

STANDARD FORM 299 (5/2009)
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P.L. 96-487 and Federal
Register Notice 9-22-99

**APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS**

FORM APPROVED
OMB NO. 1004-0189
Expires: April 30, 2012

NOTE: Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

FOR AGENCY USE ONLY

Application Number

Date filed

<p>1. Name and address of applicant (include zip code)</p> <p>COG Operating, LLC 550 West Texas, Suite 100 Midland, TX 79701</p>	<p>2. Name, title, and address of authorized agent if different from item 1 (include zip code)</p> <p>Veritas 321 Energy Partners, LP P.O. Box 173 Midland, TX 79702</p>	<p>3. TELEPHONE (area code)</p> <p>Applicant 432-683-7443</p> <p>Authorized Agent 432-682-4002</p>
<p>4. As applicant are you? (check one)</p> <p>a. <input type="checkbox"/> Individual</p> <p>b. <input checked="" type="checkbox"/> Corporation*</p> <p>c. <input type="checkbox"/> Partnership/Association*</p> <p>d. <input type="checkbox"/> State Government/State Agency</p> <p>e. <input type="checkbox"/> Local Government</p> <p>f. <input type="checkbox"/> Federal Agency</p> <p>*If checked, complete supplemental page</p>	<p>5. Specify what application is for: (check one)</p> <p>a. <input checked="" type="checkbox"/> New authorization</p> <p>b. <input type="checkbox"/> Renewing existing authorization No.</p> <p>c. <input type="checkbox"/> Amend existing authorization No.</p> <p>d. <input type="checkbox"/> Assign existing authorization No.</p> <p>e. <input type="checkbox"/> Existing use for which no authorization has been received*</p> <p>f. <input type="checkbox"/> Other*</p> <p>*If checked provide details under item 7</p>	
<p>6. If an individual, or partnership are you a citizen(s) of the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>7. Project description (describe in detail): (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)</p> <p>A. The proposed project consists of a noncommercial salt water disposal well, the Skelley Federal 28 SWD #1 (located in Section 28, T17S-R31E, NMPM), and associated facilities, serving applicant's production of crude oil and natural gas. A pre-existing well pad will be used for the project.</p> <p>B. Well: Convert, complete and equip a salt water disposal well to a total depth of approximately 9,200'. Facilities: A salt water disposal battery consisting of 1 - 1000 bbl gun barrel, 4 - 750 bbl water storage tanks, 2 - 500 bbl oil storage tanks, and a 400 BHP horizontal injection pump.</p> <p>C. Physical Specifications: The battery facilities will be on a pad 125' long by 80' wide with retention berm.</p> <p>D. Term: 50 years</p> <p>E. Operation: year round</p> <p>F. Volume: 10-20,000 BWPD, transported by pipeline (to be approved under a separate application).</p> <p>G. Construction: 4 weeks. Timing: Summer 2010, upon BLM approval.</p> <p>H. Temporary Work Areas: None</p>		
<p>8. Attach a map covering area and show location of project proposal</p>		
<p>9. State or local government approval: <input type="checkbox"/> Attached <input type="checkbox"/> Applied for <input type="checkbox"/> Not required</p>		
<p>10. Nonreturnable application fee: <input checked="" type="checkbox"/> Attached <input type="checkbox"/> Not required</p>		
<p>11. Does project cross international boundary or affect international waterways? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If "yes," indicate on map)</p>		
<p>12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.</p> <p>COG Operating LLC utilizes engineering design in the planning and construction of its SWD facilities. COG maintains a staff of trained field personnel to monitor and operate these facilities. The facilities also have computer monitored alarm systems with call out capabilities. COG is financially capable of maintaining these facilities.</p>		

Bureau of Land Management
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Carlsbad Field Office
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Carlsbad, NM

(Continued on page 2)

13a. Describe other reasonable alternative routes and modes considered.
N/A

b. Why were these alternatives not selected?
N/A

c. Give explanation as to why it is necessary to cross Federal Lands
N/A

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)
COG Operating LLC has completed authorizations for the Federal B1 well, the Biscuit Hills #1 Well, the Maljamar SWD 29 #1, Loco Hills SWD 35#2, Loco Hills SWD 34#3 and the Loco Hills SWD 33#4.

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.
The project is required for the production of crude oil and natural gas by applicant. The expected cost of the project, including the well, is \$3.1 million.

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.
The project will benefit the near population economic base by providing both short and long term employment.
The project is in a rural, unpopulated area, distant from existing population centers.

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.
Very little effect. No air quality issues are associated with the project, visually it will be the required Shale green color; the ground water (if any) will be protected by a plastic liner, no land or body of water changes are required, no levels are at a minimum where electric motors are used; the project will be implemented to use a minimum surface area.

18. Describe the probable effects that the proposed project will have on (a) populations of fish, plants, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.
None

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 9601 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas. This facility will accept and dispose of salt water that is produced in association with crude oil and natural gas.

20. Name all the Department(s)/Agency(ies) where this application is being filed.
BLM - Carlsbad, NM

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of Applicant

Date

Title 18, U.S.C. Section 1001 and Title 18 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.

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APPLICATION FOR TRANSPORTATION AND UTILITY SYSTEMS AND FACILITIES ON FEDERAL LANDS

GENERAL INFORMATION ALASKA NATIONAL INTEREST LANDS

This application will be used when applying for a right-of-way, permit, license, lease, or certificate for the use of Federal lands which lie within conservation system units and National Recreation or Conservation Areas as defined in the Alaska National Interest Lands Conservation Act. Conservation system units include the National Park System, National Wildlife Refuge System, National Wild and Scenic Rivers System, National Trails System, National Wilderness Preservation System, and National Forest Monuments.

Transportation and utility systems and facility uses for which the application may be used are:

1. Canals, ditches, flumes, laterals, pipes, pipelines, tunnels, and other systems for the transportation of water.
2. Pipelines and other systems for the transportation of liquids other than water, including oil, natural gas, synthetic liquid and gaseous fuels, and any refined product produced therefrom.
3. Pipelines, slurry and emulsion systems, and conveyor belts for transportation of solid materials.
4. Systems for the transmission and distribution of electric energy.
5. Systems for transmission or reception of radio, television, telephone, telegraph, and other electronic signals, and other means of communications.
6. Improved rights-of-way for snow machines, air cushion vehicles, and all-terrain vehicles.
7. Roads, highways, railroads, tunnels, tramways, airports, landing strips, docks, and other systems of general transportation.

This application must be filed simultaneously with each Federal department or agency requiring authorization to establish and operate your proposal.

In Alaska, the following agencies will help the applicant file an application and identify the other agencies the applicant should contact and possibly file with:

U.S. Department of Agriculture
FOREST SERVICE (USFS)
Alaska Regional Office (Region 10)
Physical Address:
Federal Office Building
709 West 9th Street
Juneau, Alaska 99801
Mailing Address:
P.O. Box 21628
Juneau, Alaska 99802
Telephone: 907-586-8806

U.S. Department of the Interior
BUREAU OF INDIAN AFFAIRS (BIA)
Alaska Regional Office (Juneau)
Mailing/Physical Address:
P.O. Box 25520
709 West 9th Street
Juneau, Alaska 99802
Telephone: 800-645-8397

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT (BLM)
Alaska State Office
Mailing/Physical Address:
222 West 7th Avenue #13
Anchorage, Alaska 99513
Telephone: 907-271-5960

U.S. Department of the Interior
NATIONAL PARK SERVICE (NPS)
Alaska Regional Office (Anchorage)
Mailing/Physical Address:
240 West 5th Avenue, Room 114
Anchorage, Alaska 99501
Telephone: 907-644-3501

U.S. Department of the Interior
FISH AND WILDLIFE SERVICE
Alaska Regional Office (Region 7)
Mailing/Physical Address:
1011 East Tudor Road
Anchorage, Alaska 99501
Telephone: 907-271-5011

Note: Filings with any Department of the Interior agency may be filed with any office noted above or with this:

U.S. Department of the Interior
OFFICE OF ENVIRONMENTAL POLICY AND COMPLIANCE
Alaska Regional Office (Anchorage)
Regional Environmental Officer
1689 C Street, Room 119
Anchorage, Alaska 99501
Telephone: (907) 271-5011

U.S. Department of Transportation
FEDERAL AVIATION ADMINISTRATION
Alaska Regional Office (Anchorage)
222 West 7th Avenue, #14
Anchorage, Alaska 99513
Telephone: 907-271-5269

NOTE - The Department of Transportation has established the above central filing point for agencies within that Department. Affected agencies are: Federal Aviation Administration (FAA), Coast Guard (USCG), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA).

OTHER THAN ALASKA NATIONAL INTEREST LANDS

Use of this form is not limited to National Interest Conservation Lands of Alaska.

Individual departments/agencies may authorize the use of this form by applicants for transportation and utility systems and facilities on other Federal lands outside those areas described above.

For proposals located outside of Alaska, applications will be filed at the local agency office or at a location specified by the responsible Federal agency.

SPECIFIC INSTRUCTIONS (Items not listed are self-explanatory)

Item

- 7 Attach preliminary site and facility construction plans. The responsible agency will provide instructions whenever specific plans are required.
 - 8 Generally, the map must show the section(s), township(s), and ranges within which the project is to be located. Show the proposed location of the project on the map as accurately as possible. Some agencies require detailed survey maps. The responsible agency will provide additional instructions.
 - 9, 10, and 12 - The responsible agency will provide additional instructions.
 - 13 Providing information on alternate routes and modes in as much detail as possible, discussing why certain routes or modes were rejected and why it is necessary to cross Federal lands will assist the agency(ies) in processing your application and reaching a final decision. Include only reasonable alternate routes and modes as related to current technology and economics.
 - 14 The responsible agency will provide instructions.
 - 15 Generally, a simple statement of the purpose of the proposal will be sufficient. However, major proposals located in critical or sensitive areas may require a full analysis with additional specific information. The responsible agency will provide additional instructions.
 - 16 through 19 - Providing this information in as much detail as possible will assist the Federal agency(ies) in processing the application and reaching a decision. When completing these items, you should use a sound judgment in furnishing relevant information. For example, if the project is not near a stream or other body of water, do not address this subject. The responsible agency will provide additional instructions.
- Application must be signed by the applicant or applicant's authorized representative.

If additional space is needed to complete any item, please put the information on a separate sheet of paper and identify it as "Continuation of Item".

SUPPLEMENTAL		
NOTE: The responsible agency(ies) will provide additional instructions	CHECK APPROPRIATE BLOCK	
I - PRIVATE CORPORATIONS	ATTACHED	FILED*
a. Articles of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Corporation Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. The name and address of each shareholder owning 3 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.	<input type="checkbox"/>	<input type="checkbox"/>
f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications	<input type="checkbox"/>	<input type="checkbox"/>
g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.	<input type="checkbox"/>	<input type="checkbox"/>
II - PUBLIC CORPORATIONS		
a. Copy of law forming corporation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Proof of organization	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Copy of Bylaws	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>
III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY		
a. Articles of association, if any	<input type="checkbox"/>	<input type="checkbox"/>
b. If one partner is authorized to sign, resolution authorizing action is	<input type="checkbox"/>	<input type="checkbox"/>
c. Name and address of each participant, partner, association, or other	<input type="checkbox"/>	<input type="checkbox"/>
d. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

* If the required information is already filed with the agency processing this application and is current, check block entitled "Filed." Provide the file identification information (e.g., number, date, code, name). If not on file or current, attach the requested information.

NOTICES

NOTE: This applies to the Department of the Interior/Bureau of Land Management (BLM).

The Privacy Act of 1974 provides that you be furnished with the following information in connection with the information provided by this application for an authorization.

AUTHORITY: 16 U.S.C. 310 and 5 U.S.C. 301.

PRINCIPAL PURPOSE: The primary uses of the records are to facilitate the (1) processing of claims or applications; (2) recordation of adjudicative actions; and (3) indexing of documentation in case files supporting administrative actions.

ROUTINE USES: BLM and the Department of the Interior (DOI) may disclose your information on this form: (1) to appropriate Federal agencies when concurrence or supporting information is required prior to granting or acquiring a right or interest in lands or resources; (2) to members of the public who have a need for the information that is maintained by BLM for public record; (3) to the U.S. Department of Justice, court, or other adjudicative body when DOI determines the information is necessary and relevant to litigation; (4) to appropriate Federal, State, local, or foreign agencies responsible for investigating, prosecuting violation, enforcing, or implementing this statute, regulation, or order; and (5) to a congressional office when you request the assistance of the Member of Congress in writing.

EFFECT OF NOT PROVIDING THE INFORMATION: Disclosing this information is necessary to receive or maintain a benefit. Not disclosing it may result in rejecting the application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The Federal agencies collect this information from applicants requesting right-of-way, permit, license, lease, or certifications for the use of Federal Lands.

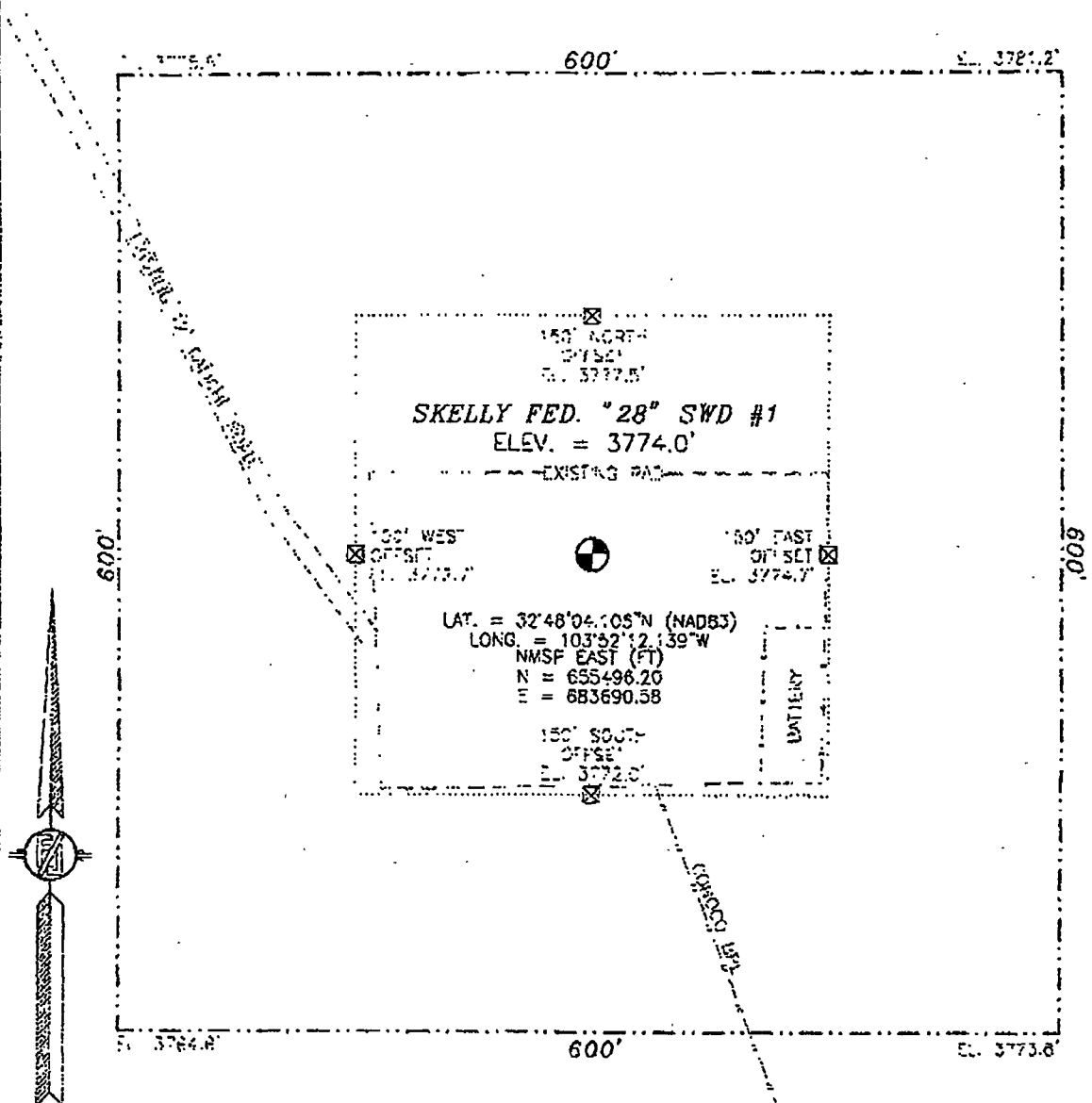
Federal agencies use this information to evaluate your proposal.

No Federal agency may request or sponsor and you are not required to respond to a request for information which does not contain a currently valid OMB Control Number.

BURDEN HOURS STATEMENT: The public burden for this form is estimated at 25 hours per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management (1004-0189), Bureau Information Collection Clearance Officer (WO-630) 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

A reproducible copy of this form may be obtained from the Bureau of Land Management, Division of Lands, Realty and Cadastral Survey, 1620 L Street, N.W., Rm. 1000 LS, Washington, D.C. 20036.

SECTION 28, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO



0 10 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION
FROM STATE HWY. 82 AND STATE HWY. 529 GO SOUTHEAST ON
529 0.75 MILE TURN RIGHT ON CALICHE ROAD AND GO SOUTH
0.2 MILES BEND LEFT AND GO EAST 370' BEND RIGHT AND GO
SOUTH 0.5 MILES TO EXISTING PAD FOR THIS LOCATION

COG OPERATING LLC

SKELLY FED. "28" SWD #1

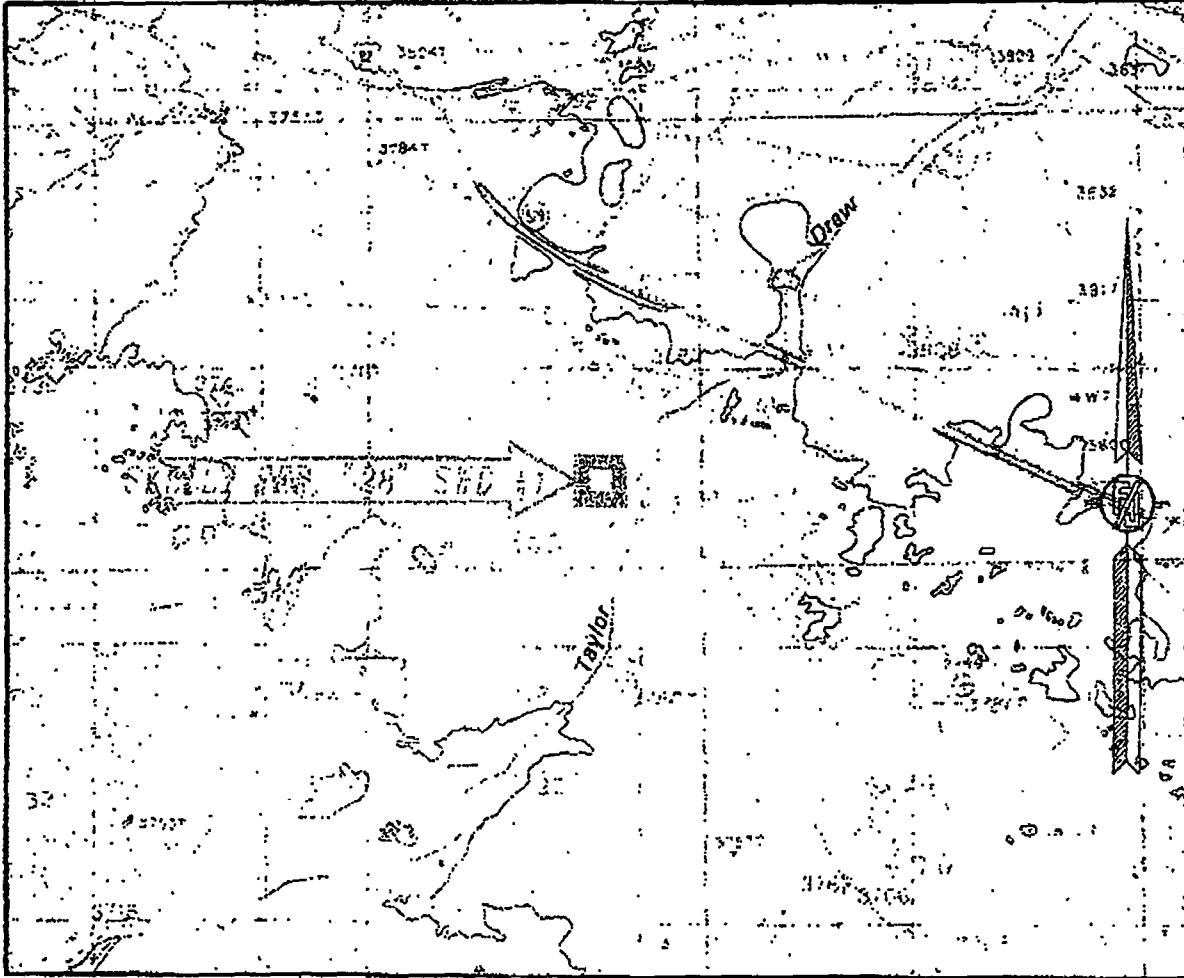
LOCATED 1035.3 FT. FROM THE SOUTH LINE
AND 1228.6 FT. FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 17 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

SURVEY NO. 248

SEPTEMBER 11, 2010

MADRON SURVEYING, INC. 331 SOUTH CANAL
CARLSBAD, NEW MEXICO

SECTION 28, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



CONTOUR INTERVAL:
 MALJAMAR

DIRECTIONS TO LOCATION

FROM STATE HWY. 82 AND STATE HWY. 529 GO SOUTHEAST ON 529
 0.25 MILES TURN RIGHT ON CALICHE ROAD AND GO SOUTH 0.2 MILES
 BEND LEFT AND GO EAST 370' BEND RIGHT AND GO SOUTH 0.5 MILES
 TO EXISTING PAD FOR THIS LOCATION

NOT TO SCALE

SEC. 28. TWP 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 1035.3' FSL & 1228.6' FEL
 ELEVATION 3774.0'
 OPERATOR COG OPERATING LLC
 LEASE SKELLY

COG OPERATING LLC

SKELLY FED. "28" SWD #1

LOCATED 1035.3 FT. FROM THE SOUTH LINE
 AND 1228.6 FT. FROM THE EAST LINE OF
 SECTION 28, TOWNSHIP 17 SOUTH,
 RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

SURVEY NO. 248

SEPTEMBER 11, 2010

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO