OCD Artesia

Form 3160 -3 (April 2004)	FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007				
UNITED STATES DEPARTMENT OF THE 1	5. Lease Serial No. NMLC-028784B				
BUREAU OF LAND MAN APPLICATION FOR PERMIT TO	6. If Indian, Allotee or Tribe Name				
la. Type of work: DRILL REENTE		7 If Unit or CA Agree NMNM - 8852			
lb. Type of Well: Oil Well Gas Well Other	Single Zone Multip	ole Zone	8. Lease Name and W BURCH KEEI		
2. Name of Operator COG Operating LLC			9. API Well No. 30-015- 3-8	579	
3a. Address 550 W. Texas Ave., Suite 1300 Midland, TX 79701	3b. Phone No. (include area code) 432-685-4385		10. Field and Pool, or E		
4. Location of Well (Report location clearly and in accordance with an At surface 660' FNL & 2332' FWL, Unit C	ty State requirements.*)		11. Sec., T. R. M. or Bl Sec 25 T178	·	
At proposed prod. zone 660' FNL & 1980' FWL, Unit C			12. County or Parish	13. State	
14. Distance in miles and direction from nearest town or post office* 2 miles from Loco Hills, N	M		EDDY	NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of acres in lease	17. Spacing	Unit dedicated to this w	vell	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 330'	19. Proposed Depth 4800' TVD: 4824' MD	20. BLM/E	WBIA Bond No. on file NMB000215		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3598' GL	22 Approximate date work will sta 02/28/2010	rt*	23. Estimated duration 15 days		
	24. Attachments		<u> </u>		
The following, completed in accordance with the requirements of Onsho					
 Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). 	Lands, the Item 20 above). S. Operator certification of the state of	cation specific info		existing bond on file (see may be required by the	
25. Signature	Name (Printed/Typed) Kelly J. Holly			Date 01/18/2011	
Title Permitting Tech					
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)			Date MAR 2 20	
FIELD MANAGER	Office CARLS	BAD I	FIELD OFF		
Application approval does not warrant or certify that the applicant hole conduct operations thereon. Conditions of approval, if any, are attached.	ds legal or equitable title to those rigi			ontitle the applicant to OR TWO YEARS	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a c States any false, fictitious or fraudulent statements or representations as	crime for any person knowingly and to any matter within its jurisdiction.	willfully to m	nake to any department of	or agency of the United	
*(Instructions on page 2)					
VAL SUBJECT TO				lled Water Basi	
AL REQUIREMENTS	Γ	REC	EIVED		
SCOUNT CAIDILL VALUE OF	i i			l	

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL





MASTER DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Rustler	220'
Salt	360'
Base of Salt	780'
Yates	950'
Seven Rivers	1235'
Queen	1845'
Grayburg	2220'
San Andres	2540'
Glorieta	4000'
Paddock	4075'
Blinebry	4620'
Tubb	5520'

3. Estimated Depths of Anticipated Fresh Water, Oil and Gas

Water Sand	150'	Fresh Water	
Grayburg	2150'	Oil/Gas	
San Andres	2450'	Oil/Gas	
Glorieta	3900'	Oil/Gas	
Paddock	4075'	Oil/Gas	
Blinebry	4620'	Oil/Gas	
Tubb	5520'	Oil/Gas	,
		406	, '

see COA

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 300' and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 8 5/8" casing to 850' and circulating cement, in a single or multi-stage job and/or with an ECP, back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them. This will be achieved by cementing, with a single or multi-stage job, the 5 1/2" production casing back 200' into the intermediate casing, to be run at TD. If wellbore conditions arise that require immediate action and/or a change to this program, COG Operating LLC personnel will always react to protect the wellbore and/or environment.

COA

COG Operating LLC Master Drilling Plan Grayburg Jackson; SR-Q-Grbg-SA Use for Sections 6-30, T17S, R29E Eddy County, NM

4. Casing Program

See COIL

		OD					
Hole Size	Interval	Casing	Weight	Grade	Jt., Condition	Jt.	brst/clps/ten
17 ½"	0-300'	13 3/8"	48#	H-40orJ-55	ST&C/New	ST&C	9.22/3.943/15.8
11" 950'	0-850'	8 5/8"	24or32#	J-55	ST&C/New	ST&C	3.03/2.029/7.82
7 7/8"	0-TD	5 1/2"	15.5or17#	J-55orL-80	LT&C/New	LT&C	1.88/1.731/2.42

5. Cement Program

See COA

13 3/8" Surface Casing:

Class C w/ 2% Cacl2 + 0.25 pps CF, 400 sx, yield 1.32, back to surface. 154% excess

8 5/8" Intermediate Casing:

11" Hole:

Single Stage: 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 300 sx lead, yield-2.45 + Class C w/2% CaCl2, 200 sx tail, yield-1.32, back to surface. 363% excess

Multi-Stage: Stage 1: Class C w/2% CaCl2, 200 sx, yield - 1.32; 108% excess Stage 2: 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 300 sx, yield - 2.45, back to surface, 726% excess; assumption for tool is lost circulation. Multi stage tool to be set at approximately, depending on hole conditions, 350' (50' below the surface casing). Cement volumes will be adjusted proportionately for depth changes of multi stage tool.

5 1/2" Production Casing:

Single Stage: LEAD 500 sx 35:65:6 C:Poz:Gel w/ 5% Salt + 5 pps LCM + 0.2% SMS + 0.3% FL-52A + 0.125 pps CF, yield-2.05; + TAIL 400 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield-1.37, to 200' minimum tie back to intermediate casing. 106% open hole excess, cement calculated back to surface.

Multi-Stage: Stage 1: (Assumed TD of 4800') 500 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield - 1.37, 72% excess; Stage 2: LEAD

COG Operating LLC Master Drilling Plan Grayburg Jackson; SR-Q-Grbg-SA Use for Sections 6-30, T17S, R29E Eddy County, NM

> 450 sx 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, yield - 1.37, + TAIL 250 sx Class C w/ 0.3% R-3 + 1.5% CD-32, yield -1.02 148% open hole excess, cement calculated back to surface. Multi stage tool to be set at approximately, depending on hole conditions, 2500'. Cement volumes will be adjusted proportionately for depth changes of multi stage tool, assumption for tool is water flow.

6. Minimum Specifications for Pressure Control

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer, and in some cases possibly a 2000 psi Hydril type annular preventer as provided for in Onshore Order #2. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. A 13-5/8" or 11" BOP will be used, depending on the rig selected, during the drilling of the well. The BOP will be nippled up on the 13 3/8" surface casing with BOP equipment and tested to 2000 psi. When 11" BOP is used the special drilling flange will be utilized on the 13-3/8" head to allow testing the BOP with a retrievable test plug. After setting 8-5/8" the BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a third party to 2000 psi and used continuously until total depth is reached. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) with a 2000 psi WP rating.

The majority of the rigs currently in use have a 13-5/8" BOP, so no special provision is needed for most wells in the area for conventionally testing the BOP with a test plug. However, due to the vagaries of rig scheduling, it might be that one of the few rigs with 11" BOP's might be called upon to drill any specific well in the area. Note that intermediate hole size is always 11". Therefore, COG Operating LLC respectfully requests a variance to the requirement of 13-5/8" BOP on 13-3/8" casing. When that circumstance is encountered the special flange will be utilized to allow testing the entire BOP with a test plug, without subjecting the casing to test pressure. The special flange also allows the return to full-open capability if desired.

gee.

7. Types and Characteristics of the Proposed Mud System

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-300'	Fresh Water	8.5	28	N.C.
300-850' 950	Brine	10	30	N.C.
850'-TD'	Cut Brine	8.7-9.2	30	N.C.

Sufficient mud materials will be kept at the well site to maintain mud properties and meet minimum lost circulation and weight increase requirements at all times.

8. Auxiliary Well Control and Monitoring Equipment

- A. Kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program See COA

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be run from TD to Surface.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and the estimated maximum bottom hole pressure is 2300 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area, although a Hydrogen Sulfide Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

11. Anticipated Starting Date and Duration of Operations

COG Operating LLC Master Drilling Plan Grayburg Jackson; SR-Q-Grbg-SA Use for Sections 6-30, T17S, R29E Eddy County, NM

Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the anticipated start date. Once commenced, drilling operations should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.



COG Operating LLC

Eddy County, NM (NAN27 NME) Burch Keely Unit #694 ✓ Burch Keely Unit #694

OH

Plan: Plan #2 7-7/8" Hole

SHL = 660' FNL & 2332' FWL BHL = 660' FNL & 1980' FWL

Top of Paddock = 660' FNL & 1980' FWL @ 4000' TVD

Standard Planning Report

06 January, 2011





Scientific Drilling

Planning Report



Database: Company: EDM-Julio

COG Operating LLC

Project:

Site:

Eddy County, NM (NAN27 NME) Burch Keelv Unit #694

Well:

Burch Keely Unit #694

Wellbore

Design:

Plan #2 7-7/8" Hole

Local Co-ordinate Reference

TVD Reference: MD Reference:

North Reference:

Survey Calculation Method

Site Burch Keely Unit #694

GL Elev. @ 3598.00usft

GL Elev. @ 3598.00usft

Minimum Curvature

Project.

Eddy County, NM (NAN27 NME)

Map System:

US State Plane 1927 (Exact solution) NAD 1927 (NADCON CONUS)

Geo Datum: Map Zone:

New Mexico East 3001

System Datum:

Mean Sea Level

Site

Burch Keely Unit #694

Site Position

593,573.20 usft

Longitude:

32° 48' 39.083 N 104° 1' 43.569 W

From: Position Uncertainty:

0.00 usft

Easting: Slot Radius:

13-3/16

Grid Convergence:

Well

Burch Keely Unit #694

Well Position

+N/-S +E/-W 0.00 usft 0.00 usft

Easting:

593,573.20 usft

Longitude:

32° 48' 39,083 N 104° 1' 43.569 W

Position Uncertainty

0.00 usft

IGRF2010

Wellhead Elevation:

Ground Level:

3,598.00 usft

2011/01/06

48,962

Design/

Audit Notes: Version:

Tie On Depth:

Vertical Section:

Depth From (TVD) (usft) 0.00

Plan #2 7-7/8" Hole

+N/-S

+E/-W/ (usit)

0.00

Direction

. (°) 269.85

60.66

Plan Sections	1.31	فرسيمين الكليد الانتشاف والراريس	abilities to annual description of the tendered	initiate of the second second	an incephandfilmid of incliffentillings	kalingan dan kalaban Bandan da	and the Designation of the State of the Stat	range of the state of the state of the state of	remanne 160 °, delejúnske oblek demokrál sem t	Signification of the second distribution of the second of the
Measured			Vertical			Dogleg	Build	. Turn		
Depth	Inclination	Azimuth,	Depth	+N/-S	*/: +E/-W.3./s	Rate	Räte	Rate	TFQ .***	
(usft)	(°)	(°)	(usft)	(usft)	(usft)	(°/100usft)	(?//100usft),":	(°/100usft);	(*)	Target
0.00	0.00	0,00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ngentifika ima ("a yan) nasi a Tarthi i a Bathiri Athar 1964
1,150.00	0.00	0.00	1,150.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,560.68	8.21	269.85	1,559.28	-0.08	-29.39	2.00	2.00	0.00	269.85	
3,613.18	8.21	269.85	3,590.72	-0.82	-322.61	0.00	0.00	0.00	0.00	
4,023.86	0.00	0.00	4,000.00	-0.90	-352.00	2.00	-2.00	0.00	180.00	TG1-BK #694
4,823.86	0.00	0.00	4,800.00	-0.90	-352.00	0.00	0.00	0.00	0.00	PBHL-BK #694

