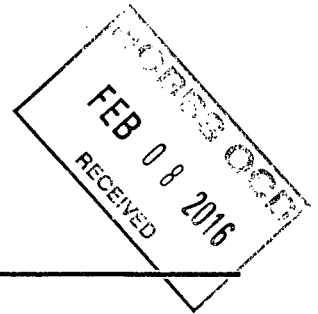


Surface Use Plan
COG Operating LLC
Smalls Federal #3H
SHL: 190' FSL & 1980' FWL UL N
Section 28, T22S, R34E
BHL: 330' FNL & 1980' FWL UL C
Section 28, T22S, R34E
Lea County, New Mexico



Supplemental

Surface Use & Operating Plan

FEB 11 2016

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

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

2. Proposed Access Road:

The Location Verification Map shows that 1835' of new access road will be required for this location. If any road is required it will be constructed as follows:

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 cattleguard, culvert, gates, low water crossings or fence cuts are necessary.
- D. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, candidate source will be caliche pit from Bill Angel, Limestone Livestock LLC P O Box 189, Lovington, NM 88260 (575) 370-2046.

3. Location of Existing and/or Proposed Facilities:

- A. COG Operating LLC does not operate an oil production facility on this lease.
- B. If the well is productive, contemplated facilities will be as follows:
 - 1) Will utilize tank battery and facilities at the Smalls Federal #4H and #8H location.
 - 2) Production will be sent to the proposed Small Federal #4H and #8H. A surface flow line of approximately 1172.4' of 3" steel pipe carrying oil, gas and water under a maximum pressure of 125 psi will follow the road to the proposed facility at the Smalls Federal #4H and #8H. We plan to install a 4" surface polyethylene pipe transporting Gas Lift Gas from the Smalls Federal #4H and #8H facility to the Smalls Federal #3H which shares a well pad with the Smalls Federal #7H. The surface Gas Lift Gas pipe of

approximately 1172.4" under a maximum pressure of 125 psi will be installed no farther than 10 feet from the edge of the road.

- 3) The tank battery and facilities including all flow lines, gas lift gas lines and piping will be installed according to API specifications.
- 4) 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 Bill Angel, Limestone Livestock LLC P O Box 189, Lovington, NM 88260 (575) 370-2046. Any additional construction materials will be purchased from contractors.
- 5) 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.
- 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.

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 Bill Angel, Limestone Livestock LLC P O Box 189, Lovington, NM 88260. (575) 370-2046. 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. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. Equipment that is needed to construct the proposed location will be as follows: Two dozers, one blade, one morograder, one backhoe, one water truck and two dump trucks.
- B. The time line to complete construction will be approximately 10 days.
- C. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.

- D. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
- E. Subsoil is removed and stockpiled within the surveyed well pad.
- F. When caliche is found, material will be stock piled within the pad site to build the location and road.
- G. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- H. 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.
- I. 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 the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from Bill Angel, Limestone Livestock LLC P O Box 189, Lovington, NM 88260 (575) 370-2046.

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 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. It is anticipated that the disposal of produced water will be trucked to the Gettysburg 16 State SWD #1 (16-23S-34E). Possible that water could be trucked to the Bebidas 16 State SWD 1 (16-23S-33E), Eata Fajita 8 State SWD 1 (8-24S-33E) or Macho Nacho 7 State SWD 1 (7-24S-33E). Might also be trucked to unspecified commercial SWD wells in this area.

- E. 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.
- F. 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).
- G. 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. Plans for Restoration of the Surface:

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

- As required by BLM construction standards turnouts will be constructed accordingly. Straw wattles will be placed at the end of each required turnout to reduce erosion and subsequent sedimentation on to the surrounding landscape. Specific locations of such turnouts are not known at this time. The topography is relatively flat therefore erosion may not be a major concern.

Surface Use Plan
COG Operating LLC
Smalls Federal #3H
SHL: 190' FSL & 1980' FWL UL N
Section 28, T22S, R34E
BHL: 330' FNL & 1980' FWL UL C
Section 28, T22S, R34E
Lea County, New Mexico

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 22nd day of July, 2015.

Signed: Melanie J. Wilson

Printed Name: Melanie J. Wilson

Position: Regulatory Coordinator

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

Telephone: (575) 748-6940

Field Representative (if not above signatory): Rand French

E-mail: mwilson@concho.com