### OCD Artesia

Form 3160-3 (April 2004)				OME	M APPROVE 3 No. 1004-013 s March 31, 2	7	
UNITED STAT DEPARTMENT OF THE BUREAU OF LAND MA	E INTERIOR	•	÷	5. Lease Serial N NMLC-028	0.		
APPLICATION FOR PERMIT TO				6. If Indian, Allot	tee or Tribe	Name	
la. Type of work: DRILL ~ REEN	VTER			7. If Unit or CA A NMNM - 88	3525X	ame and l	No.
lb. Type of Well: Oil Well Gas Well Other	П́si	ngle Zone Mult	iple Zone	8. Lease Name an BURCH KE		Г #666	_
Name of Operator     COG Operating LLC				9. API Well No. 30-015- '3	8574	\ L	
3a. Address 550 W. Texas Ave., Suite 1300 Midland, TX 79701		10. Field and Pool, of Grayburg J		•	g-SA		
4. Location of Well (Report location clearly and in accordance with  At surface 2243' FNL & 650' FEL, Unit H		ents.*)		11. Sec., T. R. M. or		rvey or A	rea
At proposed prod. zone 1980' FNL & 800' FEL, Unit H	ſ			Sec 26 T178	S R29E	1	
14. Distance in miles and direction from nearest town or post office*  2 miles from Loco Hills,	, NM			12. County or Paris	h	13. Stat	nM
15. Distance from proposed* location to nearest property or lease line, ft.	16. No. of a		17. Spacin	g Unit dedicated to the	is well		
(Also to nearest drig. unit line, if any)  650'	19. Proposed	264.52	20 PI M/E	3IA Bond No. on file			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.  200'		00' MD: 4817'	20. BEWI	NMB000215			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3572' GL.	22 Approxim	nate date work will sta 01/31/2010	art*	23. Estimated durated 1	tion 5 days		
	24. Attac	hments	77 1188				
The following, completed in accordance with the requirements of Onsi	hore Oil and Gas	Order No.1, shall be a	attached to thi	s form:			
<ol> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan.</li> </ol>		4. Bond to cover 1 Item 20 above).		s unless covered by	an existing b	ond on f	ile (see
3. A Surface Use Plan (if the location is on National Forest Syste SUPO shall be filed with the appropriate Forest Service Office).	m Lands, the	5. Operator certifi 6. Such other site authorized offi	specific info	rmation and/or plans	as may be re	equired b	y the
25. Signature		(Printed/Typed) Kelly J. Holly			Date 01/0	06/2011	
Title Permitting Tech					•		
Approved by (Signature) /s/ Don Peterson		(Printed/Typed)		:	Date	7 2	2011
FIELD MANAGER	Office	CARL.			FFICE	-	<del></del>
Application approval does not warrant or certify that the applicant he conduct operations thereon.  Conditions of approval, if any, are attached.	oids legal or equi	able title to those rigi		PPROVAL I			
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a States any false, fictitious or fraudulent statements or representations	crime for any pe as to any matter w	rson knowingly and ithin its jurisdiction.	willfully to m	ake to any departmen	t or agency	of the U	nited
*(Instructions on page 2)		RECEI\	<b>JED</b>				<del>==</del>
Roswell Controlled Water Basin		MAR 09	2011 RTESI	A	M		)
	Ľ	NMOODY			1		

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

W

#### MASTER DRILLING PROGRAM

### 1. Geologic Name of Surface Formation

Quaternary

### 2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface	
Rustler	220'	
Salt	360'	
Base of Salt	780'	
Yates	950'	·
Seven Rivers	1235'	
Queen	1845'	Bureau of Land Managament
Grayburg	2220'	RECEIVED
San Andres	2540'	The total Viscolar
Glorieta	4000'	FER 0.4 2011
Paddock	4075'	
Blinebry	4620'	Carlsbad Field Office
Tubb	5520'	Carlsbad, NM

### 3. Estimated Depths of Anticipated Fresh Water, Oil and Gas

Water Sand	150'	Fresh Water
Grayburg	2150'	Oil/Gas
San Andres	2450'	Oil/Gas
Glorieta	3900'	Oil/Gas
Paddock	4075'	Oil/Gas
Blinebry	4620'	Oil/Gas
Tubb	5520'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 300' and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 8 5/8" casing to 850' and circulating cement, in a single or multi-stage job and/or with an ECP, back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them. This will be achieved by cementing, with a single or multi-stage job, the 5 1/2" production casing back 200' into the intermediate casing, to be run at TD. If wellbore conditions arise that require immediate action and/or a change to this program, COG Operating LLC personnel will always react to protect the wellbore and/or environment.

COG Operating LLC Master Drilling Plan Grayburg Jackson; SR-Q-Grbg-SA Use for Sections 6-30, T17S, R29E Eddy County, NM

### 4. Casing Program

OD **Hole Size** Jt. brst/clps/ten Interval Casing Weight Grade Jt., Condition See CON 17 1/2" 320' ST&C 9.22/3.943/15.8 0-300' 13 3/8" 48# H-40orJ-55 ST&C/New 11" 0-850' 8 5/8" 24or32# J-55 ST&C/New ST&C 3.03/2.029/7.82 910 See COA 7 7/8" LT&C/New 0-TD 5 1/2" 15.5or17# J-55orL-80 LT&C 1.88/1.731/2.42

5. Cement Program

See COM

13 3/8" Surface Casing:

Class C w/ 2% Cacl2 + 0.25 pps CF, 400 sx, yield 1.32, back to surface. 154% excess

8 5/8" Intermediate Casing:

11" Hole:

**Single Stage:** 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 300 sx lead, yield-2.45 + Class C w/2% CaCl2, 200 sx tail, yield-1.32, back to surface. 363% excess

Multi-Stage: Stage 1: Class C w/2% CaCl2, 200 sx, yield - 1.32; 108% excess Stage 2: 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 300 sx, yield - 2.45, back to surface, 726% excess; assumption for tool is lost circulation. Multi stage tool to be set at approximately, depending on hole conditions, 350° (50° below the surface casing). Cement volumes will be adjusted proportionately for depth changes of multi stage tool.

5 1/2" Production Casing:

Single Stage: LEAD 500 sx 35:65:6 C:Poz:Gel w/ 5% Salt + 5 pps LCM + 0.2% SMS + 0.3% FL-52A + 0.125 pps CF, yield-2.05; + TAIL 400 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield-1.37, to 200' minimum tie back to intermediate casing. 106% open hole excess, cement calculated back to surface.

Multi-Stage: Stage 1: (Assumed TD of 4800') 500 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield - 1.37, 72% excess; Stage 2: LEAD

COG Operating LLC Master Drilling Plan Grayburg Jackson; SR-Q-Grbg-SA Use for Sections 6-30, T17S, R29E Eddy County, NM

> 450 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield - 1.37, + TAIL 250 sx Class C w/ 0.3% R-3 + 1.5% CD-32, yield -1.02 148% open hole excess, cement calculated back to Multi stage tool to be set at surface. approximately, depending on hole conditions, 2500'. Cement volumes will be adjusted proportionately for depth changes of multi stage tool, assumption for tool is water flow.

### 6. Minimum Specifications for Pressure Control

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer, and in some cases possibly a 2000 psi Hydril type annular preventer as provided for in Onshore Order #2. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. A 13-5/8" or 11" BOP will be used, depending on the rig selected, during the drilling of the well. The BOP will be nippled up on the 13 3/8" surface casing with BOP equipment and tested to 2000 psi. When 11" BOP is used the special drilling flange will be utilized on the 13-3/8" head to allow testing the BOP with a retrievable test plug. After setting 8-5/8" the BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a third party to 2000 psi and used continuously until total depth is reached. 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 (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) with a 2000 psi WP rating.

The majority of the rigs currently in use have a 13-5/8" BOP, so no special provision is needed for most wells in the area for conventionally testing the BOP with a test plug. However, due to the vagaries of rig scheduling, it might be that one of the few rigs with 11" BOP's might be called upon to drill any specific well in the area. Note that intermediate hole size is always 11". Therefore, COG-Operating LLC respectfully requests a variance to the requirement of 13-5/8" BOP on 13-3/8" casing. When that circumstance is encountered the special flange will be utilized to allow testing the entire BOP with a test plug, without subjecting the casing to test pressure. The special flange also allows the return to full-open capability if desired.

Gee COA

### 7. Types and Characteristics of the Proposed Mud System

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-300 370	Fresh Water	8.5	28	N.C.
360-850' 9/n	Brine	10	30	N.C.
850'-TD'	Cut Brine	8.7-9.2	30	N.C.

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

### 8. Auxiliary Well Control and Monitoring Equipment

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

### 9. Logging, Testing and Coring Program See COP

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be run from TD to Surface.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

#### 10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and the estimated maximum bottom hole pressure is 2300 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area, although a Hydrogen Sulfide Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

### 11. Anticipated Starting Date and Duration of Operations

COG Operating LLC Master Drilling Plan Grayburg Jackson; SR-Q-Grbg-SA Use for Sections 6-30, T17S, R29E Eddy County, NM

Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the anticipated start date. Once commenced, drilling operations should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.



### **COG Operating LLC**

Eddy County, NM (NAN27 NME) Burch Keely Unit #666 Burch Keely Unit #666

OH

Plan: Plan #2 7-7/8" Hole
SHL = 2243' FNL & 650' FEL
BHL = 1980' FSL & 800' FEL
Top of Paddock = 1980' FSL & 800' FEL @ 4000' TVD

### **Standard Planning Report**

06 January, 2011





#### **Scientific Drilling**

Planning Report



Database: Company: EDM-Julio

COG Operating LLC

Project:

Eddy County, NM (NAN27 NME)

Site: Well: Burch Keely Unit #666 Burch Keely Unit #666

Wellbore:

Design:

OH Plan #2 7-7/8" Hole Local Co-ordinate Reference:

TVD Reference: MD Reference: North Reference:

Survey Calculation Method:

Site Burch Keely Unit #666

GL Elev. @ 3572.00usft GL Elev. @ 3572.00usft

Grid

Minimum Curvature

Project

Eddy County, NM (NAN27 NME)

Map System:

US State Plane 1927 (Exact solution) NAD 1927 (NADCON CONUS)

Geo Datum: Map Zone:

New Mexico East 3001

System Datum:

Mean Sea Level

Site

Burch Keely Unit #666

Site Position: From:

Мар

Northing: Easting:

657,245.50 usft 590,597.60 usft

Latitude: Longitude:

32° 48' 23.434 N 104° 2' 18.486 W

Position Uncertainty:

0.00 usft Slot Radius: 13-3/16 "

Grid Convergence:

0.16 °

Well

Well Position

Bùrch Keely Unit #666

+N/-S +E/-W 0.00 usft 0.00 usft Northing: Easting:

657,245.50 usft 590,597.60 usft Latitude: Longitude:

32° 48' 23.434 N 104° 2' 18.486 W

Position Uncertainty

0.00 usft

Wellhead Elevation:

**Ground Level:** 

3,572.00 usft

Wellbore:	OH.
h	
Magnatica	Nac

**Model Name** Magnetics

Sample Date

2011/01/06

Declination (°) 7.90 Dip Angle

Field Strength (nT)

60.66 48,958

Design **Audit Notes:**  Plan #2 7-7/8" Hole

IGRF2010

Version:

Phase:

PLAN

Tie On Depth:

0.00

Vertical Section: Depth From (TVD) +N/-S +E/-W Direction (usft) (usft) (usft) (°) 0.00 0.00 0.00 330.14

leasured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°//100usft)	Build Rate (°/100usft),	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,150.00	0.00	0.00	1,150.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,494.76	6.90	330,14	1,493.93	17.97	-10.32	2.00	2.00	0.00	330.14	
3,672.65	6.90	330.14	3,656.07	244.73	-140.48	0.00	0.00	0.00	0.00	
4,017.42	0.00	0.00	4,000.00	262.70	-150,80	2.00	-2.00	0.00	180.00	TG1-BK #666
4,817.42	0.00	0.00	4,800.00	262.70	-150.80	0.00	0.00	0.00	0.00	PBHL-BK #666



### **Scientific Drilling**

Planning Report



Database: Company: EDM-Julio

Project:

COG Operating LLC

Site:

Eddy County, NM (NAN27 NME) Burch Keely Unit #666

Well:

Burch Keely Unit #666

Wellbore: Design:

ОН Plan #2 7-7/8" Hole Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method: Site Burch Keely Unit #666

GL Elev. @ 3572.00usft GL Elev. @ 3572.00usft

Grid

Minimum Curvature

								,	
Measured	*.		Vertical			Vertical	Dogleg	Build	Turn
Depth (usft)	Inclination (°)	Azimuth (°)	Depth (usft)	+N/S (usft)	+E/-W/ (usft);	Section (usft)	Rate (°/100usft)	Rate (°/100usft)	Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	. 0.00	0.00	0.00
1,050.00	0.00	0.00	1,050.00	0.00	0.00	0.00	0.00	0.00	0.00
8-5/8" Casing 1,150.00	0.00	0.00	1,150.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP Start Bu			.,				•	-,	
1,200.00	1.00	330.14	1,200.00	0.38	-0.22	0.44	2.00	2.00	0.00
1,300.00	3.00	330.14	1,299.93	3.40	-1.95	3.93	2.00	2.00	0.00
1,400.00	5.00	330.14	1,399.68	9.45	-5.43	10.90	2.00	2.00	0.00
1,494.76	6.90	330,14	1,493.93	17.97	-10.32	20.72	2.00	2.00	0.00
EOC hold 6.9	o°		·						
1,500.00	6.90	330,14	1,499.13	18.52	-10.63	21.35	0.00	0.00	0.00
1,600.00	6.90	330.14	1,598.41	28.93	-16.61	33.35	0.00	0.00	0.00
1,700.00	6.90	330.14	1,697.68	39.34	-22.58	45.36	0.00	0.00	0.00
1,800.00	6.90	330.14	1,796.96	49,75	-28.56	57.37	0.00	0.00	0.00
1,900.00	6.90	330.14	1,896.24	60.16	-34.54	69.37	0.00	0.00	0.00
2,000.00	6.90	330.14	1,995.51	70.57	-40.51	81.38	0.00	0.00	0.00
2,100.00	6.90	330.14	2,094.79	80.99	-46.49	93.38	0.00	0.00	0.00
2,200.00	6.90 .	330.14	2,194.07	91.40	-52.47	105.39	0.00	0.00	0.00
2,300.00	6.90	330.14	2,293.34	101.81	-58.44	117.39	0.00	0.00	0.00
2,400.00	6.90	330.14	2,392.62	112.22	-64.42	129.40	0.00	0.00	0.00
2,500.00	6.90	330.14	2,491.90	122.63	-70.40	141.40	0.00	0.00	0.00
2,600.00	6.90	330.14	2,591.17	133.05	-76.37	153.41	0.00	0.00	0.00
2,700.00	6.90	330.14	2,690.45	143.46	-82,35	165.41	0.00	0.00	0.00
2,800.00	6.90	330.14	2,789.73	153,87	-88.33	177.42	.0.00	0.00	0.00
2,900.00	6.90	330.14	2,889.00	164.28	-94.30	189.43	0.00	0.00	0.00
3,000.00	6.90	330.14	2,988.28	174.69	-100.28	201.43	0.00	0.00	0.00
3,100.00	6.90	330.14	3,087.56	185.11	-106.26	213.44	0.00	0.00	0.00
3,200.00	6.90	330.14	3,186.84	195.52	-112.23	225.44	0.00	0.00	0.00
3,300.00	6.90	330.14	3,286.11	205.93	-118.21	237.45	0.00	0.00	0.00
3,400.00	6.90	330.14	3,385.39	216.34	-124.19	249.45	0.00	0.00	0.00
3,500.00	6.90	330.14	3,484.67	226.75	-130.17	261.46	0.00	0.00	0.00
3,600.00	6.90	330.14	3,583.94	237.17	-136.14	273.46	0.00	0.00	0.00
3,672.65	6.90	330.14	3,656.07	244.73	-140.48	282.19	0.00	0.00	0.00
Start Drop 2.0	0°/100'								
3,700.00	6.35	330.14	3,683.23	247.47	-142.05	285.34	2.00	-2.00	0.00
3,800.00	4.35	330.14	3,782.79	255.55	-146.69	294.66	2.00	-2.00	0.00
3,900.00	2.35	330.14	3,882.62	260.61	-149.60	300.50	2.00	-2.00	0.00
4,000.00	0.35	330.14	3,982.58	262.65	-150.77	302.85	2.00	-2.00	0.00
4,017.42	0.00	330.14	4,000.00	262.70	-150.80	302.91	2.00	-2.00	0.00
EOC hold 0.00	)° - TG1-BK #66	66							
4,817.42	0.00	0.00	4,800.00	262.70	-150.80	302.91	0.00	0.00	0.00
PBHL-BK #66		0.00	,,550.00	202.10	,50.00	502.51	0.00	. 0.00	0.00



### **Scientific Drilling**

Planning Report



Database: Company: EDM-Julio

COG Operating LLC

Eddy County, NM (NAN27 NME)

Project: Site: Well:

Burch Keely Unit #666

Burch Keely Unit #666

ОН

Wellbore: Plan #2 7-7/8" Hole Design:

Local Co-ordinate Reference:

TVD-Reference: MD Reference: North Reference:

Survey Calculation Method:

Site Burch Keely Unit #666

GL Elev. @ 3572.00usft GL Elev. @ 3572.00usft

Grid

Minimum Curvature

Design Targets			and the same of th							
Target Name - hit/miss target - Shape	Dip Angle (°)	Dip <sup>:</sup> Dir. (°)	TVD (usft)	+N/-S (usft):	+E/-W (usft)	Northing: (usft):	Easting (usft)	Látitude	Longitude *	
TG1-BK #666 - plan hits target cer - Point	0.00 nter	0.00	4,000.00	262.70	-150.80	657,508.20	590,446.80	32° 48′ 26.038 N	104° 2' 20.245 W	
PBHL-BK #666 - plan hits target cer - Circle (radius 10.0		0.01	4,800.00	262.70	-150.80	657,508.20	590,446.80	32° 48′ 26.038 N	104° 2' 20.245 W	

Casing Points				 				
	Measured Depth	Vertical Depth		-		Casing Diameter	Hole Diameter	
	(usft)	(usft)		 Name	 1 · · · · · · · · · · · · · · · · · · ·	(")	(") ~	
	1,050.00	1,050.00	8-5/8" Casing			8-5/8	12-1/4	The state of the s

		4			The state of the s	the state of the s	1	
Ņία	easured	Vertical	Local Cod	ordinates		·		
	Depth.	Depth	+N/-S	+E/-W				
•	(usft)	(usft):	(usft)	(usft)	Comment		5	
	1,150.00	1,150.00	0.00	0.00	KOP Start Build 2,00°/100'			
	1,494.76	1,493.93	17.97	-10.32	EOC hold 6.90°			
	3,672.65	3,656.07	244.73	-140.48	Start Drop 2.00°/100'			
	4.017.42	4,000.00	262.70	-150.80	EOC hold 0.00°			

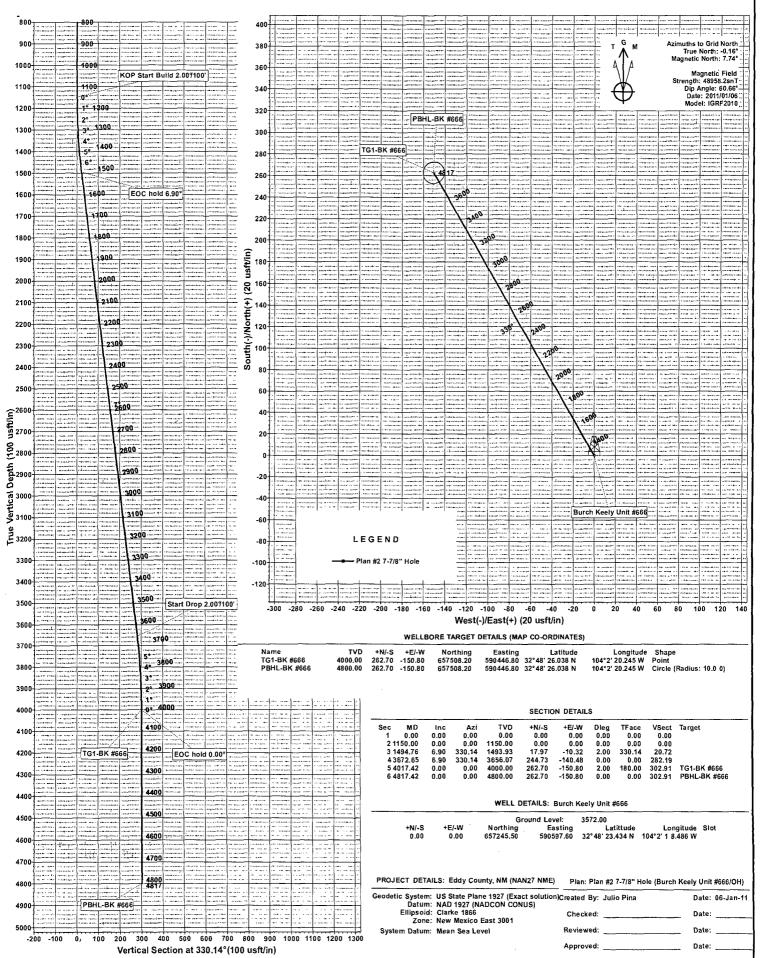


Scientific Drilling for COG Operating LLC Site: Eddy County, NM (NAN27 NME)

Well: Burch Keely Unit #666 Wellbore: OH

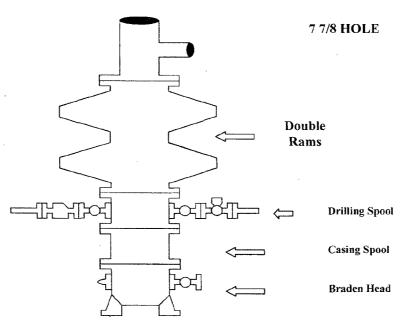
Design: Plan #2 7-7/8" Hole





## **COG Operating LLC**

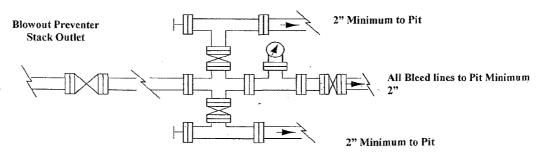
# **Exhibit #9 BOPE and Choke Schematic**



Minimum 4" Nominal choke and kill lines

## Choke Manifold Requirement (2000 psi WP) No Annular Required

#### Adiustable Choke



Adjustable Choke (or Positive)

# 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.

Blowout Preventers Page 2