

Surface Use Plan
COG Operating, LLC
Scooter Federal Com #2H
SHL: 190' FNL & 1650' FWL UL C
Section 23, T18S, R33E
BHL: 330' FSL & 1650' FWL UL N
Section 23, T18S, R33E
Lea County, New Mexico

Supplemental

Surface Use & Operating Plan

Scooter Federal Com #2H

HOBBS OCD

SEP 15 2015

SEP 16 2015

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. Based on a current road maintenance performed on other roads serving existing wells, we anticipate maintaining the lease roads leading to the proposed well pad at least once a year on dry conditions and at a minimum twice a year in wetter conditions.

2. Proposed Access Road:

The Exhibit 2/Location Verification Map show that 312' of new access road will be required for this location.

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.

- A. The average grade will be less than 1%.
- B. No turnouts are planned.
- C. No culvert, cattleguard, gates, low water crossings or fence cuts are necessary.

3. (Referred to 4.b) Location of Existing and/or Proposed Facilities:

- A. COG Operating LLC operates an oil production facility on this Lease.
- B. If the well is productive, contemplated facilities will be as follows:
 - 1) Production will be sent to the existing Scooter Federal Com #1H facility.
 - 2) **(Referred to 4.d)** A surface flow line of approximately 1678' of 2 7/8" steel pipe carrying oil, gas and water under a maximum pressure of 125 psi will follow the access road to the Scooter Federal Com #1H. The flow line is to be layed a safe distance, estimated at 5-10' from the road.
 - 3) 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.

4) 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.

4. 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 a private source (Jimmy Richardson Phone #575-706-4063) or if necessary a commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #2. 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.

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

Obtaining caliche: One 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 site.

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 Richardson Land and Cattle.

6. 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 R360's disposal site.
- B. Drilling fluids will be contained in steel mud pits.
- C. 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.
- D. 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).
- E. 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.

7. (Referred to Section 10) Plans for Restoration of the Surface:

- A. Interim Reclamation will resemble the condition as it was prior to the construction of the location. In areas where needed it will resemble the adjacent landscape including vegetation and slope.
- 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. "When required by BLM, the well pad site will be restored to match pre-construction grades".

8. (Sedimentation and Erosion Control)

- Once the location is constructed, straw waffles may need to be placed on the bottom edge of the location to reduce sediment impacts to fragile/sensitive soils.

Surface Use Plan of Operations

Introduction

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what was submitted in this surface use plan. If any other surface disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be acquired prior to any new surface disturbance.

Before any surface disturbance is created, stakes or flagging will be installed to mark boundaries of permitted areas of disturbance, including soils storage areas. As necessary, slope, grade, and other construction control stakes will be placed to ensure construction in accordance with the surface use plan. All boundary markers will be maintained in place until final construction cleanup is completed. If disturbance boundary markers are disturbed or knocked down, they will be replaced before construction proceeds.

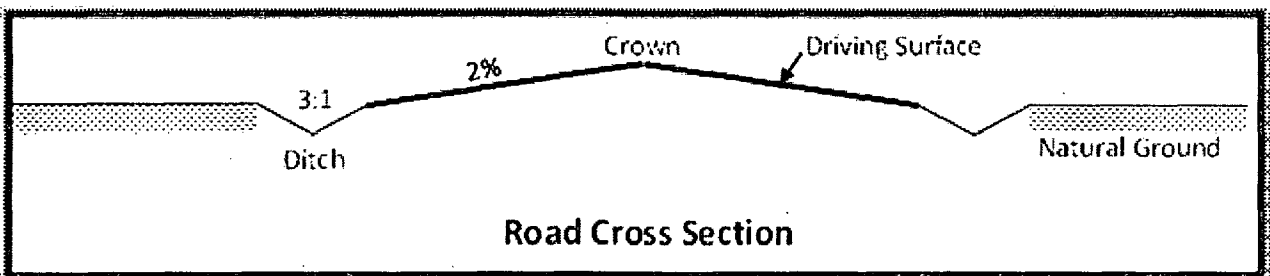
If terms and conditions are attached to the approved APD and amend any of the proposed actions in this surface use plan, we will adhere to the terms and conditions.

1. Existing Roads

- a. No existing oil and gas road will be utilized because 312' of new access road will be required for this location.

2. New or Reconstructed Access Roads

- a. An access road will be needed for this proposed project. See the survey plat for the location of the access road.
- b. The length of access road needed to be constructed for this proposed project is about 312 feet.
- c. The maximum driving width of the access road will be 14 feet. The maximum width of surface disturbance when constructing the access road will not exceed 25 feet. All areas outside of the driving surface will be revegetated.
- d. The access road will be constructed with 6 inches of compacted Caliche.
- e. When the road travels on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. See Road Cross Section diagram below.



- f. The access road will be constructed with a ditch on each side of the road.
- g. The maximum grade for the access road will be 1 percent.
- h. No turnouts will be constructed on the proposed access road.

- i. No cattleguards will be installed for this proposed access road.
- j. Since the proposed access road crosses lease boundaries, a right-of-way will be required for this access road. A right-of-way grant will be applied for through the BLM. The access road will not be constructed until an approved BLM right-of-way grant is acquired.
- k. No culverts will be constructed for this proposed access road.
- l. No low water crossings will be constructed for the access road.
- m. Lead-off ditches will be constructed on the access road to divert water and prevent excessive erosion. Each lead-off ditch will be 6 inches deep and have a 6 inch berm above natural ground on the down hill slope. Each lead-off ditch will be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. Lead-off ditches will not extend more than 10 feet off the road edge.
- n. Newly constructed or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management, will be constructed as outlined in the BLM "Gold Book" and to meet the standards of the anticipated traffic flow and all anticipated weather requirements as needed. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road.

3. Location of Existing Wells

- a. Exhibit 4 of the APD depicts all known wells within a one mile radius of the proposed well.
- b. 1 mile well data.

4. Location of Existing and/or Proposed Production Facilities

- a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, barrels, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color, Shale Green, from the BLM Standard Environmental Colors chart, unless another color is required in the APD Conditions of Approval.
- b. If any type of production facilities are located on the well pad, they will be strategically placed to allow for maximum interim reclamation, recontouring, and revegetation of the well location.
- c. Production from the proposed well will be transported to the production facility located on the Scooter Federal Com #1H. The location of the well is as follows: 190' FNL & 460' FWL of Section 23. T18S. R33E.
- d. A pipeline to transport production will be installed from the proposed well to the existing production facility.
 - i. We plan to install a 4 inch surface Poly pipeline from the proposed well to the production facility. The proposed length of the pipeline will be 1678 feet. The working pressure of the pipeline will be 125 psi or less. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline will be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline will be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.
 - ii. Exhibit 2A and Exhibit 2B depicts the proposed production pipeline route from the well to the production facility.
 - iii. Since the proposed pipeline crosses lease boundaries, a right of way grant will be acquired prior to installation of the proposed pipeline.

If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation or construction.

Additional Pipeline(s)

We propose to install 1 additional pipeline(s):

1. Surface Gas Lift Gas pipeline:

- a. We plan to install a 4 inch surface Poly pipeline from Scooter Federal Com #2H to Scooter Federal Com #1H. The proposed length of the pipeline will be 1678 feet. The working pressure of the pipeline will be 125 psi or less. The pipeline will transport Gas Lift Gas. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline will be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline will be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.
- b. Exhibit 2A and Exhibit 2B depicts the proposed Gas Lift Gas pipeline route.
- c. Since the proposed pipeline crosses lease boundaries, a right of way grant will be acquired prior to installation of the proposed pipeline.

Electric Line(s)

- a. No electric line will be applied for with this APD.

5. Location and Types of Water

- a. The location of the water well is as follows: Contractors water well.
- b. The operator will use established or constructed oil and gas roads to transport water to the well site. The operator will try to utilize the identified access route in the surface use plan.

6. Construction Material

- a. Caliche from an approved Federal or State pit.

7. Methods for Handling Waste

- a. Drilling fluids and produced oil and water from the well during drilling and completion operations will be stored safely and disposed of properly in an NMOCD approved disposal facility.
- b. Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around the well site will be collected for disposal.
- c. Human waste and grey water will be properly contained and disposed of properly at a state approved disposal facility.
- d. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a state approved disposal facility.
- e. The well will be drilled utilizing a closed loop system. Drill cutting will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

8. Ancillary Facilities

- a. No ancillary facilities will be needed for this proposed project.

9. Well Site Layout

- a. The following information is presented in the well site survey plat or diagram:
- i. reasonable scale (near 1":50')
 - ii. well pad dimensions
 - iii. well pad orientation
 - iv. drilling rig components
 - v. proposed access road
 - vi. elevations of all points
 - vii. topsoil stockpile
 - viii. reserve pit location/dimensions if applicable
 - ix. other disturbances needed (flare pit, stinger, frac farm pad, etc.)
 - x. existing structures within the 600' x 600' archaeological surveyed area (pipelines, electric lines, well pads, etc)
- b. The proposed drilling pad was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.
- c. The submitted survey plat does depict all the necessary information required by Onshore Order No. 1.
- d. Topsoil Salvaging
- i. Grass, forbs, and small woody vegetation, such as mesquite will be excavated as the topsoil is removed. Large woody vegetation will be stripped and stored separately and respread evenly on the site following topsoil resspreading. Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location and along the perimeter of the access road to control run-on and run-off, to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

10. Plans for Surface Reclamation

Reclamation Objectives

- i. The objective of interim reclamation is to restore vegetative cover and a portion of the landform sufficient to maintain healthy, biologically active topsoil; control erosion; and minimize habitat and forage loss, visual impact, and weed infestation, during the life of the well or facilities.
- ii. The long-term objective of final reclamation is to return the land to a condition similar to what existed prior to disturbance. This includes restoration of the landform and natural vegetative community, hydrologic systems, visual resources, and wildlife habitats. To ensure that the long-term objective will be reached through human and natural processes, actions will be taken to ensure standards are met for site stability, visual quality, hydrological functioning, and vegetative productivity.
- iii. The BLM will be notified at least 3 days prior to commencement of any reclamation procedures.
- iv. If circumstances allow, interim reclamation and/or final reclamation actions will be completed no later than 6 months from when the final well on the location has been completed or plugged. We will gain written permission from the BLM if more time is needed.

v. Interim reclamation will be performed on the well site after the well is drilled and completed. Exhibit 3 depicts the location and dimensions of the planned interim reclamation for the well site.

Interim Reclamation Procedures (If performed)

1. Within 30 days of well completion, the well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production.
2. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
3. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.
4. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
5. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.
6. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion is controlled.

Final Reclamation (well pad, buried pipelines, etc.)

1. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.
2. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
3. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.
4. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
5. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.
6. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.

7. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion is controlled.

11. Surface Ownership

- a. The surface ownership of the proposed project is State of New Mexico.

12. Other Information

- a. 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 NM, LLC., 2030 North Canal, Carlsbad, New Mexico, 88220, phone # 575-885-1352 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. Maps and Diagrams

- Exhibit 4 - Wells Within One Mile
Exhibit 2A and Exhibit 2B - Production Pipeline
Exhibit 2A and Exhibit 2B - Gas Lift Gas Pipeline
Exhibit 3 - Interim Reclamation

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OPERATOR CERTIFICATION

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 11th day of April, 2015.

Signed: Melanie J. Wilson

Printed Name: Melanie J. Wilson

Address: 2208 W. Main Street, Artesia, NM 88210

Telephone: (575) 748-6940

Field Representative (if not above signatory): Rand French

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