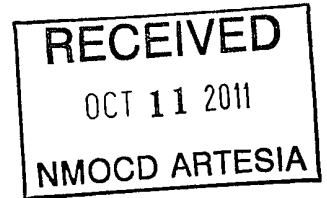


30-015-39503

COG OPERATING LLC
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Airbus 12 Federal #2H
SHL: 330' FNL & 330' FWL
BHL: 330' FSL & 380' FWL
Section 12 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 John West Surveying Company.
- 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 the intersection of CO. Rd. #126 (Maljamar Rd.) and Dry lake Rd., go north on CO. Rd. #126 approx. 3.0 miles. Turn left and go west-southwest approx. 0.8 miles. Veer left and go southwest approx. 1.2 miles. Turn right and go west approx. 0.5 miles. Turn right at proposed road survey and go north approx. 458 feet. This location stake is approx. 212 feet northwest.

PLANNED ACCESS ROAD:

COG will be using a proposed access road of 458' coming in from the south side of the pad.

2. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. In the event the well is found productive, the Airbus 12 Federal #2H tank battery would be utilized and the necessary production equipment will be installed at the well site. See Exhibit #4.
- B. All flowlines will adhere to API standards

- C. If electricity is needed, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.
- D. If the well is productive, rehabilitation plans are as follows:
 - i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

3. 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.

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.

6. ANCILLARY FACILITIES:

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

7. WELLSITE LAYOUT:

- a. Exhibit 1 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of reserve and 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.

8. 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. 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.

9. SURFACE OWNERSHIP:

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

10. OTHER INFORMATION:

- a. The area surrounding the well site is grassland. The vegetation is moderately sparse with native prairie grass and mesquite bushes. 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. 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. Reserve pit will not be used on this location therefore no reclamation is needed.
- d. Topsoil will be stockpiled on the WEST SIDE of the location until it is needed for interim reclamation described in paragraph above.

12. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Rand French, Regulatory Supervisor
 COG Operating LLC
 Artesia, NM 88210
 Phone (575)748-6940
 Cell (432) 254-5556

B. Through Drilling Operations

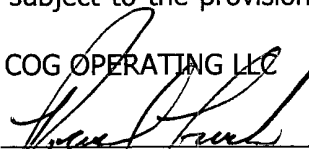
Sheryl Baker, Drilling Supervisor
 COG Operating LLC
 Artesia, NM 88210
 Phone (575)748-6940
 Cell (432)934-7873

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 COG Operating LLC 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.

7-19-11
Date

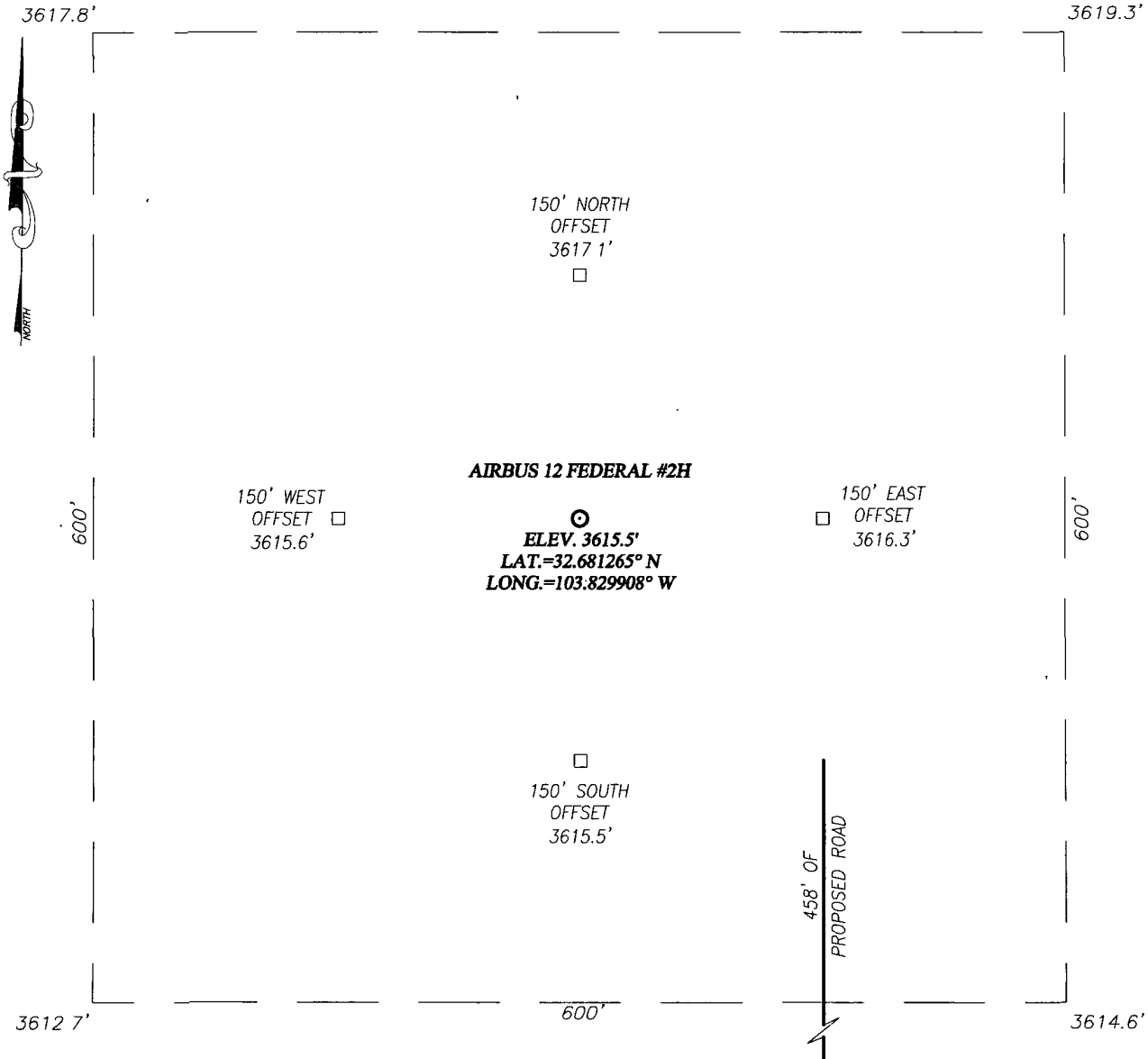
COG OPERATING LLC


Rand French
Regulatory Supervisor

SECTION 12, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.

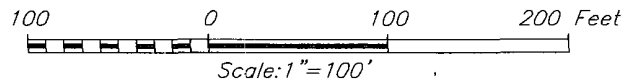
EDDY COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION

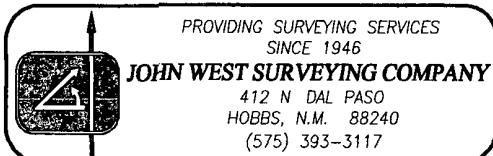
FROM THE INTERSECTION OF CO. RD. #126 (MALJAMAR RD) AND DRY LAKE RD, GO NORTH ON CO. RD. #126 APPROX. 3.0 MILES. TURN LEFT AND GO WEST-SOUTHWEST APPROX. 0.8 MILES. VEER LEFT AND GO SOUTHWEST APPROX. 1.2 MILES. TURN RIGHT AND GO WEST APPROX. 0.5 MILES. TURN RIGHT AT PROPOSED ROAD SURVEY AND GO NORTH APPROX. 458 FEET. THIS LOCATION STAKE IS APPROX. 212 FEET NORTHWEST.



COG OPERATING, LLC

AIRBUS 12 FEDERAL #2H WELL
LOCATED 330 FEET FROM THE NORTH LINE
AND 330 FEET FROM THE WEST LINE OF SECTION 12,
TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

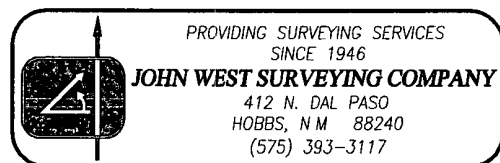
Survey Date: 11/12/10	Sheet 1 of 1 Sheets		
W.O. Number: 10.11.1690	Dr. By: DSS	Rev 1:	
Date: 11/29/30	Rel. W.O.:	10111690	Scale:1"=100'



