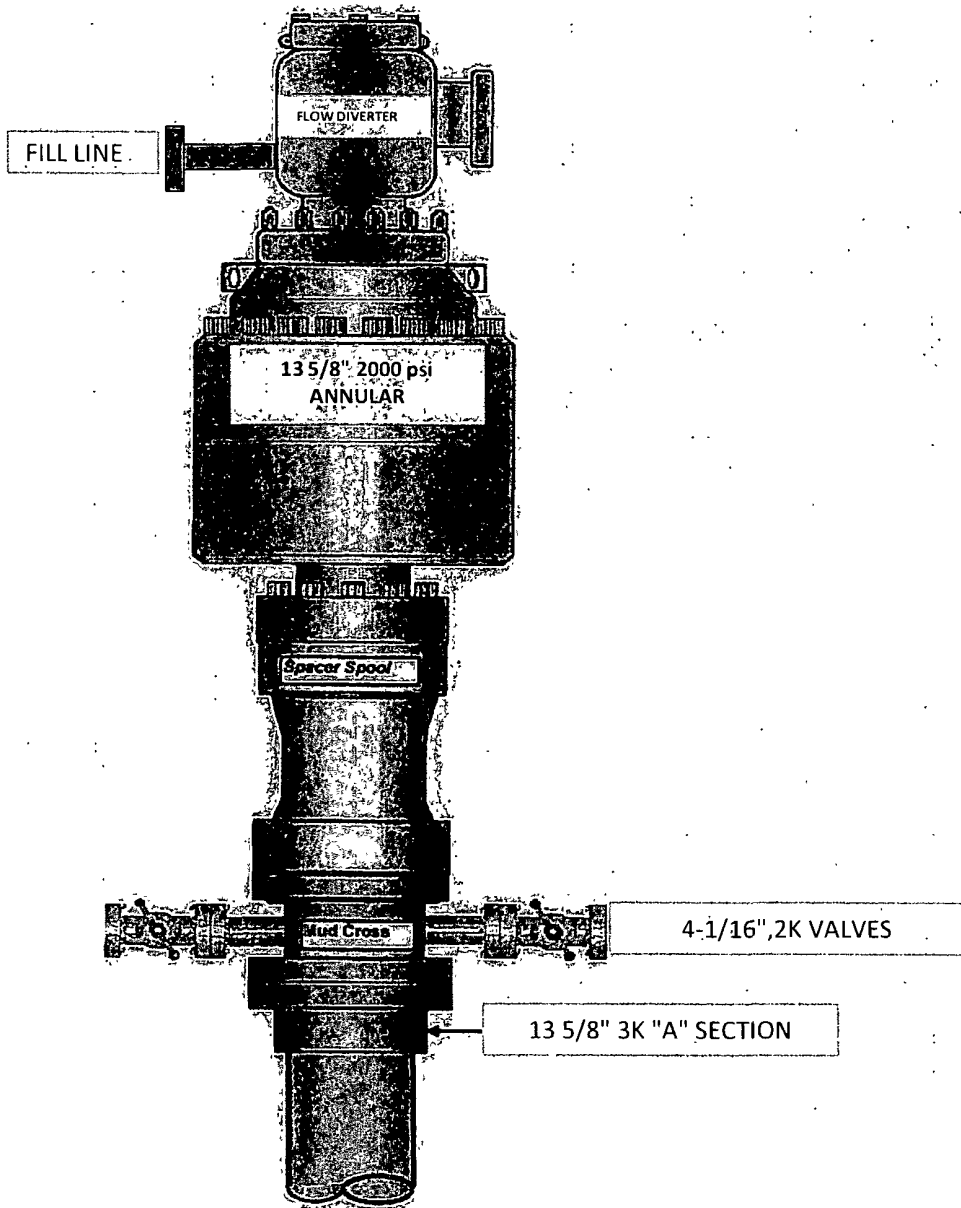
To convert a Magnetic Direction to a Grid Direction Add 7.63°
To convert a Magnetic Direction to a True Direction Add 7.78° East
To convert a True Direction to a Grid Direction Subtract 0.15°



GL 3627.00



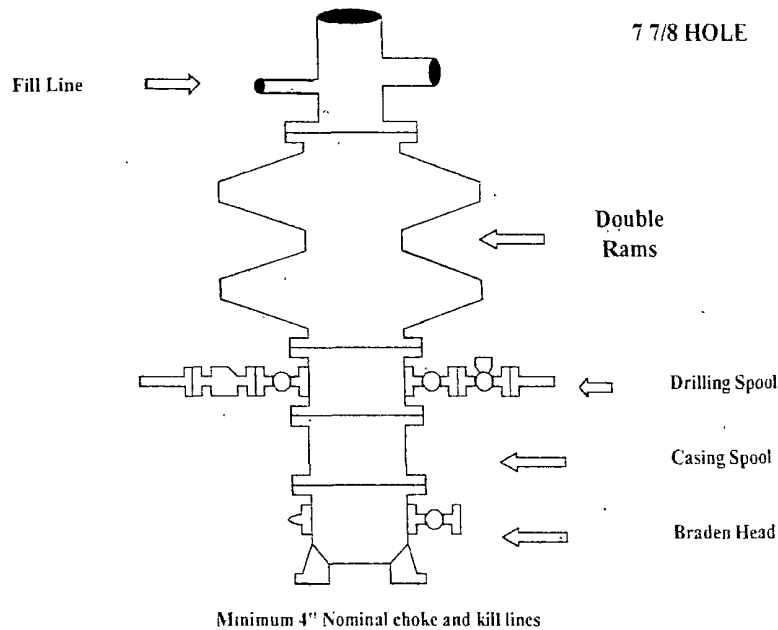
13 5/8" 2K ANNULAR



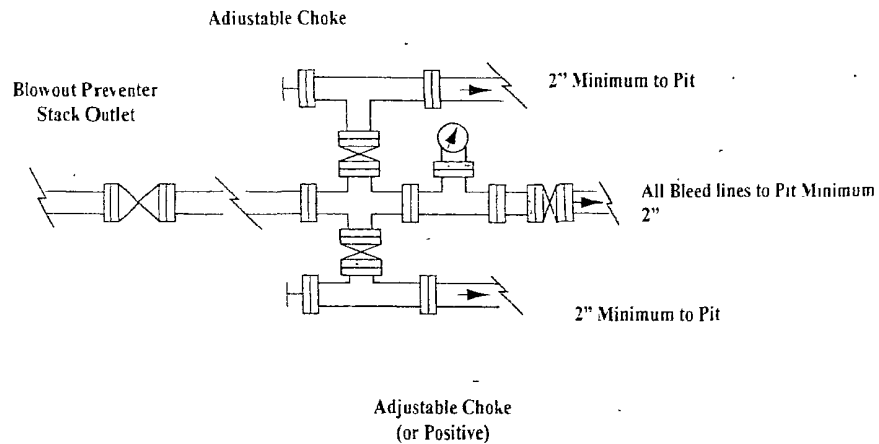
COG Operating LLC

Exhibit #9

BOPE and Choke Schematic



Choke Manifold Requirement (2000 psi WP)
No Annular Required

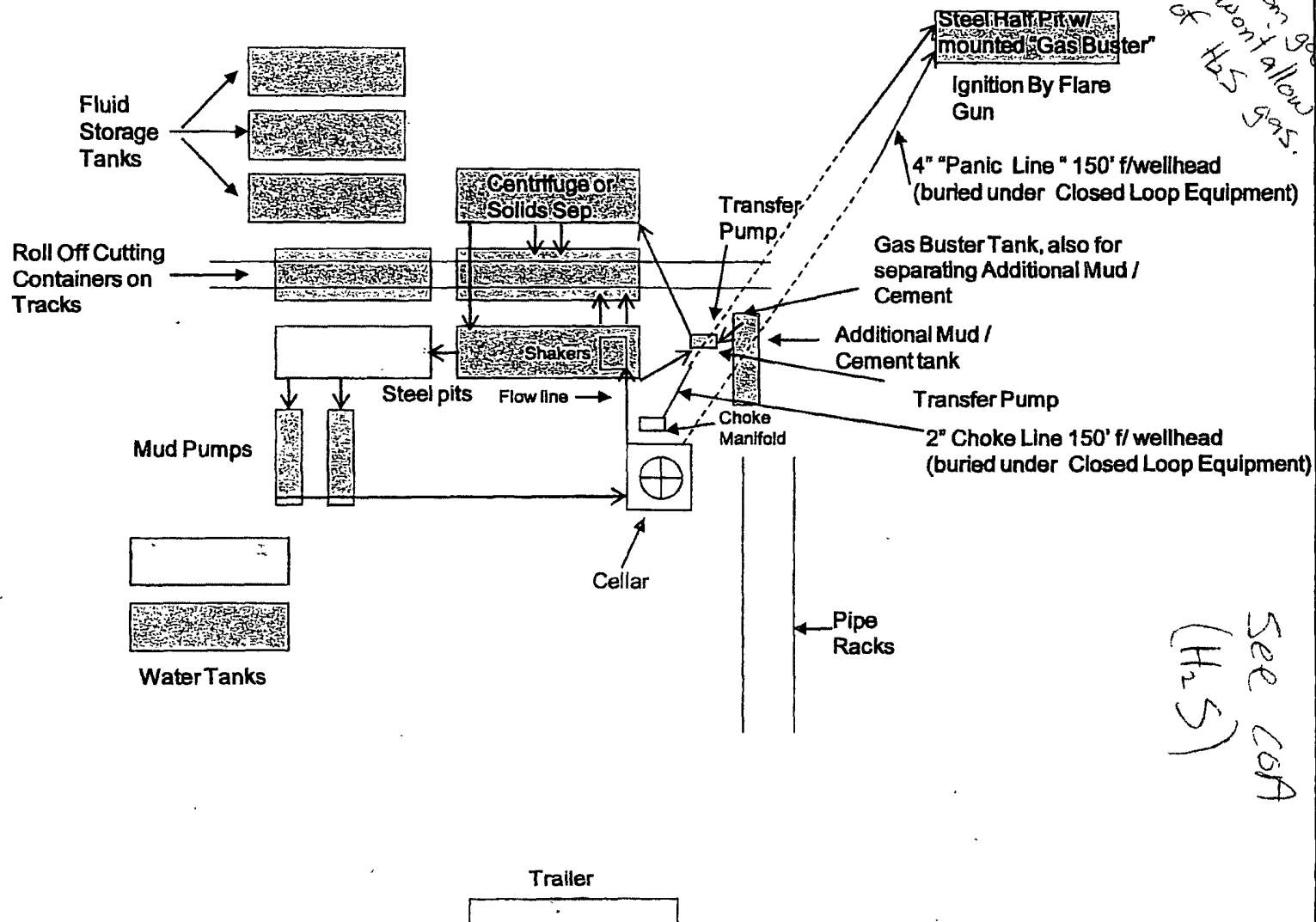


NOTES REGARDING THE BLOWOUT PREVENTERS

**Master Drilling Plan
Eddy County, New Mexico**

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore
2. Wear ring to be properly installed in head
3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.
4. All fittings to be flanged
5. Safety valve must be available on rig floor at all times with proper connections. valve to be full 2000 psi WP minimum.
6. All choke and fill lines to be securely anchored especially ends of choke lines
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through
8. Kelly cock on Kelly.
9. Extension wrenches and hands wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

COG Operating LLC
Closed Loop Equipment Diagram



Closed Loop Operation & Maintenance Procedure

All drilling fluid circulated over shaker(s) with cuttings discharged into roll off container.

Fluid and fines below shaker(s) are circulated with transfer pump through centrifuge(s) or solids separator with cuttings and fines discharged into roll off container.

Fluid is continuously re-circulated through equipment with polymer added to aid separation of cutting fines.

Roll off containers are lined and de-watered with fluids re-circulated into system.

Additional tank is used to capture unused drilling fluid or cement returns from casing jobs.

This equipment will be maintained 24 hrs./day by solids control personnel and or rig crews that stay on location.

Cuttings will be hauled to either:

CRI (permit number R9166)

or

GMI (permit number 711-019-001)

dependent upon which rig is available to drill this well.

COG Operating LLC

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S on metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H₂S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. Well Control Equipment:

- A. Flare line.
- B. Choke manifold.
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
- D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. Protective equipment for essential personnel:

- A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

- A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram (Exhibit #8).
- B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
- B. All elastomers used for packing and seals shall be H₂S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephone and 2-way radio.
- B. Land line (telephone) communication at Office.

8. Well testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H₂S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

EXHIBIT #7

**WARNING
YOU ARE ENTERING AN H₂S
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED
- 2. HARD HATS REQUIRED
- 3. SMOKING IN DESIGNATED AREAS ONLY
- 4. BE WIND CONSCIOUS AT ALL TIMES
- 5. CHECK WITH COG OPERATING FOREMAN AT

**COG OPERATING LLC
1-432-683-7443
1-575-746-2010**

EDDY COUNTY EMERGENCY NUMBERS

ARTESIA FIRE DEPT. 575-746-5050
ARTESIA POLICE DEPT. 575-746-5000
EDDY CO. SHERIFF DEPT. 575-746-9888

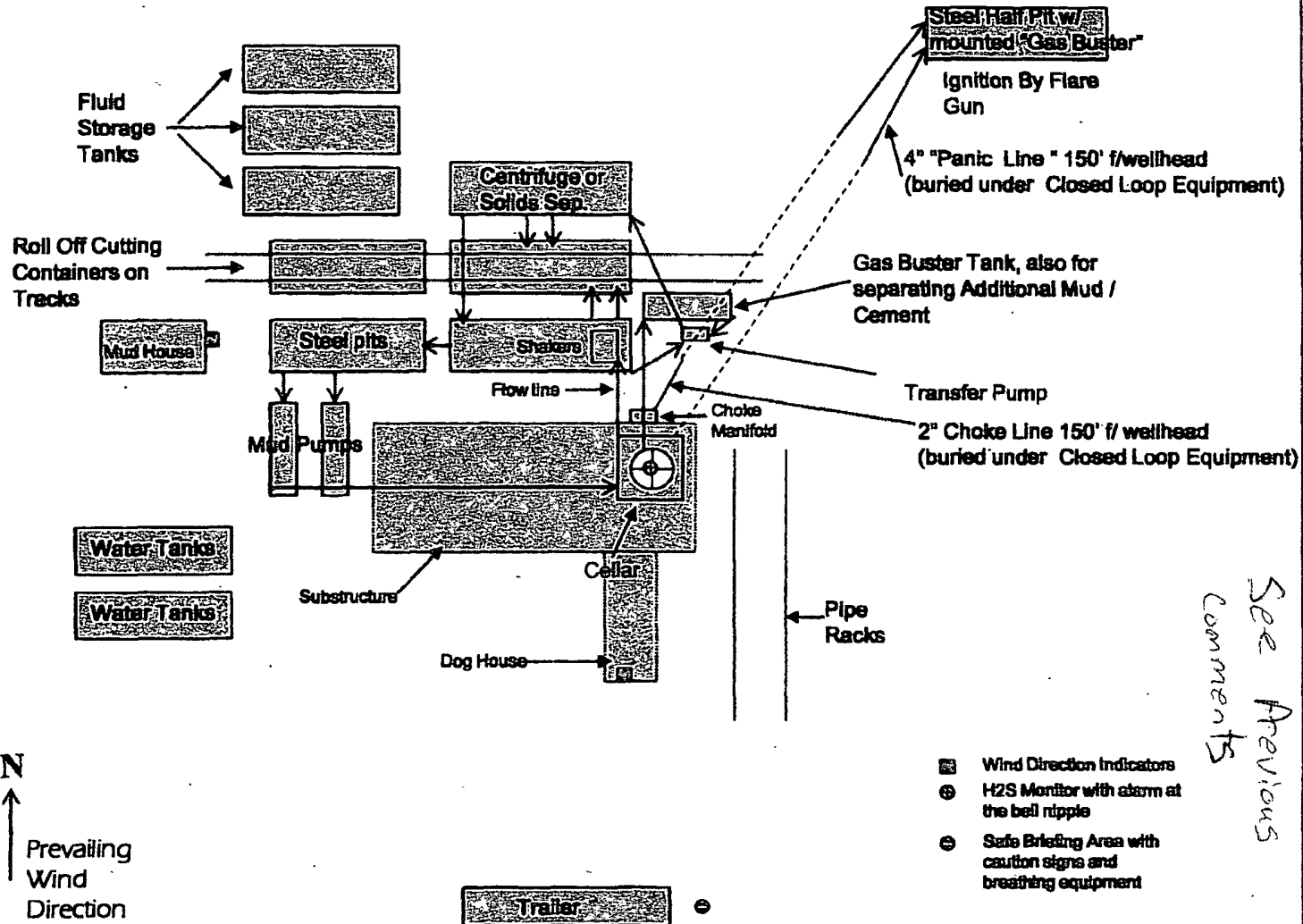
LEA COUNTY EMERGENCY NUMBERS

HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196

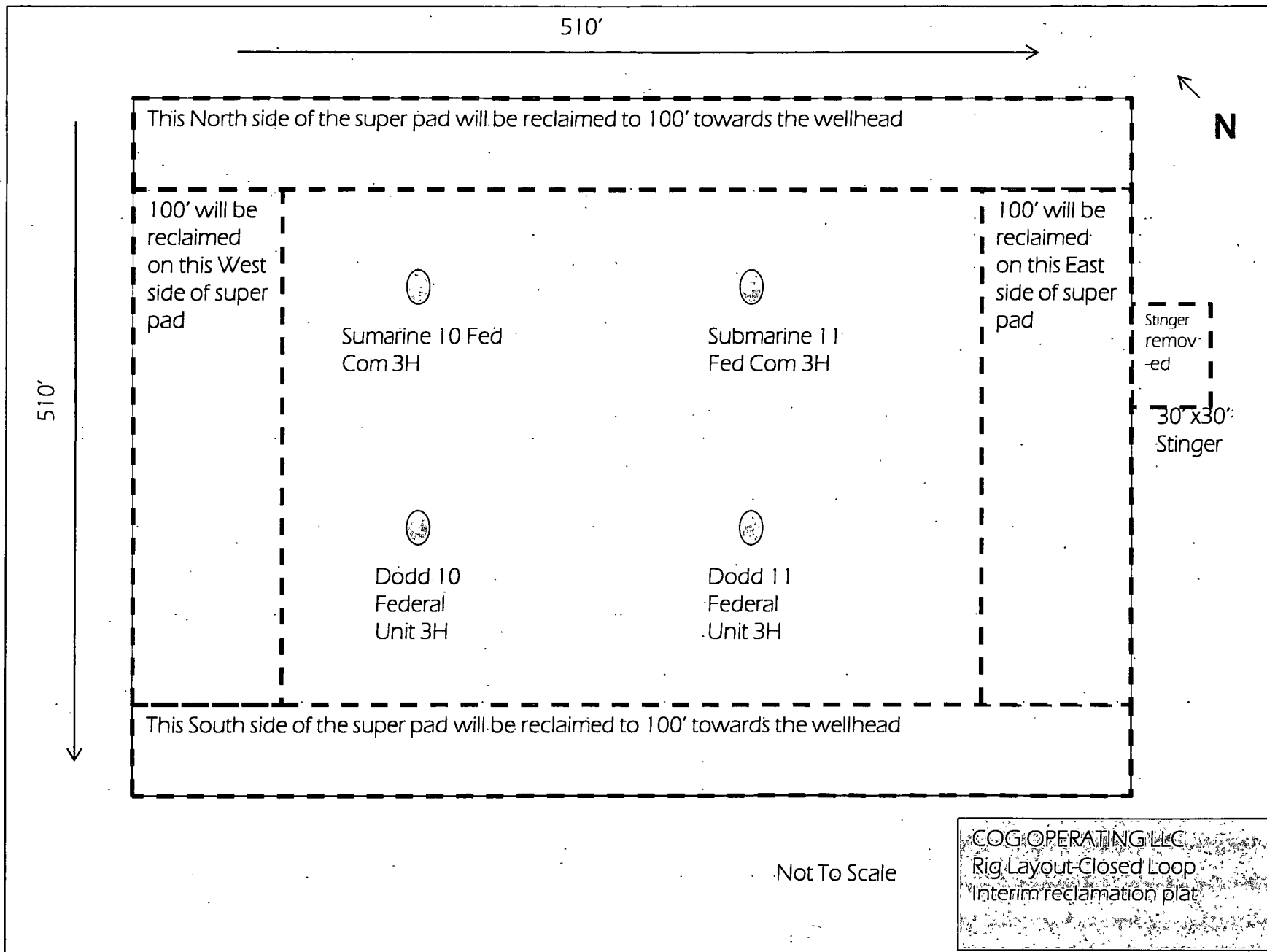
COG Operating LLC

EXHIBIT 8

Drilling Location - H2S Safety Equipment Diagram



See Previous comments



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG OPERATING, LLC
LEASE NO.:	NM125007
WELL NAME & NO.:	3H – SUBMARINE 11 FED COM
SURFACE HOLE FOOTAGE:	1605'/N. & 85'/W.
BOTTOM HOLE FOOTAGE:	1650'/N. & 330'/E.
LOCATION:	Section 11, T. 17 S., R. 29 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
 - Communitization Agreement
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - H2S requirement
 - Logging requirement
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**