

COG Operating, LLC - Square Bill Federal Com 1H

1. Geologic Formations

TVD of target	12,345' EOL	Pilot hole depth	NA
MD at TD:	19,620'	Deepest expected fresh water:	207'

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	1143	Water	
Top of Salt	1518	Salt	
Base of Salt	5043	Salt	
Lamar	5362	Salt Water	
Bell Canyon	5397	Salt Water	
Cherry Canyon	6382	Oil/Gas	
Brushy Canyon	7948	Oil/Gas	
Bone Spring Lime	9240	Oil/Gas	
U. Avalon Shale	9293	Oil/Gas	
L. Avalon Shale	9569	Oil/Gas	
1st Bone Spring Sand	10385	Oil/Gas	
2nd Bone Spring Sand	10925	Oil/Gas	
3rd Bone Spring Sand	12055	Oil/Gas	
Wolfcamp	12485	Oil/Gas	

2. Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Body
	From	To							
13.5"	0	1170	10.75"	45.5	N80	BTC	4.61	1.19	19.54
9.875"	0	11870	7.875"	29.7	P110	BTC	1.28	1.18	3.08
6.75"	0	11370	5.5"	23	P110	BTC	2.06	2.17	3.28
6.75"	11370	19,620	5"	18	P110	BTC	2.06	2.17	3.28
BLM Minimum Safety Factor							1.125	1	1.6 Dry 1.8 Wet

Intermediate casing will be kept at least 1/3 full while running casing to mitigate collapse. Surface burst based on 0.7 frac gradient at the shoe with Gas Gradient 0.1 psi/ft to surface and All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

The 5" casing will be run back 500' into the intermediate casing to ensure the coupling OD clearance is greater than .422" for the cement bond tie in.

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	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary?	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	# Sks	Wt. lb/ gal	Yld ft3/ sack	H ₂ O gal/sk	500# Comp. Strength (hours)	Slurry Description
Surf.	180	13.5	1.75	9	12	Lead: Class C + 4% Gel + 1% CaCl ₂
	250	14.8	1.34	6.34	8	Tail: Class C + 2% CaCl ₂
Inter.	970	10.3	3.6	21.48	16	Tuned Light Blend
	250	16.4	1.08	4.32	8	Tail: Class H
Prod	110	11.9	2.5	19	72	Lead: 50:50:10 H Blend
	950	14.4	1.24	5.7	19	Tail: 50:50:2 Class H Blend

Volumes Subject to Observed Hole Conditions and/or Fluid Caliper Results

Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
Surface	0'	50%
1 st Intermediate	0'	50%
Production	11,370'	35% OH in Lateral (KOP to EOL)

4. Pressure Control Equipment

N	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.
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BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	x	Tested to:
9-7/8"	13-5/8"	3M	Annular	x	3000 psi
			Blind Ram		3M
			Pipe Ram		
			Double Ram		
			Other*		
6-3/4"	13-5/8"	5M	Annular	x	50% testing pressure
			Blind Ram	x	5M
			Pipe Ram	x	
			Double Ram		
			Other*		

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

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 will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

X	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
Y	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
N	Are anchors required by manufacturer?
N	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested.

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	Surf. Shoe	FW Gel	8.6 - 8.8	28-34	N/C
Surf csg	9-5/8" Int shoe	Brine Diesel Emulsion	8.4 - 9	28-34	N/C
7-5/8" Int shoe	Lateral TD	OBM	9.6 - 11	35-45	<20

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

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring
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6. Logging and Testing Procedures

Logging, Coring and Testing.	
Y	Will run GR/CNL from TD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
Y	No Logs are planned based on well control or offset log information.
N	Drill stem test? If yes, explain.
N	Coring? If yes, explain.

Additional logs planned		Interval
N	Resistivity	Pilot Hole TD to ICP
N	Density	Pilot Hole TD to ICP
Y	CBL	Production casing (If cement not circulated to surface)
Y	Mud log	Intermediate shoe to TD
N	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	7065 psi at 12345' TVD
Abnormal Temperature	NO 180 Deg. F.

No abnormal pressure or temperature conditions are anticipated. Sufficient mud materials to maintain mud properties and weight increase requirements will be kept on location at all times.

Sufficient supplies of Paper/LCM for periodic sweeps to control seepage and losses will be maintained on location.

Hydrogen Sulfide (H₂S) monitors will be installed prior to drilling out the surface shoe. If H₂S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

N H₂S is present

Y H₂S Plan attached

8. Other Facets of Operation

Y	Is it a walking operation?
N	Is casing pre-set?

x	H ₂ S Plan.
x	BOP & Choke Schematics.
x	Directional Plan



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Certificate

General Information		Hose Specifications	
Customer	Hobbs	Hose Assembly Type	Rotary/Vibrator
MWH Sales Representative	Ryan Rynolds	Certification	API 7K/FSL Level 2
Date Assembled	11/19/2015	Hose Grade	D
Location Assembled	OKC	Hose Working Pressure	5000
Sales Order #	271739	Hose Lot # and Date Code	11834 11/14
Customer Purchase Order #	302337	Hose I.D. (Inches)	3.5"
Assembly Serial # (Pick Ticket #)	326000	Hose O.D. (Inches)	4.89"
Hose Assembly Length	25'	Aarmor (yes/no)	No
Fittings			
End A		End B	
Stem (Part and Revision #)	R3.5X64WB	Stem (Part and Revision #)	R3.5X64WB
Stem (Heat #)	A144783	Stem (Heat #)	A144783
Ferrule (Part and Revision #)	RF3.5	Ferrule (Part and Revision #)	RF3.5
Ferrule (Heat #)	J1628	Ferrule (Heat #)	J1628
Connection . Flange Hammer Union Part	4-1/16 5000	Connection (Part #)	4-1/16 5000
Connection (Heat #)	14032501	Connection (Heat #)	1404H321
Nut (Part #)	N/A	Nut (Part #)	N/A
Nut (Heat #)	N/A	Nut (Heat #)	N/A
Dies Used	5.49"	Dies Used	5.49"
Hydrostatic Test Requirements			
Test Pressure (psi)	10,000	Hose assembly was tested with ambient water temperature.	
Test Pressure Hold Time (minutes)	11 1/2		
Date Tested	Tested By		Approved By
11/19/2015			



Midwest Hose
& Specialty, Inc.

Certificate of Conformity

Customer: Hobbs	Customer P.O.# 302337
Sales Order # 271739	Date Assembled: 11/19/2015

Specifications


Hose Assembly Type:	Rotary/Vibrator		
Assembly Serial #	326000	Hose Lot # and Date Code	11834 11/14
Hose Working Pressure (psi)	5000	Test Pressure (psi)	10000

We hereby certify that the above material supplied for the referenced purchase order to be true according to the requirements of the purchase order and current industry standards.

Supplier:

Midwest Hose & Specialty, Inc.
3312 S I-35 Service Rd
Oklahoma City, OK 73129

Comments:

Approved By	Date
	11/19/2015



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

November 19, 2015

Customer: Hobbs

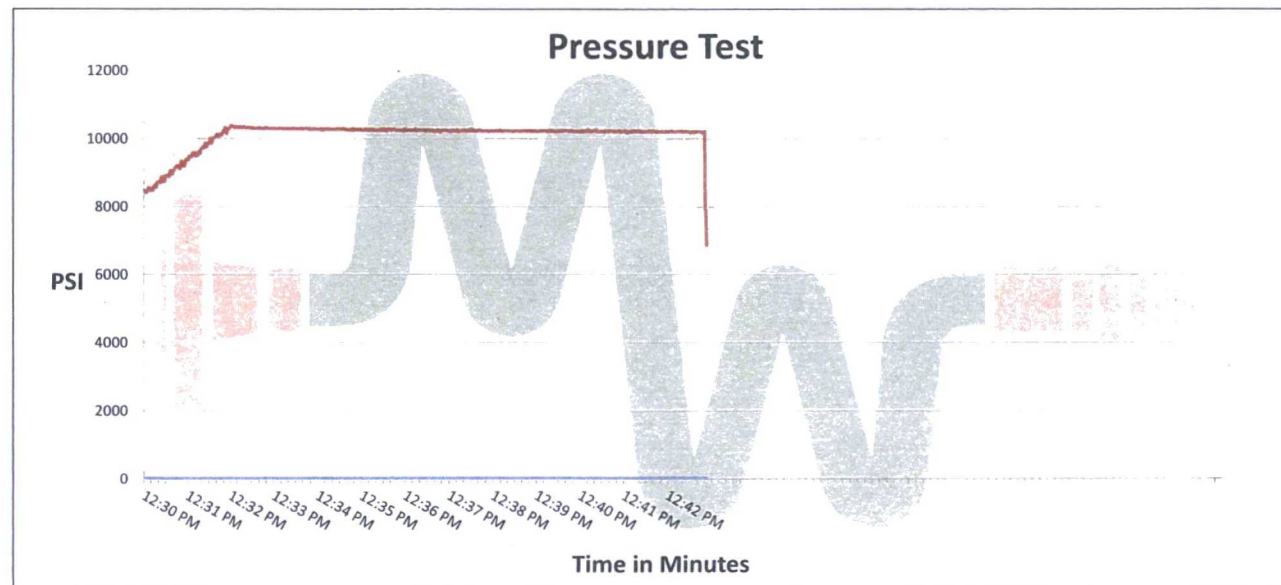
Pick Ticket #: 326000

Hose Specifications

<u>Hose Type</u>	<u>Length</u>
D	25'
<u>I.D.</u>	<u>O.D.</u>
3.5"	4.89"
<u>Working Pressure</u>	<u>Burst Pressure</u>
5000 PSI	Standard Safety Multiplier Applies

Verification

<u>Type of Fitting</u>	<u>Coupling Method</u>
4 1/16 5K	Swage
<u>Die Size</u>	<u>Final O.D.</u>
5.49"	5.50"
<u>Hose Serial #</u>	<u>Hose Assembly Serial #</u>
11834	326000



Test Pressure
10000 PSI

Time Held at Test Pressure
11 2/4 Minutes

Actual Burst Pressure

Peak Pressure
10473 PSI

Comments: Hose assembly pressure tested with water at ambient temperature.

Tested By: James Hawkins

Approved By: Kim Thomas

X _____

X _____

Hose Assembly & Test Report

General Information		Hose Specifications	
Customer	Hobbs	Hose Assembly Type	chose + k11
Date Assembled	6-26-14	Certification	API 7K
Location Assembled	Dick	Hose Grade	D
Sales Order #	216297	Hose Working Pressure	5,000
Customer Purchase Order #	237512	Hose Lot #	8309
Hose Assembly Serial #	26022	Hose Date Code	04/12
Pick Ticket Line Item	0010	Hose I.D. (Inches)	3.5 inches
Hose Assembly Length (Feet and Inches)	50 feet	Hose O.D. (Inches)	5.49
Contact Information Phone #		Armor (yes/no)	yes
Fittings			
End A		End B	
Stem (Part and Revision #)	R3.5 x 64 WD	Stem (Part and Revision #)	R3.5 x 64 WB
Stem (Heat #)	13114050225	Stem (Heat #)	13114050225
Stem (Rockwell Hardness HRB #)	—	Stem (Rockwell Hardness HRB #)	—
Ferrule (Part and Revision #)	RF3.5	Ferrule (Part and Revision #)	RF3.5
Ferrule (Heat #)	126151	Ferrule (Heat #)	37211Y
Ferrule (Rockwell Hardness HRB #)	—	Ferrule (Rockwell Hardness HRB #)	—
Connection (Part #)	4 1/16 SK	Connection (Part #)	4 1/16 SK
Connection (Heat #)	V336D	Connection (Heat #)	V336D
Connection (Brinell Hardness HB #)	—	Connection (Brinell Hardness HB #)	—
Stress Relief #	17614	Stress Relief #	17614
Welding #	MKR	Welding #	MKR
X-ray #	—	X-ray #	—
Assembly Information			
End A		End B	
Skive O.D. (Inches)	5.04	Skive O.D. (Inches)	4.92
Swager Dies (1st pass)	5.12	Swager Dies (1st pass)	5.53
Swager Dies (2nd pass)	—	Swager Dies (2nd pass)	—
Final Swage O.D. (Inches)	5.14	Final Swage O.D. (Inches)	4.98
Compression % (See Crimp Calculator)	74%	Compression % (See Crimp Calculator)	22%
Swaged By	Charles Ash		
Hydrostatic Test Requirements			
Test Pressure (psi)	10,000	Hold Time (minutes)	13 1/4
Tested By	Charles Ash	Date Tested	6-26-14
This is to certify that the above Hose Assembly has been satisfactorily tested in accordance with MHSI procedure 8.2.4.2			
Final Verification			
	<input checked="" type="checkbox"/> No	Hammer Unions	Yes <input checked="" type="checkbox"/> No
	<input checked="" type="checkbox"/> No	Safety Clamps	Yes <input checked="" type="checkbox"/> No
Third Party Witness	Customer or Third Party Witnessed By:		

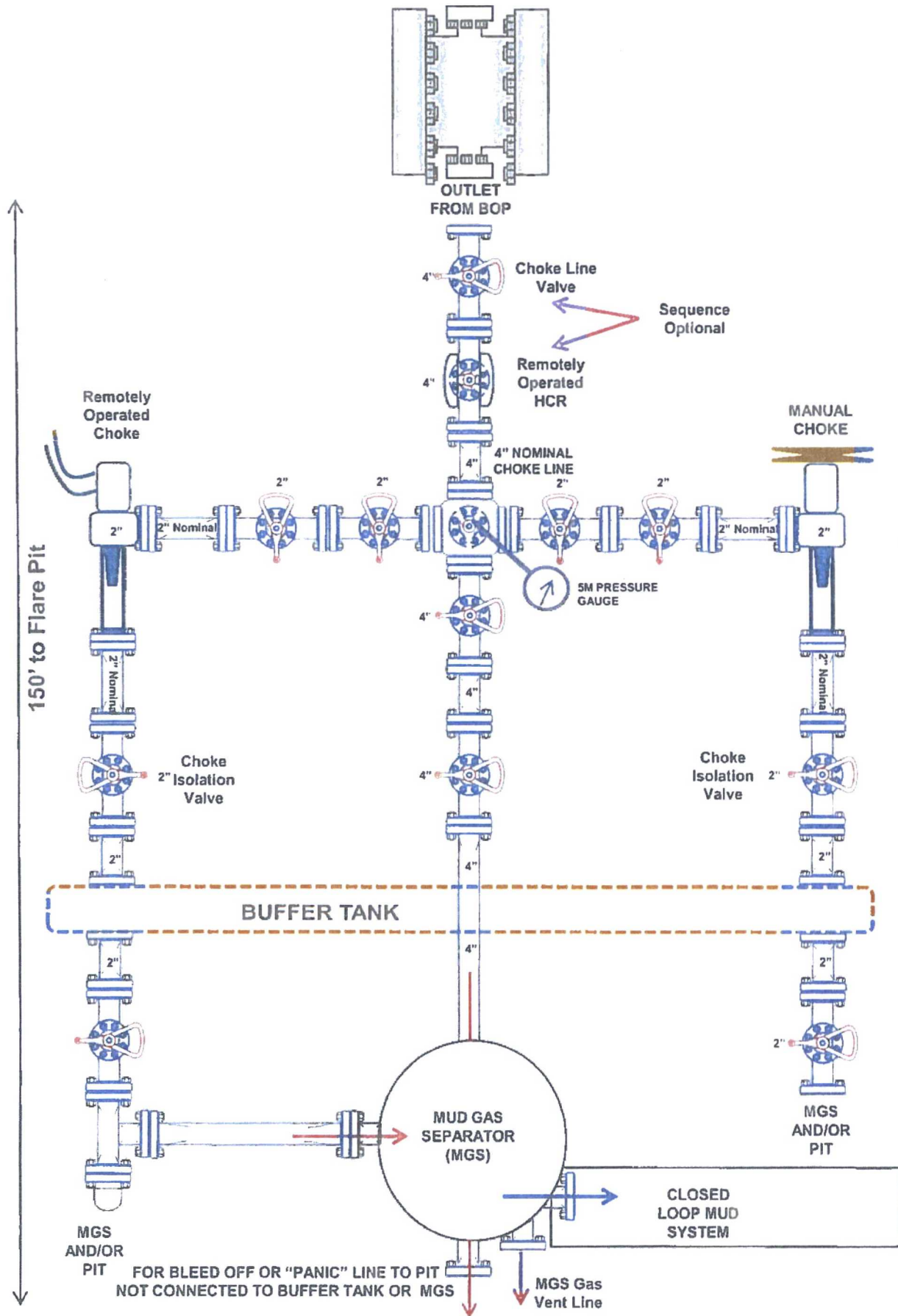
Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Body
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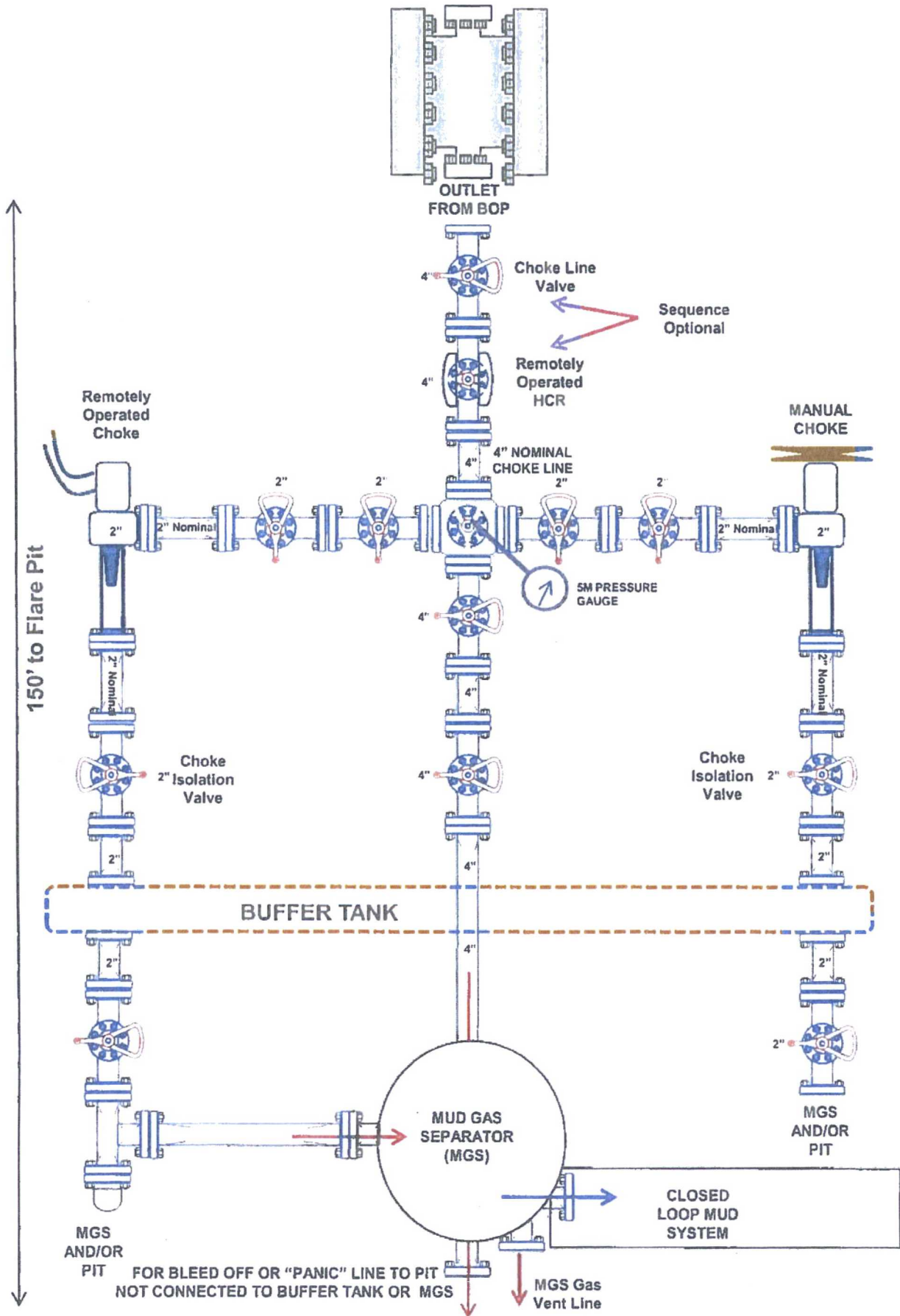
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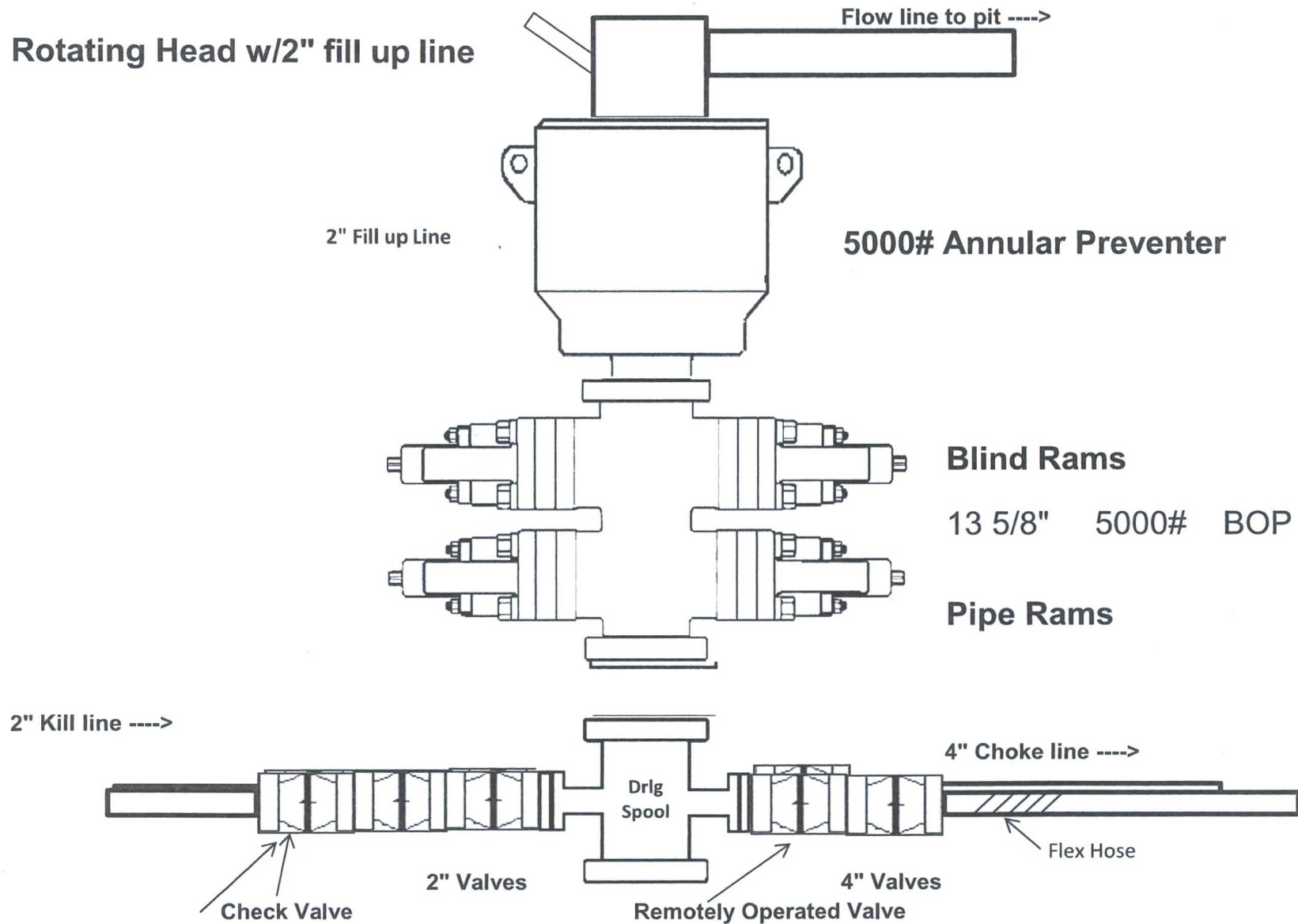
5M' Choke Manifold Equipment (WITH MGS + CLOSED LOOP)



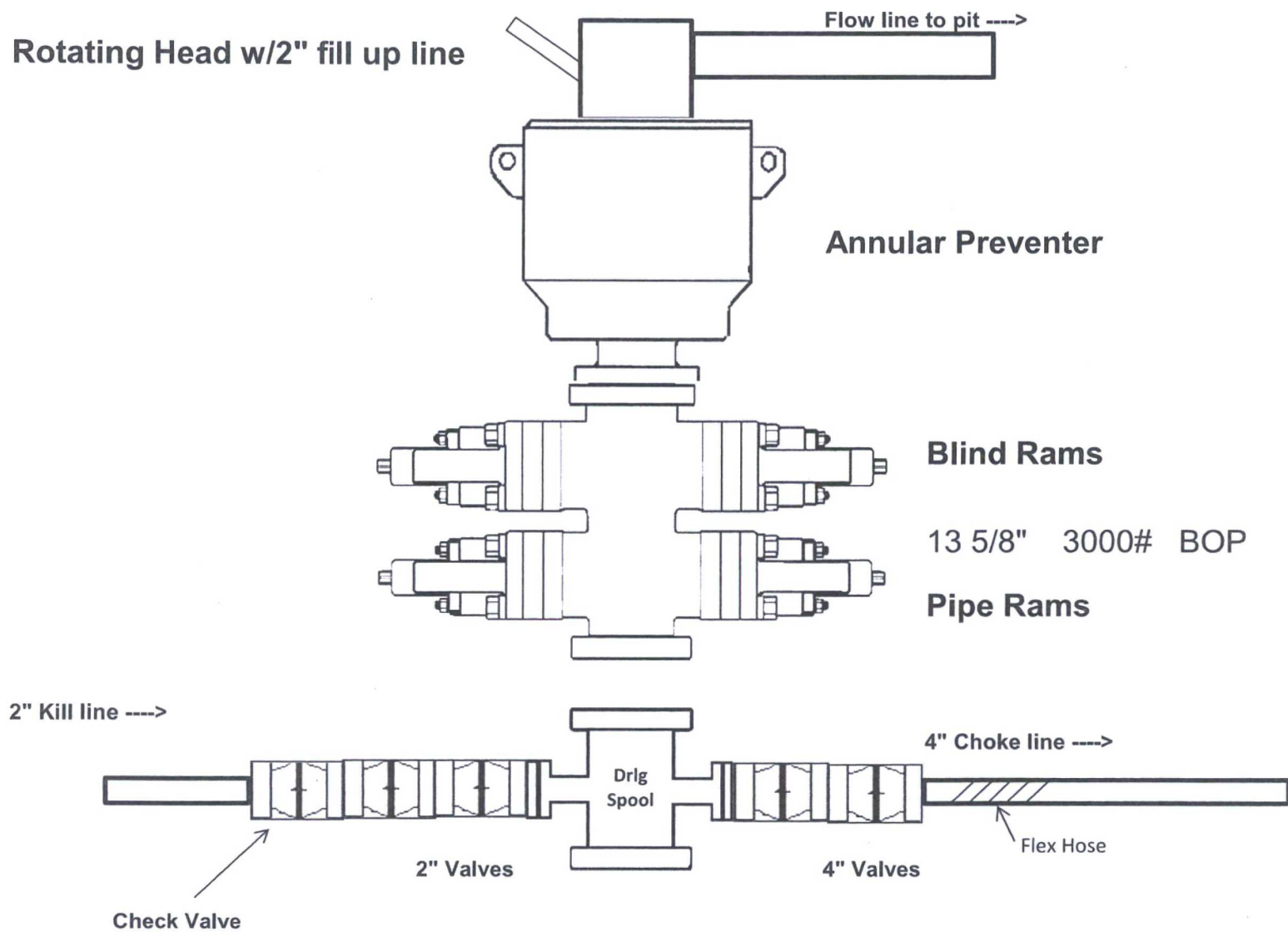
3M' Choke Manifold Equipment (WITH MGS + CLOSED LOOP)



5,000 psi BOP Schematic

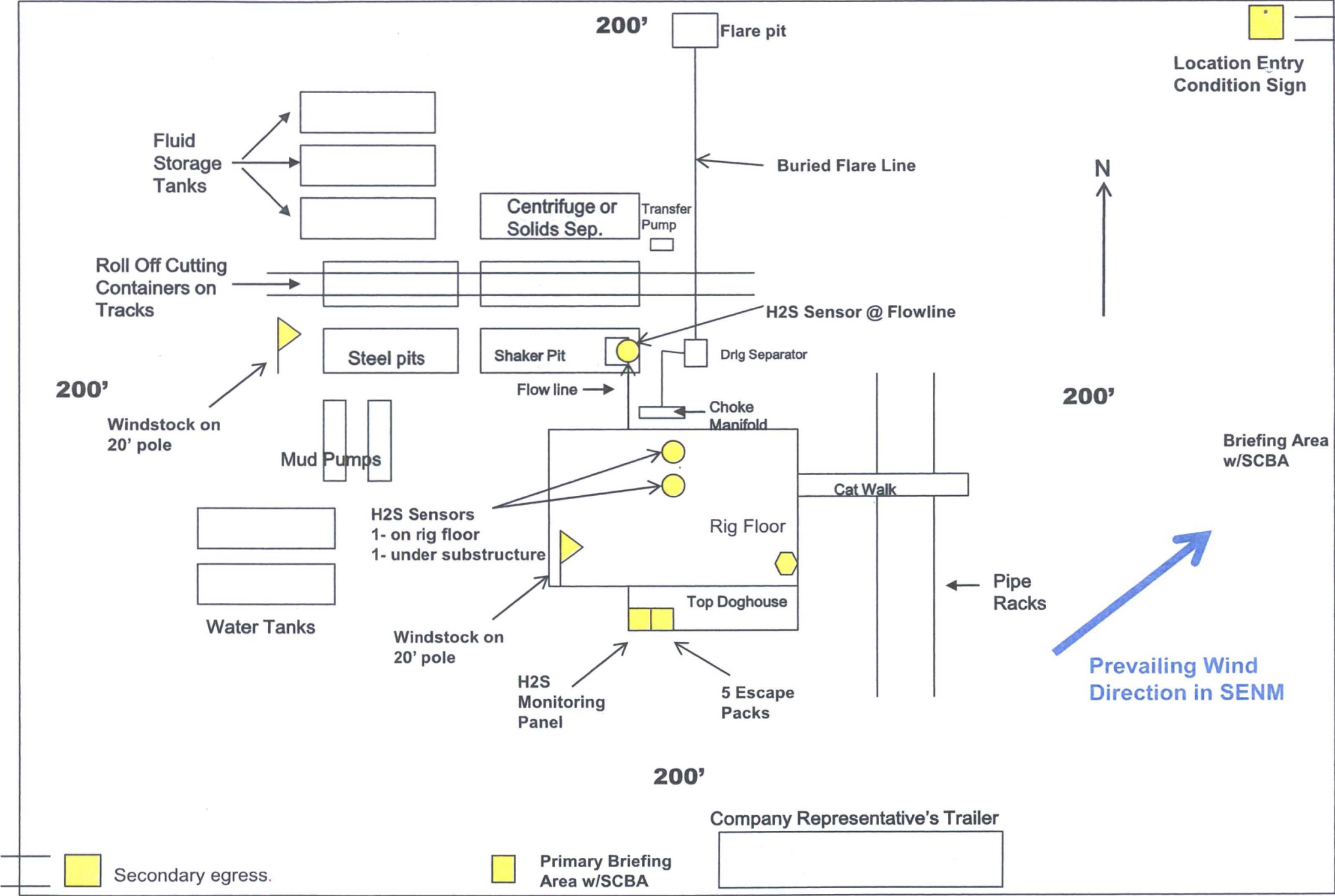


3,000 psi BOP Schematic



COG Operating LLC
H₂S Equipment Schematic
Terrain: Shinnery sand hills.

Well pad will be 400' x 400'
with cellar in center of pad



COG Operating LLC

Rig Plat & Closed Loop Equipment Diagram

Well pad will be 400' X 400'
with cellar in center of pad

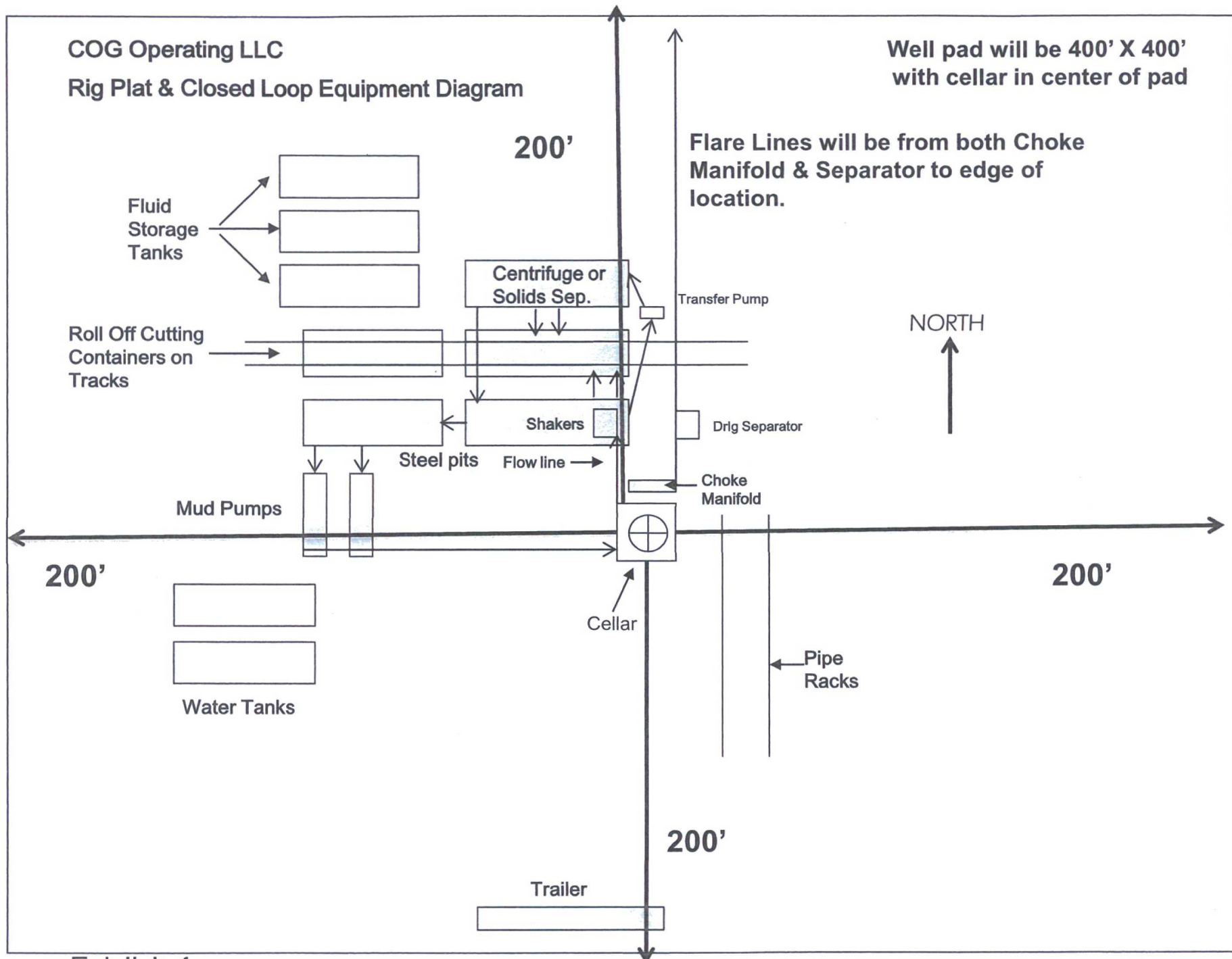


Exhibit 1

"I further certify that COG will comply with Rule 19.15.17
NMAC by using a Closed Loop System."

Surface Use Plan
COG Operating LLC
Square Bill Federal Com #1H
SHL: 210' FSL & 957' FEL UL P
Section 31, T25S, R35E
BHL: 2440' FSL & 660' FEL UL I
Section 30, T25S, R35E
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 27th day of MARCH, 2017.

Signed: Mayte Reyes

Printed Name: Mayte Reyes

Position: Regulatory Analyst

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

Telephone: (575) 748-6945

E-mail: mreyes1@concho.com

Field Representative (if not above signatory): Rand French

Telephone: (575) 748-6940. E-mail: rfrench@concho.com