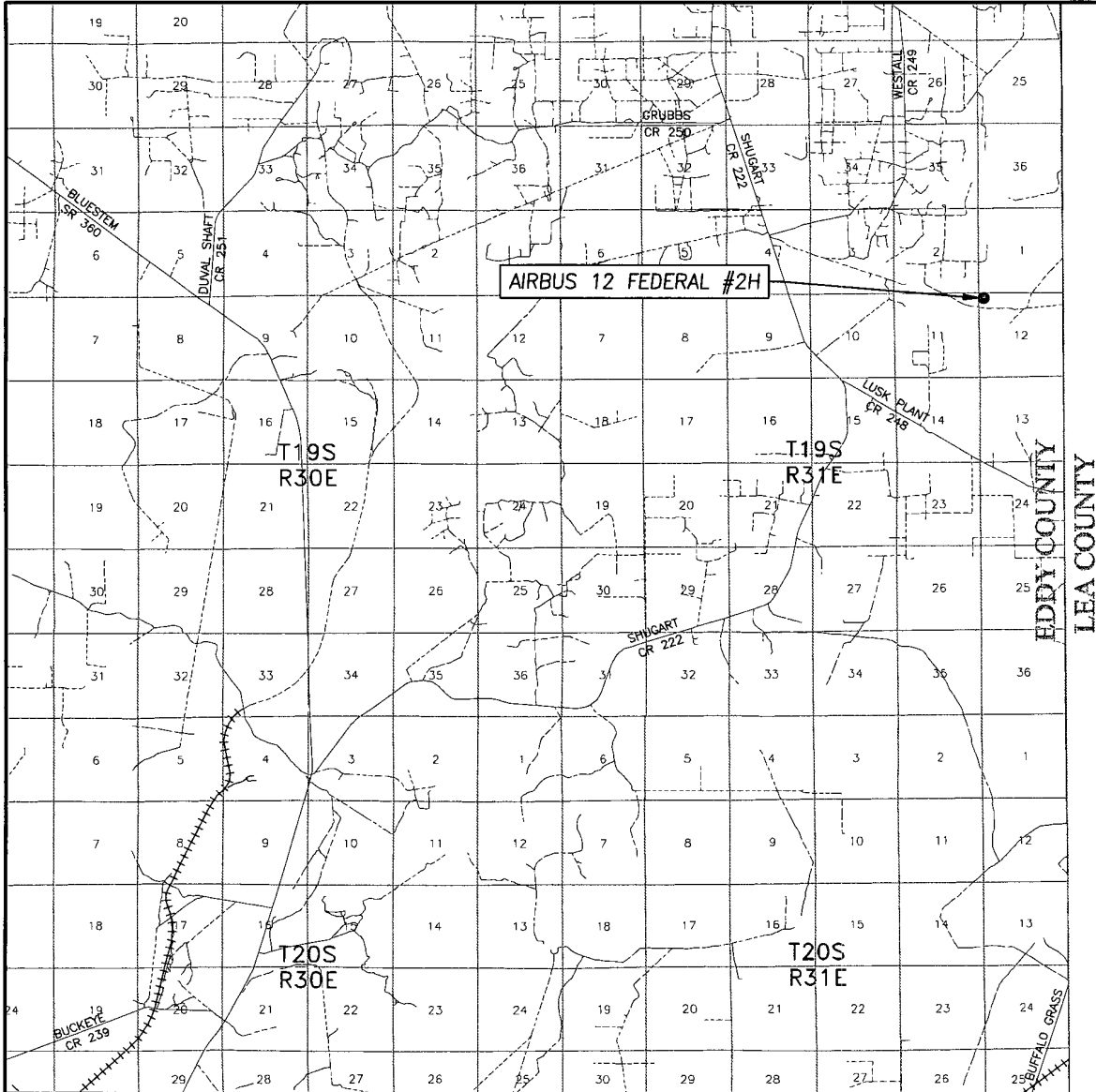
This topographic map depicts a portion of the Green River National Forest. A proposed road, highlighted in red, runs from the bottom left towards the top right. A specific location on this road is marked with a red dot and labeled "AIRBUS 12 FEDERAL #2H". A callout box indicates a "458' OF PROPOSED ROAD" segment. The map features numerous contour lines, spot elevations (e.g., 3622T, 3617T, 3619T, 3628T, 3629T, 3642T, 3644T, 3652T, 3651T, 3658T, 3642T, 3632T, 3635T, 3636T, 3627T, 3618T, 3624T, 3598T, 3589T, 3599T, 3558T, 3550, 3542T, 3566T, 3598T), and labels for "Greenwood Lake" and "Gravel Pit". Section numbers 2, 6, 7, 11, 12, 13, 14, and 18 are visible. A north arrow is located in the upper left corner.

CONTOUR INTERVAL:
GREENWOOD LAKE, N.M. - 10'

U.S.G.S. TOPOGRAPHIC MAP
GREENWOOD LAKE, N.M.

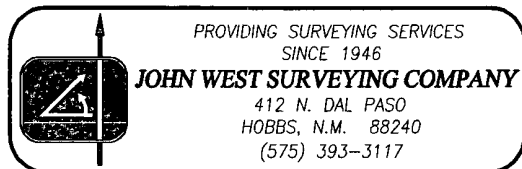


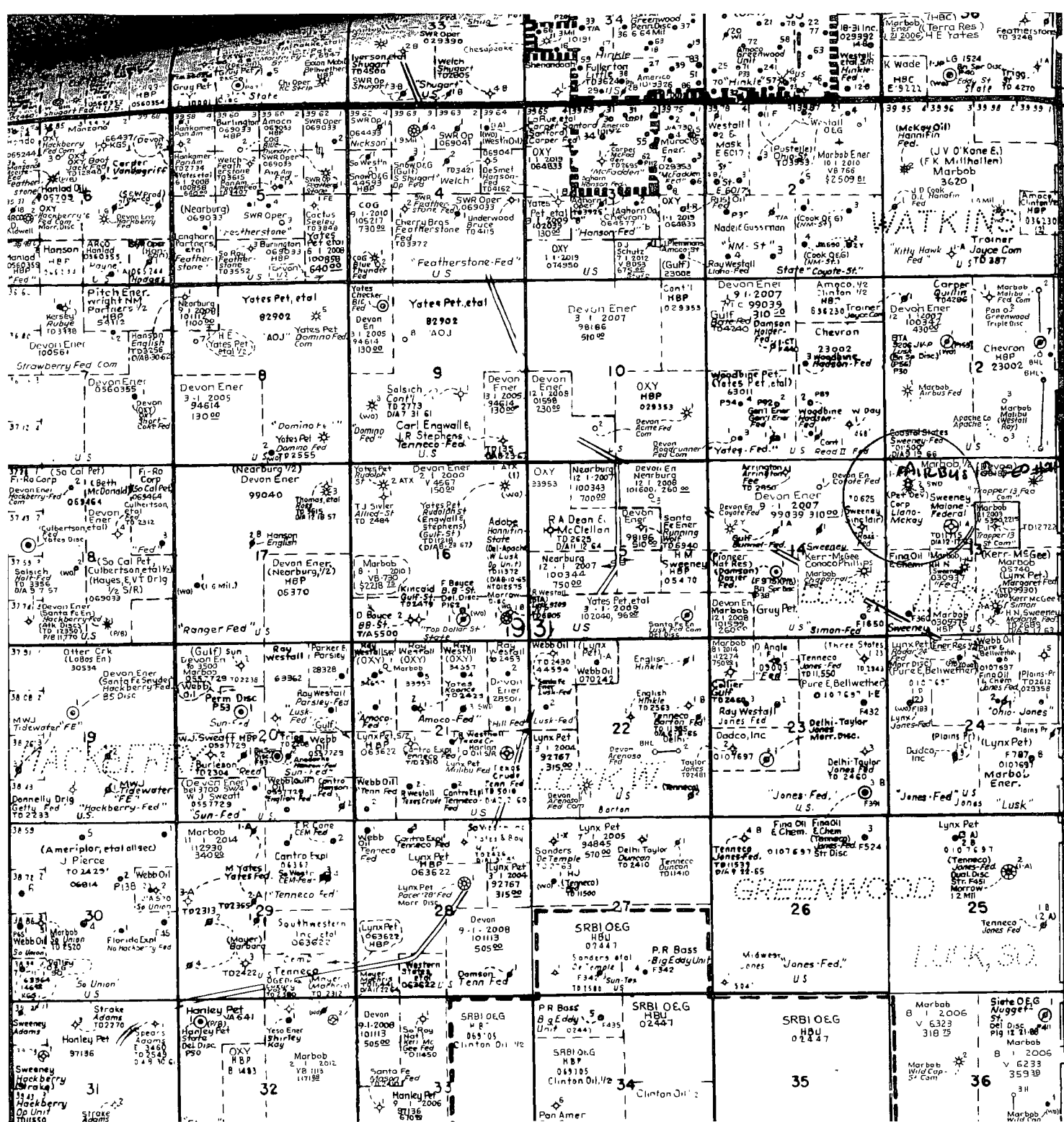
VICINITY MAP



SCALE: 1" = 2 MILES

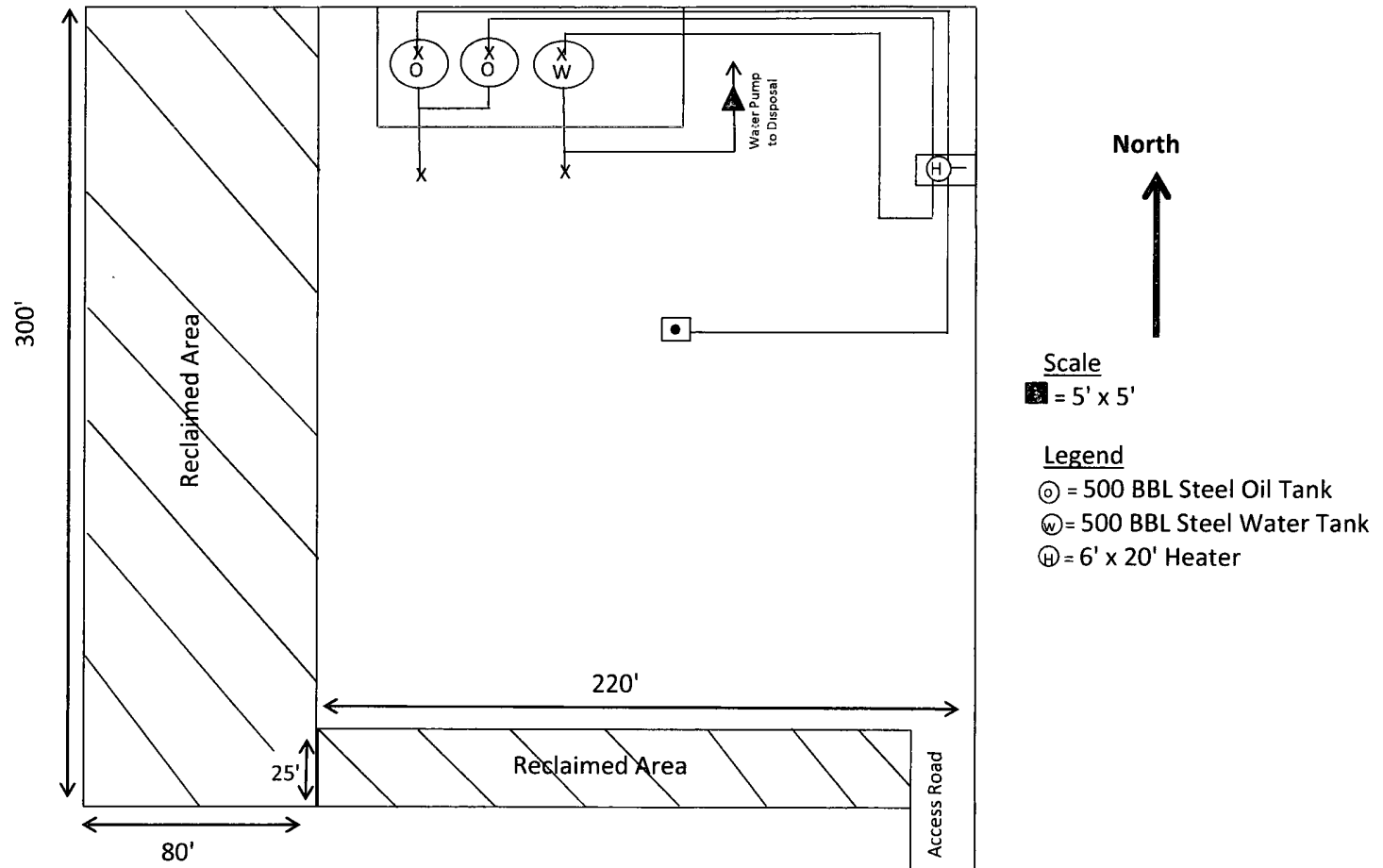
SEC. 12 TWP. 19-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 330' FNL & 330' FWL
 ELEVATION 3615'
 OPERATOR COG OPERATING, LLC
 LEASE AIRBUS 12 FEDERAL





Production Facility Layout

Airbus 12 Federal #2H



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: July 19, 2011

Lease #: NMNM100342
Airbus 12 Federal #2H

Legal Description: Sec. 12 – T19S – R31E
Eddy County, New Mexico

Formation(s): Bone Springs

Bond Coverage: Statewide

BLM Bond File #: NMB000740 + NMB000215

COG OPERATING LLC

A handwritten signature in black ink, appearing to read "Mayte Reyes", is written over a horizontal line.

Mayte Reyes
Regulatory Analyst