

District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 124174

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address COG OPERATING LLC 550 W TEXAS MIDLAND, TX 79701		2. OGRID Number 229137
4. Property Code 38453		3. API Number 30-015-38399
5. Property Name KIOWA STATE		6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	36	17S	27E	F	1665	N	2205	W	EDDY

8. Pool Information

RED LAKE; GLORIETA YESO, NORTHEAST	96836
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3615
14. Multiple N	15. Proposed Depth 4850	16. Formation Yeso Formation	17. Contractor	18. Spud Date 3/31/2011
Depth to Ground water 110		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: <input type="checkbox"/> Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay: <input type="checkbox"/> Pit Volume: 5000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17	13.375	48	250	300	0
Int1	11	8.625	24	850	400	0
Prod	7.875	5.5	17	4850	900	0

Casing/Cement Program: Additional Comments

COG proposes to drill an 17" hole to 250' w/fr wtr mud system, wt 8.5, vis 28, set 13-3/8" casing & cement to surface. Drill an 11" or 12-1/4" hole to 850' w/brine mud system, wt 10, vis 30, set 8-5/8" casing & cement to surface. Drill 7-7/8" hole to 4850' w/cut brine mud system, wt 9.1, vis 29-32. Test Yeso formation. Run 5-1/2" casing & cement to surface. Note: On production string, a caliper will be run, COG will attempt to circulate cement.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Diane Kuykendall	Approved By: Randy Dade	
Title: Production Reporting Mgr	Title: District Supervisor	
Email Address: dkuykendall@conchoresources.com	Approved Date: 1/10/2011	Expiration Date: 1/10/2013
Date: 1/6/2011	Phone: 432-683-7443	Conditions of Approval Attached

OCD

COG EXHIBIT 2

CASE NOS. 14699 AND 14700

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 124174

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-38399	2. Pool Code 96836	3. Pool Name RED LAKE; GLORIETA YESO, NORTHEAST
4. Property Code 38453	5. Property Name KIOWA STATE	6. Well No. 001
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 3615

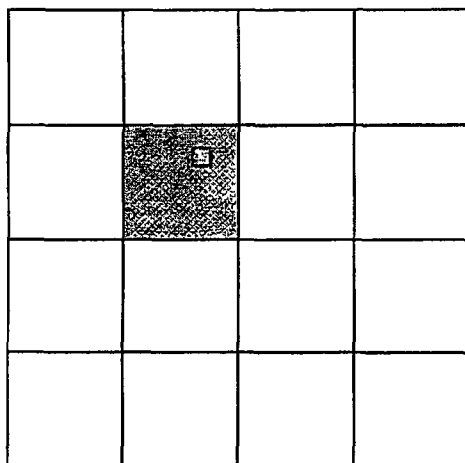
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	36	17S	27E		1665	N	2205	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

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

**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(s) or has a right to drill this well at this 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.

E-Signed By: Diane Kuykendall
 Title: Production Reporting Mgr
 Date: 1/6/2011

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.

Surveyed By: Ronald Eidson
 Date of Survey: 12/21/2010
 Certificate Number: 3239

Permit Conditions of Approval

Operator: COG OPERATING LLC , 229137

Well: KIOWA STATE #001

API: 30-015-38399

OCD Reviewer	Condition
Artesia	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

Permit Comments

Operator: COG OPERATING LLC , 229137

Well: KIOWA STATE #001

API:

Created By	Comment	Comment Date
rodsm	H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required.	12/9/2010

DISTRICT I
1625 N. FRENCH DR., BOBBS, NM 88240

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

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 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

For Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name KIOWA STATE	Well Number 1
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3615'

