

AUG -7 2008
OCD-ARTESIA

OCD-ARTESIA

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Amended 5-12-08
ATS-08-120

Form 3160-3
(February 2005)

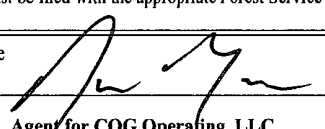
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. NMLC 103873(SHL) NMLC 103872 (BHL)	
1b Type of Well. <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name N/A	
2 Name of Operator COG Operating, LLC - 229137		7 If Unit or CA Agreement, Name and No.	
3a Address 550 W. Texas Avenue, Suite 1300 Midland, Texas 79701		8 Lease Name and Well No 37328 Caribou "19" Fed Com #2	
3b Phone No. (include area code) 432-685-9158		9 API Well No. 30-015-36539	
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1980' FSL & 790' FEL At proposed prod zone 1980' FSL & 330' FWL LOCATION (part entry)		10 Field and Pool, or Exploratory Wolfcamp Dog Canyon	
11 Sec, T R M or Blk and Survey or Area Section 19, T16S, R28E		12 County or Parish Eddy Co	
13 State NM		14 Distance in miles and direction from nearest town or post office* Approximately 12 miles Northwest of Loco Hills	
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 330' FWL		16 No. of acres in lease 320	
17 Spacing Unit dedicated to this well 160		18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 10480' MD, 6480' TVD 10505' 6520' - per horizontal plan 6-7-08 WWF	
19 Proposed Depth 10480' MD, 6480' TVD 10505' 6520' - per horizontal plan 6-7-08 WWF		20 BLM/BIA Bond No on file NMB 000215	
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3589' GL		22 Approximate date work will start* 06/01/2008	
23 Estimated duration 45 Days		24 Attachments	

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

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

25 Signature 	Name (Printed/Typed) Dwaine Moore	Date 04/30/2008
Title Agent for COG Operating, LLC		

Approved by (Signature) /s/ James Stovall	Name (Printed/Typed)	Date AUG 4 2008
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 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

NOTE: NEW PIT RULE

19-15-17 NMAC PART 17

A form C-144 must be approved before starting drilling operations.

*(Instructions on page 2)

Roswell Controlled Water Basin

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

C.O.G. Operating, LLC (229137)
550 W. Texas Avenue, Ste. 1300
Midland, TX 79701

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

Lease No – Surface Location: NMNM # 103873
Lease No – Bottom Hole Location: State of New Mexico

Well Name: Caribou "19" Federal 2


Legal Description of Land: SL: 1980' FSL & 790' FEL, Unit I
BHL: 1980' FSL & 330' FWL, Unit L
Sec 19, T16S, R28E
Eddy County, New Mexico

Formation(s) (if applicable): Wolfcamp

Bond Coverage: \$25,000 statewide bond of C.O.G. Operating, LLC

BLM Bond File No: NMB 000215

5-2-08
Date


John Coffman
C.O.G. Operating, LLC

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

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AUG 15 2008

OCD-ARTESIA

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 17970	Pool Name DOG CANYON; WOLFCAMP
Property Code	Property Name CARIBOU "19" FEDERAL	Well Number 2
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 3589'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	19	16 S	28 E		1980	SOUTH	790	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
L	19	16 S	28 E		1980	SOUTH	330	WEST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>BOTTOM HOLE LOCATION LAT.: N 32°54'20.49" LONG.: W104°13'21.56" SPC- N.: 693242.185 E.: 575304.224 (NAD-83)</p>	<p>SURFACE LOCATION LAT.: N 32°54'20.81" LONG.: W104°12'32.43" SPC- N.: 693279.888 E.: 579493.231 (NAD-83)</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Phyllis A. Edwards 8-14-08 Signature Date Phyllis A. Edwards Printed Name Regulatory Analyst</p>
<p>PROJECT AREA PRODUCING AREA PENETRATION POINT</p>		<p>SURVEYOR CERTIFICATION 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. DECEMBER 16, 2007 Date Surveyed Signature Professional Surveyor W. J. Jones 18742 Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>

1. Proration Unit Spacing: 160 Acres
2. Ground Elevation: 3589'
3. Proposed Depths: Pilot hole TD = 6740', Horizontal TVD = 6480', Horizontal MD = 10480'
4. Estimated tops of geological markers:

5. Possible mineral bearing formations:

6. Casing Program

<u>Hole size</u>	<u>Interval</u>	<u>OD of Casing</u>	<u>Weight</u>	<u>Cond.</u>	<u>Collar</u>	<u>Grade</u>
17-1/2"	0' - +/-500'	13-3/8"	48#	New	STC	H40
Collapse sf - 2.98, Burst sf – 2.33, Tension sf – 13.42						
12 1/4"	0' - 1800'	9-5/8"	40#	New	STC	J-55
Collapse sf - 2.86, Burst sf – 1.42, Tension sf – 7.22						
8-3/4"	0' – 6000'MD	5-1/2"	17#	New	LTC	L-80
Collapse sf - 2.08, Burst sf – 2.35, Tension sf – 2.92						
7-7/8"	6000' – 10480'MD	5-1/2"	17#	New	BTC	L-80
Collapse sf – 1.85, Burst sf – 2.28, Tension sf – 29.19						

ATTACHMENT TO FORM 3160-3
COG Operating LLC
Caribou "19" Federal # 2
Page 2 of 3

7. Cement Program

13 3/8" Surface Casing set at +/- 500', Circ to Surf with +/- 500 sx Class "C" w/ 2% CaCl₂, 1.35 yd.

9 5/8" Intermediate Casing set at +/- 1800', Circ. to Surf with +/- 600 sx 35/65 Poz "C", 2.05 yd. & 200 sx Class "C" w/ 2% CaCl₂, 1.35 yd.

5 1/2" Production Casing set at +/- ¹⁰⁵⁰⁵~~10480~~ MD, 6480' TVD, Cement with +/- 200 sx. 50/50/2 "C", 1.37 yd & +/- 650 sx Class "H", 1.18 yd. Est. TOC @ 6000'. ← See CoA

8. Pressure Control Equipment:

After setting 13 3/8" casing and installing 3000 psi casing head, NU 13 5/8" 3000 psi annular BOP. Test annular BOP, casing and manifold with clear fluid to 1000 psi w/ rig pump.

After setting 9 5/8" casing and installing 3000 psi casing spool, NU 3000 psi double ram BOP and 3000 psi annular BOP. Test double ram BOP and manifold to 3000# with clear fluid and annular to 1500 psi using an independent tester, this equipment will be used continuously until TD is reached. Blind rams will be operationally checked on each trip out of hole. Pipe rams will be operationally checked each 24 hour period. These checks will be noted on daily tour sheets. Other accessories to the BOP equipment include a Kelly cock and floor safety valves, choke lines and choke manifold with 3000 psi WP rating.

9. Proposed Mud Circulating System

Interval	Mud Wt.	Visc.	FL	Type Mud System
0' - 500'	8.5	28	NC	Fresh water native mud w/ paper for seepage and sweeps. Lime for PH.
See CoA → 500' - 1800'	9.1	30	NC	Cut brine mud, lime for PH and paper for seepage and sweeps.
1800' - 5300'	9.1	29	NC	Drill section with fresh water/cut brine circulating the reserve utilizing periodic sweeps of paper as needed for seepage control and solids removal.
5300' - ¹⁰⁵⁰⁵ 10480	9.5	36	10	Drill horizontal section with XCD polymer / cut brine / starch.

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

10. Production Hole Drilling Summary:

Drill 8-3/4" hole thru Wolfcamp, run open hole logs. Spot 150 sx. "H" Kick off plug from +/- 6400' to +/- 6000'. Time drill and kick off 7-7/8" hole at +/- 6000', building curve over +/- 475' to horizontal at 6480' TVD. Drill horizontal section in a westerly direction for +/-4200' lateral. Run production casing and cement.

**ATTACHMENT TO FORM 3160-3
COG Operating LLC
Caribou "19" Federal # 2
Page 3 of 3**

11. Auxiliary Well Control and Monitoring Equipment

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

12. Logging, Testing and Coring Program:

- 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. in Pilot hole to 9 5/8" casing shoe.
- B. The mud logging program will consist of lagged 10' samples from intermediate casing point to T.D. in vertical pilot hole and from Kick off point to TD in Horizontal hole.
- C. Drill Stem test is not anticipated.
- D. No conventional coring is anticipated.
- E. Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

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

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and estimated maximum bottom hole pressure is 2838 psig. Low levels of Hydrogen sulfide have been monitored in producing wells in the area, so H₂S may be present while drilling of the well. An H₂S plan is attached to the Drilling Program. No major loss of circulation zones has been reported in offsetting wells.

14. Anticipated Starting Date

Drilling operations will commence approximately on June 15, 2008 with drilling and completion operations lasting approximately 45 days.

COG Operating LLC

Eddy County

S19 T16S R28E

Caribou 19 Federal Com #2

Original Hole

Plan: Plan #1

Pathfinder Survey Report

21 February, 2008

C.O.G. Operating L.L.C.



Azimuths to Grid North
True North: -0.07°
Magnetic North: 8.25°

Magnetic Field
Strength: 49308.9snT
Dip Angle: 60.80°
Date: 2/21/2008
Model: IGRF200510

Project: Eddy County
Site: S19 T16S R28E
Well: Caribou 19 Federal Com #2
Wellbore: Original Hole
Plan: Plan #1 (Caribou 19 Federal Com #2/Original Hole)

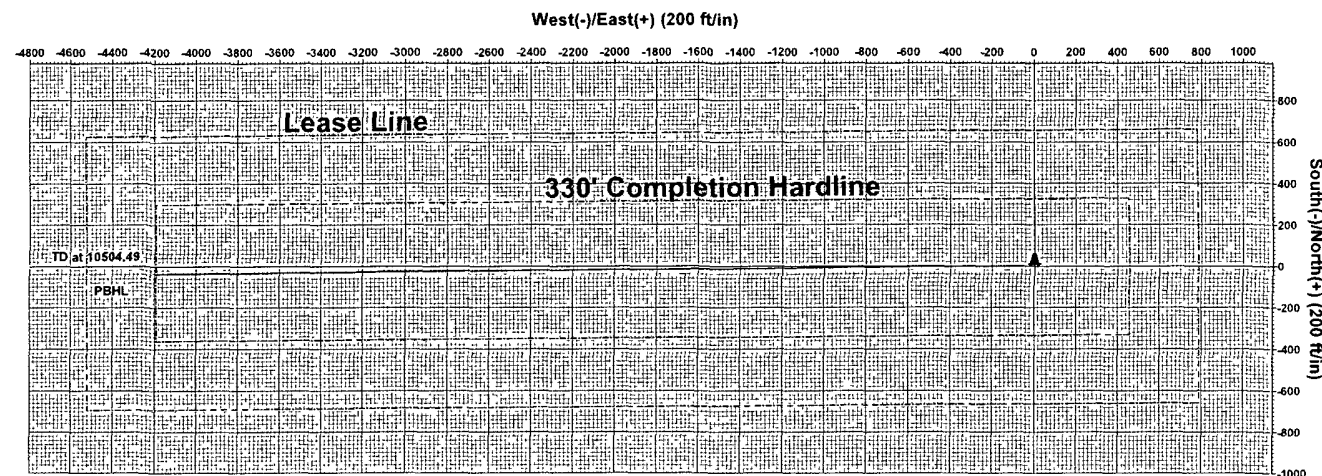
PATHFINDER ENERGY SERVICES

WELL DETAILS Caribou 19 Federal Com #2						
Ground Elevation		3589.00				
RKB Elevation		EST RKB @ 3589.00ft				
Rig Name						
+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	693279.888	579493.231	32° 54' 20.812 N	104° 12' 32.428 W	

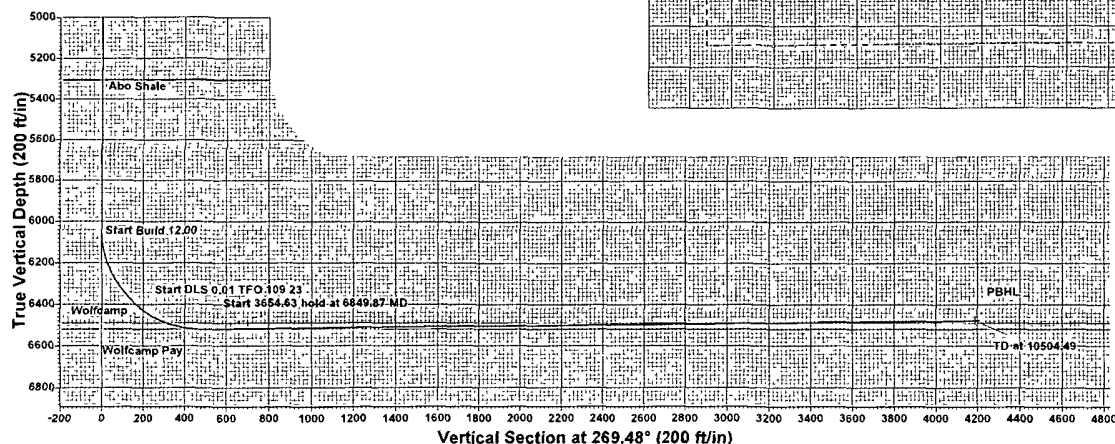
PROJECT DETAILS Eddy County
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone
System Datum: Mean Sea Level
Local North: Grid

SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	6042.57	0.00	0.00	6042.57	0.00	0.00	0.00	0.00	0.00	
3	6797.73	90.62	269.48	6520.00	-4.38	-482.60	12.00	269.48	482.62	
4	6849.87	90.62	269.48	6519.44	-4.85	-534.74	0.01	109.23	534.76	
5	10504.49	90.62	269.48	6480.00	-37.70	-4189.01	0.00	0.00	4189.18	PBHL

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)						
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL	6480.00	-37.70	-4189.01	693242.185	575304.224	Point



FORMATION TOP DETAILS			
TVD	MD	Path	Formation
650.00	650.00		Yates
1137.00	1137.00		Queen
1851.00	1851.00		San Andres D
3377.00	3377.00		Glorieta
5306.00	5306.00		Abo Shale
6490.00	6622.32		Wolfcamp
6520.00	6787.39		Wolfcamp Pay



Plan Plan #1 (Caribou 19 Federal Com #2/Original Hole)	
Created By: Mark Freeman	Date: 13 03, February 21 2008
Checked: _____	Date: _____

WHS

Pathfinder Survey Report

Company: COG Operating LLC	Local Co-ordinate Reference: Well Caribou 19 Federal Com #2
Project: Eddy County	TVD Reference: EST RKB @ 3589.00ft
Site: S19 T16S R28E	MD Reference: EST RKB @ 3589.00ft
Well: Caribou 19 Federal Com #2	North Reference: Grid
Wellbore: Original Hole	Survey Calculation Method: Minimum Curvature
Design: Plan #1	Database: EDM 2003.16 Single User Db

Project	Eddy County		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site: S19 T16S R28E			
Site Position:	Northing:	693,279.888 ft	Latitude: 32° 54' 20.812 N
From: Map	Easting:	579,493.231 ft	Longitude: 104° 12' 32.428 W
Position Uncertainty: 0.00 ft	Slot Radius:	"	Grid Convergence: 0.07°

Well: Caribou 19 Federal Com #2			
Well Position	+N/-S	0.00 ft	Northing: 693,279.888 ft
	+E/-W	0.00 ft	Easting: 579,493.231 ft
Position Uncertainty 0.00 ft			Latitude: 32° 54' 20.812 N
			Longitude: 104° 12' 32.428 W
	Wellhead Elevation:	ft	Ground Level: 3,589.00 ft

Wellbore: Original Hole					
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2/21/2008	8.32	60.80	49,309

Design: Plan #1				
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	269.48

Survey Tool Program		Date
From (ft)	To (ft)	2/21/2008
0.00	10,504.49	Plan #1 (Original Hole)
Survey (Wellbore)		Tool Name
		MWD
Description		
		MWD - Standard

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00

WHS

Pathfinder Survey Report

Company: COG Operating LLC
Project: Eddy County
Site: S19 T16S R28E
Well: Caribou 19 Federal Com #2
Wellbore: Original Hole
Design: Plan #1

Local Co-ordinate Reference: Well Caribou 19 Federal Com #2
TVD Reference: EST RKB @ 3589.00ft
MD Reference: EST RKB @ 3589.00ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00

WHS

Pathfinder Survey Report

Company: COG Operating LLC
Project: Eddy County
Site: S19 T16S R28E
Well: Caribou 19 Federal Com #2
Wellbore: Original Hole
Design: Plan #1

Local Co-ordinate Reference: Well Caribou 19 Federal Com #2
TVD Reference: EST RKB @ 3589 00ft
MD Reference: EST RKB @ 3589 00ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00
6,042.57	0.00	0.00	6,042.57	0.00	0.00	0.00	0.00
6,050.00	0.89	269.48	6,050.00	0.00	-0.06	0.06	12.00
6,075.00	3.89	269.48	6,074.98	-0.01	-1.10	1.10	12.00
6,100.00	6.89	269.48	6,099.86	-0.03	-3.45	3.45	12.00
6,125.00	9.89	269.48	6,124.59	-0.06	-7.10	7.10	12.00
6,150.00	12.89	269.48	6,149.10	-0.11	-12.03	12.04	12.00
6,175.00	15.89	269.48	6,173.31	-0.17	-18.25	18.25	12.00
6,200.00	18.89	269.48	6,197.16	-0.23	-25.72	25.72	12.00
6,225.00	21.89	269.48	6,220.59	-0.31	-34.43	34.43	12.00
6,250.00	24.89	269.48	6,243.54	-0.40	-44.35	44.35	12.00
6,275.00	27.89	269.48	6,265.93	-0.50	-55.46	55.47	12.00
6,300.00	30.89	269.48	6,287.71	-0.61	-67.73	67.73	12.00
6,325.00	33.89	269.48	6,308.82	-0.74	-81.12	81.13	12.00
6,350.00	36.89	269.48	6,329.19	-0.87	-95.60	95.60	12.00
6,375.00	39.89	269.48	6,348.79	-1.01	-111.12	111.13	12.00
6,400.00	42.89	269.48	6,367.54	-1.16	-127.65	127.66	12.00
6,425.00	45.89	269.48	6,385.40	-1.32	-145.14	145.14	12.00
6,450.00	48.89	269.48	6,402.32	-1.48	-163.53	163.54	12.00
6,475.00	51.89	269.48	6,418.26	-1.66	-182.79	182.80	12.00
6,500.00	54.89	269.48	6,433.17	-1.84	-202.86	202.87	12.00
6,525.00	57.89	269.48	6,447.00	-2.03	-223.67	223.68	12.00
6,550.00	60.89	269.48	6,459.73	-2.23	-245.19	245.20	12.00
6,575.00	63.89	269.48	6,471.31	-2.43	-267.34	267.35	12.00
6,600.00	66.89	269.48	6,481.72	-2.63	-290.06	290.08	12.00
6,625.00	69.89	269.48	6,490.93	-2.84	-313.30	313.32	12.00
6,650.00	72.89	269.48	6,498.90	-3.06	-336.99	337.01	12.00
6,675.00	75.89	269.48	6,505.63	-3.28	-361.07	361.08	12.00
6,700.00	78.89	269.48	6,511.08	-3.50	-385.46	385.48	12.00
6,725.00	81.89	269.48	6,515.26	-3.72	-410.11	410.12	12.00
6,750.00	84.89	269.48	6,518.13	-3.95	-434.94	434.96	12.00
6,775.00	87.89	269.48	6,519.71	-4.17	-459.88	459.90	12.00
6,797.73	90.62	269.48	6,520.00	-4.38	-482.60	482.62	12.00
6,800.00	90.62	269.48	6,519.98	-4.40	-484.88	484.90	0.01
6,849.87	90.62	269.48	6,519.44	-4.85	-534.74	534.76	0.01
6,900.00	90.62	269.48	6,518.90	-5.30	-584.87	584.89	0.00
7,000.00	90.62	269.48	6,517.82	-6.20	-684.86	684.89	0.00
7,100.00	90.62	269.48	6,516.74	-7.10	-784.85	784.88	0.00
7,200.00	90.62	269.48	6,515.66	-8.00	-884.84	884.88	0.00
7,300.00	90.62	269.48	6,514.58	-8.90	-984.83	984.87	0.00

WHS

Pathfinder Survey Report

Company: COG Operating LLC
Project: Eddy County
Site: S19 T16S R28E
Well: Caribou 19 Federal Com #2
Wellbore: Original Hole
Design: Plan #1

Local Co-ordinate Reference: Well Caribou 19 Federal Com #2
TVD Reference: EST RKB @ 3589.00ft
MD Reference: EST RKB @ 3589.00ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
7,400.00	90.62	269.48	6,513.50	-9.80	-1,084.82	1,084.86	0.00
7,500.00	90.62	269.48	6,512.42	-10.70	-1,184.81	1,184.86	0.00
7,600.00	90.62	269.48	6,511.34	-11.59	-1,284.80	1,284.85	0.00
7,700.00	90.62	269.48	6,510.26	-12.49	-1,384.79	1,384.85	0.00
7,800.00	90.62	269.48	6,509.18	-13.39	-1,484.78	1,484.84	0.00
7,900.00	90.62	269.48	6,508.10	-14.29	-1,584.77	1,584.83	0.00
8,000.00	90.62	269.48	6,507.03	-15.19	-1,684.76	1,684.83	0.00
8,100.00	90.62	269.48	6,505.95	-16.09	-1,784.75	1,784.82	0.00
8,200.00	90.62	269.48	6,504.87	-16.99	-1,884.74	1,884.82	0.00
8,300.00	90.62	269.48	6,503.79	-17.89	-1,984.73	1,984.81	0.00
8,400.00	90.62	269.48	6,502.71	-18.79	-2,084.72	2,084.81	0.00
8,500.00	90.62	269.48	6,501.63	-19.68	-2,184.71	2,184.80	0.00
8,600.00	90.62	269.48	6,500.55	-20.58	-2,284.70	2,284.79	0.00
8,700.00	90.62	269.48	6,499.47	-21.48	-2,384.69	2,384.79	0.00
8,800.00	90.62	269.48	6,498.39	-22.38	-2,484.68	2,484.78	0.00
8,900.00	90.62	269.48	6,497.31	-23.28	-2,584.67	2,584.78	0.00
9,000.00	90.62	269.48	6,496.23	-24.18	-2,684.66	2,684.77	0.00
9,100.00	90.62	269.48	6,495.16	-25.08	-2,784.65	2,784.76	0.00
9,200.00	90.62	269.48	6,494.08	-25.98	-2,884.64	2,884.76	0.00
9,300.00	90.62	269.48	6,493.00	-26.88	-2,984.63	2,984.75	0.00
9,400.00	90.62	269.48	6,491.92	-27.77	-3,084.62	3,084.75	0.00
9,500.00	90.62	269.48	6,490.84	-28.67	-3,184.61	3,184.74	0.00
9,600.00	90.62	269.48	6,489.76	-29.57	-3,284.60	3,284.74	0.00
9,700.00	90.62	269.48	6,488.68	-30.47	-3,384.59	3,384.73	0.00
9,800.00	90.62	269.48	6,487.60	-31.37	-3,484.58	3,484.72	0.00
9,900.00	90.62	269.48	6,486.52	-32.27	-3,584.57	3,584.72	0.00
10,000.00	90.62	269.48	6,485.44	-33.17	-3,684.56	3,684.71	0.00
10,100.00	90.62	269.48	6,484.36	-34.07	-3,784.55	3,784.71	0.00
10,200.00	90.62	269.48	6,483.29	-34.97	-3,884.54	3,884.70	0.00
10,300.00	90.62	269.48	6,482.21	-35.86	-3,984.53	3,984.69	0.00
10,400.00	90.62	269.48	6,481.13	-36.76	-4,084.52	4,084.69	0.00
10,504.49	90.62	269.48	6,480.00	-37.70	-4,189.01	4,189.18	0.00

WHS

Pathfinder Survey Report

Company: COG Operating LLC	Local Co-ordinate Reference: Well Caribou 19 Federal Com #2
Project: Eddy County	TVD Reference: EST RKB @ 3589.00ft
Site: S19 T16S R28E	MD Reference: EST RKB @ 3589.00ft
Well: Caribou 19 Federal Com #2	North Reference: Grid
Wellbore: Original Hole	Survey Calculation Method: Minimum Curvature
Design: Plan #1	Database: EDM 2003 16 Single User Db

Targets

Target Name

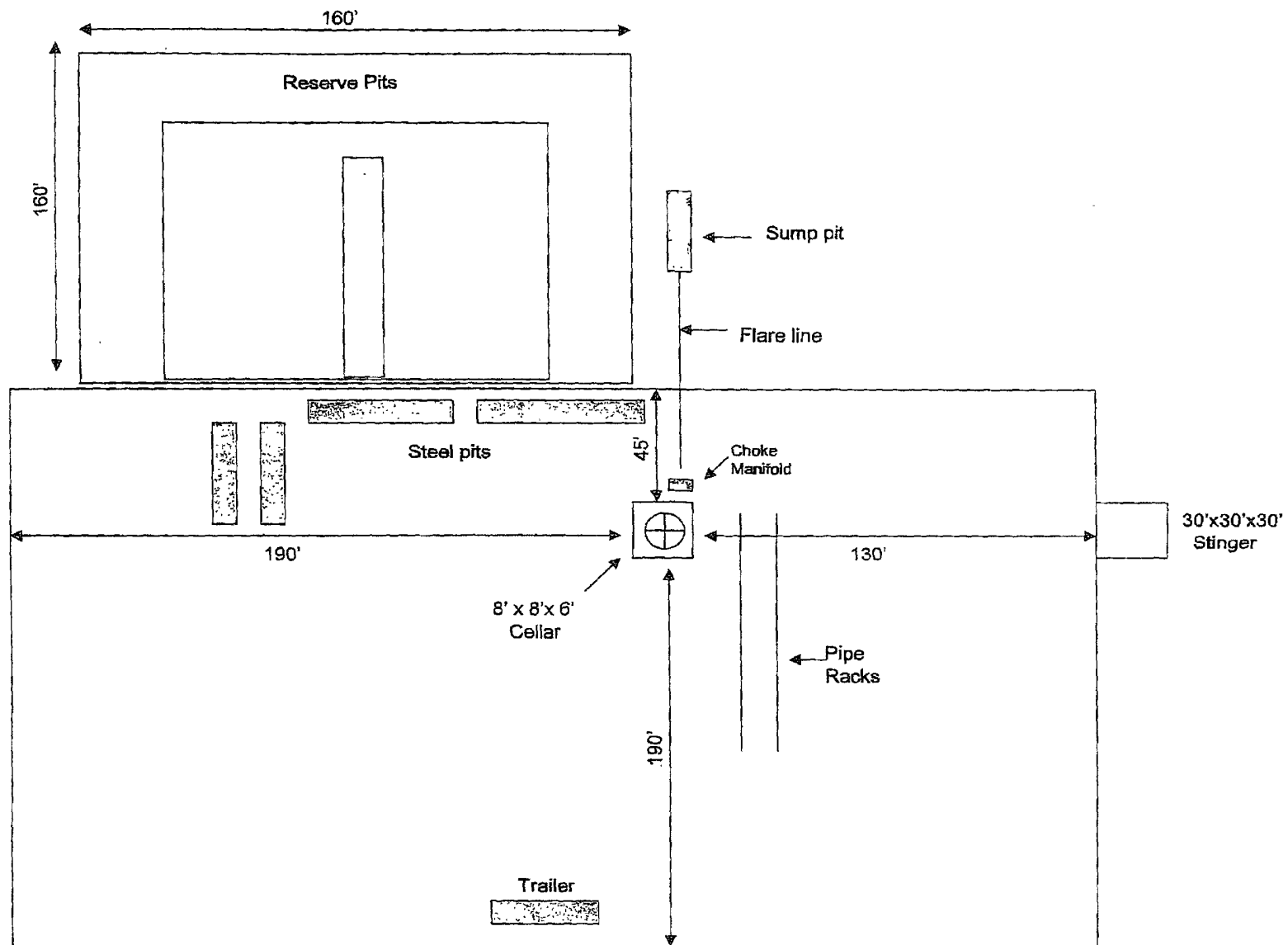
- hit/miss target	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
- Shape	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)		
PBHL	0 00	0 00	6,480.00	-37 70	-4,189 01	693,242 185	575,304 224	32° 54' 20 485 N	104° 13' 21 566 W
- plan hits target									
- Point									

Formations

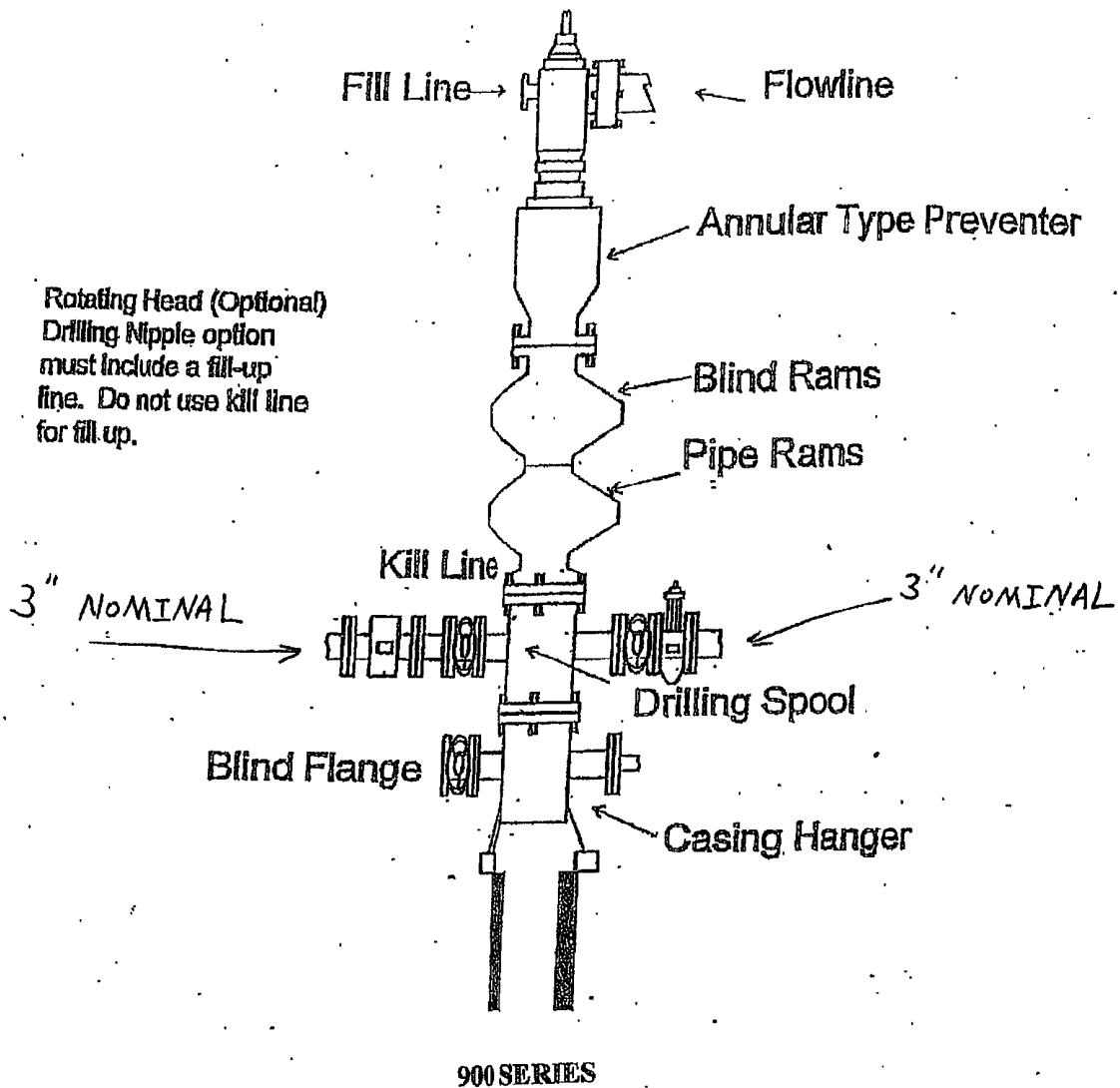
Measured Depth	Vertical Depth	Name	Lithology	Dip	Dip Direction
(ft)	(ft)			(°)	(°)
1,137 00	1,137 00	Queen		0 00	
1,851 00	1,851 00	San Andres D		0 00	
650 00	650 00	Yates		0 00	
5,306 00	5,306 00	Abo Shale		0 00	
3,377 00	3,377 00	Gloneta		0 00	
6,787 39	6,520 00	Wolfcamp Pay		0 00	
6,622 32	6,490 00	Wolfcamp		0 00	

Checked By: _____	Approved By: _____	Date: _____
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Exhibit "H"

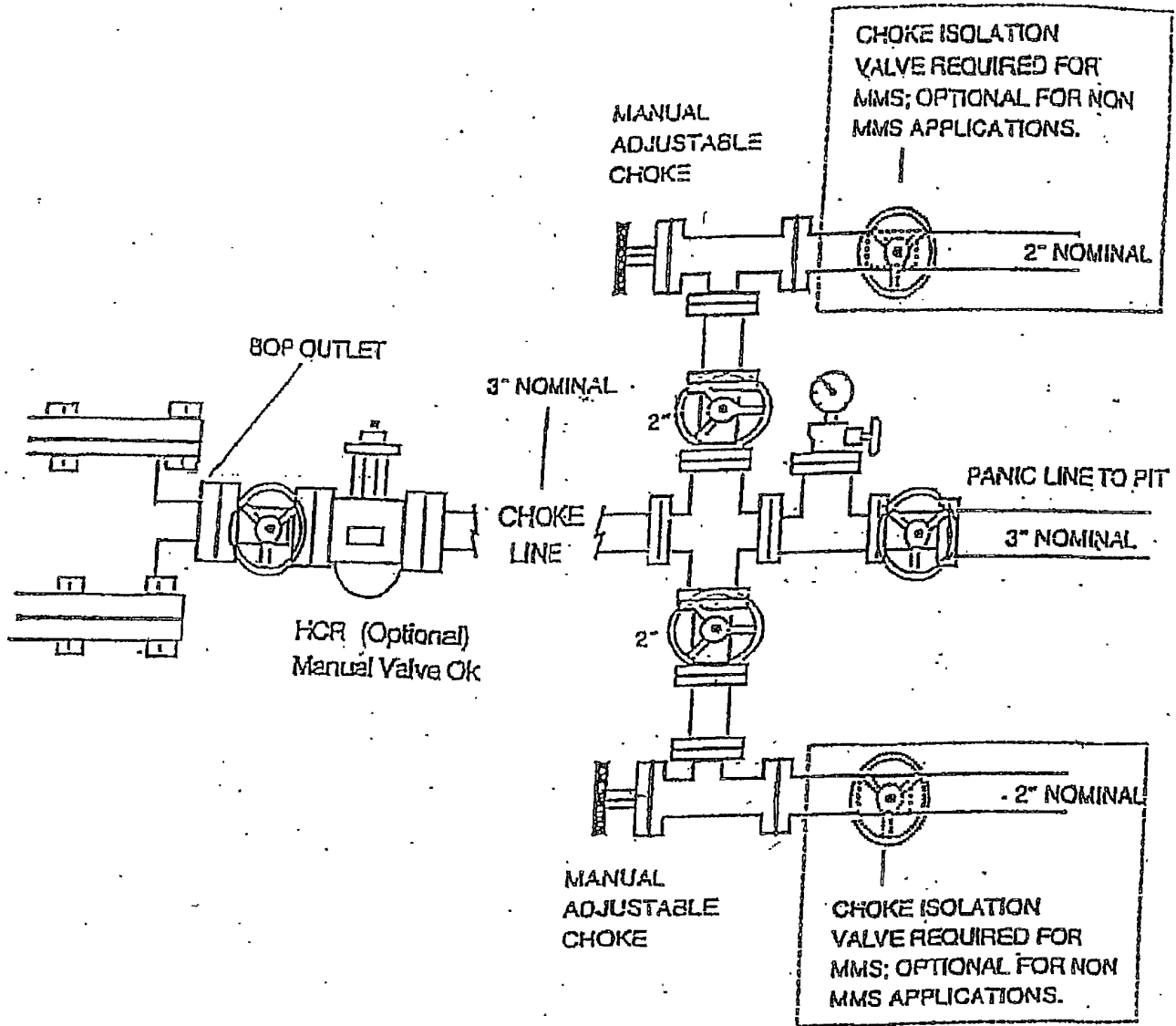


BOPE SCHEMATIC



CHOKE MANIFOLD

3M SERVICE



COG OPERATING, LLC

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN FOR DRILLING / COMPLETING / WORKOVER / FACILITY WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM

**C.O.G. Operating, LLC
New Well Drill
Caribou "19" Federal #2
SL: 1980' FSL & 790' FEL, Unit I
BHL: 1980' FSL & 330' FWL, Unit L
Sec 19, T16S, R28E
Eddy County, New Mexico**

This well / facility is not expected to have H₂S, but the following is submitted as requested.

TABLE OF CONTENTS

I.	General Emergency Plan	Page 3
II.	Emergency Procedure for Uncontrolled Release of H ₂ S	Page 3
III.	Emergency Numbers for Notification	Page 4
IV.	Protection of the General (ROE) Radius of Exposure	Page 5
V.	Public Evacuation Plan	Page 6
VI.	Procedure for Igniting an Uncontrollable Condition	Page 7
VII.	Required Emergency Equipment	Page 8
VIII.	Using Self-Contained Breathing Air Equipment (SCBA)	Page 9
IX.	Rescue & First Aid for Victims of H ₂ S Poisoning	Page 10
X.	H ₂ S Toxic Effects	Pages 11-12
XI.	H ₂ S Physical Effects	Pages 13-14
XII.	Location Map	Page 15
XIII.	Vicinity Map	Page 16

GENERAL H2S EMERGENCY ACTIONS

In the event of any evidence of H2S emergency, the following plan will be initiated:

1. All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
2. If for any reason a person must enter the hazardous area, they must wear a SCBA (self-contained breathing apparatus).
3. Always use the "buddy system".
4. Isolate the well / problem if possible.
5. Account for all personnel.
6. Display the proper colors warning all unsuspecting personnel of the danger at hand.
7. Contact the company representative as soon as possible if not at the location (use the enclosed call list as instructed).

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

1. All personnel will don the self-contained breathing apparatus.
2. Remove all personnel to the "safe area: (always use the "buddy system")".
3. Contact company representative if not on location.
4. Set in motion the steps to protect and / or remove the general public to any upwind "safe are". Maintain strict security and safety procedures while dealing with the source.
5. No entry to any unauthorized personnel.
6. Notify the appropriate agencies:
City Police - City streets
State Police - State Roads
County Sheriff - County Roads
7. Call the NMOCD.

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in harms way, he will immediately notify public safety personnel.

EMERGENCY CALL LIST

	<u>Office</u>	<u>Cell</u>	<u>Home</u>
John Coffman	432-683-7443	432-631-9762	432-699-5552
Erick Nelson	432-683-7443	432-238-7591	
Matt Corser	432-683-7443	432-413-0071	

EMERGENCY RESPONSE NUMBERS
Eddy County, New Mexico

State Police	505-748-9718
Eddy County Sheriff	505-746-2701
Emergency Medical Services (Ambulance)	911 or 505-746-2701
Eddy County Emergency Management (Harry Burgess)	505-887-9511
State Emergency Response Center (SERC)	505-476-9620
Carlsbad Police Department	505-885-2111
Carlsbad Fire Department	505-885-3125
New Mexico Oil Conservation Division	505-748-1283
Callaway Safety Equipment, Inc.	505-392-2973

PROTECTION OF THE GENERAL (ROE) RADIUS OF EXPOSURE

In the event greater than 100 ppg H₂S is present, the ROE calculations will be done to determine if the following is warranted:

- * 100 ppm at any public area (any place not associated with this site)
- * 500 ppm at any public road (any road which the general public may travel).
- * 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE: (H₂S concentrations in decimal form)

$$X = [(1.589)(\text{concentration})(Q)] (0.6258)$$

10,000 ppm + = .01
1,000 ppm + = .001

Calculation for the 500 ppm ROE:

100 ppm + = .0001
10 ppm + = .00001

$$X = [(0.4546)(\text{concentration})(Q)] (.06258)$$

EXAMPLE: If a well / facility has been determined to have 150 ppm H₂S in the gas mixture and the well / facility is producing at a gas rate of 200 MCFD then:

ROE for 100 ppm $X = [(1.589)(.00010)(200,000)] (0.6258)$
 $X = 8.8'$

ROE for 500 ppm $X = [(0.4546)(.00050)(200,000)] (0.6258)$
 $X = 10.9'$

These calculations will be forwarded to the appropriate NMOCD district office when applicable.

PUBLIC EVACUATION PLAN

When the supervisor has determined that the general public will be involved, the following plan will be implemented.

1. Notification of the emergency response agencies of the hazardous condition and implement evacuation procedures.
2. A trained person in H₂S safety shall monitor with detection equipment the H₂S concentration, wind and area of exposure. This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. All monitoring equipment shall be UL approved for use in Class I Groups A, B, C & D, Division I hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values.
3. Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
4. The company representative shall stay in communication with all agencies throughout the duration of the situation and inform such agencies when the situation has been contained and the effected area is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION

The decision to ignite a well should be a last resort and one, if not both, of the following pertain:

1. Human life and / or property are endangered.
2. There is no hope of bringing the situation under control with the prevailing conditions at the site.

Instructions for Igniting the Well:

1. Two people are required. They must be equipped with positive pressure, self-contained breathing apparatus and "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
2. One of the people will be a qualified safety person who will test the atmosphere for H₂S, oxygen and LFL. The other person will be the company representative.
3. Ignite upwind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun with a range of approximately +/- 500 feet shall be used to ignite the gas.
4. Before igniting, check for the presence of combustible gases.
5. After igniting, continue emergency actions and procedures as before.

REQUIRED EMERGENCY EQUIPMENT

1. Breathing Apparatus

- * Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
- * Work / Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
- * Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

2. Signage and Flagging

- * One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
- * A Colored Condition flag will be on display reflecting the condition at the site at that time.

3. Briefing Area

- * Two perpendicular areas will be designated by signs and readily accessible.

4. Windssocks

- * Two windssocks will be placed in strategic locations, visible from all angles.

5. H2S Detectors and Alarms

* The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible alarm @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The three sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer):

- * Rig Floor
- * Bell Nipple
- * End of flow line or where well bore fluid is being discharged

6. Auxiliary Rescue Equipment

- * Stretcher
- * Two OSHA full body harnesses
- * 100' of 5/8" OSHA approved rope
- * One 20 lb. Class ABC fire extinguisher
- * Communication via cell phones on location and vehicles on location

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA)

1. SCBA should be worn when any of the following are performed:

- * Working near the top or on top of a tank
- * Disconnecting any line where H₂S can reasonably be expected.
- * Sampling air in the area to determine if toxic concentrations of H₂S exist.
- * Working in areas where over 10 ppm of H₂S has been detected.
- * At any time there is a doubt of the level of H₂S in the area.

2. All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.
3. Facial hair and standard eyeglasses are not allowed with SCBA.
4. Contact lenses are never allowed with SCBA.
5. When breaking out any line where H₂S can reasonably be expected.
6. After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.
7. All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF H₂S POISONING

- * Do not panic.
- * Remain calm and think.
- * Get on the breathing apparatus.
- * Remove the victim to the safe breathing area as quickly as possible, upwind and uphill from source or crosswind to achieve upwind.
- * Notify emergency response personnel.
- * Provide artificial respiration and / or CPR as necessary.
- * Remove all contaminated clothing to avoid further exposure.
- * A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

Toxic Effects of H₂S Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity-1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen sulfide and other gasses are compared below in Table 1. toxicity table for H2S and physical effects are shown in Table II.

Table 1
Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	C	
Hydrogen Sulfide	H2S	1.192	10 ppm	15 ppm	100 ppm
Sulfide Dioxide	SO2	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	CO	.97	25 ppm	200 ppm	
Carbon Dioxide	CO2	1.52	5000 ppm	30,000 ppm	
Methane	CH4	.55	4.7% LEL	14% UEL	

Definitions

- A. TLV – Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists and regulated by OSHA.
- B. STEL – Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H2S is 19 PPM.
- C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H2S is 100 PPM.
- D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on an TWA.

TABLE II
Toxicity Table of H2S

Percent %	PPM	Physical Effects
.0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure
.0015	15	STEL for 15 minutes of exposure
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes.
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H₂S

The properties of all gasses are usually described in the context of seven major categories:

COLOR
ODOR
VAPOR DENSITY
EXPLOSIVE LIMITS
FLAMMABILITY
SOLUBILITY (IN WATER)
BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR – TRANSPARENT

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence, a fact that makes the gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs". For this reason it earned its common name "sour gas". However, H₂S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H₂S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H₂S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO₂), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H₂S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H₂S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

SURFACE USE AND OPERATIONS PLAN
FOR DRILLING, COMPLETION, AND PRODUCING

C.O.G. Operating, LLC
Caribou "19" Federal #2
SL: 1980' FSL & 790' FEL, Unit I
BHL: 1980' FSL & 330' FWL, Unit L
Sec 19, T16S, R28E
Eddy County, New Mexico

LOCATED:

Approximately 12 miles Northwest of Loco Hills

OIL & GAS LEASE

SL: NMNM #103873

BHL: NMNM #103872

RECORD TITLE LESSEE

SL: CHASE OIL CORP- P.O. Box 1767, Artesia, NM 88211-1767

(Operating rights: COG Oil & Gas, LP)

BHL: COG Oil & Gas, LP – 550 West Texas Ave., Suite 1300, Midland, TX 79701

BOND COVERAGE

\$25,000 statewide bond of C.O.G. Operating, L.L.C. NMB 000215

SURFACE OWNER

Bureau of Land Management

MINERAL OWNER

Bureau of Land Management

GRAZING TENANT

Bogle LTD Co., LLC, P.O. Box 460, Dexter, NM 88230

(505) 734-5442

POOL

Wolfcamp – Crow Flats

PROPOSED TOTAL DEPTH

This well will be drilled to a Horizontal Total Vertical Depth of approximately 6,480' and a Horizontal Total Measured Depth of approximately 10,480'.

EXHIBITS

- A. Well Location & Acreage Dedication Map
- B. Area Road Map
- C. Vicinity Oil & Gas Map
- D-1 & D-2. Topographic & Location Verification Map
- E. Proposed Lease Road and Pad Layout Map
- F. Drilling Rig Layout
- G. BOPE Schematic
- H. Choke Manifold Schematic

EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit B is a map showing existing roads in the vicinity of the proposed well site.
- C. Directions to well location:
From the junction of US Hwy 82 and County Road Southern Union, go north on Southern Union for 2.5 miles winding northeast for 1.2 miles to lease road, on lease road go north 2.5 miles to Donner #4 location and proposed lease road.

ACCESS ROADS

- A. Length and Width: 1,792.8' long and 30' wide.
As roadway is on two separate sections and two separate leases therefore a road right-of-way application has been submitted to the BLM for approximately on and off lease roadway in the NE/4NE/4 of Section 30, T16S, R28E and the NE/4 of Section 19, T16S, R28E, Eddy County, NM. Please note Exhibit E.

Also noted on Exhibit E is the amended pad size due to ARCH concerns. Such amended site has been approved with BLM Arch Dept. (copy of ARCH survey is attached.)

- B. Surface Material: Existing
- C. Maximum Grad: Less than five percent
- D. Turnouts: None necessary
- E. Drainage Design: Existing
- F. Culverts: None necessary
- G. Gates and Cattle Guards: None needed

LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit E.

METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES

None required.

WELL SITE LAYOUT

Exhibits G and H show the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

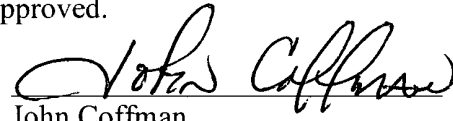
OPERATOR'S REPRESENTATIVE

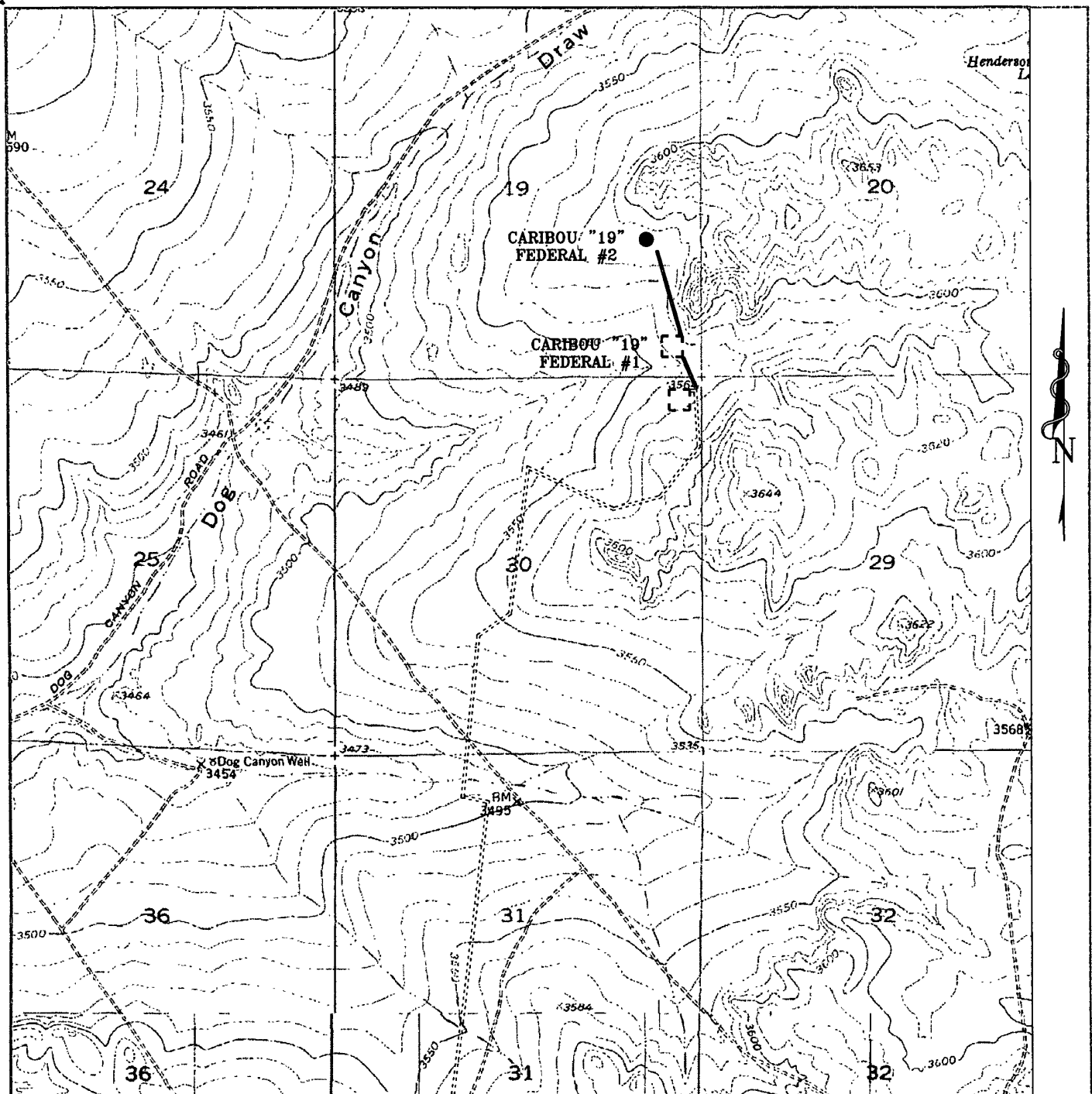
John Coffman
C.O.G. Operating, LLC
550 W. Texas Ave, Suite 1300
Midland, TX 79701
(432) 683-7443

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be preformed by the C.O.G. Operating, LLC Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

5-2-08
Date


John Coffman
C.O.G. Operating, LLC



CARIBOU "19" FEDERAL #2

Located at 1980' FSL and 790 FEL
 Section 19, Township 16 South, Range 28 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 -- Office
 (505) 392-3074 -- Fax
 basinsurveys.com

W.C. Number: JMS 18742T

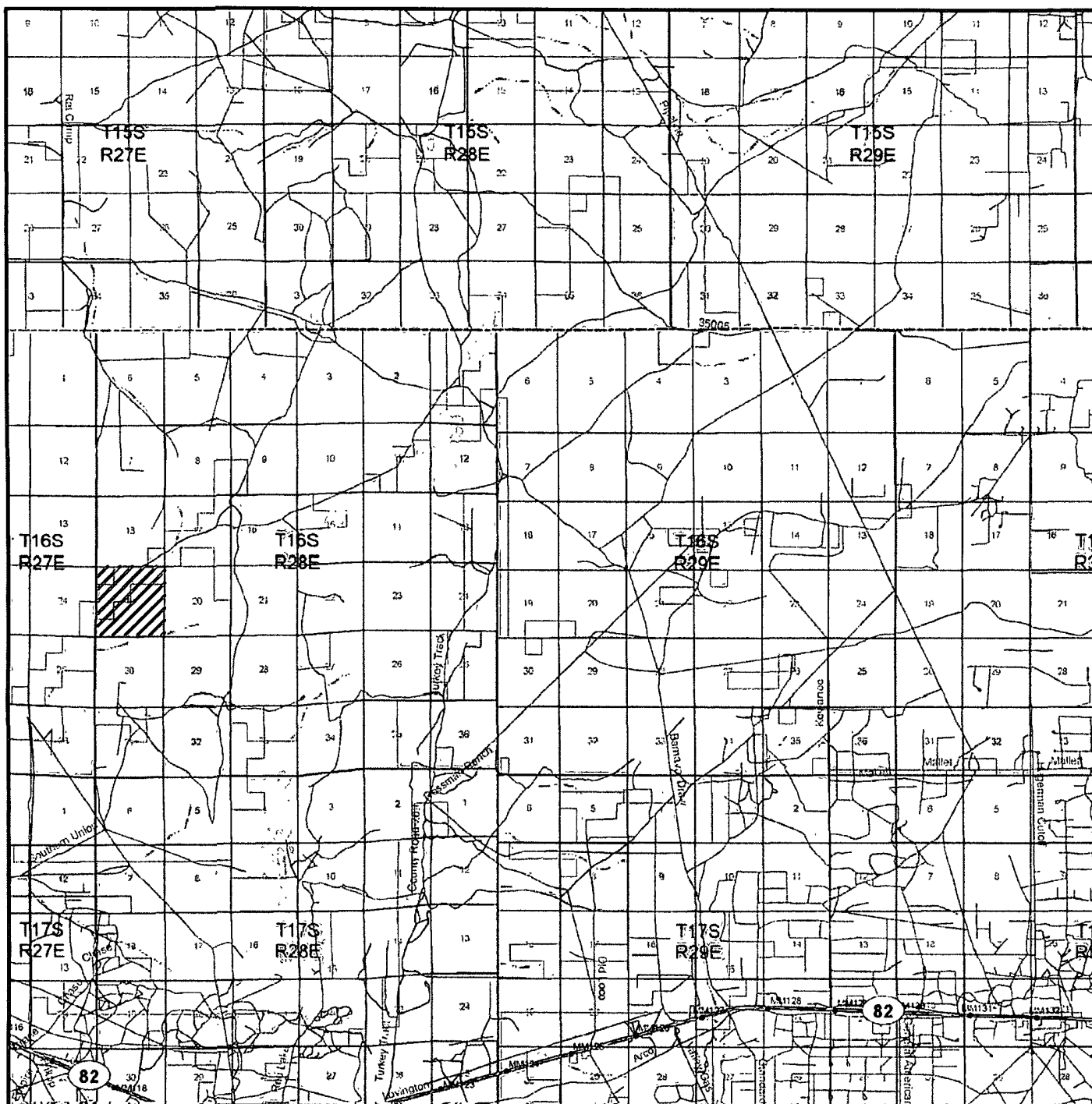
Survey Date: 12-16-2007

Scale: 1" = 2000'

Date: 12-17-2007

C.O.G.
OPERATING
L.L.C.

Exhibit "C"



CARIBOU "19" FEDERAL #2

Located at 1980' FSL and 790' FEL

Section 19, Township 16 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.

**basin
surveys**

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number. JMS 18742TR

Survey Date: 12-16-2007

Scale: 1" = 2 MILES

Date: 12-17-2007

C.O.G.
OPERATING
L.L.C.

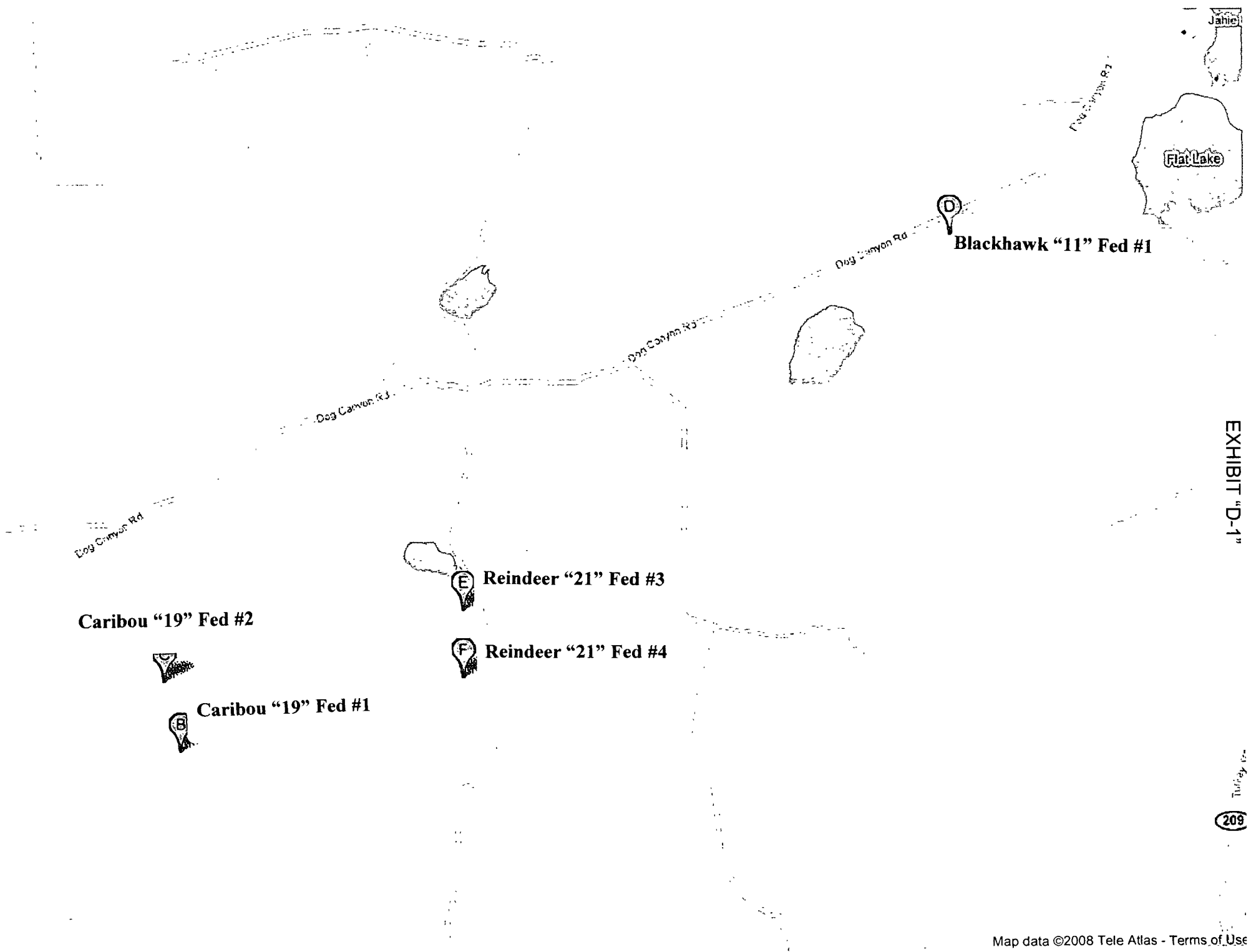


EXHIBIT "D-1"

Tuesday

Blackhawk "11" Fed #1

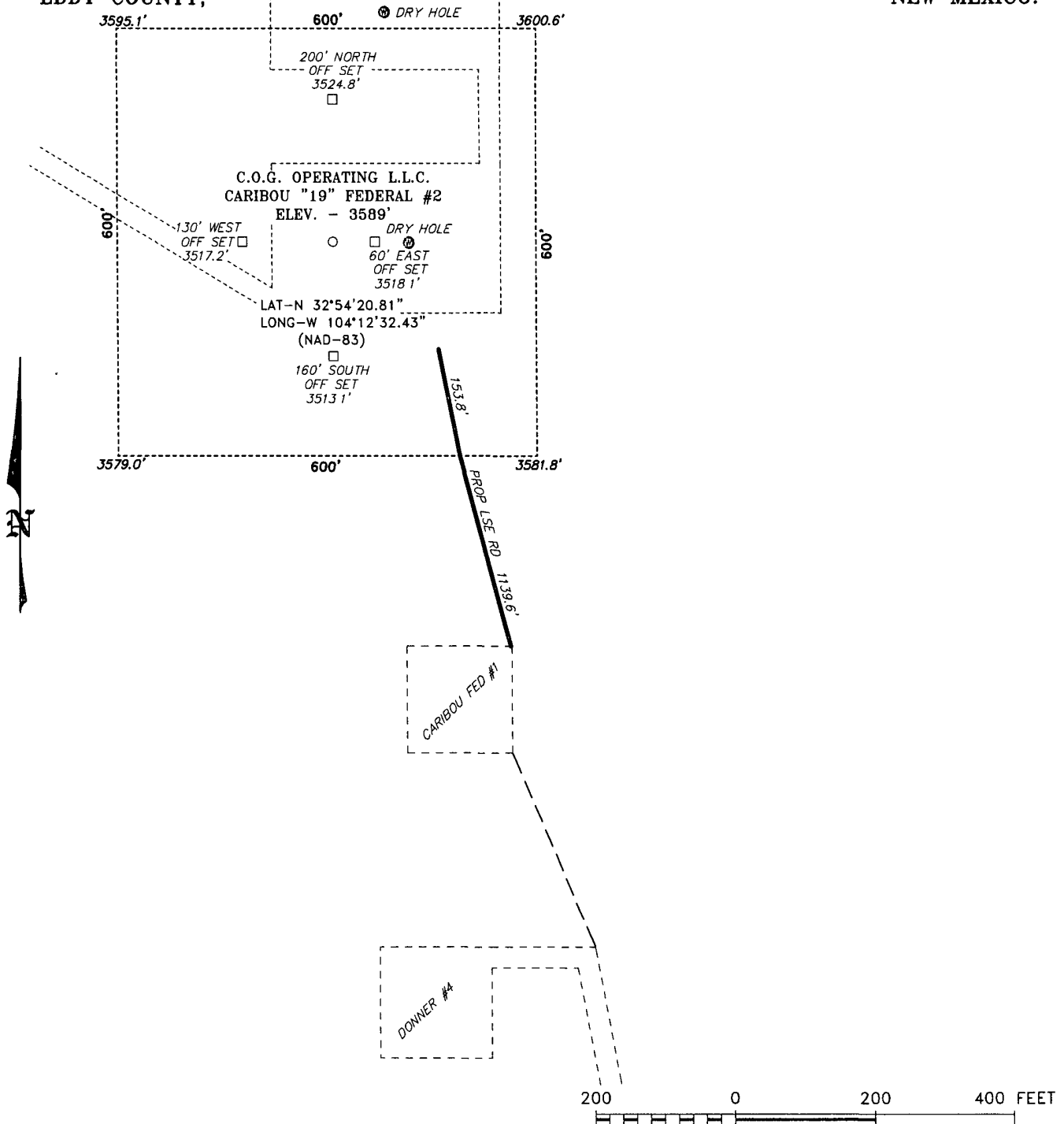
Reindeer "21" Fed #3

Reindeer "21" Fed #4

Caribou "19" Fed #2

Caribou "19" Fed #1

**SECTION 19, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF US HWY 82 AND CO. RD. SOUTHERN UNION, GO NORTH ON SOUTHERN UNION FOR 2.5 MILES WINDING NORTHEAST FOR 1.2 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTH 2.5 MILES TO DONNER #4 LOCATION AND PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 19339

Drawn By: J. M. SMALL

Date: 03-05-2008

Disk: JMS 19339W

C.O.G. OPERATING L.L.C.

REF: CARIBOU "19" FEDERAL #2 / Well Pad Topo

THE CARIBOU "19" FEDERAL #2 LOCATED 1980' FROM

THE SOUTH LINE AND 790' FROM THE EAST LINE OF

SECTION 19, TOWNSHIP 16 SOUTH, RANGE 28 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 03-04-2008

Sheet 1 of 1 Sheets

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG OPERATING LLC
LEASE NO.:	NM-103872
WELL NAME & NO.:	Caribou 19 Fed. Com. No. 2
SURFACE HOLE FOOTAGE:	1980' FSL & 790' FEL
BOTTOM HOLE FOOTAGE:	1980' FSL & 330' FWL
LOCATION:	Section 19, T. 16 S., R. 28 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**
 - Cave/Karst
 - Cultural [construction and reclamation]
- ☒ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☒ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ **Reserve Pit Closure/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)

Mitigation Measures: The mitigation measures include the Pecos District Conditions of Approval, the standard stipulation for High cave/karst occurrence, and the standard stipulations for permanent resource roads.

Caribou 19 Federal Com. # 2: Pit East V-Door South

Cultural

Conditions of Approval

Cave and Karst

EA#: NM-520-08-1146

Lease #: NM-95630, NM-103873, NMLC-100844

COG Operating LLC.

**Black Hawk 11 Fed. Com. # 1, Caribou 19 Fed. # 1, Caribou 19 Fed. Com. # 2,
Reindeer 21 Fed. # 3, Reindeer 21 Fed. # 4**

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:

Tank batteries will be bermed to contain 1 ½ times the content of the largest tank.

Bermed areas will be lined with a 4 oz. felt liner to prevent tears or punctures and a permanent 20 mil plastic liner.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Closed Mud System with Buried Cuttings Pit/Drying Area:

All fluids will be held in steel tanks and hauled off. A 70X100 foot cutting's pit may be utilized for this location. The cutting's pit will be lined with 4 oz. felt and a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the washed cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of

top soil. In order to help minimize the total surface disturbance an equipment storage area and parking off-site of caliche or mineral material areas will be allowed.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Fresh Water Drilling:

The surface interval down to the bottom of the karst zone will be drilled with fresh water.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

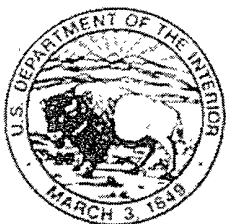
Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Delayed Blasting:

Any blasting will be phased and time delayed.

Abandonment Cementing:

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

EXHIBIT NO. 1Date of Issue:
7/7/2008Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Cultural and Archaeological Resources

BLM Report No
08-NM-523-
498**NOTICE OF STIPULATIONS**

Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project Name:	A Class III Archaeological Survey for the Caribou 19 Federal Well #2 Pad and Associated Access Road for COG
Required	1. A 3-day preconstruction call-in notification. Contact BLM Inspection and Enforcement at (505) 234-5977, 5909, or 5958, to establish a construction start date.
Required	2. Professional archaeological monitoring. Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 234- 5917, 5967, or 5986, for assistance. A. <input checked="" type="checkbox"/> These stipulations must be given to your monitor at least 5 days prior to the start of construction. B. <input checked="" type="checkbox"/> No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
	3. Cultural site barrier fencing. (Your monitor will assist you). A. <input type="checkbox"/> A temporary site protection barrier(s) shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time. B. <input type="checkbox"/> A permanent, 4-strand barbed wire fence strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
Required	4. The archaeological monitor shall: A. <input type="checkbox"/> Ensure that all site protection barriers are located as indicated on the attached map(s). B. <input checked="" type="checkbox"/> Observe all ground-disturbing activities within 300 feet of cultural site no. LA 142400. As per field meeting with COG, C. Layton, B. Boeke, & J. Pangburn the pad shall be restricted east of the existing track road. Archaeology monitoring shall be present for the entire construction of the pad. The archaeology monitor shall ensure all vehicles, personal, and equipment remains off the archaeology site. C. <input type="checkbox"/> Ensure that all reroutes are adhered to avoid cultural site no.(s) LA D. <input type="checkbox"/> Ensure the proposed is/are located as shown on the attached map(s). E. <input checked="" type="checkbox"/> Submit a brief monitoring report within 30 days of completion of monitoring. If subsurface cultural resources are encountered during the monitoring, all activities shall cease and a BLM-CFO archaeologist shall be notified immediately.
Other:	

Site Protection and Employee Education: It is the responsibility of the project proponent and construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, disturb cultural resources on Public Lands.

Page 2 of 11

For assistance, contact
BLM Cultural Resources:

Martin Stein (505) 234-5967

Bruce Boeke (505) 234-5917

James Smith (505) 234-598

George MacDonald (505)

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) 234-5972 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 stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 4 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 160' X 160' on the East side of the well pad V-Door South.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. 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. 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 thirty (30) 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.

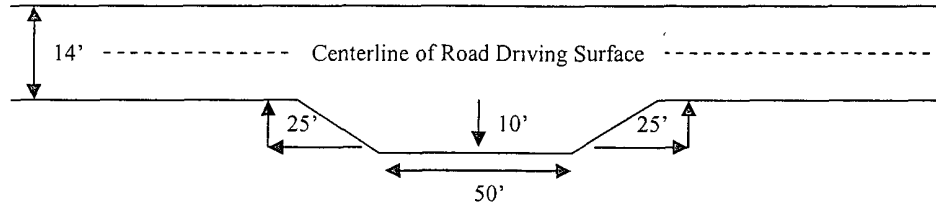
Ditching

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 be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

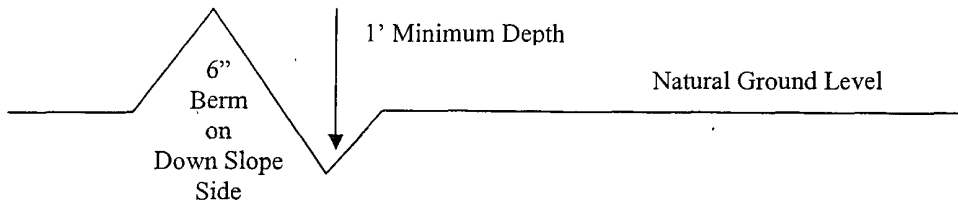


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and inslping, 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



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:

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

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road 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 cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

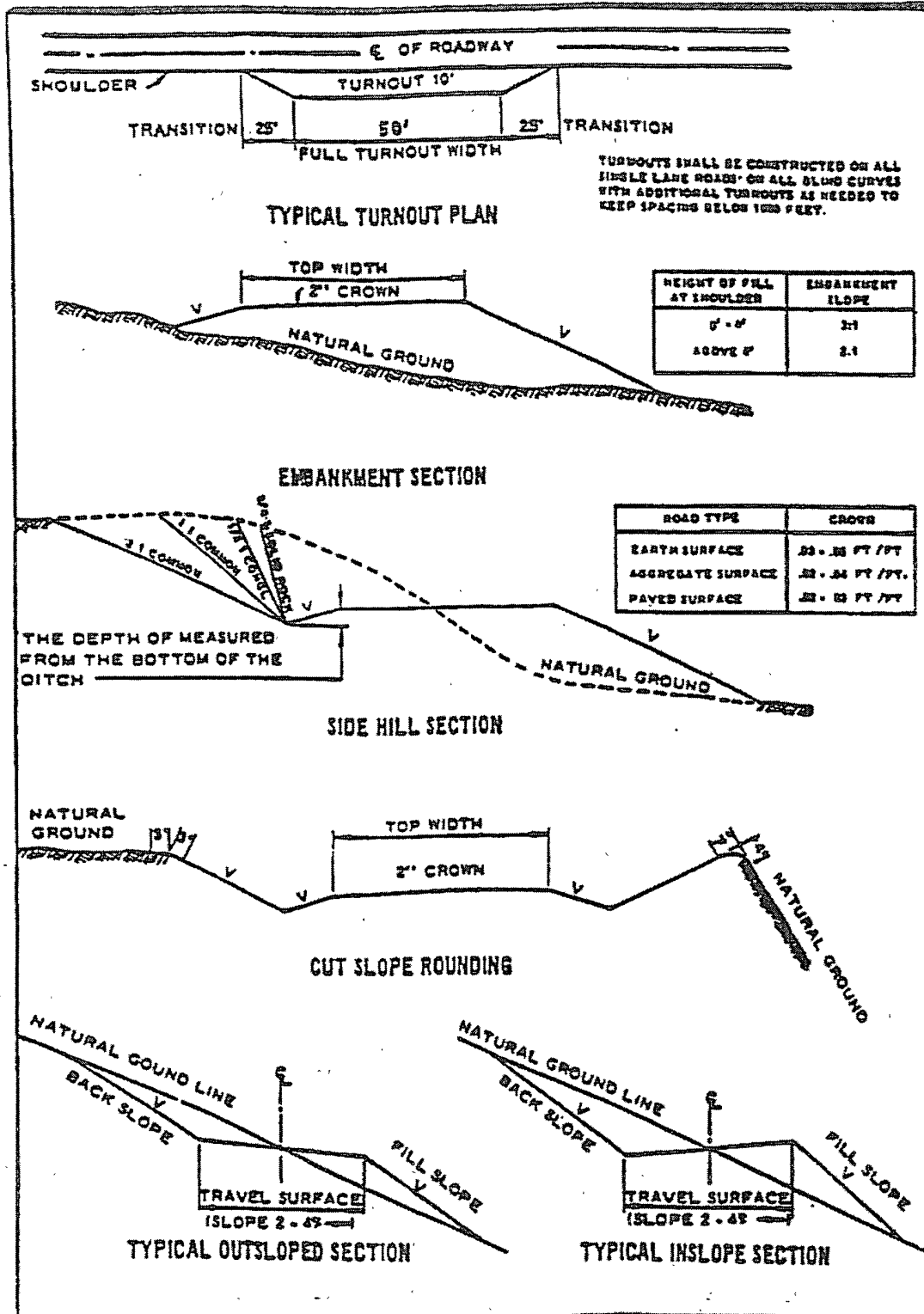
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Chaves and Roosevelt Counties, T16S Eddy County**

Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
(575) 627-0205 and (575) 361-2822.

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts 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.
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 are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

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

High cave/karst.

Possible lost circulation in the Grayburg and San Andres formations.

Possible high pressure gas bursts in the Wolfcamp.

1. The 13-3/8 inch surface casing shall be set at **approximately 500 feet** and cemented to the surface.
 - 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time 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. (This is to include the lead cement).
 - 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.

Drill intermediate casing hole with fresh water mud.

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

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

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

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **Additional cement will be required to achieve this height of cement.**

4. 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. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.
 - d. 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.
 - e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days**. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
 - f. A variance to test the surface casing and BOP/BOPE (**entire system**) to the reduced pressure of 1000 psi with the rig pumps is approved.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

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

WWI 060708

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.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

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
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 4, for Gypsum 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 no 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:

<u>Species</u>	<u>lb/acre</u>
Alkali Sacaton (<i>Sporobolus airoides</i>)	1.0
DWS⊆ Four-wing saltbush (<i>Atriplex canescens</i>)	5.0

⊆DWS: DeWinged Seed

*Pounds of pure live seed:

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

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.