

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) 334-8178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3482

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 203068

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

| | | |
|---|--|-------------------------------|
| 1. Operator Name and Address COG PRODUCTION, LLC 600 W. Illinois Ave Midland, TX 79701 | | 2. OGRID Number 217955 |
| 4. Property Code 313475 | | 3. API Number 30-025-42518 |
| 5. Property Name MACHO NACHO STATE COM | | 6. Well No. 009H |

7. Surface Location

| | | | | | | | | | | | | | | | | | | |
|----------|---|---------|---|----------|-----|-------|-----|---------|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|
| UL - Lot | N | Section | 7 | Township | 24S | Range | 33E | Lot Idn | Feet From | 190 | N/S Line | S | Feet From | 1840 | E/W Line | W | County | Lea |
|----------|---|---------|---|----------|-----|-------|-----|---------|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|

8. Proposed Bottom Hole Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|
| UL - Lot | D | Section | 7 | Township | 24S | Range | 33E | Lot Idn | 1 | Feet From | 230 | N/S Line | N | Feet From | 1220 | E/W Line | W | County | Lea |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|

9. Pool Information

| | |
|----------------------------|-------|
| TRIPLE X;BONE SPRING, WEST | 96674 |
|----------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3571 |
| 16. Multiple N | 17. Proposed Depth 14277 | 18. Formation Bone Spring | 19. Contractor | 20. Spud Date 4/23/2015 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ 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 | 17.5 | 13.375 | 54.5 | 1210 | 800 | |
| Int1 | 12.25 | 9.625 | 40 | 5020 | 1350 | |
| Prod | 8.75 | 5.5 | 17 | 14277 | 1825 | 4820 |

Casing/Cement Program: Additional Comments

Plan to drill a 17-1/2" hole to 1210' with Fresh Water. Run 13-3/8", 54.5#, J-55 csg and cmt to surface. Drill 12-1/4" hole to 5020' with Brine, and run 9-5/8", 40# J55 and cement to surface. Drill 8-3/4" pilot hole to 12,855'. Plug back with cement and drill 8-3/4" curve and lateral with cut brine to approximately 14,277' MD. Run 5-1/2", 17#, P-110 csg and cement to 4820'.

22. Proposed Blowout Prevention Program

| | | | |
|------------|------------------|---------------|--------------|
| Type | Working Pressure | Test Pressure | Manufacturer |
| Double Ram | 3000 | 3000 | Horn |

| | |
|--|--|
| 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: | OIL CONSERVATION DIVISION |
| Printed Name: Electronically filed by DIANE KUYKENDALL | Approved By: Paul Kautz |
| Title: Production Reporting Manager | Title: Geologist |
| Email Address: dkuykendall@concho.com | Approved Date: 4/18/2015 Expiration Date: 4/18/2017 |
| Date: 4/16/2015 Phone: 432-685-4372 | Conditions of Approval Attached |

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Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 203068

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--|
| 1. API Number 30-025-42518 | 2. Pool Code 96674 | 3. Pool Name TRIPLE X;BONE SPRING, WEST |
| 4. Property Code 313475 | 5. Property Name MACHO NACHO STATE COM | 6. Well No. 009H |
| 7. OGRID No. 217955 | 8. Operator Name COG PRODUCTION, LLC | 9. Elevation 3571 |

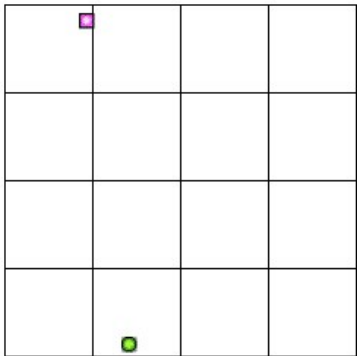
10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot N | Section 7 | Township 24S | Range 33E | Lot Idn | Feet From 190 | N/S Line S | Feet From 1840 | E/W Line W | County Lea |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|------------------------|--------------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot D | Section 7 | Township 24S | Range 33E | Lot Idn 1 | Feet From 230 | N/S Line N | Feet From 1220 | E/W Line W | County Lea |
| 12. Dedicated Acres 153.40 | 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 Manager Date: 4/16/2015</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: Chad Harcrow Date of Survey: 2/11/2015 Certificate Number: 17777</p> |
|---|--|

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Form APD Comments

Permit 203068

PERMIT COMMENTS

| | | |
|--|--|--------------------------------------|
| Operator Name and Address: COG PRODUCTION, LLC [217955] 600 W. Illinois Ave Midland, TX 79701 | | API Number: 30-025-42518 |
| | | Well: MACHO NACHO STATE COM #009H |
| Created By | Comment | Comment Date |
| matyereyes | COG Production has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary. | 4/16/2015 |

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Form APD Conditions

Permit 203068

PERMIT CONDITIONS OF APPROVAL

| | |
|--|--------------------------------------|
| Operator Name and Address: COG PRODUCTION, LLC [217955] 600 W. Illinois Ave Midland, TX 79701 | API Number: 30-025-42518 |
| | Well: MACHO NACHO STATE COM #009H |

| OCD Reviewer | Condition |
|-----------------|--|
| pkautz | Will require a directional survey with the C-104 |
| pkautz | 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 |
| pkautz | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well. |
| pkautz | 1) Surface and Intermediate casing must circulate cement to surface. 2) Production casing cement must tie back into intermediate casing |
| pkautz | If cement does not circulate to the surface, must run temperature survey or other log to determine top of cement |
| pkautz | Surface casing must be set 25 feet below top of Rustler Anhydrite in order to seal off protectable water. |