

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|                                                                                       |  |                               |
|---------------------------------------------------------------------------------------|--|-------------------------------|
| 1. Operator Name and Address<br>COG OPERATING LLC<br>550 W TEXAS<br>MIDLAND, TX 79701 |  | 2. OGRID Number<br>229137     |
| 4. Property Code<br>37953                                                             |  | 3. API Number<br>30-015-38498 |
| 5. Property Name<br>YALE STATE                                                        |  | 6. Well No.<br>032            |

**7. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| I        | 2       | 17S      | 30E   | I       | 1650      | S        | 330       | E        | EDDY   |

**8. Pool Information**

|                           |       |
|---------------------------|-------|
| LOCO HILLS; GLORIETA-YESO | 96718 |
|---------------------------|-------|

**Additional Well Information**

|                                                                                                                                                                                                                                                                                                                                                                    |                            |                                                  |                         |                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------|-------------------------|---------------------------------------------|
| 9. Work Type<br>New Well                                                                                                                                                                                                                                                                                                                                           | 10. Well Type<br>OIL       | 11. Cable/Rotary                                 | 12. Lease Type<br>State | 13. Ground Level Elevation<br>3773          |
| 14. Multiple<br>N                                                                                                                                                                                                                                                                                                                                                  | 15. Proposed Depth<br>6150 | 16. Formation<br>Yeso Formation                  | 17. Contractor          | 18. Spud Date<br>3/31/2011                  |
| Depth to Ground water<br>110                                                                                                                                                                                                                                                                                                                                       |                            | Distance from nearest fresh water well<br>> 1000 |                         | Distance to nearest surface water<br>> 1000 |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 5000 _____ bbls Drilling Method:<br>Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> |                            |                                                  |                         |                                             |

**19. Proposed Casing and Cement Program**

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5      | 13.375      | 48               | 450           | 450             | 0             |
| Int1 | 11        | 8.625       | 24               | 1350          | 500             | 0             |
| Prod | 7.875     | 5.5         | 17               | 6150          | 900             | 0             |

**Casing/Cement Program: Additional Comments**

COG proposes to drill a 17-1/2" hole to 800' w/fr wtr mud system, wt 8.5, vis 28, set 13-3/8" casing & cement to surface. Drill an 11" hole to 1350' w/fr mud system, wt 10, vis 30. Set 8-5/8" casing & cement to surface. Drill 7-7/8" hole to 6150' w/cut brine mud system, wt 9.1, vis 29-32. Test Yeso formation. Run 5-1/2" casing & cement to surface. Note: On production string, a caliper will be run, COG will attempt to circulate cement.

**Proposed Blowout Prevention Program**

| Type      | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 2000             | 2000          |              |

|                                                                                                                                                                                                                                                                                                                                                                         |                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | <b>OIL CONSERVATION DIVISION</b>                      |
| Printed Name: Electronically filed by Diane Kuykendall                                                                                                                                                                                                                                                                                                                  | Approved By: Randy Dade                               |
| Title: Production Reporting Mgr                                                                                                                                                                                                                                                                                                                                         | Title: District Supervisor                            |
| Email Address: dkuykendall@conchoresources.com                                                                                                                                                                                                                                                                                                                          | Approved Date: 2/28/2011   Expiration Date: 2/28/2013 |
| Date: 2/28/2011   Phone: 432-683-7443                                                                                                                                                                                                                                                                                                                                   | Conditions of Approval Attached                       |

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(505) 393-6161 Fax:(505) 393-0720

District II  
1301 W. Grand Ave., Artesia, NM 88210  
Phone:(505) 748-1283 Fax:(505) 748-9720

District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
Permit 126158

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |                                       |                                           |
|-------------------------------|---------------------------------------|-------------------------------------------|
| 1. API Number<br>30-015-38498 | 2. Pool Code<br>96718                 | 3. Pool Name<br>LOCO HILLS; GLORIETA-YESO |
| 4. Property Code<br>37953     | 5. Property Name<br>YALE STATE        | 6. Well No.<br>032                        |
| 7. OGRID No.<br>229137        | 8. Operator Name<br>COG OPERATING LLC | 9. Elevation<br>3773                      |

**10. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| I        | 2       | 17S      | 30E   |         | 1650      | S        | 330       | E        | EDDY   |

**11. Bottom Hole Location If Different From Surface**

| UL - Lot                     | Section             | Township               | Range         | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|------------------------------|---------------------|------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| 12. Dedicated Acres<br>40.00 | 13. Joint or Infill | 14. Consolidation Code | 15. Order No. |         |           |          |           |          |        |

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
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|  |  |  |  |

**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By: Diane Kuykendall  
Title: Production Reporting Mgr  
Date: 2/28/2011

**SURVEYOR CERTIFICATION**

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Surveyed By: Ronald Eidson  
Date of Survey: 2/10/2011  
Certificate Number: 3239

## Permit Comments

**Operator:** COG OPERATING LLC , 229137

**Well:** YALE STATE #032

**API:** 30-015-38498

| Created By | Comment                                                                                                             | Comment Date |
|------------|---------------------------------------------------------------------------------------------------------------------|--------------|
| rodan      | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 1/21/2011    |
| Artesia    | Land S/S                                                                                                            | 2/28/2011    |

# Permit Conditions of Approval

**Operator:** COG OPERATING LLC , 229137

**Well:** YALE STATE #032

**API:** 30-015-38498

| OCD<br>Reviewer | Condition                                                                                                                                                                                                                                                            |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Artesia         | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |