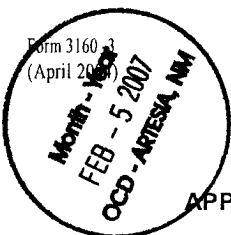


ATS-07-161



OCD-ARTESIA

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

5. Lease Serial No.
LC-029342B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Polaris B Federal #6 302547

9. API Well No.
30-015-35649

10. Field and Pool, or Exploratory
Loco Hills; Glorietta Yeso

11. Sec., T. R. M. or Bk. and Survey or Area

Sec 9 T17S R30E

12. County or Parish
Eddy

13. State
NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator
COG Operating LLC 229137

3a. Address
550 W. Texas, Suite 1300 Midland, TX 79701

3b. Phone No. (include area code)
(505)685-4372

4. Location of Well (Report location clearly and in accordance with any State requirements*)
At surface 1156 FSL & 1650 FEL UNORTHODOX
At proposed prod. zone 990 FSL & 1650 FEL LOCATION

14. Distance in miles and direction from nearest town or post office*
2 miles north of Loco Hills, NM ROSWELL CONTROLLED WATER BASIN

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 164

16. No. of acres in lease
320

17. Spacing Unit dedicated to this well
40

18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 660

19. Proposed Depth
6000

20. BLM/BIA Bond No. on file
NMB000215

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3697' GR

22. Approximate date work will start*
1/15/2006

23. Estimated duration
12 days

24. Attachments

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

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

25. Signature Jerry W. Sherrell Name (Printed/Typed) Jerry W. Sherrell Date 12/14/06

Title
Production Clerk

Approved by (Signature) /s/ James Stovall Name (Printed/Typed) /s/ James Stovall

Date JAN 25 2007

Title ACTING FIELD MANAGER

Office CARI SRAD 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 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. 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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

NSL- 5624

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
		96718	Loco Hills; Glorieta-Yeso
Property Code	Property Name		Well Number
302547	POLARIS B FEDERAL		6
OGRID No.	Operator Name		Elevation
229137	COG OPERATING, LLC		3697'

Surface Location

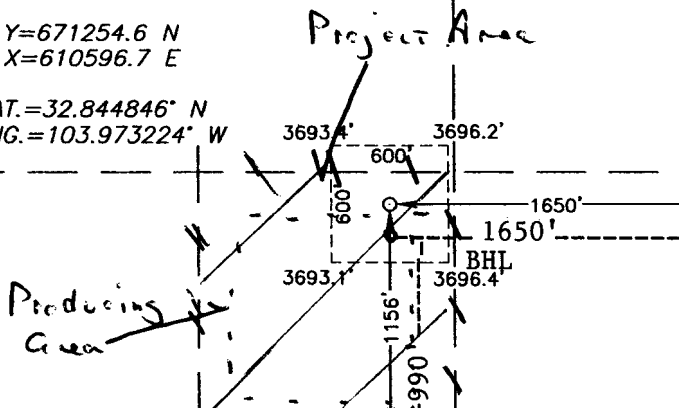
UL. or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	9	17-S	30-E		1156	SOUTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

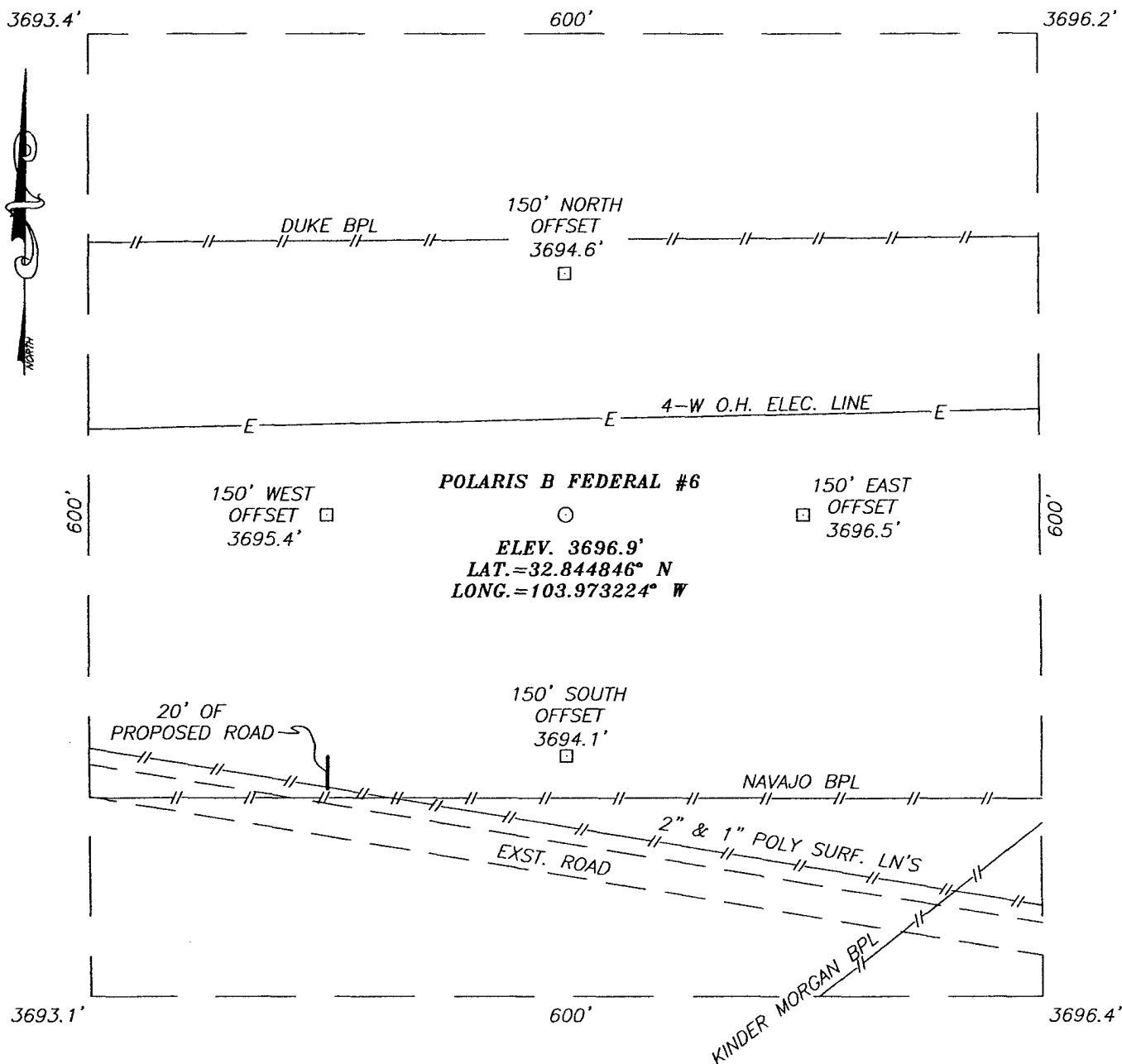
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	9	17S	30E		990	SOUTH	1650	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

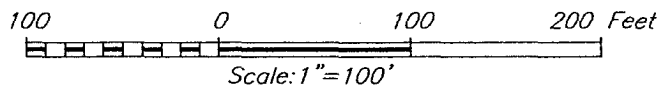
<div style="text-align: center; margin-bottom: 20px;"> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=671254.6 N X=610596.7 E</p> <p>LAT.=32.844846° N LONG.=103.973224° W</p> </div>  <p><i>Project Area</i></p> <p><i>Producing Area</i></p> <p>Measurements: 3693.4', 3696.2', 600', 1650', 3693.1', 3696.4', 1156', 990', 1650'</p> <p>Point: BHL</p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p align="center">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <p><i>Jerry W. Sherrell</i></p> <p>Signature</p> </div> <div style="text-align: center;"> <p>1/22/07</p> <p>Date</p> </div> </div> <div style="text-align: center; margin-top: 10px;"> <p>Jerry W. Sherrell</p> <p>Printed Name</p> </div> </div> <div style="border: 1px solid black; padding: 5px;"> <p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p align="center">NOVEMBER 21, 2006</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> </div> <div style="width: 35%; text-align: right;"> <p>LA</p> </div> </div> <div style="text-align: center; margin-top: 10px;"> <p><i>GARY EIDSON</i></p> <p>06.11.1795</p> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> <p>Certificate No. GARY EIDSON</p> </div> <div style="width: 35%; text-align: right;"> <p>12641</p> </div> </div> </div>
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SECTION 9, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #219 (GOAT ROPERS) GO NORTH ON CO. RD. #219 FOR APPROX. 1.8 MILES. TURN RIGHT AND GO EAST APPROX. 0.2 MILES. THIS LOCATION IS APPROX. 200 FEET NORTH.



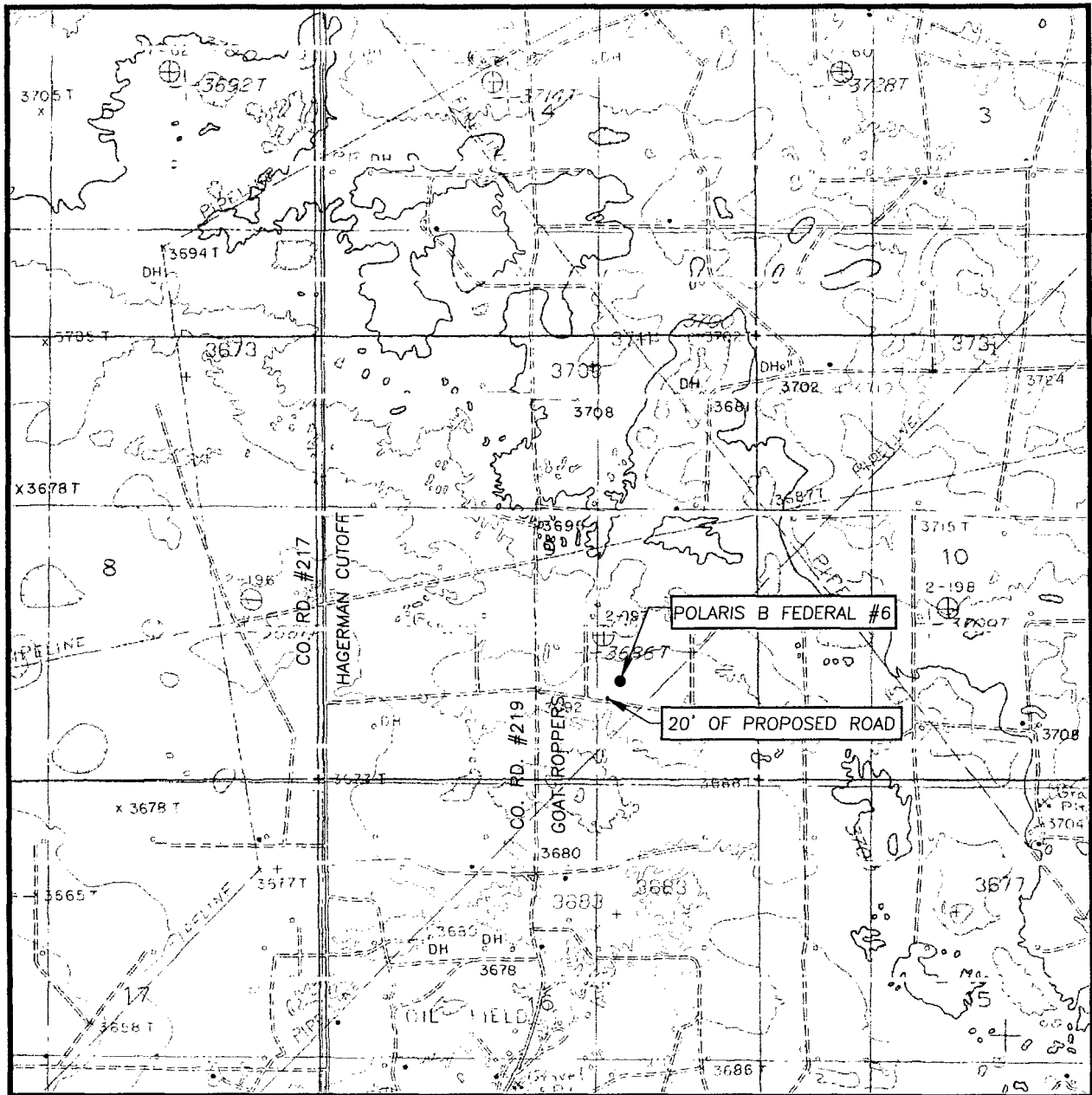
COG OPERATING, LLC

POLARIS B FEDERAL #6
 LOCATED 1156 FEET FROM THE SOUTH LINE
 AND 1650 FEET FROM THE EAST LINE OF SECTION 9,
 TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 11/21/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.1795	Dr By: LA
Date: 12/4/06	Disk: CD#5
06111795	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOCO HILLS, N.M. - 10'

SEC. 9 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1156' FSL & 1650' FEL

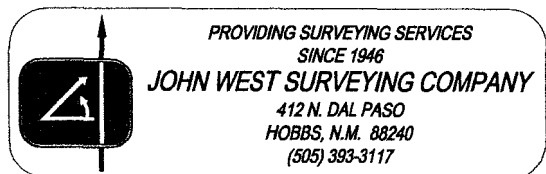
ELEVATION 3697'

OPERATOR COG OPERATING, LLC

LEASE POLARIS B FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

LOCO HILLS, N.M.



Attached to Form 3160-3
COG Operating LLC
Polaris B Federal #6
1156 FSL & 1650 FEL
SW/4 SE/4, Sec 9 T17S R30E
Eddy County, NM

DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Top of Salt	500'
Base of Salt	1025'
Yates	1600'
Queen	2130'
San Andres	3050'
Glorietta	4320'

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

Water Sand	150'	Fresh Water
Grayburg	2580'	Oil/Gas
San Andres	3050'	Oil/Gas
Paddock	3950'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 425' and circulating cement back to surface will protect the surface fresh water sand. Salt Section will be protected by setting 8 5/8" casing to 1300' and circulating cement back to surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 1/2" production casing, which will be run at TD.

4. Casing Program:

Hole Size	Interval	OD Casing	Weight, Grade, Jt, Cond., Type
17 1/2"	0-425'	13 3/8"	48#, H-40, ST&C, New, R-3
12 1/4"	0-1300'	8 5/8"	24#, J-55, ST&C, New, R-3
7 7/8"	0-TD	5 1/2"	17#, J-55, LT&C, New, R-3

Attached to Form 3160-3
COG Operating LLC
Polaris B Federal #6
1156 FSL & 1650 FEL
SW/4 SE/4, Sec 9 T17S R30E
Eddy County, NM

5. Cement Program:

13 3/8" Surface Casing: Circulate to Surface with Class C w/2% CaCl₂.

8 5/8 Intermediate Casing: Circulate to Surface with Class C W/2% CaCl₂.

5 1/2" Production Casing: Cement Casing with Class C w/6# Salt & 2/10 of 1% CFR-3 per sack. We will run a hole caliper and run sufficient cement to circulate to surface.

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. 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 bottom. The BOP will be nipped up on the 13 3/8" surface casing and tested to 1500 psi by a 3rd party. The BOP will then be nipped up on the 8 5/8" intermediate casing and tested by a 3rd party to 2000 psi and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of intermediate casing. 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 and choke lines and choke manifold (Exhibit #11) with 2000 psi WP rating.

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
0-425'	Fresh Water	8.5	28	N.C.
425-1300'	Brine	10	30	N.C.
1300'-TD	Cut Brine	9.1	29	N.C.

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

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:

Attached to Form 3160-3
COG Operating LLC
Polaris B Federal #6
1156 FSL & 1650 FEL
SW/4 SE/4, Sec 9 T17S R30E
Eddy County, NM

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be ran from T.D. to 8 5/8 casing shoe.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

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

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and estimated maximum bottom hole pressure is 2400 psig. Low levels of Hydrogen sulfide have been monitors in producing wells in the area, so H2S may be present while drilling of the well a plan is attached to the Drilling 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. The anticipated spud date is January 15, 2006. Once commenced, the drilling operation 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

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

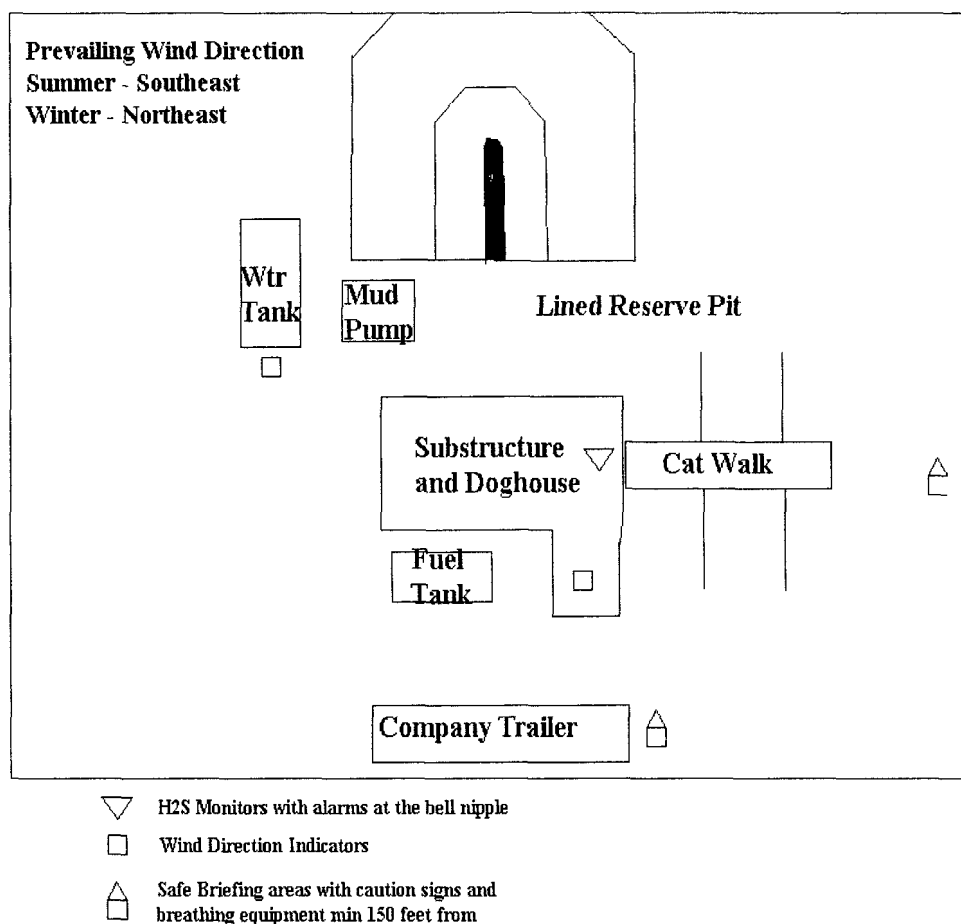
WARNING
YOU ARE ENTERING AN H₂S
AUTHORIZED PERSONNEL ONLY

- 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 MACK ENERGY FOREMAN AT OFFICE**

MACK ENERGY CORPORATION

1-505-748-1288

DRILLING LOCATION H2S SAFTY EQUIPMENT
Exhibit # 8



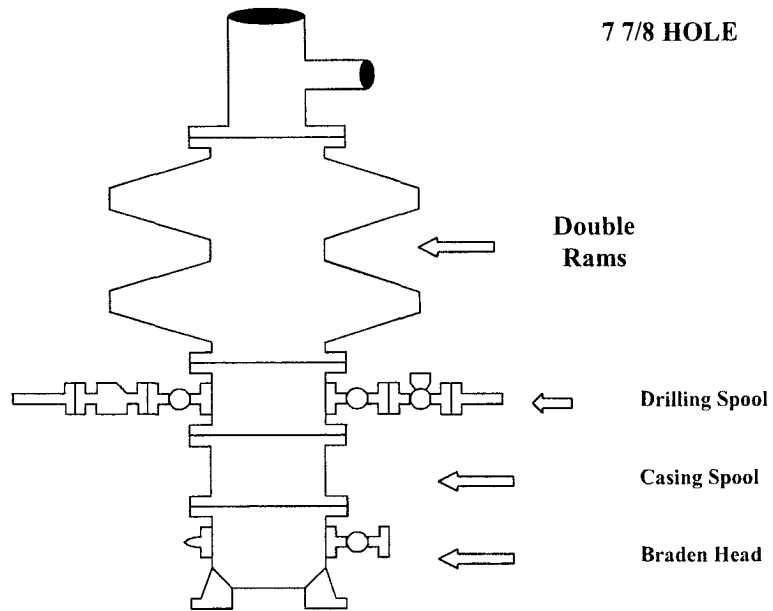
Attachment to Exhibit #9
NOTES REGARDING THE BLOWOUT PREVENTERS
Polaris B Federal #6
Eddy County, New Mexico

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.

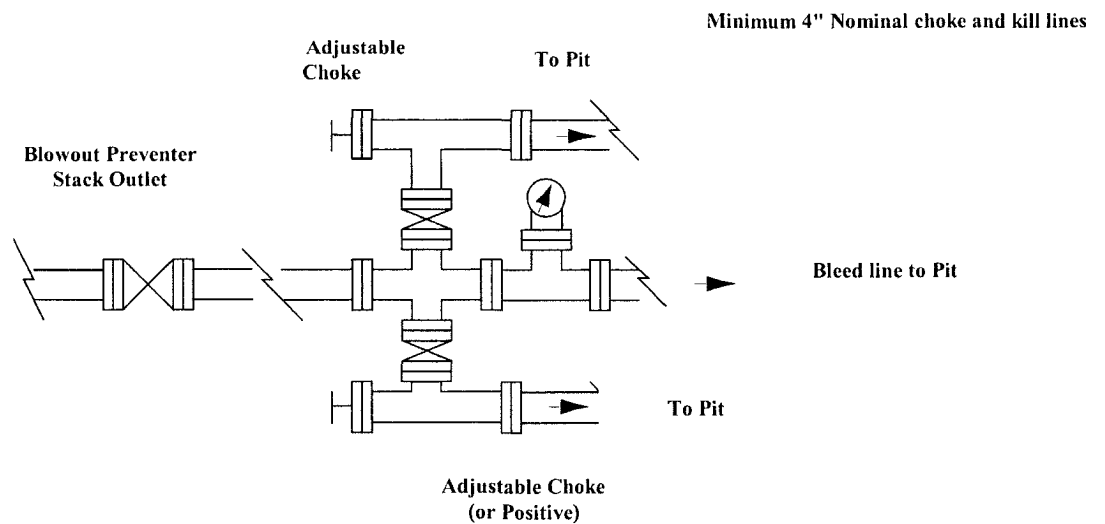
COG Operating LLC

Exhibit #9

BOPE Schematic



Choke Manifold Requirement (2000 psi WP)
No Annular Required



COG Operating LLC
Minimum Blowout Preventer Requirements
 2000 psi Working Pressure
 2 MWP
 EXHIBIT #10

Stack Requirements

NO.	Items	Min. I.D.	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	
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CONTRACTOR'S OPTION TO FURNISH:

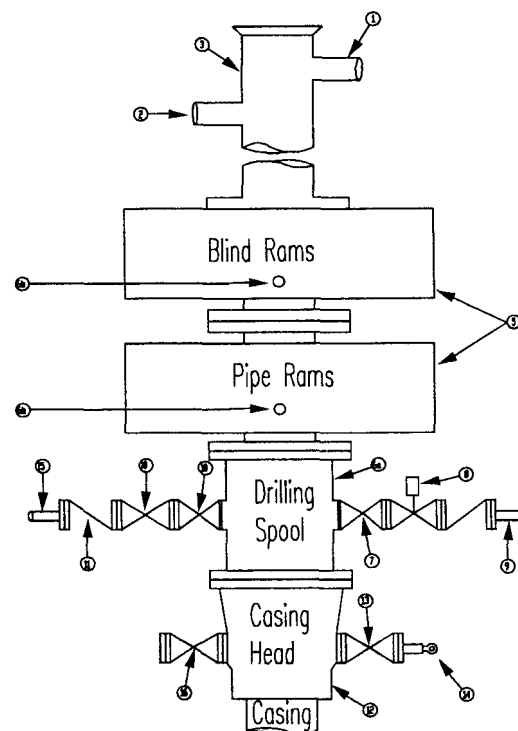
- All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 2000 psi minimum.
- Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
- BOP controls, to be located near drillers' position.
- Kelly equipped with Kelly cock.
- Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
- Kelly saver-sub equipped with rubber casing protector at all times.
- Plug type blowout preventer tester.
- Extra set pipe rams to fit drill pipe in use on location at all times.
- Type RX ring gaskets in place of Type R.

COG TO FURNISH:

- Bradenhead or casing head and side valves.
- Wear bushing. If required.

GENERAL NOTES:

- Deviations from this drawing may be made only with the express permission of COG's Drilling Manager.
- All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
- Controls to be of standard design and each marked, showing opening and closing position
- Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, or bean



- sizes, retainers, and choke wrenches to be conveniently located for immediate use.
- All valves to be equipped with hand-wheels or handles ready for immediate use.
- Choke lines must be suitably anchored.
- Handwheels and extensions to be connected and ready for use.
- Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
- All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
- Casinghead connections shall not be used except in case of emergency.
- Do not use kill line for routine fill up operations.

COG Operating LLC

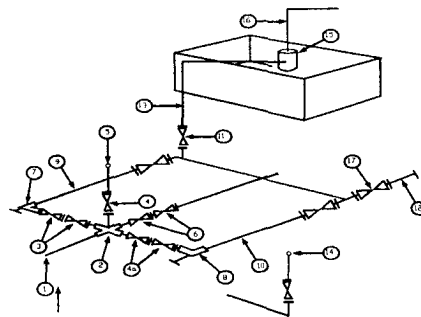
Exhibit #11

MINIMUM CHOKE MANIFOLD

3,000, 5,000, and 10,000 PSI Working Pressure

2 M will be used or greater

3 MWP - 5 MWP - 10 MWP

**Mud Pit****Reserve Pit***** Location of separator optional****Below Substructure****Minimum requirements**

No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	NOMINAL	Rating	I.D.	Nominal	Rating	I.D.	Nominal	Rating
1	Line from drilling Spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 2"			3,000			5,000			
2	Cross 3" x 3" x 3" x 2"									10,000
3	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
4	Valve Gate Plug	1 13/16		3,000	1 13/16		5,000	1 13/16		10,000
4a	Valves (1)	2 1/16		3,000	2 1/16		5,000	2 1/16		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		2"	10,000
11	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
12	Line		3"	1,000		3"	1,000		3"	2,000
13	Line		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound Standpipe pressure guage			3,000			5,000			10,000
15	Gas Separator		2' x 5'			2' x 5'			2' x 5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000

- (1) Only one required in Class 3M
- (2) Gate valves only shall be used for Class 10 M
- (3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTION

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees.

United State Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Resource Area

P.O. Drawer 1857

Roswell, New Mexico 88202-1857

Statement Accepting Responsibility for Operations

Operator name: COG Operating LLC
Street or box : 550 W. Texas Suite 1300
City, State : Midland, TX
Zip Code, : 79701

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

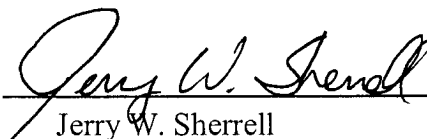
Lease No.: LC-029342B Polaris B Federal #6

Legal Description of land: Sec 9-T17S-R30E SW/4 SE/4

Formation(s) (if applicable): Loco Hills; Glorietta Yeso

Bond Coverage: (State if individually bonded or another's bond)
Statewide Bond

BLM Bond File No.: NMB000215

Authorized Signature: 
Jerry W. Sherrell

Title: Production Clerk

Date: 12/14/06

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 6-Polaris B Federal
Operator's Name: COG Operating LLC
Location SHL: 1156FSL, 1650FEL, Section 9, T-17-S, R-30-E
Location BHL: 0990FSL, 1650FEL, Section 9, T-17-S, R-30-E
Lease: LC-029342B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5972 or (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Grayburg Formation. A copy of the plan shall be posted at the drilling site. **H₂S has been reported in sections 12 and 15 from the Grayburg Jackson pool measuring 500-1800 ppm.**

3. 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.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCDC shall be included on the subsequent report of setting the first casing string.

6. 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.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 425 feet or 25 feet into the Rustler Anhydrite or in the case that salt occurs at a shallower depth above the top of the salt, below usable water and cement circulated to the surface. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. If cement does not circulate to the surface, the operator may then use ready-mix cement to fill the remaining annulus. The operator is required to use an excess of 100% cement volume to fill the annulus.

Possible loss of circulation in the Grayburg and San Andres formations.

Possible water flows in the Salado and Artesia Groups.

2. The minimum required fill of cement behind the 8-5/8 inch salt protection casing is circulate cement to the surface. Casing to be set below the salt. Geo report indicates base of salt in surrounding wells may be as deep as 1220 feet.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall circulate to surface.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13-3/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced. **BOP and BOPE when nipped up on the 13-3/8" casing will be tested to 1500 psi by independent service company. BOP and BOPE when nipped up on 8-5/8" casing will be tested to 2000 psi by independent service company.**

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is **2M** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineer on call phone: 505-706-2779

WWI 011107



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 9, 2007

COG Operating, LLC
550 W. Texas
Suite 1300
Midland, Texas 79701

Month - Year
MAY 25 2007
OCD - ARTESIA, NM

Attention: Ms. Phyllis A. Edwards

Re: **Polaris B Federal Well No. 6**

API No. N/A

Surface Location: 1156' FSL & 1650' FEL, Unit O,

Bottomhole Location: 990' FSL & 1650' FEL, Unit O

Section 9, T-17 South, R-30 East, NMPM,

Eddy County, New Mexico

Administrative Order NSL-5624

Dear Ms. Edwards:

Reference is made to the following:

(a) the application of COG Operating, LLC ("COG" or "applicant") for a non-standard well location (*administrative application reference No. pCLP0712727044*) for the Polaris B Federal Well No. 6 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 4, 2007; and

(b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil well location for its Polaris B Federal Well No. 6 in the Loco Hills Glorieta-Yeso Pool (Oil - 96718) which is to be directionally drilled from an unorthodox surface location 1156 feet from the South line and 1650 feet from the East line (Unit O) of Section 9, to a standard bottomhole location 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 9, both in Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. The SW/4 SE/4 of Section 9 is to be dedicated to the well in the Loco Hills Glorieta-Yeso Pool forming a standard 40-acre oil spacing and proration unit.

The Loco Hills Glorieta-Yeso Pool is currently governed by Division Rule No. 19.15.3.104(B).

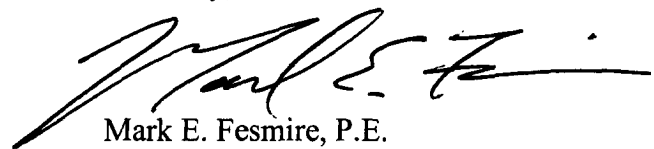
The proposed unorthodox surface well location is necessitated by topographic considerations within the SW/4 SE/4 of Section 9.

It is our understanding that the Polaris B Federal Lease (Lease No. LC-029342B) encompasses the SE/4 of Section 9, and the interest ownership between the SW/4 SE/4 of Section 9 and the NW/4 SE/4 of Section 9, being the affected offset acreage, is identical. Consequently, there are no adversely affected offset operators and/or interest owners.

Division records show that there are no other wells currently producing from the Loco Hills Glorieta-Yeso Pool within the SW/4 SE/4 of Section 9.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Loco Hills Glorieta-Yeso Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: OCD-Artesia
Bureau of Land Management-Carlsbad



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 17, 2007

COG Operating, LLC
150 W. Texas
Suite 1300
Midland, Texas 79701

Attention: Ms. Phyllis A. Edwards

Re: **Polaris B Federal Well No. 6**
API No. N/A
1156' FSL & 1650' FEL, Unit O,
Section 9, T-17 South, R-30 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5624
(CORRECTED)

Dear Ms. Edwards:

Reference is made to the following:

(a) the application of COG Operating, LLC ("COG" or "applicant") for a non-standard well location (*administrative application reference No. pCLP0712727044*) for the Polaris B Federal Well No. 6 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 4, 2007; and

(b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil well location for its Polaris B Federal Well No. 6 in the Loco Hills Glorieta-Yeso Pool (Oil - 96718) which is to be drilled 1156 feet from the South line and 1650 feet from the East line (Unit O) of Section 9, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. The SW/4 SE/4 of Section 9 is to be dedicated to the well in the Loco Hills Glorieta-Yeso Pool forming a standard 40-acre oil spacing and proration unit.

The Loco Hills Glorieta-Yeso Pool is currently governed by Division Rule No. 19.15.3.104(B).

The proposed unorthodox well location is necessitated by topographic considerations within the SW/4 SE/4 of Section 9.

It is our understanding that the Polaris B Federal Lease (Lease No. LC-029342B) encompasses the SE/4 of Section 9, and the interest ownership between the SW/4 SE/4 of Section 9 and the NW/4

Month - Year
MAY 25 2007
OCD - ARTESIA, NM

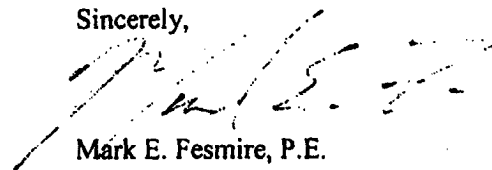
Administrative Order NSL-5624 (Corrected)
COG Operating, LLC
May 17, 2007
Page 2

SE/4 of Section 9, being the affected offset acreage, is identical. Consequently, there are no adversely affected offset operators and/or interest owners.

Division records show that there are no other wells currently producing from the Loco Hills Glorieta-Yeso Pool within the SW/4 SE/4 of Section 9.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Loco Hills Glorieta-Yeso Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: OCD-Artesia
Bureau of Land Management-Carlsbad