0.00

PBHL:
$$y \to (660 - .9) \approx 660' | FNL$$

 $x \to (2332 - 352) | Ft = > 1980' | FWL$



Scientific Drilling

Planning Report



EDM-Julio

Eddy County, NM (NAN27 NME)

 Database:
 EDM-Julio

 Company:
 COG Operating LLC

 Project:
 Eddy County, NM (NAN Site:

 Burch Keely Unit #694

 Well:
 Burch Keely Unit #694

 Wellibore:
 OH

 Design:
 Plan #2 7-7/8" Hole

MD Reference: North Reference: Survey Calculation Method:

Local Co-ordinate Reference: Site Burch Keely Unit #694
TVD Reference: GL Elev. @ 3598.00usft
GL Elev. @ 3598.00usft GL Elev. @ 3598.00usft

Grid

Minimum Curvature

ined Survey					TEN FERSON		wasawa	李 15 15 18 18 18 18 18 18 18 18 18 18 18 18 18	ING PLUMP
Measured *		en man	Vertical		E STATE OF S	Vertical	Dogleg	Build	Turn X
	lination	Δzimuth	Depth	+N/-S	+E/-W	Section	Rate	Rate	Rate
(usft)			(usft)	(usft)	(usft)	"海野儿"。	The second of the second	9 3 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	(100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,050.00	0.00	0.00	1,050.00	0.00	0.00	0.00	0.00	0.00	0.00
8-5/8" Casing									
1,150.00	0.00	0.00	1,150.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP Start Build 2		222.05	4 000 00	0.00	0.44	2.44	0.00	0.00	0.00
1,200.00	1.00	269.85	1,200.00	0.00	-0.44	0.44	2.00	2.00	0.00
1,300.00	3.00	269.85	1,299.93	-0.01	-3.93	3.93	2.00	2.00	0.00
1,400.00	5.00	269.85	1,399.68	-0.03	-10.90	10.90	2.00	2.00	0.00
1,500.00	7.00	269.85	1,499.13	-0.05	-21.35	21.35	2.00	2.00	0.00
1,560.68	8.21	269.85	1,559.27	-0.08	-29.39	29.39	2.00	2.00	0.00
EOC hold 8.21°									
1,600.00	8.21	269.85	1,598.19	-0.09	-35.00	35.00	0.00	0.00	0.00
1,700.00	8.21	269.85	1,697.17	-0.13	-49.29	49.29	0.00	0.00	0.00
1,800.00	8.21	269.85	1,796.14	-0.16	-63.58	63.58	0.00	0.00	0.00
1,900.00	8.21	269.85	1,895.11	-0.20	-77.86	77.86	0.00	0.00	0.00
2,000.00	8.21	269.85	1,994.09	-0.24	-92.15	92.15	0.00	0.00	0.00
2,100.00	8.21	269.85	2,093.06	-0.27	-106.44	106.44	0.00	0.00	0.00
2,200.00	8.21	269.85	2,192.04	-0.31	-120.72	120.72	0.00	0.00	0.00
2,300.00	8.21	269.85	2,291.01	-0.35	-135.01	135.01	0.00	0.00	0.00
2,400.00	8.21	269.85	2,389.99	-0,38	-149.29	149.29	0.00	0.00	0.00
2,500.00	8.21	269.85	2,488.96	-0.42	-163.58	163.58	0.00	0.00	. 0.00
2,600.00	8.21	269.85	2,587.93	~0.45	-177.87	177.87	0.00	0.00	0.00
2,700.00	8.21	269.85	2,686.91	-0.49	-192.15	192.15	0.00	0.00	0.00
2,800.00	8.21	269.85	2,785.88	-0.53	-206.44	206.44	0.00	0.00	0.00
2,900.00	8.21	269.85	2,884.86	· -0.56	-220.73	220.73	0.00	0.00	0.00
3,000.00	8.21	269.85	2,983.83	-0.60	-235.01	235.01	0.00	0.00	0.00
3,100.00	8.21	269.85	3,082.81	-0.64	-249.30	249.30	0.00	0.00	0.00
3,200.00	8.21	269.85	3,181.78	-0.67	-263.59	263.59	0.00	0.00	0.00
3,300.00	8.21	269.85	3,280.75	-0.71	-277.87	277.87	0.00	0.00	0.00
3,400.00	8.21	269.85	3,379.73	-0.75	-292.16	292.16	0.00	0.00	0.00
3,500.00	8.21	269.85	3,478.70	-0.78	-306.44	306.45	0.00	0.00	0.00
3,600.00	8.21	269.85	3,577.68	-0.82	-320.73	320.73	0.00	0.00	0.00
3,613.18	8.21	269.85	3,590.72	-0.82	-322.61	322.61	0.00	0.00	0.00
Start Drop 2.00°/1	00'								
3,700.00	6.48	269.85	3,676.83	-0.85	-333.71	333.71	2.00	-2.00	0.00
3,800.00	4.48	269.85	3,776.36	-0.88	-343.26	343.26	2.00	-2.00	0.00
3,900.00	2.48	269.85	3,876.17	-0.89	-349.32	349.32	2.00	-2.00	0.00
4,000.00	0.48	269.85	3,976.14	-0.90	-351.90	351.90	2.00	-2.00	0.00
4,023.86	0.00	269.85	4,000.00	-0.90	-352.00	352.00	2.00	-2.00	0.00
EOC hold 0.00° -	IG1-BK #694	•							
4,823.86	0.00	0.00	4,800.00	-0.90	-352.00	352.00	0.00	0.00	0.00
PBHL-BK #694									



Scientific Drilling

Planning Report



EDM-Julio

Company: COG Operating LLC

Eddy County, NM (NAN27 NME)
Burch Keely Unit #694
Burch Keely Unit #694
OH
Plan #2 7-7/8" Hole Project: Site: Well:

Wellbore Design:

Local Co-ordinate Reference TVD Reference: MD Reference: North Reference: Survey Calculation Method

Site Burch Keely Unit #694

GL Elev. @ 3598.00usft GL Elev. @ 3598.00usft

Grid

Minimum Curvature

Design (Targets Target Name hit/miss target Dip Shape	Angle D	ip Diř	iVD (usit)		+E/-W	Northing (usit)	Easting (usff)	Latitude	Longitude
TG1-BK #694 - plan hits target center - Point	0.00	0.00	4,000.00	-0.90	-352.00	658,834.50	593,221.20	32° 48′ 39.084 N	104° 1′ 47.693 W
PBHL-BK #694 - plan hits target center - Circle (radius 10.00)	0.00	0.01	4,800.00	-0.90	-352.00	658,834.50	593,221.20	32° 48' 39.084 N	104° 1' 47.693 W

Casing Poin	ts) Measured Depth (usft)	Vertical Depth (usft)	State va Posta	Casing Hole Diameter Diameter
	1,050.00	1,050.00	8-5/8" Casing	8-5/8 12-1/4

Plan Annotations	TO BE SOMETHING COMMON ASSESSMENT	and the state of t		The state of the s
Measured Depth Tustit	Vertical Depth (usft)	Local Coordina +N/S (usft)	tos +E/-W	Comment
1,150.00	1,150.00	0.00	0.00	KOP Start Build 2.00°/100'
1,560.68	, 1,559.27	-0.08	-29.39	EOC hold 8.21°
3,613.18	3,590.72	-0.82	-322.61	Start Drop 2.00°/100'
4,023.86	4,000.00	-0.90	-352.00	EOC hold 0.00°

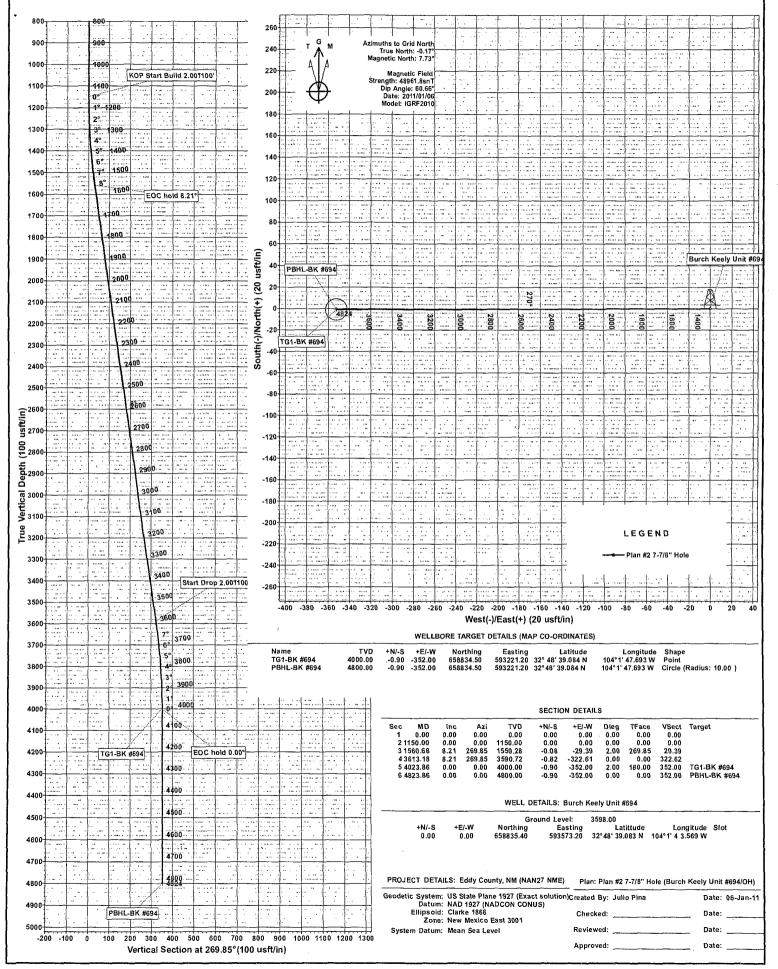


Scientific Drilling for COG Operating LLC Site: Eddy County, NM (NAN27 NME) Well: Burch Keely Unit #694

Wellbore: OH

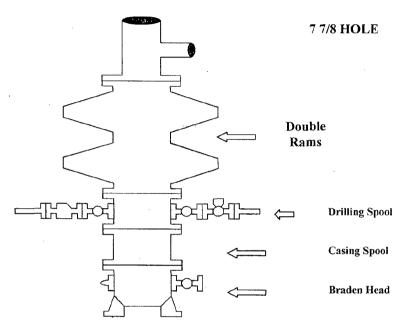
Design: Plan #2 7-7/8" Hole





COG Operating LLC

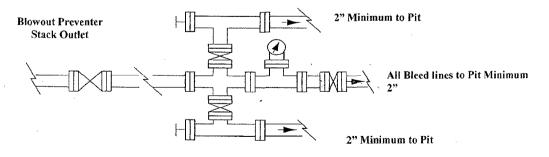
Exhibit #9 BOPE and Choke Schematic



Minimum 4" Nominal choke and kill lines

Choke Manifold Requirement (2000 psi WP) No Annular Required

Adiustable Choke



Adjustable Choke (or Positive)

NOTES REGARDING THE BLOWOUT PREVENTERS Master Drilling Plan Eddy County, New Mexico

- 1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
- 2. Wear ring to be properly installed in head.
- 3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.
- 4. All fittings to be flanged.
- 5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.
- 6. All choke and fill lines to be securely anchored especially ends of choke lines.
- 7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
- 8. Kelly cock on Kelly.
- 9. Extension wrenches and hands wheels to be properly installed.
- 10. Blow out preventer control to be located as close to driller's position as feasible.
- 11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

Blowout Preventers Page 2