

Surface Use & Operating Plan

Sneed 9 Federal Com 11H

- Surface Owner: Olane Caswell, 1702 Gillham, Brownfield, TX 79316
- New Road: approx. 255.31'
- Flow Line: approx. 610'
- Facilities: Sneed 9 Federal Com 2H Battery

Well Site Information

V Door: West

Topsoil: West

Interim Reclamation: West/South

HOBBS OCD

JUN 06 2016

RECEIVED

Notes

-N/A

Onsite: 6/30/2015

Don Peterson (BLM), Isaac Coss (COG), Gary Box (R.R.C.)

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 Renewable Resource Consultants, LLC, Midland, TX.
- 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 (red) in Vicinity Map. The road highlighted in the Vicinity Map will be used to access the well.
- C. Directions to location: See Vicinity Map.
- 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. For all caliche roads indicated in RED on the Vicinity Map roads will be maintained a minimum of 2 times per year in dry conditions and 3 times per year in wet conditions.

2. Proposed Access Road:

The Elevation Plat shows that 255.31' 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 20'. 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.

Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. Secondary candidate source will be Caswell Ranch owned Caliche Pit located in NESE of Section 9 Township 17 South Range 32 East.

3. Location of Existing Well:

The 1-mile Map shows all existing wells within a one-mile radius of this well.

As shown on this plat there are numerous wells producing from the San Andres and Yeso formations.

4. Location of Existing and/or Proposed Facilities:

A. COG Operating LLC does operate a production facility on this lease indicated below in 4.B.

(1). With the exception of a wellhead and pumping unit there are no current plans for facilities, flares, tanks, vessels, and/or associated production equipment to be left on the well site after drilling and completions have finished.

B. If the well is productive, contemplated facilities will be as follows:

- 1) Production will be sent to the Sneed 9 Federal Com 2H Tank Battery located in Section 9 at approx. 990' FNL & 300' FWL in T17S R32E. The facility location is shown in Flowline Map.
- 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 secondary private source owned by Caswell Ranch owned Caliche Pit located in NESE of Section 9 Township 17 South Range 32 East.
- 4) Production will require two (2) flowlines, and will follow an archaeologically approved route to the Sneed 9 Federal Com 2H Tank Battery located in Section 9 at approx. 990' FNL & 300' FWL in T17S R32E. The flowlines will be SDR 7 3" poly line laid on the surface and will be approximately 610 feet in length. Normal working pressure of the flowline will be below 70 psi and carry a mixture of produced oil, water, and gas. Flowlines will follow existing well-traveled or proposed roads. See Flowline Map.
- 5) It will be necessary to run electric power if this well is productive. Power will be provided by Central Valley Electric (CVE). There will be no necessary electric line construction for this well. CVE operates an existing primary line parallel to the well pad, therefore no poles will be set off the well pad disturbance.
- 6) 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. 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 Vicinity Map. A fresh water source is nearby and fast line may be laid along existing road ROW's and fresh water pumped to the well. Water will originate from private wells location described on the attached "Water Well Description" attached to this APD (Loco Hills Water Disposal Co). 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 120' X 120' area is used within the proposed well site to remove caliche.**
 - C. Subsoil is removed and piled alongside the 120' by 120' area within the pad site.**
 - 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 established mineral pit. Candidate source will be caliche pit from Caswell Ranch owned Caliche Pit located in NESE of Section 9 Township 17 South Range 32 East.

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 box commercials and taken to R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- B. Drilling fluids will be contained in steel mud pits and taken to R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- 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. R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill-Lea Landfill LLC. Located at Mile Marker 64, Highway 62-180 East, P O Box 3247, Carlsbad, NM 88221. 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.
- G. Produced water from the well will be disposed of into COG Operating LLC's salt water disposal well system. Wells and respective locations are identified on the "SWD Well EXBT".

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 Renewable Resource Consultants, LLC, is shown in the Well Pad Layout plat. Dimensions of the pad are also shown in Well Pad Layout plat. V door direction is West. 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.

Surface Use Plan

COG Operating, LLC

Sneed 9 Federal Com 11H

SL: 470' FNL & 150' FWL

UL D

Section 9, T-17-S, R-32-E

BHL: 330' FNL & 988' FWL

UL D

Section 13, T-17-S, R-31-E

Eddy County, New Mexico

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. This area will be repaired or reclaimed within six (6) months after completion operations.
- 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 reseeded with a BLM approved mixture and re-vegetated as per BLM orders. Final Reclamation will be completed within six (6) months of abandonment.

11.Surface Ownership:

- A. The surface is owned by the Olane Caswell and a surface use agreement has been reached. 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 owner is Olane Caswell, 1702 Gillham, Brownfield, TX 79316.
- C. The proposed road routes and surface location will be restored as directed by the BLM

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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 Boone Arch Services of New Mexico, LLC. Carlsbad, NM, 88220. 506 E Chapman Rd. , phone # 575.887.7667 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 Nationwide Bond # 000215

14. Lessee's and Operator's Representative:

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

Jim Evans

Ray Peterson

Drilling Superintendent

Drilling Manager

COG Operating LLC

COG Operating LLC

One Concho Center

One Concho Center

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600 W. Illinois

Midland, TX 79701

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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 16th day of January, 2016.

Signed: _____



Printed Name: Carl Bird

Position: Drilling Engineer

Address: One Concho Center, 600 W. Illinois, Midland, Texas 79701

Telephone: (432) 683-7443

Field Representative (if not above signatory): Same

E-mail: cbird@concho.com