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Form 3160-3				FORM APPF	OVED
(March 2012)		OCD Artesia		OMB No. 100 Expires October)4-0137 * 31, 2014
UNITED	STATES		5. Lease	Serial No.	
DEPARTMENT C	F THE INTERIOR	,		SHL: NMLCO	029358
BUREAU OF LANI	D MANAGEMEN	Т		BHL: NMNM	0107697
APPLICATION FOR PERM	ÎT TO DRILL O	R REENTER	6. lf India	in, Allotee or Trib	e Name
1a. Type of Work: 🗸 DRILL 🛛 🕅 RE	ENTER		7. If Unit	or CA Agreement	, Name and No.
		ATS-14-913	8. Lease	Name and Well N	<u><3 ↓ Z></u>
1b. Type of Well: 🔽 Oil Well 🗌 Gas Well 🗌 Ot	her	Single Zone Multiple	Zone Scr	ewdriver 24 Fea	leral Com #2H
2. Name of Operator	ing LLC		9. API W		42914
3a. Address 3b	. Phone No. (includ	e area code NORTHOD	10. Field a	and Pool, or Explo	iratory
2208 West Main Street		TOCATION	I	Luck Bono Spr	ing Wost
Artesia, NM 88210	· · · · · · · · · · · · · · · · · · ·	575-748-6940 MAINT		Lusk, Bolle Spi	
4. Location of Well (Report location clearly and in accordance with a	ny State requirements.	*),	11. Sec., 1	F.R.M. or Blk and :	Survey or Area
At proposed and Zono 4001 FSL & 190 FEL Uni	t Letter P (SESE) S	HL Sec 24-1195-R31E		C 1' 04 T4	05 0045
14 Distance in miles and direction from pearest town or post of	ffice*	BHL Sec 24-1195-R31E	12 Count	Section 24 - 11	95 - R31E
Annroximately 14 mil	es from Maliamar		Ed	dy County	NM
15. Distance from proposed*		16. No. of acres in lease	17. Spacing Unit de	edicated to this w	ell
location to nearest					
property or lease line, ft. (Also to nearest drig. Unit line, if any)	٩O'	SHL: 240 BHI : 2321 52		160	
18. Distance from location*		19. Proposed Depth	20. BLM/BIA Bond	No. on file	_ *
to nearest well, drilling; completed, SHL: 1097' applied for, on this lease, ft.	BHL: 990'	TVD: 9,210' MD: 13,794'	NIV	B000740 &NMBC	00215
21. Elevations (Show whether DF, KDB, RT, GL, etc.)		22. Approximate date work will st	art*	23. Estimated d	uration
3544.2' GL		9/1/2014	ningang sa ang sa sana ang sa sa sa sa sa sa sa sa		30 days
	24. /	Attachments			
The following, completed in accordance with the requirements of	of Onshore Oil and G	Sas Order No. 1, shall be attached to	o this form:		
1. Well plat certified by a registered surveyor.		4. Bond to cover the operation	ns unless covered by	an existing bond	on file (see
2. A Drilling Plan		Item 20 above).			
3. A Surface Use Plan (if the location is on National Forest Syst	em Lands, the	5. Operator certification			
SUPO shall be filed with the appropriate Forest Service Office	ce).	authorized officer.	rmation and/or plar	is as may be requi	red by the
25. Signature	Name (Printe	d/Typed)		Date	
My ate lew		NM OIL CONSERVATI	ION	6	14-13
Title 0 0		ARTESIA DISTRICT			
Regulatory Analyst		JAN 2 1 2015		15	
Steve Caffey	Name (Printe			JAN	1 3 2015
Title	Office	RECEIVED	<u> </u>		
FIELD MANAGER		CARLS	SBAD FIELD OFF	ICE	(d11 %
Application approval does not warrant or certify that the applica	nt holds legan or eq	uitable title to those rights in the su	ubject lease which w	ould entitle the a	pplicant to
Conditions of approval, if any, are attached.		<i>F</i>	PPROVAL I	OR TWO	YEARS
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, ma States any false, fictitious or fraudulent statements or represent	ke it a crime for any ations as to any mat	person knowingly and willfully to r tter within its jurisdiction.	nake to any departn	nent or agency of	the United
(Continued on page 2)				*(1r	structions on page
					12/2015
				11	ANN
Capitan Controlled Water Basin SEE A	TTACHE	D FOR			MD

CONDITIONS OF APPROVAL

n

•

Approval Subject to General Requirements & Special Stipulations Attached

•

OPERATOR CERTIFICATION

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 <u>2444</u> day of June, 2014.

Signed:

Printed Name: Melanie J. Parker
Position: Regulatory Coordinator
Address: 2208 W. Main Street, Artesia, NM 88210
Telephone: (575) 748-6940
Field Representative (if not above signatory): Rand French
E-mail: mparker@concho.com



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		V	CINIC	YOMANP	- 01/2	9//2014	- 14 C	SP.	I		



FID OPERATOR	WELL_NAME	LATITUDE	LONGITUDE API	SECTION TOWNSHIP	RANGE	FTG NS NS CD	FTG EW EW CD	TVD DEPTH COMPL_STAT
0 ENDURANCE RESOURCES LLC	JONES FEDERAL 002	32.64780	2 -103.84209 3001505783	23 19.05	31F	1980 N	1980 W	0 Active
1 THREE STATES NAT'L	ANGEL WELCH 001	32.65144	1 -103.833538 3001505784	23 19.05	31E	660 N	660 E	0 Plugged
2 TANDEM ENERGY CORPORATION	OHIO JONES 001	32.64783	5 -103.816344 3001505785	24 19.0S	31E	1980 N	660 E	2470 Active
3 TANDEM ENERGY CORPORATION	OHIO JONES 002	32.64782	9 -103.820653 3001505786	24 19.0S	31E	1980 N	1980 E	2654 Active
4 PLAINS PROD CO	JONES 003	32.64418	8 -103.824894 3001505787	24 19.0S	31E	1980 S	1980 W	0 Plugged
5 PLAINS PROD CO	JONES 005	32.65146	3 -103.816358 3001505788	24 19.05	31E ·	660 N	660 E	0 Plugged
6 MACK ENERGY CORP	OHIO JONES FED 006	32.65145	8 -103.820667 3001505789	24 19.05	31F	660 N	1980 E	0 Plugged
7 PLAINS PROD CO	JONES 007	32.64510	8 -103.815256 3001505790	24 19.05	31F	2310 S	330 F	0 Plugged
8 LYNX PETROLEUM CONSULTANTS INC	JONES FEDERAL 001	32.64325	7 -103.843151 3001510045	23 19.05	31F	1650 S	1650 W	12853 Plugged
9 LYNX PETROLEUM CONSULTANTS INC	JONES B FEDERAL 001	32.62967	9 -103.816274 3001510056	25 19.05	31F	1980 S	660 F	0 Plugged
10 H N SWEENY	MALONE FED 001	32.65417	9 -103.820678 3001510119	13 19.05	31F	330 S	1980 E	0 Plugged
11 FINA OIL & CHEMICAL	JONES FEDERAL 002	32 63421	7 -103.819522 3001510189	25 19 05	31E	1650 N	1650 E	12775 Plugged
	JONES FED 2 002	32 6441	6 -103 846386 3001510201	23 19 05	31F	1980 5	660.W	0 Plugged
	IONES EED 2 003	32 64417	7 -103 833517 3001510238	23 19:05	31 F	1980 5	660 F	
		32 64350	1 -103 824891 3001510277	24 19.05	316	1730 5	1980 W	
15 DEVON'ENERGY PRODUCTION COMPANY LP	IONES D EEDERAL 001	32 64781	a -103 829216 3001510279	24 19.05	31'E	1980 N	560 W	11550 Active
16 DOWDCO INC	IONES B EEDERAL 002	33 63693	1 -103 834868 3001510278	24 19.05	316	1560 N	1990 W	0 Plugged
		32.03093	-103.824808 30013102/9	23 19.05	210	660 5	1980 W	
		32.03306	102 817404 2001510357	15 19.05	210	1650 5	1960 E	0 Plugged
		32.04329		24 19.05	315	1050 S	1300 E	0 Plugged
20 DEVON ENERGY PRODUCTION COMPANY, 10		32.0478		24 19.05	215	1980 N	1780 E	O Plugged
20 DEVON ENERGY PRODUCTION COMPANY, LP	JONES FEDERAL B 003	32.64054	8 -103.833498 3001510394	23 19.05	31E	56U S	660 E	9800 TA
	JONES FED E DUI	32.64781	3 -103.833525 3001510395	23 19.05	31E	1980 N	660 E	0 Plugged
22 FINA UIL & CHEMICAL	JONES FEDERAL 003	32.6369	2 -103.833484 3001510584	26 19.0S	315	660 N	660 E	. 11570 Plugged
23 TENNECO UL LO	JONES FED 004	32.63690	5 -103.845283 3001510585	26 19.0S	·31E	660 N	990 W	0 Plugged
24 DEVON ENERGY PRODUCTION COMPANY, LP	RADAR 24 FEDERAL 001	32.65145	2 -103.82492 3001531357	24 19.05	31E	660 N	1980 W	12750 Active
25 LYNX PETROLEUM CONSULTANTS INC	HOT LIPS 25 FEDERAL 001D	32.63692	4 -103.828194 3001536562	25 19.0S	31E	661 N	961 W	0
26 TANDEM ENERGY CORPORATION •	MILLER FEDERAL 001	32.6478	3 -103.812035 3002500902	19 19.05	32E	1980 N	660 W	2634 Active
27 CARPER DRILLING CO	MILLER 001	32.65145	8 -103.812049 3002500903	19 19.05	32E	660 N	660 W	2710 Plugged
28 CARPER DRILLING CO	MILLER 002	32.64418	2 -103.807712 3002500904	19 19.OS	32E	1980 S	1980 W	2862 Plugged
29 TOM R CONE	SOUTHERN CALIFORNIA PET FEDERAL 001	32.647	3 -103.803413 3002500906	19 19.0S	32E	1980 N	1980 E	2715 Active
30 KELLY G STOUT	SOUTHERN CALIFORNIA 002	32.64507	9 -103.804484 3002500907	19 19.0S	32E	2310 S	2310 E	2552 Plugged
31 KELLY G STOUT	SOUTHERN CALIFORNIA 003	32.65052	5 -103.804497 3002500908	19 19.OS	32E	990 N	2310 E	2695 Plugged
32 TOM R CONE	GULF FEDERAL 001	32.64781	9 -103.808803 3002500909	19 19.OS	32E	1980 N	1650 W	2490 Active
33 TOM R CONE	GULF FEDERAL 002	32.64781	2 -103.806648 3002500910	19 19.0S	32E	1980 N	2310 W	2500 Active
34 SIMMS & REESE OIL CO	GULF 001	32.64509	9 -103.810947 3002500911	19 19.0S	32E	2310 S	990 W	2640 Plugged
35 CHISOS, LTD	DELHI FEDERAL 001	32.63692	5 -103.807685 3002520025	30 19.05	32E	660 N	1980 W	11286 Active
36 OXY USA INC	ELLIOTT HALL B 002	32.62966	7 -103.807602 3002520035	30 19.OS	32E	1980 S	1997 W	11325 Plugged
37 OXY USA INC	ELLIOTT HALL A 001	32.63689	7 -103.79908 3002520104	30 19.05	32E	660 N	1 660 E	12475 Active
38 COG OPERATING LLC	LUSK DEEP UNIT A 005	32.64416	3 -103.803404 3002520122	19 19.0S	32E	′ 1980 S	1980 E	12554 Active
39 EL PASO NATURAL GAS	LUSK DEEP UNIT 006	32.64056	7 -103.812007 3002520247	19 19.0S	32Ė	660 S	660 W	11432 Plugged
40 TOM R-CONE -	GULF FEDERAL 003	32.64872	5 -103.808715 3002520876	19 19.0S	32E	1650 N	1678 W	11223 Active
41 OXY USA INC	FEDERAL 30 001	32.6287	7 -103.811962 3002531039	30 19.0S	32E	1650 S	660 W	7300 Active
42 OXY USA INC	GECKO FEDERAL 001	32.6333	1 -103.811979 3002532678	30 19.05	32E	1980 N	660 W	7280 Plugged
43 COG OPERATING LLC	LUSK DEEP UNIT A 014	32.648734	-103.810961 3002534573	19 19.OS	32E	1650 N	990 W	12540 Active
44 COG OPERATING LLC	LUSK DEEP UNIT A 016	32.65543	3 -103.812064 3002535053	18 19.0S	32E	785 S	660 W	12780 Active
45 COG OPERATING LLC	LUSK DEEP UNIT A 021	32.64055	5 -103.808449 3002535291	19 19.OS	32E	660 S	1750 W	12718 Active
46 COG OPERATING LLC	SL DEEP FEDERAL 002	32.63379	2 -103.807673 3002536257	30 19.0S	32E	1800 N	1980 W	12640 Active
47 COG OPERATING LLC	SL DEEP FEDERAL 003	32.636022	2 -103.808759 3002539441	30 19.0S	32E	990 N	1650 W	9580 Active
48 COG OPERATING LLC	SL DEEP FEDERAL 004H	32.632403	3 -103.811976 3002539538	30 19.05	32E	2310 N	660 W	10858 New (Not drilled or compl)
49 COG OPERATING LLC	LUSK DEEP UNIT A 023H	32,63961	-103.79817 3002540260	19 19.0S	32E	330 S	380 E	13595 New (Not drilled or compl)
50 COG OPERATING LLC	LUSK DEEP UNIT A 028H	32.654458	3 -103.813235 3002541291	18 19.OS	32E	430 S	300 W	0 New (Not drilled or compl)
51 COG OPERATING LLC	LUSK DEEP UNIT A 024H	32.65236	5 -103.812052 3002540863	19 19.05	32E	330 N	660 Ŵ	13660 Active
52 DEVON ENERGY PRODUCTION COMPANY, LP	MIMOSA 24 FEDERAL COM 002H	32.650386	-103.830759 3001540947	24 19.05	31E	1045 N	190 W	9 New (Not drilled or compl)
53 DEVON ENERGY PRODUCTION COMPANY. LP	REGULUS 26 FEDERAL 001H	32.63769	-103.83241 3001540098	26 19.05	31E	380 N	330 E	9156 New (Not drilled or compl)
54 DEVON ENERGY PRODUCTION COMPANY, IP	SPICA 25 FEDERAL 001H	32,63769	-103.832247 3001540099	26 19 05	31F	380 N	280 F	9266 New (Not drilled or compl)
55 DEVON ENERGY PRODUCTION COMPANY, IP	REGULUS 26 FEDERAL 002H	32.63406	-103.832429 3001540219	26 19 05	31F	1700 N	340 F	9158 New (Not drilled or compl)
56 DEVON ENERGY PRODUCTION COMPANY 1P	SPICA 25 FEDERAL 003H	32 67880	-103 830189 3001540220	25 19.05	31E	1700 5	340 W	9335 New (Not drilled or compl)
57 DEVON ENERGY PRODUCTION COMPANY 1P	REGULUS 26 FEDERAL 003H	37 67889	-103.832409 3001540220	25 19.05	31E	1700'S	340 #	9202 New (Not drilled or compl)
		22.32005.		F0 T0/00		1,000	J-10 L	sees new (nor annea or compi)

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COG Operating LLC DRILLING AND OPERATIONS PROGRAM Screwdriver 24 Fed Com 2H SHL: 900' FSL & 190' FEL BHL: 400' FSL & 330' FWL Section 24 T19S R31E Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, COG Operating LLC submits the following eleven items of pertinent information in accordance with BLM requirements.

1. Geological surface formation: Permian

2. The estimated tops of geologic markers & estimated depths at which anticipated water, oil or gas formations are expected to be encountered are as follows:

Fresh Water	~ 130′	
Rustler	734′	
Top of Salt	814′	
Base of Salt	2409′	
Yates	2564′	
7 Rivers	2759′	
Capitan Reef	2829′	
Delaware	4365′	Oil
Bone Spring	7044	Oil
1 st Bone Springs	8289′	Oi
2 nd Bone Springs	9009′	Oi
3 rd Bone Spring	9838′	
TD TVD	9210′	
TD MD	13,794′	

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 16" casing at 760' and circulating cement back to surface. All intervals will be isolated by setting 5 $\frac{1}{2}''$ casing to total depth and tying back cement to a minimum of 50' above Capitan Reef.

1	· .	Λ
3. Proposed Casing Program:	All casing is new and API approved	per mayte R. 1+2-15

See co.	A S. Propose	u casing Program		ng is ne	w anu A	ur app	TOVED	/ per me	yne	142-12
Hole	Depths	Section	OD Casing	New/ Used	Wt	Collar	Grade	Collapse Design	Burst Design	Tension Design
5120	- en'				•	· ·		Factor	Factor	Factor
20″	0' - 760'	Surface	16″	New	65#	STC	4-40	1.125	1.125	1.6
14 3/4″	0′ – 2775′	Intrmd	11 3/4"	New	47#	STC	J-55	1.125	1.125	1.6
10 5/8″	0′ – 4350′	Intrmd	8 5/8″	New	32#	BTC	J-55	1.125	1.125	1.6
7 7/8″	0' – 13,794'	Production Curve & Lateral	5 1⁄2″	New	17#	LTC	P-110	1.125	1.125	1.6

While running all casing strings, the pipe will be kept a minimum of 1/3 full at all times to avoid approaching the collapse pressure of casing.

4. Proposed Cement Program

a. 16" Surface

Sec COA

b. 11 3/4" Intermediate:

For COF

c. 8 5/8" Intermediate

d. 5 ¹/₂" Production

Lead: 350 sx Class C + 4% Gel(13.5 ppg / 1.75 cuft/sx) Tail: $250 \text{ sx Class C} + 2\% \text{ CaCl}_2$ (14.8 ppg / 1.34 cuft/sx / 6.3 gal/sk) **Calculated w/50% excess on OH volumes

Lead: 900 sx Class C + 4% Gel (13.5 ppg /1.75 cuft/sx) Tail: 250 sx Class C + 1% CaCl₂ (14.8 ppg / 1.34 cuft/sx) **Calculated w/35% excess on OH volumes

- 1st Stg: Lead: 150 sx 35:65:6 C+Salt+Gilsonite (12.7 ppg /1.89 cuft/sx)
- Tail: 250 sx Class C (14.8 ppg / 1.35 cuft/sx) 2nd Stg: DVT/ECP @ +/- 2729' Lead: 550 sx Class C + 4% Gel
- (13.5 ppg /1.75 cuft/sx) Tail: 100 sx Class C + 1% CaCl₂
- (14.8 ppg / 1.35 cuft/sx) **Calculated w/35% excess on OH volumes
- Lead: 750 sx 35:65:6 H + Salt+Gilsonite+CFR-3+ HR601 (12.7 ppg / 1.89 cuft/sx)
- Tail: 975 sx 50:50:2 H +Salt+GasStop +HR601 +CFR-3 (14.4 ppg /1.25 cuft/sx)

**Calculated w/35% excess on OH volumes

- The above cement volumes could be revised pending the caliper measurement.
- The 11-3/4" & 8-5/8" intermediate strings are designed to circulate to surface.
- The production string will tie back a minimum of 50' above the Capitan Reef.

5. Control:

Nipple up on 16" with 20" 2M annular preventer tested to 2000 psi by independent tester. Nipple up on 11 3/4" with 13 5/8" 2M annular preventer tested to 2000 psi by independent tester. Nipple up on 8-5/8" with 11" 3M system tested to 3000 psi by independent tester. 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. A 2" kill line and a minimum 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating. A remotely operated choke will be installed before drilling out intermediate shoe. If H2S is monitored with 100 ppm in the gas stream while drilling intermediate, we will shut in and install a remote operated choke.

6. Estimated BHP & BHT:

Lateral TD = 4406 psi Lateral TD= 148°F

7. Mud Program: The applicable depths and properties of this system are as follows:

	Depth	Type System	Weight	(sec)	(cc)
Set	0' =760	Fresh Water	8.4-8.6	29	N.C.
COA	760' - 2,775'	Brine	9.9-10.1	29	N.C.
-	2,775' – 4,350'	Fresh Water	8.4-8.6	29	N.C.
	4,350′ – 13,794′	Cut Brine	8.8 - 9.2	29	N.C.

• The necessary mud products for weight addition and fluid loss control will be on location at all times.

Mud

Viscosity

Waterloss

- A visual and electronic mud monitoring system will be rigged up prior to spud to detect changes in the volume of mud system. The electronic system consists of a pit volume total, stroke counter and flow sensor at flow line.
- If weight and/or viscosity are introduced to the mud system a daily mud check will be performed by mud contractor, along with tourly check by rig personnel.
- After setting the 8-5/8" intermediate casing, a third party gas unit detection system will be installed at the flow line.

8. Auxiliary Well Control and Monitoring Equipment:

- a. A Kelly cock will be in the drill string at all times.
- b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 16" casing shoe until the 5 $\frac{1}{2}$ " casing is cemented. Breathing equipment will be on location upon drilling the 16" shoe until total depth is reached.

9. Testing, Logging and Coring Program:

- a. Drill stem tests will be based on geological sample shows.
- b. If open hole electrical logging is performed, the program will be:
 - i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron Z Density log with Gamma Ray and Caliper.
 - ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
 - iii. No coring program is planned
 - iv. Additional testing will be initiated subsequent to setting the 5 $\frac{1}{2}''$ production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

10.Potential Hazards:

a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. No H2S is anticipated to be encountered.

11.Anticipated starting date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 30 days.



COG Operating LLC

Eddy County, New Mexico Screwdriver 24 Federal Com Screwdriver 24 Fedreral Com Well No. 2H Original hole

SHL: 990 FSL 190 FEL BHL: 400 FSL 330 FWL

Plan: rev0

Standard_report

16 June, 2014



Company: CC Project: Ed Site: Sc Well: Sc Wellbore: Or Design: rev Project	DG Operating LLC. dy County, New Me rewdriver 24 Federa rewdriver 24 Fedrer iginal hole /0 Eddy Cour	xico Il Com al Com Well/No. 2H ³ nity, New Mexico			Local Co-ordinate R TVD Reference: MD Reference: North Reference: Survey Calculation Database:	eference: Well Screwdriver 24 Fo RKB=3544.2+18 @ 35 RKB=3544.2+18 @ 35 Grid Method: Minimum Curvature EDM 5000.1.Ddatabas	edreral Com Well'No-2H 62:20usft (Original:Well Elev) 62:20usft (Original:Well Elev) se
Map System: Geo Datum: Map Zone:	ÚS State Plane 192 NAD 1927 (NADCC New Mexico East 3	27 (Exact solution) DN CONÚS) 9001			System Datum:	Mean Sea Level	
Site	Screwdrive	er 24 Federal Com	an a		an a	an dara san san an a	
Site Position: From: Position Uncertainty:	Мар : 0.(00 usit	Northing: Easting: Slot Radi	us:	597,336.30 usft 659,763.70 usft 13-3/16 "	Latitude: Longitude: Grid Convergence:	32.64110696 -103.81431701 0.28 °
	Concerdation	or 24 Epdrarol Com Moll No.		The Sect Of		in Franklik, fils 20. al franklik filsk i Markovan Bergard B. († 10.	
Well Position	+N/-S	0.00 usft	Northing:		507 336 30 usft	l otitudo:	32 64110696
Well I Galdon	+E/-W	0.00 usft	Easting:		659,763.70 usft	Longitude:	-103.81431701
Position Uncertainty	*	0.00 usft	Wellhead Ele	evation:	usft	Ground Level:	. 3,544.20 usft
Wallbore	Original ho	ole.					
Magnetics	Model Name	Sample Date	Declination (۹)	Dip	Angle Field Stre (*) (nT)	angth .	
	IGRF20	010 6/16/2014			60.46	48,539	
Design	rev0					ren an	
Audit Notes:		-		•			
		Phase:	PROTOTYPE	Tie On Depth:		and an an an and a start and a start of the start of the start and a start and a start and a start and a start	New APTIMIZED AT AT STREET, AND APTIMIZED AT A AND APTIMIZED AT A STREET AND APTIMIZED AT A AND APTIMIZED AT A
Vertical Section:		Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)		
		0.00	0.00	0.00	263.63		
Survey Tool Program From (usft)	Date 6/1 To (usft) Sun 13.793.19 rev/	6/2014 vey (Wellbore)	TooliName				



Company: C Project: E Site: S Well: S Wellbore: C Design: m	COG.Operating LLC ddy County, New Mexi Screwdriver 24 Federal Screwdriver 24 Fedreral Driginal hole ev0	ico Cóm I Cóm Well No. 2H				Local Co-ordin TVD Reference MD Reference North Reference Survey Calcula Database:	iate Reference: : : : : : : : : : : : : : : : : : :	Well Screwdriver RKB=3544.2+18 RKB=3544.2+18 Grid Minimum Curvat EDM:5000.1 Dda	24 Fedreral Com Well No. @ 3562:20usft (Original W @ 3562:20usft (Original W ure atabase	2H Bli Elev) Bli Elev)
Planned Survey								ener soft		
MD (usft)	lnc (°)	Azi (azimuth)	TVD (usft)	N/S (usft)	E/W (usft)	DLeg (*/100ft)	V: Sec (usft)	Northing (usft)	Easting (usft)	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	597,336.30	659;763.70	
. 200,00	0.00	0.00	200.00	0.00	0.00	0.00	0:00	597;336.30	659,763.70	
300.00	0.00	0.00	300.00	0.00	0.00	. 0.00	0.00	597,336.30	659,763.70	
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	. 597,336.30	659,763.70	
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
900.00	0.00、	0.00	. 900.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,000.00	0.00	0.00	1,000.00	. 0.00	0.00	0.00	. 0.00	597,336.30	659,763.70	
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0:00	0.00	597,336.30	659,763.70	
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,600.00	0.00	0.00	1,600.00	0:00	0.00	0.00	0.00	597,336.30	659,763.70	
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
2,200.00	0.00	0.00	2,200.00	0.00	. 0.00	.0.00	0.00	597,336.30	659,763.70	
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	. 0.00	597,336.30	659,763.70	·
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	



Company CCC Project: Ed Site: Sci Well: Sci Wellbore: Ori Design: rev	DG Operating LLC dy County, New Mexico rewdriver 24 Federal Com rewdriver 24 Fedreral Com iginal hole 10	Weil No. 2H			LU T N S S	ocal Co-ordinate Ro VD Reference: ID Reference: orth Reference: urvey Calculation M atabase:	oference: Aethód:	Well Screwdriver 24 RKB=3544:2+18 @ RKB=3544:2+18 @ Grid Minimum Curvature EDM 5000:1 Ddatat	Fedreräl Com Well No. 2H 3562.20usft (Original Well E 3562.20úsft (Original Well È	:lev) Elev)
Planned Suprave		and the standard of							ri na mangang kanalan mengharakan dari kanalan kanalan kanalan kanalan kanalan kanalan kanalan kanalan kanalan Kanalan kanalan	
orjanijed Survey		1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1				4827. N.S.S.			C. A test less la d	
MD (usff)	inc Azi (۵ ۱۹)	azimuth)	TVD + (usft)	N/S (usft)	E/W [DLeg \ 100#)	/. Sec	Northing	Easting	
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
2,800.00	0.00	0.00	2,800,00	0.00	0.00	0.00	0.00	597,336.30	659,763,70	
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	597,336.30	659,763,70	
2.000.00	•	0.00	0.000.00	0.00		0.00	0.00	507 000 00	050 700 70	
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	597,330.30	650 762 70	
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	597,330.30	659 763 70	•
0,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	397,330.50	033,703.70	
3,500.00	0.00	0.00	3,500.00	0.00	0:00	0.00	0.00	597,336.30	659,763.70	
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
3,700.00	0.00	0.00	3,700.00	. 0.00	0.00	0.00	0.00	597,336.30	659,763.70	
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
4,000.00	. 0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
4,100.00	. 0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
4,200.00	0.00	. 0.00	4,200.00	0.00	0.00	0.00	0:00	597,336.30	659,763.70	
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0:00	597,336.30	659,763.70	
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	. 0.00	597,336.30	659,763.70	
4,500.00	0.00	0.00	4 500 00	0.00	0.00	0.00	0.00	597 336 30	659 763 70	
4 600 00	0.00	0.00	4 600 00	. 0.00	0.00	0.00	0.00	597 336 30	659 763 70	
4,700.00	: 0.00	0.00	4 700.00	0.00	0.00	0.00	0.00	597 336 30	659 763 70	
4 800 00	0.00	0.00	4 800 00	. 0.00	0.00	0.00	0.00	597 336 30	659 763 70	
4.900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	597,336 30	659 763 70	
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0,00	0.00	597.336.30	659.763:70	

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Company: COG Ope Project: Eddy Cou Site: Screwdriv	erating LLC unity, New Mexico ver 24 Federal Com					Local Co-ordinate Re TVD Reference: MD Reference:	Merence:	Well Screwdriver 24 RKB=3544.2+18 @ RKB=3544.2+18 @	Fedreral Com Well No. 2H 3562.20usft (Original Well Elev) 3562.20usft (Original Well Elev)
Wellbore: Original h Design: rev0	ver 24 Fearerai Com nole	1.vveil.ino, 2H.				North Reference: Survey Calculation N Database:	lethod:	Gria Minimum Curvature EDM 5000 1 Ddatal	páse
Planned Survey MD	linc Azi	(azimuth)	TVD	N/S		DLeg \	/ Sec	Northing	Easting
(usft)	<u>(())</u>	(C) (C)	(usft)	(usft)) (L	isft)	?/100ft) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(usft)	(usft)	(usft)
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
5,700.00	00.0	0.00	5,700.00	0.00	0.00	0.00	0:00	597,336.30	659,763.70
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
6,100.00	0.00	0.00	6,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
6,200.00	0.00	0.00	6,200.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
6,300.00	0.00	0.00	6,300.00	0.00	0.00	0.00	0.00	,597,336.30	659,763.70
6,400.00	0.00	0.00	6,400.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
6.500.00	0.00	0.00	6.500.00	0-00	0.00	0.00	0.00	597,336,30	659 763 70
6,600.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	597 336 30	659 763 70
6,700.00	0.00	0.00	6,700.00	0.00	0.00	0.00	0:00	597,336,30	659.763.70
6.800.00	0.00	0.00	6,800,00	0.00	0.00	0.00	0.00	597,336,30	659.763.70
6,900.00	0.00	0.00	6,900.00	0.00	0.00	0.00	0.00	597,336,30	659,763.70
7 000 00		0.00	7 000 00	0.00	0.00	0.00	0.00	507 000 00	050 700 70
7,000.00	0.00	0.00	7,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
7,100.00	0.00	0.00	7,100.00	0.00	. 0.00	0.00	0.00	597,336.30	659,763.70
7,200.00	0.00	0.00	7,200.00	0.00	· 0.00	0.00	0.00	597,336,30	659,763.70
7,300.00	0.00	0.00	7,300.00	0.00	0.00	0.00	0.00	507 336.3U	650 762 70
7,400.00	0.00	0.00	7,400.00	0.00	0.00	0.00	0.00	281,230,20	009,703.70
7,500.00	0.00	0.00	7,500.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
7,600.00	0.00	0.00	7,600.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
7,700.00	0.00	0.00	7,700.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
7,800.00	0.00	0.00	7,800.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
7,900.00	0.00	0.00	7,900.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70
8,000.00	0.00	0:00	8,000.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70



Company: COG Op Project: Eddy Co Site: Screwdr Well: Screwdr	erating LLC unty, New Mexico iver 24 Federal Corr iver 24 Fedreral Corr hole	n ñ Ŵell No. 2H				Local Co-ordinate R TVD Reference: MD Reference: North Reference:	ieference:	Well Screwdriver-2 RKB=3544.2+18 @ RKB=3544.2+18 @ Grid Minimum Cunvatur	4 Fedreral Com Well No § 3562.20ûsft (Original V § 3562:20usft (Original V	2H Vell Elev) Vell Elev)
Design:						Database:		EDM 5000.1 Ddat	~ abase	initian antipatricking
Planned Survey										
MD (usft)	inc Azi (°)	(azimuth) (°)	TVD (usft)	N/S (usft)	E/W (usft)	DLeg (*/100ft)	V. Sec (usft)	Northing (usft)	Easting (usft)	
8,100.00	0.00	0.00	8,100.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	an a
8,200.00	0.00	0.00	8,200.00	0.00	0.00	0.00	0.00	597,336.30	.659,763.70	
8,300.00	0.00	0.00	8,300.00	0.00	0.00	0.00	ó.oo	597,336.30	659,763.70	
8,400.00	0.00	0.00	8,400.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
8,500.00	0.00	0.00	8,500.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
8,600.00	0.00	0.00	8,600.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
8,700.00	0.00	0.00	8,700.00	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
8,732.54	0.00	0.00	8,732.54	0.00	0.00	0.00	0.00	597,336.30	659,763.70	
KOP Begin 12º/100	' build		,					•		
8,800.00	8.10	263.63	8,799.78	-0.53	-4.73	12.00	4.76	597,335.77	659,758.97	
8,900.00	20.10	263.63	8,896.59	-3.22	-28.89	12.00	29.07	597,333.08	659,734.81	
9,000.00	32.10	263.63	8,986.23	-8.09	-72.52	12.00	72.97	597,328.21	659,691.18	
9,100.00	44.10	263.63	9,064.79	-14.93	-133.73	12.00	134.56	597,321.37	659,629.97	
9,200.00	56.10	263.63	9,128.82	-23.42	-209.83	12.00	211.13	597,312.88	659,553.87	
9,300.00	68.10	263.63	9,175.53	-33.21	-297.49	12.00	299.34	597,303.09	659,466.21	
9,400.00	80.10	263.63	9,202.89	-43.85	-392.90	12.00	395.34	597,292.45	659,370.80	
9,482.54	90.00	263.63	9,210.00	-52.96	-474.52	12.00	477.46	597,283.34	659,289,18	
Begin 90.00° latera	le s	· .	• • • •	•				· · · · · · · ·		
9,500.00	90.00	263.63	9,210.00	-54.90	-491.87	0.00	494.93	597,281.40	659,271.83	
9,600.00	90.00	263.63	9,210.00	-65.99	-591.25	0.00	594.93	597,270.31	659,172.45	
9,700.00	90.00	263.63	9,210.00	-77.09	-690.64	0.00	694.93	597,259.21	659,073.06	÷
9,800.00	90.00	263.63	9,210.00	-88.18	-790.02	o.oo	794.93	.597,248.12	658,973.68	
9,900.00	90.00	263.63	9,210.00	-99.27	-889.40	0.00	894.93	597,237.03	658,874.30	
10,000.00	90.00	263.63	9,210.00	-110.37	-988.79	0.00	994.93 .	597,225.93	658,774.91	
10,100.00	90.00	263.63	- 9,210.00	-121.46	-1,088.17	0.00	1,094.93	597,214.84	658,675.53	
10,200.00	90.00	263.63	9,210.00	-132.55	-1,187.55	0.00	1,194.93	597,203.75	658,576.15	
10,300.00	90.00	263.63	9,210.00	-143.64	-1,286.93	0.00	1,294.93	597,192.66	658,476.77	

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COMPASS 5000.1 Build 65

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Company: Ct Project St Site: Sc Well: Sc Wellbore: O Design: re	DG Operating LLC ddy County, New Mexico crewdriver 24 Federal Co crewdriver 24 Federal Co riginal hole v0	om om Well No. 2H				Local Co-ordinate F TVD Reference: MD Reference: North Reference: Survey Calculation Database:	Reference: Method:	Well Screwdriver 24 RKB=3544.2+18 @ RKB=3544.2+18 @ Grid Minimum Curvature EDM.5000.1 Ddata	4 Fedreral Com Well No. 2H 3562.20usft (Original Well Elev) 3562.20usft (Original Well Elev) base	And a second second second
Planned Survey					ALL		9 		144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144 - 144	1
MD (usit)	linc (°)	zi (aziműth) (°)	.TVD (usft)	N/S (usft)	,E/W (usft)	DLeg (°/100ft)	V. Sec (usft)	Northing (usft)	Lasting (usft)	¥.
10,400.00	90.00	263.63	9,210.00	-154.74	-1,386.32	0.00	1,394.93	597,181.56	658,377.38	-
. 10,500.00	90.00	263.63	9,210.00	-165.83	-1,485.70	0.00	1,494.93	597,170.47	658,278.00	
10,600.00	90.00	263.63	9,210.00	-176.92	-1,585.08	0.00	1,594.93	597,159.38	658,178.62	
10,700.00	90.00	263.63	9,210.00	-188.02	-1,684.46	0.00	1,694.93	597,148.28	658,079.24	
10,800.00	90.00	263.63	9,210.00	-199.11	-1,783.85	0.00	1,794.93	597,137.19	657,979.85	
10,900.00	90.00	263.63	9,210.00	-210.20	-1,883.23	0.00	1,894.93	597,126.10	657,880.47	
11,000.00	90.00	263.63	9,210.00	-221.29	-1,982.61	0.00	1,994.93	597,115.01	657,781.09	
11,100.00	90.00	263.63	9,210.00	-232.39	-2,082.00	0.00	2,094.93	597,103.91	657,681.70	
11,200.00	90.00	263.63	9,210.00	-243.48	-2,181.38	0.00	2,194.93	597,092.82	657,582.32	
11,300.00	90.00	263.63	9,210.00	-254.57	-2,280.76	0.00	2,294.93	597,081.73	657,482.94	
11,400.00	90.00	263.63	9,210.00	-265.67	-2,380.14	0.00	2,394.93	597,070.63	657,383.56	
11,500.00	90.00	263.63	9,210.00	-276,76	-2,479.53	0.00	2,494.93	597,059.54	657,284.17	
11,600.00	90.00.	263.63	9,210.00	-287.85	-2,578.91	0.00	2,594.93	597,048.45	657,184.79	
11,700.00	90.00	263.63	9,210.00	-298.95	-2,678.29	0.00	2,694.93	597,037.35	657,085.41	
11,800.00	90.00	263.63	9,210.00	-310.04	-2,777.68	0.00	2,794.93	597,026.26	656,986.02	
11,900.00	90.00	263.63	9,210.00	-321.13	-2,877.06	0.00	2,894.93	597,015.17	656,886:64	
12,000.00	90.00	263.63	9,210.00	-332.22	-2,976.44	0.00	2,994.93	597,004.08	656,787.26	
12,100.00	90.00	263.63	9,210.00	-343.32	-3,075.82	0.00	3,094.93	596,992.98	656,687.88	
12,200.00	90.00	263.63	9,210.00	-354.41	-3,175.21	0.00	3,194.93	596,981.89	656,588.49	
12,300.00	90.00	263.63	9,210.00	-365.50	-3,274.59	0.00	3,294.93	596,970.80	656,489.11	
12,400.00	90.00	263.63	9,210.00	-376.60	-3,373.97	0.00	3,394.93	596,959.70	656,389.73	
12,500.00	90.00	263.63	9,210.00	-387.69	-3,473.36	0.00	3,494.93	596,948.61	656,290.34	
12,600.00	90.00	263.63	9,210.00	-398.78	-3,572.74	0.00	3,594.93	596,937.52	656,190.96	
12,700.00	90.00	263.63	9,210.00	-409.87	-3,672.12	0.00	3,694.93	596,926.43	656,091.58	
12,800.00	90.00	263.63	9,210.00	-420.97	-3,771.50	0.00	3,794.93	596,915.33	655,992.20	
12,900.00	90.00	263.63	9,210.00	-432.06	-3,870.89	0.00	3,894.93	596,904.24	655,892.81	

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13,300.00	90.00	263.63	9,210.00	-476.43	-4,268.42	0.00	4,294.93	596,859.87	655,495.28	
13,400.00	90.00	263.63	9,210.00	-487.52	-4,367.80	0.00	4,394.93	596,848.78	655,395.90	
13,500.00	90.00	263.63	9,210.00	-498.62	-4,467.18	0.00	4,494.93	596,837.68	655,296.52	
13,600.00	90.00	263.63	9,210.00	-509.71	-4,566.57	0.00	4,594.93	596,826.59	655,197.13	
13,700.00	90.00	263.63	9,210.00	-520.80	-4,665.95	0.00	4,694.93	.596,815.50	655,097.75	
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New Mexico Office of the State Engineer Water Column/Average Depth to Water

No records found.

Range: 31E

Township: 19S

PLSS Search:

Section(s): 24

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



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PLSS Search:

Township: 19S

Range: 31E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

2,000 psi BOP Schematic



3,000 psi BOP Schematic





2M Choke Manifold Equipment



3M Choke Manifold Equipment



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COG OPERATING LLC HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. 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:

- a. The hazards and characteristics of hydrogen sulfide (H₂S).
- b. The proper use and maintenance of personal protective equipment and life support systems.
- c. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- d. The proper techniques for first aid and rescue procedures.

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

- a. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- b. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- c. The contents and requirements of the H_2S Drilling Operations Plan and the 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. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

2. <u>H₂S SAFETY EQUIPMENT AND SYSTEMS</u>

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 reasonably expected to contain H2S. If H2S greater than 100 ppm is encountered in the gas stream we will shut in and install H2S equipment.

a. Well Control Equipment:

Flare line.

Choke manifold with remotely operated choke.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

- Protective equipment for essential personnel: Mark II Surviveair 30-minute units located in the dog house and at briefing areas.
- c. H2S detection and monitoring equipment:

2 - portable H2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.

- d. Visual warning systems: Caution/Danger signs 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.
- e. Mud Program:

The mud program has been designed to minimize the volume of H2S circulated to the surface.

f. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

g. Communication:

Company vehicles equipped with cellular telephone.

COG OPERATING LLC has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore, we do not believe that an H2S contingency plan is necessary.

WARNING YOU ARE ENTERING AN H2S AREA 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. CK WITH COG OPERATING LLC FOREMAN AT MAIN OFFICE COG OPERATING LLC 1-575-748-6940

EMERGENCY CALL LIST

	OFFICE	MOBILE
COG OPERATING LLC OFFICE	575-748-6940	
SHERYL BAKER	575-748-6940	432-934-1873
KENT GREENWAY	575-746-2010	432-557-1694
SETH WILD	432-683-7443	432-528-3633
WALTER ROYE	575-748-6940	432-934-1886

EMERGENCY RESPONSE NUMBERS

	OFFICE
STATE POLICE	575-748-9718
EDDY COUNTY SHERIFF	575-746-2701
EMERGENCY MEDICAL SERVICES (AMBULANCE)	911 or 575-746-2701
EDDY COUNTY EMERGENCY MANAGEMENT (HARRY BURGESS)	575-887-9511
STATE EMERGENCY RESPONSE CENTER (SERC)	575-476-9620
CARLSBAD POLICE DEPARTMENT	575-885-2111
CARLSBAD FIRE DEPARTMENT	575-885-3125
NEW MEXICO OIL CONSERVATION DIVISION	575-748-1283
INDIAN FIRE & SAFETY	800-530-8693
HALLIBURTON SERVICES	800-844-8451



Surface Use & Operating Plan

Screwdriver 24 Federal Com #2H

- Surface Tenant is: Ronny Derrick, 2264 State Hwy 128, Jal, NM 88252.
- New Road: 3240'
- Flow Line: On well pad
- Facilities: Will be constructed on well pad see Exhibit 3

Well Site Information

V Door: East

Topsoil: North

Interim Reclamation: East

<u>Notes</u>

Onsite: On-site was done by Jessie Rice (BLM); Eric Conklin (COG); on January 28, 2014.

Surface Use Plan

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Harcrow Surveying, Artesia, NM.
- B. All roads to the location are shown on the Location Verification Map Exhibit 2. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary. The road route to the well site is depicted in Exhibit #2. The road shown in Exhibit #2 will be used to access the well.
- C. Directions to location: See 600 x 600 plat
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease. Roads will be maintained according to specifications in section 2 of this Surface Use and Operating Plan.

2. Proposed Access Road:

The Location Verification Map shows that 3240' of new access road will be required for this location. If any road is required it will be constructed as follows:

The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

- A. The average grade will be less than 1%.
- B. No turnouts are planned.
- C. No culvert, cattleguard, gates, low water crossing, or fence cuts are necessary.
- D. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM approved caliche pit.

3. Location of Existing Well:

The One-Mile Radius Map shows existing wells within a one-mile radius of the proposed wellbore.

4. Location of Existing and/or Proposed Facilities:

- A. COG Operating LLC does not operate an oil production facility on this lease.
- B. If the well is productive, contemplated facilities will be as follows:
 - 1) A tank battery and facilities will be constructed as shown Exhibit 3.
 - 2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.
 - 3) Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.
 - 4) It will be necessary to run electric power if this well is productive. Power will be provided by Xcel Energy and they will submit a separate plan and ROW for service to the well location.
 - 5) If the well is productive, rehabilitation plans will include the following:
 - The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #2. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: One primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to obtaining caliche. 2400 cubic yards is the maximum amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- B. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
- C. Subsoil is removed and stockpiled within the surveyed well pad.
- D. When caliche is found, material will be stock piled within the pad site to build the location and road.
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- F. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
- G. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other established mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

7. Methods of Handling Water Disposal:

- A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.
- B. Drilling fluids will be contained in steel mud pits.
- C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.

- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. No toxic waste or hazardous chemicals will be produced by this operation.
- E. Human waste and grey water will need to be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets).
- F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by Harcrow Surveying, is shown in the Elevation Plat. Dimensions of the pad and pits are shown on the Rig Layout. V door direction is East. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.
- B. The Rig Layout Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

10. Plans for Restoration of the Surface:

A. Interim Reclamation will take place after the well has been completed. The pad will be downsized by reclaiming the areas not needed for production operations. The portions of the pad that are not needed for production operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park, and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete.

B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recountoured to reflect its surroundings as much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be reseded with a BLM approved mixture and re-vegetated as per BLM orders.

11. Surface Ownership:

- A. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The surface tenant is Ronny Derrick, 2264 State Hwy 128, Jal, NM 88252.
- C. The proposed road routes and surface location will be restored as directed by the BLM.

12. Other Information:

- A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.
- C. There are no dwellings within 2 miles of this location.
- D. If needed, a Cultural Resources Examination is being prepared by Boone Arch Services of NM, LLC., 2030 North Canal, Carlsbad, New Mexico, 88220, phone # 575-885-1352 and the results will be forwarded to your office in the near future. Otherwise, COG will be participating in the Permian Basin MOA Program.

13. Bond Coverage:

Bond Coverage is Statewide Bonds # NMB000740 and NMB000215

14. Lessee's and Operator's Representative:

The COG Operating LLC representative responsible for assuring compliance with the surface use plan is as follows:

Sheryl Baker Drilling Superintendent COG Operating LLC 2208 West Main Street Artesia, NM 88210 Phone (575) 748-6940 (office) (432) 934-1873 (cell)

Ray Peterson Drilling Manager COG Operating LLC One Concho Center 600 W Illinois Ave Midland, TX 79701 Phone (432) 685-4304 (office) (432) 818-2254 (business)

Surface Use Plan

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating, LLC
LEASE NO.:	NMNM-0107697
WELL NAME & NO.:	Screwdriver 24 Federal Com 2H
SURFACE HOLE FOOTAGE:	0900' FSL & 0190' FEL
BOTTOM HOLE FOOTAGE	0400' FSL & 0330' FWL
LOCATION:	Section 24, T. 19 S., R 31 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

Cement Requirements

H2S Requirements

Capitan Reef

¹Logging Requirements

Waste Material and Fluids

Production (Post Drilling)

Well Structures & Facilities

Interim Reclamation

Final Abandonment & Reclamation

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken/habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

<u>Ground-level Abandoned Well Marker to avoid raptor perching</u>: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. In addition, the well sign shall include the surface and bottom hole lease numbers. If the Communitization Agreement number is known, it shall also be on the sign. If not, it shall be placed on the sign when the sign is replaced.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch

Natural Ground Level

All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\underline{400'}_{4\%}$ + 100' = 200' lead-off ditch interval

Cattleguards

Berm on

Side

Down Slope

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.





VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

- 1. A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the Yates formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. If the drilling rig is removed without approval an Incident of Non-Compliance will be written and will be a "Major" violation.
- 3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
- 4. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Capitan Reef

Possibility of water flows in the Artesia Group, Salado, and Capitan Reef. Possibility of lost circulation in the Red Beds, Rustler, Artesia Group, Capitan Reef, and Delaware.

- The 16 inch surface casing shall be set at approximately 800 feet (in a competent bed <u>below the Magenta Dolomite</u>, which is a <u>Member of the Rustler</u>, and if salt is encountered, set casing at least 25 feet above the salt) and cemented to the surface. Excess calculates to 15% - Additional cement may be required.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
- d. If cement falls back, remedial cementing will be done prior to drilling out that string.

11-3/4" Intermediate casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

2. The minimum required fill of cement behind the **11-3/4** inch 1st intermediate casing is:

Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.

3. The minimum required fill of cement behind the 8-5/8 inch 2^{nd} intermediate casing is:

Operator has proposed DV tool at depth of 2729'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

- a. First stage to DV tool:
- Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
- b. Second stage above DV tool:
- Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

4. The minimum required fill of cement behind the 5-1/2 inch production casing is:

Cement should tie-back at least **50 feet above the Capitan Reef**. Operator shall provide method of verification.

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

- .1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- 2. In the case where the only BOP installed is an annular preventer, it shall be tested to a minimum of 2000 psi (which may require upgrading to 3M or 5M annular).

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

- Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 8-5/8 2nd intermediate casing shoe shall be 3000 (3M) psi.
- 5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.
 - e. All tests are required to be recorded on a calibrated test chart. A copy of the **BOP/BOPE test chart and a copy of independent service company test** will be submitted to the appropriate BLM office.

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, <u>Shale Green</u> from the BLM Standard Environmental Color Chart (CC-001: June 2008).

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be <u>no</u> primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species 5 1

<u>lb/acre</u>

5lbs/A

5lbs/A

Plains Bristlegrass Sand Bluestem Little Bluestem Big Bluestem Plains Coreopsis Sand Dropseed

3lbs/A 6lbs/A 2lbs/A 1lbs/A

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed