(אפוא דאאר)	UNIT	ED STATES	SA	MANA COLOR	reverse	side)	OMB NO. Expires: Feb	1004-0136 Feary 28, 1995	
	DEPARTMENT BUREAU OF	LAND MANA			Cons.	DIV-D	5. LEASE DESIGNATION STATEMENT STATE	N AND SERIAL NO.	
APPL	ICATION FOR P		49 7					EE OR TRIBE NAME	
1a. TIPE OF WORK				Artes	ia. NM	8821	7. UNIT AGREEMENT		
b. Tipe of well	RILL 🛛 064/	DEEPEN			,	0021	WILL UNIT AGREEMENT	NYMB	
OIL [WELL X OTHER			NGLE KX	MULT ZONE	CIPLE	8. FARM OR LEASE NAME,	WELL NO. 2075	
	G, LLC 229137 (1						BLUE THUNDER	"4"FED. #	
		ERICK NELSO	N) 432	2-685-4	+341)		9. AFI WELL NO.		
550 WEST TEXA	AS AVENUE SUITE	1300 MIDLAN	D. TI	EXAS 79	701		30 015	•	
LOCATION OF WELL (Report location clearly and						i		
At surface						CENTER	LUSK MORROW (BBLE. ANGLI	
At proposed prod. zo:	60' FWL SECTION	4 T19S=R311	E ED	DY CO	. NM. ne	CEIVED	l		
	SAME				MA	Y 1 8 2005	SECTION 4 T	19S-R31E	
	AND DIRECTION FROM NEAD				OCD	-APTEQ	12. COUNTY OR PARIS	H 13. STATE	
Approximately 5. DISTANCE FROM PROP	50 miles Southw	est of Hobl			100		ADDY CO.	NEW MEXICO	
LOCATION TO NEARES PROPERTY OR LEASE	·	60'	16. NO	320	S IN LEASE		OF ACRES ASSIGNED HIS WELL		
(Also to nearest dr!	g. unit line, if any)	. .	10 70	OPOSED DE			320		
	RILLING, COMPLETED,	2001			FEB	20. ROTARY OR CABLE TOOLS			
	sether DF, RT, GR, etc.)	000'	1 1	2,700'		ROTARY 22. APPROX. DATE WORK WILL STA			
		3553' GR.	Parallia.	m Pambos	iled Wate	e Decks	WHEN APPROVE	ED	
3.		PROPOSED CASI							
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FO		,	NG DEPTH		OH VYTHY OF ANY	w V.	
25"	Conductor	NA			0'	Coment	quantity of CEM		
175"	H-40 13 3/8"	48#		550			c. circulate o		
12½"	J-55 8 5/8"	32#		3500		1000 52			
7 7/8''	P-110 5½"	17#		12,700		600 Sx	. Est TOC 900	00'±.	
Redi-mix. 2. Drill 17½'' with 200 S	hole to 40'. Set hole to 550'. R x. of 35/65 Clas ement + 2% CaCl,	un and set s "C" POZ o	550' cemen	of 13 t + ado	3/8" 48 litives,	# H-40 S tail ir	ST&C casing. C n with 200 Sx.	Cement	
with 800 S	hole to3500'. R x. of 50/50 Clas cement +additive	s "C" POZ o	cemen	t + ado	ditives,	tail in			
Cement wit	8" hole to 12,70 h 600 Sx. of Cla 9000'±, at least	ss "H" Prem	nium -	Plus ce	ement + most pa	additive		ор	
ABOVE SPACE DESCRIB	SE PROPOSED PROGRAM: If inent data on subsurface location	proposal is to deepen, is and measured and tr	give data ue vertica	on present p	oroductive 28	eneral Pecial S IT achi ei	REQUIREMEN TIPULATIONS Rew productive zone. If	TS AND	
SIGNED SOP	T Jans	<u>ea</u> 111	LEA	Agent			DATE	2/05	
(This space for Fede	ral or State office use)								

FIELD MANAGER /s/ Joe G. Lara MAY 1 7 2005 Salt)9.5

*See Instructions On Reverse Side APPROVAL FOR 1 YEAR
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false. fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lesse which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL DATE _

State of New Mexico

DISTRICT I'
1625 N. FRENCE DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT IV

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Na	ame
	80840	LUSK MORROW WEST GAS	
Property Code		Well Number	
34747	BLUE TH	1	
OGRID No.		Operator Name	Elevation
229137	COG	OPERATING LLC	3553'

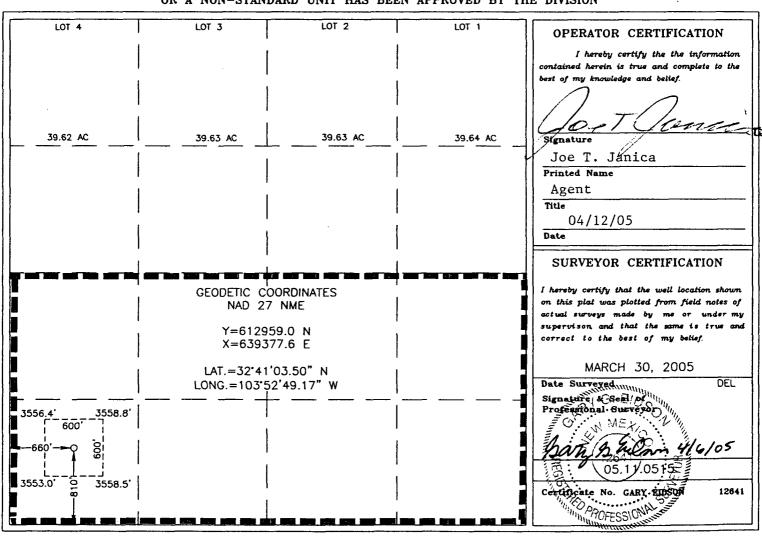
Surface Location

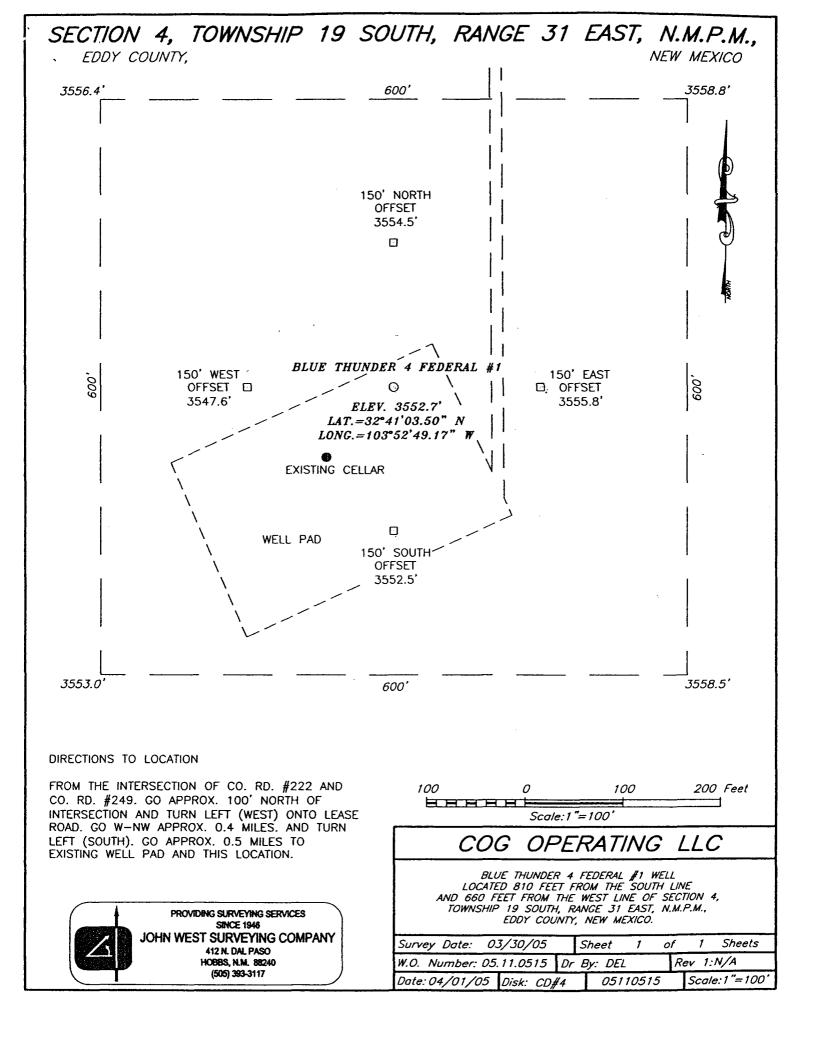
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
М	4	19-S	31-E		810	SOUTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

	UL or lot No.	Section	Townsh	ip Ran	ge Lot	ldn	Feet from the	North/South line	Feet from the	East/West line	County
1	Dedicated Acres	Joint o	or Infill	Consolida	tion Code	Or	der No.				<u> </u>
	320										

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





APPLICATION TO DRILL

COG OPERATING, LLC.

BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

- 1. Location of well: 810' FSL & 660' FWL SECTION 4 T19S-R31E EDDY CO. NM
- 2. Ground Elevation above Sea Level: 3553' GR.
- 3. Geological age of surface formation: Quaternary Deposits:
- 4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.
- 5. Proposed drilling depth: 12,700'

6.	Estimated tops of geo	ological markers:			
	Rustler Anhydrite	550'	Bone Spring	6500'.	
	Yates	2700 '	Wolfcamp. ~	9900'	
	Oueen	3350'	Strawn	10,850'	
	Delaware	4920'	Atoka	11,200'	
7.	Possible mineral bea		Morrow	12,300'	
	Bone Spring	Oil		N.	
	Atoka	Gas			
	Morrow	Gas			

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
25''	0-40'	2011	NA	NA	NA	Conductor
17½"	0-550'	13 3/8"	48#	8-R	ST&C	H-40
12½"	0-3500'	8 5/8"	32#	8-R	ST&C	J=55
7 7/8"	0-12,700'	5½''	17#	8-R	LT&C	P-110

APPLICATION TO DRILL

COG OPERATING, LLC.

BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

9. Cementing and Setting Depth

13 3/8"	Surface	+/-550'	Set +/- 550' of 13 3/8" 48# H40 STC casing. Cement w/ 200 sx 35:65 Poz: "C" cement + additives followed by 200 sx Class "C" + 2% CaCl2 Circulate cement
8 5/8*	Intermediate	+/-3500'	Set +/- 3500' of 8 5/8" 32# J-55 STC casing. Cement w/ 800 sx 50:50 Poz: "C" light cement + additives followed by 200 sx Class "C" cement. Circulate cement.
5-1 <i>[</i> 2"	Production	12700'	Set +/- 12700' of 5-1/2" 17# P110 LTC casing. Cement w/ 600 sx Class "H" plus additives. Est TOC @ +/- 9000'

10. Pressure Control Equipment:

After setting 13-3/8" casing and installing 3000 psi casing head, NU 13-5/8" 3000 psi annular BOP. Test annular BOP, casing, and manifold with clear fluid to 1350 psi with rig pump

After setting 8-5/8" casing and installing 5000 psi casing spool, NU 5000 psi double ram BOP and 5000 psi annular BOP. Test double ram BOP and manifold to 4000# with clear fluid and test annular to 2500 psi using an independent tester

11. Proposed Mud Circulating System

Interval	Mud Wt.	Visc.	FL	Type Mud System
0'- 550'	8.4-9.2	28-35	NC	Fresh water native mud w/ paper for seepage and sweeps. Lime for PH
550'- 3500'	10.0- 10.2	28-29	NC	Brine mud, lime for PH and paper for seepage and sweeps.
3500' 10800'	8.4 - 9.2	NC	NC -	Drill section with fresh water/cut brine circulating the reserve utilizing periodic sweeps of paper as needed for seepage control and solids removal.
10800' — 11200'	9.2 - 9.6	31-32	20	Increase weight with brine additions and reduce fluid loss w/ starch
11200' — 12300'	9.6-9.8	36-42	<15	Reduce Fluid loss w/ starch and XCD Polymer.
12300'- 12700'	9.8.9.9	36-42	<8	Reduce Fluid loss w/ starch and XCD Polymer. Maintain properties to TD. Spot a high vis pill on bottom for logs

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing the viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

COG OPERATING, LLC.

BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, LDT. SNP, Gamma Ray & Caliper from TD back to 8 5/8" casing shoe. Run Gamma Ray and Neutron fron 8 5/8" casing shoe back to surface.
- B. Rig up mud logger on hole at 3500'± and keep on hole to TD.
- C. Cores, DST's may be taken and run at the the discretion of Geologist.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of $\rm H^2S$ in this area. If $\rm H^2S$ is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 6500 PSI, and Estimated BHT 195°

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 45 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The $\frac{\text{Morrow}}{\text{Morrow}}$ formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as a gas well.

- 1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazzards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
- 2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
- 3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
- 4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location.
- 5. Well control equipment
 - A. See exhibit "E" & "E-1"
- 6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
- 7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If the location is near to a dwelling a closed DST will be performed.

COG OPERATING, LLC.

BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

- 1. EXISTING AND PROPOSED ROADS: Area maps: Exhibit "B" is a reproduction of a County General Hi-way map showing access roads to the location. Exhibit "C" is a reproduction of a USGS Topographic map showing existing roads in close proximity to the location and the proposed access roads. All existing roads will be maintained in a condition equal to or better than their current conditions. All new roads will be constructed to BLM specifications.
 - A. Exhibit "A" shows the location of the proposed well site as staked.
 - B. From Loco Hills New Mexico go East on U.S. Hi-way 82 for 5.5 miles to CR.222, turn Right (South) go 9.2 miles ± turn Right (West) go .4± miles, turn Left (South) go .5 miles to location.
 - C. Exhibit "C" shows the roads and flowlines proposed for this location.
- 2. PLANNED ACCESS ROADS: No additional road will be necessary.
 - A. The access road will be crowned and ditched to a 12' wide traveled surface with a 40' Right-Of-Way.
 - B. Gradient on all roads will be less than 5% if possible.
 - C. Turn-outs will be constructed where necessary.
 - D. If needed roads will be surfaced to the BLM requirements with material obtained from a local source.
 - E. Center line of new road will be flagged.
 - F. The new road will be constructed to utilize low water crossings where drainage currently exists, and culverts will be installed where necessary.

3. EXHIBIT "A-1" SHOWS THE BELOW LISTED TYPE WELLS WITHIN A 1 MILE RADIUS:

- A. Water wells None known
- B. Disposal wells None known
- C. Drilling wells None known
- D. Producing wells As shown on Exhibit "A-1"
- E. Abandoned wells As shown on Exhibit "A-1"

COG OPERATING, LLC.

BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. All trash, junk and other 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 a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.
- D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. 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.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

COG OPERATING, LLC.

BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

9. WELL SITE LAYOUT

- A. Exhibit "D" shows the proposed well site layout.
- B. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

COG OPERATING, LLC.
BLUE THUNDER "4" FEDERAL # 1
UNIT "M" SECTION 4
T19S-R31E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography consists of relatively low relief features with a slight dip to the West. Soils are of a Caliche nature with native grasses and an occasional mesquite and prickley pear.
- B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock.
- C. An archaeological survey will be conducted on the location, access roads and possible pipelines and powerlinesroutes. This report will be filed with the Bureau of Land Management Carlsbad Field Office.
- D. There are no domestic dwellings located within one mile of the location.

12. OPERATORS REPRESENTIVE:

Before construction:

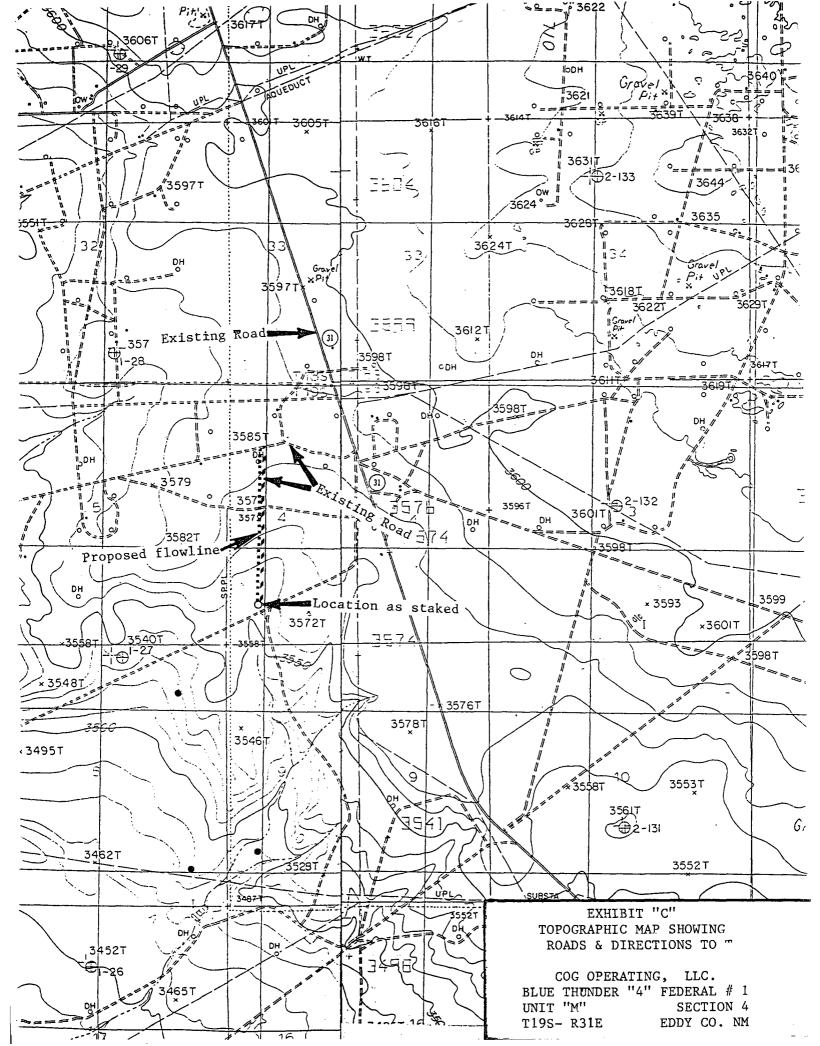
TIERRA EXPLORATION, INC. P.O. BOX 2188 HOBBS, NEW MEXICO 88241 JOE T. JANICA OFFICE PHONE 505-391-8503

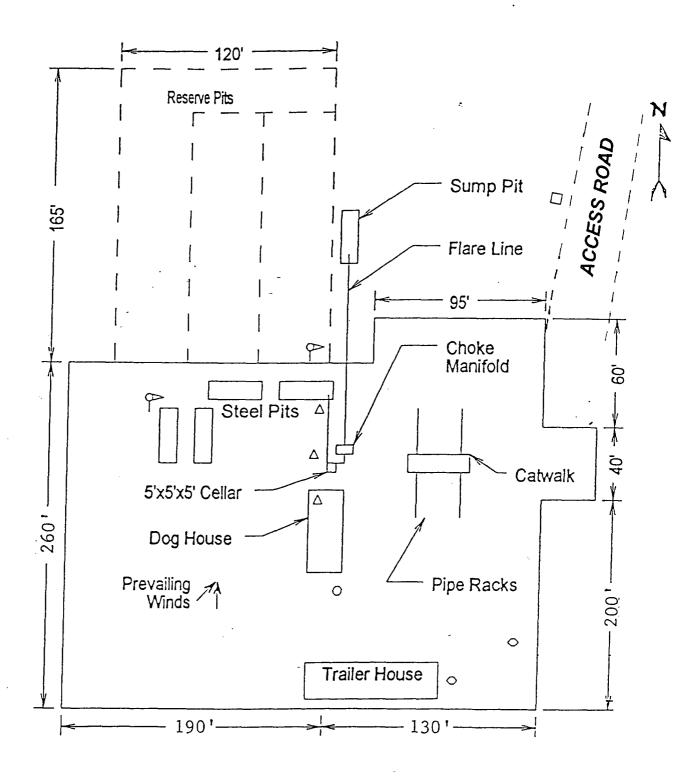
During and after construction:

COG OPERATING, LLC.
550 WEST TEXAS AVENUE
SUITE 1300
MIDLAND, TEXAS
ERICK NELSON (OFFICE PH. 432-685-4342)

13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by COG OPERATING, LLC. it's contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME	: J	oe T. Jan	ica Le	PT JE	Mila
DATE		04/12/0			
TITLE	:_	Agent		U	

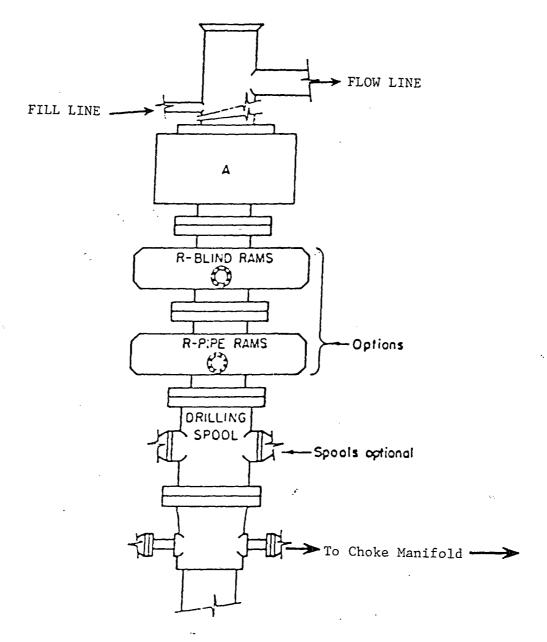




- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit

□ Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT



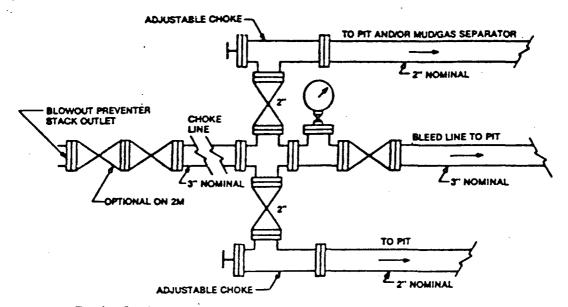
ARRANGEMENT SRRA

900 Series 3000 PSI WP

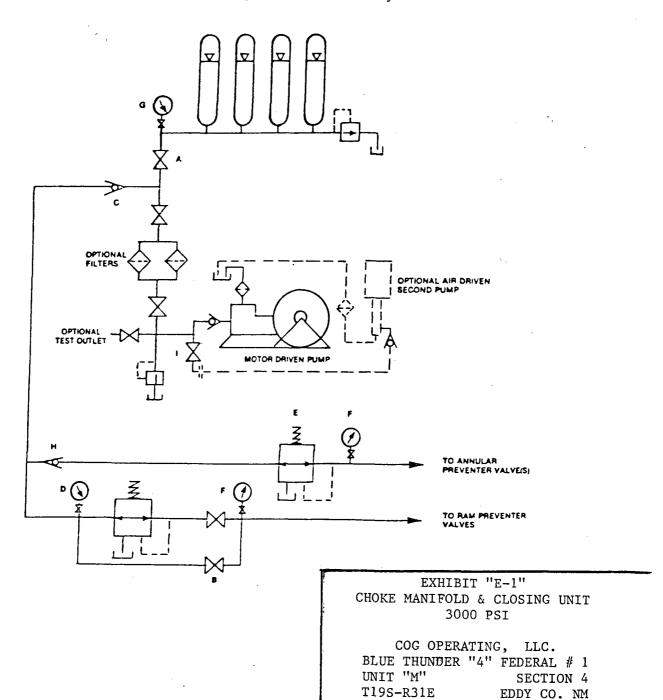
EXHIBIT "E"

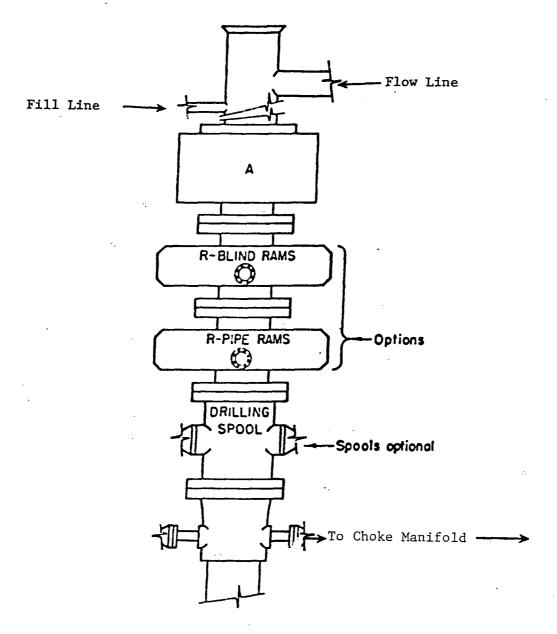
SKETCH OF B.O.P. TO BE USED ON

3000 PSI



Typical choke manifold assembly for 3M WP system





ARRANGEMENT SRRA

1500 Series 5000# Working Pressure

EXHIBIT "F"

SKETCH OF B.O.P. TO BE USED ON

5000 PSI



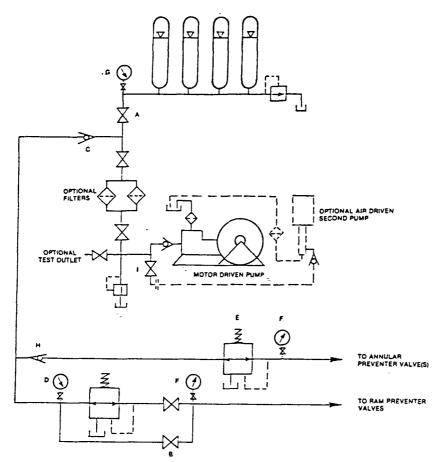


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

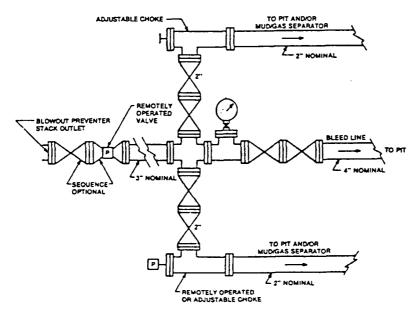


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "F-1"
CHOKE MANIFOLD & CLOSING UNIT
5000 PSI