

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|--------------------------------|-------------------------------|
| 1. Operator Name and Address COG OPERATING LLC 550 W TEXAS MIDLAND, TX 79701 | | 2. OGRID Number 229137 |
| | | 3. API Number 30-015-37453 |
| 4. Property Code 37953 | 5. Property Name YALE STATE | 6. Well No. 005 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| O | 2 | 17S | 30E | O | 330 | S | 2310 | E | EDDY |

8. Pool Information

| | |
|---------------------------|-------|
| LOCO HILLS; GLORIETA-YESO | 96718 |
|---------------------------|-------|

Additional Well Information

| | | | | |
|--|--|---------------------------------|---|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3751 |
| 14. Multiple N | 15. Proposed Depth 6200 | 16. Formation Yeso Formation | 17. Contractor | 18. Spud Date 1/31/2010 |
| Depth to Ground water 110 | Distance from nearest fresh water well > 1000 | | Distance to nearest surface water > 1000 | |
| Pit: Linear: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 5000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 450 | 450 | 0 |
| Int1 | 11 | 8.625 | 24 | 1350 | 500 | 0 |
| Prod | 7.875 | 5.5 | 17 | 6200 | 900 | 0 |

Casing/Cement Program: Additional Comments

COG proposes to drill a 17-1/2" hole to 450' w/fr wtr mud system, wt 8.5, vis 28, set 13-3/8" casing & cement to surface. Drill an 11" hole to 1350' w/br mud system, wt 10, vis 30. Set 8-5/8" casing & cement to surface. Drill 7-7/8" hole to 6200' w/cut brine mud system, wt 9.1, vis 29-32. Test Yeso formation. Run 5-1/2" casing & cement to surface. Note: On production string, a caliper will be run, COG will attempt to circulate cement.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 2000 | 2000 | |

| | | |
|---|--|-----------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION | |
| | Approved By: Jacqueta Reeves | |
| | Title: District Geologist | |
| | Approved Date: 12/29/2009 | Expiration Date: 12/29/2011 |
| | Printed Name: Electronically filed by Diane Kuykendall | |
| Title: Regulatory Analyst | | |
| Email Address: dkuykendall@conchoresources.com | | |
| Date: 12/10/2009 | Phone: 432-683-7443 | |

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Form C-102
 Permit 106150

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------------------|--------------------------------|---|
| 1. API Number 30-015-37453 | 2. Pool Code 96718 | 3. Pool Name LOCO HILLS; GLORIETA-YESO |
| 4. Property Code 37953 | 5. Property Name YALE STATE | |
| 6. Well No. 005 | 7. OGRID No. 229137 | |
| 8. Operator Name COG OPERATING LLC | 9. Elevation 3751 | |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| O | 2 | 17S | 30E | | 330 | S | 2310 | E | EDDY |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|------------------------------|---------|---------------------|-------|------------------------|-----------|----------|---------------|----------|--------|
| 12. Dedicated Acres 40.00 | | 13. Joint or Infill | | 14. Consolidation Code | | | 15. Order No. | | |

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

| | | | | | | | | | | | | | | | | | |
|--|--|---|--|--|--|--|--|--|--|--|--|--|--|--|---|--|--|
| <table border="1"> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td style="background-color: #cccccc; text-align: center;">■</td><td> </td></tr> </table> | | | | | | | | | | | | | | | ■ | | <p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained 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(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Diane Kuykendall Title: Regulatory Analyst Date: 12/10/2009</p> |
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| | | ■ | | | | | | | | | | | | | | | |
| <p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Ronald Eidson Date of Survey: 12/8/2009 Certificate Number: 3239</p> | | | | | | | | | | | | | | | | | |

Permit Comments

Operator: COG OPERATING LLC , 229137

Well: YALE STATE #005

API: 30-015-37453

| Created By | Comment | Comment Date |
|------------|---|--------------|
| rodrom | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 12/3/2009 |