

RECEIVED
JUL 26 2013
NMOGA-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SHL: NMNM105217, BHL: NMLC0069033	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Firefox Federal Com #4H	
2. Name of Operator COG Operating LLC.		7. If Unit or CA Agreement, Name and No. 400915	
3a. Address 2208 West Main Street Artesia, NM 88210		8. Lease Name and Well No. 30-015-41571	
3b. Phone No. (include area code) 575-748-6940		9. API Well No. 30-015-41571	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1800' FSL & 275' FWL Unit Letter L (NWSW) SHL Sec 4-T19S-R31E At proposed prod. Zone 1980' FSL & 330' FEL Unit Letter I (NESE) BHL Sec 4-T19S-R31E		10. Field and Pool, or Exploratory Hackberry; Bone Spring; North	
14. Distance in miles and direction from nearest town or post office* About 15 miles from Carlsbad		11. Sec., T.R.M. or Blk and Survey or Area Sec. 4 - T19S - R31E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any) 275'		12. County or Parish Eddy County	
16. No. of acres in lease SHL: 80.00 BHL: 639.22		13. State NM	
17. Spacing Unit dedicated to this well 160		19. Proposed Depth TVD: 8,890' MD: 13,305'	
18. Distance from location* to nearest well, drilling, completed, applied for, on this lease, ft. SHL: 1215' BHL: 330'		20. BLM/BIA Bond No. on file NMB000740 & NMB000215	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3567.6 GL		22. Approximate date work will start* 8/1/2013	
		23. Estimated duration 30 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Mayte Reyes</i>	Name (Printed/Typed) Mayte Reyes	Date 4/25/2013
-------------------------------------	-------------------------------------	-------------------

Title Regulatory Analyst	
Approved by (Signature) <i>/s/George MacDonell</i>	Name (Printed/Typed) George MacDonell
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE

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, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Continued on page 2)

Capitan Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-8720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 41571	Pool Code 97056	Pool Name Hackberry; Bone Spring, North
Property Code 40045	Property Name FIREFOX FEDERAL COM	Well Number 4H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3567.6

Surface Location

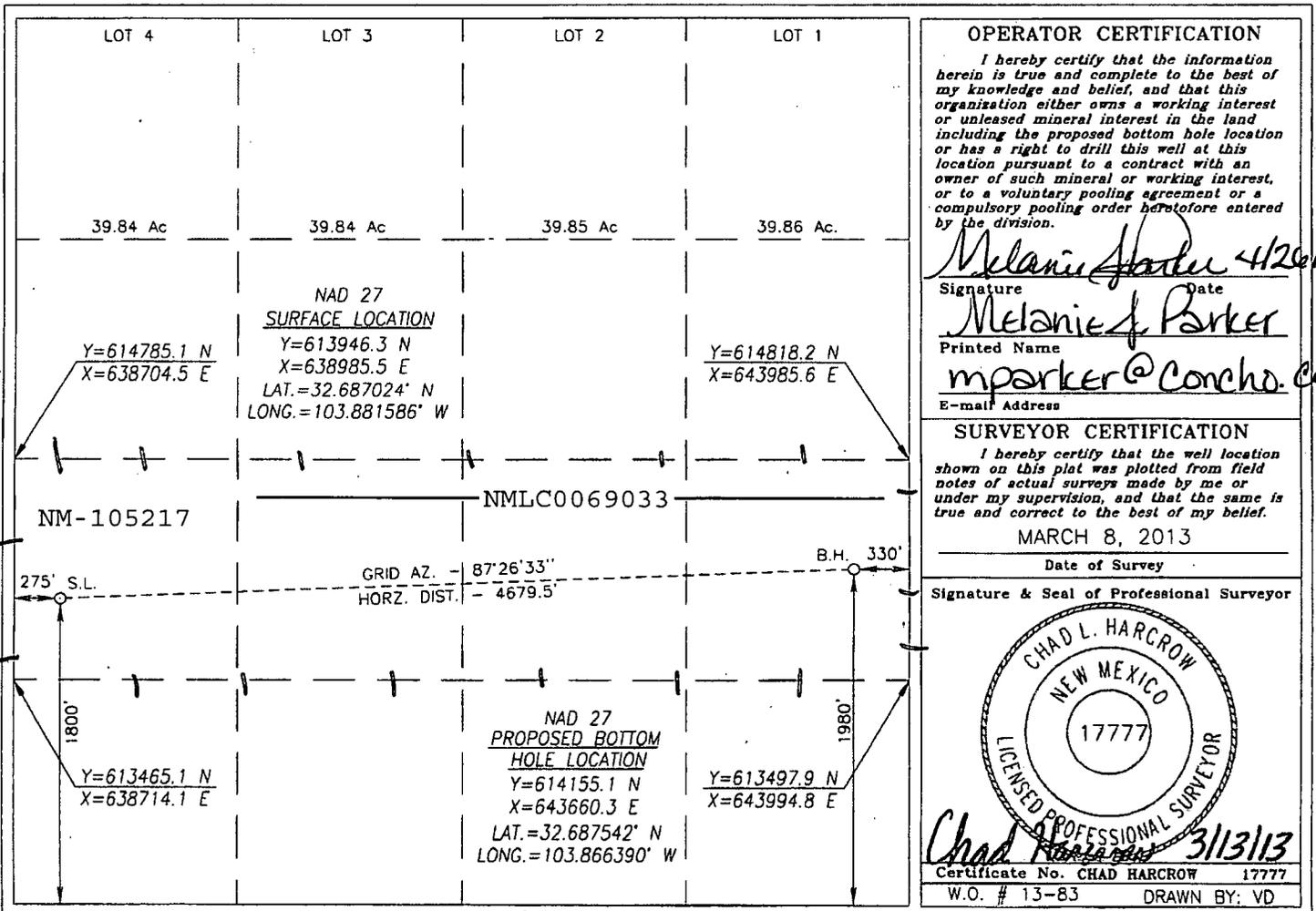
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	4	19-S	31-E		1800	SOUTH	275	WEST	EDDY

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
I	4	19-S	31-E		1980	SOUTH	330	EAST	EDDY

Dedicated Acres 160	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 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.

Melanie Parker 4/26/13
Signature Date
Melanie J. Parker
Printed Name
mparker@concho.com
E-mail Address

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.

MARCH 8, 2013
Date of Survey

Signature & Seal of Professional Surveyor

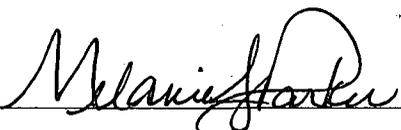
CHAD L. HARCROW
NEW MEXICO
LICENSED PROFESSIONAL SURVEYOR
17777

Chad Harcrow 3/13/13
Certificate No. CHAD HARCROW 17777
W.O. # 13-83 DRAWN BY: VD

Surface Use Plan
COG Operating, LLC
Firefox Federal Com #4H
SL: 1800' FSL & 270' FWL ULL
Section 4, T19S, R31E
BHL: 1980' FSL & 330' FEL ULI
Section 4, T19S, R31E
Eddy County, New Mexico

OPERATOR CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Operating, LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 30th day of April, 2013.

Signed:  _____

Printed Name: Melanie J. Parker

Position: Regulatory Coordinator

Address: 2208 W. Main Street, Artesia, NM 88210

Telephone: (575) 748-6940

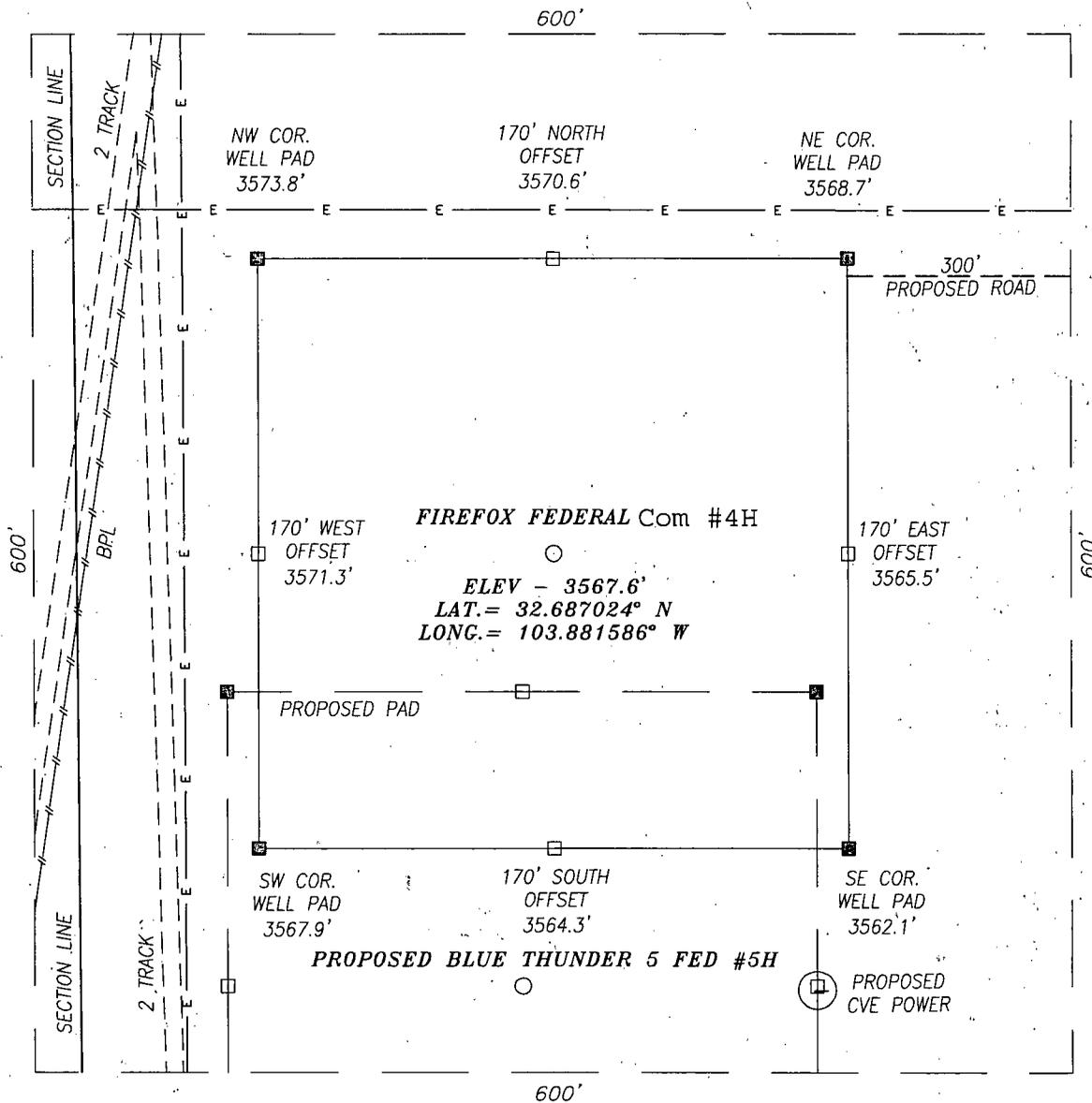
Field Representative (if not above signatory): Rand French

E-mail: mparker@concho.com

SECTION 4, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,

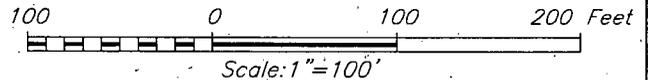
EDDY COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION:

FROM INTERSECTION OF HWY 82 AND CR #222 (SHUGART ROAD) GO SOUTH ALONG CR #222 FOR APPROX. 8.2 MILES TURN RIGHT (WEST) ONTO A CALICHE LEASE ROAD. GO APPROX. 0.4 MILES AND TURN LEFT (SOUTH) GO 0.4 MILES AND PROPOSED WELL APPROX. IS 465 FEET WEST.



