

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. NMLC-065478B
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. Eagle 3 Federal #4
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface SHL: 575' FNL & 2300' FEL, Lot 2 At proposed prod zone BHL: 330' FNL & 2310' FEL, Lot 2		9 API Well No. 30-015-
14 Distance in miles and direction from nearest town or post office* 2 miles from Loco Hills, NM		10 Field and Pool, or Exploratory Red Lake; Glorieta-Yeso NE
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg. unit line, if any) 575'		11 Sec, T R M. or Blk. and Survey or Area Sec 3 T18S R27E
16 No. of acres in lease 642.88		12 County or Parish EDDY
17 Spacing Unit dedicated to this well 40.74		13 State NM
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 171'	19 Proposed Depth TVD: 4725' MD: 4732'	20 BLM/BIA Bond No on file NMB000740; NMB000215
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3598' GL	22 Approximate date work will start* 07/30/2012	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. | 4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2 A Drilling Plan. | 5 Operator certification |
| 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) | 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 05/22/2012
Title Permitting Tech		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed) /s/ Don Peterson	Date SEP 10 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.

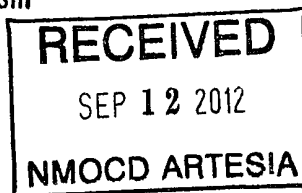
Conditions of approval, if any, are attached

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



Approval Subject to General Requirements
& Special Stipulations Attached

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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 13th day of April, 2012.

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@concho.com

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 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: (505) 476-3460 Fax: (505) 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 30-015- 40686	Pool Code 96836	Pool Name Red Lake; Glorieta-Yeso Northeast
Property Code 39442	Property Name EAGLE 3 FEDERAL	Well Number 4
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3598'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	3	18-S	27-E		575	NORTH	2300	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
2	3	18-S	27-E		330	NORTH	2310	EAST	EDDY

Dedicated Acres 40.74	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>CORNER COORDINATES TABLE</p> <p>Ⓐ - Y=648674.2 N, X=520706.7 E</p> <p>Ⓑ - Y=648677.0 N, X=522021.5 E</p> <p>Ⓒ - Y=647394.3 N, X=520723.8 E</p> <p>Ⓓ - Y=647388.0 N, X=522040.1 E</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=648100.0 N X=521045.7 E LAT.=32 781699" N LONG=104 264856" W</p> <p>BOTTOM HOLE LOCATION Y=648345.0 N X=521031.9 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><i>Kacie Connally</i> 4-18-12 Signature Date</p> <p>Kacie Connally Printed Name</p> <p>Kconnally@concho.com 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>MARCH 26, 2012</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor:</p> <p></p> <p>Certificate Number 3239 Ronald J. Eidson 12641 AF WSC W O 12.11.0175</p>
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DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Top of Salt	Not Present
Base of Salt	Not Present
Yates	210'
Seven Rivers	455'
Queen	980'
Grayburg	1410'
San Andres	1760'
Glorieta	3110'
Paddock	3220'
Blinbry	3700'
Tubb	4620'

3. Estimated Depths of Anticipated Fresh Water, Oil and Gas

Water Sand	Surface	Fresh Water
Grayburg	1410'	Oil/Gas
San Andres	1760'	Oil/Gas
Glorieta	3110'	Oil/Gas
Paddock	3220'	Oil/Gas
Blinebry	3700'	Oil/Gas
Tubb	4620'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 350' and circulating cement back to the surface will protect the surface fresh water sand or shallow cave if encountered. There is no Salt Section, but incompetent or unconsolidated zones, or deeper cave/karst zones will be protected by setting 8 5/8" casing to 1000' and circulating cement, in a single or multi-stage job and/or with an ECP back to the surface. *See COA*
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 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*

4. Casing Program

Hole Size	Interval	OD Casing	Weight	Grade	Jt., Condition	Jt.	brst/clps/ten
17 1/2"	0-350'	13 3/8"	48#	H-40/J-55 hybrid	ST&C/New	ST&C	9.22/3.943/15.8
11"	0-1000'	8 5/8"	24or32#	J-55orK-55	ST&C/New	ST&C	3.03/2.029/7.82
7 7/8"	0-TD	5 1/2"	15.5or17#	J-55orL-80	LT&C/New	LT&C	1.88/1.731/2.42

5. Cement Program *See COA*

13 3/8" Surface Casing:

Class C w/ 2% Cacl₂ + 0.25 pps CF, 350 sx, yield 1.32, back to surface. 90% excess

8 5/8" Intermediate Casing:

11" Hole:

Single Stage: 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 200 sx lead, yield-2.45 + Class C, 200 sx tail, yield-1.32, back to surface. 197% excess

Multi-Stage: Stage 1: Class C w/2% CaCl₂, 200 sx, yield - 1.32; 108% excess
Stage 2: 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 300 sx, yield - 2.45, back to surface, 726% excess; assumption for tool is lost circulation. Multi stage tool to be set at approximately, depending on hole conditions, 400' (50' below the surface casing). Cement volumes will be adjusted proportionately for depth changes of multi stage tool.

5 1/2" Production Casing:

Single Stage: LEAD 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-2.05; + TAIL 400 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield-1.37, to 200' minimum tie back to intermediate casing. 52% open hole excess, cement calculated back to surface (no need for excess in casing overlap).

Multi-Stage: Stage 1: (Assumed TD of 4850' to DV at 2500') 50:50:2, C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1%

FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, 500 sx, yield - 1.37, 56% excess; **this is a minimum volume and will be adjusted up after caliper is run.** Stage 2: LEAD 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, 450 sx, yield - 1.37, + TAIL Class C w/ 0.3% R-3 + 1.5% CD-32, 250 sx, yield - 1.02 88% excess calculated back to surface (no need for excess in casing overlap). Multi stage tool to be set at approximately, depending on hole conditions, 2500'. Cement volumes will be adjusted proportionately for depth changes of multi stage tool; assumption for use of tool is water flow.

6. Minimum Specifications for Pressure Control

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" or 11" BOP will be used, depending on the rig selected, during the drilling of the well. The BOP will be nipped up on the 13 3/8" surface casing with BOP equipment and tested to 2000 psi. When 11" BOP is used the special drilling flange will be utilized on the 13-3/8" head to allow testing the BOP with a retrievable test plug. After setting 8-5/8" the BOP will then be nipped up on the 8 5/8" intermediate casing 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.

The majority of the rigs currently in use have a 13-5/8" BOP, so no special provision is needed for most wells in the area for conventionally testing the BOP with a test plug. However, due to the vagaries of rig scheduling, it might be that one of the few rigs with 11" BOP's might be called upon to drill any specific well in the area. Note that intermediate hole size is always 11". Therefore, COG Operating LLC respectfully requests a variance to the requirement of 13-5/8" BOP on 13-3/8" casing. When that circumstance is encountered the special flange will be utilized to allow testing the entire BOP with a test plug, without subjecting the casing to test pressure. The special flange also allows the return to full-open capability if desired.

See COA

7. Types and Characteristics of the Proposed Mud System

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-350'	Fresh Water	8.5	28	N.C.
350-1000'	Brine	10	30	N.C.
1000'-TD'	Cut Brine	8.7-9.2	30	N.C.

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

8. 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.

9. Logging, Testing and Coring Program *See COA*

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be run from TD to Surface.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature at TD is 100 degrees and the estimated maximum bottom hole pressure is 1900 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area, although a Hydrogen Sulfide Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

11. Anticipated Starting Date and Duration of Operations

Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the anticipated start date. Once commenced, drilling operations should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.



COG Operating LLC

Eddy County, NM (NAN27 NME)

Eagle 3 Federal #4

OH

Plan: Plan #2 - 7-7/8" Hole

SHL = 575' FNL & 2300' FEL

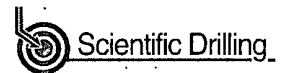
BHL = 340' FNL & 2300' FEL

Top of Paddock = 128' North of Surface & 2' West of Surface @ 4000' TVD

Standard Planning Report

21 May, 2012





Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Site Eagle 3 Federal #4
Company:	COG Operating LLC	TVD Reference:	GL @ 3598 00usft
Project:	Eddy County, NM (NAN27 NME)	MD Reference:	GL @ 3598 00usft
Site:	Eagle 3 Federal #4	North Reference:	Grid
Well:	Eagle 3 Federal #4	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" 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:	Eagle 3 Federal #4		
Site Position:		Northing:	648,100 00 usft
From:	Map	Easting:	521,045 70 usft
Position Uncertainty:	0 00 usft	Slot Radius:	13-3/16 "
		Latitude:	32° 46' 54.118 N
		Longitude:	104° 15' 53.480 W
		Grid Convergence:	0 04 °

Well:	Eagle 3 Federal #4		
Well Position	+N/-S	0 00 usft	Northing:
	+E/-W	0 00 usft	Easting:
Position Uncertainty	0 00 usft	Wellhead Elevation:	Ground Level:
			3,598 00 usft

Wellbore:	OH		
Magnetics	Model Name	Sample Date	Declination
	IGRF2010	05/21/12	7 83
			Dip Angle
			60 56
			Field Strength
			48,780

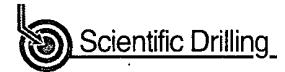
Design:	Plan #2 - 7-7/8" Hole		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth:
			0 00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(usft)	(usft)	(usft)
	0 00	0 00	0 00
			Direction
			359 07

Plan Sections										
Measured Depth	Inclination	Azimuth	Vertical Depth	+N/-S	+E/-W	Dogleg Rate	Build Rate	Turn Rate	TFO	Target
(usft)	(°)	(°)	(usft)	(usft)	(usft)	(°/100usft)	(°/100usft)	(°/100usft)	(°)	
0.00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
950.00	0 00	0 00	950 00	0 00	0 00	0 00	0 00	0 00	0 00	
1,132.53	3 65	359 07	1,132 41	5 81	-0 09	2 00	2.00	-0 51	359 07	
4,732.43	3 65	359 07	4,725 00	235 00	-3 80	0 00	0 00	0 00	0 00	PBHL-Eagle 3 Fed #



Database:	EDM 5000 1 Single User Db	Local Co-ordinate Reference:	Site Eagle 3 Federal #4
Company:	COG Operating LLC	TVD Reference:	GL @ 3598.00usft
Project:	Eddy County, NM (NAN27 NME)	MD Reference:	GL @ 3598.00usft
Site:	Eagle 3 Federal #4	North Reference:	Grid
Well:	Eagle 3 Federal #4	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" 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)
0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
850 00	0 00	0 00	850.00	0 00	0 00	0 00	0 00	0 00	0 00
8 5/8"									
950 00	0 00	0 00	950 00	0 00	0 00	0 00	0 00	0 00	0 00
KOP Start Build 2.00°/100'									
1,000 00	1 00	359 07	1,000 00	0 44	-0 01	0 44	2 00	2 00	0 00
1,100 00	3 00	359.07	1,099.93	3 93	-0 06	3 93	2 00	2 00	0 00
1,132 53	3 65	359 07	1,132.41	5 81	-0 09	5.81	2 00	2.00	0 00
Hold 3.65°									
1,200 00	3 65	359 07	1,199.74	10 11	-0 16	10 11	0 00	0 00	0 00
1,300 00	3 65	359 07	1,299 54	16 47	-0 27	16 48	0 00	0 00	0 00
1,400 00	3 65	359 07	1,399 33	22.84	-0 37	22.84	0 00	0 00	0 00
1,500 00	3 65	359.07	1,499 13	29 21	-0 47	29 21	0 00	0 00	0 00
1,600 00	3 65	359.07	1,598 93	35 57	-0 58	35.58	0 00	0 00	0 00
1,700 00	3 65	359 07	1,698 73	41 94	-0 68	41 95	0 00	0 00	0 00
1,800 00	3 65	359 07	1,798 52	48.31	-0 78	48.31	0 00	0 00	0 00
1,900 00	3 65	359 07	1,898 32	54.67	-0 88	54 68	0 00	0 00	0 00
2,000 00	3 65	359.07	1,998 12	61 04	-0 99	61.05	0 00	0 00	0 00
2,100 00	3 65	359 07	2,097 91	67.41	-1 09	67.42	0 00	0 00	0 00
2,200 00	3 65	359 07	2,197 71	73.77	-1 19	73 78	0 00	0 00	0 00
2,300 00	3 65	359 07	2,297 51	80 14	-1 30	80 15	0 00	0 00	0 00
2,400 00	3 65	359.07	2,397 30	86 51	-1 40	86 52	0 00	0 00	0 00
2,500 00	3 65	359.07	2,497 10	92 87	-1 50	92.88	0 00	0 00	0 00
2,600 00	3 65	359.07	2,596 90	99 24	-1 60	99 25	0 00	0 00	0 00
2,700 00	3 65	359 07	2,696 70	105 61	-1 71	105.62	0 00	0 00	0 00
2,800 00	3 65	359 07	2,796 49	111.97	-1 81	111 99	0 00	0 00	0 00
2,900 00	3 65	359 07	2,896 29	118 34	-1 91	118 35	0 00	0 00	0 00
3,000 00	3 65	359 07	2,996 09	124.70	-2 02	124 72	0 00	0 00	0 00
3,054 02	3 65	359.07	3,050 00	128 14	-2 07	128.16	0 00	0 00	0 00
Top of Paddock									
3,100 00	3 65	359.07	3,095 88	131 07	-2 12	131.09	0 00	0 00	0 00
3,200 00	3 65	359 07	3,195 68	137 44	-2 22	137 46	0 00	0 00	0 00
3,300 00	3 65	359 07	3,295 48	143 80	-2 33	143.82	0 00	0 00	0 00
3,400 00	3 65	359 07	3,395 28	150.17	-2 43	150.19	0 00	0 00	0 00
3,500 00	3 65	359 07	3,495 07	156 54	-2 53	156 56	0 00	0 00	0 00
3,600 00	3 65	359.07	3,594 87	162.90	-2 63	162.93	0 00	0 00	0 00
3,700 00	3 65	359 07	3,694 67	169 27	-2 74	169 29	0 00	0 00	0 00
3,800 00	3 65	359 07	3,794 46	175 64	-2 84	175 66	0 00	0 00	0 00
3,900 00	3 65	359 07	3,894 26	182 00	-2 94	182 03	0 00	0 00	0 00
4,000 00	3 65	359 07	3,994 06	188.37	-3 05	188 39	0 00	0 00	0 00
4,100 00	3 65	359 07	4,093 85	194 74	-3 15	194.76	0 00	0 00	0 00
4,200 00	3 65	359 07	4,193 65	201.10	-3 25	201 13	0 00	0 00	0 00
4,300 00	3 65	359 07	4,293 45	207.47	-3 35	207.50	0 00	0 00	0 00
4,400 00	3 65	359 07	4,393 25	213.84	-3 46	213.86	0 00	0 00	0 00
4,500 00	3 65	359.07	4,493 04	220 20	-3 56	220.23	0 00	0 00	0 00
4,600 00	3 65	359 07	4,592 84	226 57	-3 66	226.60	0 00	0 00	0 00
4,700 00	3 65	359 07	4,692 64	232.94	-3 77	232 97	0 00	0 00	0 00
4,732 43	3 65	359 07	4,725.00	235 00	-3 80	235.03	0 00	0 00	0 00
PBHL-Eagle 3 Fed #4									



Database:	EDM 5000 1 Single User Db	Local Co-ordinate Reference:	Site Eagle 3 Federal #4
Company:	COG Operating LLC	TVD Reference:	GL @ 3598 00usft
Project:	Eddy County, NM (NAN27 NME)	MD Reference:	GL @ 3598 00usft
Site:	Eagle 3 Federal #4	North Reference:	Grid
Well:	Eagle 3 Federal #4	Survey Calculation Method:	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" Hole		

Design Targets									
Target Name	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
- hit/miss target	(°)	(°)	(usft)	(usft)	(usft)	(usft)	(usft)		
- Shape									
PBHL-Eagle 3 Fed #4	0.00	0 00	4,725 00	235 00	-3 80	648,335 00	521,041 90	32° 46' 56 443 N	104° 15' 53.523 W
- plan hits target center									
- Circle (radius 10.00)									

Casing Points				
Measured Depth	Vertical Depth	Name	Casing Diameter	Hole Diameter
(usft)	(usft)		(")	(")
850 00	850.00	8 5/8"	8-5/8	12-1/4

Formations				
Measured Depth	Vertical Depth	Name	Lithology	Dip Direction
(usft)	(usft)			(°)
3,054 02	3,050.00	Top of Paddock		0 00

Plan Annotations				
Measured Depth	Vertical Depth	Local Coordinates		Comment
(usft)	(usft)	+N/-S (usft)	+E/-W (usft)	
950 00	950.00	0 00	0 00	KOP Start Build 2.00°/100'
1,132 53	1,132 41	5 81	-0 09	Hold 3 65°

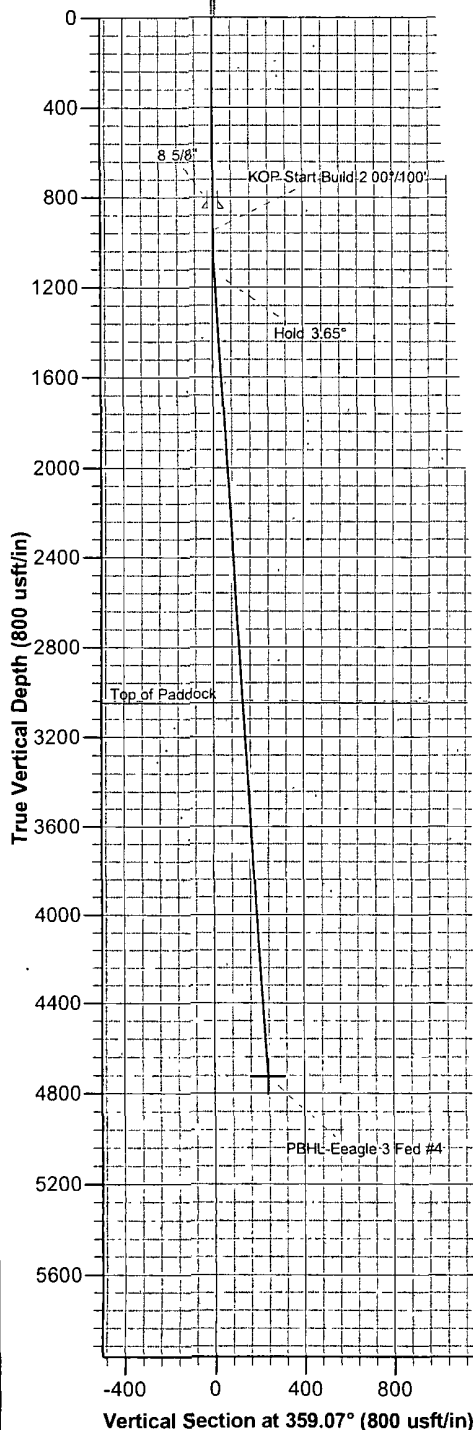
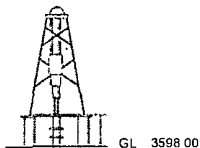


Azimuths to Grid North
True North -0.04°
Magnetic North 7.80°

Magnetic Field
Strength 48780.0nT
Dip Angle 60.56°
Date 05/21/2012
Model IGRF2010

To convert Magnetic North to Grid, Add 7.80°
To convert True North to Grid, Subtract 0.04°

Eagle 3 Federal #4
Eddy County, NM (NAN27 NME)
Northing: (Y) 648100.00
Easting: (X) 521045.70
Plan #2 - 7-7/8" Hole



WELL DETAILS: Eagle 3 Federal #4

+N/-S	+E/-W	Northing	Ground Level	Easting	Latitude	Longitude
0.00	0.00	648100.00	3598.00	521045.70	28° 46' 54.118 N	104° 15' 53.480 W

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VFace	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	950.00	0.00	0.00	950.00	0.00	0.00	0.00	0.00	0.00	
3	1132.53	3.65	359.07	1132.41	5.81	-0.09	2.00	359.07	5.81	
4	4732.43	3.65	359.07	4725.00	235.00	-3.80	0.00	0.00	235.03	PBHL-Eagle 3 Fed #4

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
PBHL-Eagle 3 Fed #4	4725.00	235.00	-3.80	648335.00	521041.982	28° 46' 56.443 N	104° 15' 53.523 W

- plan hits target center

SITE DETAILS: Eagle 3 Federal #4

Site Centre Northing: 648100.00
Easting: 521045.70
Positional Uncertainty: 0.00
Convergence: 0.04
Local North: Grid

PROJECT DETAILS: Eddy County, NM (NAN27 NME)

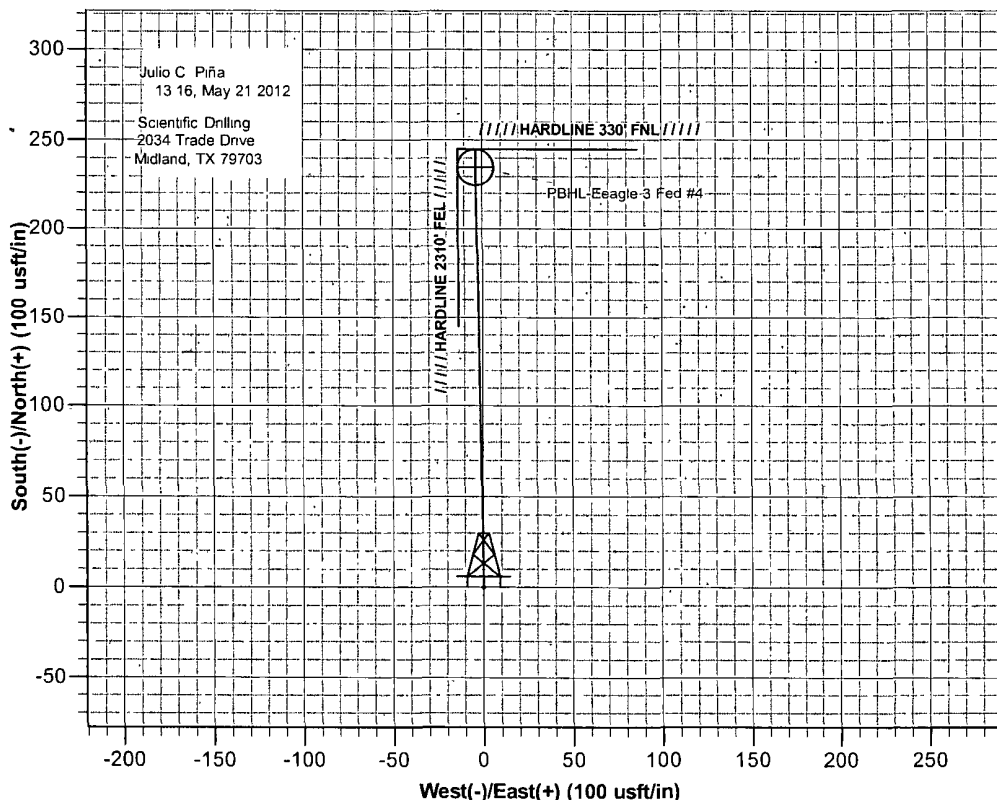
Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level

FORMATION TOP DETAILS

TVDPath	MDPath	Formation	DipAngle	DipDir
3050.00	3054.02	Top of Paddock	0.00	

LEGEND

— Plan #2 - 7-7/8" Hole



COG OPERATING LLC

550 West Texas, Suite 100
Midland, TX 79701

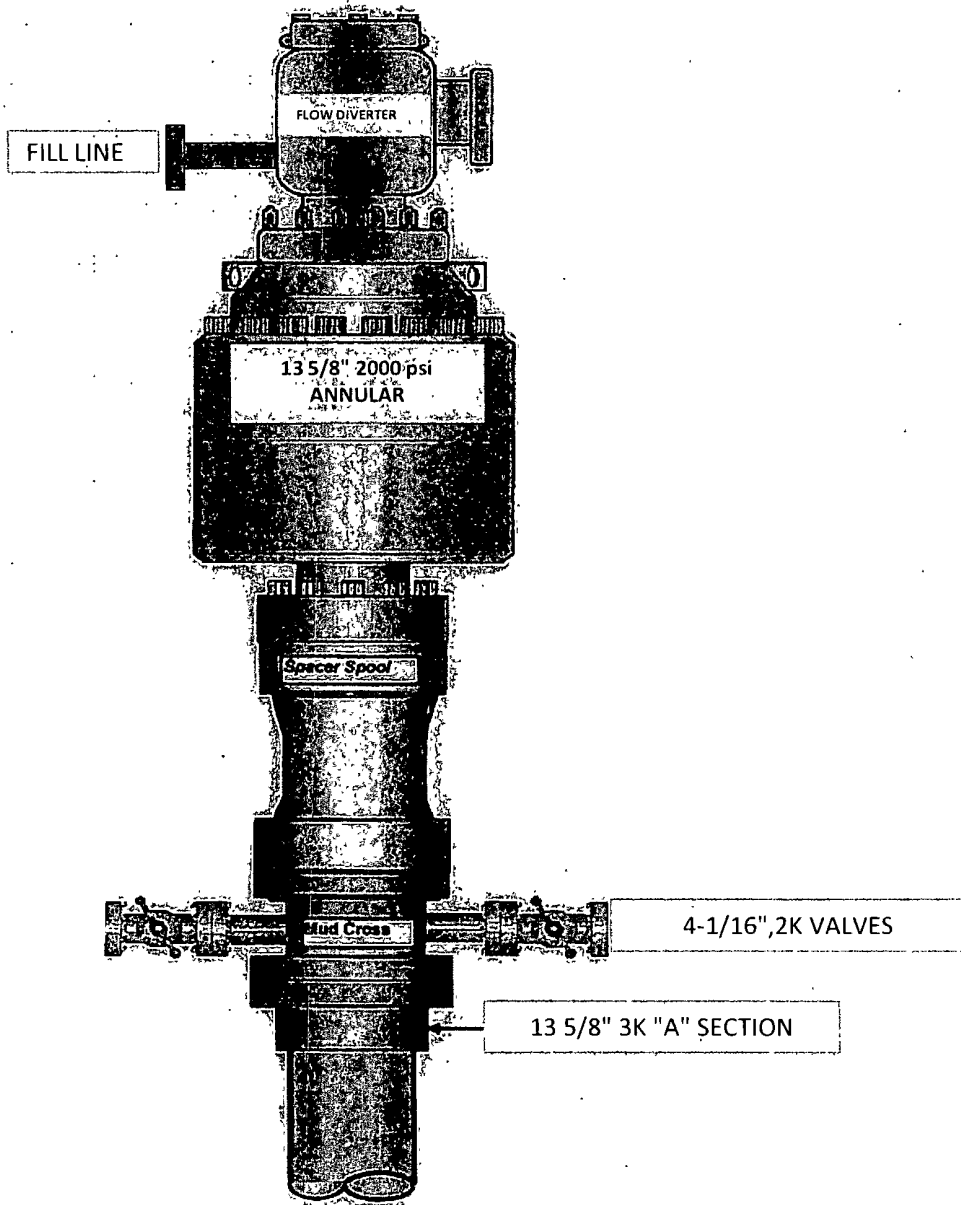
DIRECTIONAL PLAN VARIANCE REQUEST

**Eagle 3 Federal #4
EDDY, NM**

SHL	575 FNL, 2300 FEL	Sec 3, T18S, R27E, Lot 2
BHL	330 FNL, 2310 FEL	Sec 3, T18S, R27E, Lot 2

COG Operating LLC, as Operator, desires that the APD reflect the footages as stated on the surveyor's plat. However, Operator also desires to avoid inadvertently drilling the well to a non-standard location. Therefore, due to the proximity of the plat bottom hole location to the pro-ration unit hard line(s), the attached directional plan is designed to avoid the hard lines by as much as fifty feet; said fifty feet being in either (or both) the north-south and/or east-west directions as applicable.

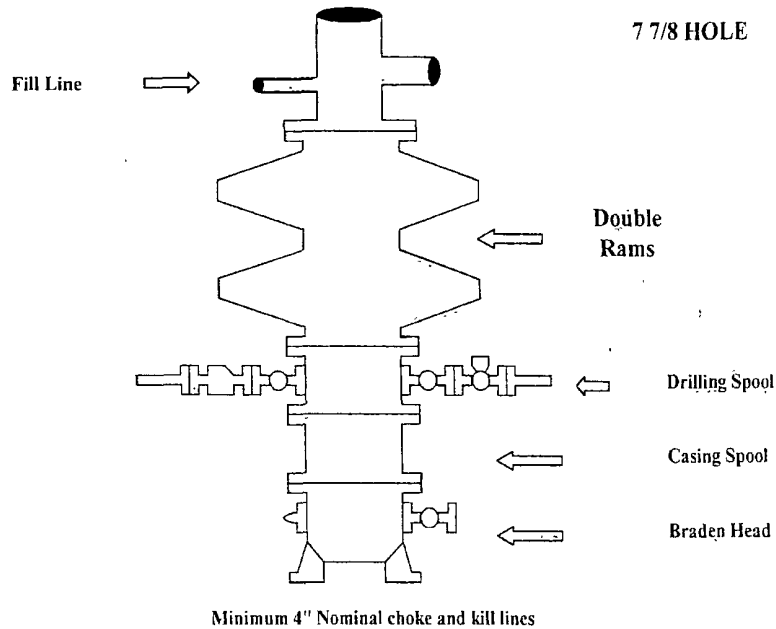
13 5/8" 2K ANNULAR



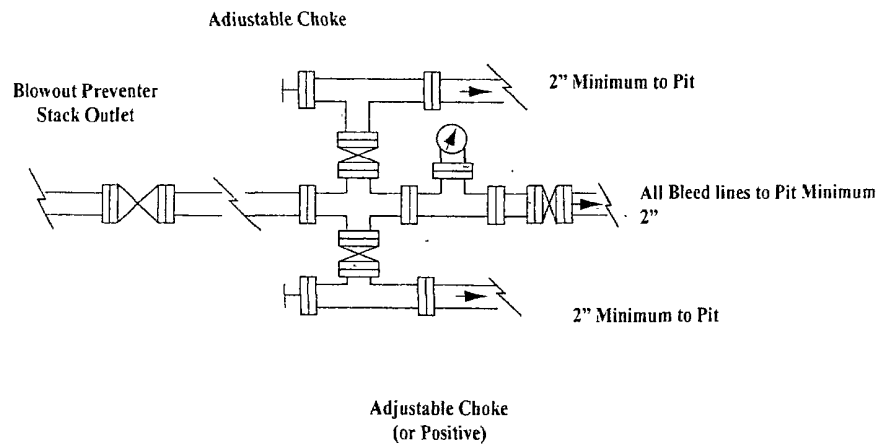
COG Operating LLC

Exhibit #9

BOPE and Choke Schematic



Choke Manifold Requirement (2000 psi WP)
No Annular Required

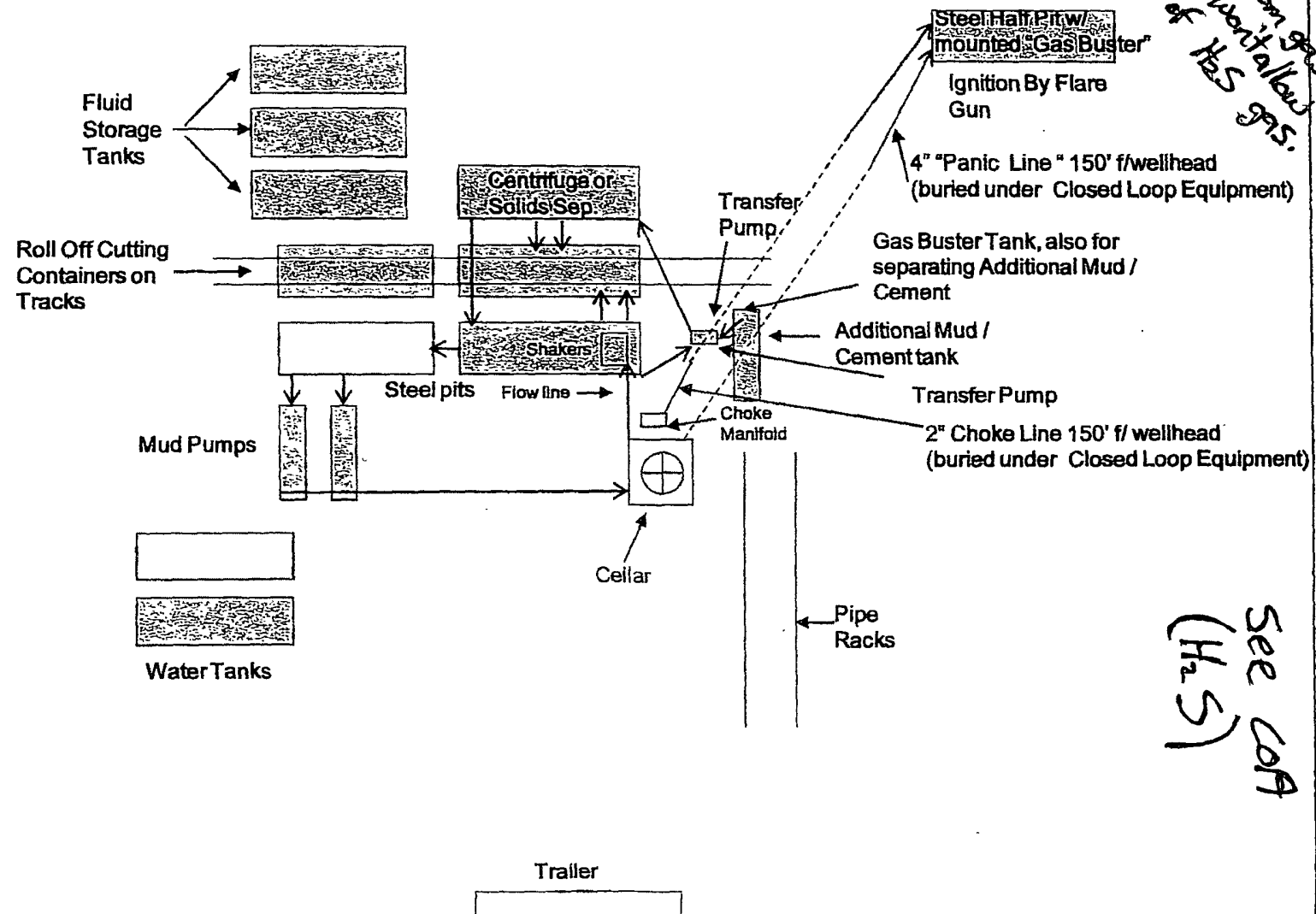


NOTES REGARDING THE BLOWOUT PREVENTERS

**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



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

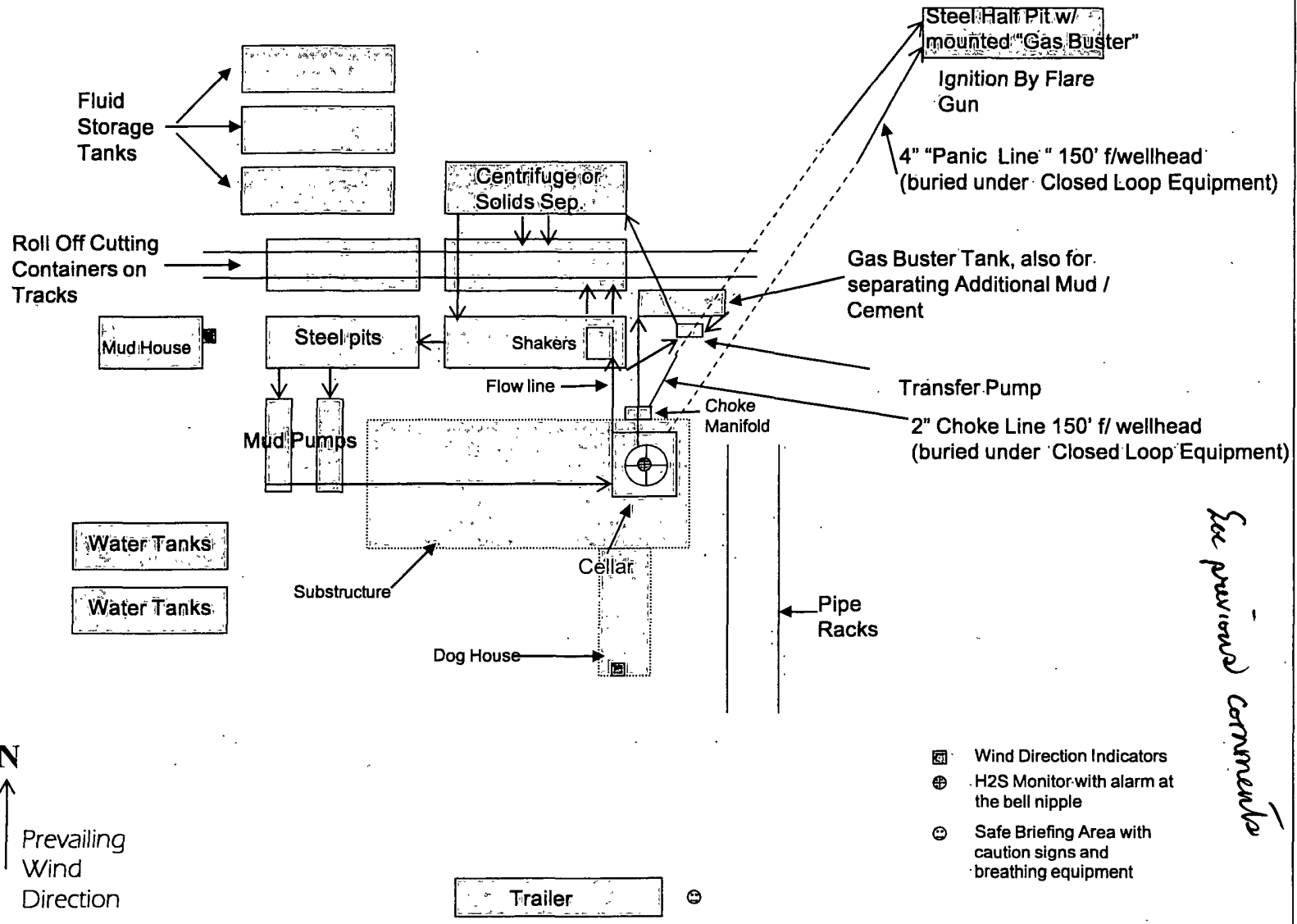
LEA COUNTY EMERGENCY NUMBERS

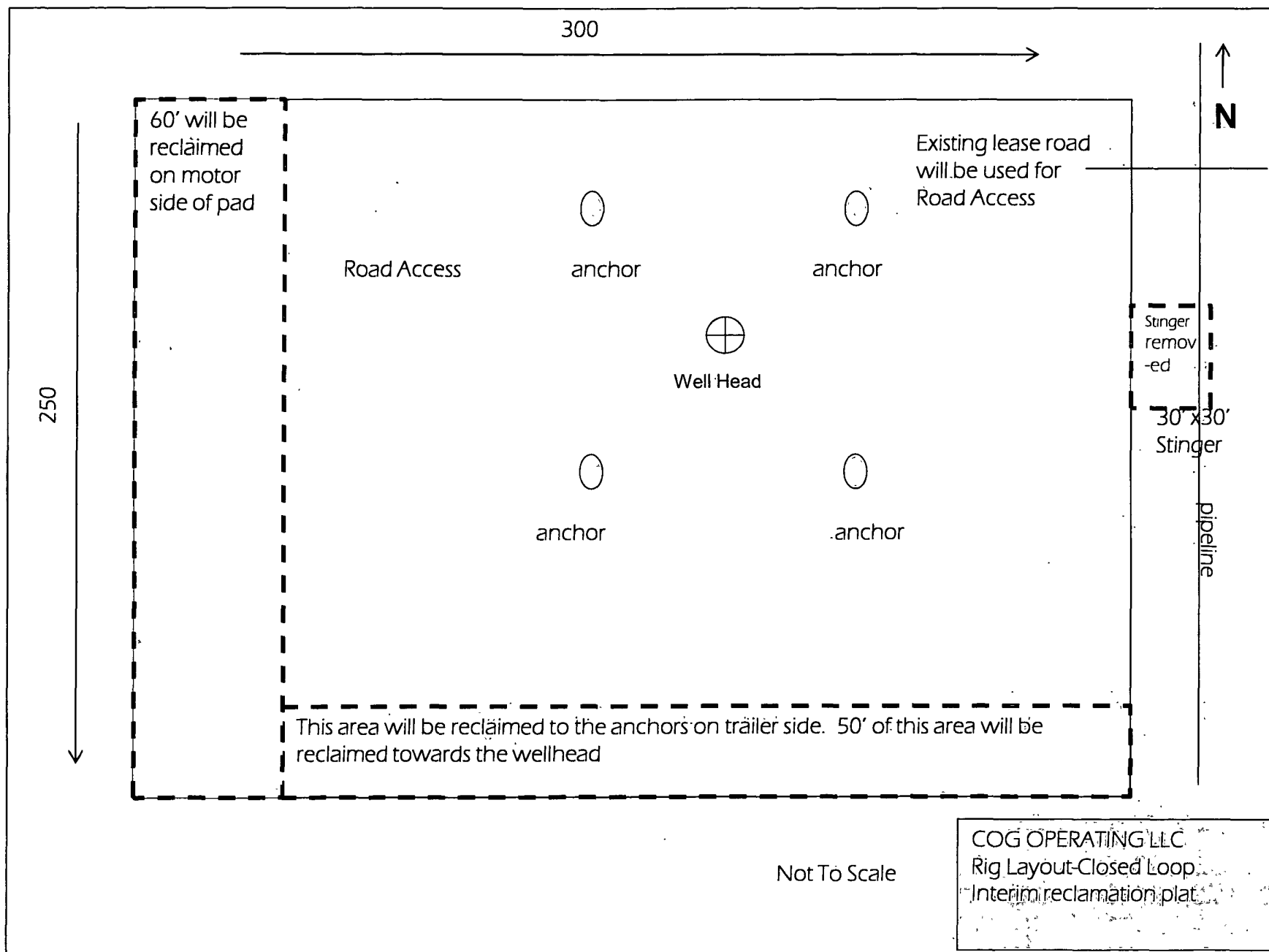
HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196

COG Operating LLC

EXHIBIT 8

Drilling Location - H2S Safety Equipment Diagram





PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating
LEASE NO.:	LC065478B
WELL NAME & NO.:	4 Eagle 3 Federal
SURFACE HOLE FOOTAGE:	575' FNL & 2300' FEL
BOTTOM HOLE FOOTAGE:	330' FNL & 2310' FEL
LOCATION:	Section 3, T.18 S., R.27 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**
 - Tank Battery Requirement
 - Cave/Karst
- ☒ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - High Cave/Karst
 - H2S requirement
 - Logging requirement
 - Waste Material and Fluids
- ☒ **Production (Post Drilling)**
 - Well Structures & Facilities
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**