

OCD Artesia

NM OIL CONSERVATION
SECRETARY'S POTASH
ARTESIA DISTRICT
OCT 16 2014

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

TES
10-16-14

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

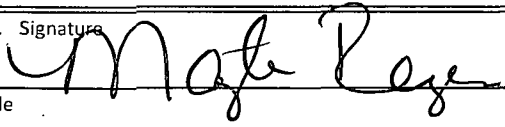

RECEIVED

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SHL: NMNM015882, BHL: NMNM112273	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator COG Operating LLC.		7. If Unit or CA Agreement, Name and No.	
3a. Address 2208 West Main Street Artesia, NM 88210		8. Lease Name and Well No. 313801 Mossy Federal #1H	
3b. Phone No. (include area code) 575-748-6940		9. API Well No. 30-015-42735	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 990' FNL & 550' FEL Unit Letter A (NENE) SHL Section 12-T20S-R29E At proposed prod. Zone 380' FNL & 330' FEL Unit Letter A (NENE) BHL Section 7-T20S-R30E		10. Field and Pool, or Exploratory <49622> Parkway; Bone Spring	
14. Distance in miles and direction from nearest town or post office* Approximately 12 miles from Carlsbad		11. Sec., T.R.M. or Blk and Survey or Area Sec.12 - T20S - R29E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any) 330'		12. County or Parish Eddy County	
16. No. of acres in lease SHL: 160 BHL: 637.92		13. State NM	
17. Spacing Unit dedicated to this well 159.69		18. Distance from location* SHL: 696' (Proposed Mossy #2H) to nearest well, drilling, completed, BHL: 433' applied for, on this lease, ft.	
19. Proposed Depth TVD: 8,400 MD: 13,663'		20. BLM/BIA Bond No. on file NMB000740 & NMB000215	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3266.3' GL		22. Approximate date work will start* 6/1/2014	
23. Estimated duration 30 days			

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Mayte Reyes	Date 1/27/2014
Title Regulatory Analyst		
Approved by (Signature) 	Name (Printed/Typed)	Date OCT 15 2014
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations Attached

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 383-6161 Fax: (575) 383-0720

DISTRICT II
1501 W. GRAND AVENUE, ARTESIA, NM 88210
Phone: (575) 748-1263 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 42735	Pool Code 49622	Pool Name Parkway; Bone Spring
Property Code 313801	Property Name MOSSY FEDERAL	Well Number 1H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3266.3

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	20-S	29-E		990	NORTH	550	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	7	20-S	30-E		380	NORTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
159.69			

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

		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Melanie J Parker</i> Date: 4/30/14</p> <p>Printed Name: Melanie J Parker</p> <p>E-mail Address: mparker@concho.com</p>	
<p>NAD 27 SURFACE LOCATION Y=579342.6 N X=596130.8 E LAT.=32.592331° N LONG.=104.021206° W</p>		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 1, 2014</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p> <i>Chad L. Harcrow</i> 4/23/14</p> <p>Certificate No. CHAD HARCROW 17777</p> <p>W.O. # 14-266 DRAWN BY: AM</p>	
<p>NAD 27 PROPOSED BOTTOM HOLE LOCATION Y=579960.8 N X=601632.8 E LAT.=32.593984° N LONG.=104.003336° W</p>			

NEW MEXICO



600'

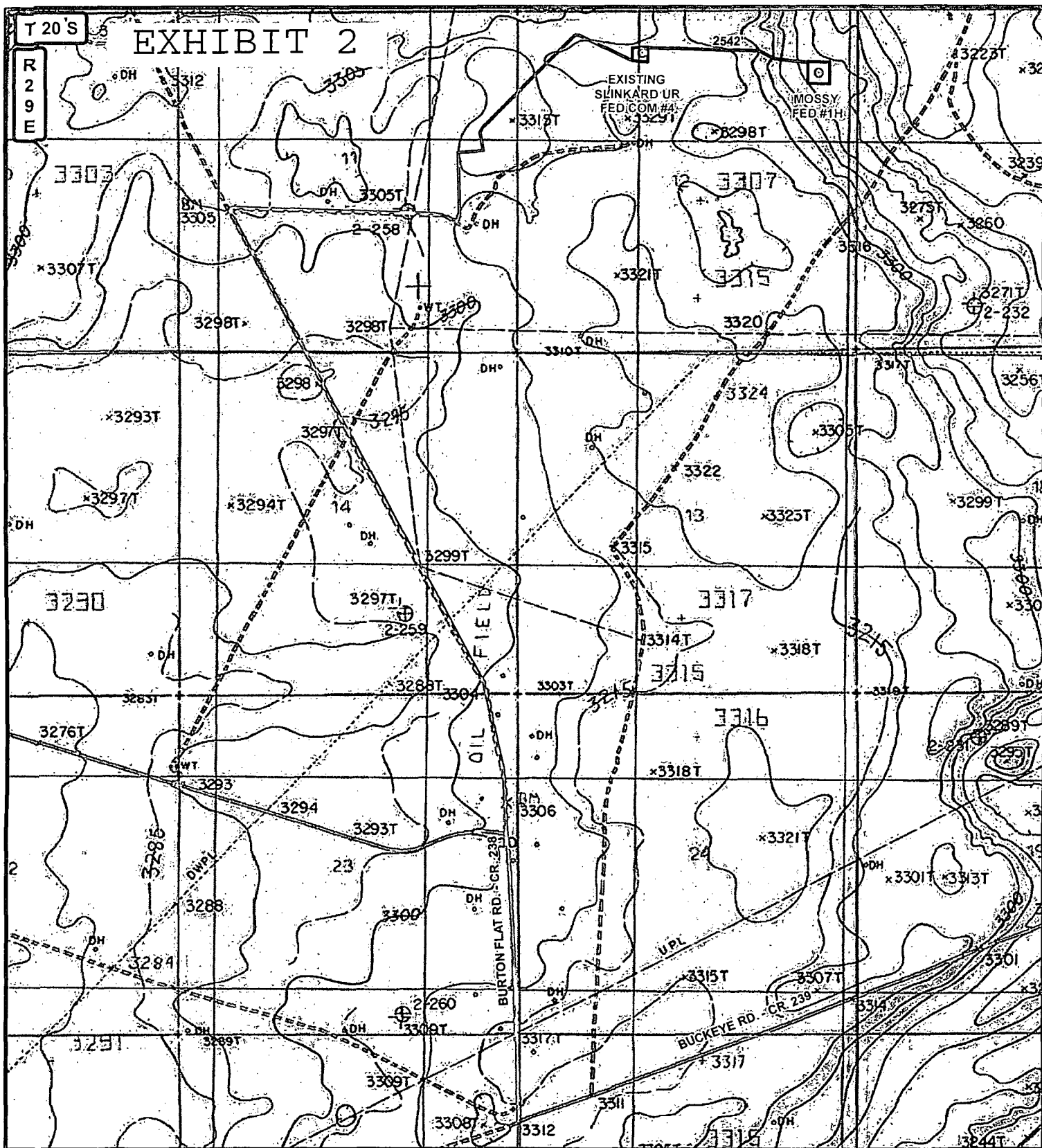
100 0 100 200 Feet

Scale: 1"=100'

MOSSY FEDERAL #1H WELL
LOCATED 990 FEET FROM THE NORTH LINE
AND 550 FEET FROM THE EAST LINE OF SECTION 12,
TOWNSHIP 20 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

PAGE: 1 OF 1

FILE: 14-266



LEGEND

○ WELL

□ WELLPAD

— PROPOSED ROAD

— EXISTING ROAD

MOSSY FED #1H

SEC: 12 TWP: 20 S. RGE: 29 E. ELEVATION: 3266.3'

STATE: NEW MEXICO COUNTY: EDDY 990' FNL & 550' FEL

W.O. # 14-266 LEASE: MOSSY FED SURVEY: N.M.P.M

0 2,500 5,000 FEET

0 0.125 0.25 0.5 Miles

1 IN = 2,000 FT

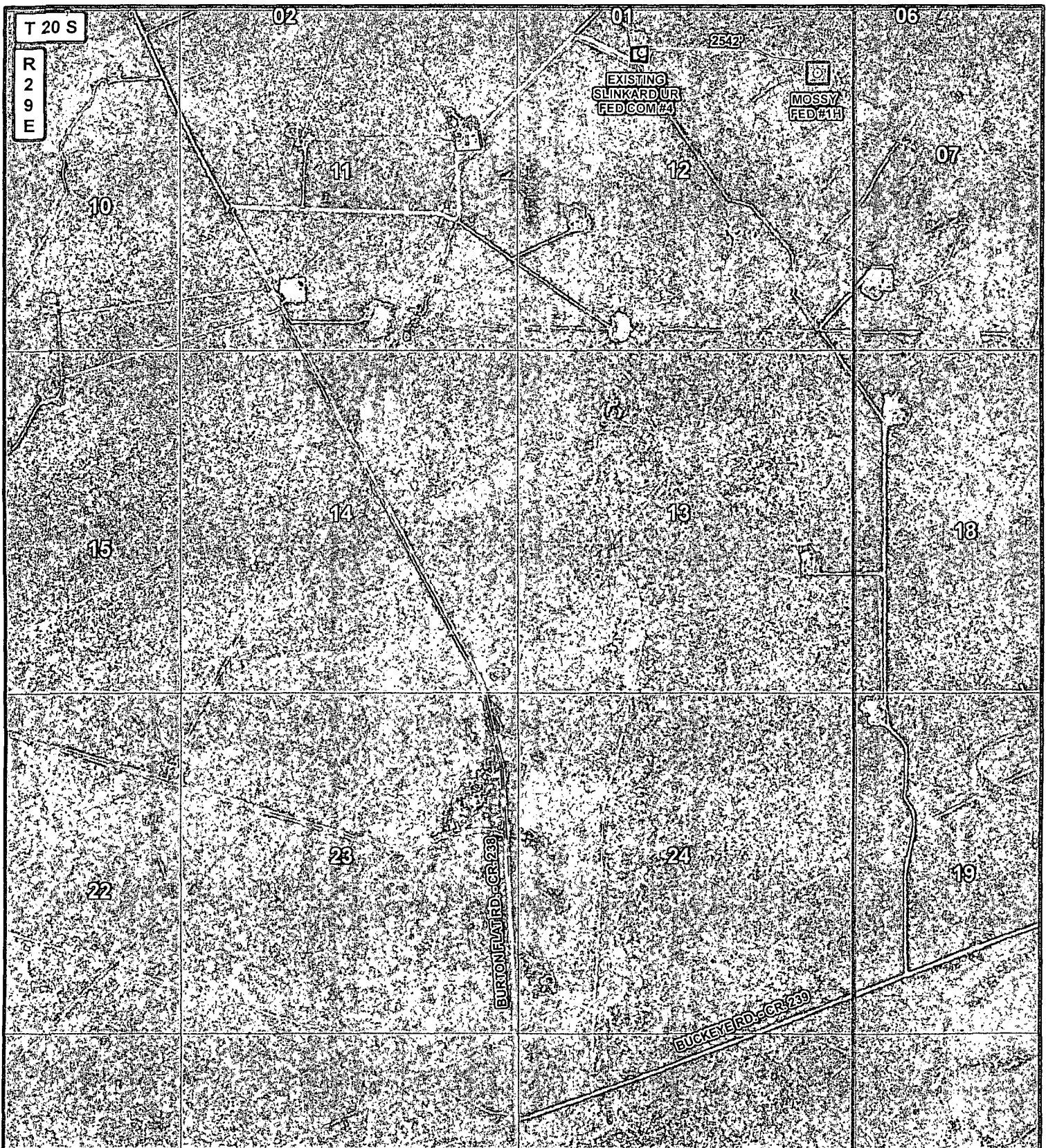
LOCATION MAP TORO 04/11/2014 SPR

CONCHO

COG OPERATING, LLC

HARCROW SURVEYING, LLC
1107 WATSON, ARTESIA N.M. 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com



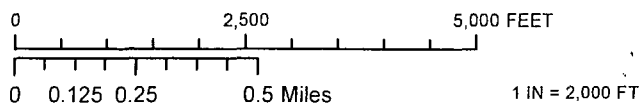


LEGEND

- WELL
- WELLPAD
- PROPOSED ROAD
- EXISTING ROAD

MOSSY FED #1H

SEC: 12 TWP: 20 S. RGE: 29 E. ELEVATION: 3266.3'
 STATE: NEW MEXICO COUNTY: EDDY 990' FNL & 550' FEL
 W.O. # 14-266 LEASE: MOSSY FED SURVEY: N.M.P.M

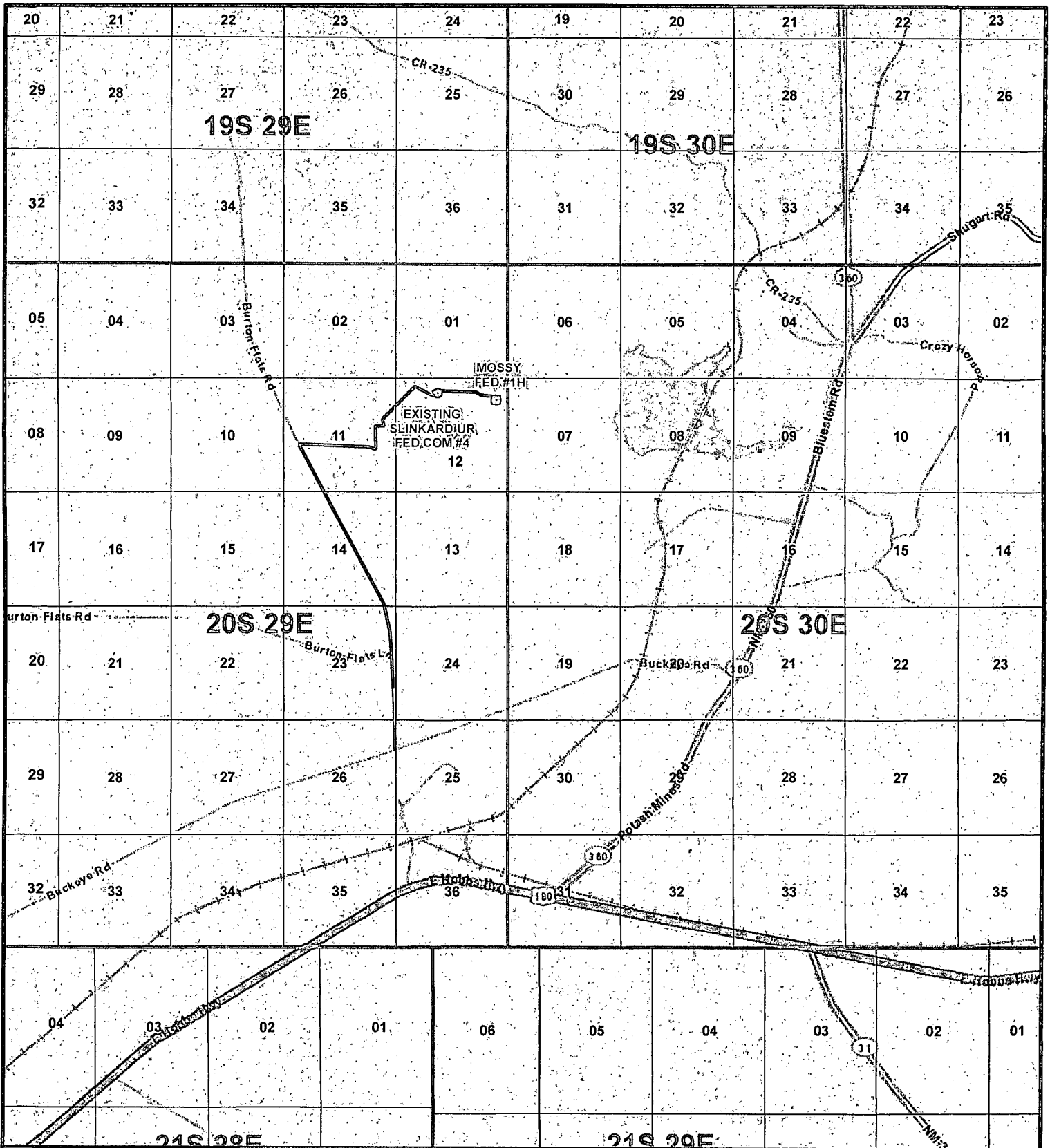


LOCATION MAP IMAGERY 01/11/2014 SR

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 COG OPERATING, LLC

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 PH: (573) 513-2570 FAX: (573) 746-2138
 chad_harcrow77@yahoo.com





LEGEND

- WELL
- WELLPAD
- PROPOSED ROAD
- EXISTING ROAD

MOSSY FED #1H

SEC: 12	TWP: 20 S.	RGE: 29 E.	ELEVATION: 3266.3'
STATE: NEW MEXICO		COUNTY: EDDY	990' FNL & 550' FEL
W.O. # 14-266		LEASE: MOSSY FED	SURVEY: N.M.P.M

0 2,500 5,000 7,500 10,000 12,500 15,000 FEET

0 0.4 0.8 1.6 Miles

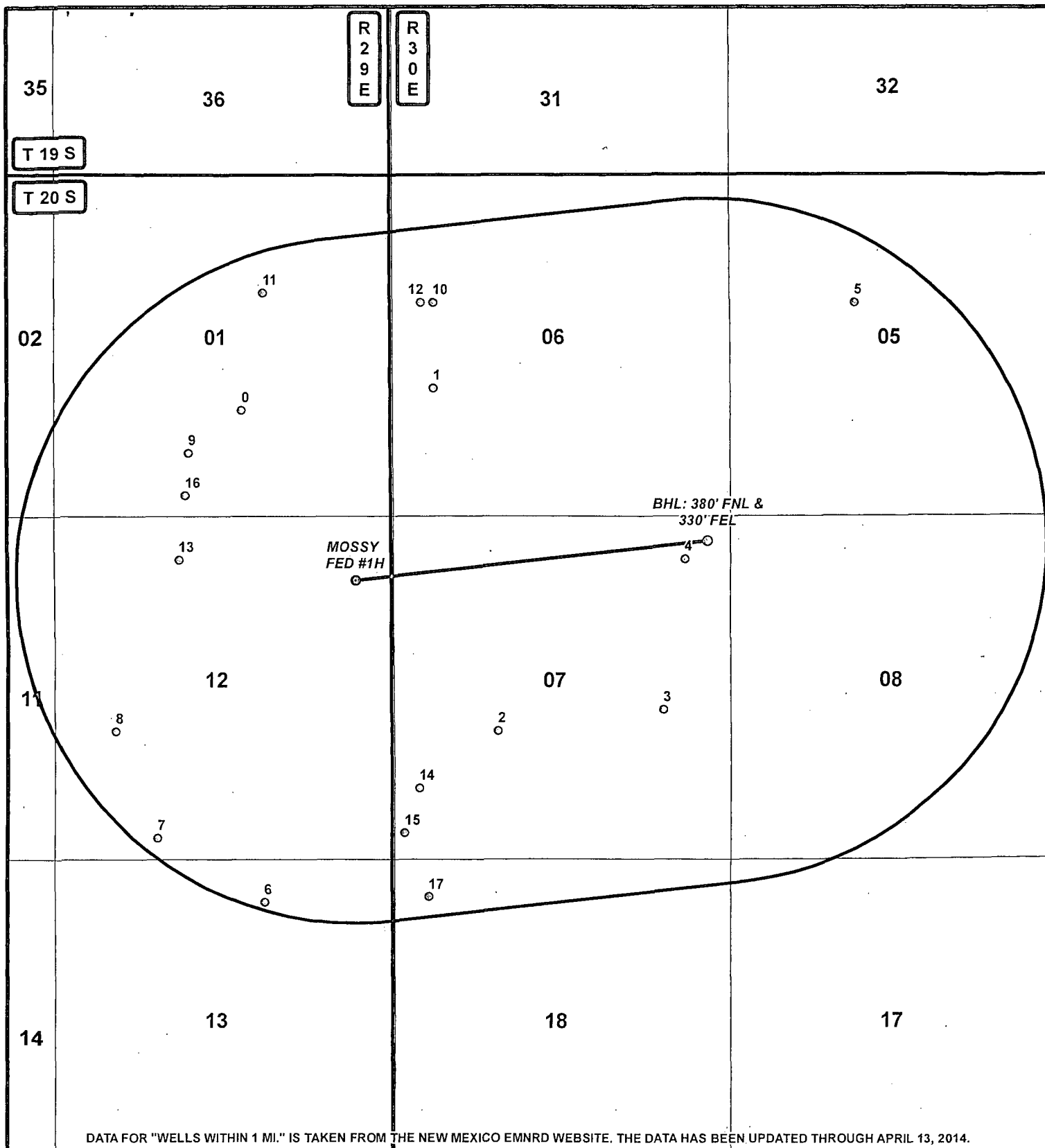
1 IN = 6,000 FT

VICINITY MAP: 04/11/2014

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DATA FOR "WELLS WITHIN 1 MI." IS TAKEN FROM THE NEW MEXICO EMNRD WEBSITE. THE DATA HAS BEEN UPDATED THROUGH APRIL 13, 2014.

LEGEND

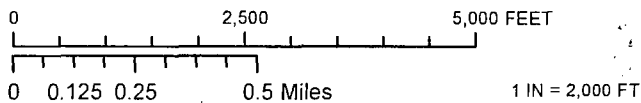
- WELL
- BOTTOMHOLE
- WELLS WITHIN 1 MI.
- 1 MI. BUFFER

MOSSY FED #1H

SEC: 12 TWP: 20 S. RGE: 29 E. ELEVATION: 3266.3'

STATE: NEW MEXICO COUNTY: EDDY 990' FNL & 550' FEL

W.O. # 14-363 LEASE: MOSSY FED SURVEY: N.M.P.M



1 MILE MAP

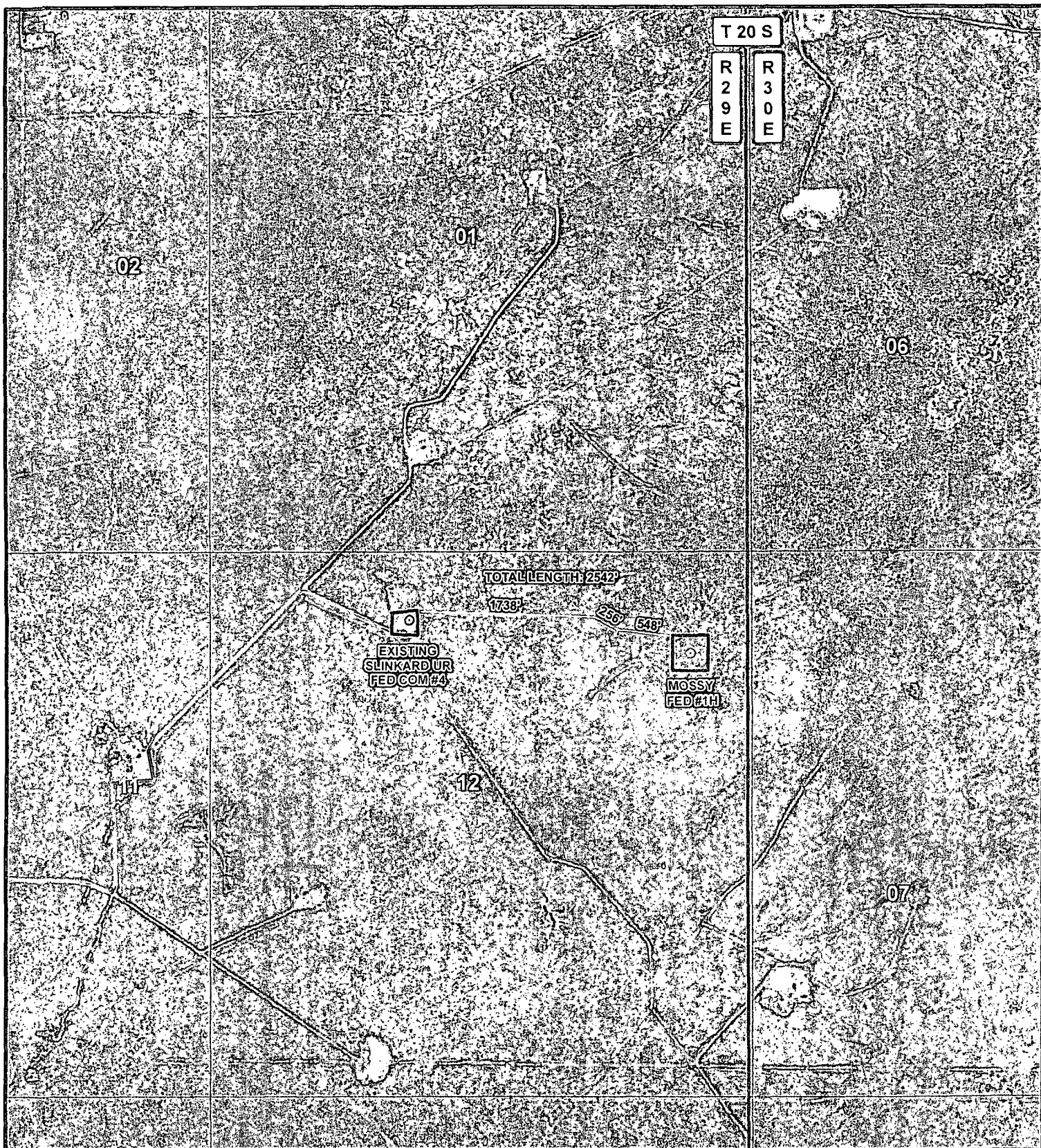
04/30/2014

SP

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SURVEYING

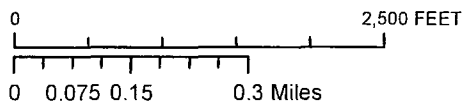


LEGEND

- WELL
- WELLPAD
- PROPOSED ROAD
- EXISTING ROAD

MOSSY FED #1H

SEC: 12 TWP: 20 S. RGE: 29 E. ELEVATION: 3266.3'
 STATE: NEW MEXICO COUNTY: EDDY 990' FNL & 550' FEL
 W.O. # 14-266 LEASE: MOSSY FED SURVEY: N.M.P.M



1 IN = 1,250 FT

ROAD MAP

IMAGERY

04/11/2014

SIP

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 chad_harcrow77@yahoo.com



FID	OPERATOR	WELL_NAME	LATITUDE	LONGITUDE	API	SECTION	TOWNSHIP	RANGE	FTG_NS	NS_CD	FTG_EW	EW_CD	TVD_DEPTH	COMPL_STAT
0	NEIL WILLS ET AL	McCLEAN 001	32.599714	-104.027494	3001503624	1	20.0S	29E	1652	S	2326	E	0	Plugged
1	NEIL WILLS ET AL	CHASE 001	32.600599	-104.017749	3001504662	6	20.0S	30E	1980	S	660	W	0	Plugged
2	ANDERSON-PRICHARD OIL CO	Federal 7 001	32.586077	-104.014551	3001504663	7	20.0S	30E	1980	S	1650	W	0	Plugged
3	A J HARDENDORF	RIGGS 001	32.586974	-104.006098	3001504664	7	20.0S	30E	2310	S	990	E	0	Plugged
4	GROVER-MANN BRO	RIGGS 001	32.593327	-104.00499	3001504665	7	20.0S	30E	660	N	660	E	0	Plugged
5	IKE LOVELADY INC	CONTINENTAL FED 5 001	32.604201	-103.996358	3001510003	5	20.0S	30E	1980	N	1980	W	0	Plugged
6	KERSEY & COMPANY	UNION 001	32.578839	-104.02641	3001510326	13	20.0S	29E	660	N	1980	E	0	Plugged
7	YATES PETROLEUM CORPORATION	ELAND AFC FEDERAL COM 001	32.581572	-104.031806	3001525978	12	20.0S	29E	330	S	1650	W	11297	Plugged
8	YATES PETROLEUM CORPORATION	SLINKARD UR FEDERAL 003	32.586112	-104.033948	3001526038	12	20.0S	29E	1980	S	990	W	12280	Active
9	CIMAREX ENERGY CO. OF COLORADO	SUPERIOR FEDERAL 008	32.597898	-104.03019	3001526323	1	20.0S	29E	990	S	2130	W	11908	Active
10	FORTSON OIL CO	SYLVITE FEDERAL 001	32.604226	-104.017741	3001526503	6	20.0S	30E	1980	N	660	W	12090	Plugged
11	CIMAREX ENERGY CO. OF COLORADO	SUPERIOR FEDERAL 009	32.604669	-104.026355	3001526590	1	20.0S	29E	1830	N	1980	E	11892	Active
12	FORTSON OIL CO	SYLVITE FEDERAL 002	32.604227	-104.018371	3001526657	6	20.0S	30E	1980	N	467	W	4001	Plugged
13	YATES PETROLEUM CORPORATION	SLINKARD UR FEDERAL COM 004	32.593363	-104.030702	3001526762	12	20.0S	29E	660	N	1980	W	12175	Active
14	MEWBOURNE OIL CO	COLLINSOSCOPY FEDERAL 001	32.583648	-104.018535	3001533758	7	20.0S	30E	1095	S	430	W	12400	Active
15	MEWBOURNE OIL CO	TWO MESAS 7 MP FEDERAL 001H	32.581752	-104.019289	3001541420	7	20.0S	30E	405	S	200	W	84369	New (Not drilled or compl)
16	CIMAREX ENERGY CO. OF COLORADO	SUPERIOR FEDERAL 011E	32.596084	-104.030364	3001539333	1	20.0S	29E	330	S	2080	W	0	New (Not drilled or compl)
17	COG OPERATING LLC	COINFLIP STATE COM 002H	32.579044	-104.018092	3001541937	18	20.0S	30E	580	N	570	W	0	New (Not drilled or compl)

ATTACHMENT TO FORM 3160-3
 COG Operating, LLC
 MOSSY FEDERAL #1H
 SHL: 990' FNL & 550' FWL, UNIT A
 Sec 12 T20S R29E
 BHL: 380' FNL & 330' FEL, Unit A
 Sec 7, T20S, R30E
 Eddy County, NM

1. Proration Unit Spacing: 160 Acres
2. Ground Elevation: 3266.3'
3. Proposed Depths: Horizontal: **KOP (kick off point) TVD=7829' MD=7829'**
EOC (end of curve) TVD=8350' MD= 8642'
Toe (end of lateral) TVD=8400' MD= 13663'
4. Estimated tops of geological markers:

Fresh Water	60'
Rustler	145'
Top of Salt	423'
BOS/Top of Tansil	1653'
Yates	1737'
Seven Rivers	2030'
Capitan Reef	2127'
BOR/ Bell Canyon	3146'
Cherry Canyon	3476'
Brushy Canyon	4480'
Bone Spring	6056'
1 st Bone Spring Sd.	7249'
2 nd Bone Spring Sd.	8069'
3 rd Bone Spring Sd.	8988'
Wolfcamp	9489'
Strawn	10596'

5. Possible mineral bearing formations:

Yates	1737'	Oil/Gas
Seven Rivers	2030'	Oil/Gas
Capitan Reef	2127'	Brackish Water
BOR/ Bell Canyon	3146'	Oil/Gas
Cherry Canyon	3476'	Oil/Gas
Brushy Canyon	4480'	Oil/Gas
Bone Spring	6056'	Oil/Gas
1 st Bone Spring Sd.	7249'	Oil/Gas
2 nd Bone Spring Sd.	8069'	Oil/Gas
3 rd Bone Spring Sd.	8988'	Oil/Gas
Wolfcamp	9489'	Oil/Gas
Strawn	10596'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 20" casing to 220' (25' into Rustler) and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 13 3/8" casing to 1720' (17' into Tansil) and circulating cement back to surface in a single stage job. The Capitan Reef will be isolated by setting 9 5/8" casing at 3216' (20' into Bell Canyon) and circulating cement back to surface in a single stage job. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them as described in the following paragraph.

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
MOSSY FEDERAL #1H
Page 2 of 6

An 8 3/4" open hole will be drilled from 9 5/8" casing shoe to KOP and thru curve. At end of curve (EOC) the open hole will be reduced to 7 7/8" and drilled to TD. At TD 7" x 5 1/2" tapered production casing will be installed (at KOP the production casing will crossover from 7" to 5 1/2") This tapered casing string will be cemented from the TD to surface in single stage job. If wellbore conditions arise that require immediate action and/or a change to this program, COG Operating LLC personnel will always react to protect the wellbore and/or environment.

6. Proposed Mud System

The well will be drilled to TD with a combination of fresh water, brine, cut brine mud systems. The applicable depths and properties of these systems are as follows:

See COG

DEPTH (MD)	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-220' <i>275</i>	Fresh Water	8.3-8.8	28	N.C.
220'-1720'	Brine	9.8-10.1	28	N.C.
1720'-3216'	Fresh Water	8.3-9.0	30	N.C.
3216'-7829'	Cut Brine mud	8.7-9.2	30	N.C.
7829'-8642'	Cut Brine mud	8.7-9.2	30	N.C.
8642'-13663'	Cut Brine mud	8.7-9.2	30	N.C.

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

Visual or electronic mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume.

The mud program has been designed to minimize the volume of H₂S circulated to surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
MOSSY FEDERAL #1H
Page 3 of 6

6. Proposed Casing Program

See COA

Hole Size	Interval MD	OD Casing	Weight	Grade	Condition	Jt.	brst/clps/ten
26"	0-220' <i>275'</i>	20" 0-220'	94#	J55	New	ST&C	9.59/5.35/43.51
17 1/2"	220-1720'	13 3/8" 0-1720'	54.5#	J55	New	BT&C	1.59/1.26/13.07
12 1/4"	1720'- 3216'	9 5/8" 0-3216'	40#	J/K55	New	LT&C	2.14/1.75/4.67
8 3/4"	3216'- 7829'	7" 0-7829'	26#	P110	New	LT&C	1.24/1.66/4.48
8 3/4"	7829'- 8642'	5 1/2" 7829'- 8642'	17#	P110	New	LT&C	1.81/1.33/3.52
7 7/8"	8642'- 13663'	5 1/2" 8642'- 13663'	17#	P110	New	LT&C	1.81/1.33/3.52

Production string will be a tapered string with 7" 26# P110 LTC run from surface to kick off point (7829') and then crossed over to 5 1/2" 17# P110 LTC.

7. Proposed Cement Program

20" SURFACE: (Circulate to Surface)

See COA

		Description	Yield	Density	Water Requirements
Tail: 0'-220' Excess 50%	400 sks	Class "C" w/2% CaCl ₂	1.32 cf/sk	14.8 ppg	6.3 gal/sk.

13 3/8" INTERMEDIATE: (Circulate to Surface)

Lead: 0'-1250' Excess 51%	750 sks	Class "C"+ 4% Gel+ 2% CaCl ₂ + 0.25 ppsCF	1.75 cf/sk	13.5 ppg	9.2 gal/sk.
Tail: 1250'-1720' Excess 46%	400 sks	Class C w/2% CaCl ₂	1.32 cf/sk	14.8 ppg	6.3 gal/sk.

Combined Excess 50%

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
MOSSY FEDERAL #1H
Page 4 of 6

9 5/8" INTERMEDIATE:

Single Stage: (Circulate to Surface)

		<u>Description</u>	<u>Yield</u>	<u>Density</u>	<u>Water Requirement</u>
1st Lead:	300 sks	50:50:10 C:Poz:Gel	2.45 cf/sk	11.8 ppg	14.4 gal/sk.
0'-1720'		w/ 5% Salt+ 0.25% CF			
Excess 14%		+5 pps LCM			
2 nd Lead:	200 sks	50:50:10 C:Poz:Gel	2.45 cf/sk	11.8 ppg	14.4 gal/sk.
1720'-2500'		w/ 5% Salt+ 0.25% CF			
Excess 101%		+5 pps LCM			
Tail:	325 sks	Class C w/2% CaCl ₂	1.32 cf/sk	14.8 ppg	6.3 gal/sk.
2500'-3216'					
Excess 78%					

Combined excess 66%

7" X 5 1/2" TAPERED PRODUCTION CASING:

50' above Capitan Reef

Option #1: Single Stage (Cement cal to surface) (~~Minimum tie-back 200' above 9 5/8" casing shoe~~)

1st Lead:	325 sks	EconoCem-H+	2.51 cf/sk	11.9 ppg	14.2 gal/sk.
0'-4000'		0.5% Halad-322+			
Excess 30%		5 pps Kol-Seal+			
		0.25 pps D-Air 5000+			
		0.2% HR-601			
2 nd Lead:	325 sks	EconoCem-H+	2.51 cf/sk	11.9 ppg	14.2 gal/sk.
4000'-7829'		0.5% Halad-322+			
Excess 42%		5 pps Kol-Seal+			
		0.25 pps D-Air 5000+			
		0.2% HR-601			
Tail:	1100 sks	VersaCem+0.4% GasStop	1.24 cf/sk	14.4 ppg	5.7 gal/sk.
7829'-13663'		+0.3% CFR-3+1% Salt+			
Excess 27%		0.1% HR-601			

Combined Lead & Tail Excess: 30%

Note: 7" casing from surface to KOP. 5 1/2" casing will be run from KOP at 7829' thru curve and lateral to TD of 13663' MD. Productive intervals will be isolated by cement as described above.

8. Pressure Control Equipment:

A 20" X 2000 psi annular BOP will be installed on the 20" casing with mud cross, choke manifold, chokes, kill line, Kelly cock, safety valve and subs to fit all drill strings in use. (see attached BOPE drawings). This equipment will be nipped up on the 20" casing head and used to TD of 17 1/2" hole. This unit will be hydraulically operated and will be hydrostatically tested by independent tester to 250/300 psig low and 1000 psig high. Choke line valve, chokes, upper Kelly cock valve, safety valve shall also be tested to 1000 psig by independent tester.

After setting the 13 3/8" casing, the 20" X 2000 psi Hydril type annular preventer with mud cross, choke manifold, chokes will be rigged up again. Kill line, Kelly cock, safety valve and subs to fit all drill strings in use will be on location. (See attached BOPE drawings.) Hydril and associated equipment will be tested using test plug to 250/300 psig low and 1000 psig high independent tester.

After setting 9 5/8" casing a 13 3/8" X 5000 psi annular and 13 5/8" X 5000 psi double ram BOPs will be rigged up and used to TD. This unit will be hydraulically operated and will be tested by independent tester using test plug to 250 psig/300 psig low and 2000 psig high. Annular preventer will be tested to 250 psig/300 psig low and 1500 psig high. Choke line valve, chokes, upper Kelly cock valve, safety valve shall also be tested to 250 psig/300 psig low and 3000 psig high by independent tester.

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. Any time a component of the BOP stack or choke manifold is changed or installed BOPE will be re-tested as required.

Note: as per Onshore Order #2 D.1 "if an operator chooses to use higher rated equipment than that authorized in the Application for Permit to Drill (APD), testing procedures shall apply to the approved working pressures, not the upgraded higher working pressures" therefore test pressures of 2000 psig for dual rams & 1000 psig for annulars will be followed.

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psig, whichever is greater, but not to exceed 70 percent of casing's minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action will be taken.

9. Production Hole Drilling Summary:

Drill 8 3/4" hole to 7829'. Kick off at +/- 7829', building curve at 11°/100' to 89.43° inclination, 83.59° az at 8642' MD/8350'TVD. Reduce hole size and drill 7 7/8" lateral section in a easterly direction for +/-5021' lateral to TD at +/-13663' MD, 8400' TVD. Run 7" x 5-1/2" production casing. 7" to be run from surface to kickoff point and then changed over to 5 1/2". 5 1/2" casing will be run from kickoff point to TD and both strings will be isolated by a single stage cement job. Cement calculated to surface. Minimum tie-back 200' above 9 5/8" casing shoe.

10. Auxiliary Well Control and Monitoring Equipment

- A. Kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
MOSSY FEDERAL #1H
Page 6 of 6

11. Logging, Testing and Coring Program:

- A. The following logs will be run in the vertical portion of the hole KOP to surface: GR/CNL
- B. The mud logging program will consist of lagged 10' samples from KOP to TD in Horizontal hole.
- C. Drill Stem test is not anticipated.
- D. No conventional coring is anticipated.
- E. Further testing procedures will be determined after the 7" x 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

12. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

See CEA
No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature at TD is 107° Fahrenheit and estimated maximum bottom hole pressure is 3659 psi. Wells in the Parkway area will penetrate formations that are known or could reasonably be expected to contain Hydrogen Sulfide. Therefore, a H₂S drilling operations plan is included with this APD. Hydrogen sulfide detection equipment will be operational and breathing equipment will be on location after drilling out the 20" casing shoe and until the 5 1/2" casing is cemented. If while drilling the 17 1/2" or 12 1/4" intermediate hole sections, H₂S concentrations exceed 100 ppm the well will be shut-in and a remote operated choke installed. A remote operated choke will be installed as part of the 5000 psi BOP equipment rigged up after setting 9 5/8" casing and before drilling the 9 5/8" casing shoe. COG will comply with Onshore Order #6. All BOPE testing companies used by COG have H2S certified employees and will work on H2S locations. No major loss circulation zones have been reported in offsetting wells.

13. Anticipated Starting Date

Drilling operations will commence approximately on April 30, 2014 with drilling and completion operations lasting approximately 90 days.

GEG 4.30.14

COG OPERATING, LLC

Eddy County, NM

Mossy Fed 1H

1H

Lateral

Plan: Plan #2

Standard Planning Report

24 April, 2014

Section Distances

Sec12,T20S,R29E

SHL - Unit A

989.8'FNL, 569.8'FEL

Sec 7,T20S,R30E

PP

888.9'FNL, 330.0'FWL

PBHL - Unit A

380.1'FNL, 330.0'FEL

Archer

Planning Report

Database:	EDM-R5000.1 MULTI	Local Co-ordinate Reference:	Well 1H
Company:	COG OPERATING, LLC	TVD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Project:	Eddy County, NM	MD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Site:	Mossy Fed 1H	North Reference:	Grid
Well:	1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral		
Design:	Plan #2		

Project:	Eddy County, NM		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site:		Mossy Fed 1H				
Site Position:		Northing:	579,342.60 usft	Latitude:	32° 35' 32.39 N	
From:	Map	Easting:	596,130.80 usft	Longitude:	104° 1' 16.34 W	
Position Uncertainty:		0.00 usft	Slot Radius:	13.200 in	Grid Convergence:	0.17 °

Well:	1H					
Well Position	+N/-S	0.00 usft	Northing:	579,342.60 usft	Latitude:	32° 35' 32.39 N
	+E/-W	0.00 usft	Easting:	596,130.80 usft	Longitude:	104° 1' 16.34 W
Position Uncertainty		0.00 usft	Wellhead Elevation:		Ground Level:	3,266.00 usft

Wellbore	Lateral				
Magnetics	Model Name	Sample Date	Declination	Dip Angle	Field Strength
			(°)	(°)	(nT)
	IGRF2010	4/24/2014	7.47	60.38	48,504

Design:	Plan #2			
Audit Notes:				
Version:	Phase:	PROTOTYPE	Tie On Depth:	0.00
Vertical Section	Depth From (TVD)	+N/-S	+E/-W	Direction
	(usft)	(usft)	(usft)	(°)
	0.00	0.00	0.00	83.59

Measured Depth	Inclination	Azimuth	Vertical Depth	+N/-S	+E/-W	Doglegs Rate	Build Rate	Turn Rate	TFO	Target
(usft)	(°)	(°)	(usft)	(usft)	(usft)	(°/100usft)	(°/100usft)	(°/100usft)	(°)	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,829.16	0.00	0.00	7,829.16	0.00	0.00	0.00	0.00	0.00	0.00	
8,642.16	89.43	83.59	8,350.00	57.58	512.46	11.00	11.00	0.00	83.59	
13,663.34	89.43	83.59	8,400.00	618.20	5,502.00	0.00	0.00	0.00	0.00	Mossy Fed 1H PBHL

Archer

Planning Report

Database:	EDM R5000.1 MULTI	Local Co-ordinate Reference:	Well 1H
Company:	COG OPERATING, LLC	TVD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Project:	Eddy County, NM	MD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Site:	Mossy Fed 1H	North Reference:	Grid
Well:	1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral		
Design:	Plan #2		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	0.00	0.00
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	0.00	0.00
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	0.00	0.00
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	0.00	0.00

Archer

Planning Report

Database:	EDM R5000.1 MULTI	Local Co-ordinate Reference:	Well 1H
Company:	COG OPERATING, LLC	TVD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Project:	Eddy County, NM	MD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Site:	Mossy Fed 1H	North Reference:	Grid
Well:	1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral		
Design:	Plan #2		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N-S (usft)	+E-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	0.00	0.00	
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,100.00	0.00	0.00	6,100.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,200.00	0.00	0.00	6,200.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,300.00	0.00	0.00	6,300.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,400.00	0.00	0.00	6,400.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,500.00	0.00	0.00	6,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,600.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,700.00	0.00	0.00	6,700.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,800.00	0.00	0.00	6,800.00	0.00	0.00	0.00	0.00	0.00	0.00	
6,900.00	0.00	0.00	6,900.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,000.00	0.00	0.00	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,100.00	0.00	0.00	7,100.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,200.00	0.00	0.00	7,200.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,300.00	0.00	0.00	7,300.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,400.00	0.00	0.00	7,400.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,500.00	0.00	0.00	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,600.00	0.00	0.00	7,600.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,700.00	0.00	0.00	7,700.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,800.00	0.00	0.00	7,800.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,829.16	0.00	0.00	7,829.16	0.00	0.00	0.00	0.00	0.00	0.00	
Start Build 11.00										
7,850.00	2.29	83.59	7,849.99	0.05	0.41	0.42	11.00	11.00	0.00	
7,900.00	7.79	83.59	7,899.78	0.54	4.78	4.81	11.00	11.00	0.00	
7,950.00	13.29	83.59	7,948.92	1.56	13.87	13.95	11.00	11.00	0.00	
8,000.00	18.79	83.59	7,996.95	3.10	27.59	27.77	11.00	11.00	0.00	
8,050.00	24.29	83.59	8,043.44	5.15	45.83	46.12	11.00	11.00	0.00	
8,100.00	29.79	83.59	8,087.96	7.69	68.41	68.84	11.00	11.00	0.00	
8,150.00	35.29	83.59	8,130.09	10.69	95.13	95.73	11.00	11.00	0.00	
8,200.00	40.79	83.59	8,169.46	14.13	125.74	126.53	11.00	11.00	0.00	
8,250.00	46.29	83.59	8,205.68	17.97	159.95	160.96	11.00	11.00	0.00	
8,300.00	51.79	83.59	8,238.45	22.19	197.46	198.71	11.00	11.00	0.00	
8,350.00	57.29	83.59	8,267.44	26.73	237.92	239.42	11.00	11.00	0.00	
8,400.00	62.79	83.59	8,292.40	31.57	280.95	282.72	11.00	11.00	0.00	
8,450.00	68.29	83.59	8,313.09	36.65	326.16	328.22	11.00	11.00	0.00	
8,500.00	73.79	83.59	8,329.33	41.93	373.14	375.49	11.00	11.00	0.00	
8,550.00	79.29	83.59	8,340.96	47.35	421.44	424.10	11.00	11.00	0.00	
8,600.00	84.79	83.59	8,347.88	52.88	470.63	473.59	11.00	11.00	0.00	
8,642.16	89.43	83.59	8,350.00	57.58	512.46	515.68	11.00	11.00	0.00	
Start 5021.19 hold at 8642.15 MD										
8,700.00	89.43	83.59	8,350.58	64.04	569.94	573.53	0.00	0.00	0.00	
8,800.00	89.43	83.59	8,351.58	75.20	669.31	673.52	0.00	0.00	0.00	
8,900.00	89.43	83.59	8,352.57	86.37	768.68	773.52	0.00	0.00	0.00	
9,000.00	89.43	83.59	8,353.57	97.53	868.05	873.51	0.00	0.00	0.00	
9,100.00	89.43	83.59	8,354.56	108.70	967.42	973.51	0.00	0.00	0.00	
9,200.00	89.43	83.59	8,355.56	119.86	1,066.79	1,073.50	0.00	0.00	0.00	
9,300.00	89.43	83.59	8,356.55	131.03	1,166.16	1,173.50	0.00	0.00	0.00	
9,400.00	89.43	83.59	8,357.55	142.19	1,265.53	1,273.49	0.00	0.00	0.00	

Archer

Planning Report

Database:	EDM R5000.1 MULTI-	Local Co-ordinate Reference:	Well 1H
Company:	COG OPERATING, LLC	TVD Reference:	3266'GL+19'KB @ 3285.00usft. (Planning)
Project:	Eddy County, NM	MD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Site:	Mossy Fed 1H	North Reference:	Grid
Well:	1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral		
Design:	Plan #2		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	N/S (usft)	E/W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
9,500.00	89.43	83.59	8,358.55	153.36	1,364.90	1,373.49	0.00	0.00	0.00	
9,600.00	89.43	83.59	8,359.54	164.52	1,464.27	1,473.48	0.00	0.00	0.00	
9,700.00	89.43	83.59	8,360.54	175.69	1,563.64	1,573.48	0.00	0.00	0.00	
9,800.00	89.43	83.59	8,361.53	186.85	1,663.01	1,673.47	0.00	0.00	0.00	
9,900.00	89.43	83.59	8,362.53	198.02	1,762.38	1,773.47	0.00	0.00	0.00	
10,000.00	89.43	83.59	8,363.52	209.18	1,861.75	1,873.46	0.00	0.00	0.00	
10,100.00	89.43	83.59	8,364.52	220.35	1,961.12	1,973.46	0.00	0.00	0.00	
10,200.00	89.43	83.59	8,365.52	231.51	2,060.49	2,073.45	0.00	0.00	0.00	
10,300.00	89.43	83.59	8,366.51	242.68	2,159.86	2,173.45	0.00	0.00	0.00	
10,400.00	89.43	83.59	8,367.51	253.84	2,259.23	2,273.44	0.00	0.00	0.00	
10,500.00	89.43	83.59	8,368.50	265.01	2,358.60	2,373.44	0.00	0.00	0.00	
10,600.00	89.43	83.59	8,369.50	276.17	2,457.97	2,473.43	0.00	0.00	0.00	
10,700.00	89.43	83.59	8,370.49	287.34	2,557.34	2,573.43	0.00	0.00	0.00	
10,800.00	89.43	83.59	8,371.49	298.51	2,656.71	2,673.42	0.00	0.00	0.00	
10,900.00	89.43	83.59	8,372.49	309.67	2,756.08	2,773.42	0.00	0.00	0.00	
11,000.00	89.43	83.59	8,373.48	320.84	2,855.44	2,873.41	0.00	0.00	0.00	
11,100.00	89.43	83.59	8,374.48	332.00	2,954.81	2,973.41	0.00	0.00	0.00	
11,200.00	89.43	83.59	8,375.47	343.17	3,054.18	3,073.40	0.00	0.00	0.00	
11,300.00	89.43	83.59	8,376.47	354.33	3,153.55	3,173.40	0.00	0.00	0.00	
11,400.00	89.43	83.59	8,377.46	365.50	3,252.92	3,273.39	0.00	0.00	0.00	
11,500.00	89.43	83.59	8,378.46	376.66	3,352.29	3,373.39	0.00	0.00	0.00	
11,600.00	89.43	83.59	8,379.46	387.83	3,451.66	3,473.38	0.00	0.00	0.00	
11,700.00	89.43	83.59	8,380.45	398.99	3,551.03	3,573.38	0.00	0.00	0.00	
11,800.00	89.43	83.59	8,381.45	410.16	3,650.40	3,673.37	0.00	0.00	0.00	
11,900.00	89.43	83.59	8,382.44	421.32	3,749.77	3,773.37	0.00	0.00	0.00	
12,000.00	89.43	83.59	8,383.44	432.49	3,849.14	3,873.36	0.00	0.00	0.00	
12,100.00	89.43	83.59	8,384.43	443.65	3,948.51	3,973.36	0.00	0.00	0.00	
12,200.00	89.43	83.59	8,385.43	454.82	4,047.88	4,073.35	0.00	0.00	0.00	
12,300.00	89.43	83.59	8,386.43	465.98	4,147.25	4,173.35	0.00	0.00	0.00	
12,400.00	89.43	83.59	8,387.42	477.15	4,246.62	4,273.34	0.00	0.00	0.00	
12,500.00	89.43	83.59	8,388.42	488.31	4,345.99	4,373.34	0.00	0.00	0.00	
12,600.00	89.43	83.59	8,389.41	499.48	4,445.36	4,473.33	0.00	0.00	0.00	
12,700.00	89.43	83.59	8,390.41	510.64	4,544.73	4,573.33	0.00	0.00	0.00	
12,800.00	89.43	83.59	8,391.40	521.81	4,644.10	4,673.32	0.00	0.00	0.00	
12,900.00	89.43	83.59	8,392.40	532.97	4,743.47	4,773.32	0.00	0.00	0.00	
13,000.00	89.43	83.59	8,393.40	544.14	4,842.84	4,873.31	0.00	0.00	0.00	
13,100.00	89.43	83.59	8,394.39	555.30	4,942.21	4,973.31	0.00	0.00	0.00	
13,200.00	89.43	83.59	8,395.39	566.47	5,041.58	5,073.30	0.00	0.00	0.00	
13,300.00	89.43	83.59	8,396.38	577.63	5,140.95	5,173.30	0.00	0.00	0.00	
13,400.00	89.43	83.59	8,397.38	588.80	5,240.32	5,273.29	0.00	0.00	0.00	
13,500.00	89.43	83.59	8,398.37	599.96	5,339.69	5,373.29	0.00	0.00	0.00	
13,600.00	89.43	83.59	8,399.37	611.13	5,439.06	5,473.28	0.00	0.00	0.00	
13,663.34	89.43	83.59	8,400.00	618.20	5,502.00	5,536.62	0.00	0.00	0.00	
TD at 13663.34										

Archer

Planning Report

Database:	EDM R5000.1 MULTI	Local Co-ordinate Reference:	Well 1H
Company:	COG OPERATING, LLC	TVD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Project:	Eddy County NM	MD Reference:	3266'GL+19'KB @ 3285.00usft (Planning)
Site:	Mossy Fed 1H	North Reference:	Grid
Well:	1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral		
Design:	Plan #2		

Design Targets									
Target Name	hit/miss target Shape	Dip Angle (°)	Dip Dir (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude Longitude
Mossy Fed 1H PP	- plan misses target center by 905.30usft at 0.00usft MD (0.00 TVD, 0.00 N, 0.00 E) - Point	0.00	0.01	0.00	101.08	899.64	579,443.69	597,030.45	32° 35' 33.36 N 104° 1' 5.82 W
Mossy Fed 1H Surface	- plan hits target center - Point	0.00	0.00	0.00	0.00	0.00	579,342.60	596,130.80	32° 35' 32.39 N 104° 1' 16.34 W
Mossy Fed 1H PBHL	- plan hits target center - Point	0.00	0.01	8,400.00	618.20	5,502.00	579,960.80	601,632.80	32° 35' 38.34 N 104° 0' 12.01 W

Plan Annotations				
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
7,829.16	7,829.16	0.00	0.00	Start Build 11.00
8,642.16	8,350.00	57.58	512.46	Start 5021.19 hold at 8642.15 MD
13,663.34	8,400.00	618.20	5,502.00	TD at 13663.34

COG OPERATING, LLC

Field: Eddy County, NM

Site: Mossy Fed 1H

Well: 1H

Wellbore: Lateral

Plan: Plan #2

Section Distances

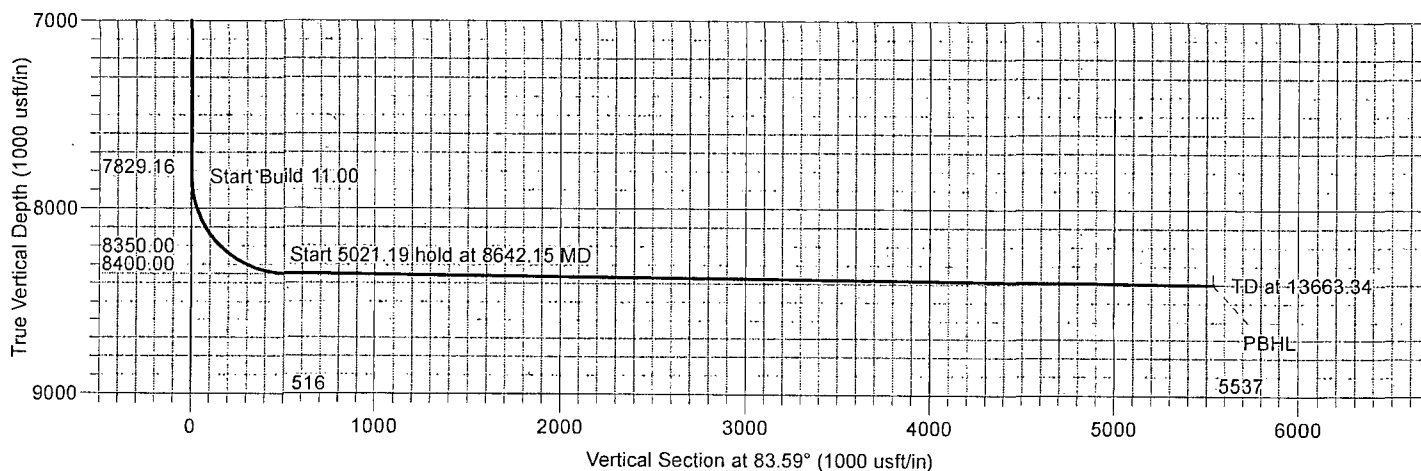
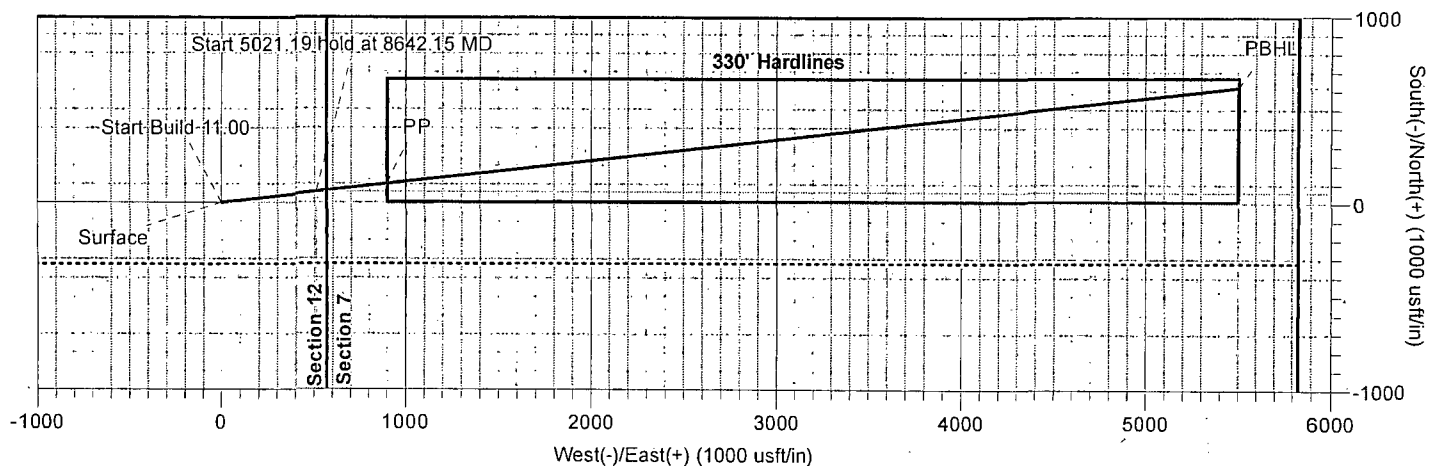
Sec12,T20S,R29E
SHL - Unit A
989.8'FNL, 569.8'FEL

Sec 7,T20S,R30E
PP
888.9'FNL, 330.0'FWL
PBHL - Unit A
380.1'FNL, 330.0'FEL



Azimuths to Grid North
True North: -0.17°
Magnetic North: 7.30°

Magnetic Field
Strength: 48503.8snT
Dip Angle: 60.38°
Date: 4/24/2014
Model: IGRF2010



TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
Mossy Fed 1H PP	0.00	101.08	899.64	579443.68	597030.44	32° 35' 33.36 N	104° 1' 5.82 W	Point
Mossy Fed 1H Surface	0.00	0.00	0.00	579342.60	596130.80	32° 35' 32.39 N	104° 1' 16.34 W	Point
Mossy Fed 1H PBHL	8400.00	618.20	5502.00	579960.80	601632.80	32° 35' 38.34 N	104° 0' 12.01 W	Point

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	7829.16	0.00	0.00	7829.16	0.00	0.00	0.00	0.00	0.00	
3	8642.15	89.43	83.59	8350.00	57.58	512.46	11.00	83.59	515.68	
4	13663.34	89.43	83.59	8400.00	618.20	5502.00	0.00	0.00	5536.62	Mossy Fed 1H PBHL



ARCHER DIRECTIONAL DRILLING SERVICES

12101 Cutten Rd. Houston, Texas 77066

Phone: 281-301-2600 Fax: 281-301-2795

Design: Plan #2 (1H/Lateral)
Created By: Ivonne Gonzalez
Date: 15:46, April 24 2014



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the
POD suffix indicates the
POD has been replaced
& no longer serves a
water right file.)

(R=POD has
been replaced,
O=orphaned,
C=the file is
closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
C 03265 POD1	CUB	ED		1	1	3	20	20S	29E	584052	3602648*	89	52	37
CP 00698		ED		2	3	1	03	20S	29E	587445	3608005			
CP 00698	C	ED		2	3	1	03	20S	29E	587445	3608005			
CP 00740		ED		2	3	3	12	20S	29E	590669	3605509*	150		
CP 00745		ED		4	1	3	12	20S	29E	590653	3605782	232		
CP 00759		ED		4	2	28	20S	29E	586984	3601360*	205	90	115	
CP 00830		LE		2	1	04	20S	29E	586118	3608193*	120			
CP 00831		LE		2	2	10	20S	29E	588548	3606605*	100			
CP 00832		LE		2	3	12	20S	29E	590971	3605815*	200			
CP 00833		LE		1	2	16	20S	29E	586548	3604978*	100			
CP 00936 POD1		ED		3	4	2	30	20S	29E	583661	3601238*	70	52	18
CP 01201 POD1		ED		2	2	1	18	20S	29E	582983	3605121	119	49	70

Average Depth to Water: 60 feet

Minimum Depth: 49 feet

Maximum Depth: 90 feet

Record Count: 12

PLSS Search:

Township: 20S

Range: 29E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the
POD suffix indicates the
POD has been replaced
& no longer serves a
water right file.)

(R=POD has
been replaced,

O=orphaned,

C=the file is (quarters are 1=NW 2=NE 3=SW 4=SE)

closed) (quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
CP 00740			ED	2	3	3	12	20S	29E	590669	3605509*	150		
CP 00745			ED	4	1	3	12	20S	29E	590653	3605782	232		
CP 00832			LE		2	3	12	20S	29E	590971	3605815*	200		

Average Depth to Water: --

Minimum Depth: --

Maximum Depth: --

Record Count: 3

PLSS Search:

Section(s): 12

Township: 20S

Range: 29E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 7

Township: 20S

Range: 30E



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the
POD suffix indicates the
POD has been replaced
& no longer serves a
water right file.)

(R=POD has
been replaced,
O=orphaned,
C=the file is
closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
CP 00419		ED		4	3	32	20S	30E		594250	3599003*	262	170	92
CP 00431		ED		2	3	33	20S	30E		595857	3599419*	235	195	40
CP 00532		ED		4	3	4	21	20S	30E	596328	3602138*	335	150	185
CP 00551		ED		1	1	1	33	20S	30E	595343	3600320*	286	187	99
CP 00775		ED		2	1	4	11	20S	30E	599515	3605981*	350	40	310
CP 00834		LE		2	3	06	20S	30E		592566	3607436*	120		

Average Depth to Water: **148 feet**

Minimum Depth: **40 feet**

Maximum Depth: **195 feet**

Record Count: 6

PLSS Search:

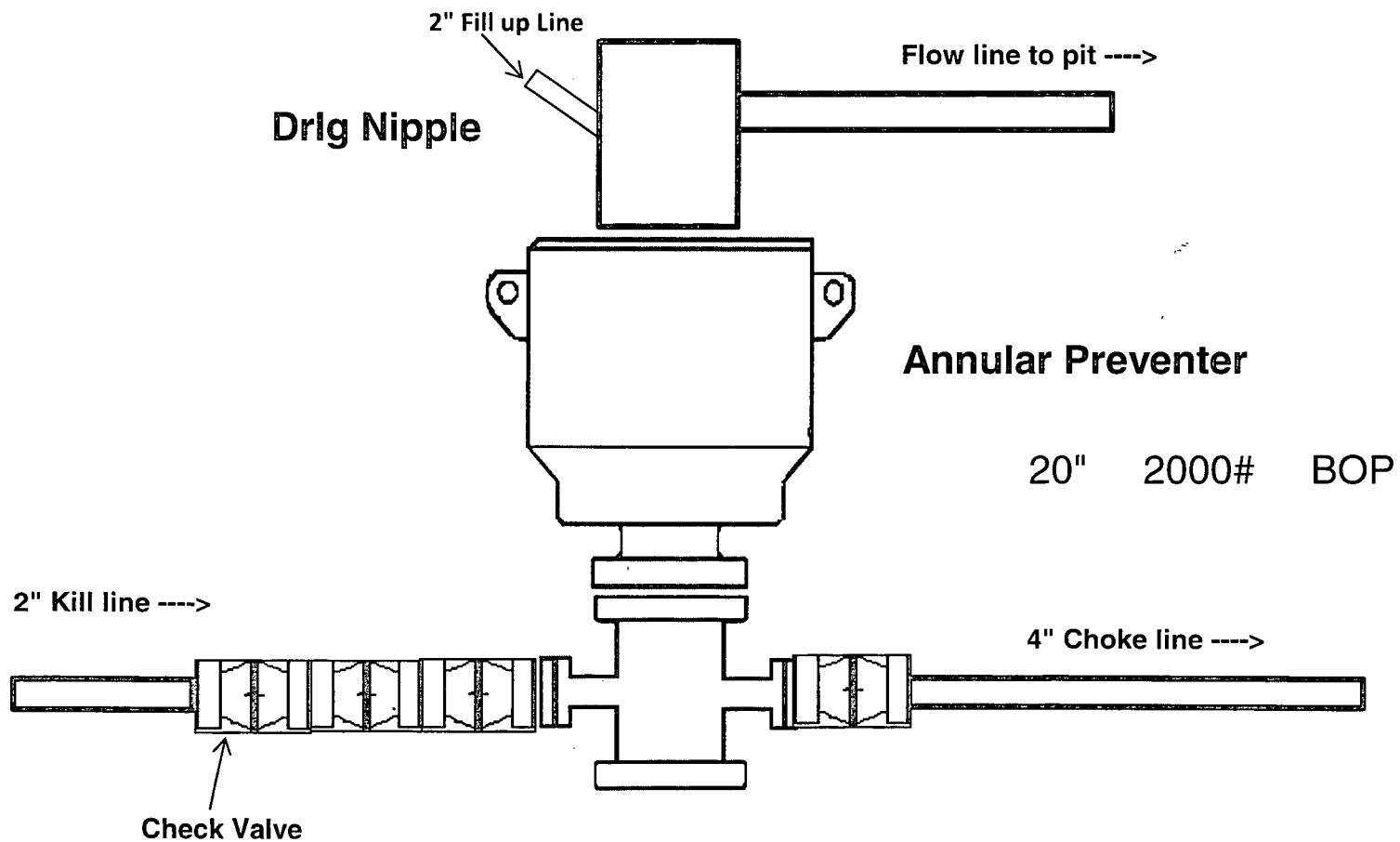
Township: 20S

Range: 30E

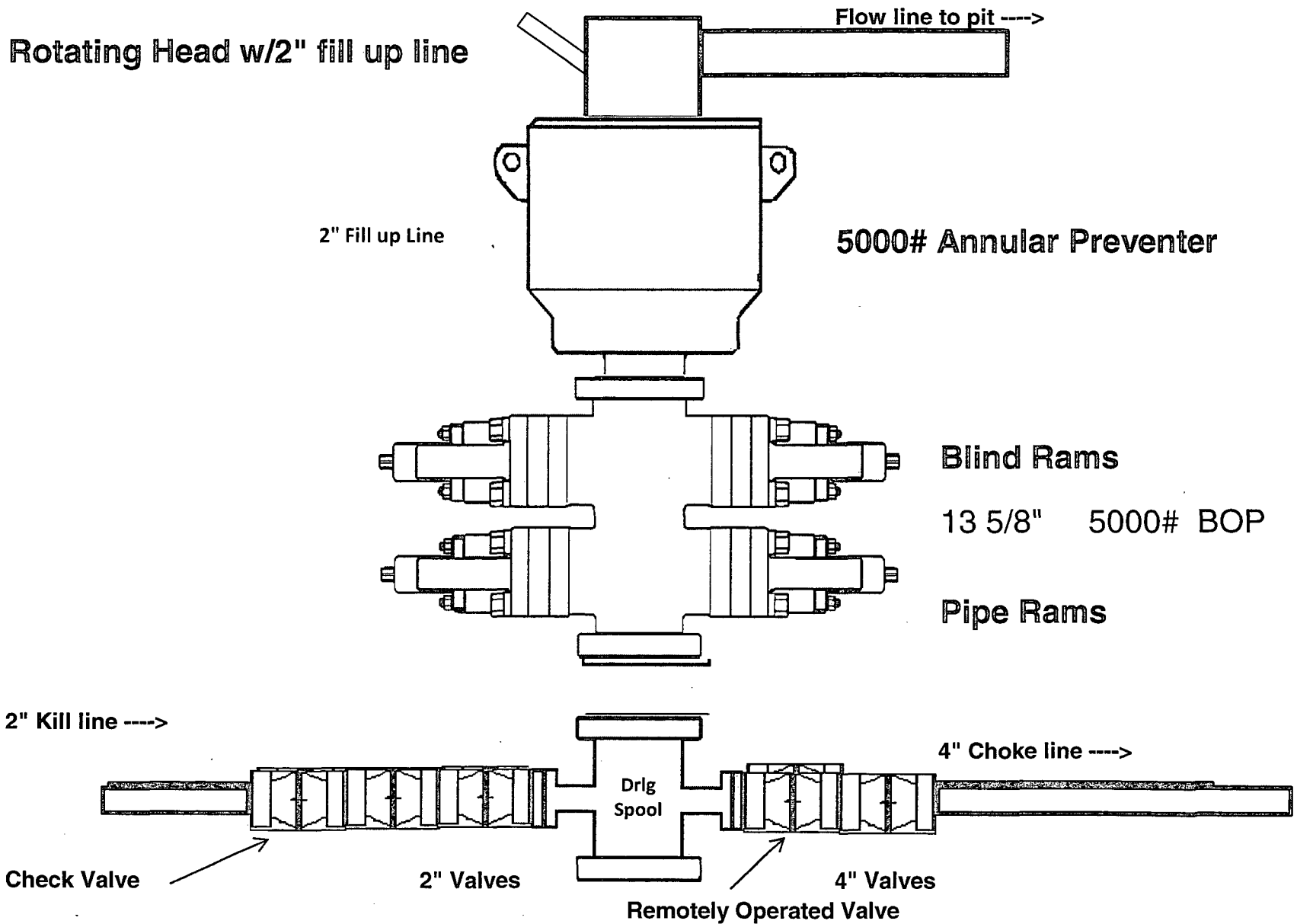
*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

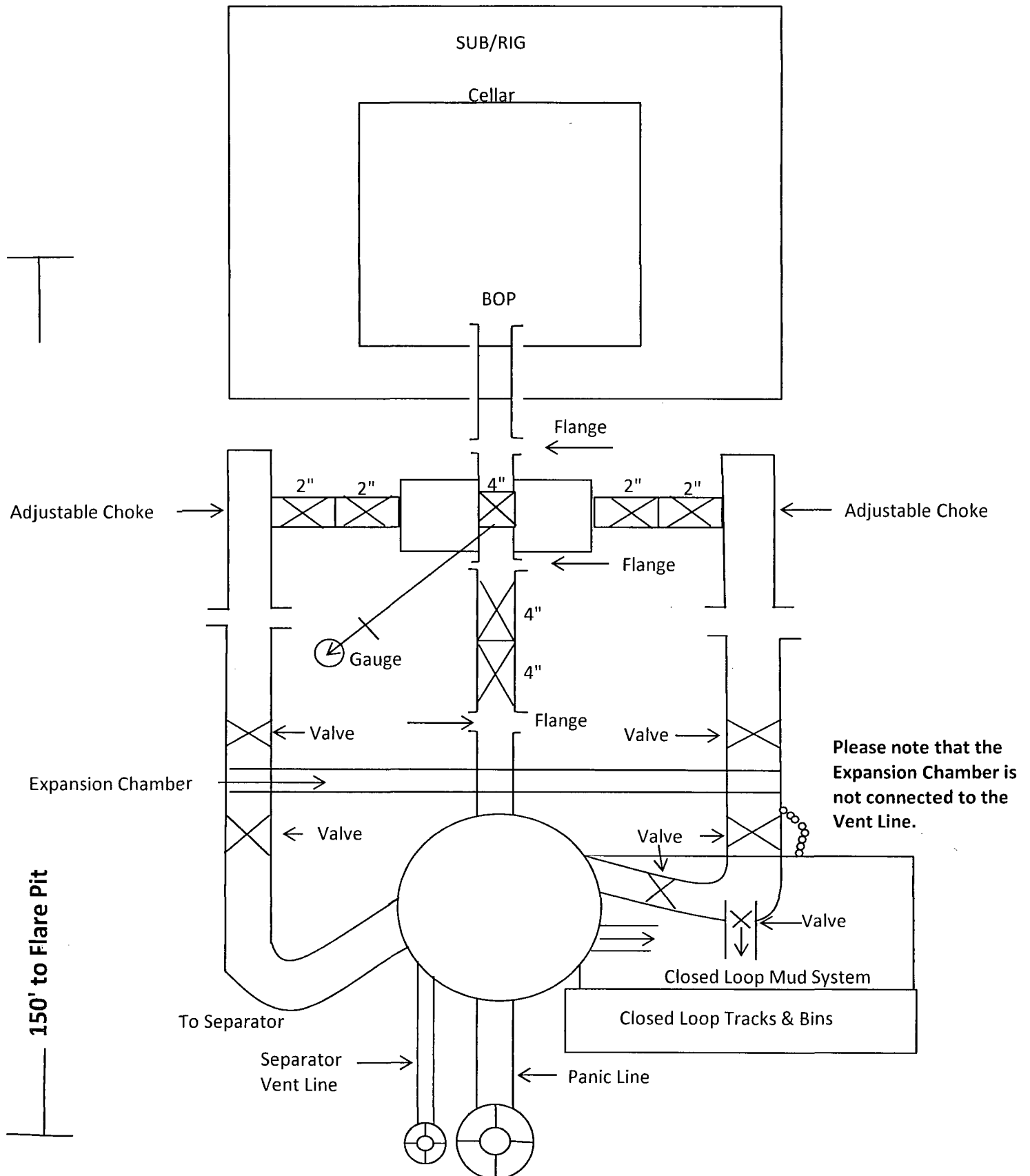
2,000 psi BOP Schematic



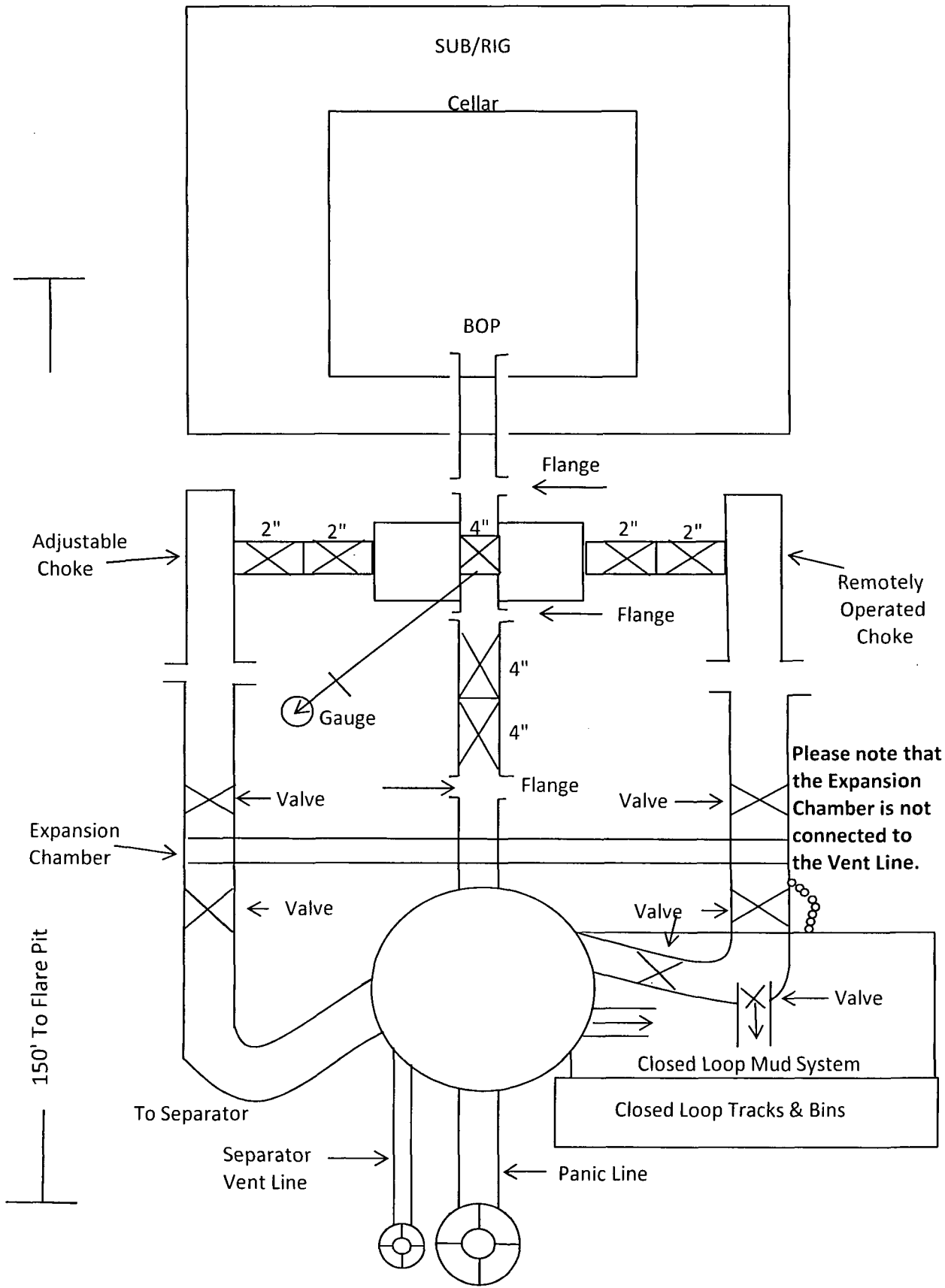
5,000 psi BOP Schematic



2M Choke Manifold Equipment



5M Choke Manifold Equipment



COG Operating LLC

Rig Plat & Closed Loop Equipment Diagram

Well pad will be 340' X 340'
with cellar in center of pad

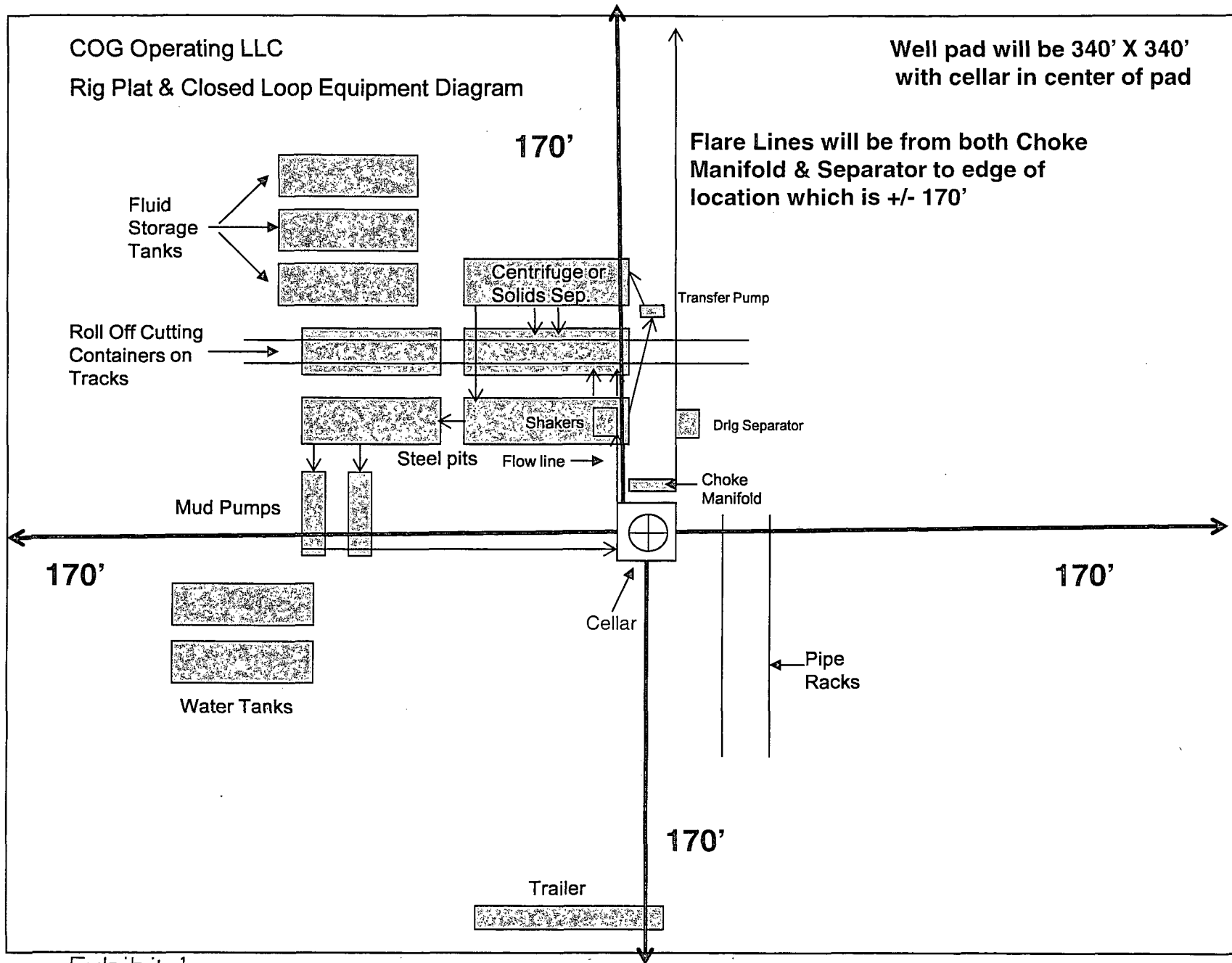


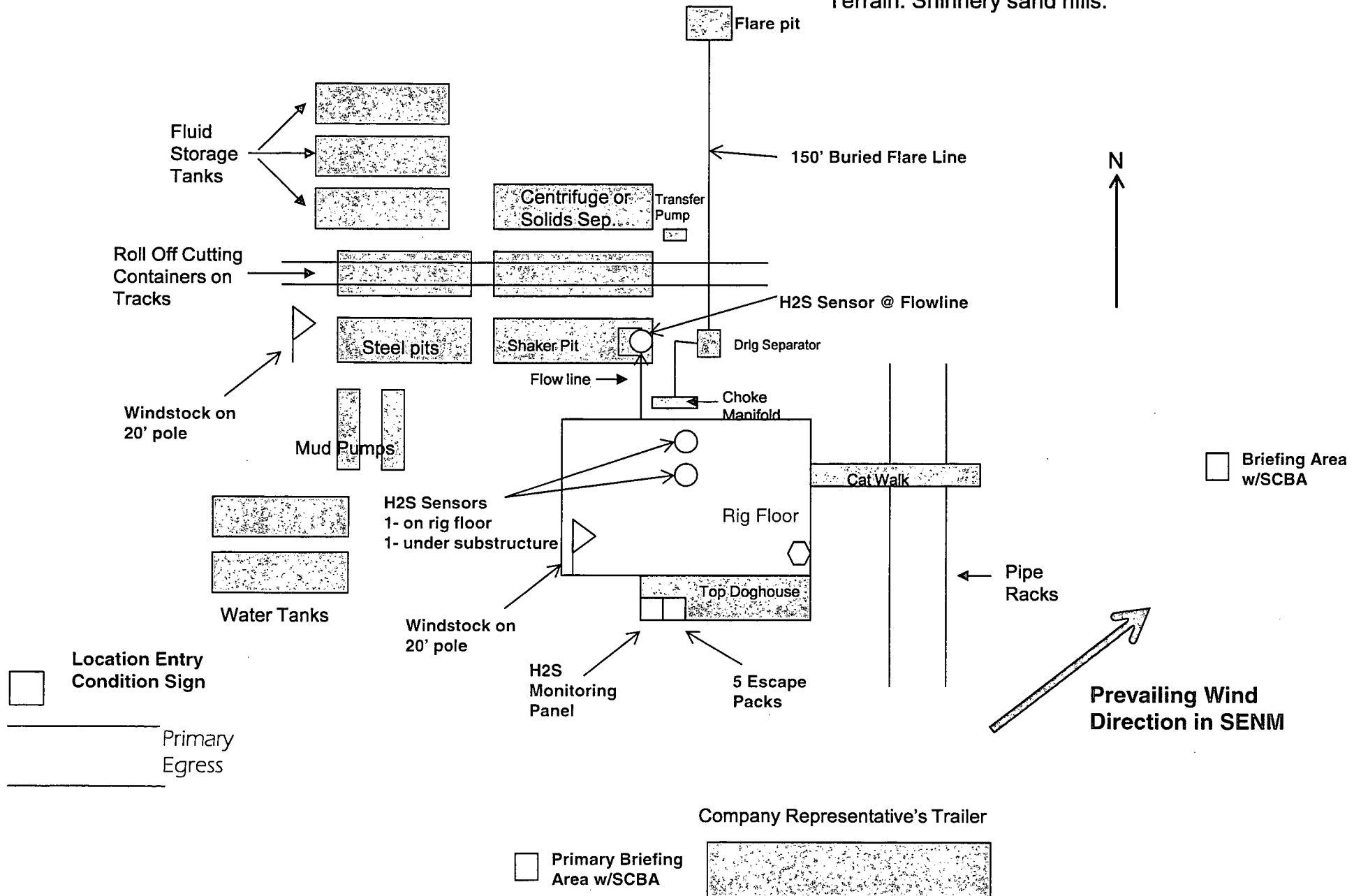
Exhibit 1

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

Well pad will be 340' X 340'
with cellar in center of pad

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

Secondary egress.



COG OPERATING LLC
HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- a. The hazards and characteristics of hydrogen sulfide (H₂S).
- b. The proper use and maintenance of personal protective equipment and life support systems.
- c. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- d. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- a. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- b. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- c. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

2. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S. If H₂S greater than 100 ppm is encountered in the gas stream we will shut in and install H₂S equipment.

- a. Well Control Equipment:
 - Flare line.
 - Choke manifold with remotely operated choke.
 - Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

- b. Protective equipment for essential personnel:
Mark II Surviveair 30-minute units located in the dog house and at briefing areas.
- c. H2S detection and monitoring equipment:
2 - portable H2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
- d. Visual warning systems:
Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.
- e. Mud Program:
The mud program has been designed to minimize the volume of H2S circulated to the surface.
- f. Metallurgy:
All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- g. Communication:
Company vehicles equipped with cellular telephone.

COG OPERATING LLC has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore, we do not believe that an H2S contingency plan is necessary.

W A R N I N G

**YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED***
- 2. HARD HATS REQUIRED***
- 3. SMOKING IN DESIGNATED AREAS ONLY***
- 4. BE WIND CONSCIOUS AT ALL TIMES***
- 5. CK WITH COG OPERATING LLC FOREMAN AT MAIN OFFICE***

COG OPERATING LLC

1-575-748-6940

EMERGENCY CALL LIST

	<u>OFFICE</u>	<u>MOBILE</u>
COG OPERATING LLC OFFICE	575-748-6940	
SHERYL BAKER	575-748-6940	432-934-1873
KENT GREENWAY	575-746-2010	432-557-1694
SETH WILD	432-683-7443	432-528-3633
WALTER ROYE	575-748-6940	432-934-1886

EMERGENCY RESPONSE NUMBERS

	<u>OFFICE</u>
STATE POLICE	575-748-9718
EDDY COUNTY SHERIFF	575-746-2701
EMERGENCY MEDICAL SERVICES (AMBULANCE)	911 or 575-746-2701
EDDY COUNTY EMERGENCY MANAGEMENT (HARRY BURGESS)	575-887-9511
STATE EMERGENCY RESPONSE CENTER (SERC)	575-476-9620
CARLSBAD POLICE DEPARTMENT	575-885-2111
CARLSBAD FIRE DEPARTMENT	575-885-3125
NEW MEXICO OIL CONSERVATION DIVISION	575-748-1283
INDIAN FIRE & SAFETY	800-530-8693
HALLIBURTON SERVICES	800-844-8451



COG Operating LLC

2208 West Main

Artesia, NM 88210

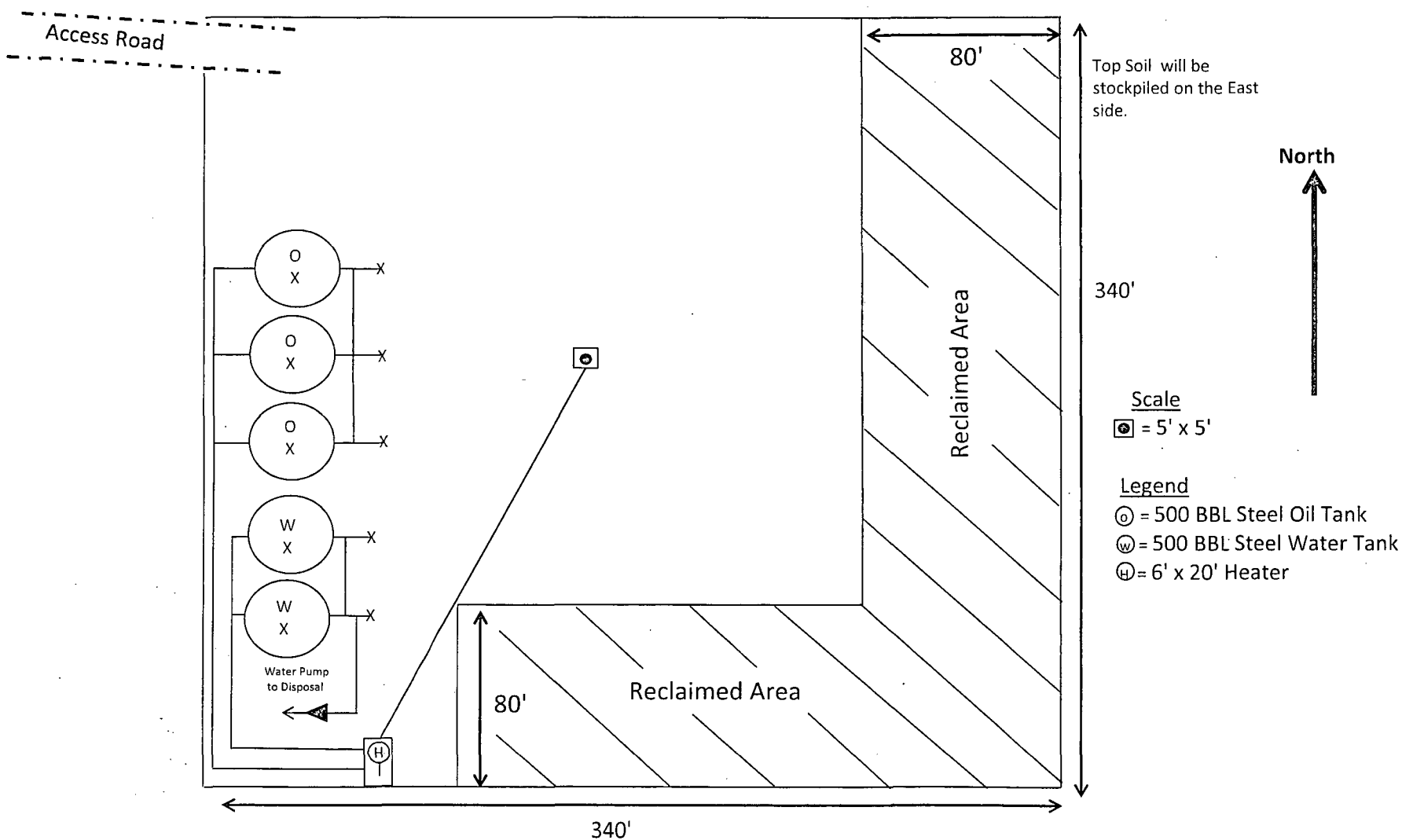
Production Facility Layout

Mossy Federal #1H

SHL: Sec 12-T20S-R29E

BHL: Sec 7-T20S-R30E

Exhibit 3



Surface Use & Operating Plan

Mossy Federal #1H

- Surface Tenant: Richardson Cattle Co., P O Box 487, Carlsbad, NM 88221.
- New Road: 2542'
- Flow Line: On well pad.
- Facilities: Will be constructed on well pad – see Exhibit 3.

Well Site Information

V Door: East

Topsoil: East

Interim Reclamation: North & East

Notes

Onsite: On-site was done by Indra Dahal (BLM); Rand French (COG) on December 10, 2013.

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Harcrow Surveying, Artesia, NM.
- B. All roads to the location are shown on the Location Verification Map Exhibit 2. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary. The road route to the well site is depicted in Exhibit #2. The road shown in Exhibit #2 will be used to access the well.
- C. Directions to location: See 600 x 600 plat
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease. Roads will be maintained according to specifications in section 2 of this Surface Use and Operating Plan.

2. Proposed Access Road:

The Location Verification Map shows that 2542' 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 culverts, cattleguard, 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, caliche will be hauled from the nearest BLM approved caliche pit.

3. Location of Existing Well:

The One-Mile Radius Map shows existing wells within a one-mile radius of surface hole location and the bottom hole location.

4. 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) A tank battery and facilities will be constructed as shown on Exhibit 3.
 - 2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.
 - 3) 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 a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.
 - 4) 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.
 - 5) 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.

5. 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 commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #2. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. 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. A caliche permit will be obtained from BLM prior to obtaining caliche. 2400 cubic yards is the maximum amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- B. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
- C. Subsoil is removed and stockpiled within the surveyed well pad.
- D. When caliche is found, material will be stock piled within the pad site to build the location and road.
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- F. 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.
- G. 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 a BLM approved caliche pit or other established mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

7. 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 boxes and taken to an NMOCD approved disposal site.
- B. Drilling fluids will be contained in steel mud pits.
- 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.

- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. No toxic waste or hazardous chemicals will be produced by this operation.
- E. 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).
- F. 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.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by Harcrow Surveying, is shown in the Elevation Plat. Dimensions of the pad and pits are shown on the Rig Layout. V door direction is East. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.
- B. The Rig Layout Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

10. 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 re-seeded with a BLM approved mixture and re-vegetated as per BLM orders.

11. Surface Ownership:

- A. The surface is owned by U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The surface tenant is Richardson Cattle Co., P O Box 487, Carlsbad, NM 88221.
- C. The proposed road routes and surface location will be restored as directed by the BLM.

12. Other Information:

- A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.
- C. There are no dwellings within 2 miles of this location.
- D. If needed, a Cultural Resources Examination is being prepared by Boone Arch Services of NM, LLC., 2030 North Canal, Carlsbad, New Mexico, 88220, phone # 575-885-1352 and the results will be forwarded to your office in the near future. Otherwise, **COG will be participating in the Permian Basin MOA Program.**
- E. The oil and gas lessees of record of the surface lease are Marigold LLLP, Santo Legado LLLP, and Tulipan LLC. COG Operating LLC is currently in communication with the lessees of record in an effort to obtain their permission to utilize the proposed surface location. Confirmation of their permission will be forwarded to BLM as soon as it is available.

13. Bond Coverage:

Bond Coverage is Statewide Bonds # NMB000740 and NMB000215

Surface Use Plan
COG Operating, LLC
Mossy Federal #1H
SHL: 990' FNL & 550' FEL ULA
Section 12, T20S, R29E
BHL: 380' FNL & 330' FEL ULA
Section 7, T20S, R30E
Eddy County, New Mexico

14. Lessee's and Operator's Representative:

The COG Operating LLC representative responsible for assuring compliance with the surface use plan is as follows:

Sheryl Baker
Drilling Superintendent
COG Operating LLC
2208 West Main Street
Artesia, NM 88210
Phone (575) 748-6940 (office)
(432) 934-1873 (cell)

Ray Peterson
Drilling Manager
COG Operating LLC
One Concho Center
600 W Illinois Ave
Midland, TX 79701
Phone (432) 685-4304 (office)
(432) 818-2254 (business)

Surface Use Plan
COG Operating, LLC
Mossy Federal #1H
SHL: 990' FNL & 550' FEL ULA
Section 12, T20S, R29E
BHL: 380' FNL & 330' FEL ULA
Section 7, T20S, R30E
Eddy 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 30th day of April, 2014.

Signed: 

Printed Name: Melanie J. Parker
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: mparker@concho.com

Surface Use Plan
COG Operating, LLC
Mossy Federal #1H
SHL: 990' FNL & 550' FEL UL A
Section 12, T20S, R29E
BHL: 380' FNL & 330' FEL UL A
Section 7, T20S, R30E
Eddy County, New Mexico

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: April 30, 2014

Lease #: NMNM112273
 Mossy Federal #1H

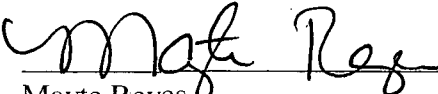
Legal Description: SHL: Sec. 12 – T20S – R29E, BHL: Sec 7 – T20S – R29E
 Lea County, New Mexico

Formation(s): Bone Spring

Bond Coverage: Statewide

BLM Bond File #: NMB000740 & NMB000215

COG OPERATING LLC



Mayte Reyes
Regulatory Analyst

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 02:18 PM

Page 1 of 1

Run Date: 04/30/2014

01 02-25-1920;041STAT0437;30USC181ETSEQ

Total Acres

Serial Number

Case Type 311211: O&G LSE SIMO PUBLIC LAND

160.000

NMNM-- - 015882

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

SHL

Serial Number: NMNM-- - 015882

Name & Address			Int Rel	% Interest
MARIGOLD LLLP	PO BOX 1290	ARTESIA NM 882111290	LESSEE	33.333334000
SANTO LEGADO LLLP	PO BOX 1020	ARTESIA NM 882111020	LESSEE	33.333333000
TULIPAN LLC	PO BOX 1020	ARTESIA NM 882111020	LESSEE	33.333333000

Serial Number: NMNM-- - 015882

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0200S	0290E	011	ALIQ	NWNW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0200S	0290E	012	ALIQ	NENE,S2NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 015882

Act Date	Code	Action	Action Remark	Pending Office
03/20/1972	387	CASE ESTABLISHED	SPAR147;	
04/07/1972	888	DRAWING HELD		
06/20/1972	237	LEASE ISSUED		
07/01/1972	496	FUND CODE	05;145003	
07/01/1972	530	RLTY RATE - 12 1/2%		
07/01/1972	868	EFFECTIVE DATE		
07/24/1982	963	CASE MICROFILMED	CNUM 108,239	
11/04/1982	500	GEOGRAPHIC NAME	UNDEFINED FIELD;	
11/04/1982	510	KMA CLASSIFIED		
11/05/1982	235	EXTENDED	THRU 06/30/84;	
04/15/1983	315	RENTAL RATE DET/ADJ	\$2.00;	
03/23/1984	500	GEOGRAPHIC NAME	UNDESIG STRAWN FLD;	
03/23/1984	651	HELD BY PROD - ALLOCATED	NM061P35-84C420 EB	
03/28/1984	246	LEASE COMMITTED TO CA	84C420	
08/04/1986	500	GEOGRAPHIC NAME	GETTY FLD;	
08/04/1986	512	KMA EXPANDED		
03/01/1988	974	AUTOMATED RECORD VERIF		CB/CB
12/16/1988	246	LEASE COMMITTED TO CA	NMNM72636;	
08/01/1991	246	LEASE COMMITTED TO CA	NMNM85346;	
09/09/1992	974	AUTOMATED RECORD VERIF		CM/JS
12/06/1999	140	ASGN FILED	YATES/SACRAMENTO	
04/06/2000	139	ASGN APPROVED	EFF 01/01/00;	
04/06/2000	974	AUTOMATED RECORD VERIF	LR	
03/16/2006	626	RLTY REDUCTION DENIED		
12/26/2012	140	ASGN FILED	SACRAMENT/SANTO LEG;1	
04/11/2013	139	ASGN APPROVED	EFF 01/01/13;	
04/11/2013	974	AUTOMATED RECORD VERIF	EMR	

Serial Number: NMNM-- - 015882

Line Nr	Remarks
0002	BONDED OPERATOR ON NMNM 85346 PER AFMSS
0003	04/06/2000 YATES PETRO CORP NM2166 S/W;

PECOS DISTRICT

CONDITIONS OF APPROVAL

OPERATOR'S NAME: **COG Operating, LLC**
LEASE NO.: **NMNM-112273**
WELL NAME & NO.: **Mossy Federal 1H**
SURFACE HOLE FOOTAGE: **0990' FNL & 0550' FEL**
BOTTOM HOLE FOOTAGE: **0380' FNL & 0330' FEL Sec.7, T.20S., R30E**
LOCATION: **Section 12, T. 20 S., R 29 E., NMPM**
COUNTY: **Eddy County, New Mexico**

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☐ **Special Requirements**
 - Cave/Karst
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - Cement Requirements
 - H2S Requirements
 - Secretary's Potash
 - High Cave/Karst
 - Capitan Reef
 - Logging Requirements
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Cave and Karst

NO pipelines, facilities, powerlines, or any other new infrastructure servicing this well will be allowed to follow the existing pipeline heading southeast due to the vicinity to a large significant cave.

- ** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS**Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch

All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Hydrogen Sulfide (H₂S) monitors shall be installed prior to drilling out the surface shoe. If H₂S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**
2. **Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. **DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE.** Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. **IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS.** See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Secretary's Potash
High Cave/Karst
Capitan Reef

Possible water flows in the Artesia Group, Salado, and Capitan Reef.

Possible lost circulation in the Artesia Group, Rustler, Capitan Reef, and Delaware.

A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.

1. The 20 inch surface casing shall be set at approximately 275 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt. Excess calculates to negative 4% - Additional cement will be required**

a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 13-3/8 inch 1st intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.**

3. The minimum required fill of cement behind the 9-5/8 inch 2nd intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef and potash.**

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

4. The minimum required fill of cement behind the 7 X 5-1/2 inch production casing is:

☒ Cement should tie-back at least **50 feet above the Capitan Reef** (Top of Capitan Reef estimated at 1865'). Operator shall provide method of verification.

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) psi**.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 intermediate casing shoe shall be **5000 (5M) psi**. **5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.
 - e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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II. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

III. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the

contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed