

COG OPERATING LLC
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Superfortress 29 Federal #3H
Surf: 330' FNL & 2080' FWL, Sec 29
BHL: 330' FSL & 1980' FWL, Sec 29
T19S-R31E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Madron Surveying Inc.
- b. Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2. Right of way using this proposed route is being requested if necessary.
- c. 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.

DIRECTIONS:

From CR 222 (Shugart Rd, Paved) and Co. Rd. 248 (Lusk Plant Rd.), go Southwest on CR 222 4.3 miles. Turn right on a caliche Rd and go North 1.06 miles to a proposed road survey of an abandoned Rd, follow road East .4 miles, location is on the left (North).

2. PLANNED ACCESS ROAD:

Marbob will be using an existing access road. There is .4 of a mile of an old caliche road that will need to be upgraded.

3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. In the event the well is found productive, the Superfortress 29 Federal #3H tank battery would be utilized and the necessary production equipment will be installed at the well site. A Site Facilities Diagram is shown on Exhibit 3. All flowlines will adhere to API standards.
- B. If electricity is needed, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.

C. If the well is productive, rehabilitation plans are as follows:

- i. Interim Reclamation is shown on Exhibit 3. The original topsoil from the well site will be used for interim reclamation. The drill site will then be contoured as close as possible to the original state.

4. LOCATION AND TYPES OF WATER SUPPLY:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

5. CONSTRUCTION MATERIALS:

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

TOP soil placed on the ~~East~~ West side of Location. J27 3-2-11

6. METHODS OF HANDLING WASTE MATERIAL:

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- d. Disposal of fluids to be transported by an approved disposal company.

7. ANCILLARY FACILITIES:

No campsite or other facilities will be constructed as a result of this well.

8. WELLSITE LAYOUT:

- a. Exhibit 1 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of fresh water sump pits if utilized and living facilities.
- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.
- d. A small flare pit/berm will be located on the ??? side of location.

9. PLANS FOR SURFACE RECLAMATION:

- a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the

original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.

- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography See Exhibit 3. Reserve pit will not be used on this location therefore no reclamation is needed. V-Door direction is not identified since we are utilizing Closed Loop System.
- d. Topsoil will be stockpiled on the South side of the location until it is needed for interim reclamation described in paragraph above.

10. SURFACE OWNERSHIP:

The surface is owned by citizens of the United States of America and managed by the Bureau of Land Management.

11. OTHER INFORMATION:

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, with some mesquite bushes and various forbs and shrubs. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There is one dwelling within 1 1/2 miles of the location.
- d. A Cultural Resources Examination will be completed by Boone Archeological and forwarded to the BLM office in Carlsbad, New Mexico. *OR Dump III COA.*

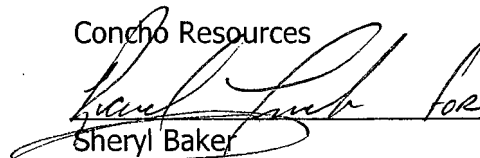
12. OPERATOR'S REPRESENTATIVE:

- | | |
|-------------------------------------|-----------------------------------|
| A. Through A.P.D. Approval: | B. Through Drilling Operations |
| Rand French, Regulatory Coordinator | Sheryl Baker, Drilling Supervisor |
| Concho Resources | Concho Resources |
| 2208 West Main | 2208 West Main |
| Artesia, NM 88211-0227 | Artesia, NM 88211-0227 |
| Phone (575)748-6940 | Phone (575)748-6940 |
| Cell (575) 513-1835 | Cell (432)934-1873 |

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Concho Resources and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

1/13/11
Date

Concho Resources

Sheryl Baker
Drilling Superintendent

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: January 12, 2011

Lease #: NMNM 112930
Superfortress 29 Federal #3H

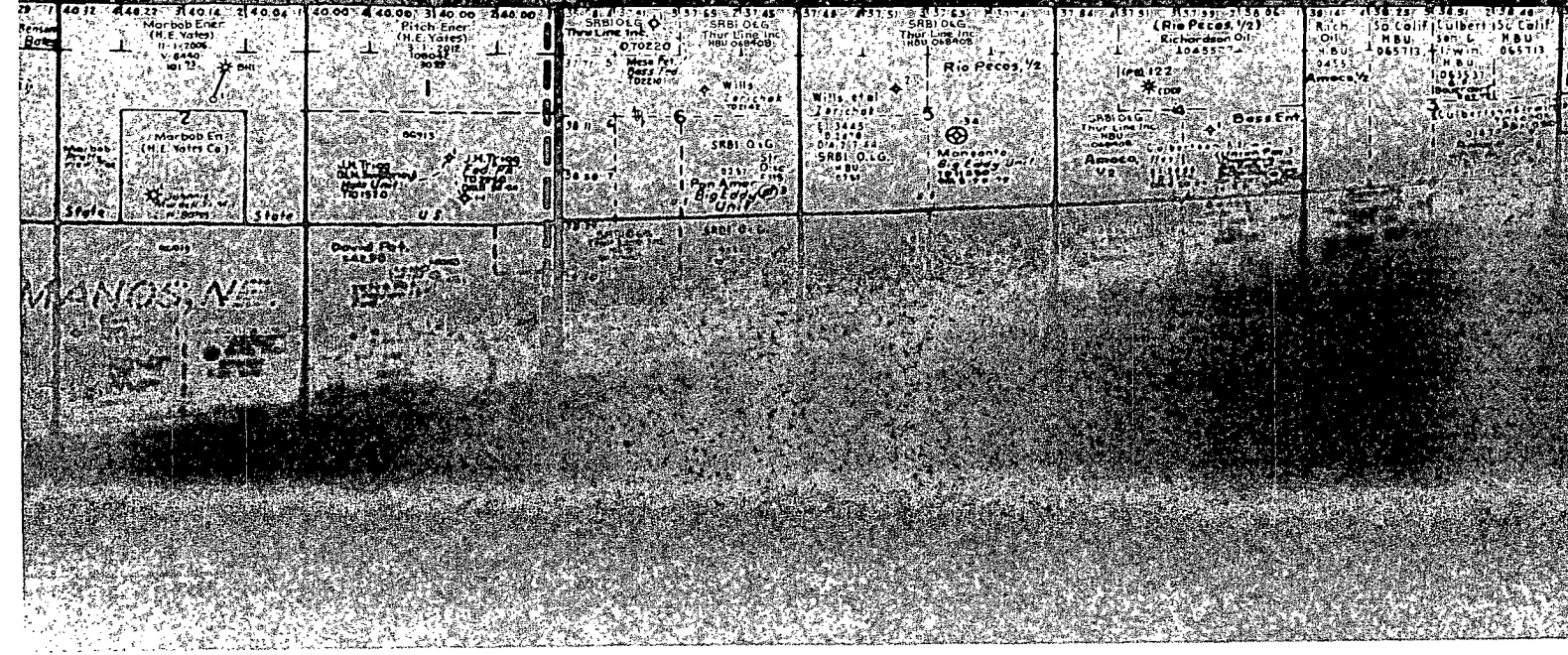
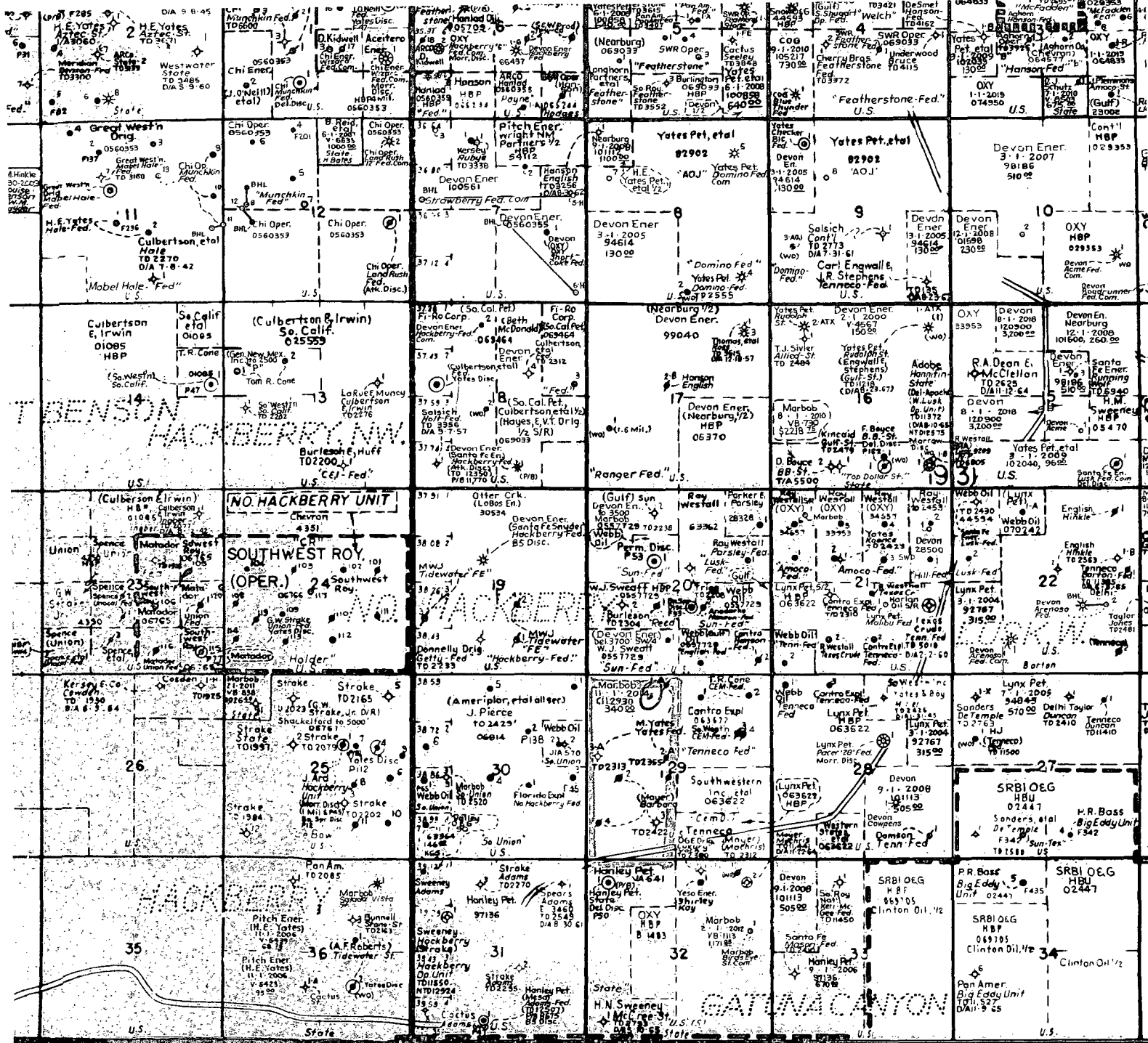
Legal Description: SHL: 330' FNL ²²⁰⁰~~2080~~' FWL,
BHL: 330' FSL ¹⁹⁸⁰~~1980~~' FWL
T19S-R31E ²²⁰⁰
Eddy County, New Mexico

Formation(s): Permian

Bond Coverage: Statewide

BLM Bond File #: NMD⁸~~0000~~215


Rand French
Regulatory Coordinator



SECTION 29, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

SEC 20
SEC 29
EL. 3479.0'

600'

EL. 3459.9'

150' NORTH
OFFSET
EL. 3467.5'

SUPER FORTRESS "29" #3H

ELEV. = 3471.9'

CALICHE

150' WEST
OFFSET
EL. 3474.5'

E. WATER
TAPED #1

150' EAST
OFFSET
EL. 3472.1'

LAT. = 32°38'15.895"N (NAD83)
LONG. = 103°53'34.163"W
NWSP EAST (FT)
N = 596007.31
E = 676934.99

ABANDONED ROAD

END 1978' ACCESS RD
(UPGRADE ABANDONED RD)

150' SOUTH
OFFSET
EL. 3476.4'

POSSIBLE SPL

EL. 3478.6'

600'

EL. 3477.2'

010 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM CR 222 (SHUGART RD, PAVED) AND CR 248 (LUSK PLANT RD, PAVED) GO SOUTHWEST ON CR 222 4.3 MILES, TURN RIGHT ON A CALICHE RD AND GO NORTH 1.05 MILES TO A PROPOSED ROAD SURVEY ON AN ABANDONED RD, FOLLOW ROAD EAST 0.4 MILES, LOCATION IS NORTHEAST 175'.

COG OPERATING, LLC

SUPER FORTRESS "29" #3H

LOCATED 330 FT. FROM THE NORTH LINE
AND 2200 FT FROM THE WEST LINE OF

SECTION 29, TOWNSHIP 19 SOUTH,

RANGE 31 EAST, N.M.P.M.

EDDY COUNTY, STATE OF NEW MEXICO

FEBRUARY 18, 2011

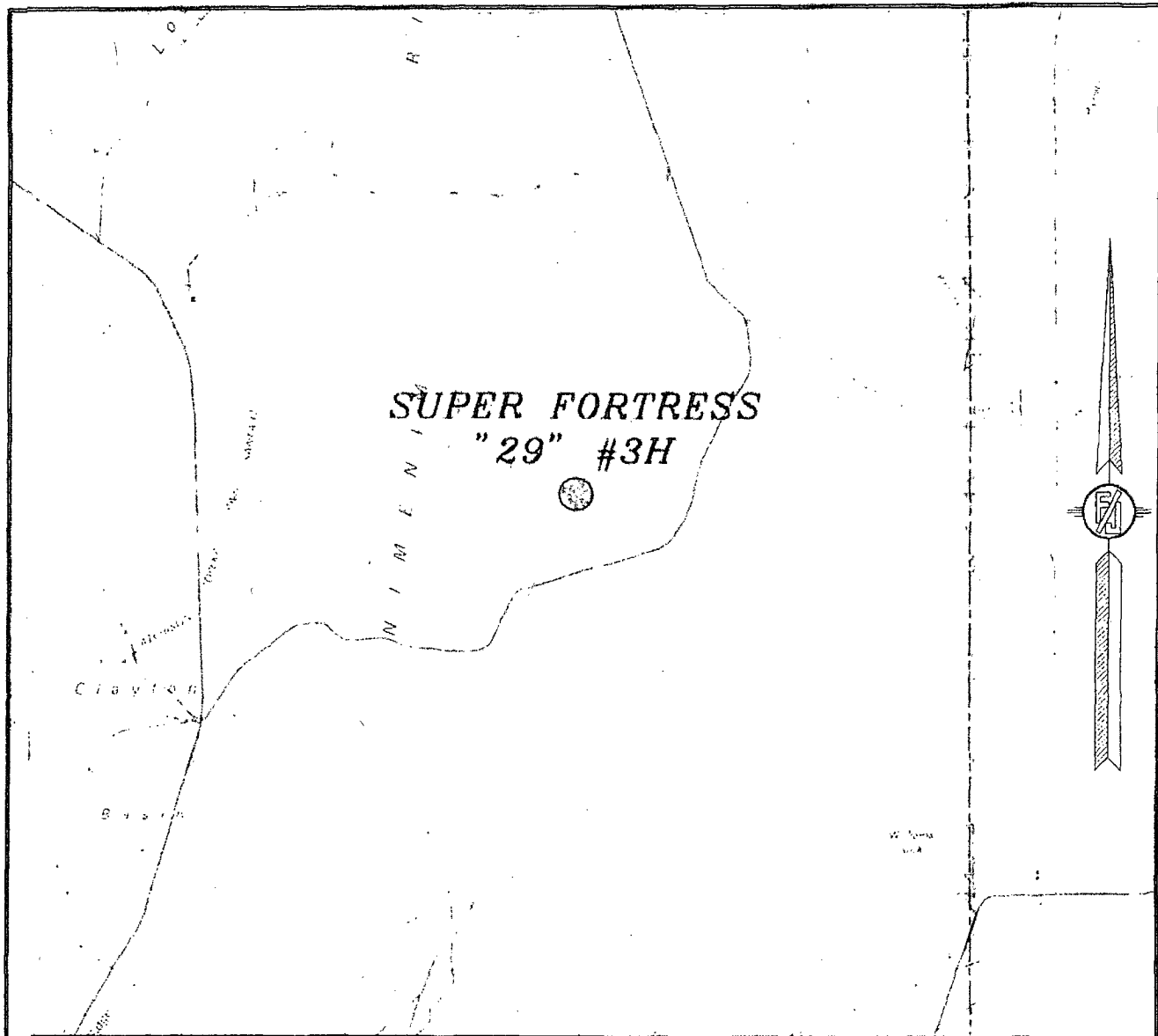
SURVEY NO. 266-R1

MADRON SURVEYING, INC.

511 SOUTH DAW
(30) 281-2510

CARLSBAD, NEW MEXICO

SECTION 29, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



NOT TO SCALE

COG OPERATING, LLC
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AND 2200 FT FROM THE WEST LINE OF
SECTION 29, TOWNSHIP 19 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

FEBRUARY 18, 2011

SURVEY NO. 266-R1

MADRON SURVEYING, INC. OF SOUTH CAROLINA
(803) 587-1820 CARLSBAD, NEW MEXICO

SECTION 29, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

AERIAL PHOTO



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
USDA - AUG, 2009

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AND 2200 FT FROM THE WEST LINE OF
SECTION 29, TOWNSHIP 19 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

FEBRUARY 18, 2011

SURVEY NO. 266-R1

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO