| Form 3160- 5 UNITED STATES (August, 2007) DEPARTMENT OF THE INTE | FORM APPROVED |
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| BUREAU OF LAND MANAGE | |
| SUNDRY NOTICES AND REPORTS Do not use this form for proposals to drill o abandoned well. Use Form 3160-3 (APD) for | 6. If Indian, Allottee, or Tribe Name |
| SUBMIT IN TRIPLICATE - Other Instructions on | page 2. 7. If Unit or CA. Agreement Name and/or No. |
| 1. Type of Well X Oil Well Gas Well Other | 8. Well Name and No. |
| 2. Name of Operator COG Operating LLC | JR's Horz Federal Com #3H |
| | De No (include grag code) |
| 2208 W. Main Street Artesia NM 88210 | 575-748-6946 30-015-37842 10. Field and Pool, or Exploratory Area |
| Artesia, NM 88210 4 Location of Well (Footage, Sec., T., R., M., or Survey Description) | Lat. Corral Canyon; Bone Spring, South |
| SHL: 480' FNL & 1980' FEL, Unit B (NWNE) Sec 10-T26S-R29 | |
| BHL: 331' FSL & 2014' FEL, Unit O (SWSE) Sec 10-T26S-R29 | E Eddy NM |
| 12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTIO | CE, REPORT, OR OTHER DATA |
| TYPE OF SUBMISSION | TYPE OF ACTION |
| Notice of Intent Acidize Deepen | Production (Start/ Resume) Water Shut-off |
| Altering Casing Fracture | Treat Reclamation Well Integrity |
| | nstruction Recomplete Other |
| | |
| | l abandon Temporarily Abandon |
| Final Abandonment Notice Convert to Injection Plug bac | k X Water Disposal luding estimated starting date of any proposed work and approximate duration thereof. |
| If the proposal is to deepen directionally or recomplete horizontally, give subsur Attach the Bond under which the work will performed or provide the Bond No. following completion of the involved operations. If the operation results in a mul | rface locations and measured and true vertical depths or pertinent markers and sands on file with the BLM/ BIA. Required subsequent reports shall be filed within 30 days tiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once r all requirements, including reclamantion, have been completed, and the operator has HOD 7-29-14 |
| Required Information for the Disposal of Produced Water: | Accepted for record NMDCD |
| Name of formation producing water on lease: Bone Spring Amount of water produced in barrels per day: 1700 BWPD How water is stored on lease: 2 - 500 bbl fiberglass tanks How water is moved to disposal facility: Pipeline Disposal Facility: | NM OIL CONSERVATION ARTESIA DISTRICT JUL 2 5 2014 |
| a) Facility Operator Name: COG Operating LLC b) Name of facility or well name & number: JR's Horz Federa c) Type of facility or well: WDW | al SWD #1 (Order SWD-1355) RECEIVED |
| d) Location by 1/4, 1/4, Section, Township & Range: NWNW | 7, Sec 10-T26S-R29E SEE ATTACHED FOR CONDITIONS OF APPROV. |
| | |
| 14. I hereby certify that the foregoing is true and correct. Name (<i>Printed/Typed</i>) | |
| Stormi Davis | Title: Regulatory Analyst |
| | AFFRUVED |
| | AL OR STATE OFFICE USE |
| | |
| Approved by: | Title: Date: |
| Conditions of approval, if any are attached. Approval of this notice does not warrant o certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereas | e Office: |

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| which | would | enine | <u>une</u> | applicant | 10 | conduct | ι <u>-</u> | operations | inered | on. | | | | | 11/9 | | | |
|----------|---------------|---------------|-------------|------------|-----------|--------------|------------|-------------|--------------|-----------|----------|-----------|--------|---------|----------|---------------|----------------|--------------|
| Title 1 | 8 U.S.C. | Section 10 | 001 AND | Title 43 | U.S.C. | Section | 1212. | make it | a crime | for any | y person | knowingly | and wi | llfully | to make_ | any_departmen | it_dr_àgency_u | f_the_United |
| States : | any false. fi | ctitiousor fr | audulent st | atements o | r represe | entations as | s to an | iy matter w | ithin its ju | risdictio | n. | | | | | | | |

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(Instructions on page 2)

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Disposal of Produced Water From Federal Wells Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.

2. Compliance with all provisions of Onshore Order No. 7.

- 3. This agency shall be notified of any spill or discharge as required by NTL-3A.
- 4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
- 5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
- 6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
- 7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.

8. Disposal at any other site will require prior approval.

9. Subject to like approval by NMOCD.

7/10/14