District I 1625 N. French Dr., Hobbs, NM 88240

Phone:(575) 393-6161 Fax:(575) 393-0720 District II

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 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

State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

Form C-101 August 1, 2011

Permit 125915

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

| COG OP | Name and Address ERATING LLC | OGRID Number 229137 | |
|------------------|---------------------------------|-------------------------------|--|
| | W TEXAS ND, TX 79701 | 3. API Number 30-015-39482 | |
| 4. Property Code | 5. Property Name | 6. Well No. | |
| 36826 | TEX-MACK | 262 | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| J | 2 | 17S | 31E | J | 2310 | S | 1590 | E | EDDY |

8. Pool Information

MAR LOCO; GLORIETA-YESO 97866

Additional Well Information

| | | Additional Well Into | от шаноп | | |
|------------------------------|----------------|------------------------------------|--|----------------------------|--|
| 9. Work Type | 10. Wett Tyr | e 11. Cable/Rotary | 12. Lesse Type | 13. Ground Level Elevation | |
| New Well | OIL | | State | 3999 | |
| 14. Multiple | 15. Proposed I | Pepth 16. Formation | | | |
| N | 6900 | Yeso Formation | | | |
| Depth to Ground water 110 | | Distance from nearest fresh > 1000 | Distance from nearest fresh water well | | |

19. Proposed Casing and Cement Program

| | | | Troposed Casing | una cementari | 8 | |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| 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 | 32 | 1800 | 550 | 0 |
| Prod | 7.875 | 5.5 | 17 | 6900 | 900 | 0 |

Casing/Cement Program: Additional Comments

COG proposes to drill a 17-1/2" hole to 450' w/fr wtr mud system, wt 8.5, vis 28, set 13-3/8" casing & cement to surface. Drill an 11" hole to 1800' w/br mud system, wt 10, vis 30. Set 8-5/8" casing & cement to surface. Drill 7-7/8" hole to 6900' w/cut brine mud system, wt 9.1, vis 29-32. Test Yeso formation. Run 5-1/2" casing & cememt to surface. Note: On production string, a caliper will be run, COG will attempt to circulate cement.

Proposed Blowout Prevention Program

| Туре | 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. I further certify that the drilling pit will be constructed according to | OIL CONSERVATION DIVISION | | | | |
|---|------------------------------|----------------------------|--|--|--|
| NMOCD guidelines X, a general permit \(\backslash \), or an (attached) alternative OCD-approved plan \(\backslash \). | Approved By: Randy Dade | | | | |
| Printed Name: Electronically filed by Diane Kuykendall | Title: District Supervisor | | | | |
| Title: Production Reporting Mgr | Approved Date: 10/6/2011 | Expiration Date: 10/6/2013 | | | |
| Email Address: dkuykendall@conchoresources.com | | 05 80 | | | |
| Date: 10/3/2011 Phone: 432-683-7443 | Conditions of Approval Attac | ched | | | |

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1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462 State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505 Form C-102 August 1, 2011

Permit 125915

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1. API Number 30-015-39482 | 2. Pool Code 97866 | 3. Pool Name MAR LOCO;GLORIETA-YESO |
|-------------------------------|--------------------------|--|
| 4. Property Code 36826 | 5. Property TEX-M. | |
| 7. OGRID No. 229137 | 8. Operator COG OPERA | |

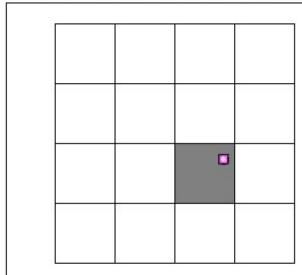
10. Surface Location

| 3 | UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|---|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| | J | 2 | 17S | 31E | | 2310 | S | 1590 | E | EDDY |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Id | n Feet From | N/S Line | Feet From | E/W Line | County |
|------------------------------|---------|----------|-----------------|--------|-------------------|----------|-----------|---------------|--------|
| 12. Dedicated Acres 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



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: 10/3/2011

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: 7/27/2011 Certificate Number: 3239

Permit Comments

Operator: COG OPERATING LLC , 229137 Well: TEX-MACK #262 API: 30-015-39482

| Created By | Comment | Comment Date |
|---------------|---|-----------------|
| rodom | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 1/17/2011 |
| Artesia | Land s/S | 10/6/2011 |

Permit Conditions of Approval

Operator: COG OPERATING LLC , 229137 Well: TEX-MACK #262

API: 30-015-39482

| OCD 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 |
| Artesia | Will require administrative order for non-standard location |