

NM OIL CONSERVATION
ARTESIA DISTRICT

Form 3160-3
(March 2012)

JUL 10 2017

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
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		8. Lease Name and Well No. MALCO 23 FEDERAL COM 13H 318325
2. Name of Operator COG OPERATING LLC		9. API Well No. 30-015-44297
3a. Address 600 West Illinois Ave Midland TX 79701	3b. Phone No. (include area code) (432)683-7443	10. Field and Pool, or Exploratory EMPIRE / GLORIETA-YESO
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface NENW / 125 FNL / 1443 FWL / LAT 32.8272252 / LONG -104.1504785 At proposed prod. zone SESW / 220 FSL / 1650 FWL / LAT 32.8137445 / LONG -104.1499685		11. Sec., T. R. M. or Blk. and Survey or Area SEC 23 / T17S / R28E / NMP
14. Distance in miles and direction from nearest town or post office* 10 miles		12. County or Parish EDDY
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 125 feet	16. No. of acres in lease 120	17. Spacing Unit dedicated to this well 160
18. Distance from proposed location* to nearest well, drilling, completed, 1 feet applied for, on this lease, ft. 1 feet	19. Proposed Depth 3766 feet / 8550 feet	20. BLM/BIA Bond No. on file FED: NMB000215
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3639 feet	22. Approximate date work will start* 08/20/2017	23. Estimated duration 15 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature (Electronic Submission)	Name (Printed/Typed) Robyn Odom / Ph: (432)685-4385	Date 03/20/2017
Title Regulatory Analyst		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph: (575)234-5959	Date 07/03/2017
Title Supervisor Multiple Resources		

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.

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)



APD ID: 10400009555	Submission Date: 03/20/2017	Highlight All Changes
Operator Name: COG OPERATING LLC	Federal/Indian APD: FED	
Well Name: MALCO 23 FEDERAL COM	Well Number: 13H	
Well Type: OIL WELL	Well Work Type: Drill	



Section 1 - General

APD ID: 10400009555	Tie to previous NOS? 10400006386	Submission Date: 03/20/2017
BLM Office: CARLSBAD	User: Robyn Odom	Title: Regulatory Analyst
Federal/Indian APD: FED	Is the first lease penetrated for production Federal or Indian? FED	
Lease number: NMNM01510	Lease Acres: 120	
Surface access agreement in place?	Allotted?	Reservation:
Agreement in place? NO	Federal or Indian agreement:	
Agreement number:		
Agreement name:		
Keep application confidential? NO		
Permitting Agent? NO	APD Operator: COG OPERATING LLC	
Operator letter of designation:		
Keep application confidential? NO		

Operator Info

Operator Organization Name: COG OPERATING LLC

Operator Address: 600 West Illinois Ave

Operator PO Box: Zip: 79701

Operator City: Midland **State:** TX

Operator Phone: (432)683-7443

Operator Internet Address: RODOM@CONCHO.COM

Section 2 - Well Information

Well in Master Development Plan? NO	Mater Development Plan name:
Well in Master SUPO? NO	Master SUPO name:
Well in Master Drilling Plan? NO	Master Drilling Plan name:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Well API Number:

Field/Pool or Exploratory? Field and Pool

Field Name: EMPIRE

Pool Name: GLORIETA-YESO

Is the proposed well in an area containing other mineral resources? NATURAL GAS,OIL

Describe other minerals:

Is the proposed well in a Helium production area? N

Use Existing Well Pad? NO

New surface disturbance?

Type of Well Pad: SINGLE WELL

Multiple Well Pad Name:

Number:

Well Class: HORIZONTAL

Number of Legs:

Well Work Type: Drill

Well Type: OIL WELL

Describe Well Type:

Well sub-Type: INFILL

Describe sub-type:

Distance to town: 10 Miles

Distance to nearest well: 1 FT

Distance to lease line: 125 FT

Reservoir well spacing assigned acres Measurement: 160 Acres

Well plat: Malco_23_Federal_Com_13H_C102_03-10-2017.pdf

Well work start Date: 08/20/2017

Duration: 15 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83

Vertical Datum: NAVD88

Survey number:

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD
SHL Leg #1	125	FNL	144 3	FWL	17S	28E	23	Aliquot NENW	32.82722 52	- 104.1504 785	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 01510	363 9	0	0
KOP Leg #1	125	FNL	144 3	FWL	17S	28E	23	Aliquot NENW	32.82722 52	- 104.1504 785	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 01510	302	333 7	333 7
PPP Leg #1	330	FNL	165 0	FWL	17S	28E	23	Aliquot NENW	32.82665 8	- 104.1504 67	EDD Y	NEW MEXI CO	NEW MEXI CO	F	NMNM 01510	-98	380 0	373 7

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD
EXIT Leg #1	330	FSL	1650	FWL	17S	28E	23	Aliquot SESW	32.8137445	-104.1499685	EDD Y	NEW MEXICO	NEW MEXICO	S	STATE	-127	8550	3766
BHL Leg #1	220	FSL	1650	FWL	17S	28E	23	Aliquot SESW	32.8137445	-104.1499685	EDD Y	NEW MEXICO	NEW MEXICO	S	STATE	-127	8550	3766

Drilling Plan

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Production
17691	UNKNOWN	3639	0	0	ALLUVIUM	USEABLE WATER	No
17718	TOP SALT	3389	250	250	ANHYDRITE	OTHER : Salt	No
17724	TANSILL	3147	492	492	DOLOMITE	NONE	No
17694	YATES	3042	597	597	SANDSTONE,DOLOMITE	NATURAL GAS,OIL	No
15319	SEVEN RIVERS	2783	856	856	SANDSTONE,DOLOMITE	NATURAL GAS,OIL	No
15318	QUEEN	2232	1407	1407	SANDSTONE	NATURAL GAS,OIL	No
17683	GRAYBURG	1806	1833	1833	SANDSTONE,DOLOMITE	NATURAL GAS,OIL	No
15314	SAN ANDRES	1481	2158	2158	DOLOMITE,ANHYDRITE	NATURAL GAS,OIL	No
17701	GLORIETA	96	3543	3543	SANDSTONE,SILTSTONE	NATURAL GAS,OIL	No
17700	PADDOCK	17	3622	3622	DOLOMITE	NATURAL GAS,OIL	Yes
15342	BLINEBRY	-414	4053	4053	DOLOMITE	NATURAL GAS,OIL	No

Section 2 - Blowout Prevention

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Pressure Rating (PSI): 2M

Rating Depth: 9500

Equipment: All required equipment per Federal and State regulations to be in place prior to drilling out the Surface casing.

Requesting Variance? NO

Variance request:

Testing Procedure: BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure of 2000 psi per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure of 2000 psi. If the system is upgraded all the components installed will be functional and tested. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold.

Choke Diagram Attachment:

2M Choke Schematic_12-19-2016.pdf

BOP Diagram Attachment:

2M ANNULAR BOP_12-19-2016.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	17.5	13.375	NEW	API	N	0	225	0	225			225	H-40	48	STC	5.16	10.33	DRY	19.77	DRY	157
2	INTERMEDIATE	12.25	9.625	NEW	API	N	0	1250	0	1250			1250	J-55	40	LTC	3.16	5.51	DRY	9.32	DRY	9.
3	PRODUCTION	8.75	7.0	NEW	API	N	0	3347	0	3347			3347	L-80	29	LTC	3.82	1.64	DRY	2.99	DRY	2.
4	PRODUCTION	8.75	5.5	NEW	API	N	3347	4176	3347	3856			829	L-80	17	LTC	3.01	1.26	DRY	4.01	DRY	4.
5	PRODUCTION	7.875	5.5	NEW	API	N	4176	8550	3856	3766			4374	L-80	17	LTC	3.01	1.26	DRY	8.11	DRY	8.

Casing Attachments

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Casing Attachments

Casing ID: 1 **String Type:** SURFACE

Inspection Document:

Spec Document:

Taperd String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Attachement_03-20-2017.pdf

Casing ID: 2 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Taperd String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Attachement_03-20-2017.pdf

Casing ID: 3 **String Type:** PRODUCTION

Inspection Document:

Spec Document:

Taperd String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Attachement_03-20-2017.pdf

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Casing Attachments

Casing ID: 4 String Type: PRODUCTION

Inspection Document:

Spec Document:

Taperd String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Attachement_03-20-2017.pdf

Casing ID: 5 String Type: PRODUCTION

Inspection Document:

Spec Document:

Taperd String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Attachement_03-20-2017.pdf

Section 4 - Cement

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	225	300	1.32	14.8	396	154	Class C	2% CaCl2+ 0.25 pps CF
INTERMEDIATE	Lead		0	1250	250	2.45	11.8	612.5		50:50:10 C:Poz:Gel	5%Salt+5pps LCM+0.25pps CF
INTERMEDIATE	Tail				200	1.32	14.8	264	147	Class C	2% CaCl2
PRODUCTION	Lead		0	8550	300	2.01	12.5	603		35:65:6 C:Poz:Gel	5%Salt+5pps LCM+0.25pps CF
PRODUCTION	Tail				1600	1.37	14	2192	120	50:50:2 C:Poz:Gel	5%salt+3pps LCM+0.6%SMS+1%FL-

Operator Name: COG OPERATING LLC

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String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
PRODUCTION	Lead		0	8550	300	2.01	12.5	603		35:65:6 C:Poz:Gel	5%Salt+5pps LCM+0.25pps CF
PRODUCTION	Tail				1600	1.37	14	2192	120	50:50:2 C:Poz:Gel	5%salt+3pps LCM+0.6%SMS+1%FL-
PRODUCTION	Lead		0	8550	300	2.01	12.5	603		35:65:6 C:Poz:Gel	5%Salt+5pps LCM+0.25pps CF
PRODUCTION	Tail				1600	1.37	14	2192	120	50:50:2 C:Poz:Gel	5%salt+3pps LCM+0.6%SMS+1%FL-

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

Describe the mud monitoring system utilized: PVT/Pason/Visual Monitoring

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
3856	8550	WATER-BASED MUD	8.8	9.2							
0	3856	SALT SATURATED	10	10.2							
0	225	WATER-BASED MUD	8.6	8.8							

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

Interval Perforating, Fracture stimulating, Flowback testing

List of open and cased hole logs run in the well:

CNL,MUDLOG

Coring operation description for the well:

N/A

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 1697

Anticipated Surface Pressure: 868.48

Anticipated Bottom Hole Temperature(F): 97

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geohazards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

H2S Plan_01-03-2017.pdf

Malco_23_Federal_Com_13H_H2S_diagram_03-10-2017.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Malco_23_Federal_Com_13H_Design_2_Rpt_03-10-2017.pdf

Other proposed operations facets description:

Other proposed operations facets attachment:

Closed Loop Schematic_12-19-2016.pdf

Malco_23_Federal_Com_13H_Prod_Cement_Breakdown_03-20-2017.pdf

Malco_23_Fed_Com_13H_Contingent_Multi_Stage_Cmt_Plan_06-05-2017.pdf

Malco_23_Federal_Com_13H_GCP_06-06-2017.pdf

Other Variance attachment:



Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

Malco_23_Federal_Com_13H_Vicinity_Plat_03-09-2017.pdf

Existing Road Purpose: ACCESS,FLUID TRANSPORT

Row(s) Exist? NO

ROW ID(s)

ID:

Do the existing roads need to be improved? NO

Existing Road Improvement Description:

Existing Road Improvement Attachment:

Section 2 - New or Reconstructed Access Roads

Will new roads be needed? YES

New Road Map:

Malco_23_Federal_Com_13H_New_Road_Plat_03-09-2017.pdf

New road type: RESOURCE

Length: 77.49 Feet

Width (ft.): 30

Max slope (%): 5

Max grade (%): 3

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 20

New road access erosion control: Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage and to be consistent with local drainage patterns.

New road access plan or profile prepared? YES

New road access plan attachment:

New_Access_Road_Plan_03-09-2017.pdf

Access road engineering design? NO

Access road engineering design attachment:

Access surfacing type: OTHER

Access topsoil source: ONSITE

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Well Number: 13H

Access surfacing type description: Caliche

Access onsite topsoil source depth: 6

Offsite topsoil source description:

Onsite topsoil removal process: See attached New Access Road Plan

Access other construction information:

Access miscellaneous information:

Number of access turnouts: 0

Access turnout map:

Drainage Control

New road drainage crossing: OTHER

Drainage Control comments: Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage and to be consistent with local drainage patterns.

Road Drainage Control Structures (DCS) description: Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage and to be consistent with local drainage patterns.

Road Drainage Control Structures (DCS) attachment:

Access Additional Attachments

Additional Attachment(s):

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

Malco_23_Federal_Com_13H_1mileRadius_Map_03-09-2017.pdf

Existing Wells description:

Section 4 - Location of Existing and/or Proposed Production Facilities

Submit or defer a Proposed Production Facilities plan? DEFER

Estimated Production Facilities description: If the well is productive, contemplated facilities will be as follows: Two (2) proposed flowlines, will follow an archaeologically approved route to the Tumak Federal Tank Battery located in Section 24 in T17S R29E. The flowlines will be SDR 7 3" poly line laid on the surface and will be approximately 6725 feet in length. Normal working pressure of the flowlines will be below 70 psi and carry a mixture of produced oil, water, and gas. Flowlines will follow existing well-traveled or proposed roads. The tank battery and facilities including all flow lines and piping will be installed according to API specifications.

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Section 5 - Location and Types of Water Supply

Water Source Table

Water source use type: INTERMEDIATE/PRODUCTION CASING,
SURFACE CASING

Water source type: GW WELL

Describe type:

Source latitude:

Source longitude:

Source datum:

Water source permit type: PRIVATE CONTRACT

Source land ownership: COMMERCIAL

Water source transport method: PIPELINE,TRUCKING

Source transportation land ownership: COMMERCIAL

Water source volume (barrels): 8000

Source volume (acre-feet): 1.0311447

Source volume (gal): 336000

Water source and transportation map:

Loco Hills Water Disposal Co Water Supply_12-19-2016.pdf

Caswell Ranch_Water Supply_12-19-2016.pdf

Water source comments: The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. 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 Vicinity Map. A fresh water source is nearby and fast line may be laid along existing road ROW's and fresh water pumped to the well. Water will originate from private wells location described on the attached "Loco Hills Water Disposal Co" map attached to this APD. James R. Maloney, 575-677-2118. A secondary water source will be from 1 and/or all of the 3 private wells location depicted on the attached "Caswell Ranch Water Supply" Map. No water well will be drilled on the location.

New water well? NO

New Water Well Info

Well latitude:

Well Longitude:

Well datum:

Well target aquifer:

Est. depth to top of aquifer(ft):

Est thickness of aquifer:

Aquifer comments:

Aquifer documentation:

Well depth (ft):

Well casing type:

Well casing outside diameter (in.):

Well casing inside diameter (in.):

New water well casing?

Used casing source:

Drilling method:

Drill material:

Grout material:

Grout depth:

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Casing length (ft.):

Casing top depth (ft.):

Well Production type:

Completion Method:

Water well additional information:

State appropriation permit:

Additional information attachment:

Section 6 - Construction Materials

Construction Materials description: Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. Secondary candidate source will be NMSLO Caliche Pit located in S2/SW4 of Sec 32, T16S, R30E. A third candidate source will be Caswell Ranch owned Caliche Pit located in NESE of Sec 9, T17S, R32E.

Construction Materials source location attachment:

Construction Turn-Over Procedure_12-19-2016.pdf

NMSLO Caliche Pit_12-19-2016.pdf

Caswell Ranch Caliche Pit_12-19-2016.pdf

Section 7 - Methods for Handling Waste

Waste type: PRODUCED WATER

Waste content description: Produced Water

Amount of waste: 100 barrels

Waste disposal frequency : Daily

Safe containment description: Steel Tanks

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** STATE

Disposal type description:

Disposal location description: NMOCD approved commercial disposal facility. R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.

Waste type: GARBAGE

Waste content description: Garbage and trash produced during drilling and completion operations.

Amount of waste: 100 pounds

Waste disposal frequency : Weekly

Safe containment description: Trash bins

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** STATE

Disposal type description:

Disposal location description: Garbage and trash to be collected in trash bin and hauled to Lea Landfill LLC. Located at mile marker 64, Highway 62-180 East, PO Box 3247, Carlsbad, NM 88221. No toxic waste or hazardous chemicals will be

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produced by this operation.

Waste type: DRILLING

Waste content description: Drill cuttings and drilling fluids

Amount of waste: 100 barrels

Waste disposal frequency : Daily

Safe containment description: Closed Loop System

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** FEDERAL

Disposal type description:

Disposal location description: R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.

Waste type: SEWAGE

Waste content description: Human waste and grey water

Amount of waste: 100 gallons

Waste disposal frequency : Weekly

Safe containment description: Portable septic system and/or portable waste gathering system.

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL

Disposal type description:

Disposal location description: Hauled to NMOCD approved waste disposal facility.

Reserve Pit

Reserve Pit being used? NO

Temporary disposal of produced water into reserve pit?

Reserve pit length (ft.) **Reserve pit width (ft.)**

Reserve pit depth (ft.) **Reserve pit volume (cu. yd.)**

Is at least 50% of the reserve pit in cut?

Reserve pit liner

Reserve pit liner specifications and installation description

Cuttings Area

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

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Cuttings Area being used? NO

Are you storing cuttings on location? YES

Description of cuttings location Closed Loop Mud System: Roll-off Style Mud Box

Cuttings area length (ft.)

Cuttings area width (ft.)

Cuttings area depth (ft.)

Cuttings area volume (cu. yd.)

Is at least 50% of the cuttings area in cut?

WCuttings area liner

Cuttings area liner specifications and installation description

Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

Malco_23_Federal_Com_13H_Well_Site_Plat_03-09-2017.pdf

Malco_23_Federal_Com_13H_Interim_Reclamation_Plat_03-09-2017.pdf

Comments:

Section 10 - Plans for Surface Reclamation

Type of disturbance: NEW

Recontouring attachment:

Drainage/Erosion control construction: No sedimentation or erosion control will be necessary on this location as it is generally flat with little to no slope or cut and fill.

Drainage/Erosion control reclamation: No sedimentation or erosion control will be necessary on this location as it is generally flat with little to no slope or cut and fill.

Wellpad long term disturbance (acres): 1.94

Wellpad short term disturbance (acres): 2.76

Access road long term disturbance (acres): 0.05

Access road short term disturbance (acres): 0.05

Pipeline long term disturbance (acres): 4.6315427

Pipeline short term disturbance (acres): 4.6315427

Other long term disturbance (acres): 0

Other short term disturbance (acres): 0

Total long term disturbance: 6.621543

Total short term disturbance: 7.4415426

Reconstruction method: After well is 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.

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Topsoil redistribution: The stockpiled topsoil will be spread out on reclaimed area and reseeded with a BLM approved seed mixture.

Soil treatment: Interim reclamation as identified during on-site.

Existing Vegetation at the well pad: Grassland area with sandy topsoil. Vegetation is moderately sparse with Native prairie grasses, some mesquite and shinnery oak.

Existing Vegetation at the well pad attachment:

Existing Vegetation Community at the road: Grassland area with sandy topsoil. Vegetation is moderately sparse with Native prairie grasses, some mesquite and shinnery oak.

Existing Vegetation Community at the road attachment:

Existing Vegetation Community at the pipeline: Grassland area with sandy topsoil. Vegetation is moderately sparse with Native prairie grasses, some mesquite and shinnery oak.

Existing Vegetation Community at the pipeline attachment:

Existing Vegetation Community at other disturbances: Grassland area with sandy topsoil. Vegetation is moderately sparse with Native prairie grasses, some mesquite and shinnery oak.

Existing Vegetation Community at other disturbances attachment:

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Will seed be harvested for use in site reclamation? NO

Seed harvest description:

Seed harvest description attachment:

Seed Management

Seed Table

Seed type:

Seed source:

Seed name:

Source name:

Source address:

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre:

Proposed seeding season:

Seed Summary

Total pounds/Acre:

Seed Type

Pounds/Acre

Seed reclamation attachment:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Operator Contact/Responsible Official Contact Info

First Name:

Last Name:

Phone:

Email:

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Existing invasive species treatment attachment:

Weed treatment plan description: Approved EPA and BLM requirements and policies for weed control methods will be followed.

Weed treatment plan attachment:

Monitoring plan description: Evaluation of growth will be made after the completion of one full growing season after seeding. -OR- BLM representative will be contacted prior to commencing construction of well pad and road. BLM representative will also be contacted prior to commencing reclamation work.

Monitoring plan attachment:

Success standards: 80% coverage by 2nd growing season of native species with less than 5% invasive species.

Pit closure description: N/A

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Disturbance type: NEW ACCESS ROAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Disturbance type: PIPELINE

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Disturbance type: EXISTING ACCESS ROAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Section 12 - Other Information

Right of Way needed? NO

Use APD as ROW?

ROW Type(s):

ROW Applications

SUPO Additional Information: 1. It will be necessary to run electric power if this well is productive. Power will be provided by CVE. There will be no necessary electric line construction for this well. CVE operates an existing primary line parallel to the well pad; therefore no poles will be set off the well pad disturbance. There is no permanent or live water in the immediate area. 2. There are no dwellings within 2 miles of this location. 3. If needed, a Cultural Resources Examination is being prepared by Boone Arch Services of New Mexico, LLC. Carlsbad, NM, 88220. 506 E Chapman Rd., phone # 575.887.7667 and the results will be forwarded to your office in the near future. Otherwise, COG will be participating in the Permian Basin MOA Program.

Use a previously conducted onsite? YES

Previous Onsite information: Onsite performed on 10/26/2016 by Nick Franke(BLM), Curtis Griffin(COG), Jason Morgan(RRC).

Other SUPO Attachment

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Malco_23_Federal_Com_13H_Flowlines_Map_03-09-2017.pdf



Section 1 - General

Would you like to address long-term produced water disposal? NO

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

Do you propose to put the produced water to beneficial use?

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

Does the produced water have an annual average Total Dissolved Solids (TDS) concentration equal to or less than that of the existing water to be protected?

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

Unlined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Unlined pit bond number:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

Injection well type:

Injection well number:

Injection well name:

Assigned injection well API number?

Injection well API number:

Injection well new surface disturbance (acres):

Minerals protection information:

Mineral protection attachment:

Underground Injection Control (UIC) Permit?

UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Surface discharge PWD discharge volume (bbl/day):

Surface Discharge NPDES Permit?

Surface Discharge NPDES Permit attachment:

Surface Discharge site facilities information:

Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Other PWD discharge volume (bbl/day):

Other PWD type description:

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Other PWD type attachment:

Have other regulatory requirements been met?

Other regulatory requirements attachment:

Bond Information

Federal/Indian APD: FED

BLM Bond number: NMB000215

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment:

Operator Certification

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently 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 the company I represent, 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.

NAME: Robyn Odom

Signed on: 03/20/2017

Title: Regulatory Analyst

Street Address: 600 W Illinois Ave

City: Midland

State: TX

Zip: 79701

Phone: (432)685-4385

Email address: rododom@concho.com

Field Representative

Operator Name: COG OPERATING LLC

Well Name: MALCO 23 FEDERAL COM

Well Number: 13H

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

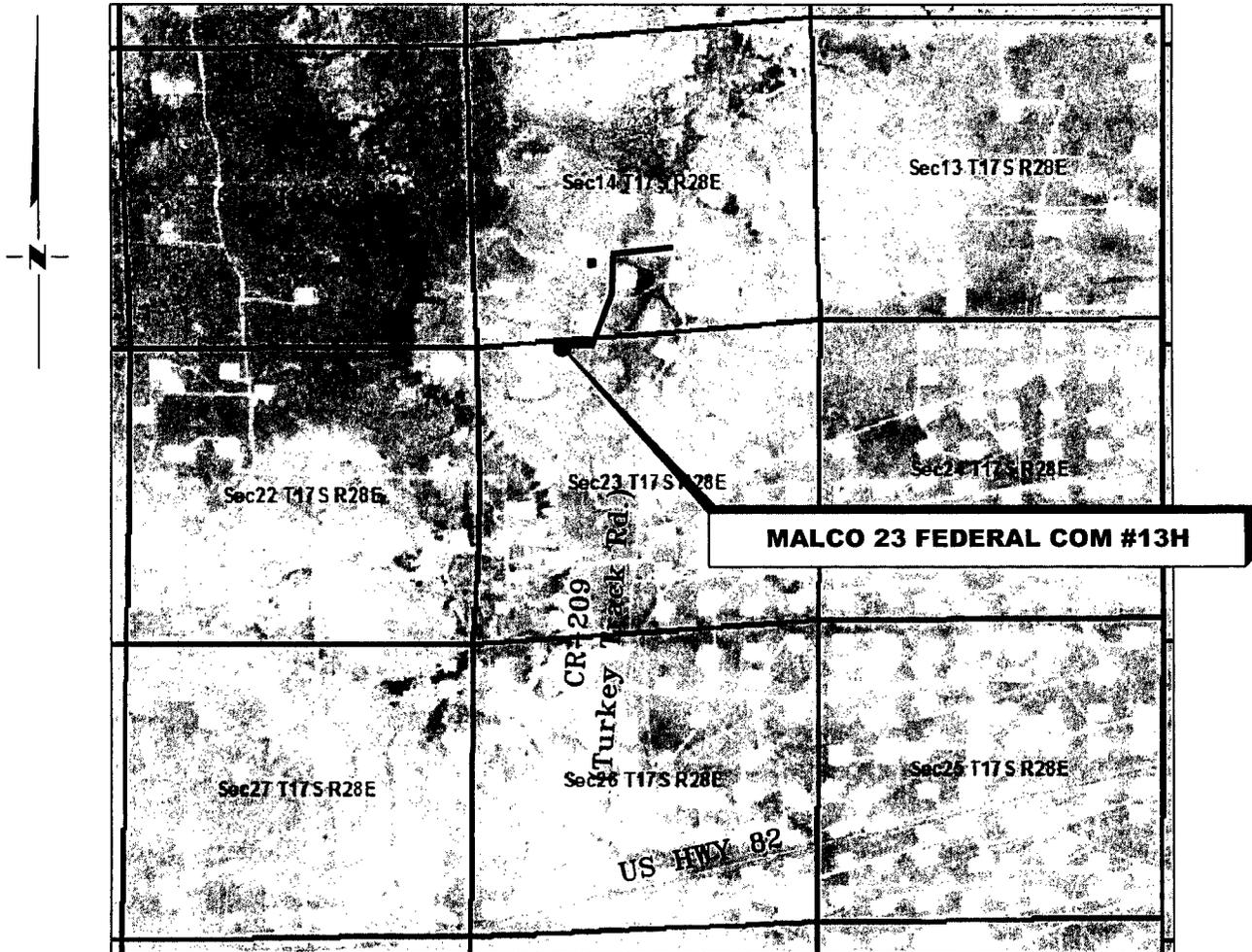
Payment

APD Fee Payment Method: PAY.GOV

pay.gov Tracking ID: 261C1E18

VICINITY MAP

NOT TO SCALE



SECTION 23, TWP. 17 SOUTH, RGE. 28 EAST,
N. M. P. M., EDDY CO., NEW MEXICO

OPERATOR: COG Operating, LLC
 LEASE: Malco 23 Federal Com
 WELL NO.: 13H

LOCATION: 125' FNL & 1443' FWL
 ELEVATION: 3639'

Firm No.: TX 10193838 NM 4655451

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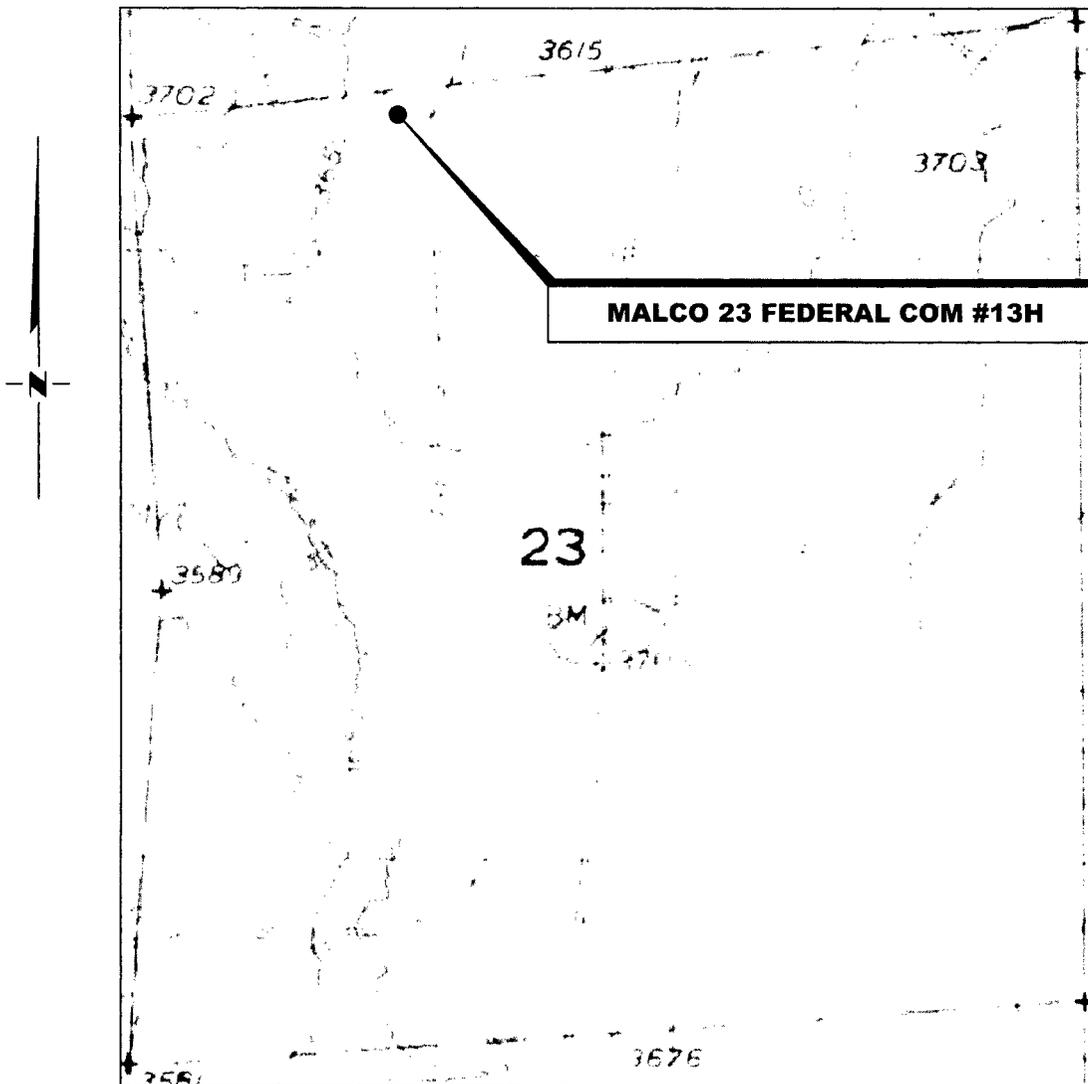
NO.	REVISION	DATE
JOB NO.: LS1609302		
DWG. NO.: 1609302VM		



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: N. T. S.
DATE: 10-26-16
SURVEYED BY: BK/CG
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

LOCATION VERIFICATION MAP



*SECTION 23, TWP. 17 SOUTH, RGE. 28 EAST,
N. M. P. M., EDDY CO., NEW MEXICO*

OPERATOR: COG Operating, LLC
 LEASE: Malco 23 Federal Com
 WELL NO.: 13H
 ELEVATION: 3639'

LOCATION: 125' FNL & 1443' FWL
 CONTOUR INTERVAL: 10'
 USGS TOPO. SOURCE MAP:
Red Lake, NM (1955)

Firm No.: TX 10193838 NM 4655451

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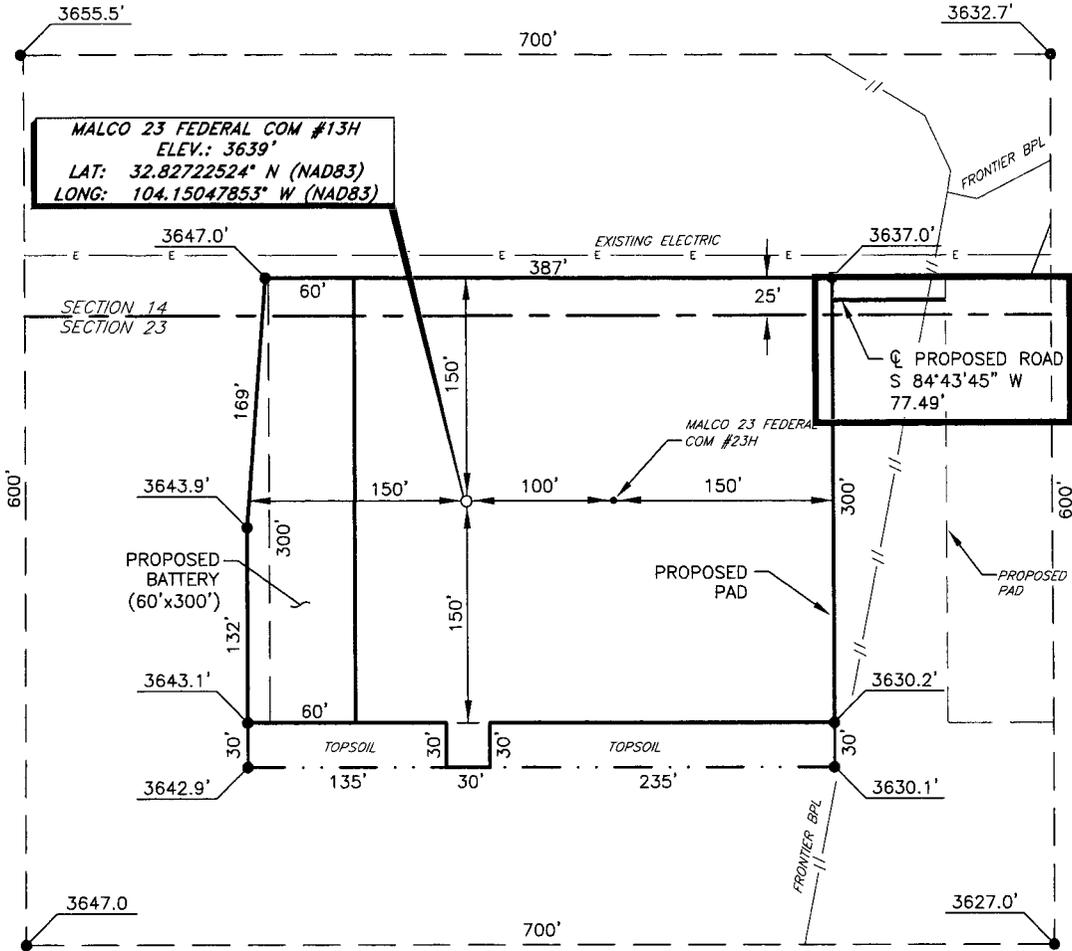
NO.	REVISION	DATE
JOB NO.: LS1609302		
DWG. NO.: 1609302LVM		

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 1000'
 DATE: 10-26-2016
 SURVEYED BY: JM/CG
 DRAWN BY: LPS
 APPROVED BY: RMH
 SHEET: 1 OF 1

COG OPERATING, LLC
 MALCO 23 FEDERAL COM #13H
 (125' FNL & 1443' FWL)
 SECTION 23, T17S, R28E
 N. M. P. M., EDDY COUNTY, NEW MEXICO



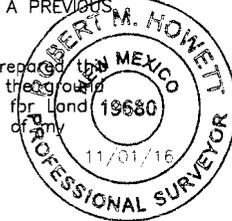
DIRECTIONS TO LOCATION

From the intersection of US HWY-82 and CR-209 (Turkey Track Rd.);
 Go North on CR-209 approx. 2.3 miles to a lease road on the left;
 Turn left and go West approx. 0.1 miles to lease road on the left;
 Turn left and go South approx. 0.3 miles to proposed road on the right;
 Turn right and go West approx. 400 feet to location on the left.

THIS IS NOT A BOUNDARY SURVEY, APPARENT PROPERTY CORNERS AND PROPERTY LINES ARE SHOWN FOR INFORMATION ONLY. BOUNDARY DATA IS SHOWN FROM A PREVIOUS SURVEY REFERENCED HEREON.

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that I prepared this unclassified survey of a well location from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett
 Robert M. Howett NM PS 19680



SCALE: 1" = 100'
 0 50 100'

BEARINGS ARE
 NAD 83 GRID - NM EAST
 DISTANCES ARE GROUND

Firm No.: TX 10193838 NM 4655451

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NO.	REVISION	DATE
JOB NO.: LS1609302		
DWG. NO.: 1609302PAD		



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 100'
DATE: 10-26-2016
SURVEYED BY: JM/CG
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

NEW ACCESS ROAD PLAN

1. Proposed Access Road:

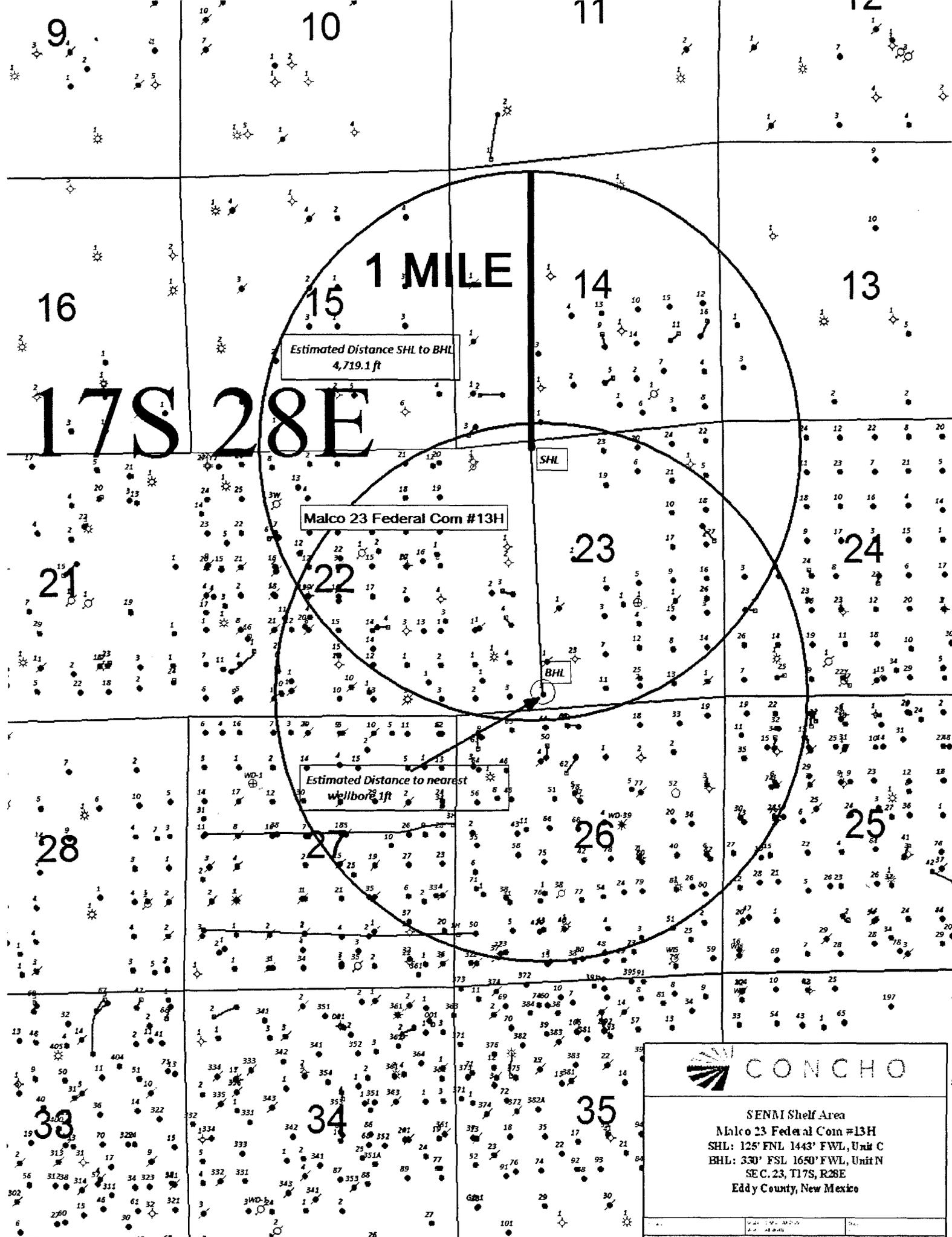
The Access Road Plat shows the footage of new access road will be required for this location. The new access road will be constructed as follows:

- A. The maximum width of the running surface will be 20'. 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.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.
- E. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. Secondary and Tertiary candidate sources are identified the "Offsite topsoil source description" in Section 2 of the SUPO.

2. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: The 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 sight. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu. Yards is max 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 120' X 120' area is used within the proposed well site to remove caliche.
- C. Subsoil is removed and piled alongside the 120' by 120' area within the pad site.
- 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. 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 attached plat.



Estimated Distance SHL to BHL
4,719.1 ft

Malco 23 Federal Com #13H

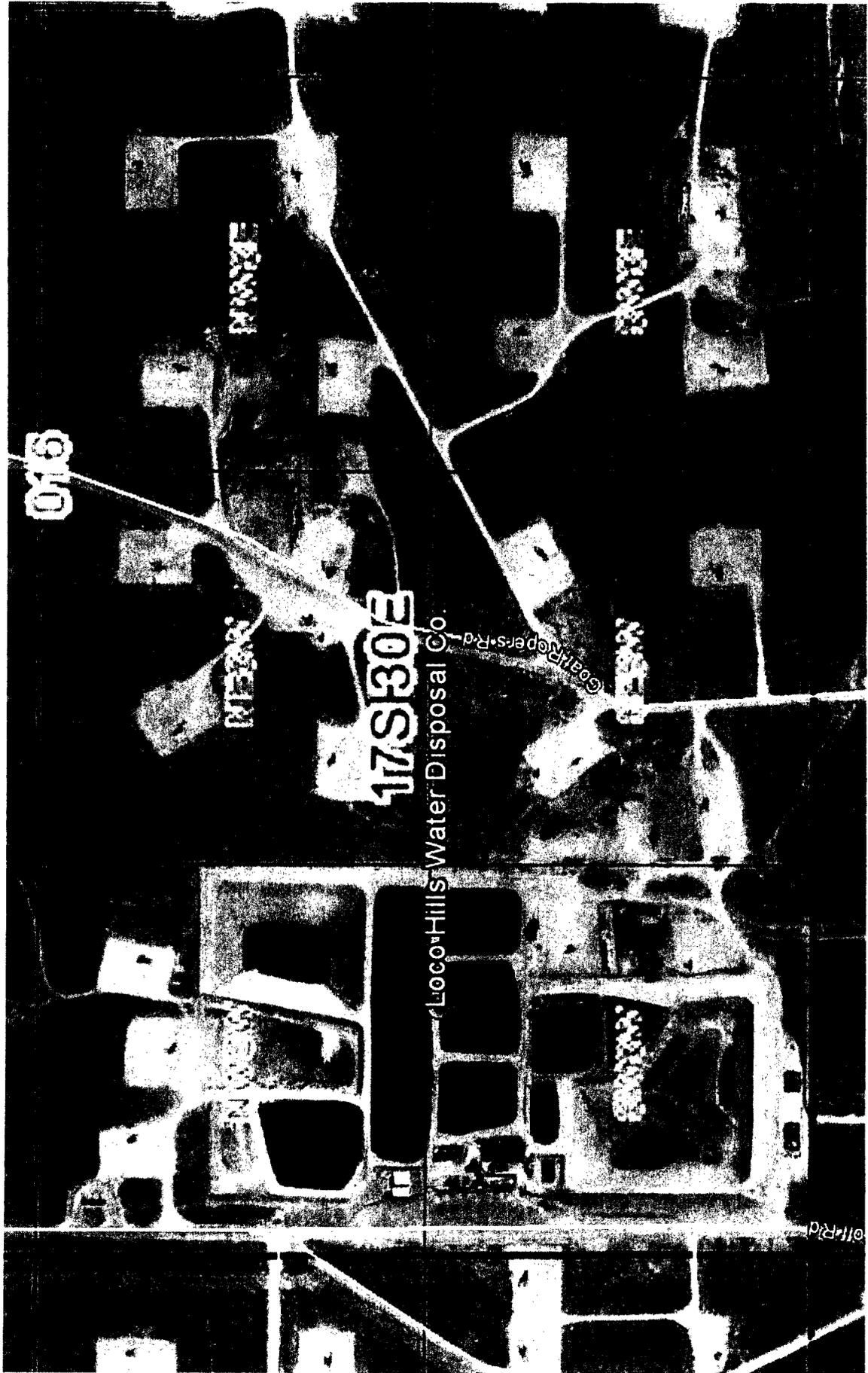
Estimated Distance to nearest
wellbore 1 ft



CONCHO

SEMI Shelf Area
 Malco 23 Federal Com #13H
 SHL: 125' FNL 1443' FWL, Unit C
 BHL: 330' FSL 1650' FWL, Unit N
 SEC. 23, T17S, R28E
 Eddy County, New Mexico

Loco Hills Water Disposal Co. Water Well Map



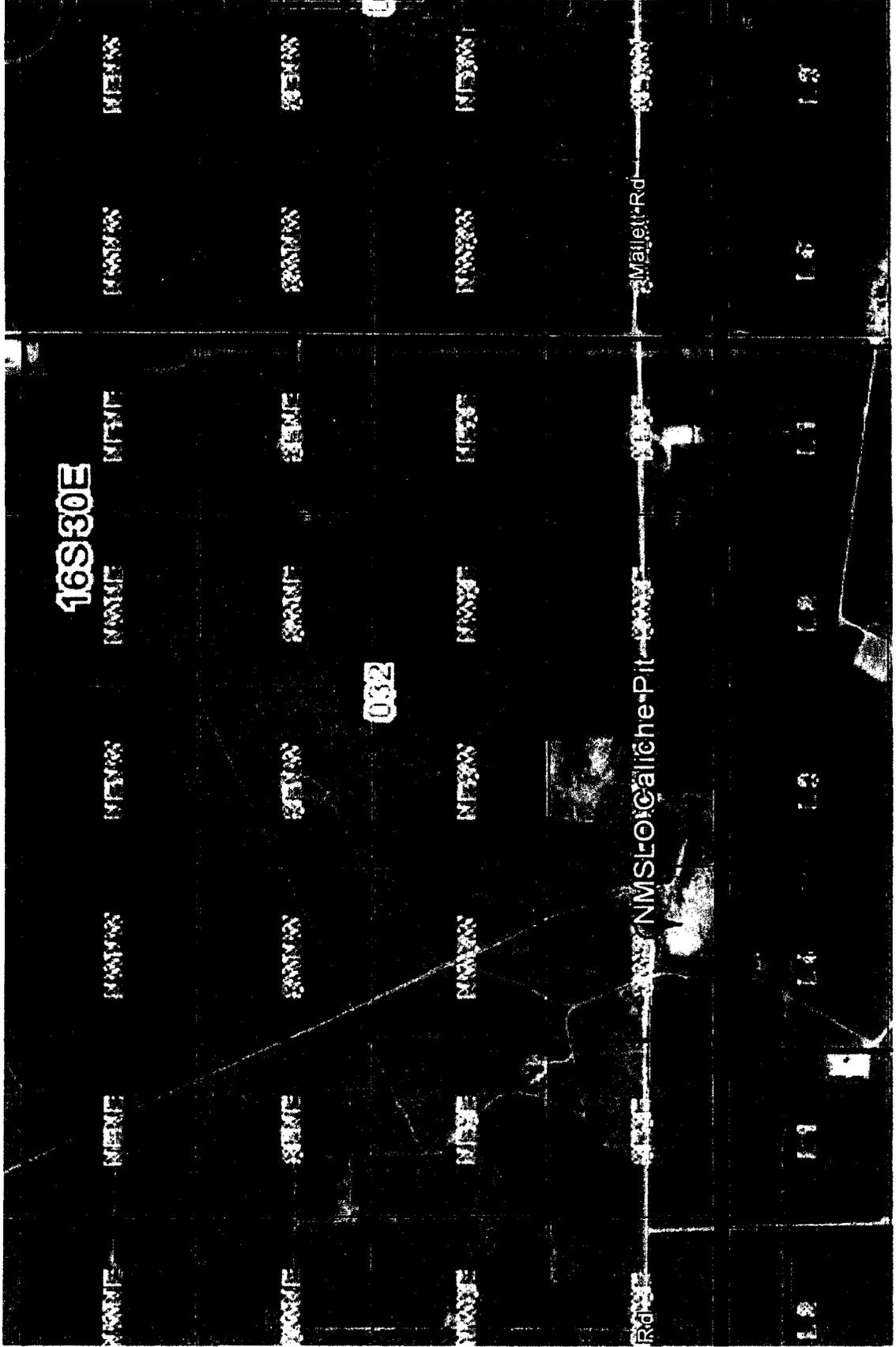
WELL SITE AND ROAD CONSTRUCTION

1. Source of Construction Materials and Location “Turn-Over” Procedure:

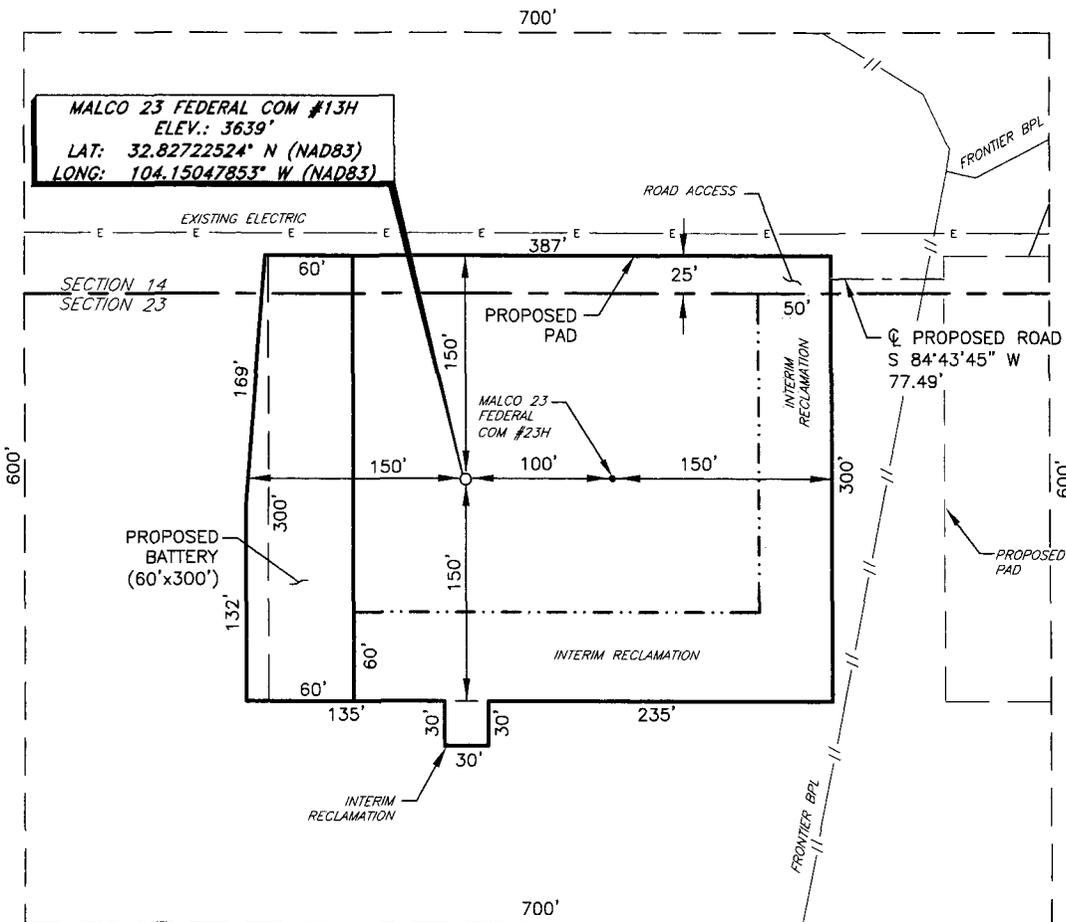
Obtaining caliche: The primary way of obtaining caliche to build locations and roads will be by “turning over” the location. This means, caliche will be obtained from the actual well sight. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu. Yards is max amount of caliche 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 120’ X 120’ area is used within the proposed well site to remove caliche.**
- C. Subsoil is removed and piled alongside the 120’ by 120’ area within the pad site.**
- 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. 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 attached plat.**
 - In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit.

NIMSLO Caliche Pit



COG OPERATING, LLC
 INTERIM RECLAMATION
 MALCO 23 FEDERAL COM #13H
 (125' FNL & 1443' FWL)
 SECTION 23, T17S, R28E
 N. M. P. M., EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

From the intersection of US HWY-82 and CR-209 (Turkey Track Rd.);
 Go North on CR-209 approx. 2.3 miles to a lease road on the left;
 Turn left and go West approx. 0.1 miles to lease road on the left;
 Turn left and go South approx. 0.3 miles to proposed road on the right;
 Turn right and go West approx. 400 feet to location on the left.

THIS IS NOT A BOUNDARY SURVEY, APPARENT PROPERTY CORNERS AND PROPERTY LINES ARE SHOWN FOR INFORMATION ONLY. BOUNDARY DATA IS SHOWN FROM A PREVIOUS SURVEY REFERENCED HEREON.

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that I prepared this unclassified survey of a well location from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

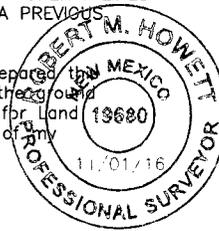


SCALE: 1" = 100'
 0 50 100

BEARINGS ARE
 NAD 83 GRID - NM EAST
 DISTANCES ARE GROUND

Robert M. Howett
 Robert M. Howett NM PS 19680

Firm No.: TX 10193838 NM 4655451



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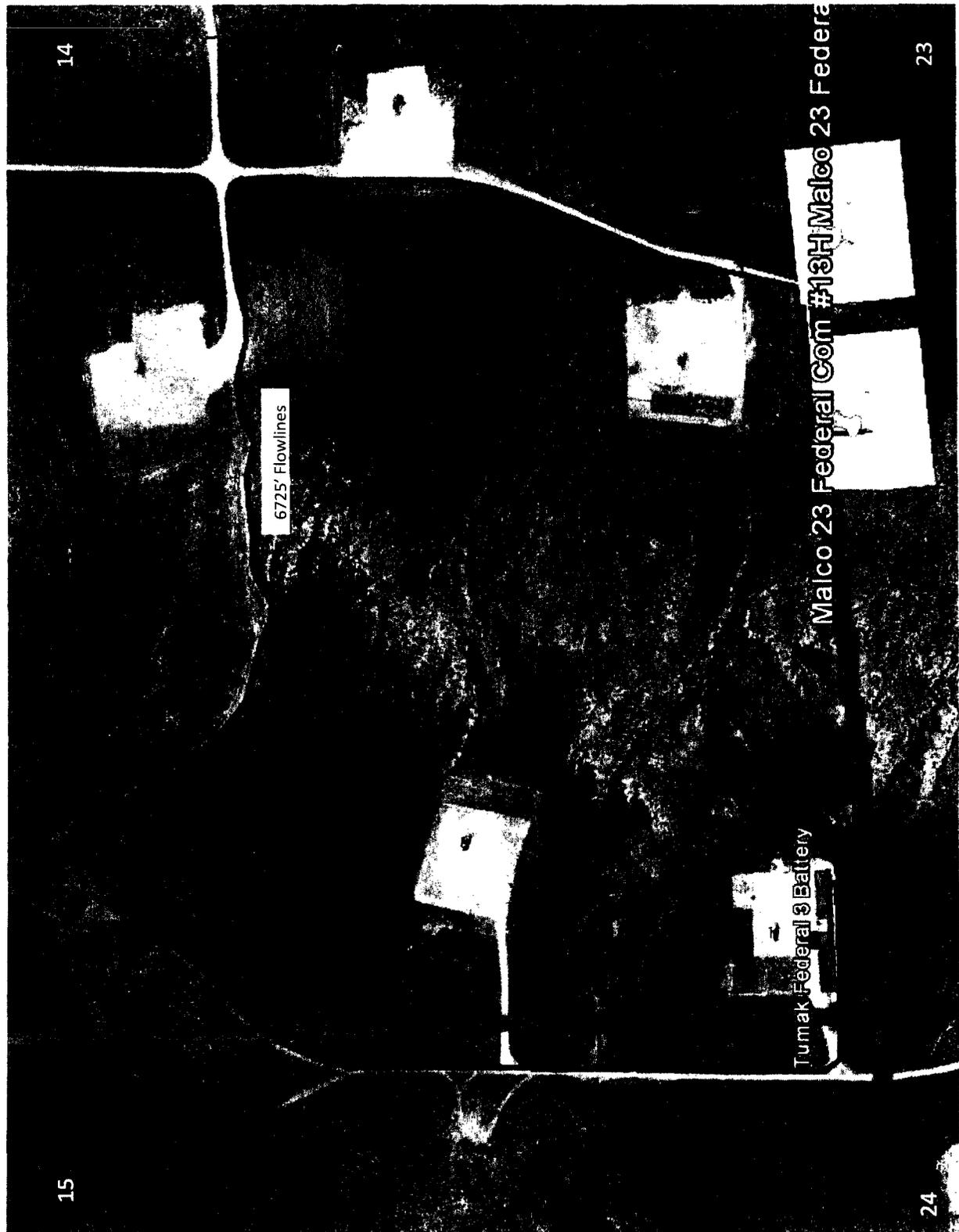
NO.	REVISION	DATE
JOB NO.: LS1609302		
DWG. NO.: 1609302PAD		



308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 100'
DATE: 10-26-2016
SURVEYED BY: JM/CG
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

Malco 23 Federal Com #13H Surface Flowlines Map



14

15

23

24

6725' Flowlines

Tumak Federal 3 Battery

Malco 23 Federal Com #13H Malco 23 Federal

Casing Program

	Collapse SF	Burst SF	Tension SF
BLM Minimum Safety Factor	1.125	1	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Assumed 9.0ppg MW equivalent pore pressure from 9 5/8" shoe to deepest TVD in wellbore.

BLM standard formulas were used on all SF calculations.

Casing design does meet and/or exceed BLM's minimum standards.

The pipe will be kept at a minimum 1/3 fluid fill to avoid approaching the collapse pressure rating of the casing.

This well is not located within the Capitan Reef.

This well is not located in the SOPA or in the R-111-P.

This well is not located in a high or critical Cave/Karst area.

This is not a walking operation.

We will not be pre-setting casing.

All completion intervals are planned to be fracture stimulated.

Well: Malco 23 Federal Com #13H

Hole Volumes						
Hole	Hole Section (Length)	Casing	Capacity (ft ³ /Lin.ft)	Cu.Ft	Total Cu.Ft	% Excess
Prod	0-1250 (1250)	7"	0.1585	198.13	198.13	0
Prod	1250-3347 (2097)	7"	0.1503	315.2	1282.6	102
Prod	3347-4176 (829)	5.5"	0.2526	209.4		102
Prod	4176-8550 (4374)	5.5"	0.1733	758		102

Cement Volumes					
Blend	Cement Sacks	Yield	Weight	Volume	Total Volume
35:65:6	300	2.01	12.5	603	2795
50:50:02	1600	1.37	14	2192	

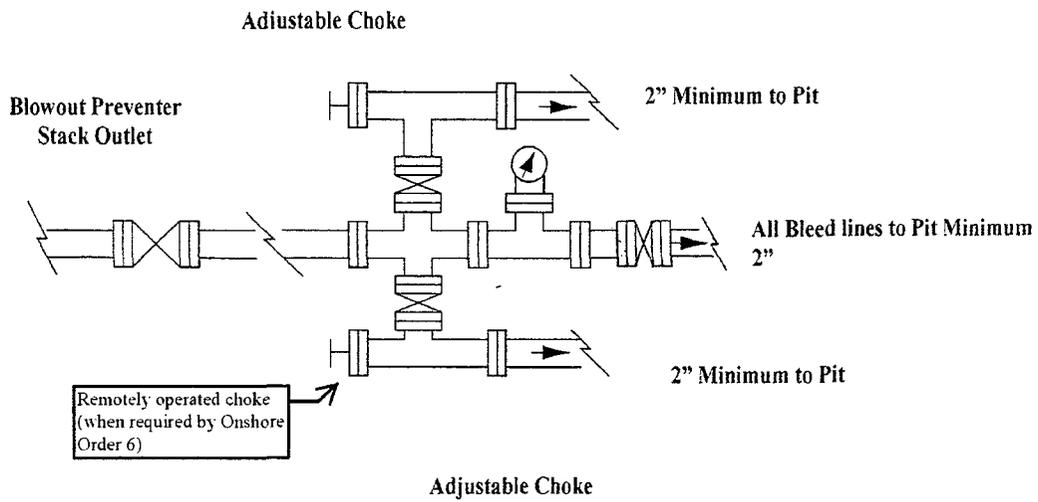
% Excess Calculation			
Total Volume	2795		2596.87
Cu.Ft	-198.13		/1282.6
	2596.87		102%excess

COG Operating LLC

Exhibit #9

Choke Schematic

Choke Manifold Requirement (2000 psi WP)



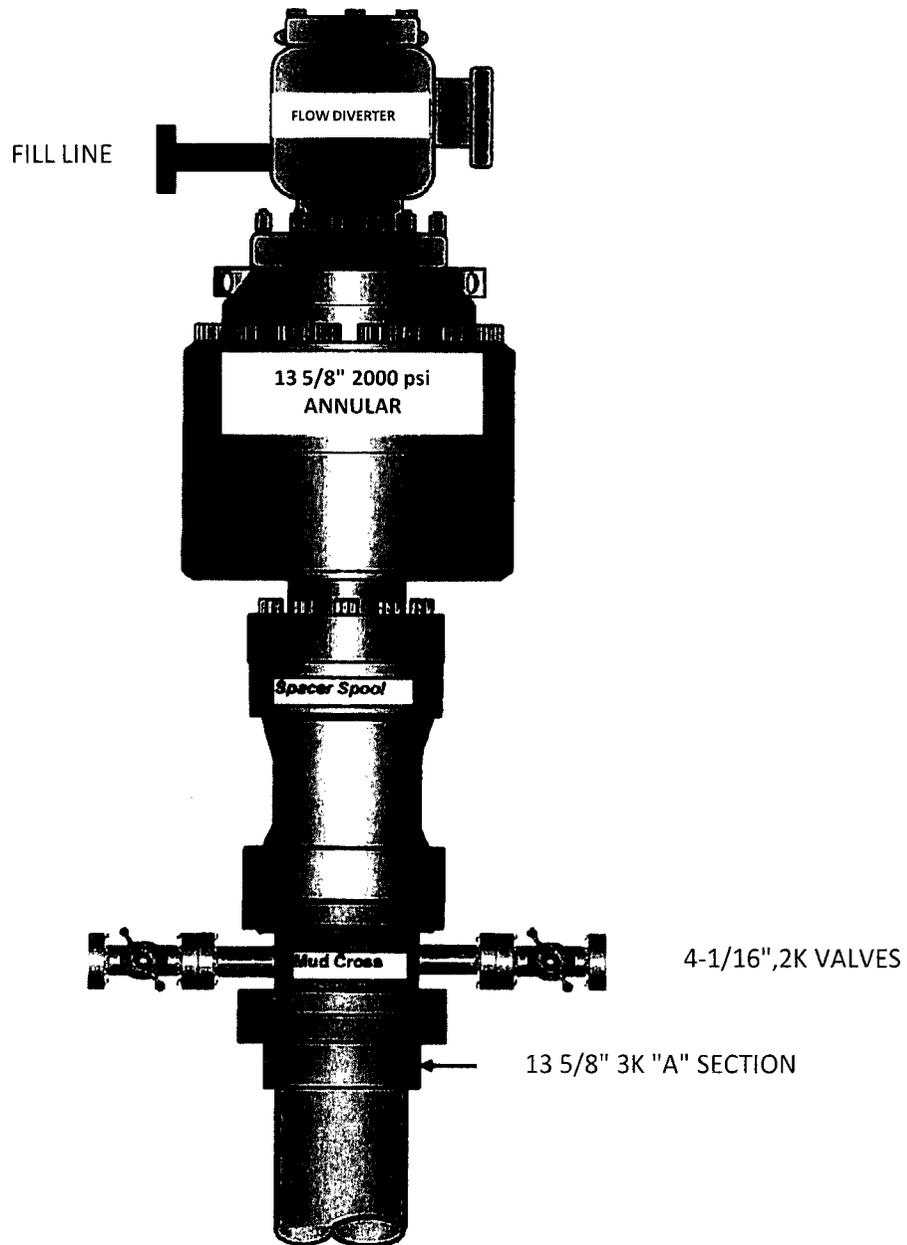
NOTES REGARDING THE BLOWOUT PREVENTERS

Master Drilling Plan Eddy County, New Mexico

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.
6. All choke and fill lines to be securely anchored especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on Kelly.
9. Extension wrenches and hands wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

Exhibit #10

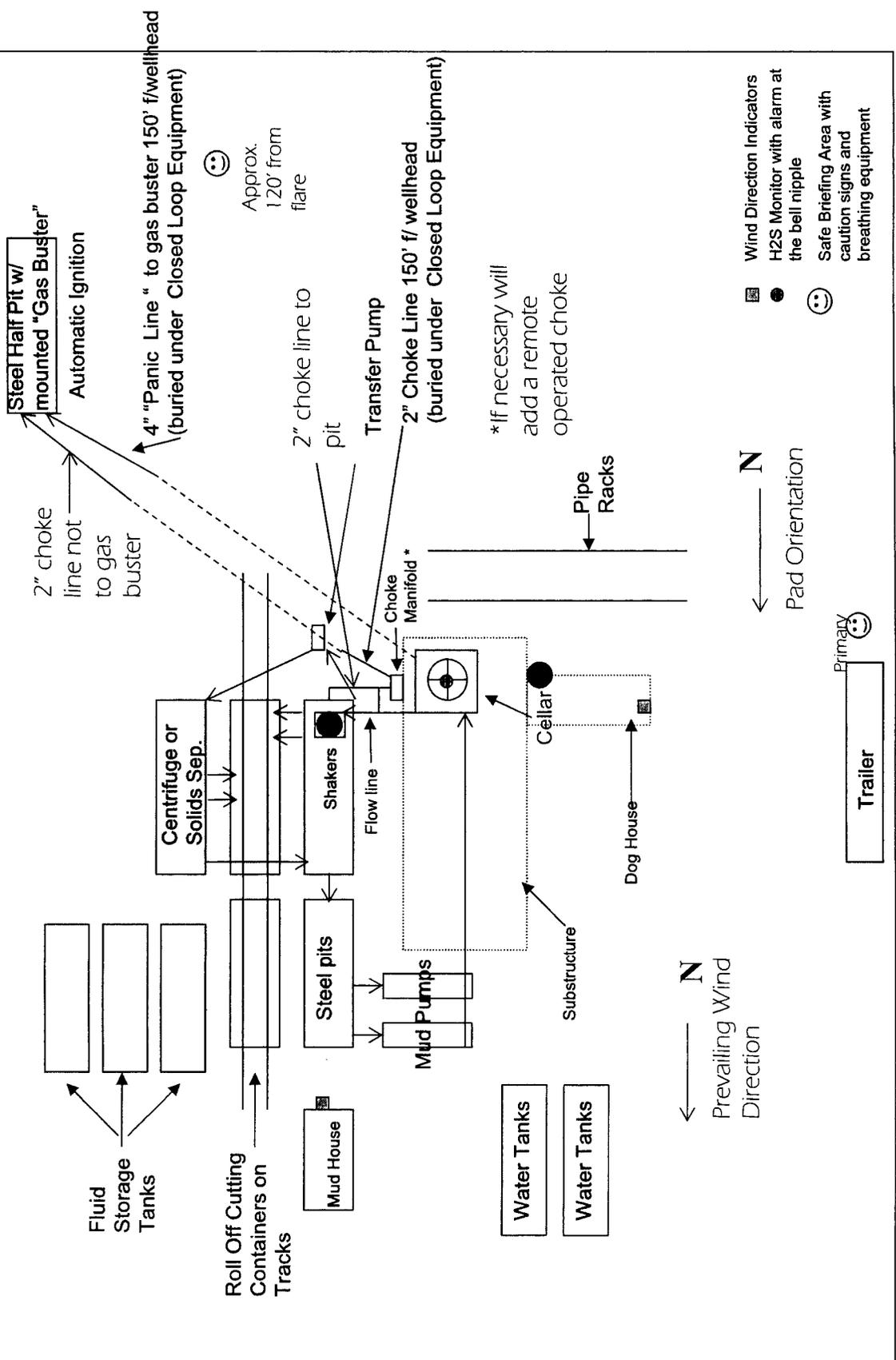
13 5/8" 2K ANNULAR



Road Access with H2S sign

Malco 23 Federal Com #13H - H2S Safety Equipment Diagram

Secondary Egress



Prevaling Wind Direction

Pad Orientation

- Wind Direction Indicators
- H2S Monitor with alarm at the bell nipple
- Safe Briefing Area with caution signs and breathing equipment

Trailer

COG Operating LLC

Hydrogen Sulfide Drilling Operation Plan

I. 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:

1. The hazards and characteristics of hydrogen sulfide (H₂S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

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

1. The effects of H₂S on metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and 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. **The concentrations of H₂S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. 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 reasonable expected to contain H2S.

1. Well Control Equipment:

- A. Flare line.
- B. Choke manifold with minimum of one remotely operated choke.
- C. Closed Loop Blow Down Tank
- D. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
- E. Auxiliary equipment may include if applicable: mud-gas separator, annular preventer & rotating head.

2. Protective equipment for essential personnel:

- A. SCBA (Self contained breathing apparatus) 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

- A. Portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram.
- B. Caution/Danger signs (Exhibit #7) 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.

5. Mud program:

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

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- B. All elastomers used for packing and seals shall be H2S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephone and 2-way radio.
- B. Land line (telephone) communication at Office.

8. Well testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

EXHIBIT #7

WARNING

YOU ARE ENTERING AN H₂S

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. CHECK WITH COG OPERATING FOREMAN AT

COG OPERATING LLC

1-432-683-7443

1-575-746-2010

EDDY COUNTY EMERGENCY NUMBERS

ARTESIA FIRE DEPT. 575-746-5050
ARTESIA POLICE DEPT. 575-746-5000
EDDY CO. SHERIFF DEPT. 575-746-9888

LEA COUNTY EMERGENCY NUMBERS

HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196

Closed Loop Operation & Maintenance Procedure

All drilling fluid circulated over shaker(s) with cuttings discharged into roll off container.

Fluid and fines below shaker(s) are circulated with transfer pump through centrifuge(s) or solids separator with cuttings and fines discharged into roll off container.

Fluid is continuously re-circulated through equipment with polymer added to aid separation of cutting fines.

Roll off containers are lined and de-watered with fluids re-circulated into system.

Additional tank is used to capture unused drilling fluid or cement returns from casing jobs.

This equipment will be maintained 24 hrs./day by solids control personnel and or rig crews that stay on location.

Cuttings will be hauled to either:

CRI (permit number R9166)

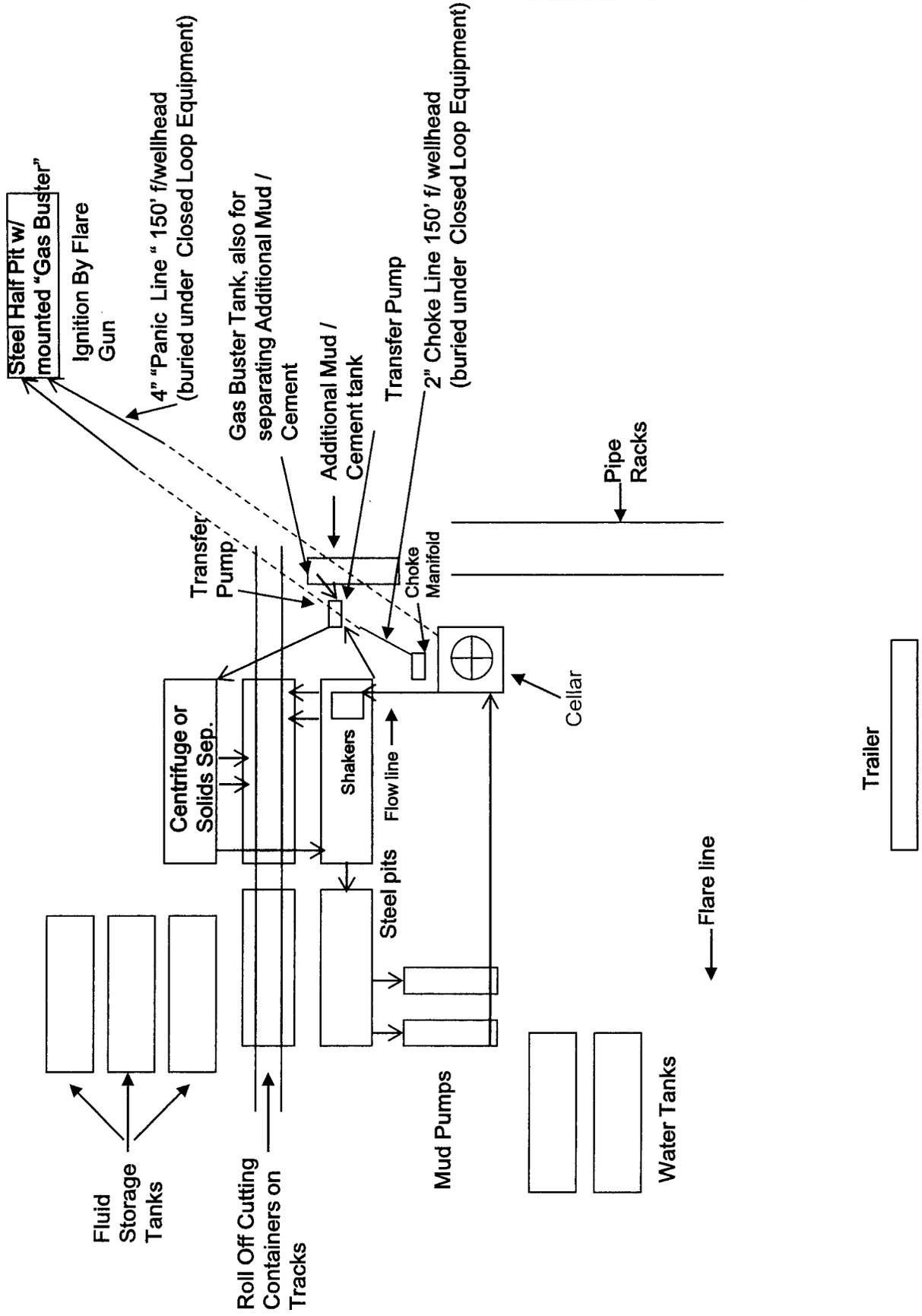
or

GMI (permit number 711-019-001)

dependent upon which rig is available to drill this well.

COG Operating LLC

Closed Loop Equipment Diagram



**PECOS DISTRICT
DRILLING OPERATIONS
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	COG Operating LLC
LEASE NO.:	NM01510
WELL NAME & NO.:	Malco 23 Federal Com – 13H
SURFACE HOLE FOOTAGE:	125'N & 1443'/W
BOTTOM HOLE FOOTAGE:	220'S & 1650'/W
LOCATION:	Sec. 23, T. 17 S, R. 28 E
COUNTY:	Eddy County

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. **Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. 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, report measured amounts 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. **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) for Water Basin:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. **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. Have well specific cement details onsite prior to pumping the cement for each casing string.

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

Risks:

Possibility of water flows in the Salado and in the Artesia Group.

Possibility of lost circulation in the San Andres and Grayburg.

1. The 13 3/8 inch surface casing shall be set at approximately 225 feet (**in the Rustler, and if salt is encountered, set casing at least 25 feet above the salt**) and cemented to the surface.
 - 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 9 5/8 inch intermediate casing which is:

Option 1:

- Cement to surface. If cement does not circulate see B.1.a, c-d above.

Option 2:

Operator has proposed DV tool at depth of 950', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

- a. First stage to DV tool:
 - Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
- b. Second stage above DV tool:
 - Cement to surface. If cement does not circulate see B.1.a, c-d above.

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

Option 1:

- Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Option 2:

Operator has proposed DV tool at depth of 4000', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if

DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

a. First stage to DV tool:

- Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

- Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

4. 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 53.
2. **In the case where the only BOP installed is an annular preventer, it shall be tested to a minimum of 2000 psi (which may require upgrading to 3M or 5M annular).**
3. 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 (annular).**
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, 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. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not

hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- 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.

F. SPECIAL REQUIREMENT(S)

Communitization Agreement

- The operator will submit a Communitization Agreement to the Carlsbad Field Office, 620 E Greene St. Carlsbad, New Mexico 88220, at least 90 days before the anticipated date of first production from a well subject to a spacing order issued by the New Mexico Oil Conservation Division. The Communitization Agreement will include the signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.
- If the operator does not comply with this condition of approval, the BLM may take enforcement actions that include, but are not limited to, those specified in 43 CFR 3163.1.
- In addition, the well sign shall include the surface and bottom hole lease numbers. When the Communitization Agreement number is known, it shall also be on the sign.

Waste Minimization Plan (WMP)

In the interest of resource development, submission of additional well gas capture development plan information is deferred but may be required by the BLM Authorized Officer at a later date.

MHH 06272017

PECOS DISTRICT SURFACE USE CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating LLC
LEASE NO.:	NM01510
WELL NAME & NO.:	Malco 23 Federal Com – 13H
SURFACE HOLE FOOTAGE:	125'/N & 1443'/W
BOTTOM HOLE FOOTAGE:	220'/S & 1650'/W
LOCATION:	Section 23, T. 17 S., R. 28 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**
 - Watershed
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
- 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)

Watershed

- The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.
- Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.

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

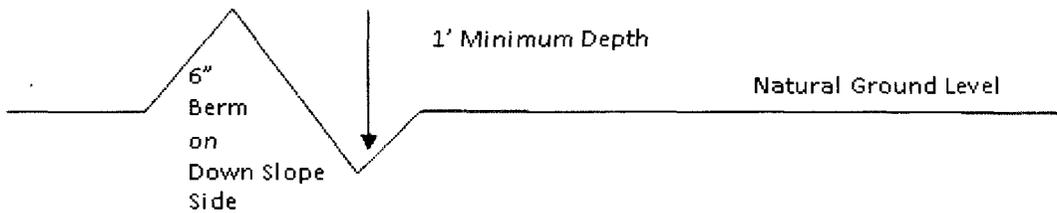
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping 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:

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

Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards 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 cattle guards 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.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

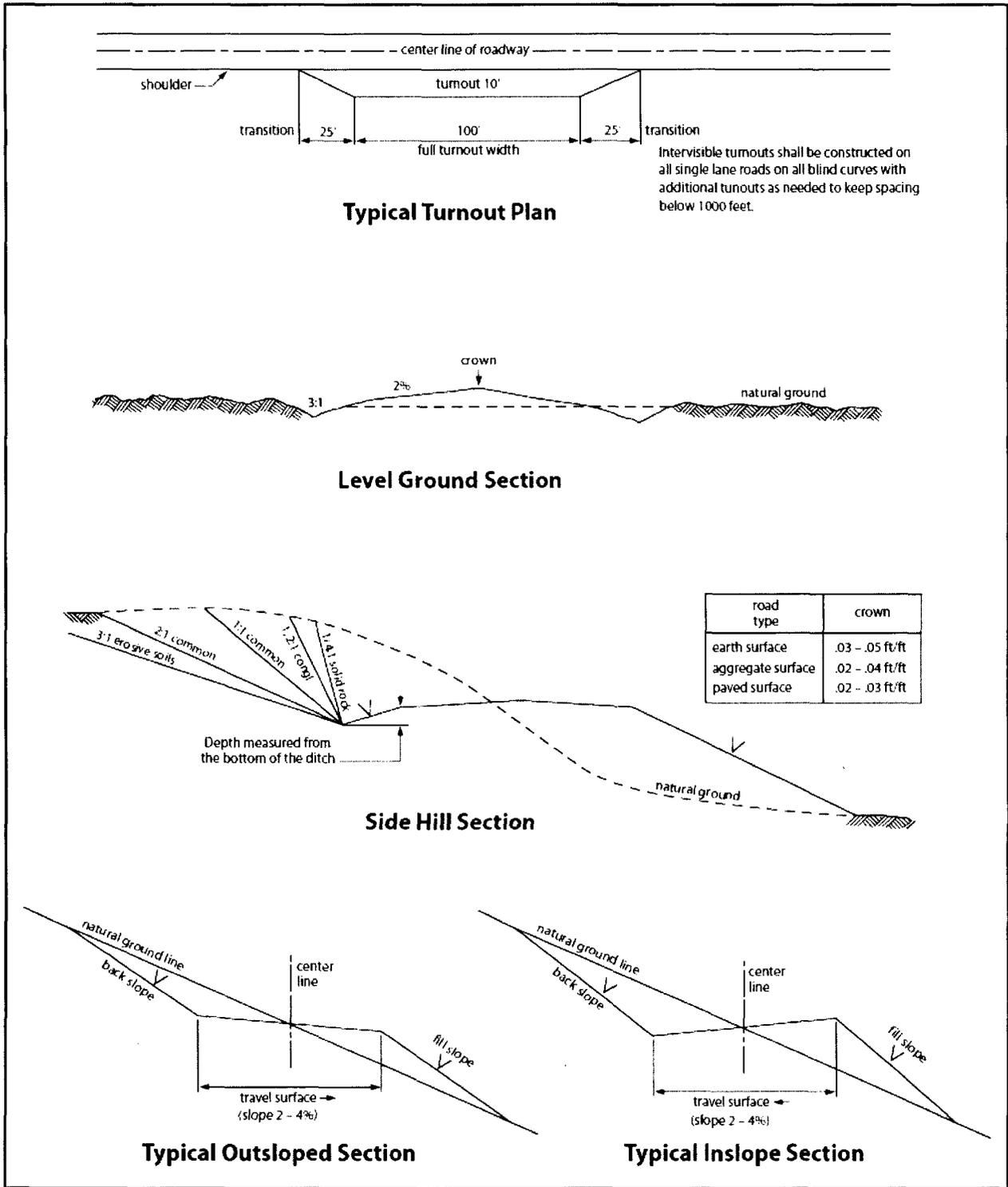


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. 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).

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the Grant and attachments, including stipulations, survey plat(s) and/or map(s), shall be on location during construction. BLM personnel may request to review a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, Holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC § 2601 *et seq.* (1982) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (*see* 40 CFR, Part 702-799 and in particular, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. Holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way Holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way Holder on the Right-of-Way. This provision applies without regard to whether a release is caused by Holder, its agent, or unrelated third

parties.

4. Holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. Holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of Holder including, but not limited to: construction, operation, maintenance, and termination of the facility;
- b. Activities of other parties including, but not limited to:
 - (1) Land clearing
 - (2) Earth-disturbing and earth-moving work
 - (3) Blasting
 - (4) Vandalism and sabotage;

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of Holder, regardless of fault. Upon failure of Holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he/she deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of Holder. Such action by the Authorized Officer shall not relieve Holder of any responsibility as provided herein.

6. All construction and maintenance activity shall be confined to the authorized right-of-way width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline shall be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline shall be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity shall be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation shall be allowed unless approved in writing by the Authorized Officer.
8. Holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline shall be "snaked" around hummocks and dunes rather than suspended across these features.
9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.
10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.
12. Excluding the pipe, all above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.
13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.
14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.
15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. 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, powerline 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.

17. Surface pipelines shall be less than or equal to 4 inches and a working pressure below 125 psi.

VIII. 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).

IX. 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 3, for Shallow 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 of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/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 Bristlegrass (<i>Setaria macrostachya</i>)	1.0
Green Sprangletop (<i>Leptochloa dubia</i>)	2.0
Sideoats Grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

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