

HOBBS OCD

NOV 05 2013

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## **SURFACE USE AND OPERATING PLAN**

### **1. Existing & Proposed Access Roads**

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

### **2. Proposed Access Road:**

The Elevation Plat shows that 118' of new access road will be required for this location. If any road is required it will be constructed as follows:

- A. The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.
- E. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM approved caliche pit.

NOV 07 2013

### **3. Location of Existing Well:**

The One-Mile Radius Map shows existing wells within a one-mile radius of surface hole location and the bottom hole location.

There is one Morrow producing well in Section 7, T22S, R33E, and numerous wells producing from the Delaware and Bone Spring formations within the one-mile radius area.

### **4. Location of Existing and/or Proposed Facilities:**

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

### **5. Location and Type of Water Supply:**

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #1. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

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

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

- A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.**
- B. An approximate 160' X 160' area is used within the proposed well site to remove caliche.**
- C. Subsoil is removed and stockpiled along the entire length of one side of a 340' x 340' pad.**
- D. When caliche is found, material will be stock piled within the pad site to build the location and road.**
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.**
- F. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in attached plat.**

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other source.

**7. Methods of Handling Water Disposal:**

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

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

**8. Ancillary Facilities:**

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

**9. Well Site Layout:**

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

**10. Plans for Restoration of the Surface:**

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

much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be re-seeded with a BLM approved mixture and re-vegetated as per BLM orders.

**11.Surface Ownership:**

- A. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The surface tenant is The Jimmy Mills GST Trust, 1602 Avenue J, Abernathy, TX 79311.
- C. The proposed road routes and surface location will be restored as directed by the BLM

**12.Other Information:**

- A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.
- C. There are no dwellings within 2 miles of this location.
- D. If needed, a Cultural Resources Examination is being prepared by Southern New Mexico Archaeological Services, Inc. P.O. Box 1, Bent New Mexico, 88314, phone # 505-671-4797 and the results will be forwarded to your office in the near future. Otherwise, **COG will be participating in the Permian Basin MOA Program.**

**13. Bond Coverage:**

Bond Coverage is Statewide Bonds # NMB000215 and NMB000740

*Surface Use Plan*  
*COG Operating, LLC*  
*Airbonita 12 Federal Com #1H*  
*SL: 190' FSL & 330' FEL*      *UL P*  
*Section 12, T22S, R32E*  
*BHL: 330' FNL & 380' FEL*      *UL A*  
*Section 12, T22S, R32E*  
*Lea County, New Mexico*

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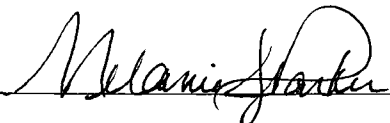
**14. Lessee's and Operator's Representative:**

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

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

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

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Operating, LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 8th day of March, 2013.

Signed: \_\_\_\_\_

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

**BUREAU OF LAND MANAGEMENT**  
**CASE RECORDATION**  
**(LIVE) SERIAL REGISTER PAGE**

34

Run Date/Time: 03/15/13 09:56 AM

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01 02-25-1920;041STAT0437;30USC181ETSEQ

Total Acres

Serial Number

Case Type 312011: O&G LSE COMP PUBLIC

160.000

NMNM-- - 064606

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Case File Juris:

Serial Number: NMNM-- - 064606

Name & Address			Int Rel	%Interest
AXIS ENERGY CORP	PO BOX 219303	HOUSTON TX 77218	LESSEE	25.000000000
COG OPERATING LLC	600 W ILLINOIS AVE, ONE CONCHO CENTER	MIDLAND TX 79701	OPERATING RIGHTS	0.000000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	LESSEE	75.000000000
OXY USA INC	5 GREENWAY PLZ #110	HOUSTON TX 770460521	OPERATING RIGHTS	0.000000000
OXY USA INC	PO BOX 27570	HOUSTON TX 772277570	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 064606

Mer Twp Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23 0220S 0320E 012		ALIQ		NE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 064606

Act Date	Code	Action	Action Remarks	Pending Office
11/19/1985	387	CASE ESTABLISHED	PARCEL #45;	
11/20/1985	196	BID ACCEPTED		
01/30/1986	237	LEASE ISSUED		
02/01/1986	496	FUND CODE	05;145003	
02/01/1986	532	RLTY RATE 12.5-25% SCH B		
02/01/1986	868	EFFECTIVE DATE		
02/21/1986	600	RECORDS NOTED		
02/27/1986	963	CASE MICROFILMED	CNUM 555,629 EPR	
03/10/1986	140	ASGN FILED	SANTA FE ENE/FELMONT	
05/16/1986	139	ASGN APPROVED	EFF 04/01/86;	
01/12/1987	111	RENTAL RECEIVED	\$320.00;1YR/87-88	
12/07/1987	140	ASGN FILED	SANTA FE ENE/OPER	
01/11/1988	111	RENTAL RECEIVED	\$320.00;1YR/88-89	
04/14/1988	139	ASGN APPROVED	EFF 01/01/88;	
06/20/1988	974	AUTOMATED RECORD VERIF	EW/JA	
01/10/1989	111	RENTAL RECEIVED	\$320.00;1YR/89-90	
10/25/1989	140	ASGN FILED	FELMONT OIL/OG	
10/25/1989	932	TRF OPER RGTS FILED	FELMONT OIL/OG	
11/24/1989	139	ASGN APPROVED	EFF 11/01/89;	
11/24/1989	933	TRF OPER RGTS APPROVED	EFF 11/01/89;	
11/24/1989	974	AUTOMATED RECORD VERIF	MCS/MIG	
01/10/1990	111	RENTAL RECEIVED	\$320.00;41/9798	
05/23/1990	940	NAME CHANGE RECOGNIZED	FELMONT/TORCH OG	
01/22/1991	232	LEASE COMMITTED TO UNIT	NMNM84611X;PROHIBITIO	

NO WARRANTY IS MADE BY BLM  
FOR USE OF THE DATA FOR  
PURPOSES NOT INTENDED BY BLM

**BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 03/15/13 09:56 AM

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01/31/1991	235	EXTENDED	01/31/1993;
03/15/1991	974	AUTOMATED RECORD VERIF	RAO/MT
09/05/1991	974	AUTOMATED RECORD VERIF	LBO/LR
01/07/1993	084	RENTAL RECEIVED BY ONRR	\$160.00;11/14193
01/07/1993	084	RENTAL RECEIVED BY ONRR	\$160.00;21/14193
01/07/1993	111	RENTAL RECEIVED	\$320.00;21/14193
03/03/1993	653	HELD BY LOC IN PROD UNIT	NMNM84611X;
05/17/1993	575	APD FILED	MARALO INC
07/16/1993	576	APD APPROVED	#3 PROHIBITION FED
09/27/1993	974	AUTOMATED RECORD VERIF	AR/MV
01/10/1994	084	RENTAL RECEIVED BY ONRR	\$160.00;21/15369
01/10/1994	111	RENTAL RECEIVED	\$320.00;21/15369
02/15/1994	246	LEASE COMMITTED TO CA	NMNM91053;
02/15/1994	650	HELD BY PROD - ACTUAL	
03/18/1996	140	ASGN FILED	TORCH/AXIS ENERGY
06/25/1996	567	ASGN RETURNED UNAPPROVED	TORCH/AXIS ENERGY
06/25/1996	974	AUTOMATED RECORD VERIF	LR
08/09/1996	140	ASGN FILED	TORCH/AXIS ENERGY
08/20/1996	139	ASGN APPROVED	EFF 09/01/96;
08/20/1996	974	AUTOMATED RECORD VERIF	LR
03/01/1998	235	EXTENDED	THRU 03/01/2000;
08/13/1998	522	CA TERMINATED	NMNM91053;
07/01/1999	940	NAME CHANGE RECOGNIZED	SF ENE RES/SF SNYDER
07/01/1999	974	AUTOMATED RECORD VERIF	JLV
10/11/2000	940	NAME CHANGE RECOGNIZED	SANTA FE/DEVON SFS
10/11/2000	974	AUTOMATED RECORD VERIF	AT
12/12/2002	817	MERGER RECOGNIZED	DEVONSFS/DEVONENEPD
01/18/2005	932	TRF OPER RGTS FILED	LOWE PTNRS/COG OG
02/16/2005	933	TRF OPER RGTS APPROVED	EFF 02/01/05;
02/16/2005	974	AUTOMATED RECORD VERIF	LR
05/01/2008	932	TRF OPER RGTS FILED	POGO PRODUC/OXY USA;1
06/13/2008	933	TRF OPER RGTS APPROVED	EFF 06/01/08;
06/13/2008	974	AUTOMATED RECORD VERIF	SSP
01/08/2009	932	TRF OPER RGTS FILED	POGO PRODUC/OXY USA;1
03/02/2009	933	TRF OPER RGTS APPROVED	EFF 02/01/09;
03/02/2009	974	AUTOMATED RECORD VERIF	ANN
03/17/2010	940	NAME CHANGE RECOGNIZED	COG O&G/COG OPER
11/01/2011	246	LEASE COMMITTED TO CA	CA NM127994

Line Nr Remarks

Serial Number: NMNM-- - 064606

0002	LESSEE BONDED -
0003	8/20/1996 - DEVON SFS OPERATING INC - UT0855 - N/W;
0004	BONDED OPERATOR - PER AFMS
0005	02/16/2005 - MARALO LLC - NM2791 - S/W;
0006	06/13/2008 - OXY USA INC - ES0136 - NW
0007	OPERATOR BONDED - 03/02/2009

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FOR USE OF THE DATA FOR  
PURPOSES NOT INTENDED BY BLM



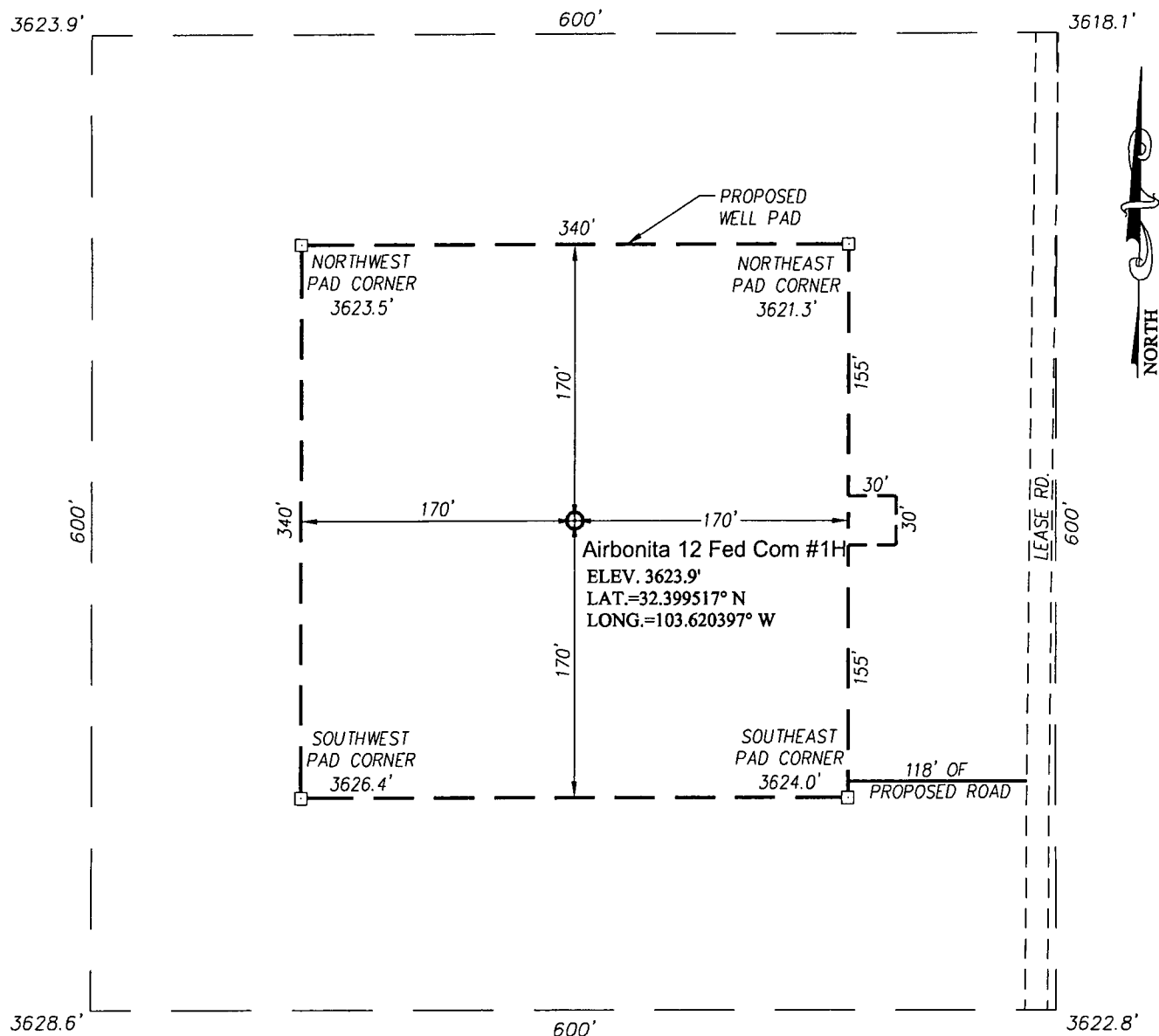
**BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(LIVE) SERIAL REGISTER PAGE**

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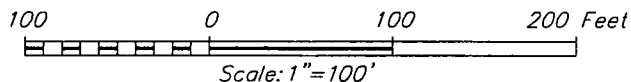
0008 COG OPERATING LLC - NMB000215 - S/W;

**SECTION 12, TOWNSHIP 22 SOUTH, RANGE 32 EAST, N.M.P.M.**  
LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF HIGHWAY 176 AND A LEASED ROAD, 0.5 MILES WEST OF STATE HIGHWAY 176 MILE MARKER #7, GO SOUTH ON LEASE ROAD 0.6 MILE TO THE BOOTLEG COMPRESSOR STATION; TURN RIGHT AND GO SOUTHWEST APPROX 1.5 MILES; TURN LEFT AND GO SOUTHEAST APPROX 0.8 MILES; TURN LEFT AND GO EAST APPROX 0.8 MILES; VEER RIGHT AND GO SOUTHEAST APPROX 0.4 MILES; VEER RIGHT AND GO SOUTH APPROX 5.5 MILES TO A PROPOSED ROAD SURVEY, FOLLOW ROAD SURVEY 118 FEET TO THE LOCATION.



COG OPERATING, LLC

**AIRBONITA 12 FEDERALCOM #1H  
LOCATED 190 FEET FROM THE SOUTH LINE  
AND 330 FEET FROM THE EAST LINE OF SECTION 12,  
TOWNSHIP 22 SOUTH, RANGE 32 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO**

Survey Date: 9/20/12

CAD Date: 9/25/12

Drawn By: AF

W.O. No.: 12111595

Rev: .

Rel. W.O.:

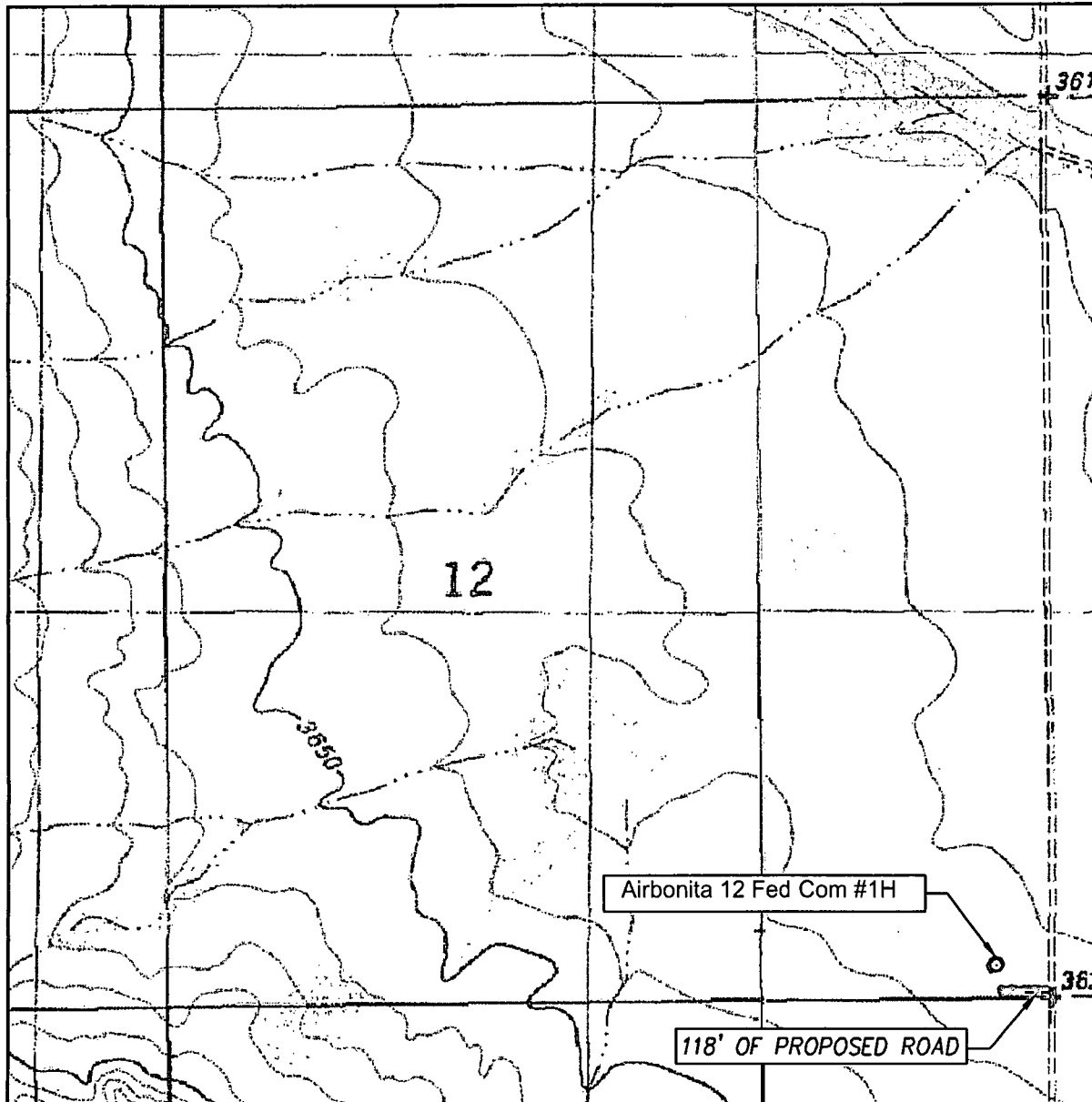
Sheet 1 of 1



PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117 [www.jwsc.biz](http://www.jwsc.biz)

# EXHIBIT 2

## LOCATION VERIFICATION MAP



SCALE: 1" = 1000'

SEC. 12 TWP. 22-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 190' FSL & 330' FEL

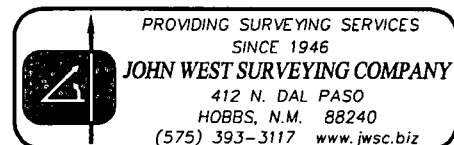
ELEVATION 3624'

OPERATOR COG OPERATING, LLC

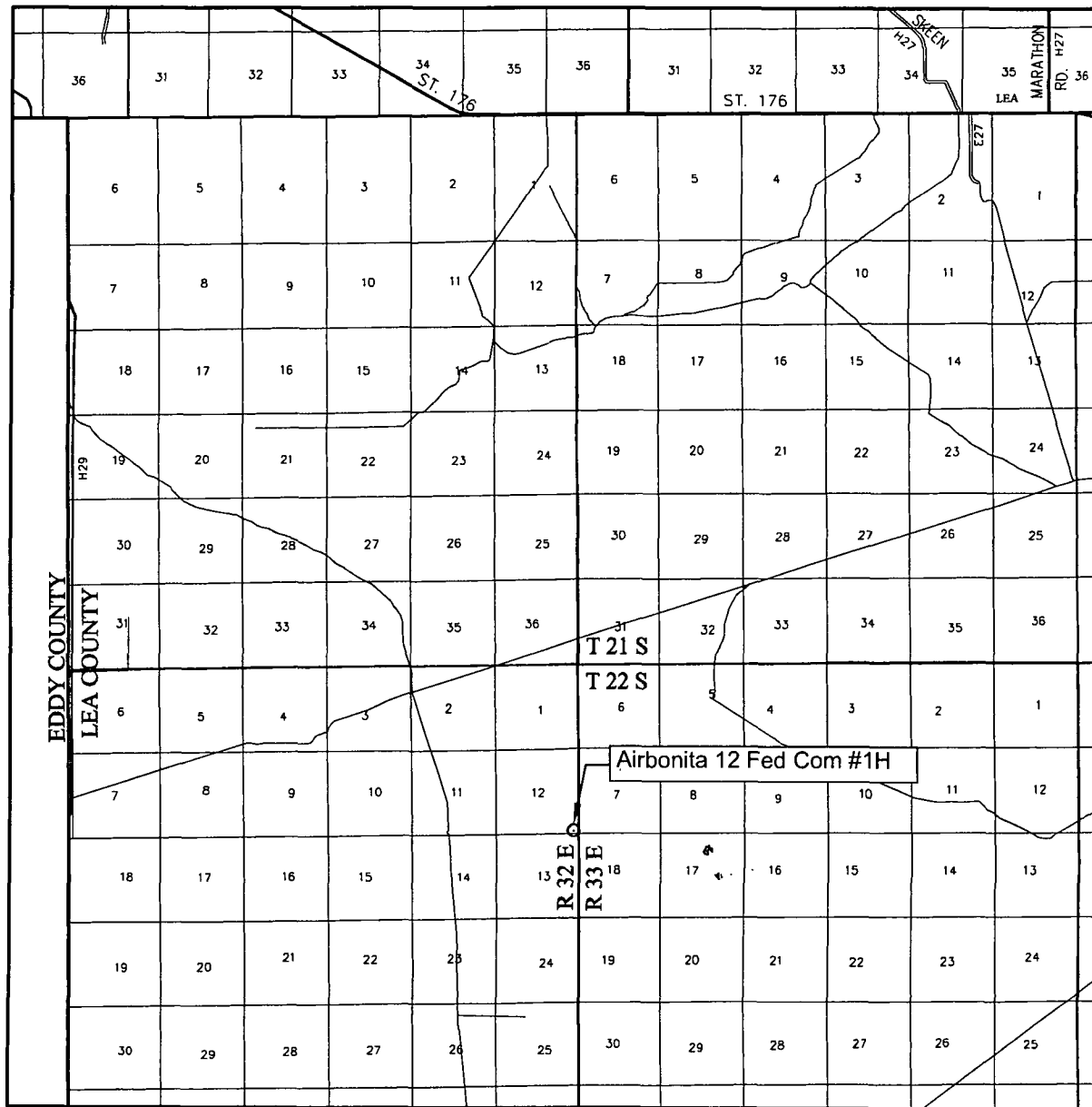
LEASE AIRBONITA 12 FEDERAL COM #1H

U.S.G.S. TOPOGRAPHIC MAP  
GRAMMA RIDGE, N.M.

CONTOUR INTERVAL:  
GRAMMA RIDGE, N.M. - 10'  
THE DIVIDE, N.M. - 10'



# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 12 TWP. 22-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 190' FSL & 330' FEL

ELEVATION 3624'

OPERATOR COG OPERATING, LLC

LEASE AIRBONITA 12 FEDERAL COM

