

District I
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
District IV
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 178236

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

| | | |
|---|--|-------------------------------|
| 1. Operator Name and Address COG PRODUCTION, LLC 600 W. Illinois Ave Midland, TX 79701 | | 2. OGRID Number 217955 |
| 4. Property Code 39769 | | 3. API Number 30-025-41545 |
| 5. Property Name SALVADOR FEE | | 6. Well No. 003H |

7. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot N | Section 10 | Township 24S | Range 34E | Lot Idn | Feet From 190 | N/S Line S | Feet From 1470 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot C | Section 10 | Township 24S | Range 34E | Lot Idn C | Feet From 330 | N/S Line N | Feet From 1980 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|---------------|

9. Pool Information

| | |
|------------------------------|-------|
| RED HILLS;BONE SPRING, NORTH | 96434 |
|------------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3528 |
| 16. Multiple N | 17. Proposed Depth 15694 | 18. Formation Bone Spring | 19. Contractor | 20. Spud Date 12/17/2013 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 54.5 | 1175 | 750 | |
| Int1 | 12.25 | 9.625 | 40 | 5350 | 1350 | |
| Prod | 7.875 | 5.5 | 17 | 15694 | 1500 | 5150 |

Casing/Cement Program: Additional Comments

Plan to drill a 17-1/2" hole to 1,175' with Fresh Water. Run 13-3/8", 54.5#, J-55 csg and cmt to surface. Drill 12-1/4" hole to 5,350' with Brine, and run 9-5/8", 40#, J-55/N-80 and cement to surface in 1 stage. Drill 7-7/8" curve and lateral with cut brine to approx 15,694' MD. Run 5-1/2", 17#, P-110 csg and cement to 5,150' in 2 stages.

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 3000 | Cameron |

| | |
|--|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: | OIL CONSERVATION DIVISION |
| Printed Name: Electronically filed by DIANE KUYKENDALL | Approved By: Paul Kautz |
| Title: Production Reporting Manager | Title: Geologist |
| Email Address: dkuykendall@concho.com | Approved Date: 12/11/2013 Expiration Date: 12/11/2015 |
| Date: 12/10/2013 Phone: 432-685-4372 | Conditions of Approval Attached |

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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

District IV
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-102
August 1, 2011
Permit 178236

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--|
| 1. API Number 30-025-41545 | 2. Pool Code 96434 | 3. Pool Name RED HILLS;BONE SPRING, NORTH |
| 4. Property Code 39769 | 5. Property Name SALVADOR FEE | 6. Well No. 003H |
| 7. OGRID No. 217955 | 8. Operator Name COG PRODUCTION, LLC | 9. Elevation 3528 |

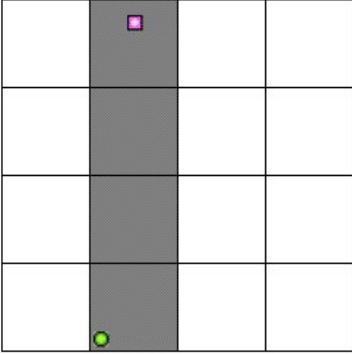
10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot N | Section 10 | Township 24S | Range 34E | Lot Idn | Feet From 190 | N/S Line S | Feet From 1470 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|------------------------|---------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot C | Section 10 | Township 24S | Range 34E | Lot Idn | Feet From 330 | N/S Line N | Feet From 1980 | E/W Line W | County Lea |
| 12. Dedicated Acres 160.00 | 13. Joint or Infill | | 14. Consolidation Code | | | | 15. Order No. | | |

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

| | |
|---|---|
|  | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: DIANE KUYKENDALL Title: Production Reporting Manager Date: 12/10/2013</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Chad Harcrow Date of Survey: 6/19/2013 Certificate Number: 17777</p> |
|---|---|

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8181 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) 334-8178 Fax:(505) 334-8170
District IV
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 APD Comments

Permit 178236

PERMIT COMMENTS

| | | |
|--|--|-----------------------------|
| Operator Name and Address: COG PRODUCTION, LLC [217955] 600 W. Illinois Ave Midland, TX 79701 | | API Number: 30-025-41545 |
| | | Well: SALVADOR FEE #003H |
| Created By | Comment | Comment Date |
| matyereyes | OIL: COG Operating 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 would be necessary. | 12/10/2013 |

District I
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
District IV
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 APD Conditions

Permit 178236

PERMIT CONDITIONS OF APPROVAL

| | |
|--|-----------------------------|
| Operator Name and Address: COG PRODUCTION, LLC [217955] 600 W. Illinois Ave Midland, TX 79701 | API Number: 30-025-41545 |
| | Well: SALVADOR FEE #003H |

| OCD Reviewer | Condition |
|-----------------|--|
| pkautz | Will require a directional survey with the C-104 |
| pkautz | Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines |
| pkautz | 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 |
| pkautz | SURFACE & INTERMEDIATE CASING - Cement must circulate to surface |
| pkautz | PRODUCTION CASING - Cement must tie back into intermediate casing |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |