AT3-09-335

OCD Hobbs

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DEC 09 2009

HOBBSOCD

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
NMLC-029405A

6 If Indian, Allotee or Tribe Name
N/A

1a. Type of work: ☑ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No.
N/A

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other, ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. (30245)
BC Federal #53

2. Name of Operator
COG Operating LLC (229137)

9 API Well No.
30-025- 39612

3a. Address
550 W. Texas, Suite 1300 Midland TX 79701

3b Phone No. *(include area code)*
(432) 685-4385

10 Field and Pool, or Exploratory
Maljamar;Yeso, West 44500

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 738 ~~430'~~ FNL & 73 ~~90'~~ FEL, Unit A
At proposed prod. zone **330' FNL & 330' FEL, Unit A**

UNORTHODOX LOCATION

11. Sec., T. R. M. or Blk. and Survey or Area
Sec 20, T17S, R32E

per Sundry 11/11/09 MNL

14 Distance in miles and direction from nearest town or post office*
2.5 miles SW of Maljamar, NM

12 County or Parish
Lea

13 State
NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17 Spacing Unit dedicated to this well
90'	**640**	**40**

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20 BLM/BIA Bond No. on file
675'	TVD 7134 per Sundry 11/11/09 MNL MD 7117 (Operator) **7100'**	**NMB000215**

21 Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23 Estimated duration
4048' GL	**09/15/2009**	**10 days**

24. Attachments

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

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

25. Signature	Name *(Printed/Typed)*	Date
Title: **Regulatory Analyst**	**Robyn M. Odom**	**07/22/2009**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Don Peterson		DEC 04 2009
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

(Instructions on page 2)

Well becomes orthodox at approximately 5167' MD and 5153' TVD. 5100' 5067' KZ

Roswell Controlled Water Basin

per Sundry 11/11/09 MNL

Witness Surface Casing

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS RECEIVED
DEC 09 2009
HOBBSOCD

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

***SUBMIT IN TRIPLICATE*- Other instructions on reverse side.**

5 Lease Serial No
NMLC-029405A

6 If Indian, Allottee or Tribe Name
N/A

7 If Unit or CA/Agreement, Name and/or No
N/A

1 Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8 Well Name and No
B C FEDERAL #53

2 Name of Operator
COG Operating LLC

9 API Well No
30-025- 39612

3a Address
550 W. Texas Ave., Suite 1300 Midland, TX 79701

3b Phone No *(include area code)*
432-685-4385

10 Field and Pool, or Exploratory Area
MALJAMAR, YESO WEST 44500

4 Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
SHL: 430' FNL & 90' FEL, SEC. 20, T17S, R32E, Unit A
BHL: 330' FNL & 330' FEL, SEC. 20, T17S, R32E, Unit A

11 County or Parish, State
LEA, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other **MOVE LOCATION**
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The present location for this well is:
SHL: 430' FNL & 90' FEL, SEC. 20, T17S, R32E, Unit A
BHL: 330' FNL & 330' FEL, SEC. 20, T17S, R32E, Unit A

COG respectfully requests permission to move this location to:
SHL: 738' FNL & 73' FEL, SEC. 20, T17S, R32E, Unit A
BHL: 330' FNL & 330' FEL, SEC. 20, T17S, R32E, Unit A

This move is requested because the original location is too close to an Arch site.

An original C-102 is attached for your review.

Engr. reviewed OK - New Casing Sheet. WWI 11/19/09

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Robyn M. Odom Title **Regulatory Analyst**

Signature Robyn Odom Date **11/11/2009**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/s/ Don Peterson** Title **FIELD MANAGER** Date **DEC 04 2009**

Conditions of approval, if any, are attached. Approval of this notice 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. Office **CARLSBAD FIELD OFFICE**

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.

(Instructions on page 2)

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DEC 09 2009
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DISTRICT I
1625 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

OIL CONSERVATION DIVISION
1220 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
Fee Lease – 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025- 39612	44500	MALJAMAR; YESO, WEST

Property Code	Property Name	Well Number
302456	BC FEDERAL	53

OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	4042'

Surface Location

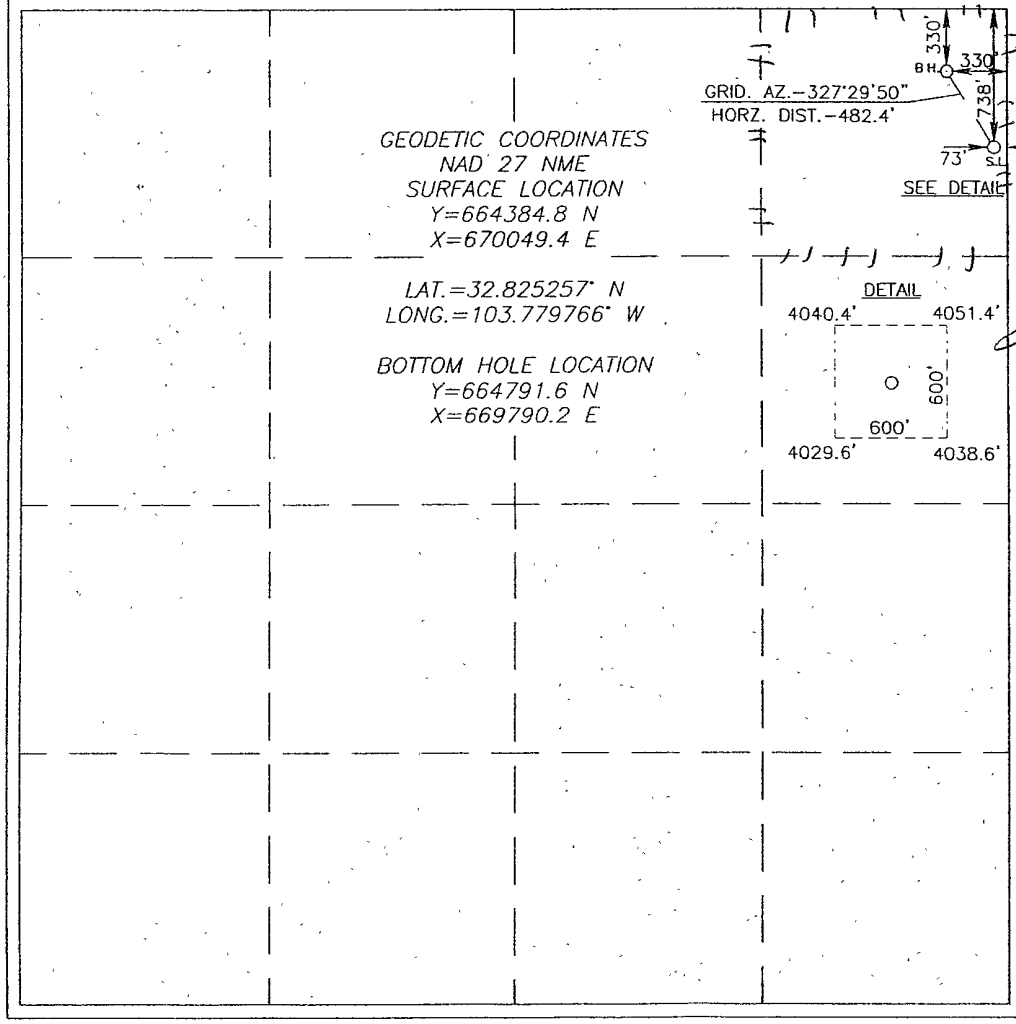
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	20	17-S	32-E		738	NORTH	73	EAST	LEA

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
A	20	17-S	32-E		330	NORTH	330	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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 11/11/2009 Date

Robyn Odom
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.

RONALD J. EIDSON
NOVEMBER 3, 2009
NEW MEXICO
3239
REGISTERED PROFESSIONAL SURVEYOR

Date Surveyed LA

Signature & Seal of Professional Surveyor

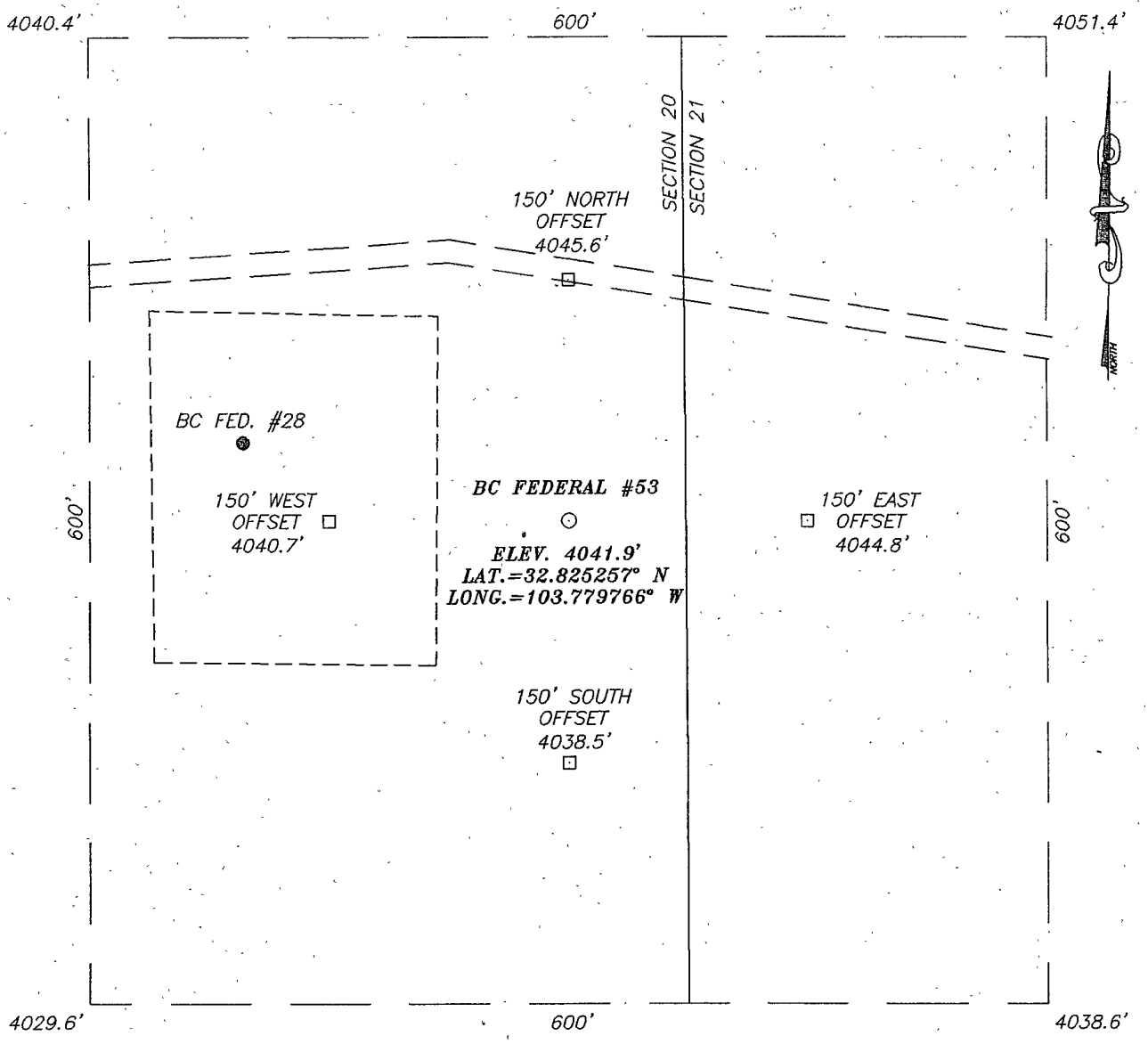
Ronald J. Eidson 11-09-09

09.11.0968

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

SECTION 20, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF MALJAMAR ROAD AND CONOCO ROAD, GO NORTH ON MALJAMAR ROAD APPORX. 0.7 MILES. TURN LEFT AND GO WEST APROX. 0.6 MILES. VEER LEFT AND GO SOUTHWEST APPROX. 0.3 MILES. THE LOCATION STAKE IS APPROX. 150 FEET SOUTH OF LEASE ROAD.

100 0 100 200 Feet

Scale:1"=100'

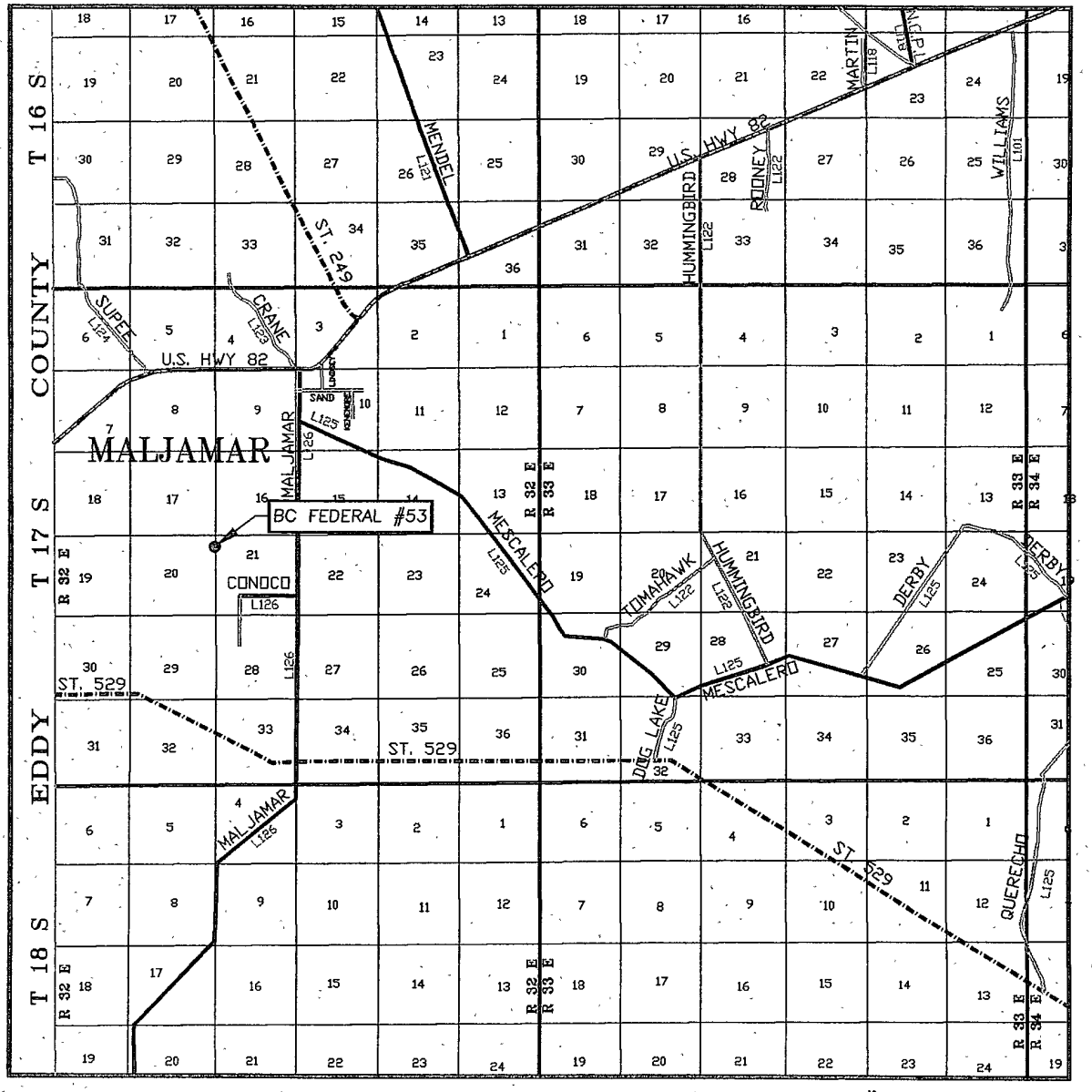
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

COG OPERATING, LLC

BC FEDERAL #53 WELL
LOCATED 738 FEET FROM THE NORTH LINE
AND 73 FEET FROM THE EAST LINE OF SECTION 20,
TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 11/3/09	Sheet 1 of 1 Sheets		
W.O. Number: 09.11.0968	Dr By: LA	Rev 1:N/A	
Date: 11/6/09		09110968	Scale:1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 20 TWP. 17-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 738' FNL & 73' FEL

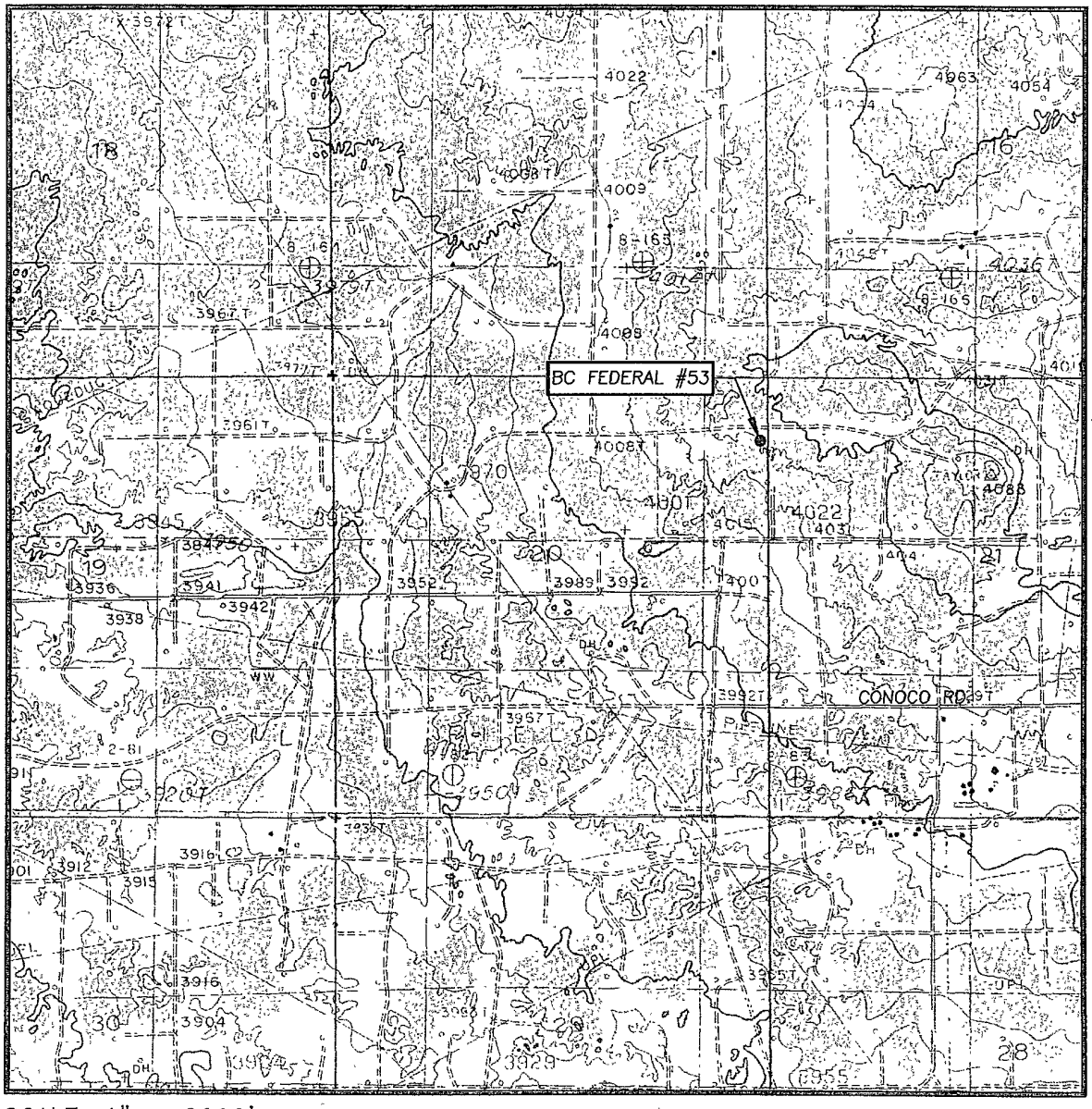
ELEVATION 4048'

OPERATOR COG OPERATING, LLC

LEASE BC FEDERAL

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MALJAMAR, N.M. – 10'

SEC. 20 TWP. 17-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 738' FNL & 73' FEL

ELEVATION 4042'

OPERATOR COG OPERATING, LLC

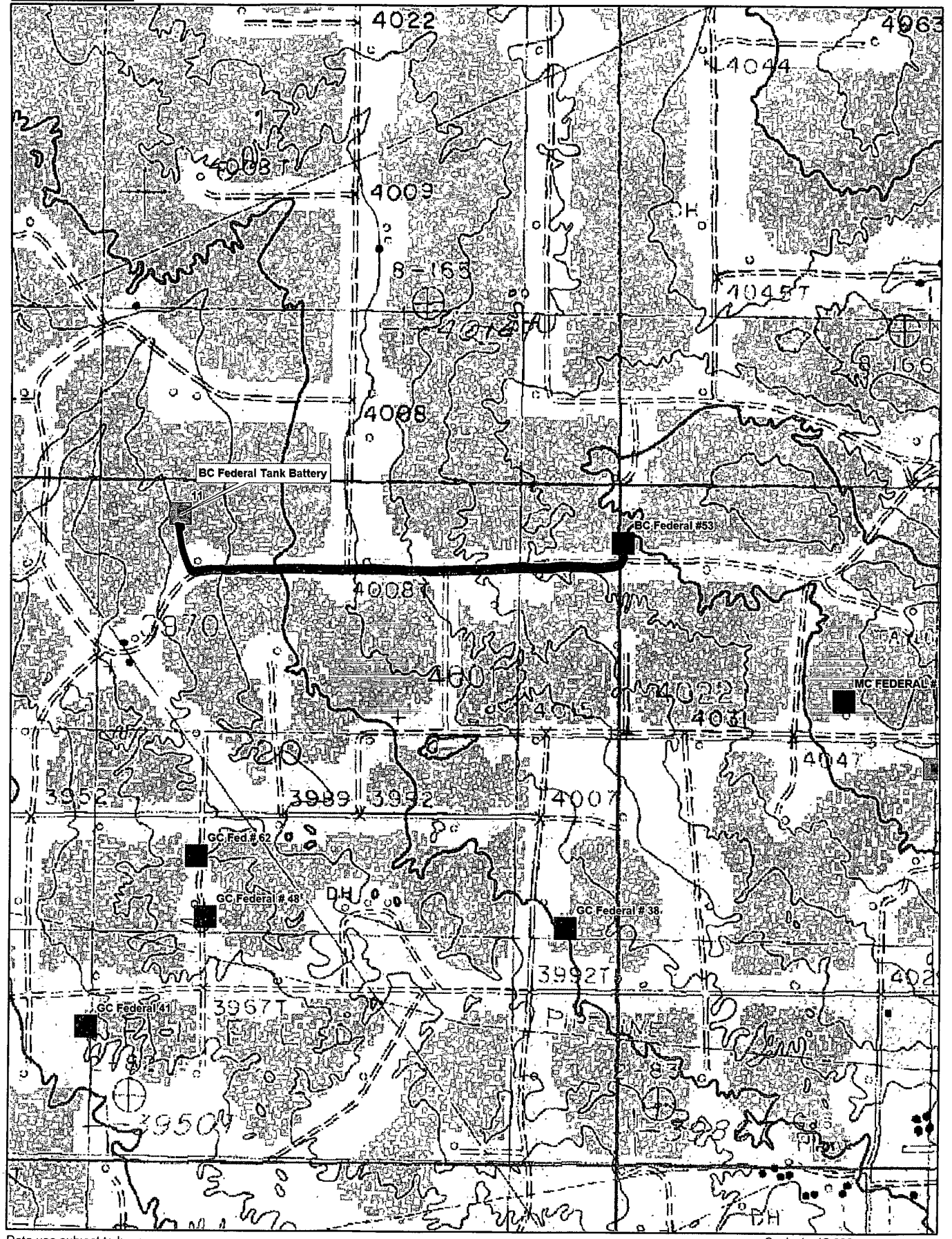
LEASE BC FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, N.M.

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

DeLORME

XMap® 5.2 Professional



TN

MN (8 0°E)

Scale 1 : 12,000

1" = 1,000.0 ft

Data Zoom 14-1

COG Operating LLC
Master Drilling Plan Revised 6-29-09
Maljamar ; Yeso
Use for Sections 3-35, T17S, R32E
Lea County, NM

MASTER DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Top of Salt	900'
Base of Salt	1700'
Yates	2000'
Seven Rivers	2375'
Queen	2975'
Grayburg	3475'
San Andres	3775'
Glorietta	5225'
Yeso Group	5325'

3. Estimated Depths of Anticipated Fresh Water, Oil and Gas

Water Sand	150'	Fresh Water
Grayburg	3475'	Oil/Gas
San Andres	3775'	Oil/Gas
Glorietta	5225'	Oil/Gas
Yeso Group	5325'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to ~~650'~~ and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 8 5/8" casing to ~~2100'~~ and circulating cement back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 1/2" production casing back to 200' into the intermediate casing, to be run at TD.

4. Casing Program

See COA

Hole Size	Interval	OD Casing	Weight	Grade	Jt., Condition	burst/collapse/tension
17 ½"	0-~~650~~'	13 3/8"	48#	H-40orJ-55	ST&C/New	6.03/2.578/10.32
11"or12 ¼"	0-~~2100~~'	8 5/8"	24or32#	J-55	ST&C/New	1.85/1.241/4.78
7 7/8"	0-T.D.	5 1/2"	15.5or17#	J-55orL-80	LT&C/New	1.59/1.463/2.05

5. Cement Program ← See COA

13 3/8" Surface Casing:	Class C, 500 sx lead, yield-1.98 + 200 sx tail, yield-1.32.
8 5/8" Intermediate Casing:	11" Hole: Class C, 500 sx lead, yield-2.45 + 200 sx tail, yield-1.32, back to surface. 12-1/4" Hole: Class C, 700 sx lead, yield-2.45 + 200 sx tail, yield-1.32, back to surface.
5 1/2" Production Casing:	Class C, 500 sx Lead, yield-2.05 + 400 sx Tail, yield-1.37, to 200' minimum tie back to intermediate casing.

6. Minimum Specifications for Pressure Control

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. The BOP will be nippled up on the 13 3/8" surface casing with BOP equipment and tested ~~together to 1000 psi by rig pump in one test~~. The BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a third party to 2000 psi and used continuously until total depth is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of the intermediate casing. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) will a 2000 psi WP rating.

See COA

7. Types and Characteristics of the Proposed Mud System

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-~~650'~~	Fresh Water	8.5	28	N.C.
~~650~~-2100'	Brine	10	30	N.C.
2100'-TD	Cut Brine	8.7-9.1	29	N.C.

See COA

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

8. 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.

9. 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 run from TD to 8 5/8" casing shoe. ← See COA

B. Drill Stem test is not anticipated.

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and the estimated maximum bottom hold pressure is 2300 psig. Low levels of hydrogen sulfide have been monitored in producing wells in the area, so H_2S may be present while drilling the well. A Hydrogen Sulfide Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

11. Anticipated Starting Date and Duration of Operations

Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the anticipated start date. Once commenced, drilling operations should be finished in approximately 15 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

COG OPERATING LLC
550 West Texas, Suite 1300
Midland, TX 79701

DIRECTIONAL PLAN VARIANCE REQUEST

B C FEDERAL #53
LEA, NM

SHL	430 FNL, 90 FEL	Sec 20, T17S, R32E, Unit A
BHL	330 FNL, 330 FEL	Sec 20, T17S, R32E, Unit A

COG Operating LLC, as Operator, desires that the APD reflect the footages as stated on the surveyor's plat. However, Operator also desires to avoid inadvertently drilling the well to a non-standard location. Therefore, due to the proximity of the plat bottom hole location to the pro-ration unit hard line(s), the attached directional plan is designed to avoid the hard lines by as much as fifty feet; said fifty feet being in either (or both) the north-south and/or east-west directions as applicable.

CONCHO

COG Operating LLC

Lea County, NM (NAD27 NME)
BC Federal #53
BC Federal #53

OH

Plan: Plan #2 - 7-7/8" Hole
SHL = 738' FNL & 73' FEL
BHL = 380' FNL & 340' FEL
Top of Paddock = 380' FNL & 340' FEL @ 5400' TVD

Standard Planning Report

11 November, 2009

Scientific Drilling

Database:	EDM 5000 1 Single User Db	**Local Co-ordinate Reference:**	Well BC Federal #53
Company:	COG Operating LLC	**TVD Reference:**	Ground Elev @ 4048.00ft (Rig ?)
Project:	Lea County, NM (NAD27 NME)	**MD Reference:**	Ground Elev @ 4048.00ft (Rig ?)
Site:	BC Federal #53	**North Reference:**	Grid
Well:	BC Federal #53	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" Hole		

Project Lea County, NM (NAD27 NME)

Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site BC Federal #53

Site Position:		**Northing:**	664,384 80 ft	**Latitude:**	32° 49' 30 924 N
From:	Map	**Easting:**	670,049 40 ft	**Longitude:**	103° 46' 47 157 W
Position Uncertainty:	0 00 ft	**Slot Radius:**	0 "	**Grid Convergence:**	0 30 °

Well BC Federal #53

Well Position	**+N/-S**	0 00 ft	**Northing:**	664,384.80 ft	**Latitude:**	32° 49' 30 924 N
	+E/-W	0 00 ft	**Easting:**	670,049 40 ft	**Longitude:**	103° 46' 47 157 W
Position Uncertainty		0 00 ft	**Wellhead Elevation:**		**Ground Level:**	4,048 00 ft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2009/11/11	7.91	60 76	49,141

Design Plan #2 - 7-7/8" Hole

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	322.97

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0 00	0 00	0 00	0 00	0 00	0 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	0 00	0 00	
2,664 09	9 28	322 97	2,662 06	29 94	-22.59	2 00	2 00	0 00	322 97	
4,970 16	9 28	322 97	4,937 94	326 86	-246 61	0 00	0 00	0 00	0.00	
5,434 25	0 00	0 00	5,400 00	356 80	-269.20	2 00	-2.00	0 00	180 00	
7,134 25	0 00	0 00	7,100 00	356.80	-269 20	0 00	0 00	0.00	0 00	PBHL-BC Fed.#53

Database:	EDM 5000 1 Single User Db	**Local Co-ordinate Reference:**	Well BC Federal #53
Company:	COG Operating LLC	**TVD Reference:**	Ground Elev @ 4048 00ft (Rig ?)
Project:	Lea County, NM (NAD27 NME)	**MD Reference:**	Ground Elev @ 4048 00ft (Rig ?)
Site:	BC Federal #53	**North Reference:**	Grid
Well:	BC Federal #53	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" Hole		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0 00	0.00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
North HL-BC Fed #53 - East HL-BC Fed #53									
100 00	0 00	0 00	100 00	0 00	0 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	0 00	0.00
300 00	0 00	0 00	300 00	0 00	0.00	0 00	0 00	0 00	0 00
400.00	0 00	0 00	400 00	0 00	0 00	0 00	0 00	0.00	0 00
500.00	0.00	0 00	500 00	0 00	0 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	0 00	0 00
700 00	0 00	0 00	700 00	0 00	0 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	0 00	0 00
900 00	0 00	0 00	900 00	0 00	0 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	0 00	0 00
1,100 00	0.00	0 00	1,100 00	0 00	0 00	0.00	0 00	0.00	0 00
1,200 00	0 00	0 00	1,200 00	0 00	0 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	0.00	0 00
1,400 00	0 00	0.00	1,400.00	0.00	0 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	0.00	0 00
1,600 00	0 00	0 00	1,600.00	0 00	0 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	0 00	0.00
1,800 00	0 00	0 00	1,800 00	0 00	0 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	0.00	0 00
2,000 00	0 00	0 00	2,000 00	0 00	0 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	0.00	0 00
8 5/8" Casing									
2,200 00	0 00	0 00	2,200.00	0 00	0.00	0 00	0 00	0.00	0.00
KOP Start Build 2.00°/100'									
2,300 00	2 00	322.97	2,299 98	1.39	-1 05	1.75	2 00	2.00	0 00
2,400 00	4 00	322 97	2,399 84	5 57	-4 20	6 98	2 00	2 00	0 00
2,500 00	6.00	322.97	2,499.45	12 53	-9 45	15.69	2 00	2.00	0 00
2,600 00	8 00	322 97	2,598 70	22 26	-16 79	27 88	2 00	2 00	0 00
2,664 09	9 28	322 97	2,662 06	29.94	-22.59	37 51	2 00	2 00	0 00
EOC hold 9.28°/100'									
2,700.00	9 28	322 97	2,697 50	34.57	-26 08	43 30	0.00	0 00	0 00
2,800 00	9 28	322 97	2,796 19	47 44	-35 79	59.43	0 00	0.00	0 00
2,900 00	9 28	322 97	2,894 88	60 32	-45 51	75 56	0 00	0 00	0 00
3,000 00	9 28	322 97	2,993.57	73 19	-55 22	91 69	0 00	0 00	0 00
3,100.00	9 28	322 97	3,092 27	86.07	-64.94	107 82	0.00	0.00	0 00
3,200 00	9 28	322 97	3,190 96	98 94	-74.65	123 95	0 00	0 00	0 00
3,300 00	9 28	322 97	3,289 65	111.82	-84 37	140 07	0 00	0 00	0 00
3,400 00	9 28	322 97	3,388 34	124 69	-94.08	156 20	0 00	0 00	0 00
3,500 00	9 28	322.97	3,487 03	137.57	-103 79	172 33	0 00	0 00	0 00
3,600 00	9 28	322 97	3,585 72	150 44	-113 51	188 46	0 00	0 00	0 00
3,700 00	9 28	322 97	3,684 41	163.32	-123 22	204 59	0 00	0 00	0 00
3,800 00	9 28	322 97	3,783 10	176 20	-132 94	220 72	0.00	0 00	0 00
3,900.00	9 28	322 97	3,881.79	189 07	-142 65	236 85	0 00	0 00	0 00
4,000 00	9 28	322 97	3,980 48	201 95	-152 37	252.98	0.00	0 00	0.00
4,100 00	9 28	322 97	4,079.17	214.82	-162 08	269 11	0 00	0.00	0.00
4,200 00	9 28	322 97	4,177 86	227 70	-171 79	285 23	0.00	0 00	0 00
4,300 00	9 28	322 97	4,276 55	240 57	-181 51	301 36	0 00	0 00	0 00
4,400 00	9 28	322.97	4,375 24	253.45	-191.22	317 49	0 00	0 00	0 00
4,500 00	9 28	322 97	4,473 94	266 32	-200 94	333 62	0 00	0 00	0 00
4,600.00	9.28	322 97	4,572 63	279 20	-210 65	349 75	0.00	0 00	0 00
4,700 00	9 28	322 97	4,671 32	292.07	-220 37	365 88	0 00	0.00	0 00
4,800.00	9.28	322 97	4,770.01	304 95	-230.08	382 01	0.00	0 00	0 00

Database:	EDM 5000 1 Single User Db	**Local Co-ordinate Reference:**	Well BC Federal #53
Company:	COG Operating LLC	**TVD Reference:**	Ground Elev @ 4048.00ft (Rig ?)
Project:	Lea County, NM (NAD27 NME)	**MD Reference:**	Ground Elev @ 4048.00ft (Rig ?)
Site:	BC Federal #53	**North Reference:**	Grid
Well:	BC Federal #53	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" Hole		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
4,900.00	9.28	322.97	4,868.70	317.82	-239.79	398.14	0.00	0.00	0.00
4,970.16	9.28	322.97	4,937.94	326.86	-246.61	409.45	0.00	0.00	0.00
Start Drop 2.00°/100'									
5,000.00	8.68	322.97	4,967.41	330.58	-249.42	414.11	2.00	-2.00	0.00
5,100.00	6.68	322.97	5,066.51	341.25	-257.47	427.48	2.00	-2.00	0.00
5,200.00	4.68	322.97	5,166.01	349.16	-263.44	437.39	2.00	-2.00	0.00
5,300.00	2.68	322.97	5,265.80	354.29	-267.31	443.82	2.00	-2.00	0.00
5,400.00	0.68	322.97	5,365.75	356.64	-269.08	446.76	2.00	-2.00	0.00
5,434.25	0.00	0.00	5,400.00	356.80	-269.20	446.96	2.00	-2.00	0.00
EOC hold 0.00° - TG1-BC Fed #53									
5,500.00	0.00	0.00	5,465.75	356.80	-269.20	446.96	0.00	0.00	0.00
5,600.00	0.00	0.00	5,565.75	356.80	-269.20	446.96	0.00	0.00	0.00
5,700.00	0.00	0.00	5,665.75	356.80	-269.20	446.96	0.00	0.00	0.00
5,800.00	0.00	0.00	5,765.75	356.80	-269.20	446.96	0.00	0.00	0.00
5,900.00	0.00	0.00	5,865.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,000.00	0.00	0.00	5,965.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,100.00	0.00	0.00	6,065.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,200.00	0.00	0.00	6,165.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,300.00	0.00	0.00	6,265.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,400.00	0.00	0.00	6,365.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,500.00	0.00	0.00	6,465.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,600.00	0.00	0.00	6,565.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,700.00	0.00	0.00	6,665.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,800.00	0.00	0.00	6,765.75	356.80	-269.20	446.96	0.00	0.00	0.00
6,900.00	0.00	0.00	6,865.75	356.80	-269.20	446.96	0.00	0.00	0.00
7,000.00	0.00	0.00	6,965.75	356.80	-269.20	446.96	0.00	0.00	0.00
7,100.00	0.00	0.00	7,065.75	356.80	-269.20	446.96	0.00	0.00	0.00
7,134.25	0.00	0.00	7,100.00	356.80	-269.20	446.96	0.00	0.00	0.00
PBHL-BC Fed #53									

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
North HL-BC Fed #53	0.00	0.00	0.00	406.80	-259.20	664,791.60	669,790.20	32° 49' 34.963 N	103° 46' 50.169 W
- plan misses target center by 482.36ft at 0.00ft MD (0.00 TVD, 0.00 N, 0.00 E)									
- Rectangle (sides W200.00 H0.00 D0.00)									
East HL-BC Fed #53	0.00	0.00	0.00	406.80	-259.20	664,791.60	669,790.20	32° 49' 34.963 N	103° 46' 50.169 W
- plan misses target center by 482.36ft at 0.00ft MD (0.00 TVD, 0.00 N, 0.00 E)									
- Rectangle (sides W0.00 H200.00 D0.00)									
TG1-BC Fed #53	0.00	0.00	5,400.00	356.80	-269.20	664,741.60	669,780.20	32° 49' 34.469 N	103° 46' 50.290 W
- plan hits target center									
- Circle (radius 50.00)									
PBHL-BC Fed #53	0.00	0.00	7,100.00	356.80	-269.20	664,741.60	669,780.20	32° 49' 34.469 N	103° 46' 50.290 W
- plan hits target center									
- Circle (radius 50.00)									

Database:	EDM 5000 1 Single User Db	**Local Co-ordinate Reference:**	Well BC Federal #53
Company:	COG Operating LLC	**TVD Reference:**	Ground Elev @ 4048 00ft (Rig ?)
Project:	Lea County, NM (NAD27 NME)	**MD Reference:**	Ground Elev @ 4048 00ft (Rig ?)
Site:	BC Federal #53	**North Reference:**	Grid
Well:	BC Federal #53	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Plan #2 - 7-7/8" Hole		

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (")	Hole Diameter (")
2,100 00	2,100 00	8 5/8" Casing	8-5/8	12-1/4

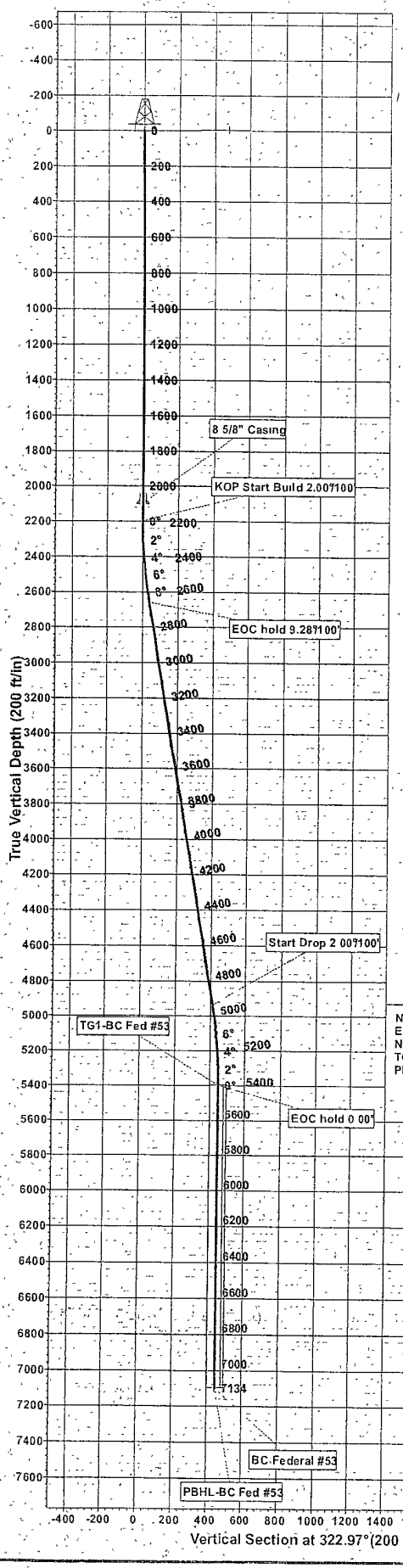
Plan Annotations

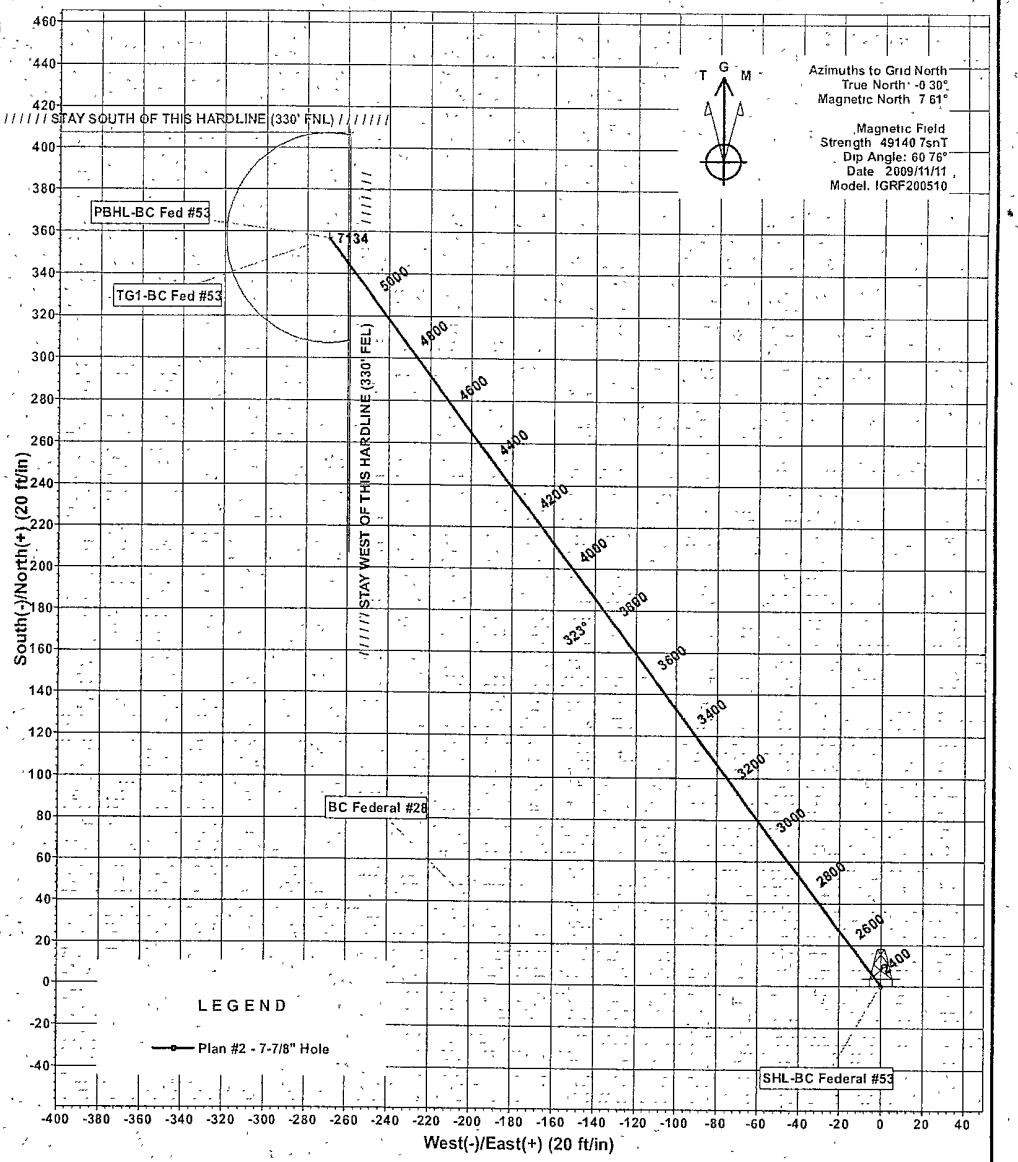
Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
2,200.00	2,200 00	0 00	0.00	KOP Start Build 2 00°/100'
2,664 09	2,662 06	29 94	-22 59	EOC hold 9.28°/100'
4,970 16	4,937 94	326 86	-246 61	Start Drop 2.00°/100'
5,434 25	5,400 00	356.80	-269 20	EOC hold 0 00°

CONCHO

Scientific Drilling for COG Operating LLC
Site: Lea County, NM (NAD27 NME)
Well: BC Federal #53
Wellbore: OH
Design: Plan #2 - 7-7/8" Hole

Scientific Drilling





WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
East HL-BC Fed #53	0.00	406.80	-259.20	664791.60	669790.20	32° 49' 34.963 N	103° 46' 50.169 W	Rectangle (Sides : L200.00 W0.00)
North HL-BC Fed #53	0.00	406.80	-259.20	664791.60	669790.20	32° 49' 34.963 N	103° 46' 50.169 W	Rectangle (Side s: L0.00 W200.00)
TG1-BC Fed #53	5400.00	356.80	-269.20	664741.60	669780.20	32° 49' 34.469 N	103° 46' 50.290 W	Circle (Radius: 5.00)
PBHL-BC Fed #53	7100.00	356.80	-269.20	664741.60	669780.20	32° 49' 34.469 N	103° 46' 50.290 W	Circle (Radius 50.00)

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	2200.00	0.00	0.00	2200.00	0.00	0.00	0.00	0.00	0.00	
3	2664.09	9.28	322.97	2662.06	29.94	-22.59	2.00	322.97	37.51	
4	4970.16	9.28	322.97	4937.94	326.86	-246.61	0.00	0.00	409.45	
5	5434.25	0.00	0.00	5400.00	356.80	-269.20	2.00	180.00	446.96	
6	7134.25	0.00	0.00	7100.00	356.80	-269.20	0.00	0.00	446.96	PBHL-BC Fed #53

WELL DETAILS: BC Federal #53

Ground Level: 4048.00

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	664384.80	670049.40	32° 49' 30.924 N	103° 46' 47.157 W	

PROJECT DETAILS: Lea County, NM (NAD27 NME)

Plan: Plan #2 - 7-7/8" Hole (BC Federal #53/OH)

Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level

Created By: Julio Pina Date: 11-Nov-09
Checked: _____ Date: _____
Reviewed: _____ Date: _____
Approved: _____ Date: _____

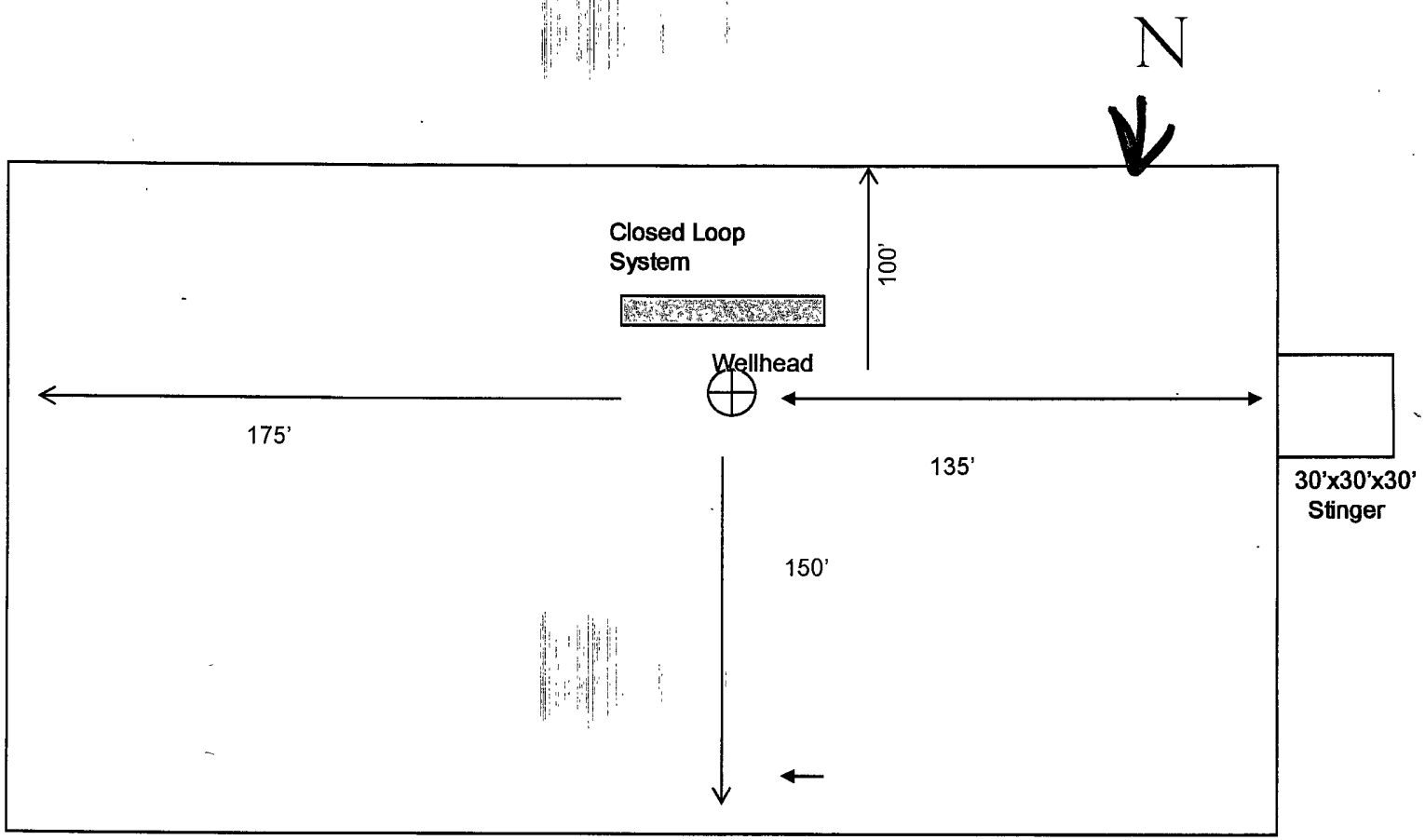


Exhibit 6

COG OPERATING LLC

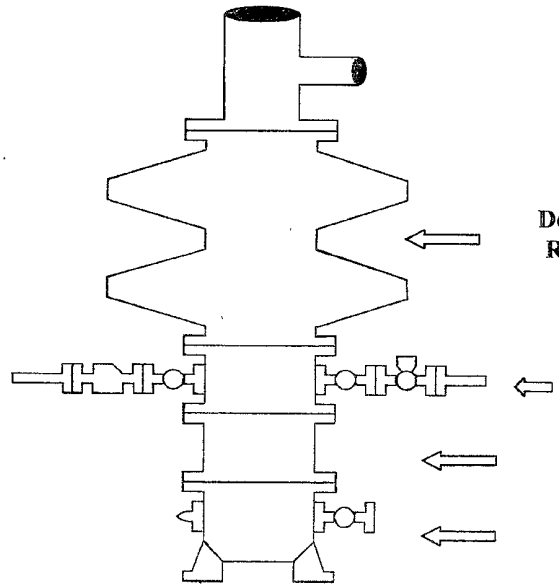
Rig Layout: Closed Loop System

Not To Scale

COG Operating LLC

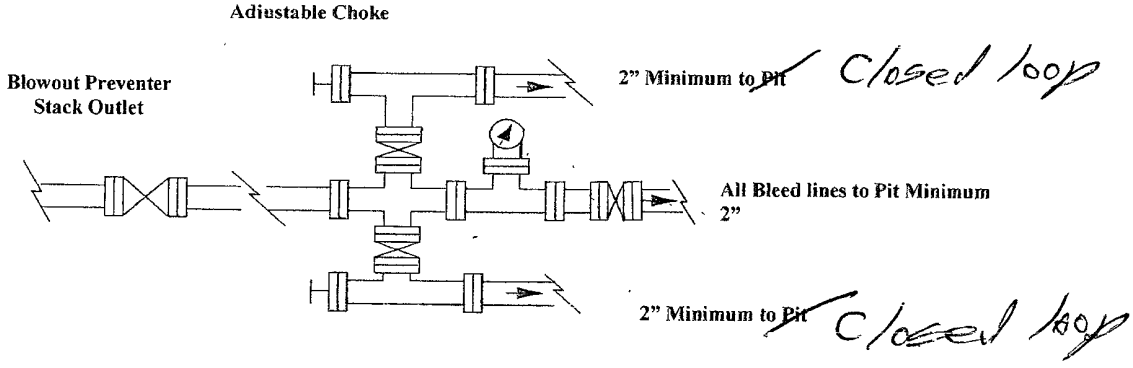
Exhibit #9

BOPE and Choke Schematic



Minimum 4" Nominal choke and kill lines

Choke Manifold Requirement (2000 psi WP)
No Annular Required

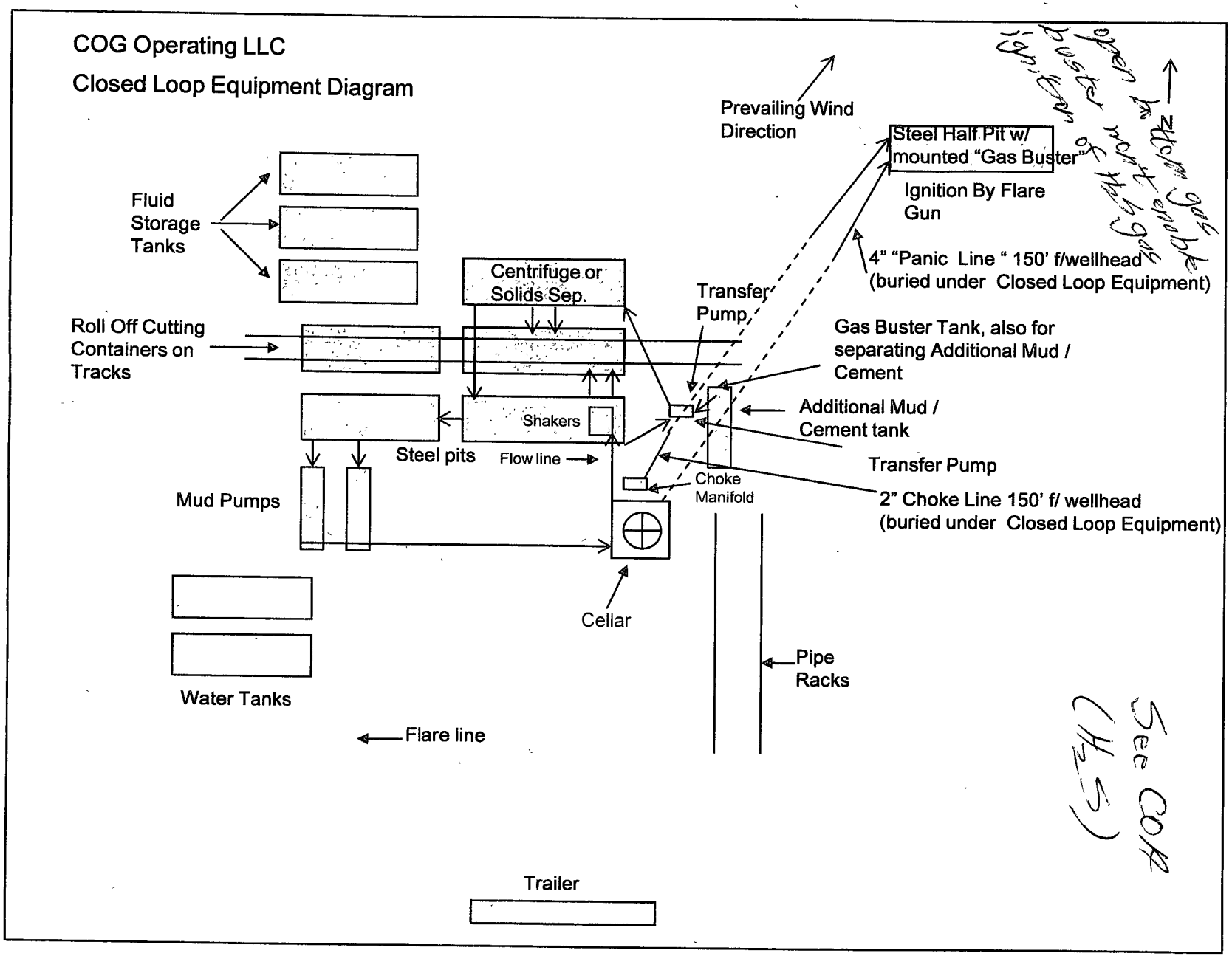


NOTES REGARDING THE BLOWOUT PREVENTERS

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.
6. All choke and fill lines to be securely anchored especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on Kelly.
9. Extension wrenches and hands wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

COG Operating LLC

Closed Loop Equipment Diagram



COG Operating LLC

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards an characteristics of hydrogen sulfide (H2S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors alarms warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubular are to be used, personnel well be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H2S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. **Well Control Equipment:**

   A. Flare line.

   B. Choke manifold.

   C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

   D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. **Protective equipment for essential personnel:**

   A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. **H2S detection and monitoring equipment:**

   A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. **Visual warning systems:**

   A. Wind direction indicators as shown on well site diagram (Exhibit #8).

   B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. **Mud program:**

   A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. **Metallurgy:**

   A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

   B. All elastomers used for packing and seals shall be H2S trim.

7. **Communication:**

   A. Radio communications in company vehicles including cellular telephone and 2-way radio.

   B. Land line (telephone) communication at Office.

8. **Well testing:**

   A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.

   B. There will be no drill stem testing.

EXHIBIT #7

WARNING

YOU ARE ENTERING AN H2S

AUTHORIZED PERSONNEL ONLY

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH COG OPERATING FOREMAN AT

COG OPERATING LLC
1-432-683-7443
1-575-746-2010

EDDY COUNTY EMERGENCY NUMBERS
ARTESIA FIRE DEPT. 575-746-5050
ARTESIA POLICE DEPT. 575-746-5000
EDDY CO. SHERIFF DEPT. 575-746-9888

LEA COUNTY EMERGENCY NUMBERS
HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196

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 make 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 17th day of July, 2009.

Signed: Carl Bird

Printed Name: Carl Bird
Position: Drilling Engineer
Address: 550 W. Texas, Suite 1300, Midland, Texas 79701
Telephone: (432) 683-7443
Field Representative (if not above signatory): Same
E-mail: cbird@conchoresources.com

Exhibits:

Exhibit #1	**Wellsite and Elevation Plat** **Form C-102 Well location and acreage dedication plat**
Exhibit #2	**Topographic Map (West)**
Exhibit #3	**Vicinity Map and area roads**
Exhibit #4	**Elevation Plat (West)**
Exhibit #5	**Topographic extract showing wells, roads and flowlines**
Exhibit #6	**Pad Layout and orientation**
Exhibit #7	**H2S Signage**
Exhibit #8	**H2S Equipment location**
Exhibit #9	**BOP and Choke diagrams**
Exhibit #10	**Form C-144 NMOCD pit permit application**

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating, LLC
LEASE NO.:	LC-029405A
WELL NAME & NO.:	BC Federal 53
SURFACE HOLE FOOTAGE:	738' FNL & 73' FEL
BOTTOM HOLE FOOTAGE	330' FNL & 330' FEL
LOCATION:	Section 20, T. 17 S., R 32 E., NMPM
COUNTY:	Lea 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.

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)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching:
Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Hobbs Field Station at (575) 393-3612 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 shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The operator has applied for a closed-loop system. The operator shall properly dispose of drilling contents at an authorized disposal site.

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.

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

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Grayburg** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment (well control, etc.) and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values 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. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

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.

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 for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

Possible lost circulation in the Grayburg and San Andres formations.
Possible water and brine flows in the Salado and Artesia Group.

1. The **13-3/8** inch surface casing shall be set **at approximately 870 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **Fresh water mud to be used to setting depth.**

    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 is to include the lead cement slurry.

    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.

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

    ☒ Cement to surface. If cement does not circulate see B.1.a-c above. **Casing to be set in the Tansill formation at approximately 2000 feet. It is recommended that the operator have a mud logger on location from 1900' until the Tansill formation is reached. The Tansill has been indicated as shallow as 1855'.**

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.

CIT pressure to be reported on subsequent sundry. Per Onshore Order 2.III.B.1.h, the pressure is not to exceed 70% of the minimum internal yield.

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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. 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. **Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.**

D. DRILL STEM TEST

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

WWI 090709

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

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object)

discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

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.

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.

Seed Mixture for LPC Sand/Shinnery 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:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A
**Four-winged Saltbush	5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*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.