

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 135578

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 30-015-39410 |
| 4. Property Code 38812 | 5. Property Name EBONY STATE | 6. Well No. 001 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H | 25 | 17S | 27E | H | 1525 | N | 330 | E | EDDY |

8. Pool Information

| | |
|------------------------------------|-------|
| RED LAKE; GLORIETA YESO, NORTHEAST | 96836 |
|------------------------------------|-------|

Additional Well Information

| | | | | |
|------------------------------|--|---------------------------------|---|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable Rotary | 12. Lease Type State | 13. Ground Level Elevation 3544 |
| 14. Multiple N | 15. Proposed Depth 4750 | 16. Formation Yeso Formation | 17. Contractor | 18. Spud Date 11/30/2011 |
| Depth to Ground water 110 | Distance from nearest fresh water well > 1000 | | Distance to nearest surface water > 1000 | |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17 | 13.375 | 48 | 250 | 300 | 0 |
| Int1 | 11 | 8.625 | 24 | 850 | 400 | 0 |
| Prod | 7.875 | 5.5 | 17 | 4750 | 900 | 0 |

Casing/Cement Program: Additional Comments

COG proposes to drill an 17" hole to 250' w/fr wtr mud system, wt 8.5, vis 28, set 13-3/8" casing & cement to surface. Drill an 11" or 12-1/4" hole to 850' w/brine mud system, wt 10, vis 30, set 8-5/8" casing & cement to surface. Drill 7-7/8" hole to 4750' 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"/> . Printed Name: Electronically filed by Diane Kuykendall Title: Production Reporting Mgr Email Address: dkuykendall@conchoresources.com Date: 9/15/2011 Phone: 432-683-7443 | OIL CONSERVATION DIVISION | |
| | Approved By: Randy Dade | |
| | Title: District Supervisor | |
| | Approved Date: 9/16/2011 | Expiration Date: 9/16/2013 |
| | Conditions of Approval Attached | |

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Form C-102
August 1, 2011
Permit 135578

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---------------------------------------|--|
| 1. API Number 30-015-39410 | 2. Pool Code 96836 | 3. Pool Name RED LAKE; GLORIETA YESO, NORTHEAST |
| 4. Property Code 38812 | 5. Property Name EBONY STATE | 6. Well No. 001 |
| 7. OGRID No. 229137 | 8. Operator Name COG OPERATING LLC | 9. Elevation 3544 |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H | 25 | 17S | 27E | | 1525 | N | 330 | 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

| | | | |
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OPERATOR CERTIFICATION

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.

E-Signed By: Diane Kuykendall
Title: Production Reporting Mgr
Date: 9/15/2011

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.

Surveyed By: Ronald Eidson
Date of Survey: 8/24/2011
Certificate Number: 3239

Permit Comments

Operator: COG OPERATING LLC , 229137

Well: EBONY STATE #001

API: 30-015-39410

| Created By | Comment | Comment Date |
|------------|---|--------------|
| kholly1 | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 8/5/2011 |
| Artesia | Land s/S | 9/16/2011 |

Permit Conditions of Approval

Operator: COG OPERATING LLC , 229137

Well: EBONY STATE #001

API: 30-015-39410

| OCD Reviewer | Condition |
|-----------------|--|
| Artesia | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| Artesia | Will require administrative order for non-standard location |