

COG OPERATING LLC

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

Rec: 3-2-2005
Sup: 3-22-2005
PMES0-506638896

(432) 683-7443
FAX 683-7441

February 28, 2005

RECEIVED

MAR 2 2005

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

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), COG Operating LLC applies for approval of an unorthodox oil well location for the following well:

Well: Gold Rush "30" Federal Well No. 8
Location: 2630 feet FSL & 2310 feet FEL
Well Unit: NW/4SE/4 of Section 30, Township 23 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico

30-015-29949

The well will be drilled to test the Brushy Canyon formation (Nash Draw-Brushy Canyon Pool). The pool is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line.

The location is based on topographical reasons. An unorthodox location is required due to the existence of the Remuda Basin and archeological sites uncovered by the BLM on this 40 acres of BLM NMNM 081622, the only undrilled 40 acres within the SE/4. Furthermore, this well location was previously approved on March 6, 1998 – Maralo, Inc., as Operator) but was never drilled. A copy of the BLM-approved APD with attachments, as well as a Form C-102, is attached as Exhibit A.

Attached as Exhibit B is a land plat. The affected offset working interest owners and royalty interest owner are:

SE/4NW/4

Royalty Owner – State of New Mexico Lease E-5229

Working Interest Owners – Douglas Oil & Gas LP
Burlington Resources Oil & Gas Co.
COG Oil & Gas LP

SW/4NE/4

Royalty Owner – BLM NMNM081622

Working Interest Owners - Douglas Oil & Gas LP
Burlington Resources Oil & Gas Co.
COG Oil & Gas LP

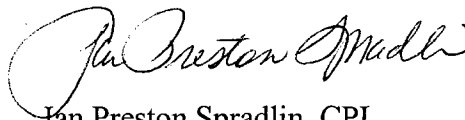
February 28, 2005
Page 2 of 2

Notice of this application was provided only to the offset royalty owner by certified letter, a copy of which is attached as Exhibit C, as all working interest owners are participants within the offset acreage.

Should you have any questions or require any further information or clarification, please contact me at 432-685-4352 or by email at jspradlin@conchoresources.com. Again, thank you for your prompt attention to this matter.

Very truly yours,

COG OPERATING, LLC

A handwritten signature in black ink, appearing to read "Jan Preston Spradlin". The signature is fluid and cursive, with the first name "Jan" being particularly prominent.

Jan Preston Spradlin, CPL
Senior Landman

JPS/pj
attachments

EXHIBIT A



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019



In reply refer to:
3162.4 (513)
NM-81622

COG Operating LLC
c/o Tierra Exploration Inc
Attn: Joe T. Janica
P. O. Box 2188
Hobbs, NM 88241

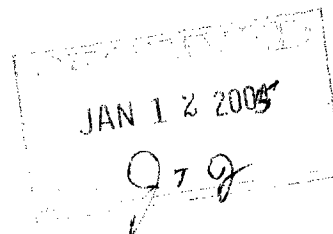
JAN 10 2005

Dear Mr. Janica:

Your Application for Permit to Drill (APD), the Gold Rush "30" Federal Well No. 8, 2630' FSL and 2310' FEL, Section 30, T. 23 S., R. 30 E., Eddy County, New Mexico, Lease No. NM-81622 was received on January 10, 2005.

The APD has been reviewed pursuant to part III.B.2 of Oil and Gas Onshore Order No. 1, except for the Archaeological Survey Report, and is found to be:

- ☒ Administratively complete
- ☐ Administratively deficient in the following items marked with an "X"
- ☐ Form 3160-3
 - ☐ Survey Plat
 - ☐ Bonding
 - ☐ Drilling Plan
 - ☐ BOP Diagram
 - ☐ Choke Manifold Diagram
 - ☐ H₂S Drilling Plan
 - ☐ Surface Use Plan (including certification statement)
 - ☐ Private Surface Owner's Agreement or Statement that an Agreement has been reached concerning surface use
 - ☐ Other:



Please submit six (6) copies of each of the above noted deficiencies, except for the Archaeological Survey Report. Technical adequacy of the APD will be determined during processing and you will be contacted if additional information is required.

If you would like to know whether the Archeological Survey Report has been filed with the BLM, call the Carlsbad Resource Area Office at (505) 234-5972.

Sincerely,

Linda A. Askwig
Legal Instruments Examiner

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
FAX TRANSMITTAL

TO:- ERICK NELSON

DATE: 02/03/05

COMPANY: _____

FAX: # 432-683-1166

FROM: TIERRA EXPLORATION, INC. JOE T. JANICA

NO OF PAGES 1

GOLD RUSH "29" FEDERAL # 1

855' FWL & 330' FSL SECTION 29 T23S-R30E

GOLD RUSH "29" FEDERAL # 2

2045' FSL & 705' FWL SECTION 29 T23S-R30E

Final location

GOLD RUSH "30" FEDERAL # 8

2630' FSL & 2310' FEL SECTION 30 T23S-R30E

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(reverse side)

Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

COG OPERATING, LLC.

(GREG WILKES 432-685-4341)

3. ADDRESS AND TELEPHONE NO.

550 WEST TEXAS AVENUE SUITE 1300 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

2310' FEL & 2630' FSL SECTION 30 T23S-R30E EDDY CO. NM

At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 15 miles East of Loving New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

2310'

(Also to nearest drlg. unit line, if any)

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

19. PROPOSED DEPTH

7450'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3096' GR.

22. APPROX. DATE WORK WILL START* WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48	650'	750 Sx. Circulate cement to sur.
12½"	J-55 8 5/8"	32	3100'	1150 Sx. " " "
7 7/8"	J-55 5½"	15.5	7450'	1000 Sx. " " "

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 650'. Run and set 650' of 13 3/8" 48# H-40 ST&C casing. Cement with 500 Sx. of Class "C" Halco-Light + additives, tail in with 200 Sx. of Class "C" cement + 2% CaCl₂, ¼# Flocele/Sx. Circulate cement to surface.
3. Drill 12½" hole to 3100'. Run and set 3100' of 8 5/8" 32# J-55 ST&C casing. Cement with 925 Sx. of Class "C" Halco Light + additives, tail in with 250 Sx. of Class "C" + ¼# Flocele/Sx. + 2% CaCl₂, circulate cement to surface.
4. Drill 7 7/8" hole to 7450'. Run and set 7450' of 5½" 15.5# J-55 LT&C casing. Cement with 700 Sx. of Class "H" Halco Light cement + additives, tail in with 300 Sx. of Class "H" Premium Plus cement + additives, Circulate cement to surface.

COG OPERATING, LLC. ACCEPTS THE RESPONSIBILITY FOR THE OPERATION OF THIS LEASE.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Greg Wilkes

TITLE Agent

DATE 01/07/05

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

DATE

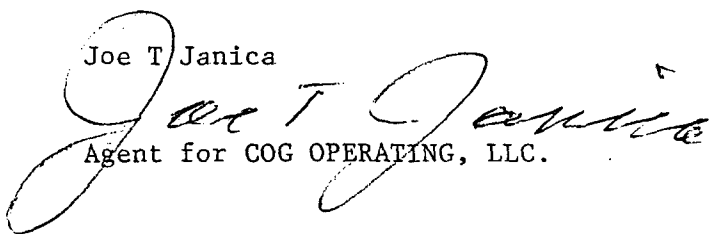
*See Instructions On Reverse Side

01/07/05

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

This well location was approved at this location 03/06/98, but was not drilled. MARALO, INC. was the original owner but since has been purchased by COG OPERATING, LLC. Now it is their desire to proceed with the development of this lease.

Joe T Janica


Agent for COG OPERATING, LLC.

393.3430

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 47545	Pool Name NASH DRAW-BRUSHY CANYON
Property Code	Property Name GOLD RUSH "30" FEDERAL	Well Number 8
OGRID No. 229137	Operator Name COG OPERATING, LLC.	Elevation 3096

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	23 S	30 E		2630	SOUTH	2310	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	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 the the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Janica

Signature

Joe T. Janica

Printed Name

Agent

Title

01/07/05

Date

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.

FEBRUARY 2, 1998

Date Surveyed _____ JLP

Signature & Seal of Professional Surveyor
Ronald J. Edson

W.O. Num. 98-11-0179

Certificate No. RONALD J. EDSON, 3239
GARY G. EDSON, 12841
MACON McDONALD, 12185

OPERATOR'S COPY

Form 3160-5
(June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

MARALO INC. (PHILLIP SMITH) 915-684-7441

3. Address and Telephone No.

P.O. BOX 832 MIDLAND, TEXAS 79702

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2630' FSL & 2310' FEL SEC. 30 T23S-R30E EDDY CO. NM

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

5. Lease Designation and Serial No.

NM-81622

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Gold Rush "30" Fed. # 8

9. API Well No.

10. Field and Pool, or Exploratory Area

NASH DRAW BRUSHY CANYON

11. County or Parish, State

EDDY CO. NEW MEXICO

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other Move Location
☒ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

1. Maralo Inc. requests the approval to move the location of their GOLD RUSH "30" FEDERAL # 8. From: 2600' FEL & 2310' FSL OF SEC. 30 T23S-R30E.
Location → To: 2310' FEL & 2630' FSL OF SEC. 30 T23S-R30E.*

2. The reason for this move is required because of Archaeological sites in this section and the State of New Mexico along with offset operator would not approve the prior unorthodox location.

**SUBJECT TO
LIKE APPROVAL
BY STATE FOR
UNORTHODOX
LOCATION**

14. I hereby certify that the foregoing is true and correct

Signed Joel T. Gonsky Title Agent

Date 02/16/98

(This space for Federal or State office use)

Approved by Richard D. White Title Acting State Director

Date 3/6/98

Conditions of approval, if any:

SEE ATTACHED

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1984

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer 100, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	47545	NASH DRAW-BRUSHY CANYON
Property Code	Property Name	Well Number
15310	GOLD RUSH "30" FEDERAL	8
OGRID No.	Operator Name	Elevation
014007	MARALO, INC.	3096

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	23 S	30 E		2630	SOUTH	2310	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40									

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

LOT 1 41.09 AC.									
LOT 2 41.21 AC.									
LOT 3 41.13 AC.									
LOT 4 41.22 AC.									

3099.1' 3082.5' 2310' 3094.4' 3081.3' 2630'

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Joe T Janica
Signature

Joe T. Janica
Printed Name

Agent
Title

02/16/98
Date

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.