HARCROW SURVEYING, LLC

1107 WATSON, ARTESIA, N.M. 88210

PH: (575) 513-2570 FAX: (575) 746-2158

chad_harcrow77@yahoo.com



COG OPERATING, LLC

FIREFOX FEDERALCOM #4H
 LOCATED 1800 FEET FROM THE SOUTH LINE
 AND 275 FEET FROM THE WEST LINE OF SECTION 4,
 TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

SURVEY DATE: 03/08/2013

PAGE: 1 OF 1

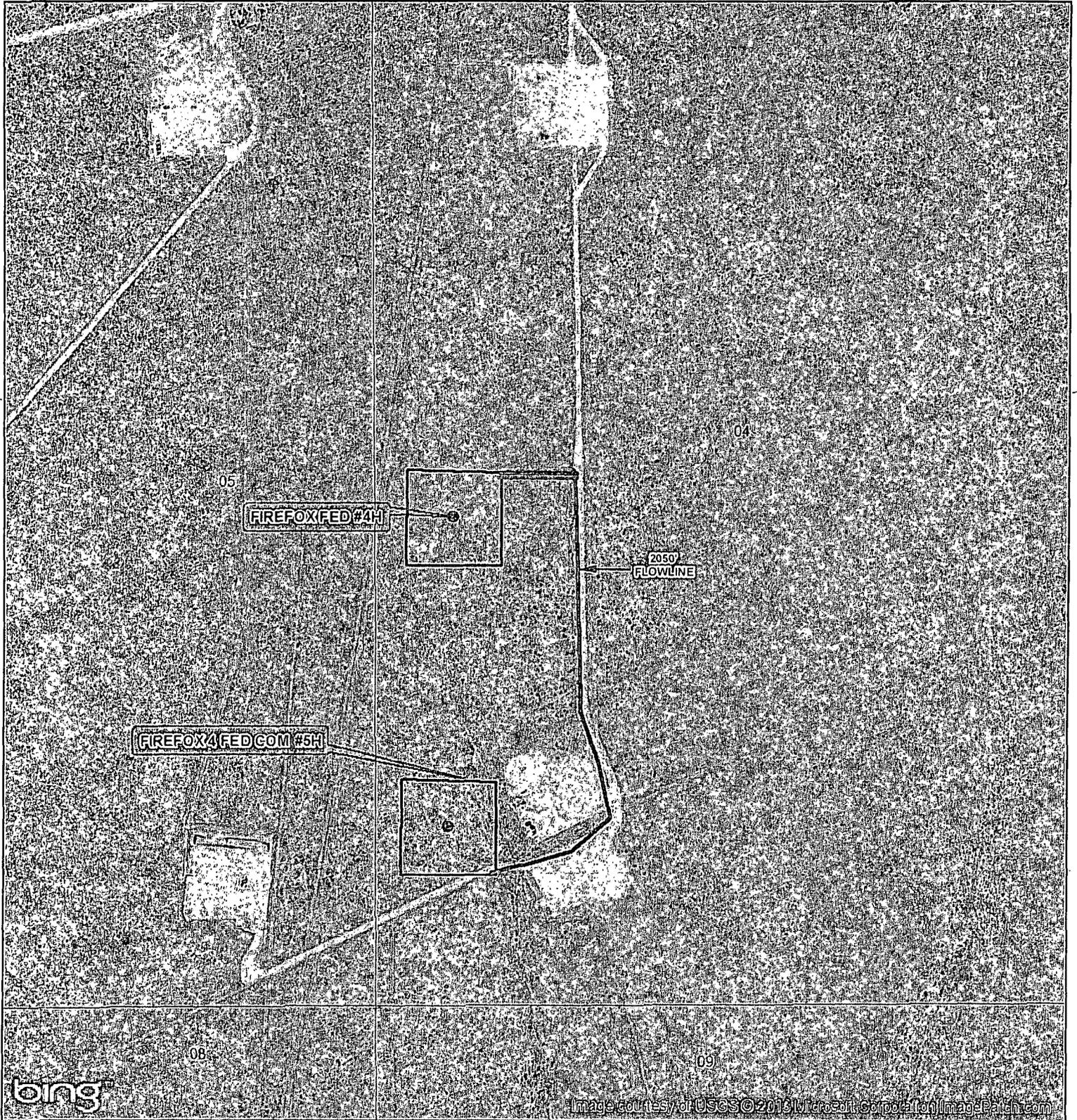
DRAFTING DATE: 03/11/2013

APPROVED BY: CH

DRAWN BY: VD

FILE: 13-83

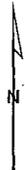
LOCATION VERIFICATION MAP



SEC. 4, TWP. 19S, RGE. 31E
 SURVEY: N.M.P.M.
 COUNTY: EDDY STATE: NEW MEXICO
 DESCRIPTION: FIREFOX FED #4H & 5H
 FLOWLINE: 2050'

OPERATOR: COG OPERATING
 LEASE: FIREFOX FED COM

W.O. # 13-345



1 IN = 500 FT

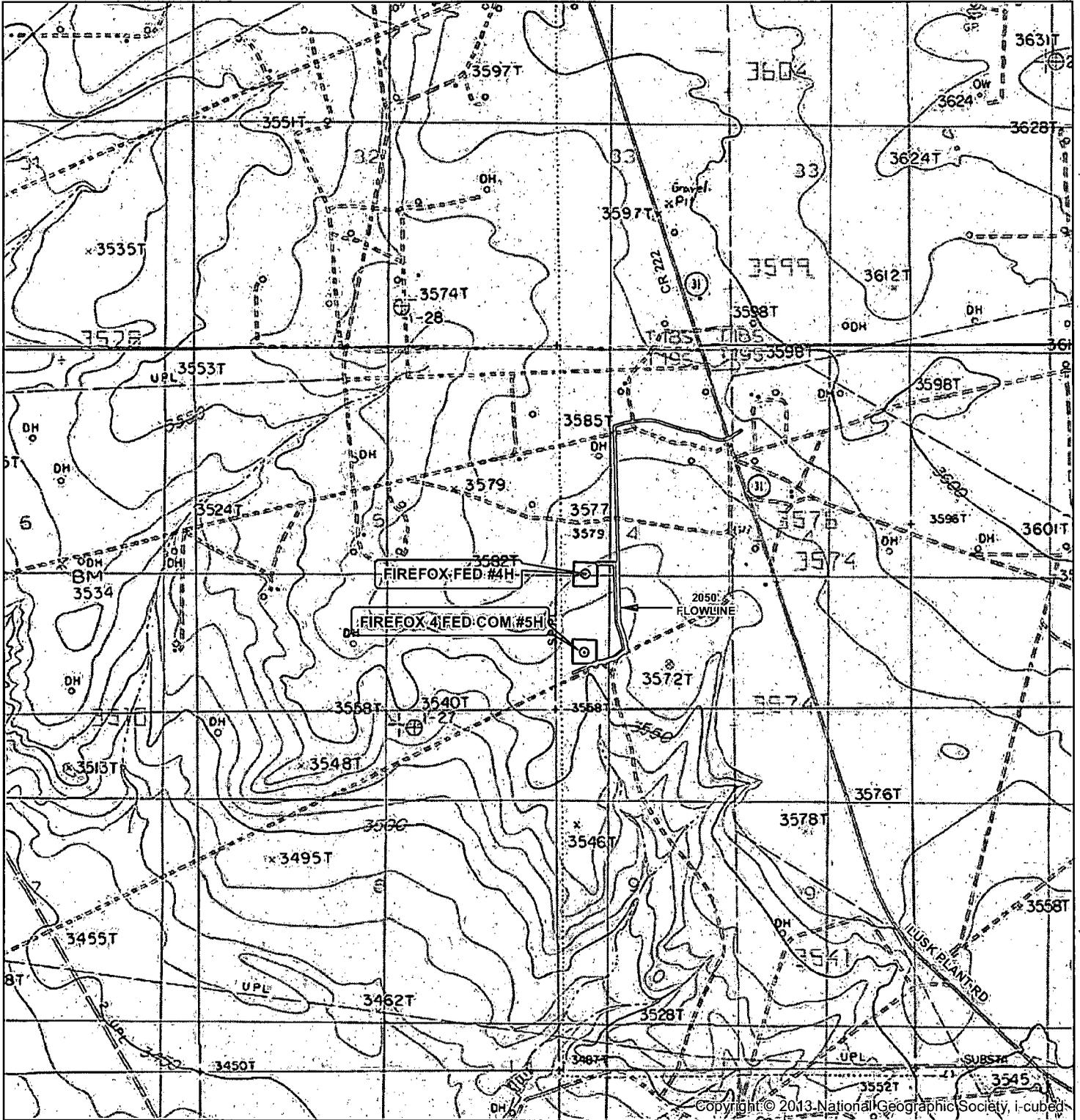
- WELL
- WELL PAD
- EXISTING ROAD
- FLOWLINE
- PROPOSED ROAD

HARCROW SURVEYING, LLC
 1107 WATSON, ARTESIA N.M. 88210
 PH: (575) 513-2570 FAX: (575) 746-2158
 chad_harcrow77@yahoo.com



MAP DATE: 5/31/2013

LOCATION VERIFICATION MAP Exhibit 4



Copyright © 2013 National Geographic Society, I-cubed

SEC. 4, TWP. 19S, RGE. 31E
 SURVEY: N.M.P.M.
 COUNTY: EDDY STATE: NEW MEXICO
 DESCRIPTION: FIREFOX FED #4H & 5H
 FLOWLINE: 2050'

OPERATOR: COG OPERATING
 LEASE: FIREFOX FED COM

W.O. # 13-345



1 IN = 2,000 FT

0 2,000 FEET

0 0.5 MILES

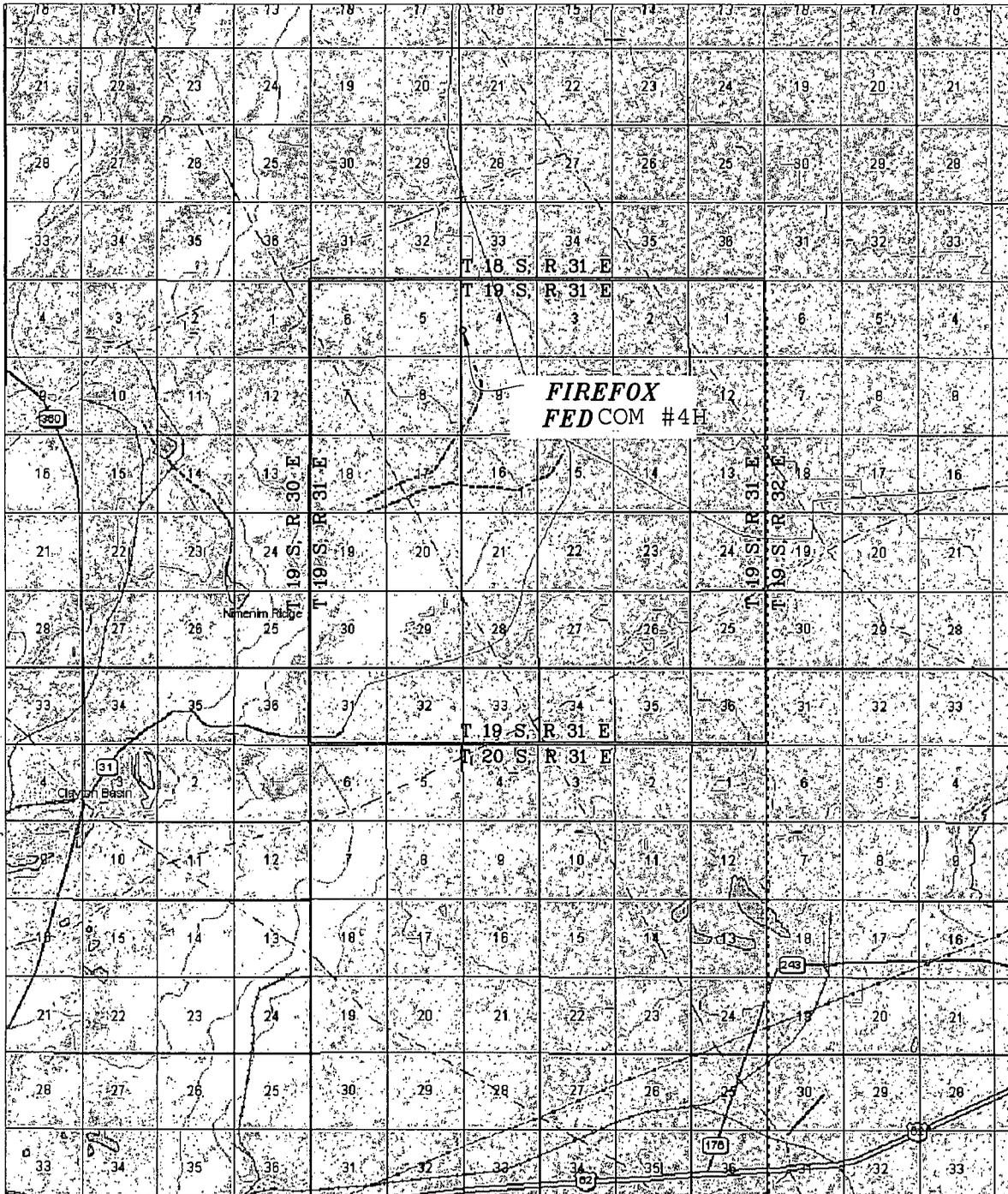
- WELL
- WELL PAD
- EXISTING ROAD
- FLOWLINE
- PROPOSED ROAD

HARCROW SURVEYING, LLC
 1107 WATSON, ARTESIA N.M. 88210
 PH: (575) 513-2570 FAX: (575) 746-2158
 chad_harcrow77@yahoo.com



MAP DATE: 5/31/2013

VICINITY MAP



SCALE: 1" = 2 MILE

SEC. 4 TWP. 19-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 1800' FSL & 275' FWL
 ELEVATION 3567.6'
 OPERATOR COG OPERATING, LLC
 LEASE FIREFOX FED COM

HARCROW SURVEYING, LLC
 1107 WATSON, ARTESIA N.M. 88210
 PH: (575) 513-2570 FAX: (575) 746-2158
 chad_harcrow77@yahoo.com



COG OPERATING, LLC		
SURVEY DATE: MAR. 08, 2013	PAGE: 1 OF 1	
DRAFTING DATE: MAR. 11, 2013		
APPROVED BY: CH	DRAWN BY: DDSI	FILE: 13-083

COG Operating LLC
DRILLING AND OPERATIONS PROGRAM
Firefox Federal Com 4H
SHL: 1800' FSL & 275' FWL
BHL: 1980' FSL & 330' FEL
Section 4 T19S R31E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, COG Operating LLC submits the following eleven items of pertinent information in accordance with BLM requirements.

1. Geological surface formation: Permian
2. The estimated tops of geologic markers & estimated depths at which anticipated water, oil or gas formations are expected to be encountered are as follows:

Fresh Water	240'	
Rustler	611'	
Top of Salt	685'	
Base of Salt	2214'	
Yates	2426'	
Seven Rivers	2699'	
Grayburg	3812'	
Delaware	4524'	Oil
Bone Spring	6526'	Oil
TD TVD	8890'	
TD MD	13305'	

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13-3/8" casing at ~~636'~~ and circulating cement back to surface. All intervals will be isolated by setting 5 1/2" casing to total depth and tying back cement to a minimum of 500' into the 9-5/8" casing.

3. Proposed Casing Program: All casing is new and API approved

Hole Size	Depths	Section	OD Casing	New/Used	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 1/2"	<i>see COA</i> 0' - 636' 710'	Surface	13 3/8"	New	54.5#	STC	J-55	1.125	1.125	1.6
12 1/4"	0' - 2600'	Intrmd	9 5/8"	New	36#	LTC	J-55	1.125	1.125	1.6
7 7/8"	0' - 13,305'	Production Curve & Lateral	5 1/2"	New	17#	LTC	P-110	1.125	1.125	1.6

- While running all casing strings, the pipe will be kept a minimum of 1/3 full at all times to avoid approaching the collapse pressure of casing.

- A visual and electronic mud monitoring system will be rigged up prior to spud to detect changes in the volume of mud system. The electronic system consists of a pit volume total, stroke counter and flow sensor at flow line.
- If weight and/or viscosity are introduced to the mud system a daily mud check will be performed by mud contractor, along with tourly check by rig personnel.
- After setting intermediate casing, a third party gas unit detection system will be installed at the flow line.

8. Auxiliary Well Control and Monitoring Equipment:

- a. A Kelly cock will be in the drill string at all times.
- b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

9. Testing, Logging and Coring Program: See Log

- a. Drill stem tests will be based on geological sample shows.
- b. If open hole electrical logging is performed, the program will be:
 - i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
 - ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
 - iii. No coring program is planned
 - iv. Additional testing will be initiated subsequent to setting the 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

10. Potential Hazards:

- a. 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. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. No H₂S is anticipated to be encountered.

11. Anticipated starting date and Duration of Operations:

- a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 30 days.



COG Firefox Federal Com #4H Rev1 MDT 17Apr13 Proposal Geodetic Report (Def Plan)



Report Date: April 25, 2013 - 03:11 PM
Client: COG
Field: NM Eddy County (NAD 27)
Structure / Slot: COG Firefox Federal Com #4H / COG Firefox Federal Com #4H
Well: COG Firefox Federal Com #4H
Borehole: Original Borehole
UWI / API#: Unknown / Unknown
Survey Name: COG Firefox Federal Com #4H Rev1 MDT 17Apr13
Survey Date: April 17, 2013
Tort / AHD / DDI / ERD Ratio: 89.183° / 4679.792 ft / 5.796 / 0.526
Coordinate Reference System: NAD27 New Mexico State Plane, Eastern Zone, US Feet
Location Lat / Long: N 32° 41' 13.28652", W 103° 52' 53.71156"
Location Grid N/E, Y/X: N 813946.300 ftUS, E 638985.500 ftUS
CRS Grid Convergence Angle: 0.2440°
Grid Scale Factor: 0.99993121

Survey / DLS Computation: Minimum Curvature / Lubinski
Vertical Section Azimuth: 87.443° (Grid North)
Vertical Section Origin: 0.000 ft, 0.000 ft
TVD Reference Datum: RKB
TVD Reference Elevation: 3585.600 ft above MSL
Seabed / Ground Elevation: 3567.600 ft above MSL
Magnetic Declination: 7.647°
Total Gravity Field Strength: 998.5097mgn (9.80665 Based)
Total Magnetic Field Strength: 48649.729 nT
Magnetic Dip Angle: 60.478°
Declination Date: April 17, 2013
Magnetic Declination Model: BGGM 2012
North Reference: Grid North
Grid Convergence Used: 0.2440°
Total Corr Mag North->Grid North: 7.4031°
Local Coord Referenced To: Structure Reference Point

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
SHL	0.00	0.00	87.44	0.00	0.00	0.00	0.00	N/A	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
KOP Build @ 12'	8352.58	0.00	87.44	8352.58	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
DLS	9095.77	89.18	87.44	8830.00	470.66	21.00	470.19	12.00	613967.30	639455.66	N 32 41 13.47	W 103 52 48.21
Landing Point												
COG Firefox												
Federal Com #4H	13305.33	89.18	87.44	8890.00	4679.79	208.81	4675.13	0.00	614155.10	643660.30	N 32 41 15.15	W 103 51 59.00
PBHL												

Survey Type: Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma.
Survey Program:

Description	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type	Borehole / Survey
	0.000	18.000	1/100.000	30.000	30.000	SLB_MWVD-STD-Depth Only	Original Borehole / COG Firefox Federal Com #4H Rev1 MDT
	18.000	13305.335	1/100.000	30.000	30.000	SLB_MWVD-STD	Original Borehole / COG Firefox Federal Com #4H Rev1 MDT



COG Firefox Federal Com #4H Rev1 MDT 17Apr13 Proposal Geodetic Report
(Def Plan)

PATHFINDER
A Schlumberger Company

Report Date: April 25, 2013 - 03:11 PM
 Client: COG
 Field: NM Eddy County (NAD 27)
 Structure / Slot: COG Firefox Federal Com #4H / COG Firefox Federal Com #4H
 Well: COG Firefox Federal Com #4H
 Borehole: Original Borehole
 UWI / API#: Unknown / Unknown
 Survey Name: COG Firefox Federal Com #4H Rev1 MDT 17Apr13
 Survey Date: April 17, 2013
 Tort / AHD / DDI / ERD Ratio: 89.183° / 4679.792 ft / 5.796 / 0.526
 Coordinate Reference System: NAD27 New Mexico State Plane, Eastern Zone, US Feet
 Location Lat / Long: N 32° 41' 13.28652", W 103° 52' 53.71156"
 Location Grid N/E Y/X: N 613946.300 RUS, E 638985.500 RUS
 CRS Grid Convergence Angle: 0.2440°
 Grid Scale Factor: 0.99993121

Survey / DLS Computation: Minimum Curvature / Lubinski
 Vertical Section Azimuth: 87.443° (Grid North)
 Vertical Section Origin: 0.000 ft, 0.000 ft
 TVD Reference Datum: RKB
 TVD Reference Elevation: 3585.600 ft above MSL
 Seabed / Ground Elevation: 3567.600 ft above MSL
 Magnetic Declination: 7.647°
 Total Gravity Field Strength: 998.5097mgn (9.80665 Based)
 Total Magnetic Field Strength: 48649.729 nT
 Magnetic Dip Angle: 60.478°
 Declination Date: April 17, 2013
 Magnetic Declination Model: BGGM 2012
 North Reference: Grid North
 Grid Convergence Used: 0.2440°
 Total Corr Mag North->Grid North: 7.4031°
 Local Coord Referenced To: Structure Reference Point

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (RUS)	Easting (RUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
SHL	0.00	0.00	87.44	0.00	0.00	0.00	0.00	N/A	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	100.00	0.00	87.44	100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	200.00	0.00	87.44	200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	300.00	0.00	87.44	300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	400.00	0.00	87.44	400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	500.00	0.00	87.44	500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	600.00	0.00	87.44	600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	700.00	0.00	87.44	700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	800.00	0.00	87.44	800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	900.00	0.00	87.44	900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1000.00	0.00	87.44	1000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1100.00	0.00	87.44	1100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1200.00	0.00	87.44	1200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1300.00	0.00	87.44	1300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1400.00	0.00	87.44	1400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1500.00	0.00	87.44	1500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1600.00	0.00	87.44	1600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1700.00	0.00	87.44	1700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1800.00	0.00	87.44	1800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	1900.00	0.00	87.44	1900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2000.00	0.00	87.44	2000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2100.00	0.00	87.44	2100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2200.00	0.00	87.44	2200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2300.00	0.00	87.44	2300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2400.00	0.00	87.44	2400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2500.00	0.00	87.44	2500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2600.00	0.00	87.44	2600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2700.00	0.00	87.44	2700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2800.00	0.00	87.44	2800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	2900.00	0.00	87.44	2900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3000.00	0.00	87.44	3000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3100.00	0.00	87.44	3100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3200.00	0.00	87.44	3200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3300.00	0.00	87.44	3300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3400.00	0.00	87.44	3400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3500.00	0.00	87.44	3500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3600.00	0.00	87.44	3600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3700.00	0.00	87.44	3700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3800.00	0.00	87.44	3800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	3900.00	0.00	87.44	3900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4000.00	0.00	87.44	4000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4100.00	0.00	87.44	4100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4200.00	0.00	87.44	4200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4300.00	0.00	87.44	4300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4400.00	0.00	87.44	4400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4500.00	0.00	87.44	4500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4600.00	0.00	87.44	4600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4700.00	0.00	87.44	4700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4800.00	0.00	87.44	4800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	4900.00	0.00	87.44	4900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5000.00	0.00	87.44	5000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5100.00	0.00	87.44	5100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5200.00	0.00	87.44	5200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5300.00	0.00	87.44	5300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5400.00	0.00	87.44	5400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5500.00	0.00	87.44	5500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5600.00	0.00	87.44	5600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5700.00	0.00	87.44	5700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5800.00	0.00	87.44	5800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	5900.00	0.00	87.44	5900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6000.00	0.00	87.44	6000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6100.00	0.00	87.44	6100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6200.00	0.00	87.44	6200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6300.00	0.00	87.44	6300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6400.00	0.00	87.44	6400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
	6500.00	0.00	87.44	6500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6600.00	0.00	87.44	6600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6700.00	0.00	87.44	6700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6800.00	0.00	87.44	6800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	6900.00	0.00	87.44	6900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7000.00	0.00	87.44	7000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7100.00	0.00	87.44	7100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7200.00	0.00	87.44	7200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7300.00	0.00	87.44	7300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7400.00	0.00	87.44	7400.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7500.00	0.00	87.44	7500.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7600.00	0.00	87.44	7600.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7700.00	0.00	87.44	7700.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7800.00	0.00	87.44	7800.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	7900.00	0.00	87.44	7900.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	8000.00	0.00	87.44	8000.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	8100.00	0.00	87.44	8100.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	8200.00	0.00	87.44	8200.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	8300.00	0.00	87.44	8300.00	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
KOP Build @ 12' DLS	8352.58	0.00	87.44	8352.58	0.00	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.29	W 103 52 53.71
	8400.00	5.69	87.44	8399.92	2.35	0.10	2.35	12.00	613946.40	638987.85	N 32 41 13.29	W 103 52 53.68
	8500.00	17.69	87.44	8497.67	22.58	1.01	22.56	12.00	613947.31	639008.05	N 32 41 13.30	W 103 52 53.45
	8600.00	29.69	87.44	8589.07	62.68	2.80	62.62	12.00	613949.10	639048.12	N 32 41 13.31	W 103 52 52.98
	8700.00	41.69	87.44	8670.14	120.92	5.40	120.80	12.00	613951.70	639106.29	N 32 41 13.33	W 103 52 52.30
	8800.00	53.69	87.44	8737.34	194.73	8.69	194.54	12.00	613954.99	639180.03	N 32 41 13.36	W 103 52 51.44
	8900.00	65.69	87.44	8787.71	280.91	12.53	280.63	12.00	613958.83	639266.11	N 32 41 13.40	W 103 52 50.43
	9000.00	77.69	87.44	8819.07	375.67	16.76	375.30	12.00	613963.06	639360.77	N 32 41 13.44	W 103 52 49.32
Landing Point	9095.77	89.18	87.44	8830.00	470.66	21.00	470.19	12.00	613967.30	639455.66	N 32 41 13.47	W 103 52 48.21
	9100.00	89.18	87.44	8830.00	474.88	21.19	474.41	0.00	613967.49	639459.88	N 32 41 13.48	W 103 52 48.16
	9200.00	89.18	87.44	8831.48	574.87	25.65	574.30	0.00	613971.95	639559.76	N 32 41 13.52	W 103 52 46.99
	9300.00	89.18	87.44	8832.91	674.86	30.11	674.19	0.00	613976.41	639659.84	N 32 41 13.56	W 103 52 45.82
	9400.00	89.18	87.44	8834.33	774.85	34.57	774.08	0.00	613980.87	639759.53	N 32 41 13.60	W 103 52 44.65
	9500.00	89.18	87.44	8835.76	874.84	39.04	873.97	0.00	613985.33	639859.41	N 32 41 13.64	W 103 52 43.48
	9600.00	89.18	87.44	8837.18	974.83	43.50	973.86	0.00	613989.79	639959.29	N 32 41 13.68	W 103 52 42.32
	9700.00	89.18	87.44	8838.61	1074.82	47.96	1073.75	0.00	613994.26	640059.18	N 32 41 13.72	W 103 52 41.15
	9800.00	89.18	87.44	8840.03	1174.81	52.42	1173.64	0.00	613998.72	640159.06	N 32 41 13.76	W 103 52 39.98
	9900.00	89.18	87.44	8841.46	1274.80	56.88	1273.53	0.00	614003.18	640258.94	N 32 41 13.80	W 103 52 38.81
	10000.00	89.18	87.44	8842.89	1374.79	61.34	1373.42	0.00	614007.64	640358.83	N 32 41 13.84	W 103 52 37.64
	10100.00	89.18	87.44	8844.31	1474.78	65.81	1473.31	0.00	614012.10	640458.71	N 32 41 13.88	W 103 52 36.47
	10200.00	89.18	87.44	8845.74	1574.77	70.27	1573.20	0.00	614016.56	640558.59	N 32 41 13.92	W 103 52 35.30
	10300.00	89.18	87.44	8847.16	1674.76	74.73	1673.09	0.00	614021.02	640658.48	N 32 41 13.96	W 103 52 34.13
	10400.00	89.18	87.44	8848.59	1774.75	79.19	1772.98	0.00	614025.48	640758.36	N 32 41 13.99	W 103 52 32.96
	10500.00	89.18	87.44	8850.01	1874.74	83.65	1872.88	0.00	614029.95	640858.24	N 32 41 14.03	W 103 52 31.79
	10600.00	89.18	87.44	8851.44	1974.73	88.11	1972.77	0.00	614034.41	640958.13	N 32 41 14.07	W 103 52 30.62
	10700.00	89.18	87.44	8852.86	2074.72	92.58	2072.66	0.00	614038.87	641058.01	N 32 41 14.11	W 103 52 29.45
	10800.00	89.18	87.44	8854.29	2174.71	97.04	2172.55	0.00	614043.33	641157.89	N 32 41 14.15	W 103 52 28.28
	10900.00	89.18	87.44	8855.71	2274.70	101.50	2272.44	0.00	614047.79	641257.78	N 32 41 14.19	W 103 52 27.12
	11000.00	89.18	87.44	8857.14	2374.69	105.96	2372.33	0.00	614052.25	641357.66	N 32 41 14.23	W 103 52 25.95
	11100.00	89.18	87.44	8858.56	2474.68	110.42	2472.22	0.00	614056.71	641457.54	N 32 41 14.27	W 103 52 24.78
	11200.00	89.18	87.44	8859.99	2574.67	114.88	2572.11	0.00	614061.18	641557.42	N 32 41 14.31	W 103 52 23.61
	11300.00	89.18	87.44	8861.42	2674.66	119.34	2672.00	0.00	614065.64	641657.31	N 32 41 14.35	W 103 52 22.44
	11400.00	89.18	87.44	8862.84	2774.65	123.81	2771.89	0.00	614070.10	641757.19	N 32 41 14.39	W 103 52 21.27
	11500.00	89.18	87.44	8864.27	2874.64	128.27	2871.78	0.00	614074.56	641857.07	N 32 41 14.43	W 103 52 20.11
	11600.00	89.18	87.44	8865.69	2974.63	132.73	2971.67	0.00	614079.02	641956.96	N 32 41 14.47	W 103 52 18.94
	11700.00	89.18	87.44	8867.12	3074.62	137.19	3071.56	0.00	614083.48	642056.84	N 32 41 14.51	W 103 52 17.77
	11800.00	89.18	87.44	8868.54	3174.61	141.65	3171.45	0.00	614087.94	642156.72	N 32 41 14.55	W 103 52 16.60
	11900.00	89.18	87.44	8869.97	3274.60	146.11	3271.34	0.00	614092.40	642256.61	N 32 41 14.59	W 103 52 15.43
	12000.00	89.18	87.44	8871.39	3374.59	150.58	3371.23	0.00	614096.87	642356.49	N 32 41 14.63	W 103 52 14.26
	12100.00	89.18	87.44	8872.82	3474.58	155.04	3471.12	0.00	614101.33	642456.37	N 32 41 14.67	W 103 52 13.09
	12200.00	89.18	87.44	8874.24	3574.57	159.50	3571.01	0.00	614105.79	642556.26	N 32 41 14.71	W 103 52 11.92
	12300.00	89.18	87.44	8875.67	3674.56	163.96	3670.90	0.00	614110.25	642656.14	N 32 41 14.75	W 103 52 10.75
	12400.00	89.18	87.44	8877.10	3774.55	168.42	3770.79	0.00	614114.71	642756.02	N 32 41 14.79	W 103 52 9.58
	12500.00	89.18	87.44	8878.52	3874.54	172.88	3870.68	0.00	614119.17	642855.91	N 32 41 14.83	W 103 52 8.42
	12600.00	89.18	87.44	8879.95	3974.53	177.35	3970.57	0.00	614123.63	642955.79	N 32 41 14.87	W 103 52 7.25
	12700.00	89.18	87.44	8881.37	4074.52	181.81	4070.46	0.00	614128.09	643055.67	N 32 41 14.91	W 103 52 6.08
	12800.00	89.18	87.44	8882.80	4174.51	186.27	4170.35	0.00	614132.56	643155.56	N 32 41 14.95	W 103 52 4.91
	12900.00	89.18	87.44	8884.22	4274.50	190.73	4270.24	0.00	614137.02	643255.44	N 32 41 14.99	W 103 52 3.74
	13000.00	89.18	87.44	8885.65	4374.49	195.19	4370.13	0.00	614141.48	643355.32	N 32 41 15.03	W 103 52 2.57
	13100.00	89.18	87.44	8887.07	4474.48	199.65	4470.02	0.00	614145.94	643455.21	N 32 41 15.07	W 103 52 1.40
	13200.00	89.18	87.44	8888.50	4574.47	204.12	4569.91	0.00	614150.40	643555.09	N 32 41 15.11	W 103 52 0.23
	13300.00	89.18	87.44	8889.92	4674.46	208.58	4669.80	0.00	614154.86	643654.97	N 32 41 15.15	W 103 51 59.06
COG Firefox Federal Com #4H PBHL	13305.33	89.18	87.44	8890.00	4679.79	208.81	4675.13	0.00	614155.10	643660.30	N 32 41 15.15	W 103 51 59.00

Survey Type: Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma
 Survey Program:

Description	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type	Borehole / Survey
	0.000	18.000	1/100.000	30.000	30.000	SLB_MWD-STD-Depth Only	Original Borehole / COG Firefox Federal Com #4H Rev1 MDT
	18.000	13305.335	1/100.000	30.000	30.000	SLB_MWD-STD	Original Borehole / COG Firefox Federal Com #4H Rev1 MDT

WELL: COG Firefox Federal Com #4H	FIELD: NM Eddy County (NAD 27)	STRUCTURE: Patriot 6
Magnetic Parameters Model: BOGM 2012 Dip: 66.473° Mag Dec: 7.647°	Date: April 17, 2013 PS: 48649 7xT	Surface Location Lat: N 32 41 13.287 Lon: W 103 52 53.712
NAD27 New Mexico State Plane, Eastern Zone, US Feet Northing: 613946.30 (NUS) Easting: 638985.50 (EUS) Grid Conv: 0.244° Scale Fact: 0.99993121		Microphone Slot: Firefox Federal Com #4H Pin: Rev1 MDT 17Apr13
TVD Ref: NKR(3345 66 above MSL) Srvy Date: April 17, 2013		

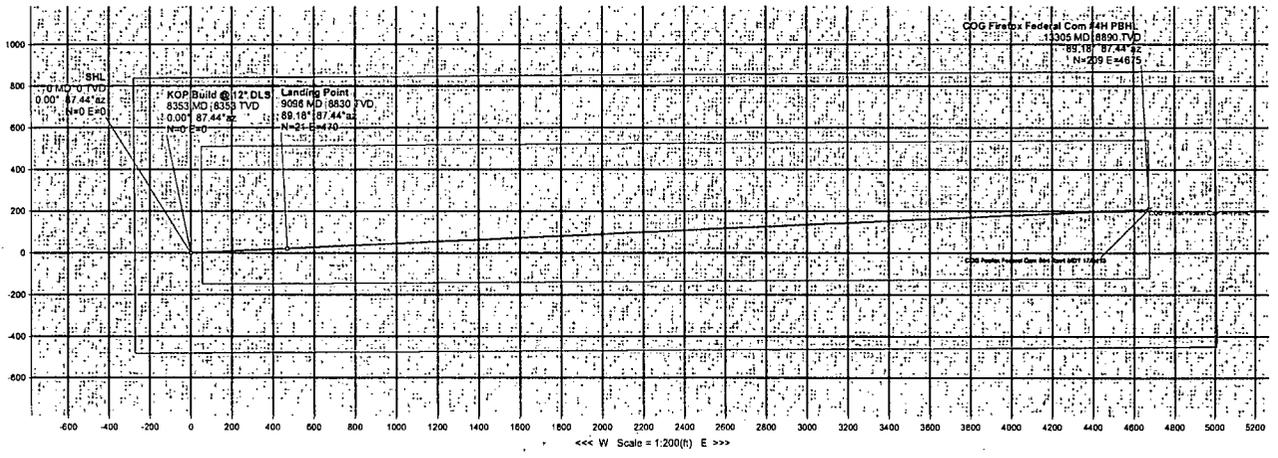


Grid North
Tot Corr (M->G
7.4031°)
Mag Dec (7.647°)
Grid Conv (0.244°)

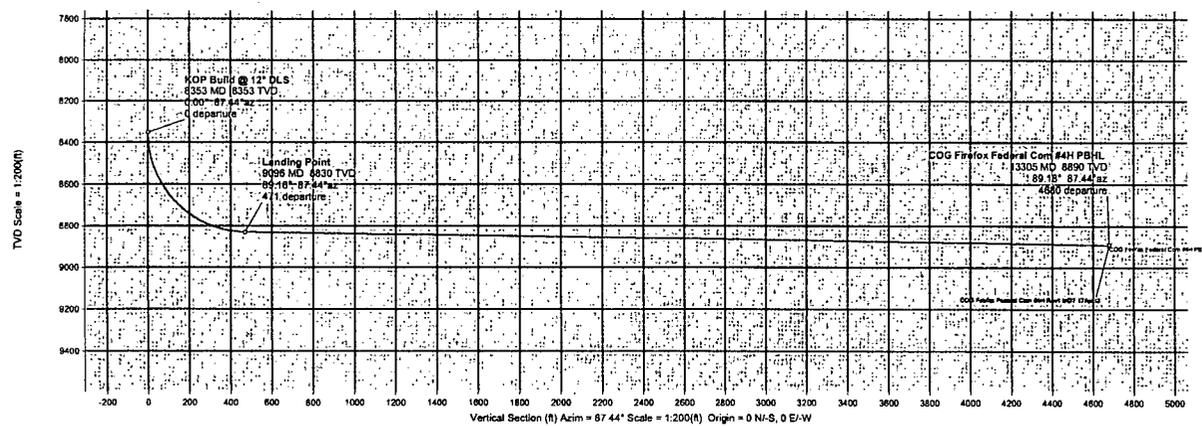
Legend

COG Firefox Federal Com #4H (Layer 1)
COG Firefox Federal Com #4H (Layer 2)
COG Firefox Federal Com #4H (Layer 3)
COG Firefox Federal Com #4H (Layer 4)

Scale = 1:2000 (N)

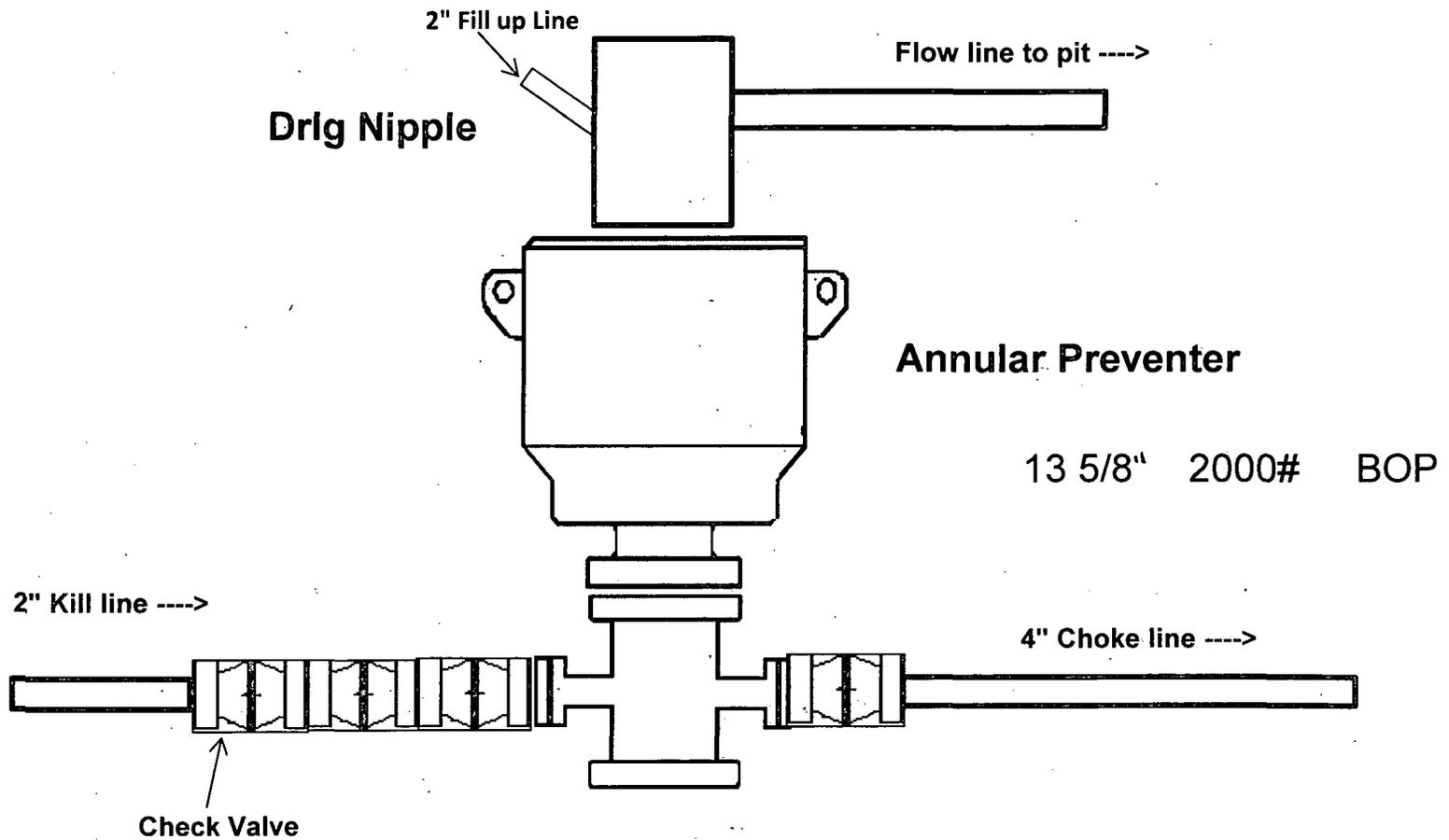


Comments	Survey MD(ft)	Inclination(deg)	Azimuth(deg)	TVD(ft)	Surf Seat TVD	VS(ft)	NS(ft)	EW(ft)	Northing(NUS)	Easting(EUS)	Latitude(deg)	Longitude(deg)	DLS(ft/min)	Tool Face(deg)
SHL	0.00	0.00	87.44	0.00	-3585.60	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.287	W 103 52 53.712		87.44
KOP Build @ 12° DLS	8352.58	0.00	87.44	8352.58	4766.98	0.00	0.00	0.00	613946.30	638985.50	N 32 41 13.287	W 103 52 53.712	0.00	87.44
Landing Point	9095.77	89.18	87.44	8830.00	5244.40	470.66	21.00	470.19	613967.30	639455.66	N 32 41 13.474	W 103 52 48.209	12.00	0.00
COG Firefox Federal Com #4H PBHL	13305.33	89.18	87.44	8890.00	5304.40	4679.79	208.81	4675.13	614155.10	643660.30	N 32 41 15.152	W 103 51 59.002	0.00	

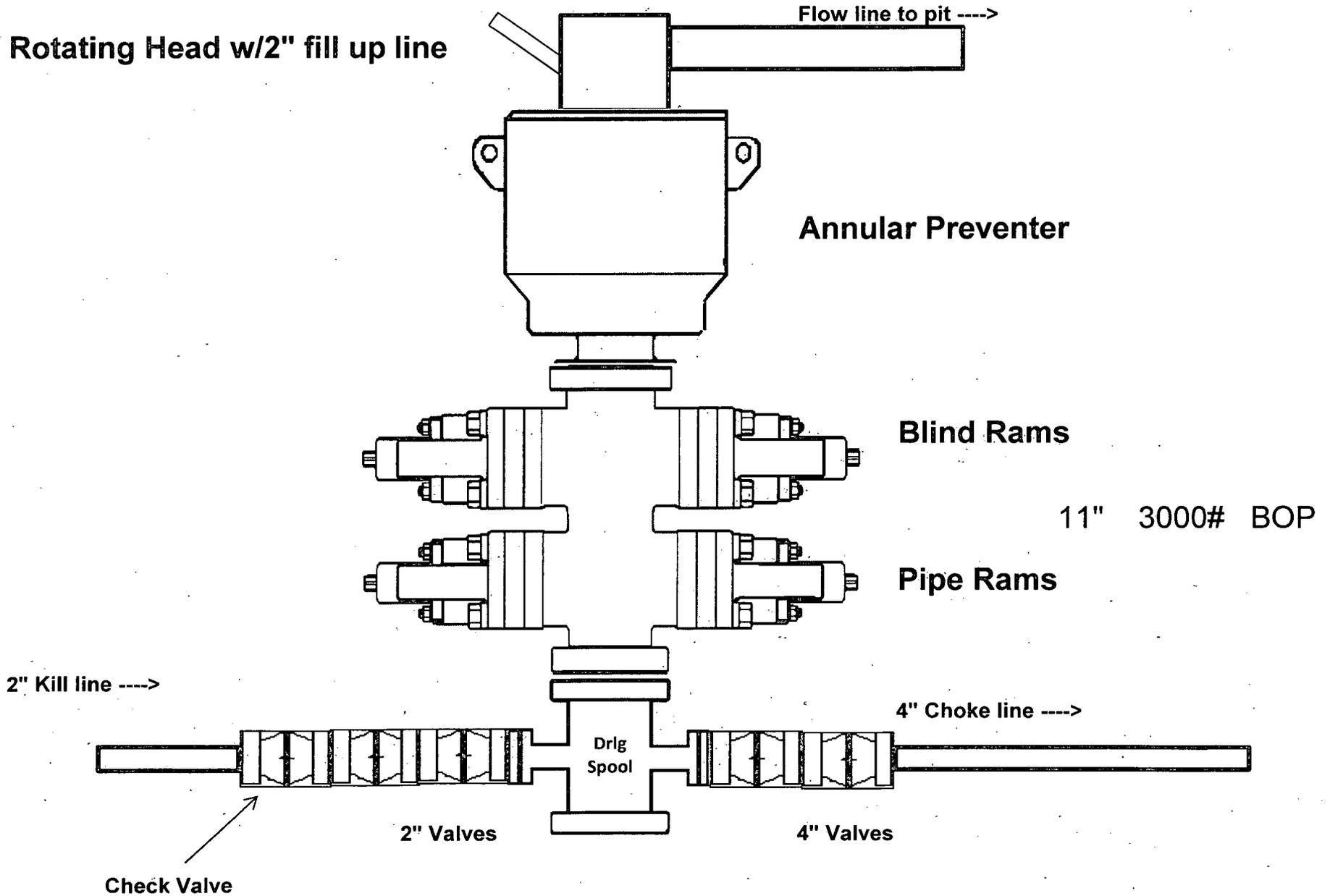


Drawn By: Current User
Date Created: April 25, 2013 03:06:37 PM
Checked By:
Checked Date:
Approved By:
Approved Date:

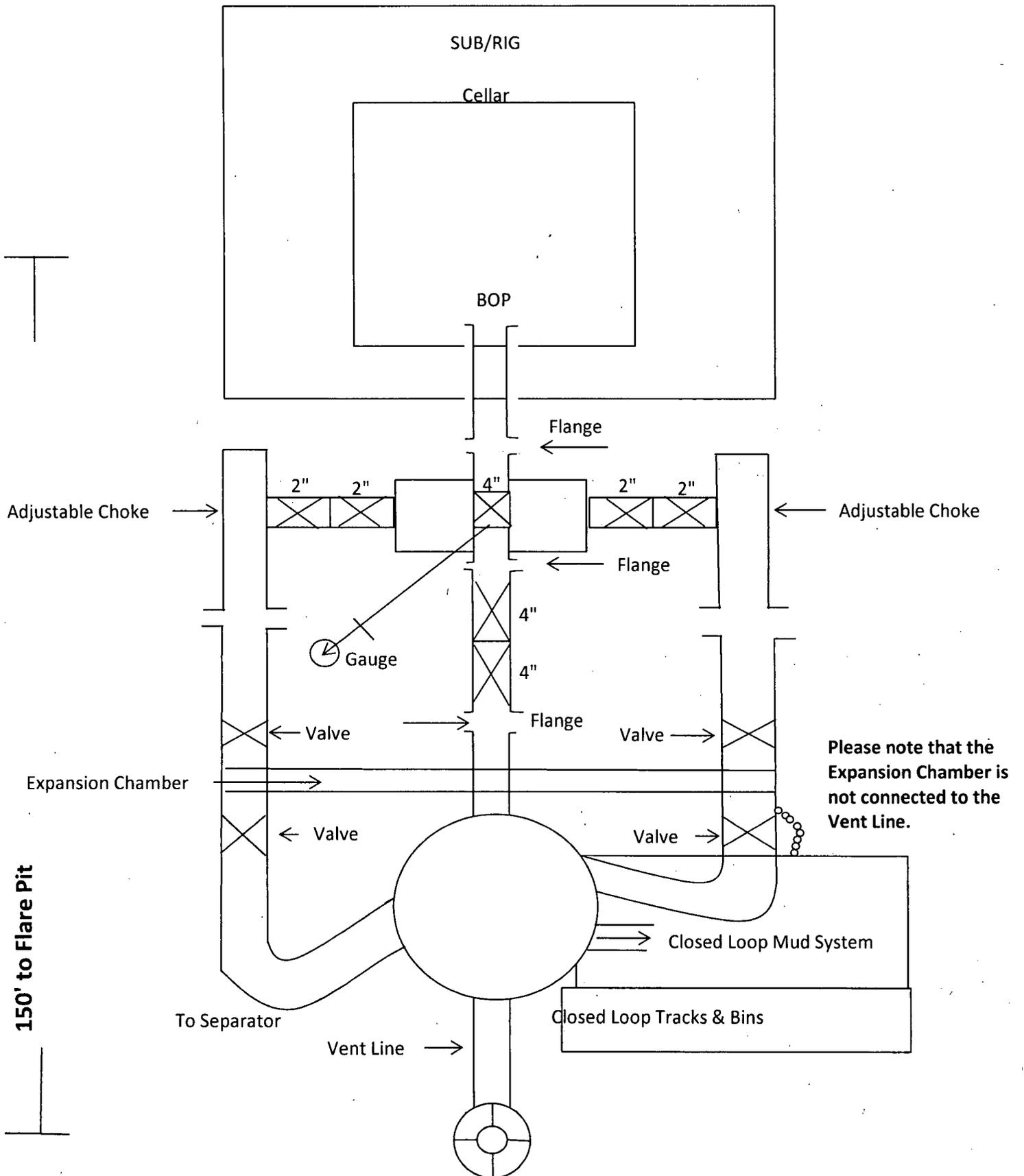
2,000 psi BOP Schematic



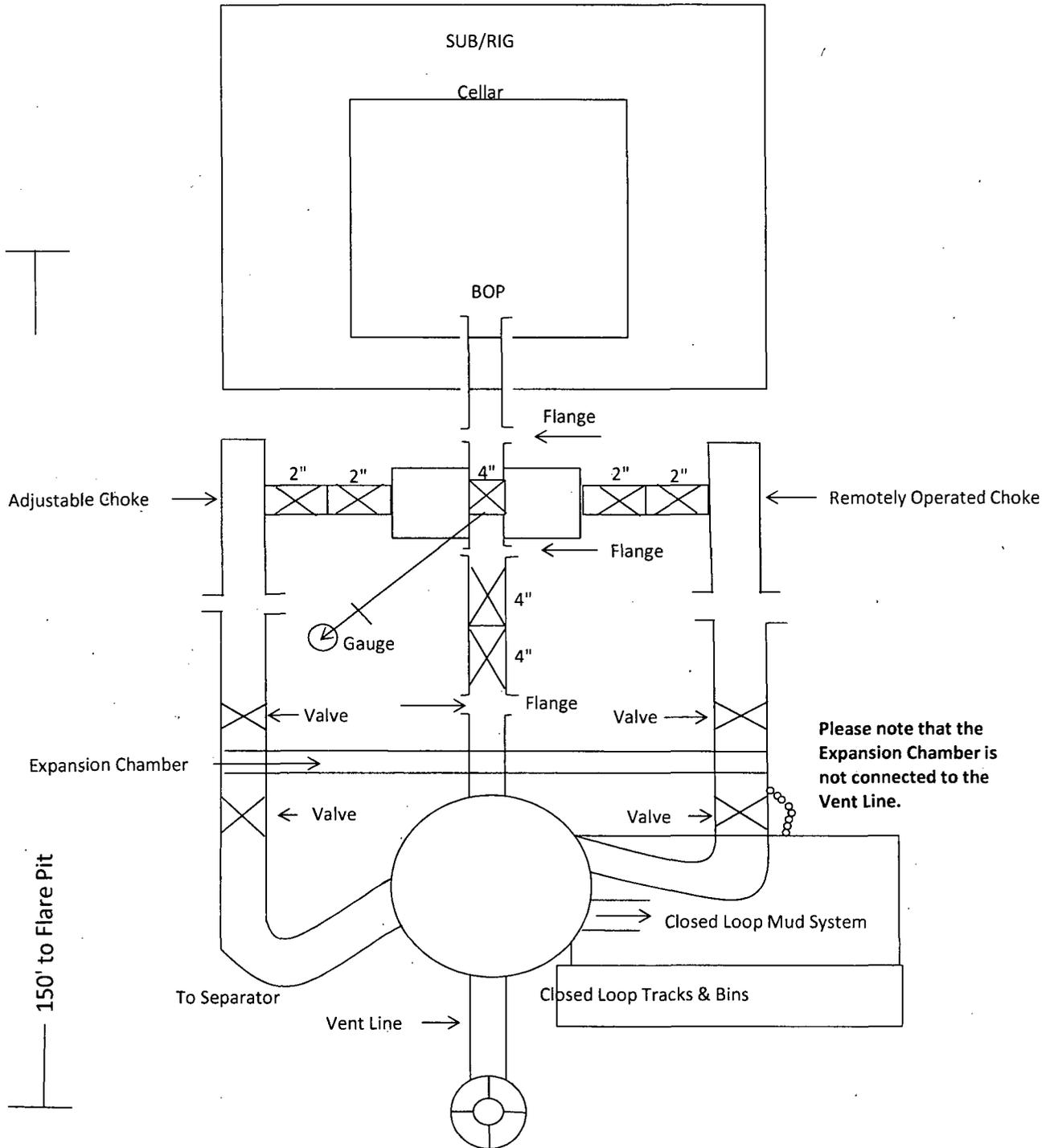
3,000 psi BOP Schematic



2M Choke Manifold Equipment



3M Choke Manifold Equipment



**Design Plan
Operating and Maintenance Plan
Closure Plan**

**Firefox Federal Com 4H
SHL: 1800' FSL & 275' FWL
BHL: 1980' FSL & 330' FEL
Section 4 T19S R31E
Eddy County, New Mexico**

COG Operating LLC will be using all above ground steel pits for fluid and cuttings while drilling. If any tank develops a leak we will have immediate visual discovery, we would then transfer the fluid to another tank then remove any contaminated soil and dispose of it in the cuttings bins for transportation. All leaks should be kept to less than 5 barrels. Rig crews will monitor the tanks at all times.

Equipment List:

- 2- Mongoose Shale Shakers
- 1- 414 Centrifuge
- 1- 518 Centrifuge
- 2- Roll Off Bins w/ Tracks
- 2- 500 BBL Frac Tanks

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI (Controlled Recovery Inc.) Permit R-9166 or any other approved facility.

COG Operating LLC
Rig Plat & Closed Loop Equipment Diagram

Well pad will be 340' X 340'
with cellar in center of pad

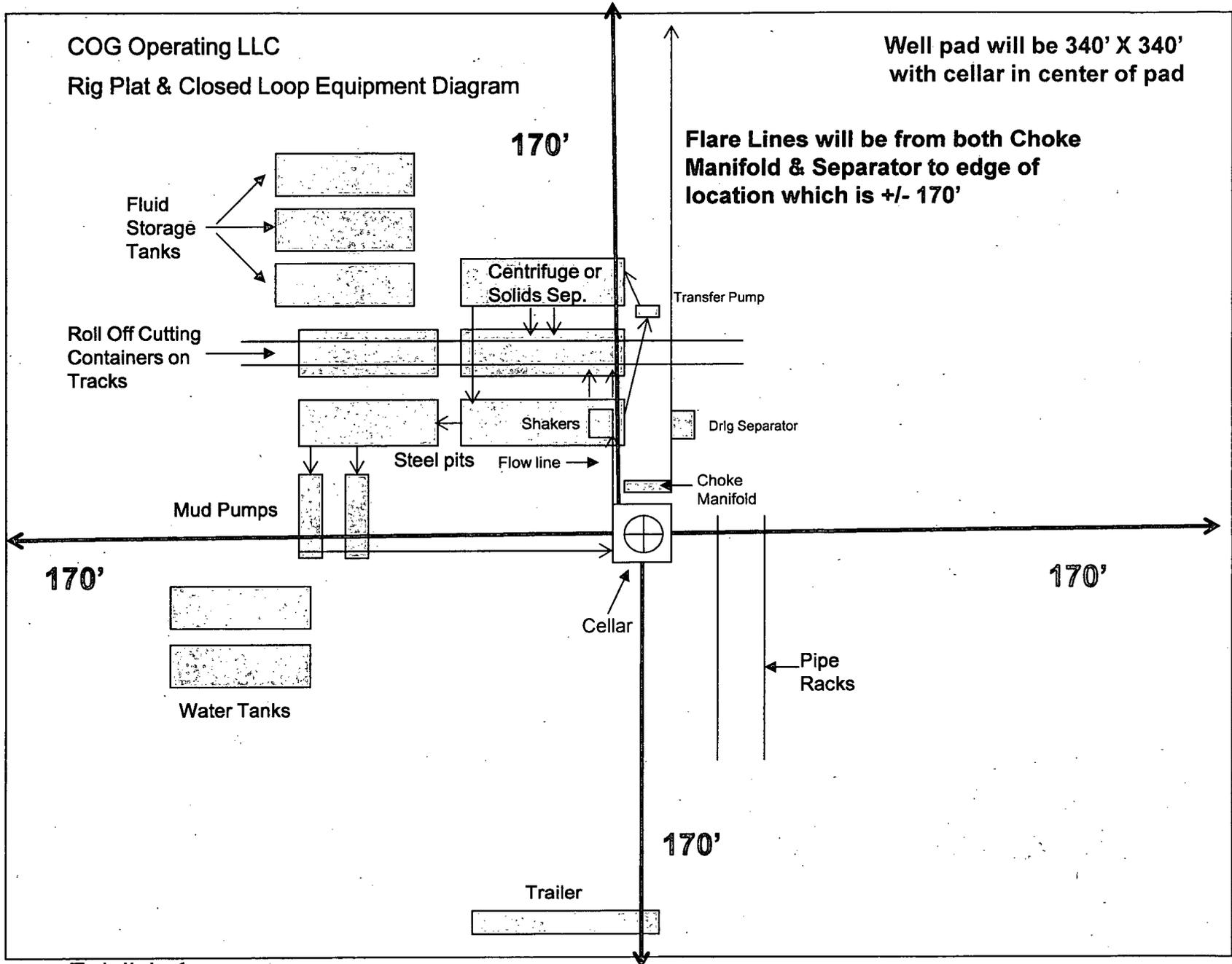


Exhibit 1

COG OPERATING LLC
HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- a. The hazards and characteristics of hydrogen sulfide (H₂S).
- b. The proper use and maintenance of personal protective equipment and life support systems.
- c. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- d. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- a. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- b. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- c. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

2. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

- a. Well Control Equipment:
 - Flare line.
 - Choke manifold with remotely operated choke.
 - Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

- b. Protective equipment for essential personnel:
Mark II Surviveair 30-minute units located in the dog house and at briefing areas.
- c. H2S detection and monitoring equipment:
2 - portable H2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
- d. Visual warning systems:
Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.
- e. Mud Program:
The mud program has been designed to minimize the volume of H2S circulated to the surface.
- f. Metallurgy:
All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- g. Communication:
Company vehicles equipped with cellular telephone.

COG OPERATING LLC 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 is necessary.

W A R N I N G

**YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH COG OPERATING LLC FOREMAN AT MAIN OFFICE**

COG OPERATING LLC

1-575-748-6940

EMERGENCY CALL LIST

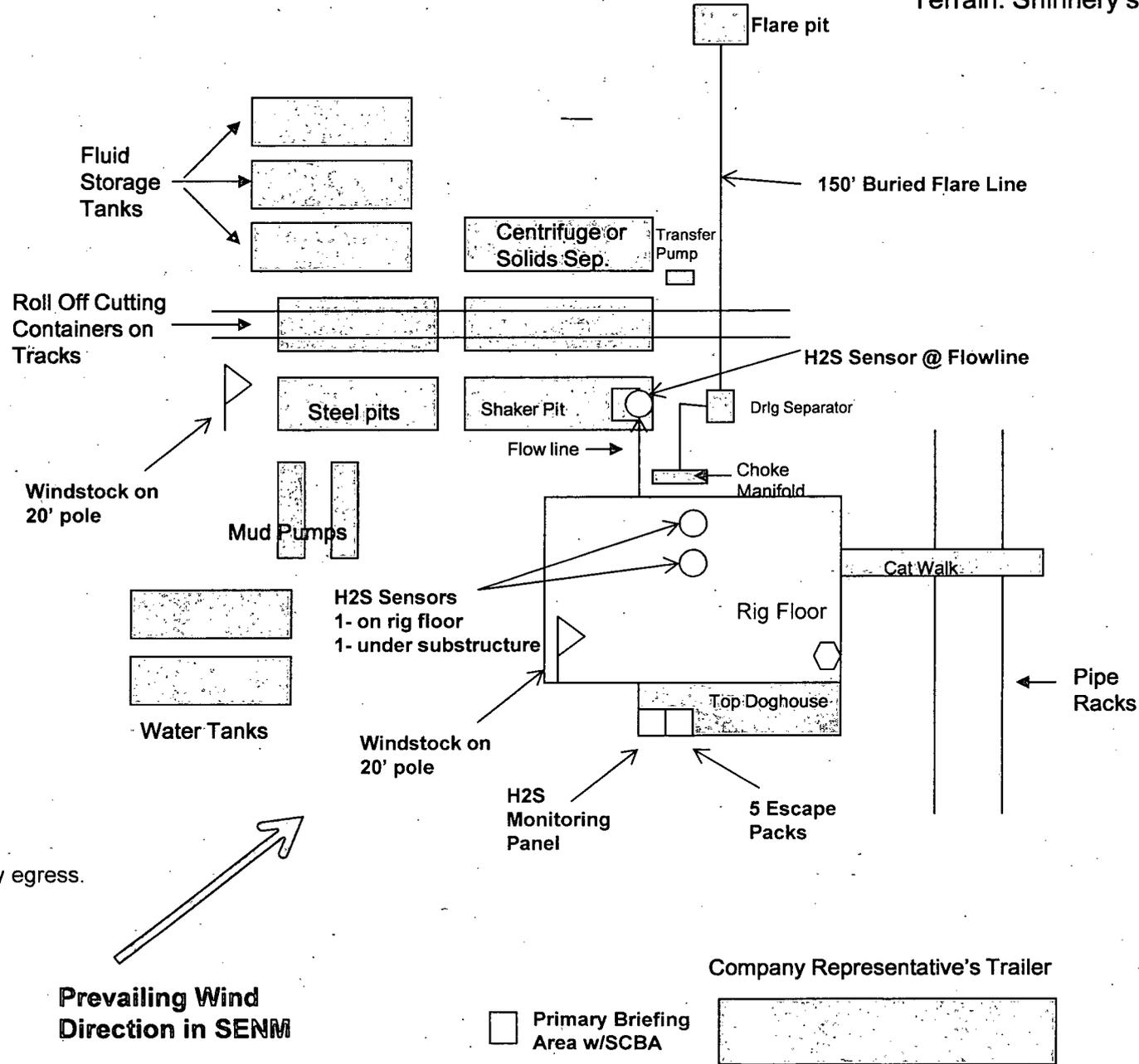
	<u>OFFICE</u>	<u>MOBILE</u>
COG OPERATING LLC OFFICE	575-748-6940	
SHERYL BAKER	575-748-6940	432-934-1873
KENT GREENWAY	575-746-2010	432-557-1694
SETH WILD	575-748-6940	432-528-3633
WALTER ROYE	575-748-6940	432-934-1886

EMERGENCY RESPONSE NUMBERS

	<u>OFFICE</u>
STATE POLICE	575-748-9718
EDDY COUNTY SHERIFF	575-746-2701
EMERGENCY MEDICAL SERVICES (AMBULANCE)	911 or 575-746-2701
EDDY COUNTY EMERGENCY MANAGEMENT (HARRY BURGESS)	575-887-9511
STATE EMERGENCY RESPONSE CENTER (SERC)	575-476-9620
CARLSBAD POLICE DEPARTMENT	575-885-2111
CARLSBAD FIRE DEPARTMENT	575-885-3125
NEW MEXICO OIL CONSERVATION DIVISION	575-748-1283
INDIAN FIRE & SAFETY	800-530-8693
HALLIBURTON SERVICES	800-844-8451

Well pad will be 340' X 340'
with cellar in center of pad

COG Operating LLC
H₂S Equipment Schematic
Terrain: Shinnery sand hills.



□ Location
Entry
Condition
Sign

□ Briefing Area
w/SCBA

□ Primary Briefing
Area w/SCBA

Secondary egress.

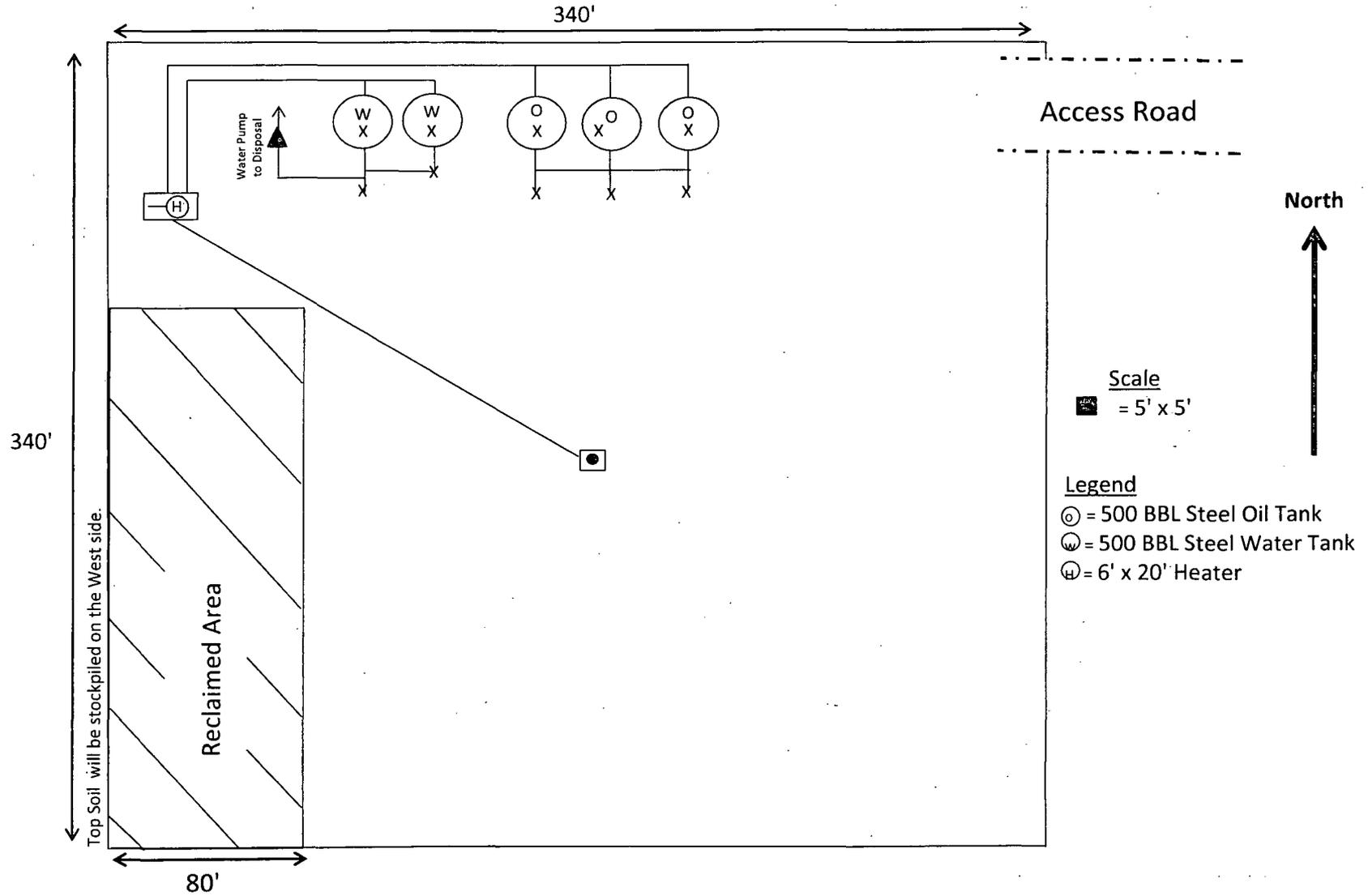
Prevailing Wind
Direction in SENM



COG Operating LLC
2208 West Main
Artesia, NM 88210

Exhibit 3 Production Facility Layout

Firefox Federal Com #4H
Section 4 - T19S - R31E



Surface Use Plan
COG Operating, LLC
Firefox Federal Com #4H
SL: 1800' FSL & 270' FWL UL L
Section 4, T19S, R31E
BHL: 1980' FSL & 330' FEL UL I
Section 4, T19S, R31E
Eddy County, New Mexico

Surface Use & Operating Plan

Firefox Federal Com #4H

- Surface Tenant: G & L Cattle, LLC, 23104 County Road 19, Springfield, CO 81073.
- New Road: approximately 300'
- Flow Line: Will follow existing road to the Firefox Federal Com #5H
- Facilities: Will utilize Firefox Federal Com #5H facility unless ownership requires separate facility. If facility is required, it will be constructed as shown in Exhibit 3

Well Site Information

V Door: East

Topsoil: West

Interim Reclamation: West

Notes

Onsite: May 23, 2013

Tanner Nygren (BLM), Rand French & Gerald Herrera (COG)

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Harcrow Surveying, Artesia, NM.
- B. All roads to the location are shown in the Vicinity Map. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary. The road route to the well site is depicted in Exhibit #2. The road highlighted in Exhibit #2 will be used to access the well.
- C. Directions to location: See 600 x 600 plat
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease. Roads will be maintained according to specifications in section 2A of this Surface Use and Operating Plan.

2. Proposed Access Road:

The Elevation Plat shows that 300' of new access road will be required for this location. If any road is required it will be constructed as follows:

- A. The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.
- E. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM approved caliche pit.

3. Location of Existing Wells:

The One-Mile Radius Map shows existing wells within a one-mile radius of surface hole location and the bottom hole location.

4. Location of Existing and/or Proposed Facilities:

- A. COG Operating LLC plans to construct a facility on the Firefox Federal Com #5H. The proposed facility at the Firefox Federal Com #5H will be utilized. If ownership requires a separate tank battery, the attached production facility layout will be used.
- B. If the well is productive, contemplated facilities will be as follows:
- 1) Production will be sent to the Firefox Federal Com #5H facility.
 - 2) All flow lines and piping will be installed according to API specifications.
 - 3) A map showing the proposed route for the flow line from the Firefox Federal Com #4H to the Firefox 4 Federal Com #5H is attached as Exhibit 4. It is proposed to lay a 2 7/8" J-55 steel surface line approximately 2050' in length that follows the proposed access road (shown in blue) to the existing facility. Anticipated pressure is less than 125 psi. The line will carry produced water, oil and gas to the existing facility. The flow line will be laid a safe distance, estimated at 5'-10' from the road.
 - 4) Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.
 - 5) It will be necessary to run electric power if this well is productive. Power will be provided by Xcel Energy and they will submit a separate plan and ROW for service to the well location.
 - 6) If the well is productive, rehabilitation plans will include the following:
 - The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #1. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: The primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well sight. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu. Yards is max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.**
- B. An approximate 160' X 160' area is used within the proposed well site to remove caliche.**
- C. Subsoil is removed and stockpiled along the entire length of one side of a 340' x 340' pad.**
- D. When caliche is found, material will be stock piled within the pad site to build the location and road.**
- E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.**
- F. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in attached plat.**

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other source.

7. Methods of Handling Water Disposal:

- A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.**

- B. Drilling fluids will be contained in steel mud pits.
- C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. No toxic waste or hazardous chemicals will be produced by this operation.
- E. Human waste and grey water will need to be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets).
- F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by Harcrow Surveying, is shown in the Elevation Plat. Dimensions of the pad and pits are shown on the Rig Layout. V door direction is East. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.
- B. The Rig Layout Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

10. Plans for Restoration of the Surface:

- A. Interim Reclamation will take place after the well has been completed. The pad will be downsized by reclaiming the areas not needed for production operations. The portions of the pad that are not needed for production operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park,

Surface Use Plan
COG Operating, LLC
Firefox Federal Com #4H
SL: 1800' FSL & 270' FWL UL L
Section 4, T19S, R31E
BHL: 1980' FSL & 330' FEL UL I
Section 4, T19S, R31E
Eddy County, New Mexico

and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete.

- B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recontoured to reflect its surroundings as much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be re-seeded with a BLM approved mixture and re-vegetated as per BLM orders.

11. Surface Ownership:

- A. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The surface tenant is G & L Cattle, LLC, 23104 County Road 19, Springfield, CO 81073.
- C. The proposed road routes and surface location will be restored as directed by the BLM

12. Other Information:

- A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.
- C. There are no dwellings within 2 miles of this location.
- D. If needed, a Cultural Resources Examination is being prepared by Southern New Mexico Archaeological Services, Inc. P.O. Box 1, Bent New Mexico, 88314, phone # 505-671-4797 and the results will be forwarded to your office in the near future. Otherwise, **COG will be participating in the Permian Basin MOA Program.**

13. Bond Coverage:

Bond Coverage is Statewide Bonds # NMB000215 and NMB000740

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG OPERATING, LLC
LEASE NO.:	LC069033
WELL NAME & NO.:	4H-FIREFOX FEDERAL COM
SURFACE HOLE FOOTAGE:	1800' FSL & 275' FWL
BOTTOM HOLE FOOTAGE:	1980' FSL & 330' FEL
LOCATION:	Section 4, T. 19 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
 - Recreation Area Requirements
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
 - Communitization Agreement
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Drilling**
 - H2S Requirements – Onshore Order #6
 - Logging Requirements
 - Waste Material and Fluids
- Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
- Interim Reclamation**
- Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Recreation Area Requirements:

Pipelines shall be buried a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. Power poles and associated ground structures (poles, guy wires) will not be placed within 20 feet of recreation trails. Guy wires must be equipped with a sleeve, tape or other industry approved apparatus that is highly visible during the day and reflective at night. Appropriate safety signage will be in place during all phases of the project. Upon completion of construction, the road shall be returned to pre-construction condition with no bumps or dips. All vehicle and equipment operators will observe speed limits and practice responsible defensive driving habits.

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. In addition, the well sign shall include the surface and bottom hole lease numbers. If the Communitization Agreement number is known, it shall also be on the sign. If not, it shall be placed on the sign when the sign is replaced.

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For

examples of enclosure fencing design, refer to BLM's Oil and Gas Gold Book, Enclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

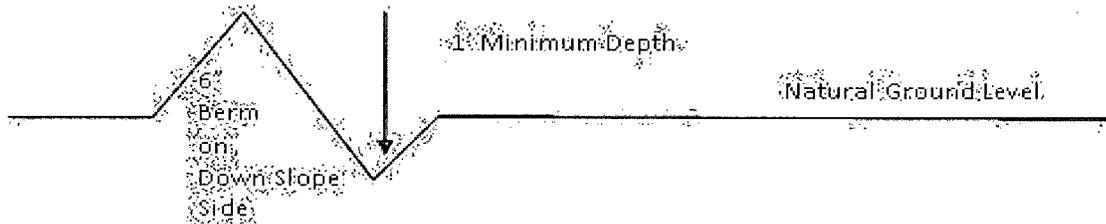


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Cattleguards

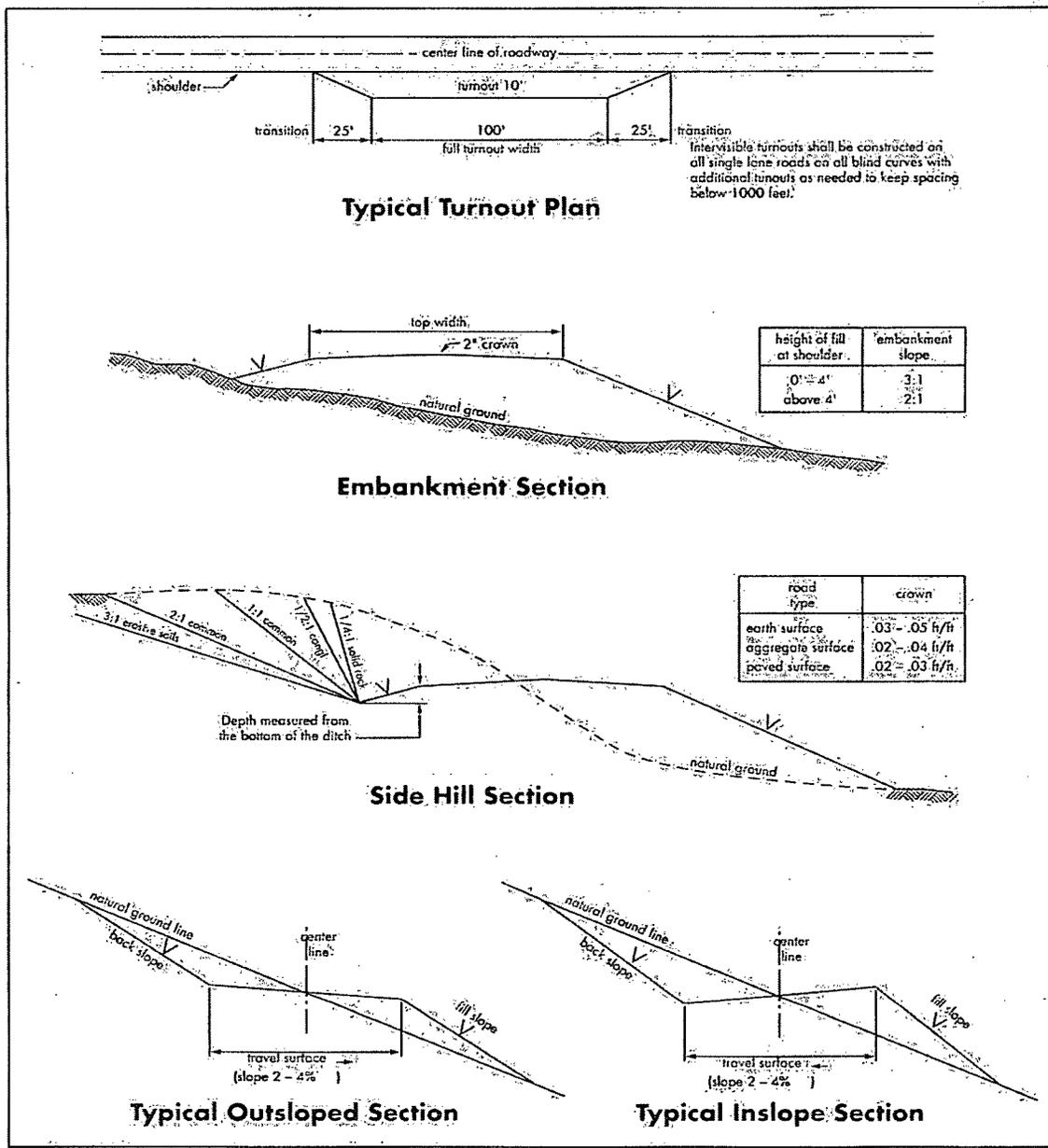
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated **500** feet prior to drilling into the **Grayburg** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).

Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

**Possible water and brine flows in the Salado and Artesia groups.
Possible lost circulation in the Artesia group.**

1. The **13-3/8** inch surface casing shall be set at **approximately 710 feet (in a competent bed below the Magenta Dolomite, a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt)** and cemented to the surface. **Freshwater mud to be used to setting depth.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:
 - Cement to surface. If cement does not circulate see B.1.a, c-d above.
3. The minimum required fill of cement behind the **5-1/2** inch production casing is:
 - Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** inch intermediate casing shoe shall be **3000 (3M)** psi.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

CRW 052313

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
- b. Activities of other parties including, but not limited to:
 - (1) Land clearing.
 - (2) Earth-disturbing and earth-moving work.
 - (3) Blasting.
 - (4) Vandalism and sabotage.
- c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will

be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture 3, for Shallow Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass (<i>Setaria magrostachya</i>)	1.0
Green Spangletop (<i>Leptochloa dubia</i>)	2.0
Side oats Grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed