<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720

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

Phone:(505) 334-6178 Fax:(505) 334-6170 <u>District IV</u>

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462 State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505 Form C-101 August 1, 2011

Permit 137743

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| COGO | or Name and Address PERATING LLC | OGRID Number 229137 | |
|----------------------------------|----------------------------------|-------------------------------|--|
| 550 W TEXAS MIDLAND, TX 79701 | | 3. API Number 30-015-39515 | |
| 4. Property Code | 5. Property Name | 6. Well No. | |
| 38873 | FALABELLA "31" FEE | | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 31 | 188 | 26E | P | 150 | S | 380 | E | EDDY |

8. Pool Information

| PENASCO DRAW:SA-YESO (ASSOC) | 50270 |
|------------------------------|-------|

Additional Well Information

| | 1 | Additional Well Inform | Iation | 1 | |
|--|----------------------|--|------------------------|--|--|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type Private | 13. Ground Level Elevation 3391 | |
| 14. Multiple 15. Proposed Depth N 7415 | | th 16. Formation Yeso Formation | | | |
| Depth to Ground water | | Distance from nearest fresh water > 1000 | r well | Distance to nearest surface water > 1000 | |

19. Proposed Casing and Cement Program

| | | | | | 8 | |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
| Surf | 12.25 | 9.625 | 36 | 825 | 600 | 0 |
| Prod | 8.75 | 5.5 | 17 | 7415 | 725 | 0 |

Casing/Cement Program: Additional Comments

COG proposes to drill 12-1/4" hole to 825' w/ fresh water, run 9 5/8" 36# J-55 and cement to surface. Drill 8 3/4" hole to 2273, and drill curve and lateral to new BHL @ TVD of 2750' and MD of 7415'. Run 7415' of 5 1/2" 17# L-80 casing and cement to surface.

Proposed Blowout Prevention Program

| Туре | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 2000 | 2000 | |

| I hereby certify that the information giv of my knowledge and belief. I further certify that the drilling pit | en above is true and complete to the best will be constructed according to | OIL CONSERVATION DIVISION | | | |
|---|--|---------------------------------|----------------------------|--|--|
| | ermit , or an (attached) alternative | Approved By: Randy Dade | | | |
| Printed Name: Electronically fil | ed by Diane Kuykendall | Title: District Supervisor | | | |
| Title: Production Reporting Mg | r | Approved Date: 11/8/2011 | Expiration Date: 11/8/2013 | | |
| Email Address: dkuykendall@c | onchoresources.com | | | | |
| Date: 10/31/2011 | Phone: 432-683-7443 | Conditions of Approval Attached | | | |

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State of New Mexico

Energy, Minerals and Natural Resources

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

Form C-102 August 1, 2011

Permit 137743

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1. API Number | 2. Pool Code | PENASCO I | 3. Pool Name |
|------------------------|------------------------------------|-----------|----------------------|
| 30-015-39515 | 50270 | | DRAW;SA-YESO (ASSOC) |
| 4. Property Code | 5. Property Name | | 6. Well No. |
| 38873 | FALABELLA "31" FEE | | 008H |
| 7. OGRID No. 229137 | 8. Operator Name COG OPERATING LLC | | 9. Elevation 3391 |

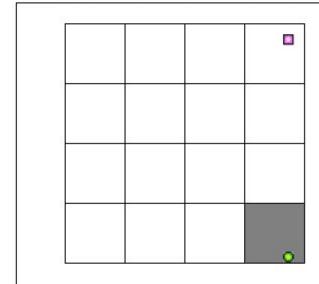
10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 31 | 188 | 26E | | 150 | S | 380 | E | EDDY |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|-------------|----------|----------------|---------|-----------------|----------|-----------|---------------|--------|
| A | 31 | 188 | 26E | A | 330 | N | 380 | E | EDDY |
| | cated Acres | 13. J | oint or Infill | 14 | . Consolidation | Code | | 15. Order No. | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Diane Kuykendall Title: Production Reporting Mgr

Date: 10/31/2011

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.

Surveyed By: Gary Eidson Date of Survey: 9/9/2011 Certificate Number: 12641

Permit Comments

Operator: COG OPERATING LLC , 229137 Well: FALABELLA "31" FEE #008H

API: 30-015-39515

| Created By | Comment | Comment Date |
|---------------|---|-----------------|
| kholly1 | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 9/21/2011 |

Permit Conditions of Approval

Operator: COG OPERATING LLC , 229137 Well: FALABELLA "31" FEE #008H

API: 30-015-39515

| OCD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | Will require administrative order for non-standard location |
| CSHAPARD | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |