

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 June 19, 2008

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. <b>30-015-38420</b>
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name <b>Kiowa State (38423)</b>
8. Well Number <b>3</b>
9. OGRID Number <b>229137</b>
10. Pool name or Wildcat <b>96836 Red Lake; Glorieta Yeso, Northeast</b>

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
**COG Operating LLC (229137)**

3. Address of Operator  
**550 West Texas Ave., Suite 100, Midland, TX 79701**

4. Well Location  
 Unit Letter **G** : **1425'** feet from the **North** line and **1520'** feet from the **East** line  
 Section **36** Township **17S** Range **27E** NMPM County **EDDY**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
**3629' GR**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <b>Move location</b> <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

COG Operating LLC respectfully requests permission to move this location from:

SHL: 1425' FNL & 1520' FEL, Section 36, T17S, R27E, UL G  
 BHL: 1650' FNL & 1650' FEL, Section 36, T17S, R27E, UL G

**RECEIVED**  
 JAN 26 2011  
 NMOCD ARTESIA

To:  
 1460' FNL & 1539' FEL, Section 36, T17S, R27E, UL G

**RECEIVED**  
 MAR 11 2011  
 NMOCD ARTESIA

An amended plat is attached for your review.

This location move is requested due to potential directional drilling issues.

Spud Date:

Rig Release Date:

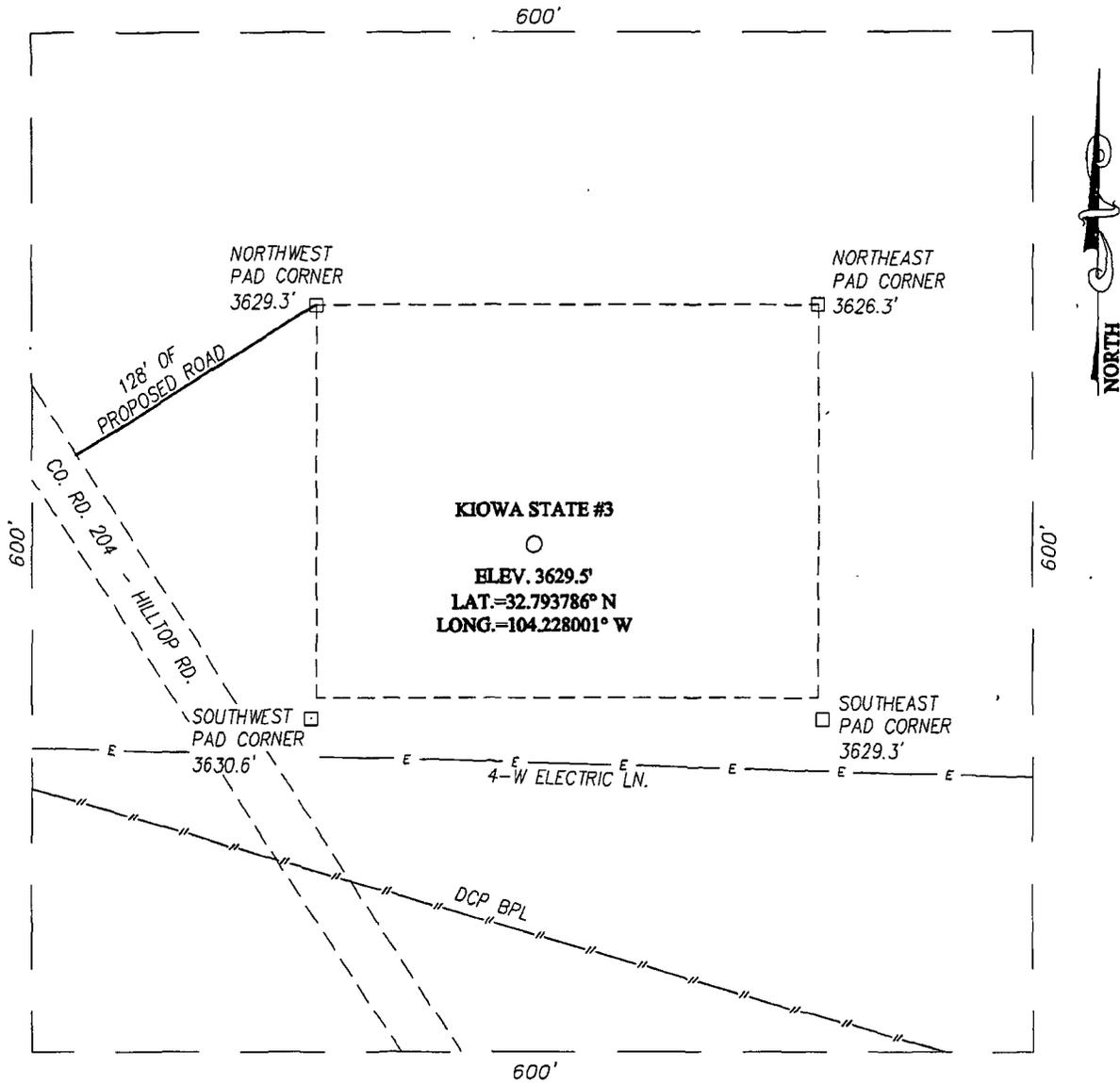
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Kelly J. Holly* TITLE Permitting Tech DATE 01/25/2011  
 Type or print name Kelly J. Holly E-mail address: kholly@conchoresources.com PHONE: 432-685-4384

APPROVED BY: *[Signature]* TITLE Geologist DATE 04/09/11  
 Conditions of Approval (if any): COA

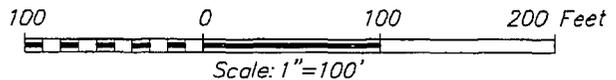
OCD  
 COG EXHIBIT 3  
 CASE NOS. 14699 AND 14700

SECTION 36, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.  
 EDDY COUNTY NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #204 (HILLTOP RD.), GO SOUTHEAST ON CO. RD. #204 APPROX. 1.8 MILES THIS LOCATION STAKE IS APPROX. 220 FEET EAST OF CO. RD. #204.



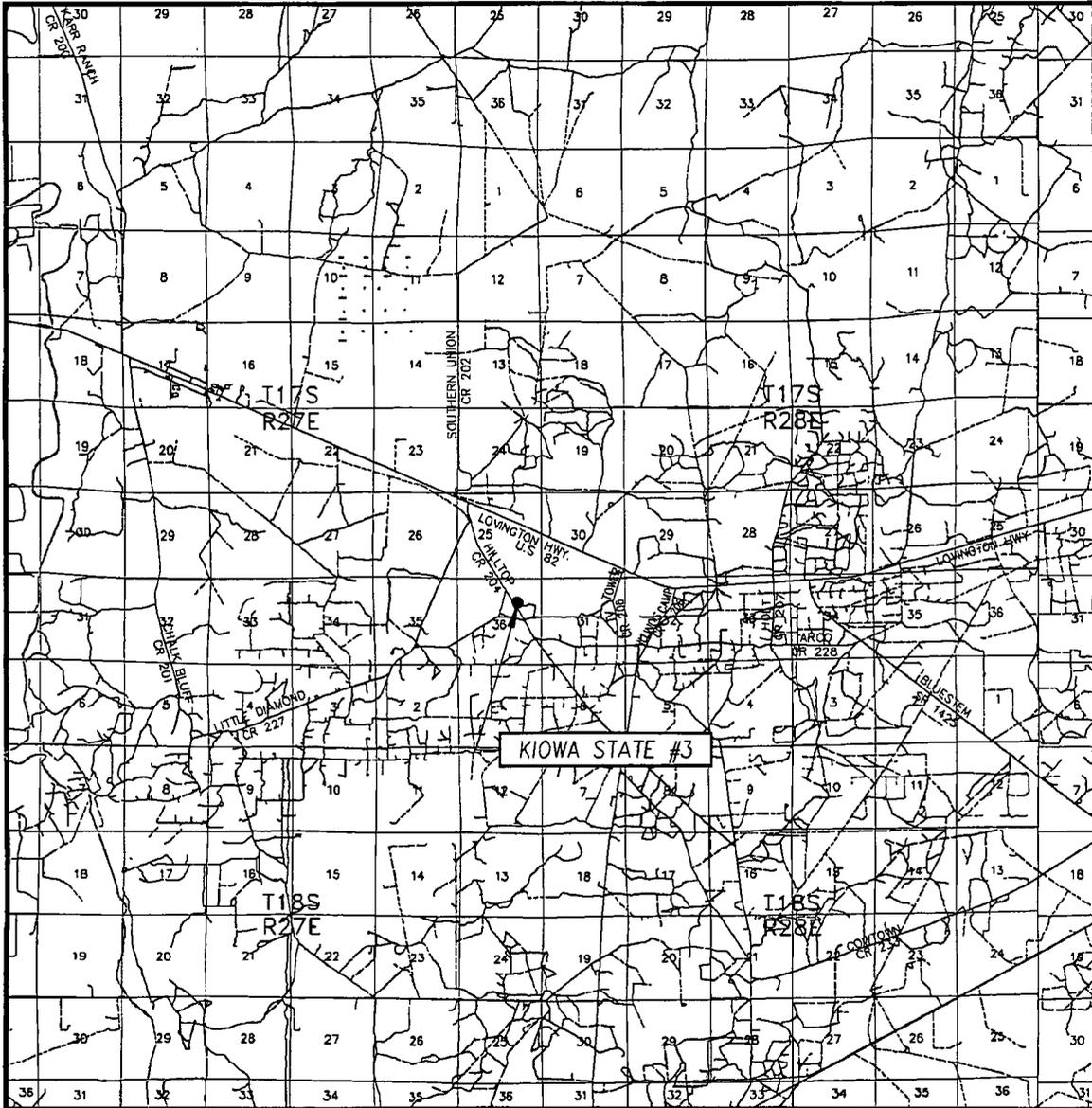
**COG OPERATING, LLC**

KIOWA STATE #3  
 LOCATED 1425 FEET FROM THE NORTH LINE  
 AND 1520 FEET FROM THE EAST LINE OF SECTION 36,  
 TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO

Survey Date: 12/21/10	Sheet 1 of 1 Sheets	
W.O. Number: 10.11.1863	Dr By: DSS	Rev 1: N/A
Date: 1/2/10	10111863	Scale: 1"=100'

PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOEBBS, N.M. 88240  
 (575) 393-3117

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 17-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1460' FNL & 1539' FEL

ELEVATION 3629'

OPERATOR COG OPERATING, LLC

LEASE KIOWA STATE

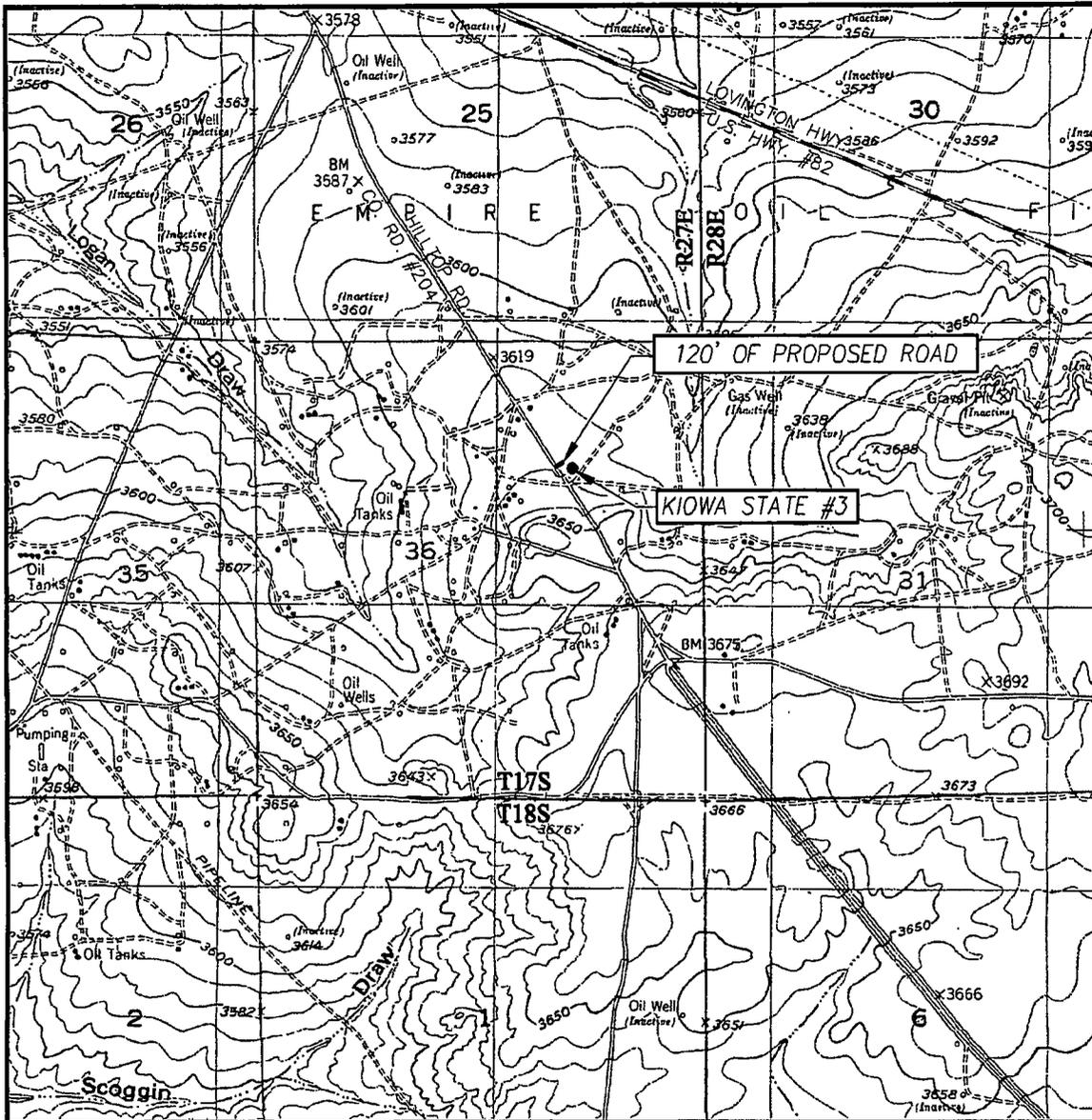


PROVIDING SURVEYING SERVICES  
SINCE 1946

**JOHN WEST SURVEYING COMPANY**

412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
RED LAKE, N.M. - 10'

SEC. 36 TWP. 17-S RGE. 27-E  
 SURVEY N.M.P.M.  
 COUNTY EDDY STATE NEW MEXICO  
 DESCRIPTION 1460' FNL & 1539' FEL  
 ELEVATION 3629'  
 OPERATOR COG OPERATING, LLC  
 LEASE KIOWA STATE  
 U.S.G.S. TOPOGRAPHIC MAP  
 RED LAKE, N.M.



PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (575) 393-3117

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

Form C-101  
Permit 124175

**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 COG OPERATING LLC 550 W TEXAS MIDLAND, TX 79701		2. OGRID Number 229137
		3. API Number 30-015-38420
4. Property Code 38453	5. Property Name KIOWA STATE	6. Well No. 003

**7. Surface Location**

UL - Lot G	Section 36	Township 17S	Range 27E	Lot Idn G	Feet From 1425	N/S Line N	Feet From 1520	E/W Line E	County EDDY
---------------	---------------	-----------------	--------------	--------------	-------------------	---------------	-------------------	---------------	----------------

**8. Pool Information**

RED LAKE; GLORIETA YESO, NORTHEAST	96836
------------------------------------	-------

**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3629
14. Multiple N	15. Proposed Depth 4850	16. Formation Yeso Formation	17. Contractor	18. Spud Date 3/31/2011
Depth to Ground water 110		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 5000 _____ bbls Drilling Method: 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	13.375	48	250	300	0
Intl	11	8.625	24	850	400	0
Prod	7.875	5.5	17	4850	900	0

**Casing/Cement Program: Additional Comments**

COG proposes to drill an 17" hole to 250' w/fr wtr mud system, wt 8.5, vis 28, set 13-3/8" casing & cement to surface. Drill an 11" or 12-1/4" hole to 850' w/brine mud system, wt 10, vis 30, set 8-5/8" casing & cement to surface. Drill 7-7/8" hole to 4850' 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. 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"/> . Printed Name: Electronically filed by Diane Kuykendall Title: Production Reporting Mgr Email Address: dkuykendall@conchoresources.com Date: 1/14/2011	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Randy Dade	
	Title: District Supervisor	
	Approved Date: 1/18/2011	Expiration Date: 1/18/2013
	Phone: 432-683-7443	Conditions of Approval Attached



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St Francis Dr., Santa Fe, NM 87505

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

Form C-102  
Permit 124175

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-38420	2. Pool Code 96836	3. Pool Name RED LAKE; GLORIETA YESO, NORTHEAST
4. Property Code 38453	5. Property Name KIOWA STATE	
6. Well No. 003	7. OGRID No. 229137	
8. Operator Name COG OPERATING LLC	9. Elevation 3629	

**10. Surface Location**

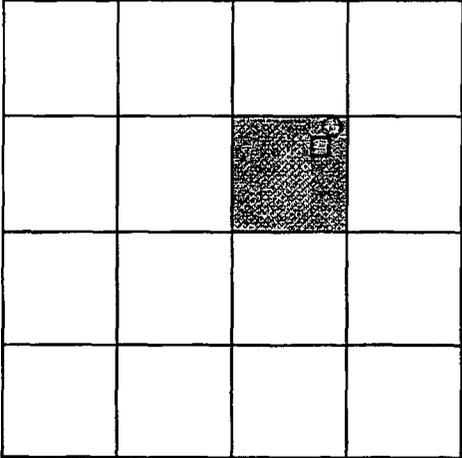
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
G	36	17S	27E		1425	N	1520	E	EDDY

**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
G	36	17S	27E		1650	N	1650	E	EDDY

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**

	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></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: 1/14/2011</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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: 12/21/2010 Certificate Number: 3239</p>
---	---

### Permit Conditions of Approval

**Operator:** COG OPERATING LLC , 229137

**Well:** KIOWA STATE #003

**API:** 30-015-38420

<b>OCD Reviewer</b>	<b>Condition</b>
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

## Permit Comments

Operator: COG OPERATING LLC , 229137

Well: KIOWA STATE #003

API:

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.	12/9/2010
Artesia	Land S/S	1/15/2011

DISTRICT I  
1625 N. FRENCH DR., HOHBS, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

11885 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>KIOWA STATE</b>	Well Number 3
OGRID No.	Operator Name <b>COG OPERATING, LLC</b>	Elevation 3629'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	36	17-S	27-E		1460	NORTH	1539	EAST	EDDY

Bottom Hole Location If Different From Surface

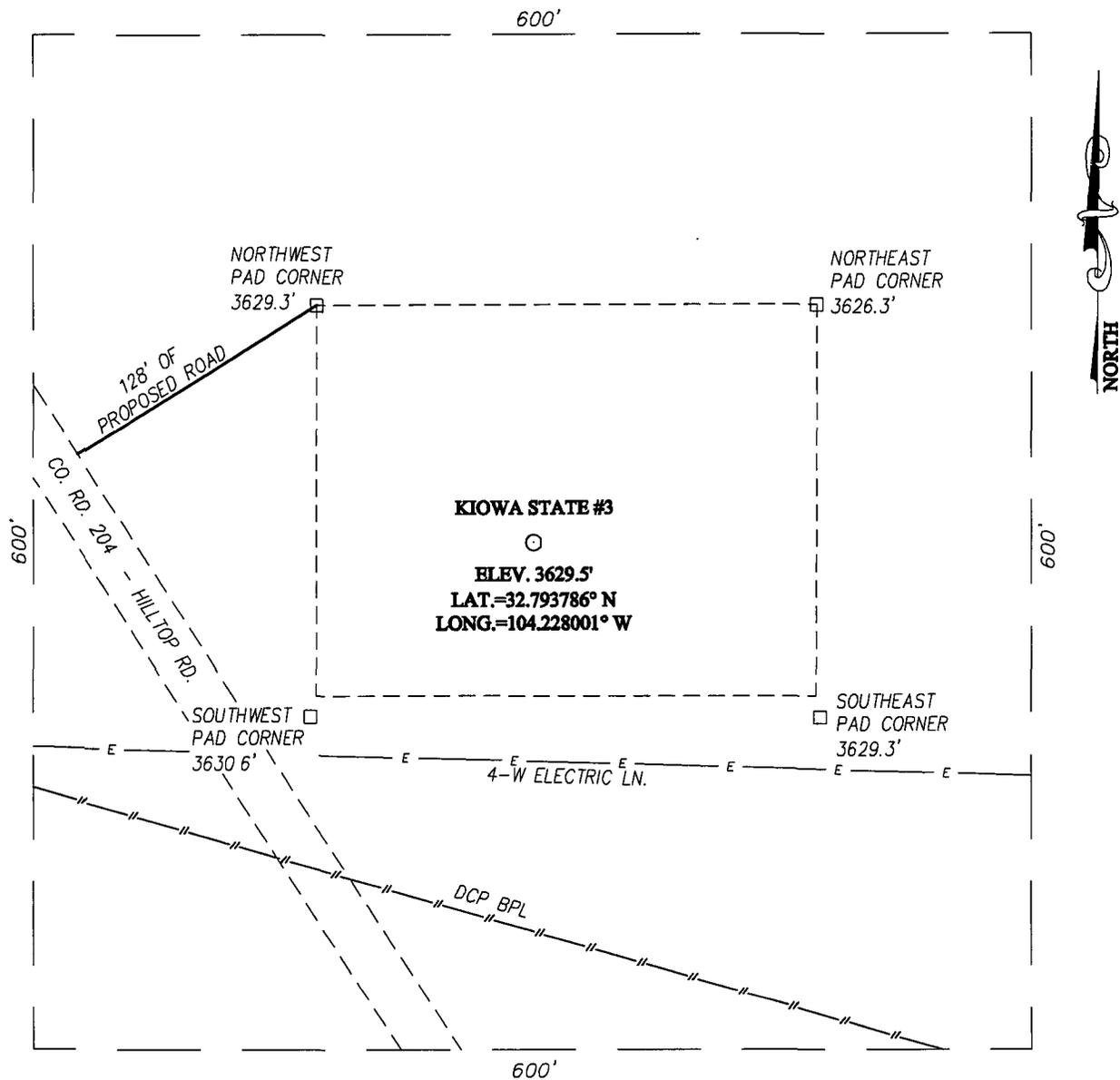
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

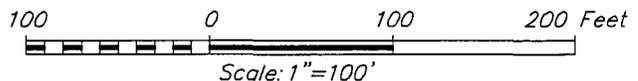
	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <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 is true and correct to the best of my belief.</p> <p>JANUARY 14, 2011</p> <p>Date Surveyed _____ LA</p> <p>Signature &amp; Seal of Professional Surveyor  </p>
	<p>Certificate No. GARY G. EDSON 12641 RONALD S. EDSON 3239</p>

SECTION 36, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.  
 EDDY COUNTY NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #204 (HILLTOP RD.), GO SOUTHEAST ON CO. RD. #204 APPROX. 1.8 MILES. THIS LOCATION STAKE IS APPROX. 220 FEET EAST OF CO. RD. #204.



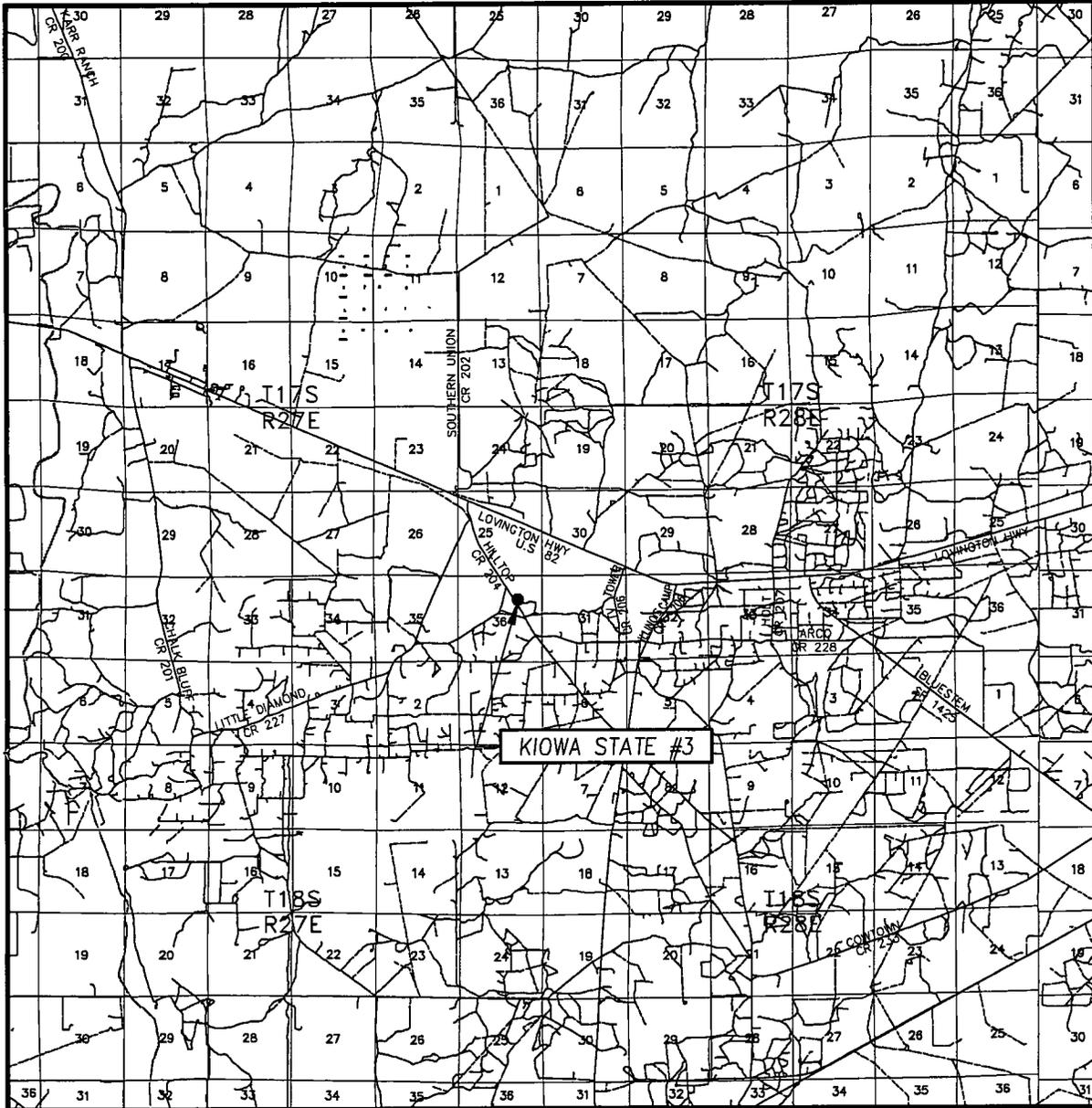
**COG OPERATING, LLC**

KIOWA STATE #3  
 LOCATED 1425 FEET FROM THE NORTH LINE  
 AND 1520 FEET FROM THE EAST LINE OF SECTION 36,  
 TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO

Survey Date: 12/21/10	Sheet 1 of 1 Sheets	
W.O. Number: 10.11.1863	Dr By: DSS	Rev 1: N/A
Date: 1/2/10	10111863	Scale: 1"=100'

PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (575) 393-3117

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 17-S RGE. 27-E  
 SURVEY N.M.P.M.  
 COUNTY EDDY STATE NEW MEXICO  
 DESCRIPTION 1460' FNL & 1539' FEL  
 ELEVATION 3629'  
 OPERATOR COG OPERATING, LLC  
 LEASE KIOWA STATE

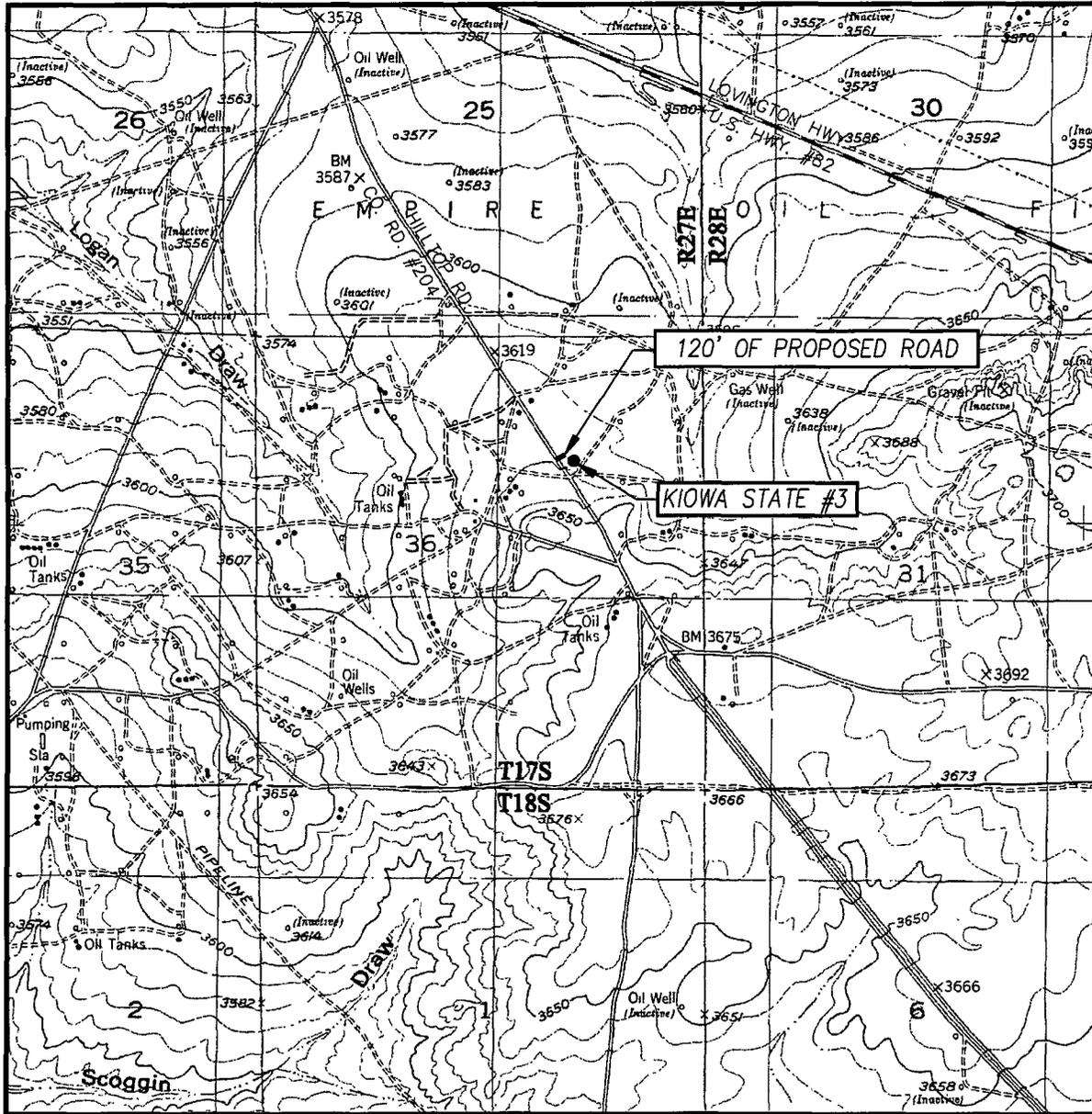


PROVIDING SURVEYING SERVICES  
SINCE 1946

**JOHN WEST SURVEYING COMPANY**

412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
RED LAKE, N.M. - 10'

SEC. 36 TWP. 17-S RGE. 27-E

SURVEY \_\_\_\_\_ N.M.P.M. \_\_\_\_\_

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1460' FNL & 1539' FEL

ELEVATION 3629'

OPERATOR COG OPERATING, LLC

LEASE KIOWA STATE

U.S.G.S. TOPOGRAPHIC MAP  
RED LAKE, N.M.



PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117



# New Mexico Energy, Minerals and Natural Resources Department

---

**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Daniel Sanchez**  
Acting Division Director  
Oil Conservation Division



April 1, 2011

COG Operating, LLC  
Attn: Ms. Kelly J. Holly  
Fasken Center, Tower II  
550 West Texas Ave., Suite 1300  
Midland, TX 79701

**Administrative Order NSL-6356**

**Re: Kiowa State Well No. 3**  
**API No. 30-015-38420**  
**1460 feet FNL & 1539 feet FEL**  
**Unit G, Section 36-17S-27E**  
**Eddy County, New Mexico**

Dear Ms. Holly:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-06336692**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 4, 2011, and

(b) the Division's records pertinent to this request.

COG Operating, LLC [OGRID 229137] (COG) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SW/4 NE/4 of Section 36 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Northeast Red Lake Glorieta-Yeso Pool (96836). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the northern and eastern unit boundaries.

Oil Conservation Division  
1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone (505) 476-3440 • Fax (505) 476-3462 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location to avoid interference with existing surface installations.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



J. Daniel Sanchez  
Acting Director

JDS/db

cc: New Mexico Oil Conservation Division – Artesia  
New Mexico State Land Office – Santa Fe

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-144 CLEZ  
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

**Closed-Loop System Permit or Closure Plan Application**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action:  Permit  Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: COG OPERATING LLC OGRID #: 229137  
Address: 550 WEST TEXAS, SUITE 100 MIDLAND, TX 79701  
Facility or well name: Kiowa State #3  
API Number: 30-015-38420 OCD Permit Number: 21111  
U/L or Qtr/Qtr UL G Section 36 Township 17S Range 27E County: Eddy  
Center of Proposed Design: Latitude N/A Longitude N/A NAD:  1927  1983  
Surface Owner:  Federal  State  Private  Tribal Trust or Indian Allotment

2.  **Closed-loop System:** Subsection H of 19.15.17.11 NMAC  
Operation:  Drilling a new well  Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)  P&A  
 Above Ground Steel Tanks or  Haul-off Bins

3. **Signs:** Subsection C of 19.15.17.11 NMAC  
 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
 Signed in compliance with 19.15.3.103 NMAC

RECEIVED

JAN 18 2011

NMOCD ARTESIA

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC  
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
 Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
 Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
 Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  
 Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_  
 Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)  
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name: CRI Disposal Facility Permit Number: R1966  
Disposal Facility Name: GM INC Disposal Facility Permit Number: 711-019-001  
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
 Yes (If yes, please provide the information below)  No  
Required for impacted areas which will not be used for future service and operations:  
 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

**Operator Application Certification:**

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): KELLY J. HOLLY Title: PERMITTING TECH  
Signature: [Signature] Date: 12-08-2010  
e-mail address: kholly@conchoresources.com Telephone: 432-685-4384

7. **OCD Approval:**  Permit Application (including closure plan)  Closure Plan (only)

OCD Representative Signature: \_\_\_\_\_

Approval Date: 01/18/2011

Title: \_\_\_\_\_

OCD Permit Number: 211116

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

Closure Completion Date: \_\_\_\_\_

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

Yes (If yes, please demonstrate compliance to the items below)  No

*Required for impacted areas which will not be used for future service and operations:*

- Site Reclamation (Photo Documentation)
- Soil Backfilling and Cover Installation
- Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

e-mail address: \_\_\_\_\_ Telephone: \_\_\_\_\_

## Closed Loop Operation & Maintenance Procedure

All drilling fluid circulated over shaker(s) with cuttings discharged into roll off container.

Fluid and fines below shaker(s) are circulated with transfer pump through centrifuge(s) or solids separator with cuttings and fines discharged into roll off container.

Fluid is continuously re-circulated through equipment with polymer added to aid separation of cutting fines.

Roll off containers are lined and de-watered with fluids re-circulated into system.

Additional tank is used to capture unused drilling fluid or cement returns from casing jobs.

This equipment will be maintained 24 hrs./day by solids control personnel and or rig crews that stay on location.

Cuttings will be hauled to either:

CRI (permit number R9166)

or

GMI (permit number 711-019-001)

dependent upon which rig is available to drill this well.

**COG Operating LLC**  
**Closed Loop Equipment Diagram**

