

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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 134731

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

| | | |
|---|--|-------------------------------|
| 1. Operator Name and Address COG OPERATING LLC One Concho Center Midland, TX 79701 | | 2. OGRID Number 229137 |
| 4. Property Code 38919 | | 3. API Number 30-015-41665 |
| 5. Property Name PAINT "32" FEE | | 6. Well No. 002H |

7. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot L | Section 32 | Township 18S | Range 26E | Lot Idn L | Feet From 1670 | N/S Line S | Feet From 190 | E/W Line W | County Eddy |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot I | Section 32 | Township 18S | Range 26E | Lot Idn I | Feet From 1670 | N/S Line S | Feet From 330 | E/W Line E | County Eddy |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|

9. Pool Information

| | |
|------------------------------|-------|
| PENASCO DRAW;SA-YESO (ASSOC) | 50270 |
|------------------------------|-------|

Additional Well Information

| | | | | |
|------------------------------|----------------------------|--|---------------------------|---|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3400 |
| 16. Multiple N | 17. Proposed Depth 7464 | 18. Formation Yeso Formation | 19. Contractor | 20. Spud Date 11/30/2013 |
| Depth to Ground water 110 | | Distance from nearest fresh water well > 1000 | | Distance to nearest surface water > 1000 |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 11 | 8.625 | 32 | 1200 | 700 | 0 |
| Prod | 7.875 | 5.5 | 17 | 7464 | 800 | 0 |

Casing/Cement Program: Additional Comments

COG proposes to drill an 11" hole to 1200' w/fresh water, run 8-5/8" 32# J-55 and cement to surface. Drill a 7-7/8" hole to 2400' MD and kick off and drill curve to 2920' TVD 3222' MD. Drill a 7-7/8" lateral to new BHL @ 2883' TVD 7464' MD. Run a 5 1/2" 17# L-80 casing to TD cement to surface with 800 sacks.

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 2000 | 2000 | |

| | |
|--|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: Printed Name: Electronically filed by Diane Kuykendall Title: Production Reporting Mgr Email Address: dkuykendall@conchoresources.com Date: 9/16/2013 | OIL CONSERVATION DIVISION Approved By: Randy Dade Title: District Supervisor Approved Date: 9/17/2013 Expiration Date: 9/17/2015 Conditions of Approval Attached |
| Phone: 432-683-7443 | |

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Form C-102
August 1, 2011
Permit 134731

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---------------------------------------|--|
| 1. API Number 30-015-41665 | 2. Pool Code 50270 | 3. Pool Name PENASCO DRAW;SA-YESO (ASSOC) |
| 4. Property Code 38919 | 5. Property Name PAINT "32" FEE | 6. Well No. 002H |
| 7. OGRID No. 229137 | 8. Operator Name COG OPERATING LLC | 9. Elevation 3400 |

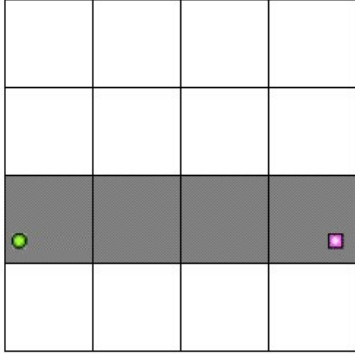
10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot L | Section 32 | Township 18S | Range 26E | Lot Idn L | Feet From 1670 | N/S Line S | Feet From 190 | E/W Line W | County Eddy |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|------------------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot I | Section 32 | Township 18S | Range 26E | Lot Idn I | Feet From 1670 | N/S Line S | Feet From 330 | E/W Line E | County Eddy |
| 12. Dedicated Acres 160.00 | 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

| | |
|---|--|
|  | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: Diane Kuykendall Title: Production Reporting Mgr Date: 9/16/2013</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Ronald Eidson Date of Survey: 7/15/2013 Certificate Number: 3239</p> |
|---|--|

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Form APD Comments

 Permit 134731

PERMIT COMMENTS

| | | |
|--|---|-------------------------------|
| Operator Name and Address: COG OPERATING LLC [229137] One Concho Center Midland, TX 79701 | | API Number: 30-015-41665 |
| | | Well: PAINT "32" FEE #002H |
| Created By | Comment | Comment Date |
| kholly1 | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 7/18/2011 |
| kholly1 | COG Operating LLC respectfully requests permission to drill this well with a closed loop system. | 9/12/2013 |

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Form APD Conditions
Permit 134731

PERMIT CONDITIONS OF APPROVAL

| | |
|--|-------------------------------|
| Operator Name and Address: COG OPERATING LLC [229137] One Concho Center Midland, TX 79701 | API Number: 30-015-41665 |
| | Well: PAINT "32" FEE #002H |
| OCD Reviewer | Condition |