FEBRUARY 2, 1998

Date Surveyed JLP

Signature & Seal of Professional Surveyor

Ronald J. Eidson 2-04-98

W.O. Num. 98-11-0179

Certificate No. RONALD J. EIDSON, 3239
GARY G. EIDSON, 12641
MACON McDONALD, 12185

N. M. Oil Cons. Division

Form 3160-
(July 1992)

11 S. 1ST ST.

Albuquerque, NM 88210-2834

SUBMIT IN DATE

(Other inst. on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

2. NAME OF OPERATOR

MARALO INC. (PHILLIP SMITH) 915-684-7441

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 832 MIDLAND, TEXAS 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

2600' TEL & 2310' FSL SEC. 30 T23S-R30E
At proposed prod. zone SAME

EDDY

**SUBJECT TO
LIKE APPROVAL
BY STATE FOR
UNORTHODOX LOCATION**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
Approximately 12 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

40'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

1000'

16. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

7400'

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3083' GR.

22. APPROX. DATE WORK WILL START*

When approved

SECRETARY'S POTASH

PROPOSED CASING AND CEMENT

CARLSBAD CONTROLLED WATER BASIN

SIZE (F HOLE)	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor 20"	NA	40'	Cement to surface with Redi-mix.
17½"	K-55 13 3/8"	54.5	650'	600 Sx. Circul. surface
12½"	K-55 8 5/8"	32	3100'	1050 Sx. Circul. surface
7 7/8"	K-55 5½"	15.5 & 17	7400'	1500 Sx. Top of cement 2850'

1. Drill 25" hole to 40'. Set 40' of 20" conductor & cement to surface with Redi-mix.
2. Drill 17½" hole to 650'. Run and set 650' of 13 3/8" 54.5# K-55 ST&C casing. Cement with 400 Sx. of Halco Light + additives, tail in with 200 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
3. Drill 12½" hole to 3100'. Run and set 3100' of 8 5/8" 32# K-55 ST&C casing. Cement with 800 Sx. of Halco Light + additives, tail in with 250 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
4. Drill 7 7/8" hole to 7400'. Run and set 7400' of 5½" casing as follows: 800' of 17# K-55 LT&C, 6600' of 15.5# K-55 LT&C casing. Cement with 300 Sx. of Halco Light follow with 300 Sx. of Class "C" + 2% CaCl., tail in with 300 Sx. of Class "C" + 2% CaCl. Estimate top of cement at 2850'.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed zone. If proposal is to drill or deepen directly, give pertinent data on subsurface locations and measured and true vertical depths. Give flow prevention program, if any.

23. SIGNED Joel J. Garcia Agent DATE 10/30/97

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY W.F. Splendoria TITLE Acting State Director DATE 11-21-97

*See Instructions On Reverse Side

P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer 110, Aranda, NM 88211-0710

DISTRICT III

1000 Rio Brazos Rd., Artes, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29949	Pool Code 47545	Pool Name NASH DRAW-BRUSHY CANYON
Property Code 15310	Property Name GOLD RUSH "30" FEDERAL	Well Number 8
OGRID No. 014007	Operator Name MARALO, INC.	Elevation 3083

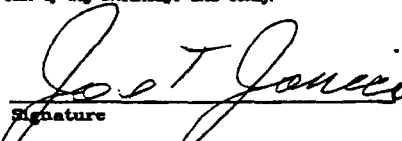
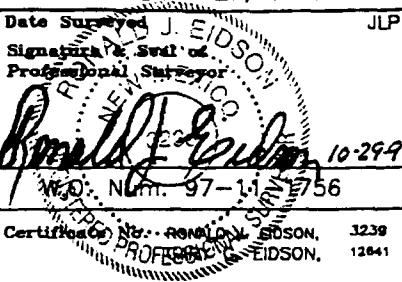
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	23 S	30 E		2310	SOUTH	2600	EAST	EDDY

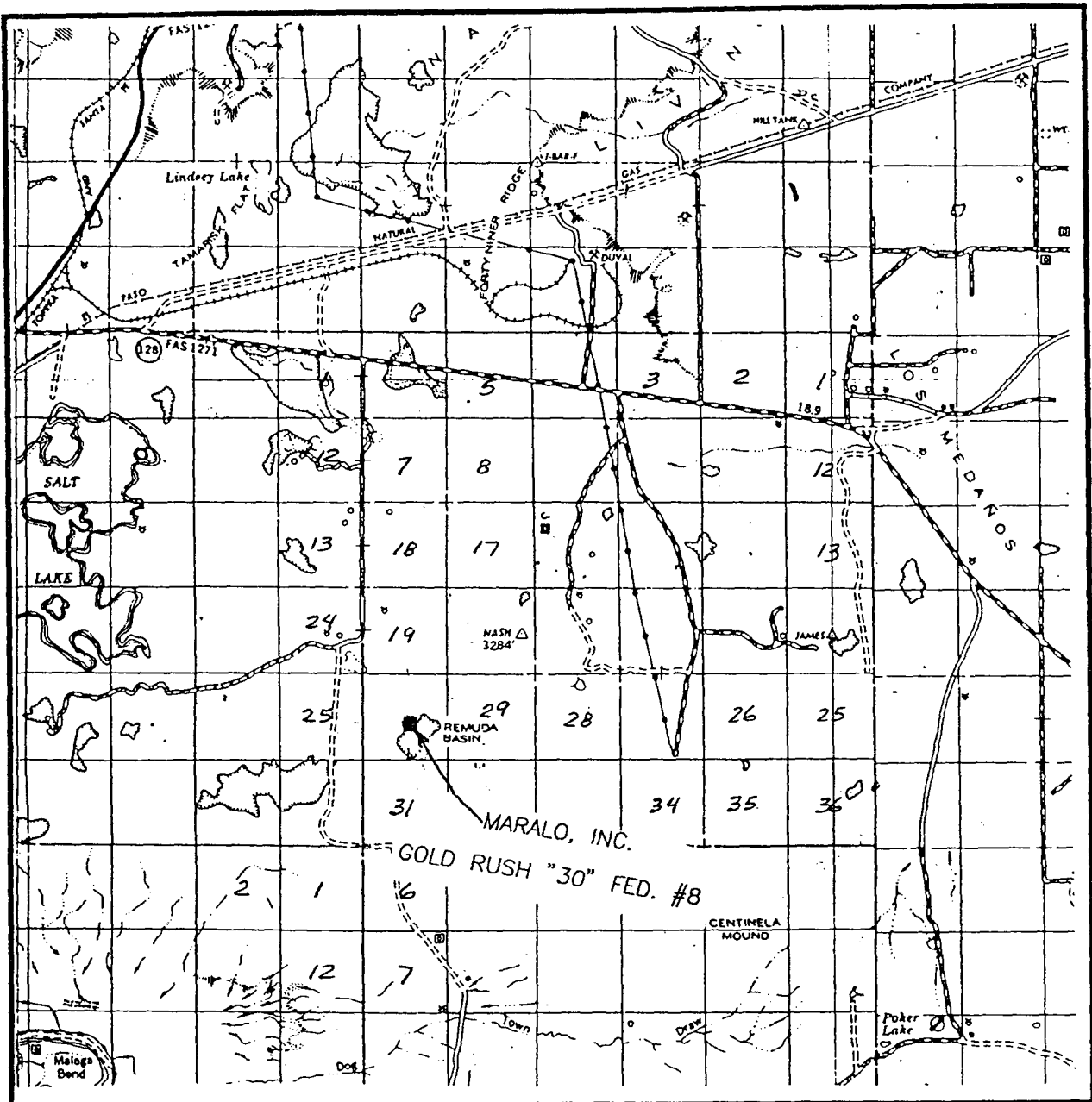
Bottom Hole Location If Different From Surface

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

LOT 1	41.09 AC.					OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature Joe T. Janica Printed Name Agent Title 10/30/97 Date
LOT 2	41.19 AC.					
LOT 3	41.10 AC.	3106.5'	3090.5'	2600'		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. OCTOBER 27, 1997 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. Ronald J. Eidson, 1239 Professional Surveyor, 12841
LOT 4	41.15 AC.	3075.3'	3066.8'			

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 30 TWP. 23-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2630' FSL & 2310' FEL

ELEVATION 3096'

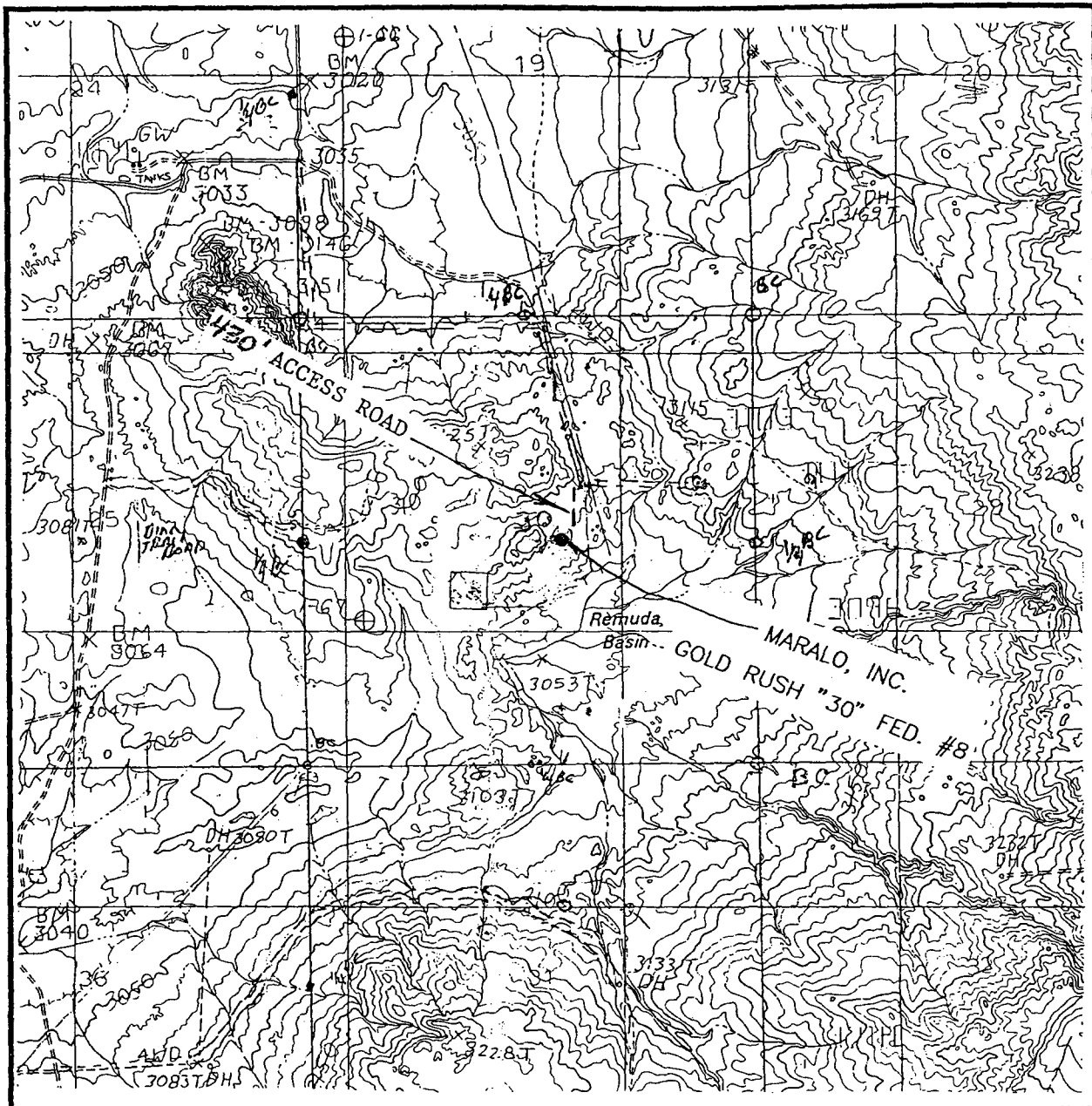
OPERATOR COG OPERATING, LLC.

LEASE GOLD RUSH "30" FEDERAL

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 30 TWP. 23-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2630' FSL & 2310' FEL

ELEVATION 3096'

OPERATOR COG OPERATING, LLC.

LEASE GOLD RUSH "30" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

REMUDA BASIN, N.M.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

APPLICATION TO DRILL

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location of well: 2310' FEL & 2630' FSL SECTION 30 T23S-R30E EDDY CO. NM

2. Ground Elevation above Sea Level: 3096' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 7450'

6. Estimated tops of geological markers:

Lamar	3290'	Brushy Canyon	6350'
Bell Canyon	4280'	Bone Spring	7080'
Cherry Canyon	5780'	Avalon Sand	7190'

7. Possible mineral bearing formations:

Brushy Canyon	Oil
Bone Spring	Oil
Avalon Sand	Oil

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
25"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-650'	13 3/8"	54.5	8-R	ST&C	J-55
12½"	0-3100'	8 5/8"	32	8-R	ST&C	J-55
7 7/8"	0-7450'	5½"	15.5	8-R	LT&C	J-55

APPLICATION TO DRILL

COG OPERATING, LLC.
 GOLD RUSH "30" FEDERAL # 8
 UNIT "J" SECTION 30
 T23S-R30E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface Redi-mix.
13 3/8"	Surface	Set 650' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 500 Sx. of Halco Light + additives, tail in with 250 Sx. of Class "C" + 2% CaCl ₂ + 1/4# Flocele/Sx. Circulate cement.
8 5/8"	Intermediate	Set 3100' of 8 5/8" 32# J-55 ST&C casing. Cement with 925 Sx. of Halco Light + additives, tail in with 250 Sx. of Class "C" cement + 2% CaCl ₂ + 1/4# Flocele/Sx. circulate cement to surface.
5 1/2"	Production	Set 7450' of 5 1/2" 15.5# J-55 LT&C casing. Cement with 700 Sx. of Halco Light cement + additives, tail in with 300 Sx. of Class "H" Modified + additives, circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once each 24 Hr. period and the blind rams will be operated when the drill pipe is out of on trips. Full opening stabbing valve and upper kelly cock will be available in case if needed. Exhibit "E-1" shows a hydraulically operated closing unit and a 3" 3000 PSI choke manifold with adjustable chokes. No abnormal pressures or temperatures are expected while drilling this well. No problems in offset wells.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-650'	8.4-8.7	29-34	NC	Fresh water use paper to control seepage.
650-3100'	10.0-10.2	29-38	NC	Brine water add paper to control seepage & High viscosity sweeps to clean hole.
3100-6900'	8.4-8.7	29-38	NC	Fresh water use Gel for for high viscosity sweeps to clean hole.
6900-7450'	8.4-8.7	34-40	10 cc or less	Same as above add a Poly-6 to reduce water loss and Gel for viscosity use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, viscosity, and water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
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T23S-R30E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Induction, CNL, LDT, Gamma Ray and Caliper from TD back to 3100'.
- B. Run Gamma Ray, CNL from 3100' back to surface.
- C. Mud logger will be placed on hole at 3100' and remain on hole to TD.
- D. No DST's or cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3800 PSI, and Estimated BHT 150°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 22 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The BRUSHY CANYON formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as an oil well.

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blowie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E" & "E-1"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If the location is near to a dwelling a closed DST will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.
9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

1. EXISTING AND PROPOSED ROADS: Area maps: Exhibit "B" is a reproduction of a County General Hi-way map showing access roads to the location. Exhibit "C" is a reproduction of a USGS Topographic map showing existing roads in close proximity to the location and the proposed access roads. All existing roads will be maintained in a condition equal to or better than their current conditions. All new roads will be constructed to BLM specifications.

A. Exhibit "A" shows the location of the proposed well site as staked.

B. From Hobbs, New Mexico take U.S. Hi-way 62-180 toward Carlsbad New Mexico go 40± miles to WIPP Road, turn Left go 13 miles to CR-802, turn Right go 4.6 miles to State Hi-way 128 turn Right go 6 miles to Rawhide Road, turn Left go 4 miles, turn Left go .4 miles, turn, turn Right go 1 mile, turn Left go .4 miles, turn Southeast follow road .45 miles, turn Southwest go to well # 2, turn Northwest and follow road to location.

C. Lay flowlines and construct powerlines along road as shown on Exhibits "C" and "F"

2. PLANNED ACCESS ROADS: Approximately 1500' of new road will be constructed.

A. The access road will be crowned and ditched to a 12' wide traveled surface with a 40' Right-Of-Way.

B. Gradient on all roads will be less than 5% if possible.

C. Turn-outs will be constructed where necessary.

D. If needed roads will be surfaced to the BLM requirements with material obtained from a local source.

E. Center line of new road will be flagged.

F. The new road will be constructed to utilize low water crossings where drainage currently exists, and culverts will be installed where necessary.

3. EXHIBIT "A-1" SHOWS THE BELOW LISTED TYPE WELLS WITHIN A 1 MILE RADIUS:

- | | |
|--------------------|--------------------------------------------|
| A. Water wells | - None known |
| B. Disposal wells | - One known approximately 3000' Northeast. |
| C. Drilling wells | - None known |
| D. Producing wells | - As shown on Exhibit "A-1" |
| E. Abandoned wells | - As shown on exhibit "A-1" |

SURFACE USE PLAN

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.
- D. Waste water from living quarters will be drained into holes with a minimum of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. Later pits will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

- A. No camps or air strips will be constructed on location.

SURFACE USE PLAN

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the proposed well site layout.
- B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encountered during pit construction indicate that a plastic liner is required to contain lateral migration.
- D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.
- E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completion phases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out. If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate future erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography consists of low lying sand dunes with drainage toward the West into Remuda Basin. Vegetation consists of Acacia, Sage, Devil Claw, Cresote, Mesquite, Narrow leaf Yucca, and assorted native grasses.
- B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock.
- C. An archaeological survey will be conducted and the results will be filed with The Bureau of Land Management Carlsbad Field office in Carlsbad NM.
- D. There are no domestic dwellings located within one mile of the location.

12. OPERATORS REPRESENTATIVE:

Before construction:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503

During and after construction:

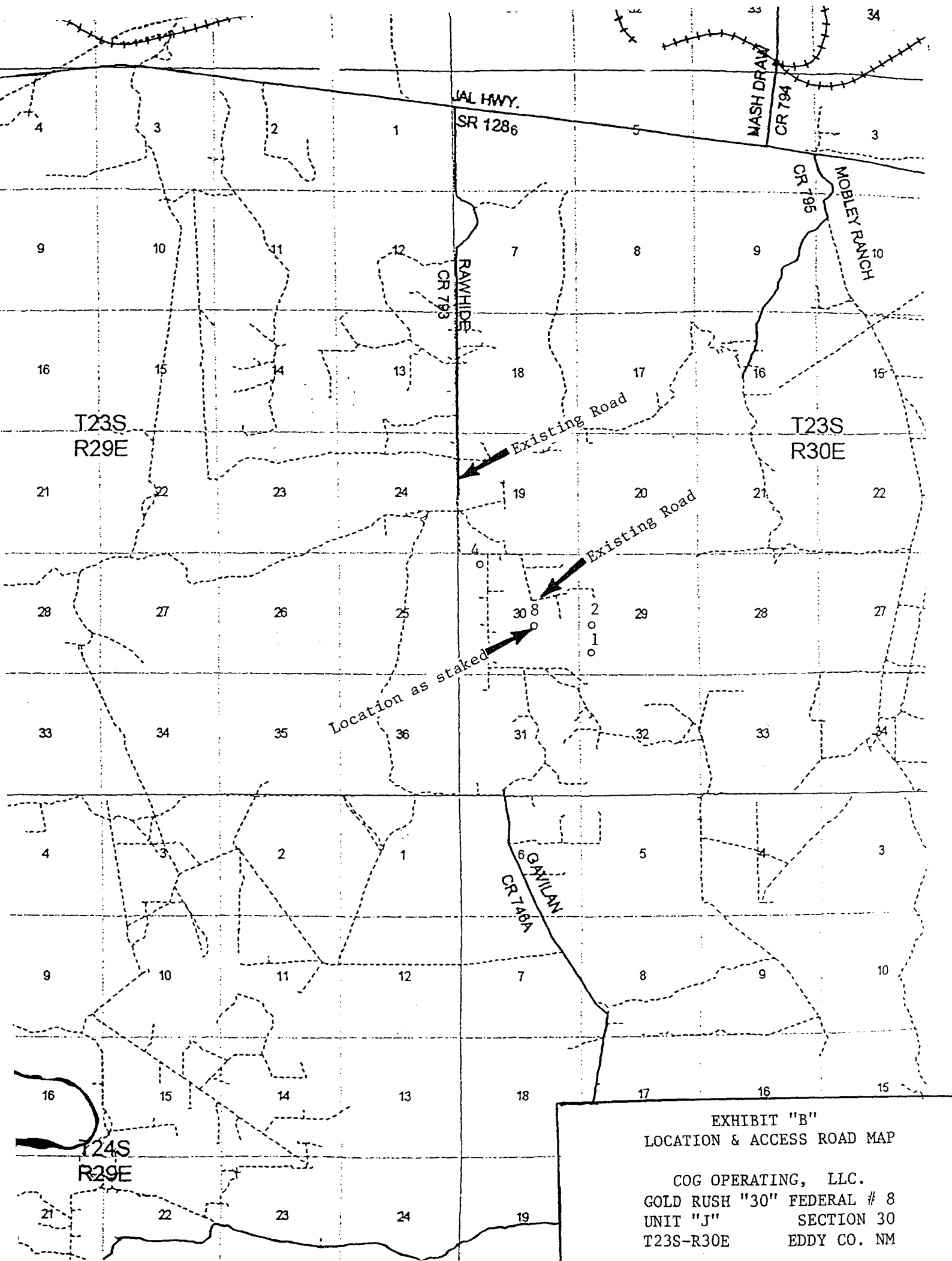
COG OPERATING, LLC.
550 WEST TEXAS AVE
SUITE 1300
MIDLAND, TEXAS 79701
OFFICE GREG WILKES 432-685-4341

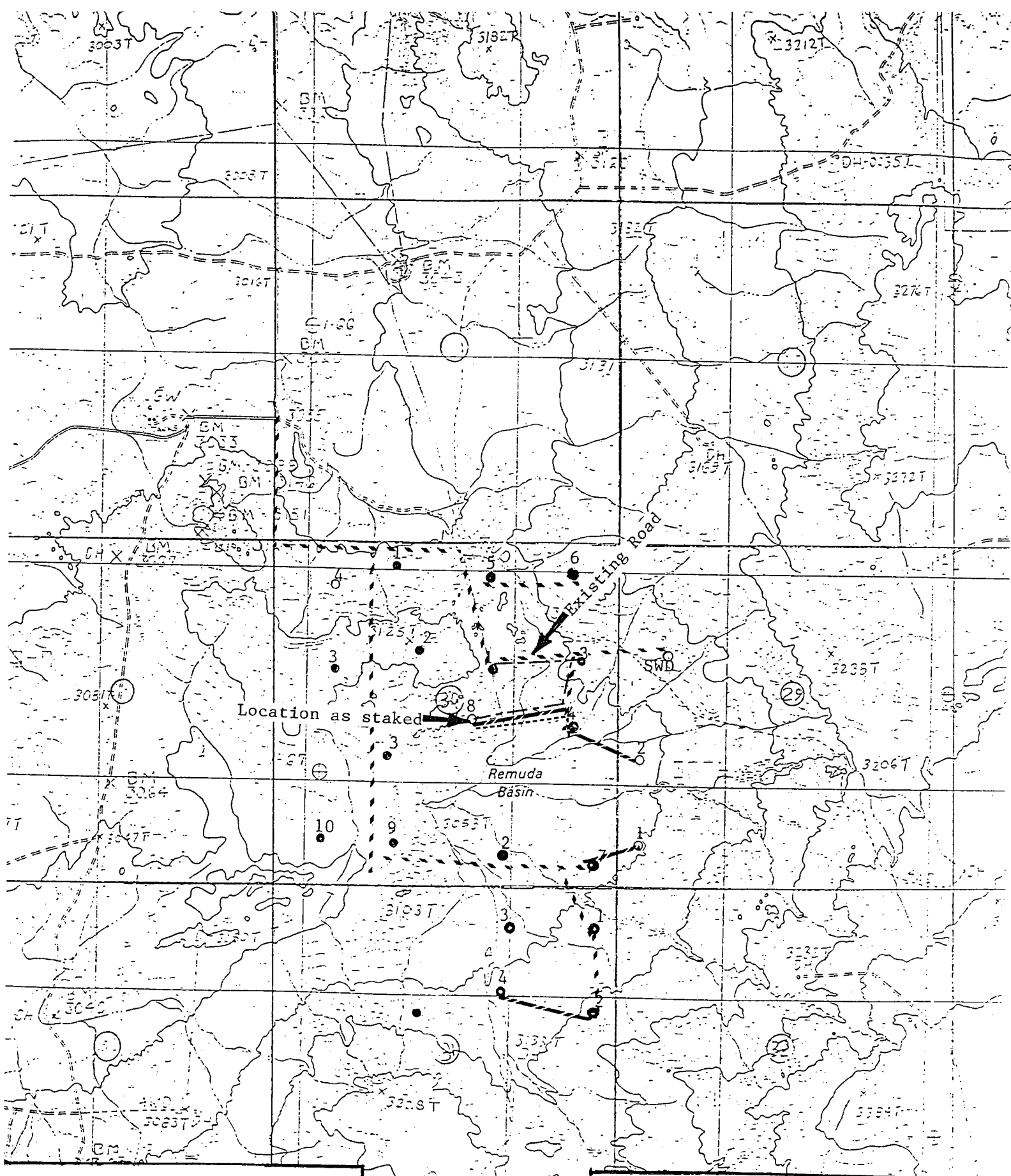
13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by COG OPERATING, LLC. its contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T. Janica

DATE : 01/07/05

TITLE : Agent

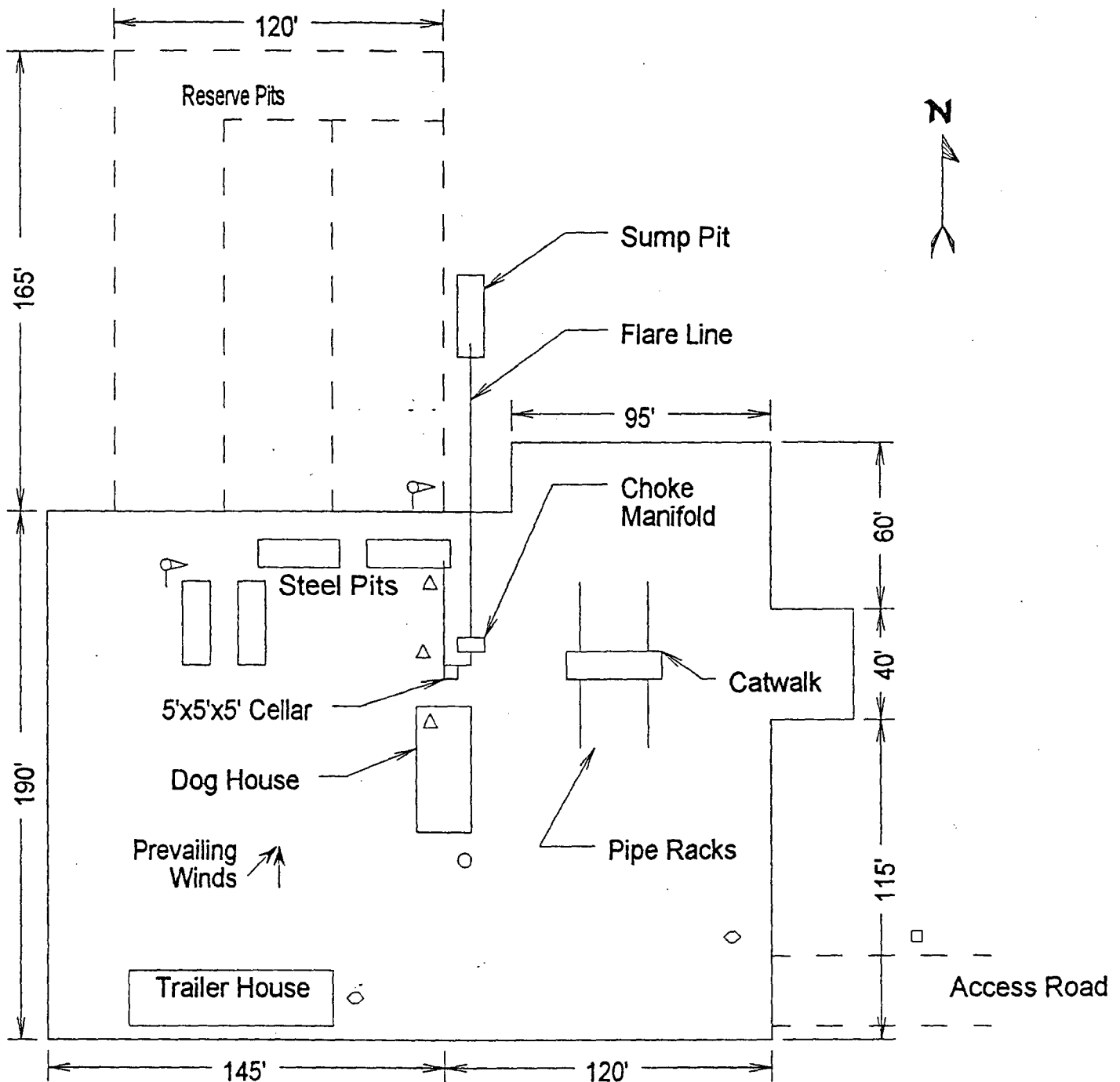




Existing Road - - - - -
 Proposed Road - - - - -
 Proposed Powerline - - - - -
 Proposed Flowline - - - - -

EXHIBIT "C"
 TOPOGRAPHIC MAP SHOWING
 ROADS & DIRECTIONS TO

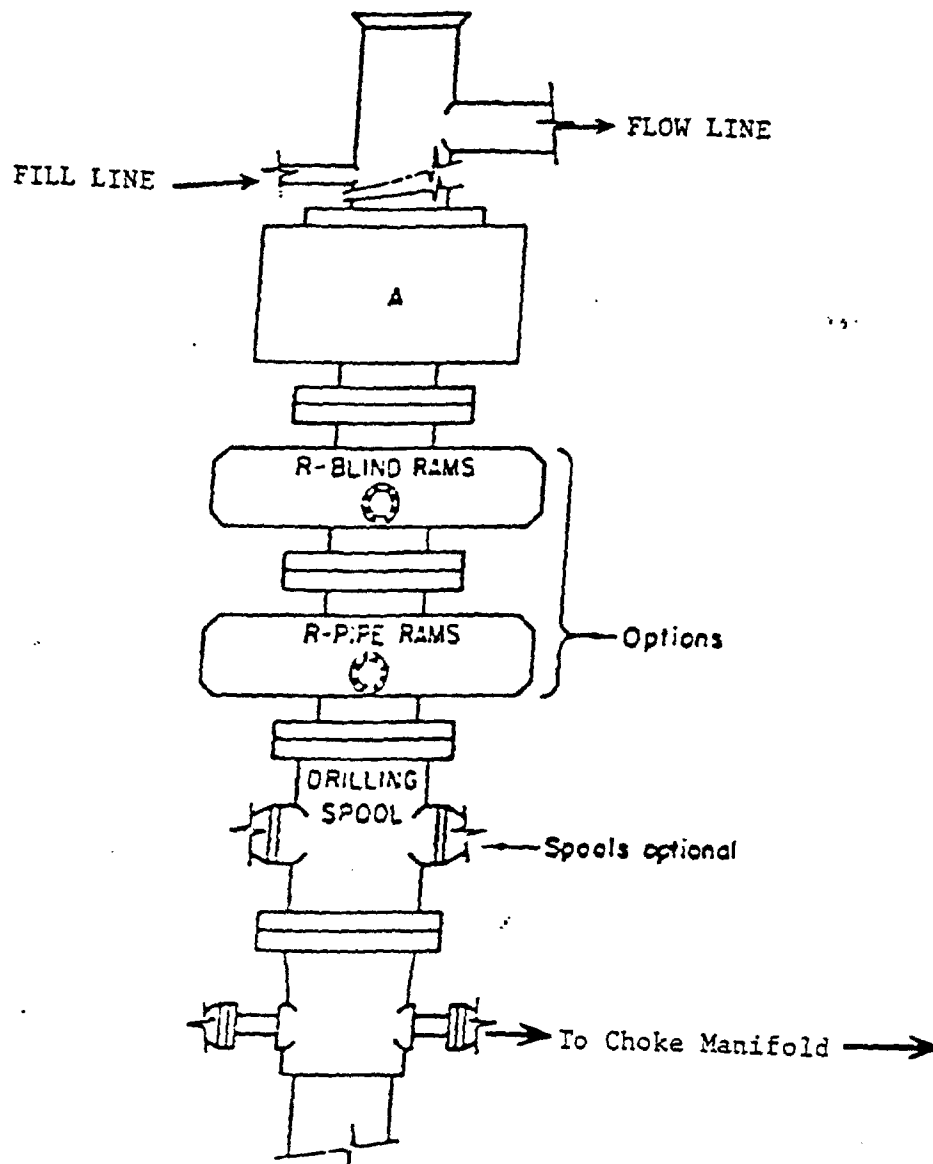
COG OPERATING, LLC.
 GOLD RUSH "30" FEDERAL # 8
 UNIT "J" SECTION 30
 T22S R30E EDDY CO, WY



- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

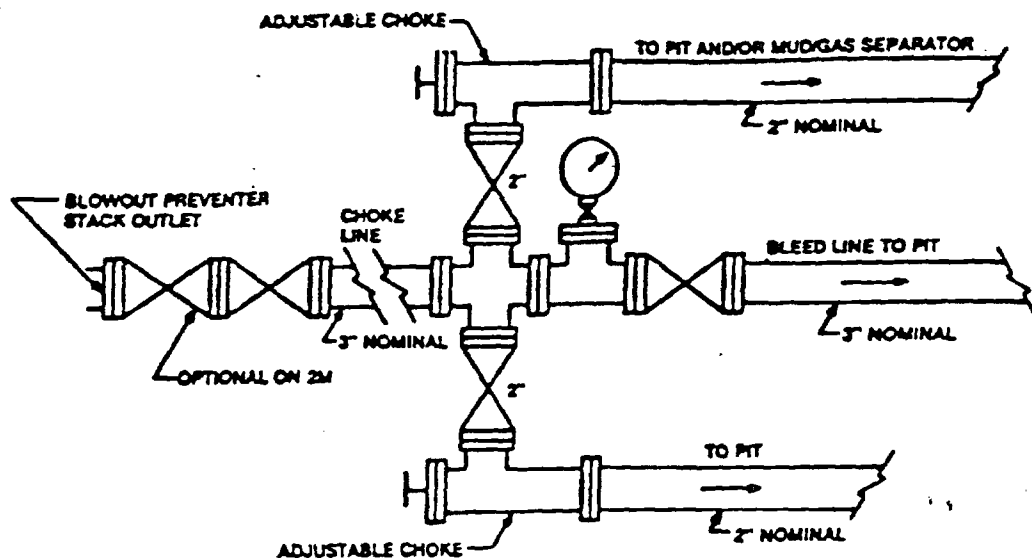
COG OPERATING, LLC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM



ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
B.O.P. SKETCH TO BE USED ON
MARALO, INC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

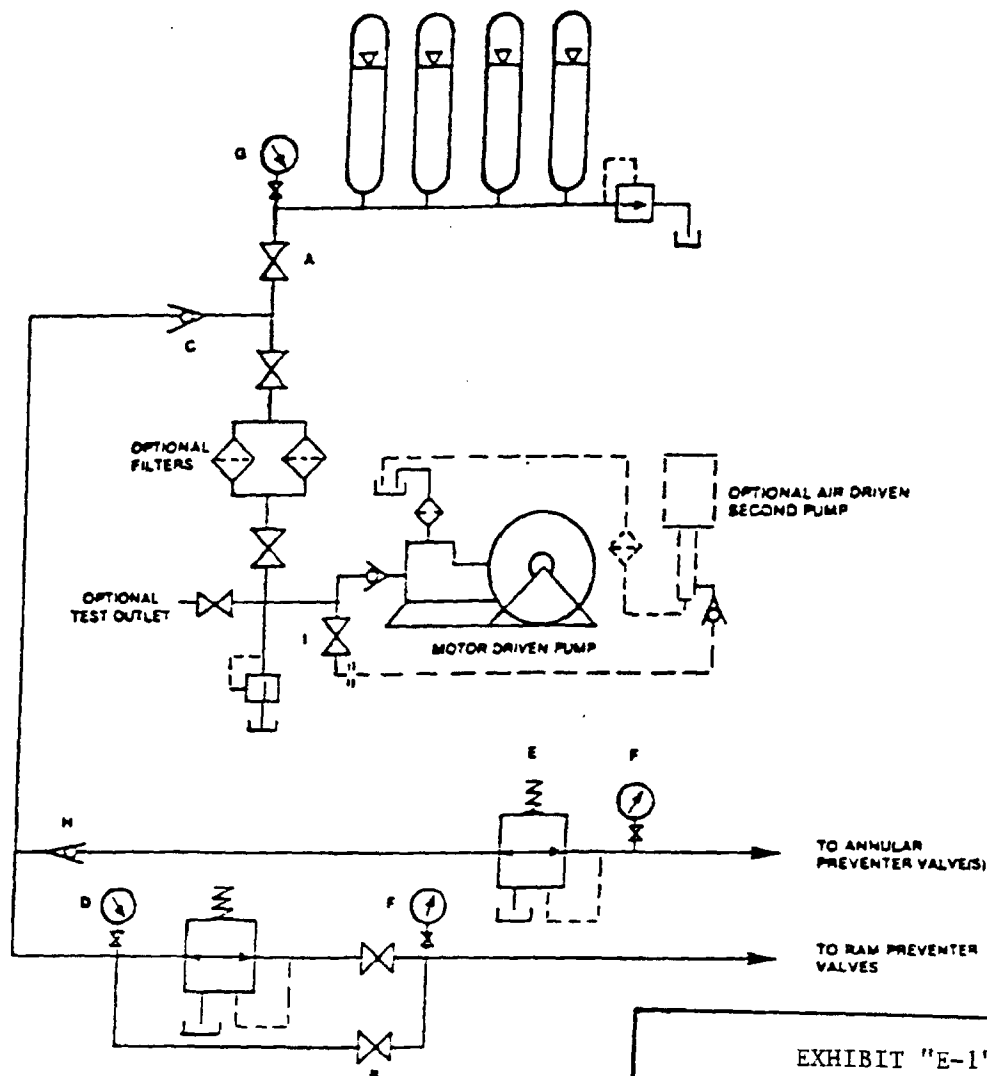


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

MARALO, INC.
GOLD RUSH "30" FEDERAL # 8
UNIT "J" SECTION 30
T23S-R30E EDDY CO. NM

98-NM-002-30.3

LA-119776

Remuda Basin

Previously
Recorded

4.7 Feb

ROR ✓
7-29-98
STIPS

POSITIVE SITE REPORT ROSWELL DISTRICT

BLM/ RDO 1/95

1. BLM Report No.	2. (ACCEPTED) (REJECTED)	3. NMCRIS No.: 59792
4. Title of Report (Project Title): Archaeological survey of the Maralo, Inc.'s proposed Gold Rush "30" Federal No. 8 (2630' FSL; 2310' FEL) and Access Road in Section 30, T23S, R30E, NMPM, Eddy Co., NM		5. Project Date(s): 01-27-98 and 02-02-98
		6. Report Date: 02-04-98
7. Consultant Name & Address: Direct Charge: Jon R. Blackwelder (Staff Archaeologist) Name: Desert West Archaeological Services Address: P.O. Box 645, Carlsbad, NM 88220 Authors Name: David Wilcox (Project Director) field personnel names: Jon R. Blackwelder, Richard Cook Phone (505) 887-7646		8. Permit No.: 123-2920-97N
		9. Consultant Report No.: 98-5F
10. Sponsor Name and Address: Indiv. Responsible: Joe Janica [agent] c/o Tierra Exploration/Natural Resources Engineering Name: MARALO, INC. Address: P.O. Box 2188, Hobbs, NM 88241 Phone (505) 392-2112		11. For BLM Use only.
		12 ACREAGE: Total No. of acres surveyed: 4.66 Per Surface Ownership: Federal <u>X</u> State _____, Private _____

RECEIVED
FEB - 6 A 7 4
NATURAL RESOURCES
MANAGEMENT
AREA

13. Location & Area: (Maps Attached if negative survey) [figure 1]

e. Location: T23S, R30E, Sec. 30: Well Pad (SW¼NE¼), (NW¼SE¼);
Access Road (SW¼SW¼NE¼)

a. State : NM

Well Pad Footages: Gold Rush "30" Federal Well No. 8 (2630' FSL; 2310' FEL)

b. County: Eddy

c. BLM District: Roswell

f. 7.5 ' Map Name(s) and Code Numbers(s): Remuda Basin, NM
(Prov. Ed. 1985)
32103-C8

Resource Area: Carlsbad Resource Area, NM

g. Area: Block: Impact: (unknown, within 400' x 400' staked location)
Surveyed: 400' x 400'

Linear: Impact: unknown; within surveyed area
Surveyed: 100' x 430'

d. Nearest City or town: Loving, NM

14. a. Records Search:

Location: A search of BLM and ARMS records was conducted by Jon R. Blackwelder

Date: 09-26-97

List by LA# All sites within .25 miles of the project: LA 108907, LA 105503 and LA 112985

(Those sites within 500' are to be shown on the project map)

b. Description of undertaking: Class III Pedestrian Survey of the Gold Rush "30" Federal Well No. 8 (access road to proposed well pad locale connects to existing well pad locale)

c. Environmental Setting (NRCS soil designation; vegetative community; etc.): The proposed project area consists of an aeolian dunal complex of low to high relief stabilized dunes, containing shallow to deep deflation basins. The project area is situated along the northern periphery of an area catchment basin (Remuda Basin); NRCS: Kermit-Berino Association: Sandy, deep soils from wind-worked mixed sand deposits; vegetative community: mesquite, yucca, snakeweed, chinchweed, littleleaf horsebrush, saltbrush, spectacle pod, assorted grasses and forbs.

d. Field Methods: straight and zigzag transects

Transect Intervals: no greater than 15 meters apart

Crew Size: two archaeologists

Time in Field: 1 hour (1 archaeologist; 01-27-98); 1 hour (2 archaeologists; 02-02-98)

Collections: 1 Harrell style projectile point (1100-1500 AD) [figure 2]

15. Cultural Resource Findings:

a. Identification and description: (Location shown on Project map)

One (1) isolated occurrence (IO) and one previously recorded site (LA 119776) were encountered during the archaeological investigation

16. Management Summary (Recommendations): Archaeological clearance for the Maralo, Inc.'s proposed Gold Rush "30" Federal No. 8 and Access Road is recommended provided that prior to construction, three backhoe trenches are placed within the high relief dunes which are located in the SE quadrant of said pad location. Monitoring of the trenches will also be required and will determine the status of site LA 119776's subsurface deposits, if any. If any cultural resources are encountered during construction, the BLM and DWAS are to be notified immediately.

I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist

Signature

Jon R. Blachveldt

02-04-98

Date

DESERT WEST ARCHAEOLOGICAL SERVICES
on lands administered by the
Department of the Interior
Bureau of Land Management
Roswell District

CULTURAL RESOURCES EXAMINATION
DWAS PERMIT NO. : 123-2920-97N
DWAS Job No.: 98-5F
NMCRIIS No. 59792

1. ABSTRACT:

An intensive archaeological survey of MARALO, INC.'s proposed Gold Rush "30" Federal Well No. 8 (2630' FSL; 2310' FEL, 3.67 acres) and Access Road (100' x 430', 0.99 acres) was conducted by Jon R. Blackwelder (Staff Archaeologist) on January 27, 1998, and Jon and Richard Cook (Field Technician) on February 02, 1998. Mr. Joe Janica, agent of MARALO, INC., requested the archaeological survey. The project area is located in Section 30, T23S, R30E, NMPM, Eddy County, New Mexico. Total area surveyed was 4.66 acres. One isolated occurrence (IO) and one previously recorded site (LA 119776) were encountered during the survey. Archaeological clearance for MARALO, INC.'s proposed Gold Rush "30" Federal Well No. 8 is recommended provided that, prior to construction, three backhoe trenches are placed within the high relief dunes which are located in the SE quadrant of said pad location. Monitoring of the trenches will also be required and will determine the status of site LA 119776's subsurface deposits, if any. If any cultural resources are encountered during construction, the BLM and DWAS are to be notified immediately. Clearance, of course, is granted by the BLM.

2. LEGAL DESCRIPTION:

Section 30, T23S, R30E, NMPM, Eddy County, New Mexico.
Gold Rush "30" Fed. No. 8: Section 30: SW¼NE¼, NW¼SE¼
Access Road: Section 30: SW¼SW¼NE¼

MAP REFERENCE: USGS 7.5' Series, Remuda Basin, NM (Prov. Ed. 1985) [see Figure 1]

LAND STATUS: Bureau of Land Management, Roswell District, Carlsbad Resource Area, NM

3. PROJECT DESCRIPTION:

Well Pad (400' x 400', 3.67 acres) , Access Road (100' x 430', 0.99 acres). Total area surveyed was 4.66 acres. The surveyed area is located along the northern periphery of Remuda Basin, south of County Road 793 (Rawhide Road).

TOPOGRAPHY:

The proposed project area is located within low to high relief stabilized dunes along the northern periphery of an area catchment basin. Deflation basins ranging from shallow to deep in depth, make up the surrounding landform.

Soils: Kermit-Berino Association: Sandy, deep soils from wind-worked mixed sand deposits

Vegetation: mesquite, yucca, snakeweed, littleleaf horsebrush, spectacle pod, assorted grasses and forbs

Water Sources: (Permanent): Remuda Basin, immediately south of project area

Elevation: 3096'

Aspect: southerly

Lithic Resources: outside surveyed area

4. EXAMINATION PROCEDURE:

Straight and zig-zag line transects, spaced no greater than 15.0 meters apart.

Work hours on ground: 1 hour (1 archaeologist; 01-27-98); 1 hour (2 archaeologists; 02-02-98)

Area delineation: staked by client

Visibility: 75-100%, due to vegetational cover

Lighting conditions: excellent

Weather: sunny, breezy and mild

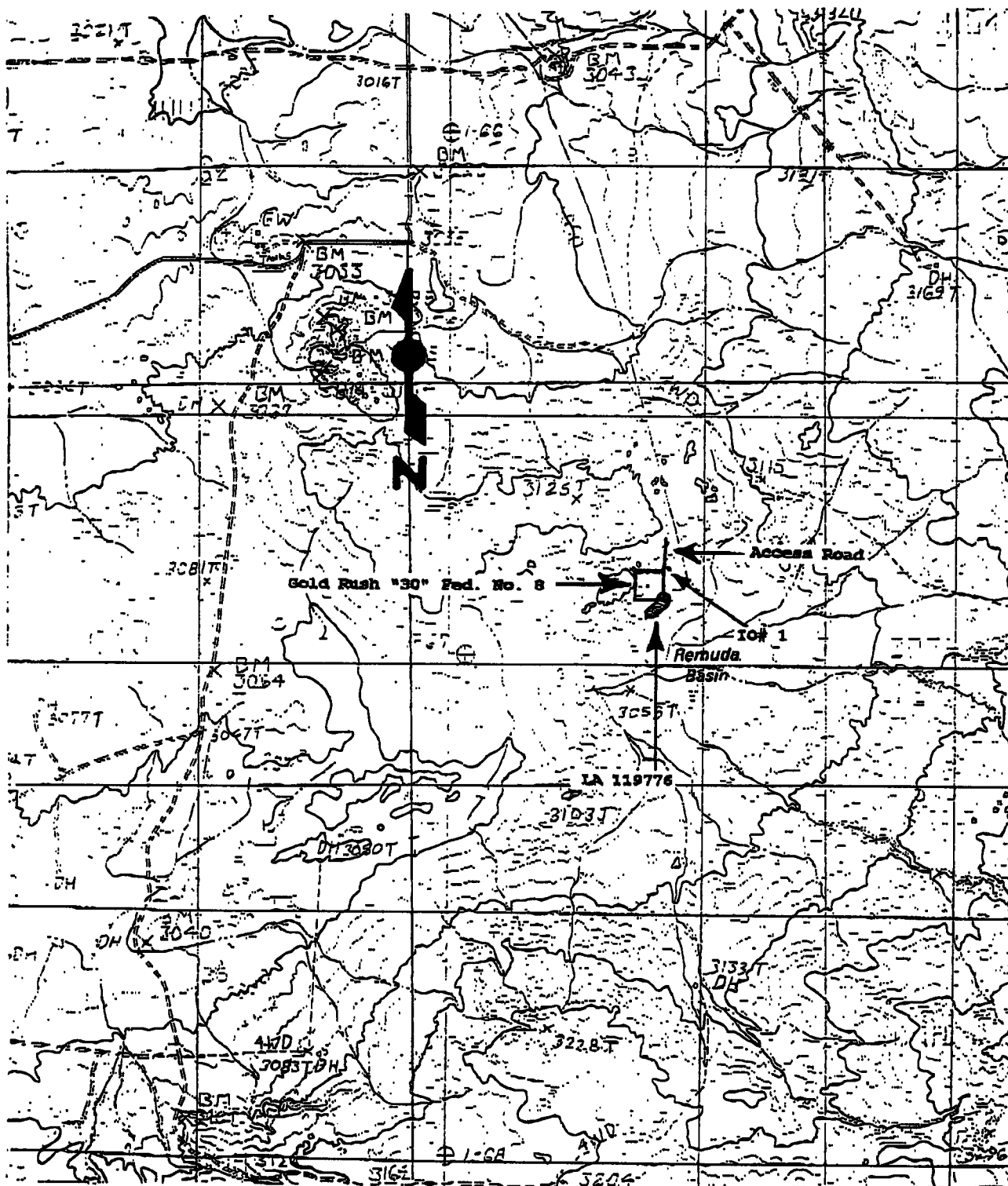


Figure 1. Showing the MARALO, INC.'s proposed Gold Rush "30" Federal Well No. 8 (2310' FEL; 2630' FSL), in Sections 30, T23S, R30E, NMPM, Eddy County, NM. Map Reference: USGS 7.5' Series, Remuda Basin, NM (Prov. Ed. 1985)

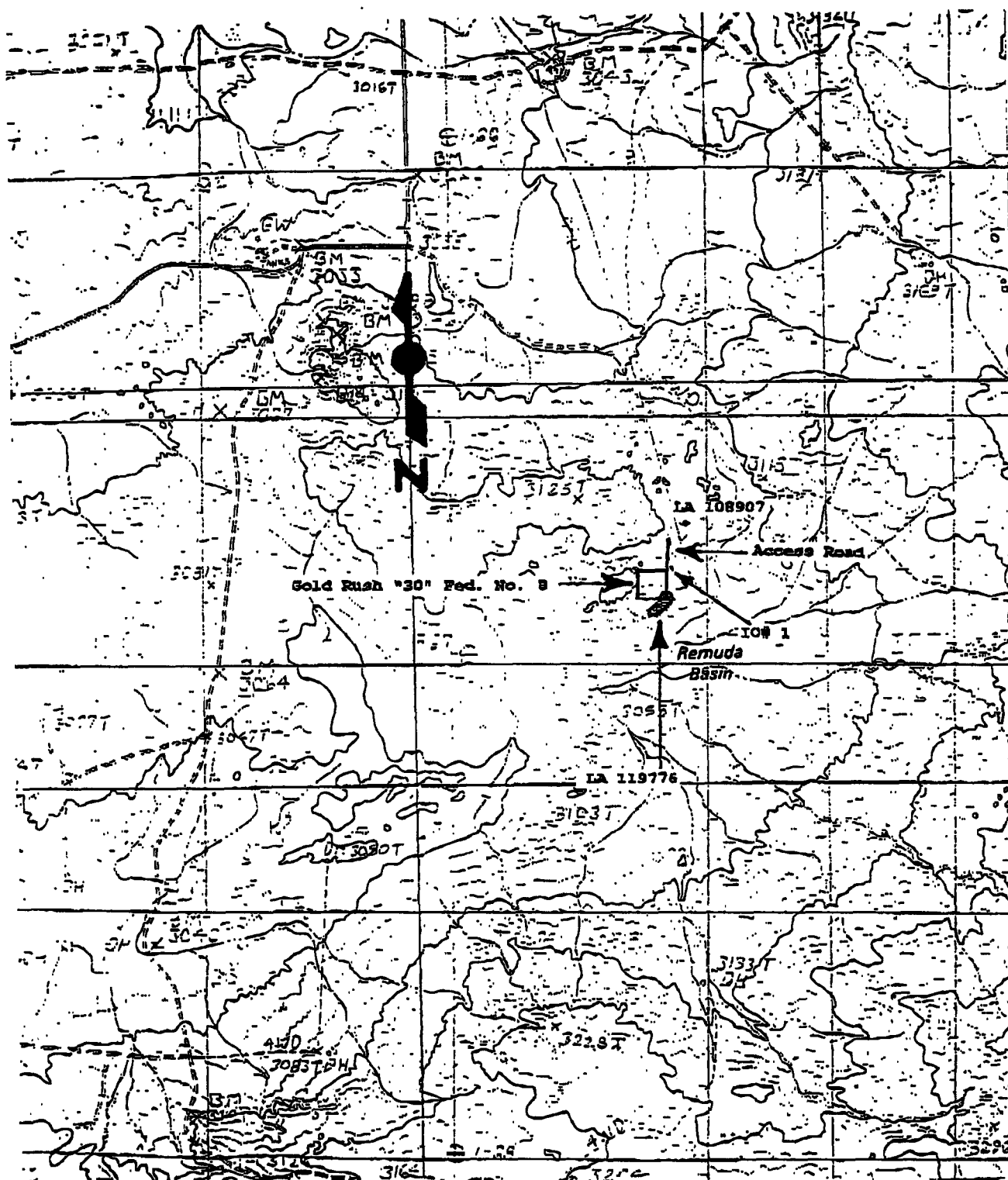


Figure 1. [For BLM Use Only] Showing the MARALO, INC.'s proposed Gold Rush "30" Federal Well No. 8 (2630' FSL; 2310' FEL), in Section 30, T23S, R30E, NMPM, Eddy County, NM. Map Reference: USGS 7.5' Series, Remuda Basin, NM (Prov. Ed. 1985)

5. FINDINGS:

A prefield search of BLM and ARMS records conducted by Jon R. Blackwelder on September 26, 1997, revealed three (3) previously recorded sites (LA 108907, LA 105503 and LA 112985) within a quarter mile radius of the project area, however, none of these sites fall within a 100' radius of the impact zone

6. RESULTS OF SURVEY:

One isolated occurrence (IO) and on previously recorded site (LA 119776) were encountered during the archaeological investigation, however, only the isolate (one Harrell style projectile point [see Figure 2]) was collected

Isolated Occurrence (IO)

IO# 1: SE¼SW¼SW¼NE¼, Section 30, T23S, R30E, NMPM, Eddy County, NM: consists of one Harrell style projectile point (ca. 1100-1500 AD), with the measurements: 0.8 grams; 2.54 x 1.21 x 0.32 centimeters. Map Reference: USGS 7.5' Series, Remuda Basin, NM (Prov. Ed. 1985)
Archaeological Site

LA 119776 [REVISITED 02-02-98; no change]
Activity No. 58616

Category 1 Site
DWAS 9-27/97J EDDY (recorded on 09-27-97)

Location: NE¼NW¼NW¼SE¼, SE¼NW¼NW¼SE¼, Sec. 30, T23S, R30E, NMPM, Eddy County, NM.

UTM Coordinates: Zone 13, E 601,830 N 3,571,250

Map Reference: USGS 7.5' Series, Remuda Basin, NM (Prov. Ed. 1985)

Ownership: Bureau of Land Management, Roswell District, Carlsbad Resource Area, NM

Typological Designation: Lithic Scatter/Temporary Camp Locale

Dimensions: 121 x 47 meters²

Authorship/Temporality: Unknown

Site Summary:

This site is a lithic scatter consisting mainly of burnt caliche and fire-cracked rock, with the remainder of the cultural resources made up by three chert lithics, one fine-grained quartzite lithic and three sandstone groundstone fragments. The majority of the site is situated within one large deflation basin, where areas of sporadic scatters of burned rock and some concentrations are both encountered. The site does have an excellent viewshed of the area catchment basin immediately south of it. Although the lithics are found in varying stages of reduction, other than the site possibly being a temporary camp locale, there is not clear evidence to the site's task orientation or temporality. The site is considered a Category 1 Lithic Scatter Site, and after being mapped and recorded in the field, it's data potential is believed to be exhausted. Therefore, LA 119776 is not recommended as being eligible for inclusion into the National Register of Historic Places.

RECOMMENDATIONS:

Archaeological clearance for MARALO, INC.'s proposed Gold Rush "30" Federal Well No. 8 is recommended provided that, prior to construction, three backhoe trenches are placed within the high relief dunes which are located in the SE quadrant of said pad location. Monitoring of the trenches will also be required and will determine the status of site LA 119776's subsurface deposits, if any.. If any further cultural resources are encountered during the proposed construction, the BLM and DWAS should be notified immediately. Clearance, of course, is granted by the BLM.

Reviewed by: Jon R. Blackwelder Date: 02-04-98



dorsal



ventral



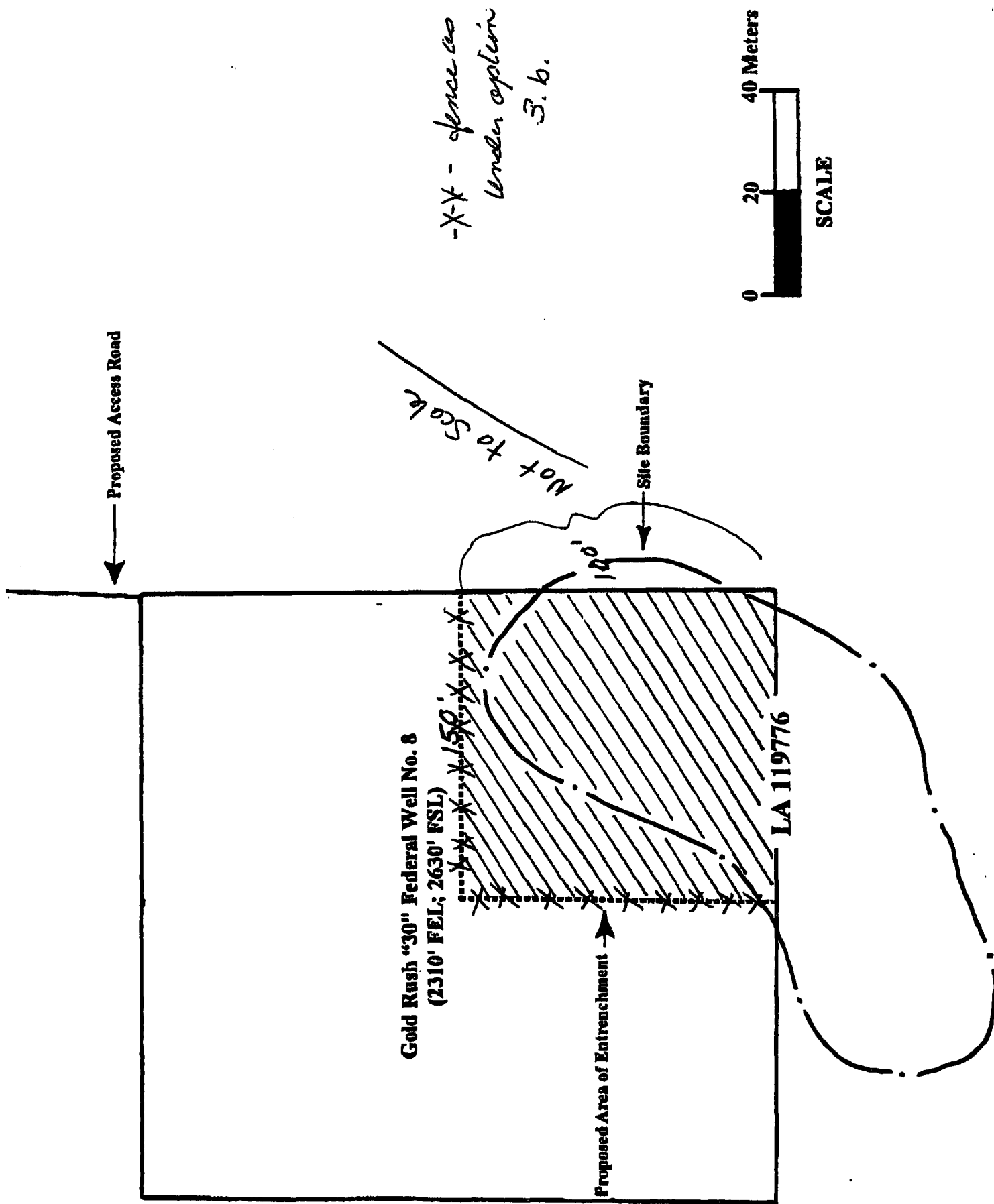
side view



0cm

5cm

Figure 2. Showing illustration of Harrell style side-and-basal notched projectile point, with finely serrated edges: (dorsal), (ventral) and (side view). IQ# 1: SESWSWNE, Section 30, T23S, R30E, NMPM, Eddy County, NM. Map Reference: USGS 7.5' Series, Remuda Basin, NM (Prov. Ed. 1985)



DISTRICT I
S. Nov 1942, Yadda, NY 6841-1943

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
A. Brewer MD, Arkansas, MD 6812-0710

DISTRICT III
600 Rio Bravo Rd., Artes, NM 87410

DISTRICT IV
C.O. Box 1266, Santa Fe, NM 87506-2066

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
	GOLD RUSH "30" FEDERAL	8
OCRD No.	Operator Name	Elevation
	MARALO, INC.	3096

Surface Location

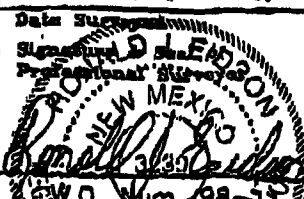
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	23 S	30 E		2630	SOUTH	2310	EAST	EDDY

Bottom Hole Location If Different From Surface

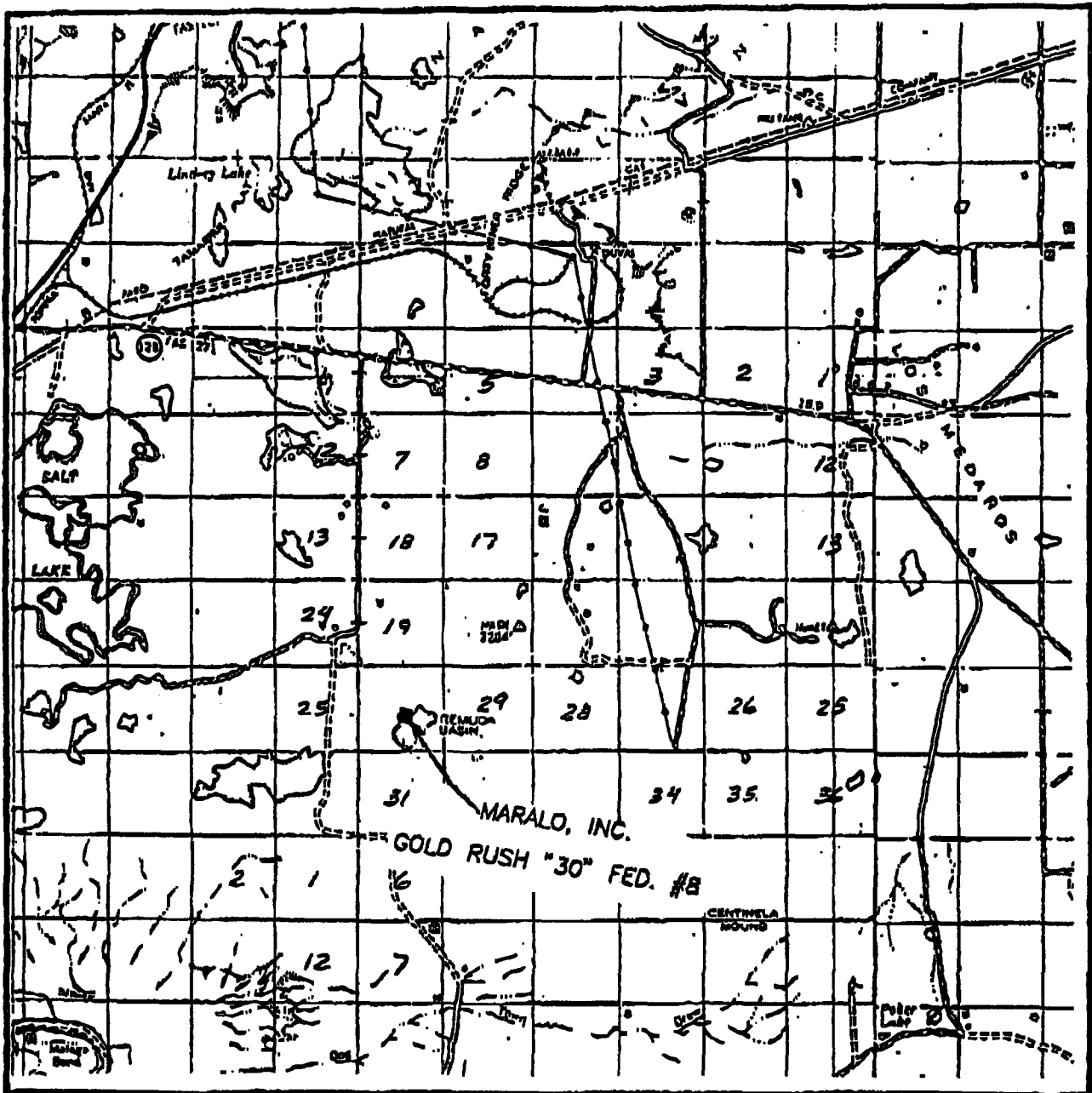
UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

**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**

LOT 1 41.09 AC.			<div>OPERATOR CERTIFICATION</div> <p>I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief.</p> <div>Signature _____</div> <div>Printed Name _____</div> <div>Title _____</div> <div>Date _____</div>
LOT 2 41.21 AC.			
LOT 3 41.13 AC.	<div>3089.1' 3082.5'</div> <div>3081.4' 3081.3'</div> <div>2310'</div> <div>2630'</div>		
LOT 4 41.22 AC.			
<div>SURVEYOR CERTIFICATION</div> <p>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 to true and correct to the best of my belief.</p> <div>FEBRUARY 2, 1998</div> <div><div>Date Submitted _____</div><div>Signature <i>[Signature]</i> JLP</div><div>Professional Surveyor</div><div></div><div>W.O. Num. 98-150179</div><div>Certificate No. _____</div></div>			

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 30 TWP. 23-S RGE. 30-ESURVEY N.M.P.M.COUNTY EDDYDESCRIPTION 2630' FSL & 2310' FELELEVATION 3096'OPERATOR MARALO, INC.LEASE GOLD RUSH "30" FEDERAL

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

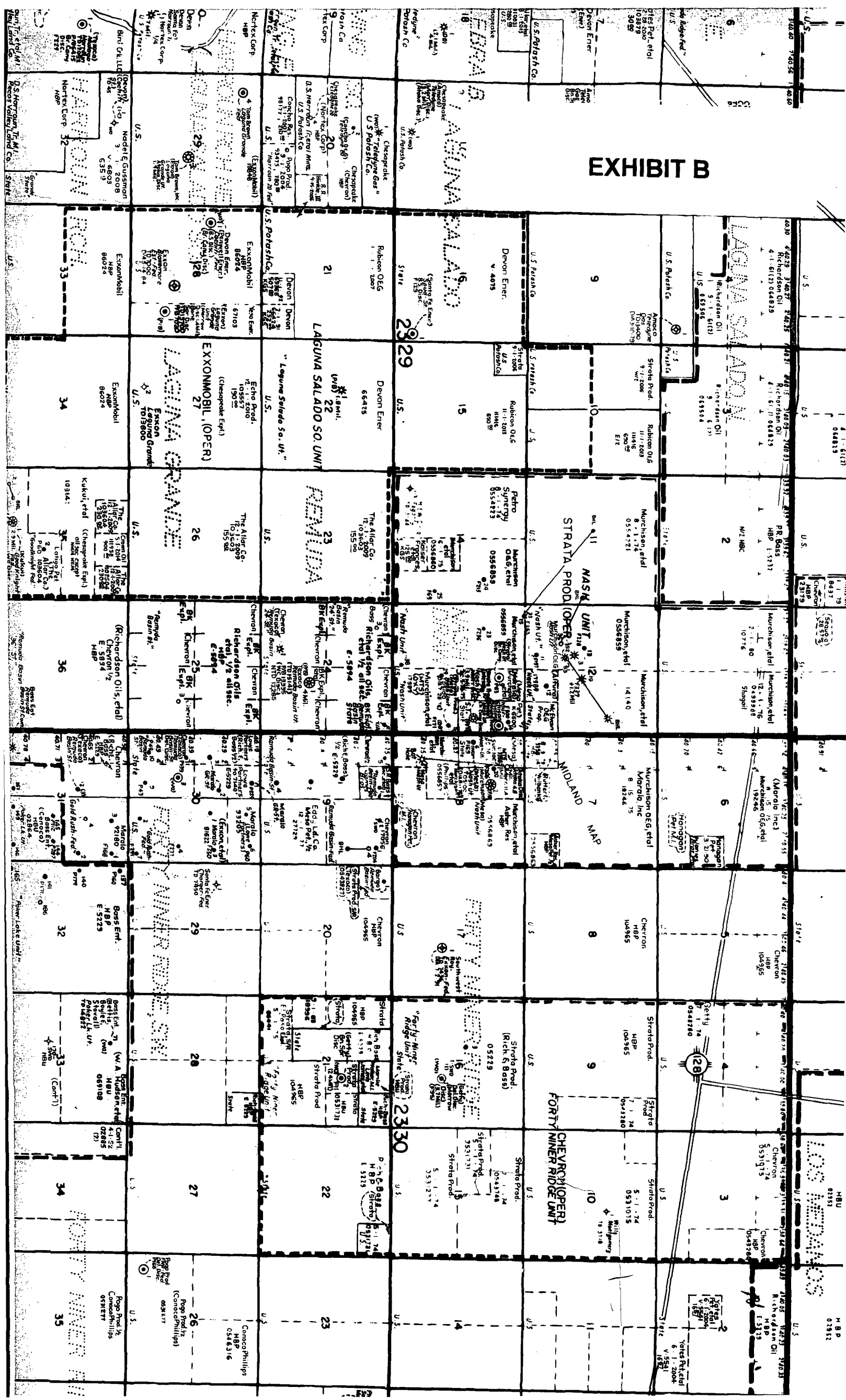
CONTOUR INTERVAL - 10'

SEC. 30 TWP. 23-S RGE. 30-ESURVEY N.M.P.M.COUNTY EDDYDESCRIPTION 2630' FSL & 2310' FELELEVATION 3095'OPERATOR MARALO, INC.LEASE GOLD RUSH "30" FEDERAL

USGS TOPOGRAPHIC MAP

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

EXHIBIT B



COG OPERATING LLC

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

February 28, 2005

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

State of New Mexico
Commissioner – State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
Attention: Mr. Jeff Albers

EXHIBIT C

RE: COG's Notice of Unorthodox Location
Section 30-T23S-R30E
Eddy County, New Mexico

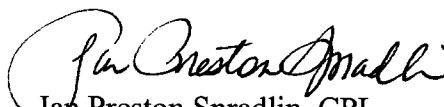
Dear Mr. Albers:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by COG Operating LLC, requesting approval of an unorthodox oil well location in the Brushy Canyon formation in the NW/4SE/4 of Section 30, T23S-R30E, N.M.P.M., Eddy County, New Mexico. As an offset royalty owner (E-5229), you have the right to object to the application. Any objection must be in writing and filed with the Division (1220 South St. Francis Drive, Santa Fe, New Mexico 87505) not later than 20 days from the date of this letter. Failure to object will preclude you from contesting this matter at a later date.

Should you have any questions or require any further information or clarification, please contact me at 432-685-4352 or by email at jspradlin@conchoresources.com.

Very truly yours,

COG Operating LLC


Jan Preston Spradlin, CPL
Senior Landman

JPS/pj
enclosures

Stogner, Michael

From: Jan Spradlin [JSpradlin@conchoresources.com]
Sent: Friday, March 04, 2005 12:46 PM
To: mstogner@state.nm.us
Subject: COG's request for unorthodox location

Mr. Stogner,

I am forwarding (see below) an email that I received yesterday from Jeff Albers with the State Land Office, the only affected offset owner, stating that they would not protest the unorthodox location for the Gold Rush 30 Federal #8 Well. If you have any questions with regard to our request, please give me a call as there is a possibility that we could have a rig available mid April. Thank you for your assistance in this matter.

Jan

*Jan Preston Spradlin, CPL
Senior Landman
Concho Resources, Inc./COG Operating LLC
Fasken Center, Tower II
550 West Texas Avenue, Suite 1300
Midland, Texas 79701
Main: 432.683.7443
Fax: 432.683.7441
Direct: 432.685.4352
jspradlin@conchoresources.com*

-----Original Message-----

From: Albers, Jeff [mailto:jalbers@slo.state.nm.us]
Sent: Thursday, March 03, 2005 4:46 PM
To: Jan Spradlin
Subject:

Dear Ms. Spradlin,

I am in receipt of your correspondence in reference to a non-standard location request to the OCD for the proposed Gold Rush 30 Fed Well #8, NW4SE4-30-23S-308E. On behalf of the Commissioner of Public Lands, no objection to your proposal will be filed by this office.

Jeff Albers, Petroleum Engineer
Oil, Gas, and Minerals Division
505-827-5759

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

3/4/2005