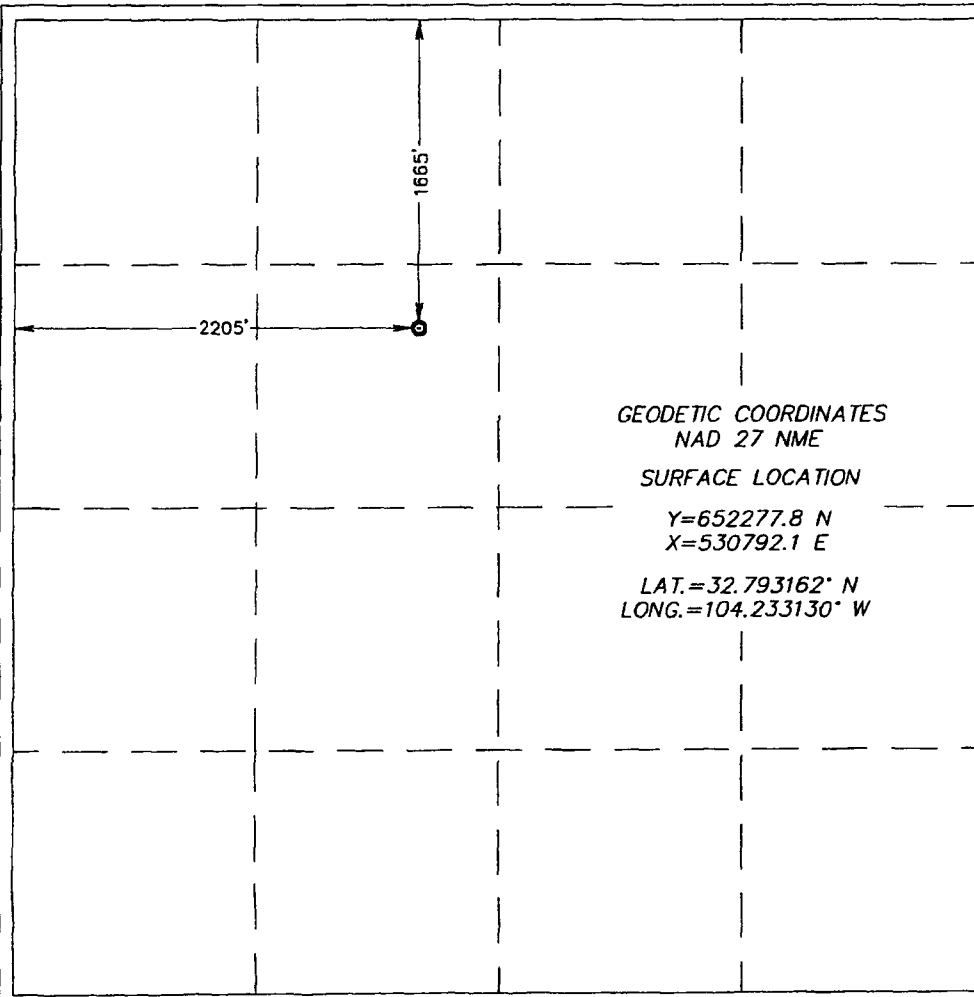
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	17-S	27-E		1665	NORTH	2205	WEST	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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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



OPERATOR CERTIFICATION

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.

Signature _____ Date _____

Printed Name _____

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 21, 2010

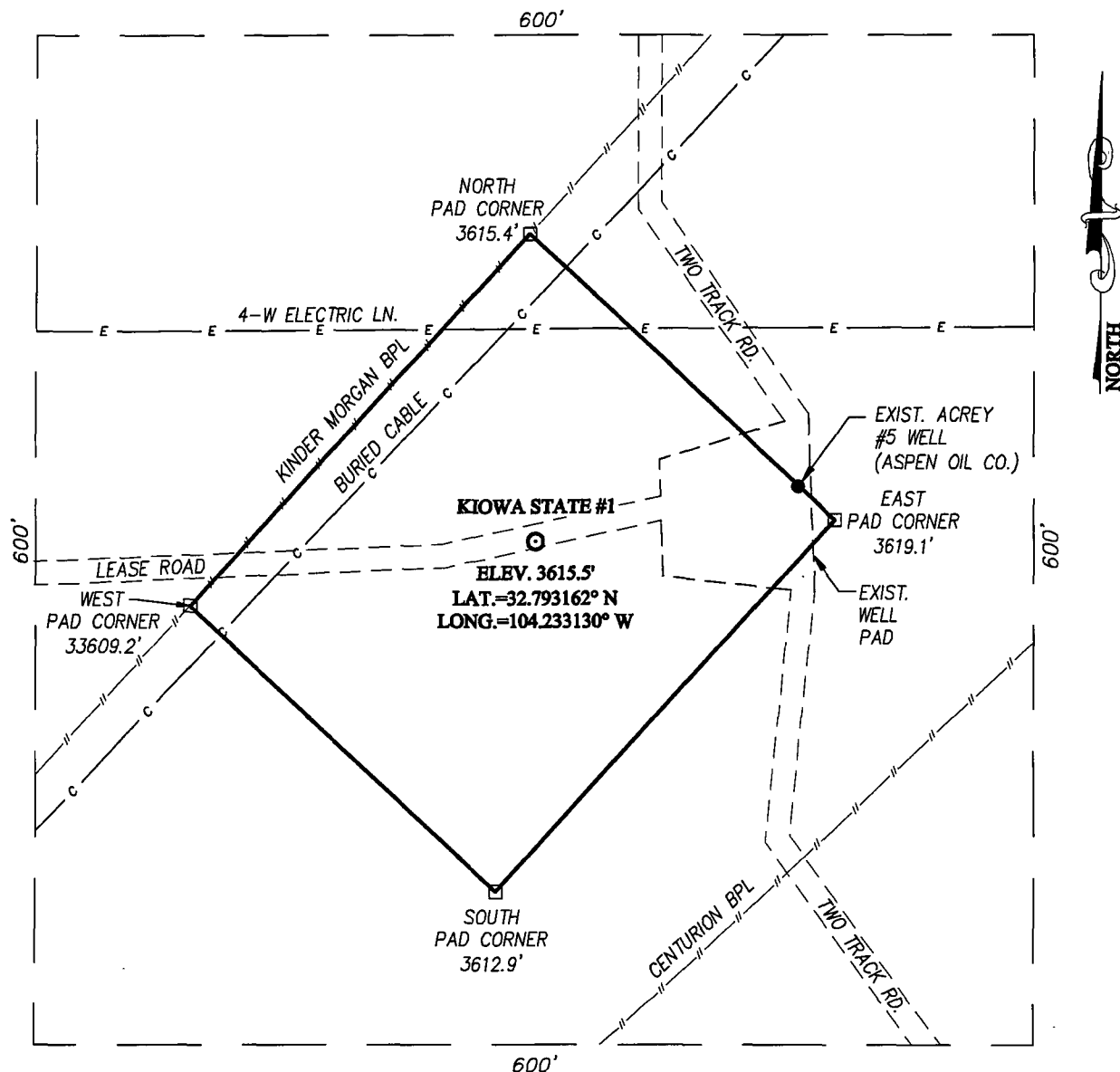
Date Surveyed _____ DSS

Signature & Seal of Professional Surveyor

[Signature]
10.11.1862

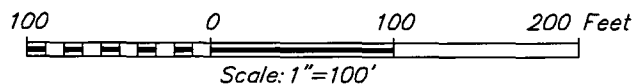
Certified by _____ 12641
J. EIDSON 3239

SECTION 36, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #204 (HILLTOP RD.), GO SOUTHEAST ON CO. RD. #204 APPROX. 1.5 MILES. TURN RIGHT AND GO SOUTHWEST APPROX. 0.2 MILES. TURN LEFT AND GO SOUTH APPROX. 01. MILE TO THE EXISTING ASPEN OIL CO. ACREY #5 WELL. THIS LOCATION STAKE IS APPROX. 160 FEET WEST OF THE EXISTING ACREY #5 WELL.



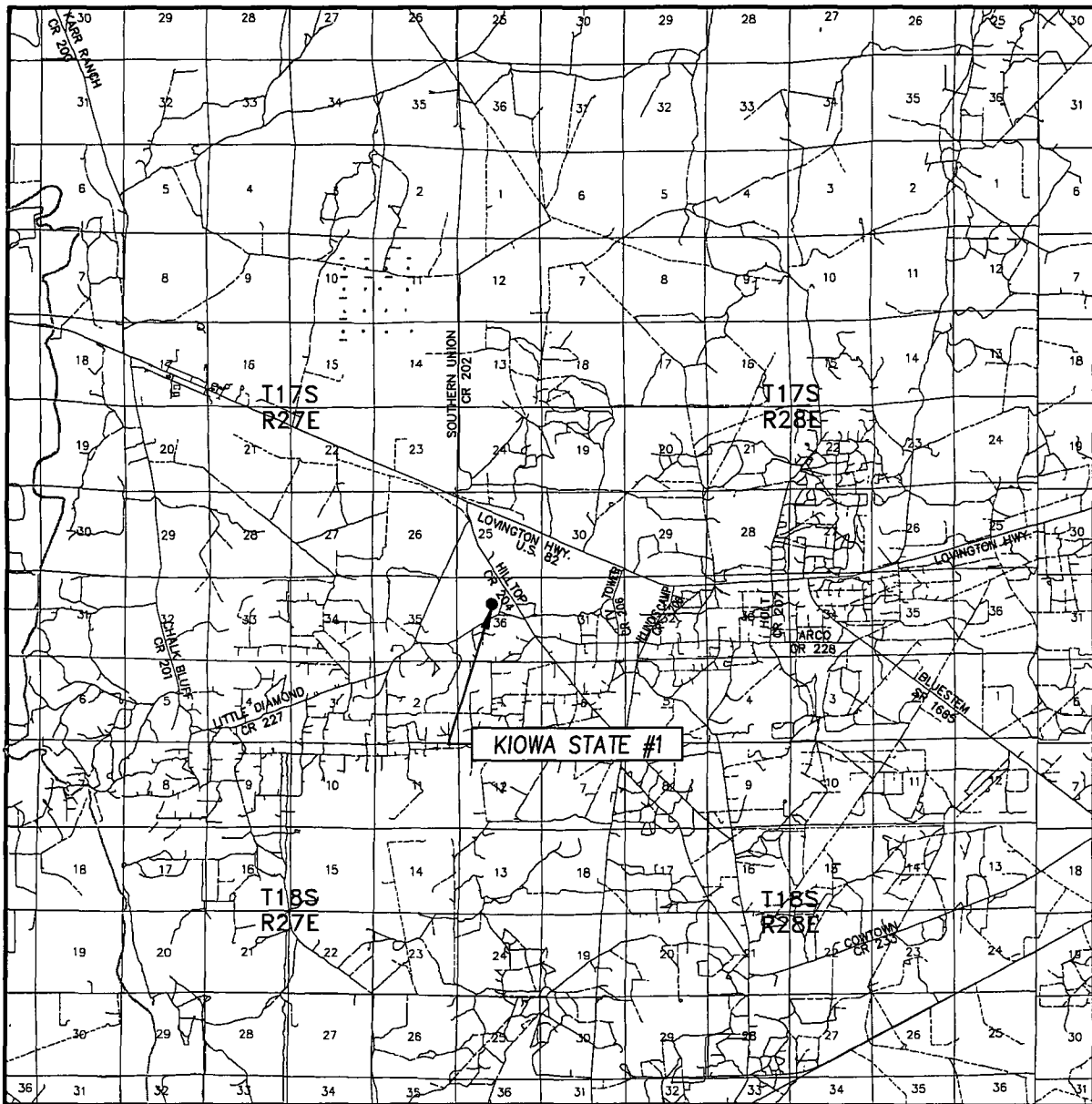
COG OPERATING, LLC

KIOWA STATE #1
 LOCATED 1665 FEET FROM THE NORTH LINE
 AND 2205 FEET FROM THE WEST LINE OF SECTION 36,
 TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

Survey Date: 12/21/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1862	Dr By: DSS
Date: 1/2/10	10111862
	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 17-S RGE. 27-E

SURVEY N.M.P.M.

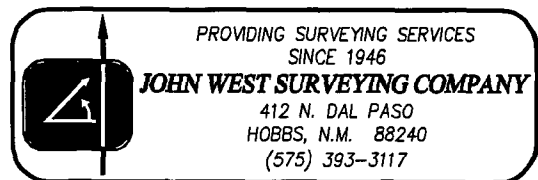
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1665' FNL & 2205' FWL

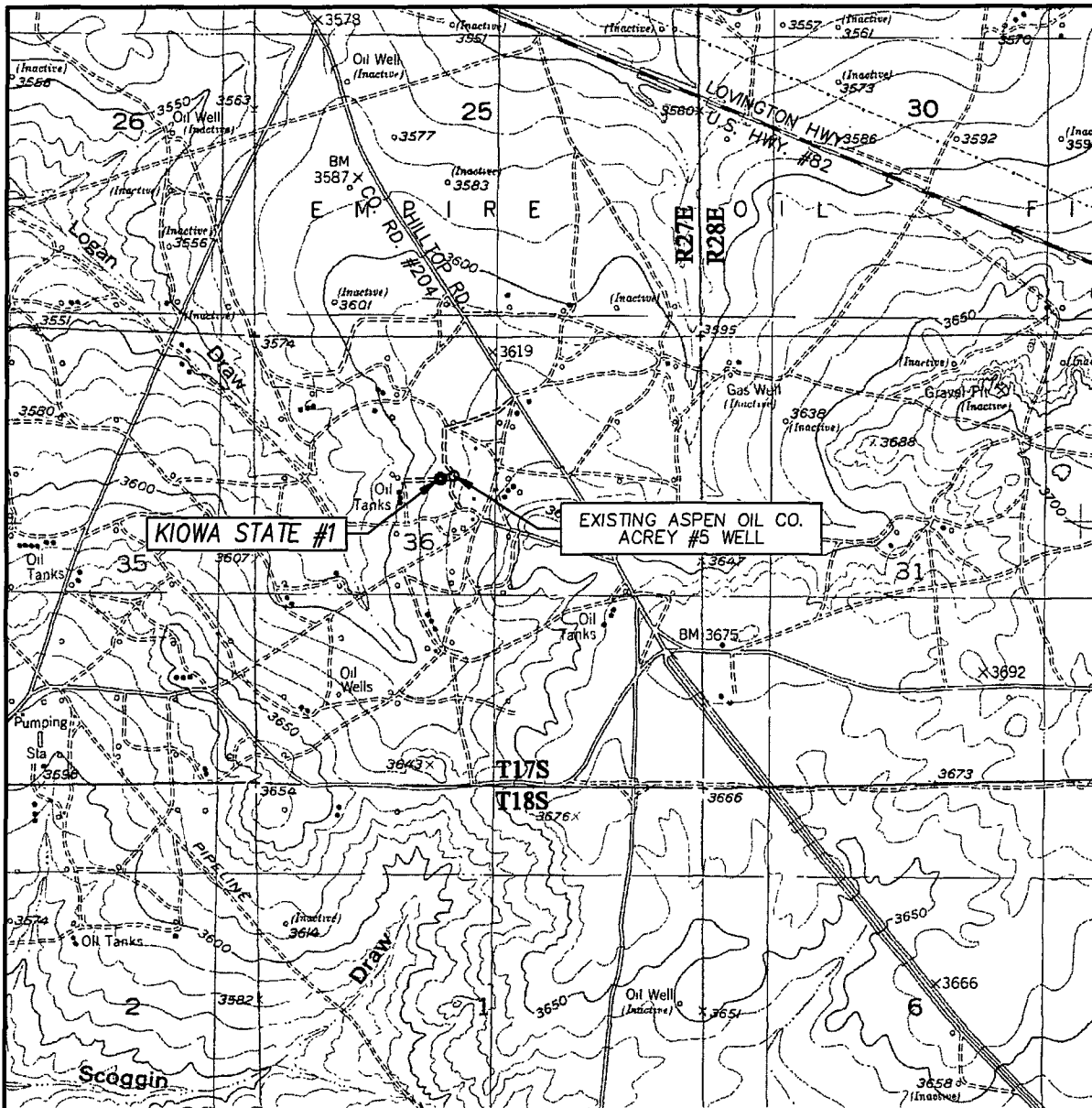
ELEVATION 3615'

OPERATOR COG OPERATING, LLC

LEASE KIOWA STATE



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE, N.M. - 10'

SEC. 36 TWP. 17-S RGE. 27-E

SURVEY _____ N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

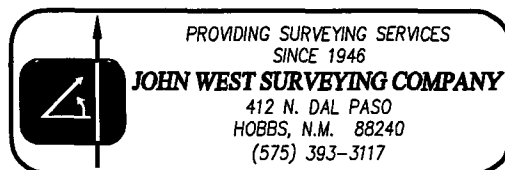
DESCRIPTION 1665' FNL & 2205' FWL

ELEVATION 3615'

OPERATOR COG OPERATING, LLC

LEASE KIOWA STATE

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE, N.M.



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1301 W. Grand Avenue, Artesia, NM 88210
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1000 Rio Brazos Road, Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: COG OPERATING LLC OGRID #: 229137	
Address: 550 WEST TEXAS, SUITE 100 MIDLAND, TX 79701	
Facility or well name: Kiowa State #1	
API Number: 30-015- 38399	OCD Permit Number: 211068
U/L or Qtr/Qtr UL F Section 36 Township 17S Range 27E County: Eddy	
Center of Proposed Design: Latitude N/A Longitude N/A NAD: <input type="checkbox"/> 1927 <input type="checkbox"/> 1983	
Surface Owner: <input type="checkbox"/> Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2. <input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: <input checked="" type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input type="checkbox"/> P&A <input type="checkbox"/> Above Ground Steel Tanks or <input checked="" type="checkbox"/> Haul-off Bins	
3. Signs: Subsection C of 19.15.17.11 NMAC <input type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers <input checked="" type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC	
4. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. <input checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC <input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC <input checked="" type="checkbox"/> Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC <input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____ <input type="checkbox"/> Previously Approved Operating and Maintenance Plan API Number: _____	
5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC) Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required. Disposal Facility Name: CRI Disposal Facility Permit Number: R1966 Disposal Facility Name: GM INC Disposal Facility Permit Number: 711-019-001 Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations? <input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No Required for impacted areas which will not be used for future service and operations: <input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC <input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC <input type="checkbox"/> Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	
Operator Application Certification: I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): KELLY J. HOLLY Title: PERMITTING TECH Signature: <i>Kelly J. Holly</i> Date: 12-08-2010 e-mail address: kholly@conchoresources.com Telephone: 432-685-4384	

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: AR Dade Approval Date: 01/10/2011

Title: DIST #1 Supervisor OCD Permit Number: 211068

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

Closed Loop Operation & Maintenance Procedure

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

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

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

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

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

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

Cuttings will be hauled to either:

CRI (permit number R9166)

or

GMI (permit number 711-019-001)

dependent upon which rig is available to drill this well.

COG Operating LLC
Closed Loop Equipment Diagram

