

OCD Artesia

FORM APPROVED
OMB No. 1004-013
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.

NMNM113939

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

South Craig 10 SWD

9. API Well No.

30-015-24469

10. Field and Pool, or Exploratory

SWD; Delaware

11. Sec., T.R.M. or Blk and Survey or Area

Sec. 10 - T26S - R26E

12. County or Parish

Eddy County

13. State

NM

1a. Type of Work: ☐ DRILL ☒ REENTER

1b. Type of Well: ☐ Oil Well ☐ Gas Well ☒ Other SWD ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

COG Operating LLC.

3a. Address

2208 West Main Street
Artesia, NM 88210

3b. Phone No. (include area code)

575-748-6940

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 660' FNL & 660' FEL Unit Letter A (NENE) Sec 10-T26S-R26E

At proposed prod. Zone

14. Distance in miles and direction from nearest town or post office*

Approximately 16 miles from Loving

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

1280

17. Spacing Unit dedicated to this well

N/A

18. Distance from location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

2652

19. Proposed Depth

5400'

20. BLM/BIA Bond No. on file

NMB000740 & NMB000215

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3349.3' GL

22. Approximate date work will start*

4/1/2013

23. Estimated duration

30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
authorized officer.

25. Signature

Name (Printed/Typed)

Date

Title

Mayte Reyes

1/29/2013

Regulatory Analyst

Approved by (Signature)

/s/George MacDonell

Name (Printed/Typed)

/s/George MacDonell

Date

JUL 29 2013

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Continued on page 2)

SWA-1239-A

Carlsbad Controlled Water Basin

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**Approval Subject to General Requirements
& Special Stipulations Attached**

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
511 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-24469	² Pool Code 96100	³ Pool Name SWD; Delaware
⁴ Property Code 40050	⁵ Property Name SOUTH CRAIG 10 SWD #1	⁶ Well Number 1
⁷ OGRID No. 229137	⁸ Operator Name COG OPERATING, LLC	⁹ Elevation 3349.3

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	26 S	26 E		660	NORTH	660	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

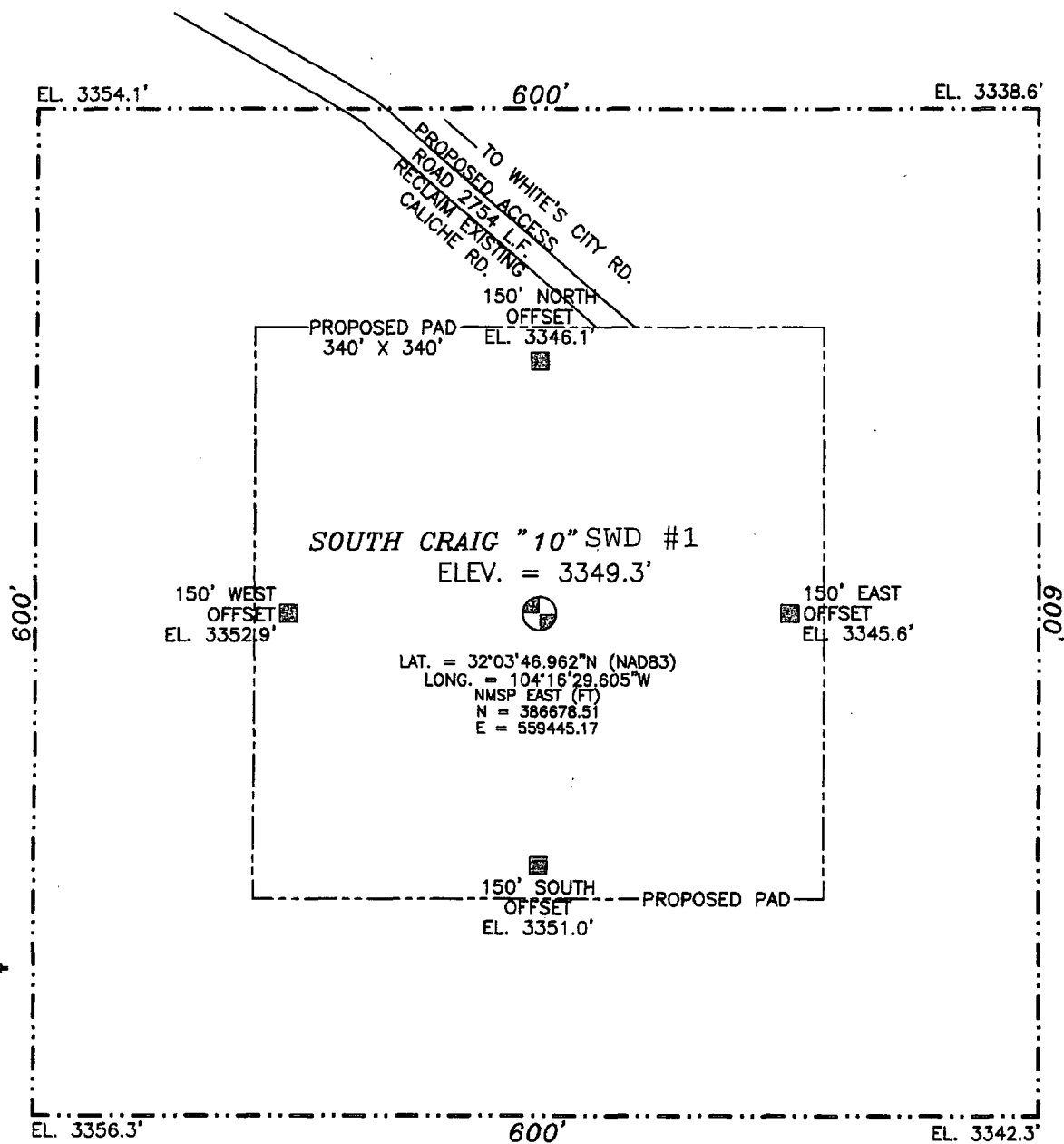
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres N/A	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>S87°28'14"W 2614.16 FT</p> <p>NW CORNER SEC. 10 LAT. = 32°03'51.533"N LONG. = 104°17'22.856"W NMSP EAST (FT) N = 387138.31 E = 554861.66</p> <p>W Q CORNER SEC. 10 LAT. = 32°03'25.223"N LONG. = 104°17'22.277"W NMSP EAST (FT) N = 384479.13 E = 554912.57</p> <p>S Q CORNER SEC. 10 LAT. = 32°02'59.802"N LONG. = 104°16'50.915"W NMSP EAST (FT) N = 381910.95 E = 557613.33</p>	<p>S87°30'56"W 2613.81 FT</p> <p>N Q CORNER SEC. 10 LAT. = 32°03'52.663"N LONG. = 104°16'52.512"W NMSP EAST (FT) N = 387253.68 E = 557473.27</p> <p>NE CORNER SEC. 10 LAT. = 32°03'53.770"N LONG. = 104°16'22.171"W NMSP EAST (FT) N = 387366.99 E = 560084.62</p> <p>E Q CORNER SEC. 10 LAT. = 32°03'27.200"N LONG. = 104°16'21.198"W NMSP EAST (FT) N = 384681.46 E = 560169.87</p> <p>SE CORNER SEC. 10 LAT. = 32°03'00.658"N LONG. = 104°16'20.174"W NMSP EAST (FT) N = 381998.89 E = 560259.58</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><i>Melanie J. Parker</i> 2/4/13 Signature Date Melanie J. Parker Printed Name mparker@concho.com E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 3, 2013 Date of Survey NEW MEXICO F. JARAMILLO Signature and Seal of Professional Surveyor Certificate Number F. JARAMILLO, PLS 12797 SURVEY NO. 1271</p>
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SECTION 10, TOWNSHIP 26 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO



010 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM U.S. HWY. 62-180 AND CR. 772 (MEANS RD.) GO
SOUTH-SOUTHEAST ON CR. 772 6.9 MILES, TURN LEFT ON CR. 724
(WHITE'S CITY RD.) AND GO SOUTHEAST 4.6 MILES TO A PROPOSED
ROAD SURVEY ON OLD RECLAIMED ROAD AND FOLLOW FLAGS AND
OLD ROAD SOUTH-SOUTHEAST 2754' TO PROPOSED PAD FOR THIS
LOCATION.

COG OPERATING, LLC
SOUTH CRAIG "10" SWD #1
LOCATED 660 FT. FROM THE NORTH LINE
AND 660 FT. FROM THE EAST LINE OF
SECTION 10, TOWNSHIP 26 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

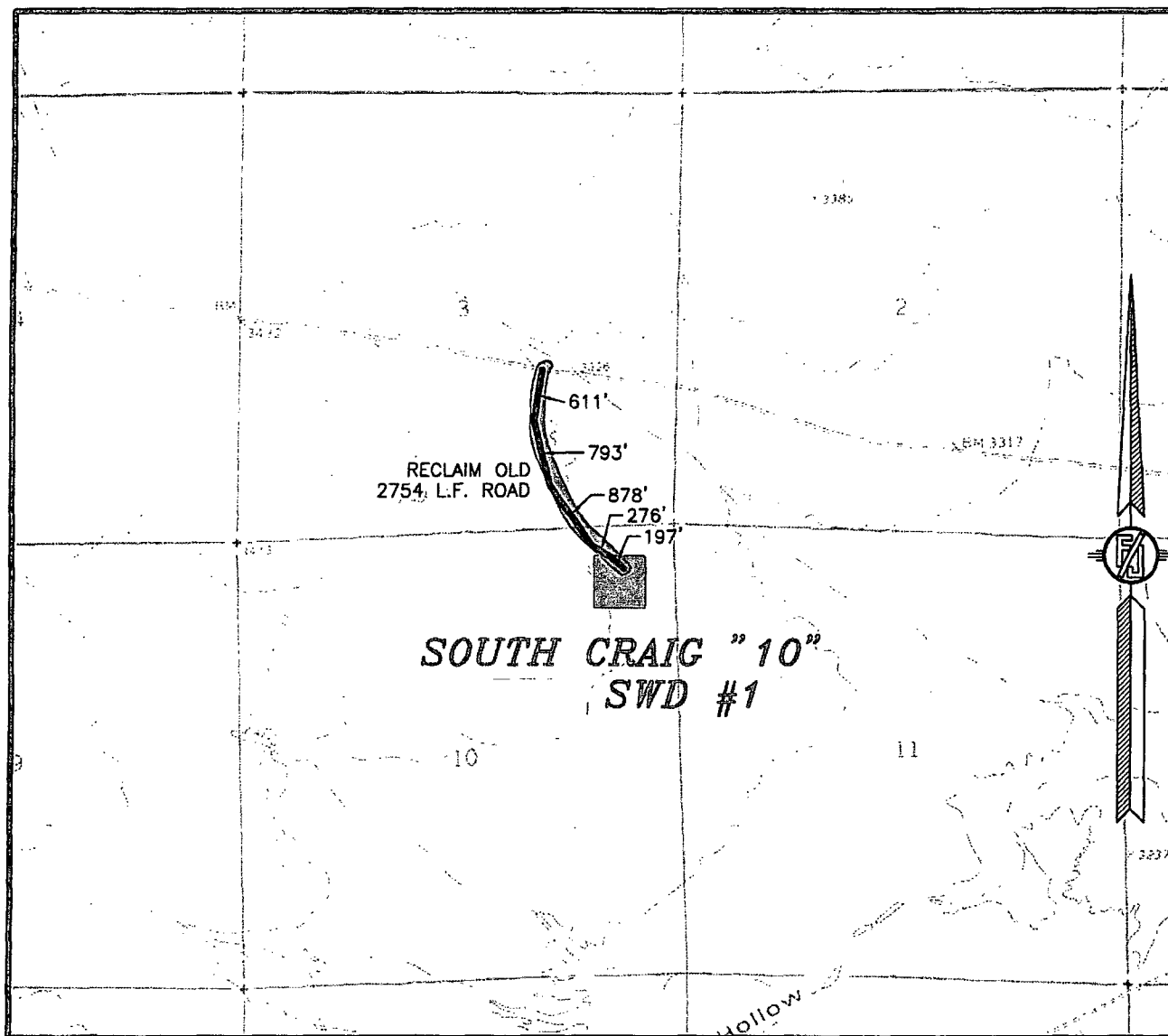
OCTOBER 3, 2012

SURVEY NO. 1271

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

Exhibit 2

SECTION 10, TOWNSHIP 26 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:
JUMPING SPRING

NOT TO SCALE

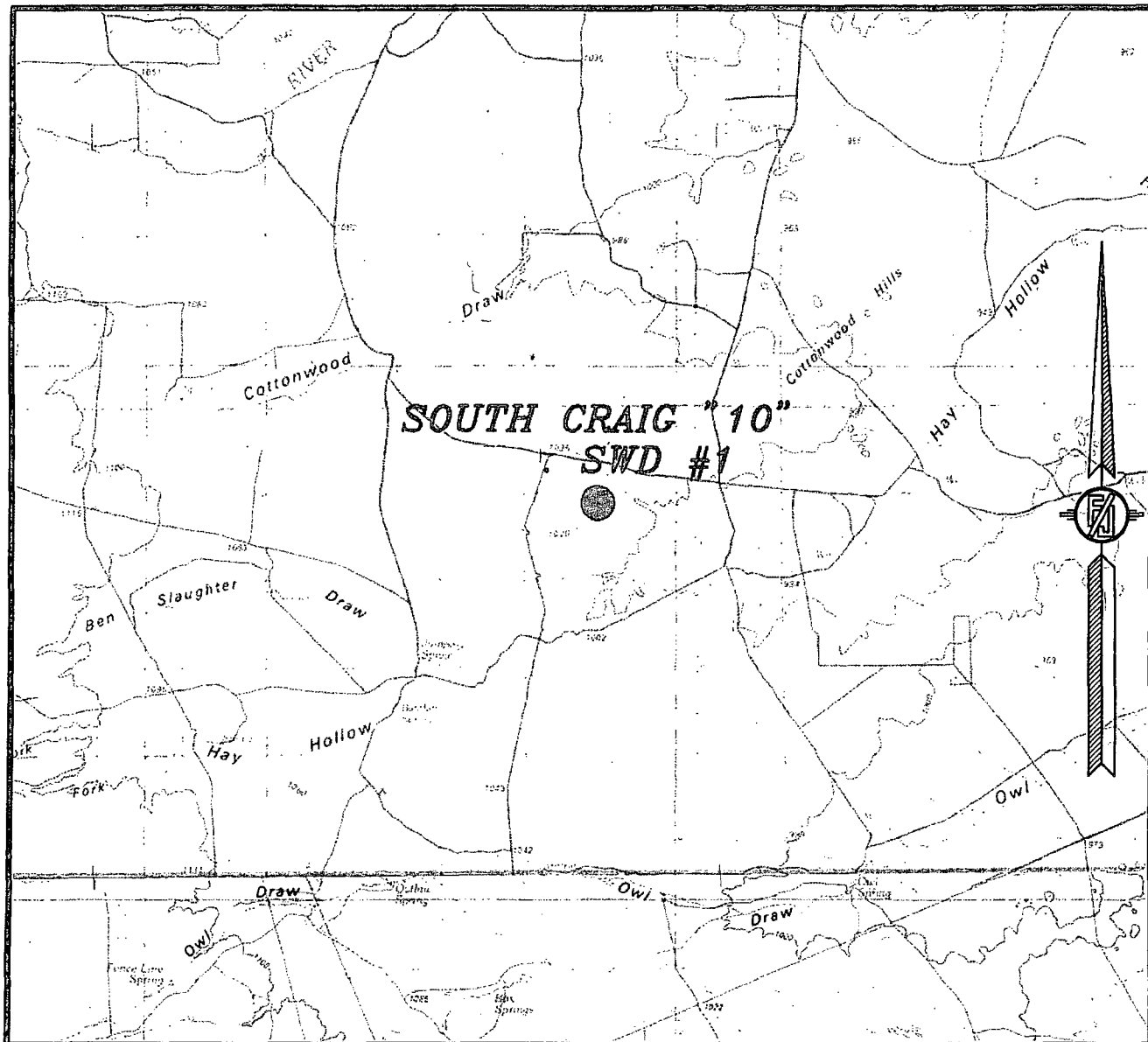
COG OPERATING, LLC
SOUTH CRAIG "10" FED. SWD #1
LOCATED 660 FT. FROM THE NORTH LINE
AND 660 FT. FROM THE EAST LINE OF
SECTION 10, TOWNSHIP 26 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

OCTOBER 3, 2012

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

SURVEY NO. 1271

SECTION 10, TOWNSHIP 26 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



NOT TO SCALE

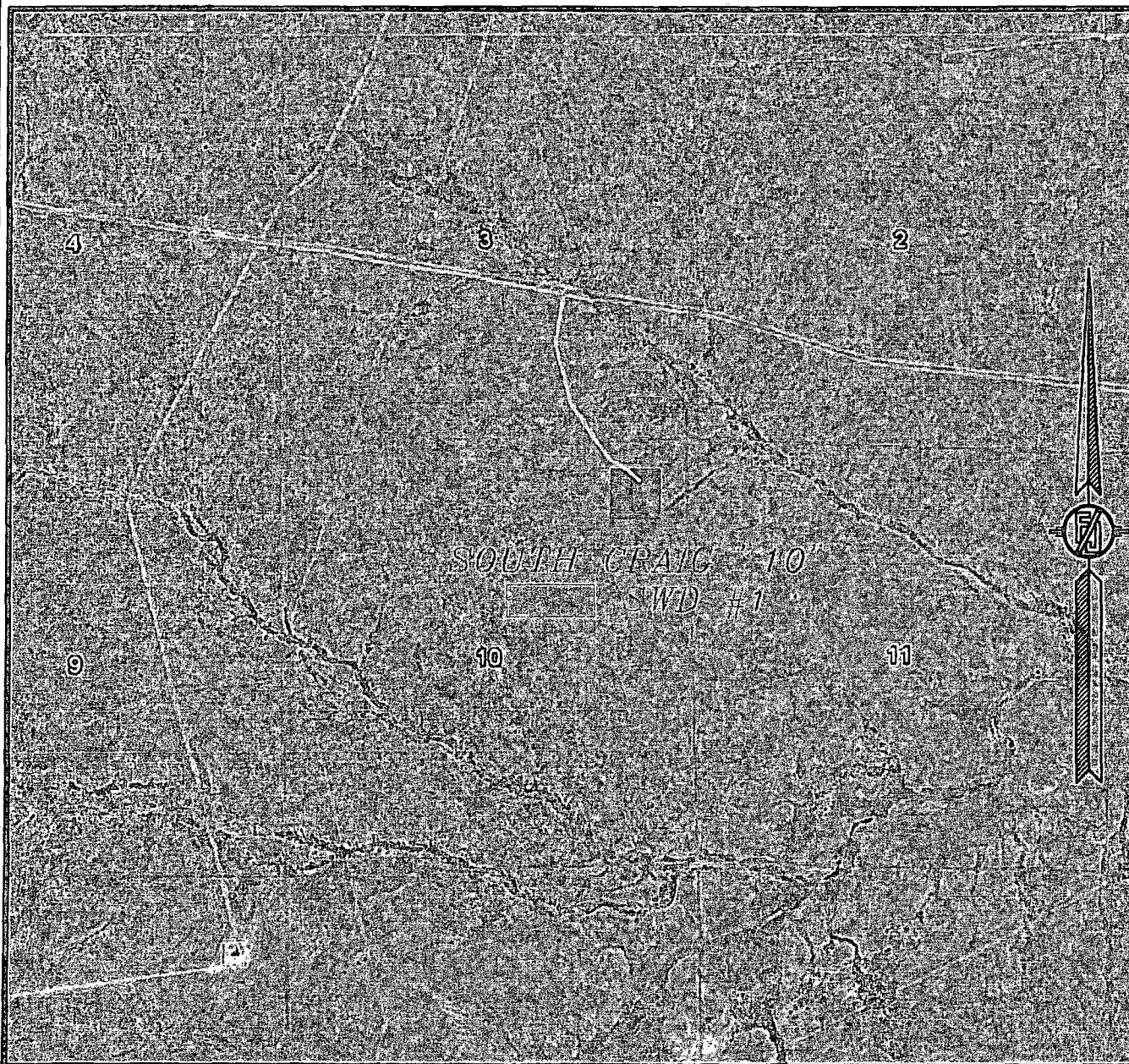
COG OPERATING, LLC
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AND 660 FT. FROM THE EAST LINE OF
SECTION 10, TOWNSHIP 26 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

OCTOBER 3, 2012

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SURVEY NO. 1271

SECTION 10, TOWNSHIP 26 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



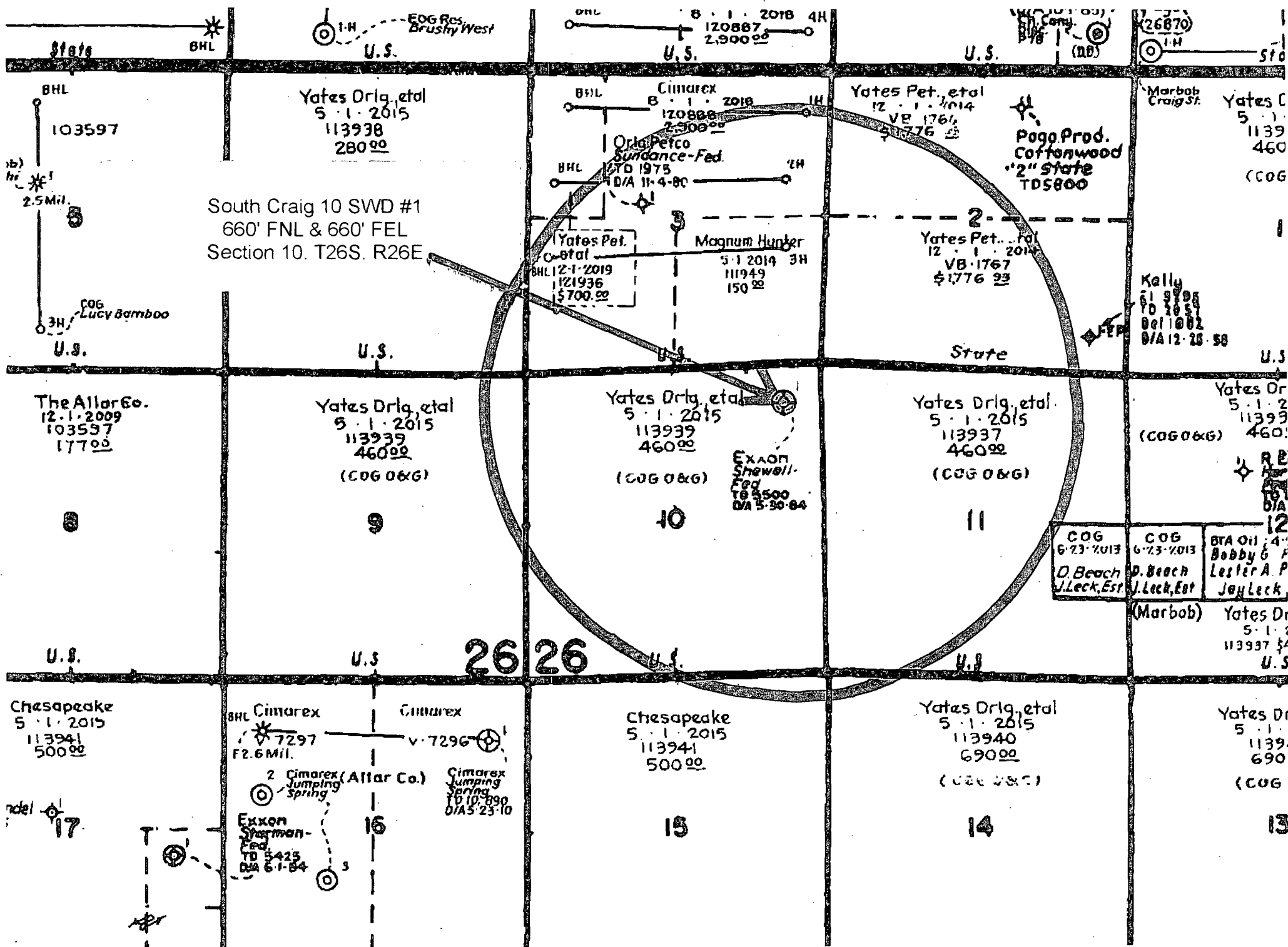
NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
JULY 2011

COG OPERATING, LLC
SOUTH CRAIG "10" SWD #1
LOCATED 660 FT. FROM THE NORTH LINE
AND 660 FT. FROM THE EAST LINE OF
SECTION 10, TOWNSHIP 26 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

OCTOBER 3, 2012

SURVEY NO. 1271

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO



COG Operating LLC
DRILLING AND OPERATIONS PROGRAM
South Craig 10 SWD #1
SHL: 660' FNL & 660' FEL
Section 10 T26S R26E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, COG Operating LLC submits the following eleven items of pertinent information in accordance with BLM requirements. This well is a cased hole reentry of the Exxon Shewell Federal #1 API#30-015-24469.

1. Geological surface formation: Castille
2. The estimated tops of geologic markers & estimated depths at which anticipated water, oil or gas formations are expected to be encountered are as follows:

Fresh Water	50
Rustler	None Present
Top of Salt	380'
Base of Salt	1700'
Delaware	1850'
Bone Spring	5422'

3. Actual Casing Program: All casing is already in place.

Hole Size	Depths	Section	OD Casing	New/U sed	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 1/2"	0' - 630	Surface	13 3/8"	New	54.5#	STC	K55	1.125	1.125	1.6
11"	0' - 1726'	Intrmd	8 5/8"	New	24.32#	STC	K55	1.125	1.125	1.6
7 7/8 "	0' - 5500'	Production	5 1/2"	New	17#	LTC	K55	1.125	1.125	1.6

4. Actual Cement Program: All casing already in place and cemented.

- a. 13-3/8" Surface
 - Lead: 400 sx Lite
 - Tail: 300 sx Class C
 - *Circulated cement to surface
 - b. 8 5/8" Intermediate
 - Lead: 600 sx Lite
 - Tail: 200 sx Class C
 - *Circulated cement to surface
 - c. 5 1/2" Production
 - Lead: 825 sx TLW
 - Tail: 250 sx Class C
- TOC 726' by temp. survey. Perforated 690' and circulated cement to surface with 220 sx Class C when well was plugged.

BOP will be tested on initial installation prior to drilling out cement plug
per Brian Collins via e-mail 6/11/13 JAM

5. Minimum Specifications for Pressure Control:

No abnormal pressure, H₂S or wellbore stability issues are expected since this is a reentry of a fully cased shallow wellbore originally drilled to test the Delaware Sands, which proved non-productive. We propose to nipple up a 2000 psi minimum working pressure hydraulic double ram workover BOP package. The BOP will have pipe rams for the pipe size being used and will have a set of blind rams. The BOP control unit will have an accumulator bottle system and a gasoline or diesel engine powered hydraulic pump for actuating the BOP. Hand wheels will be available to mechanically close BOP. The BOP system will be a standard trailer mounted rental system commonly used in the Permian Basin for workover applications. We don't plan on using a kill or choke manifold unless well conditions dictate their use. We will be using a reverse unit package in which we pump fluid into the tubing x casing annulus below the BOP and take returns up the tubing through the power swivel and to the open-top reverse pit where it is picked up by the pump. The BOP will be tested to 300 psi for 30 minutes followed by 2000 psi for 30 minutes using an independent tester.

6. Estimated BHP:

2239 psi (5383' x 8ppg x .052). Delaware sand is subnormally pressured and requires artificial lift for production.

7. Mud Program: The applicable depths and properties of this system are as follows:

Depth	Type System	Mud Weight	Viscosity (sec)	Waterloss (cc)
0-5400'	Fresh Water	8.4	29	N.C.

8. Auxiliary Well Control and Monitoring Equipment:

- A Kelly cock will be on the power swivel.
- A full opening tubing stabbing valve having the appropriate connections will be on the rig floor at all times.
- Fluid returns will be monitored for indications of well flow in the open top reverse unit tank by observing the tank fluid level during clean out operations.

9. Testing, Logging and Coring Program: None. We don't plan to fracture treat the Delaware Sand disposal interval at this time.

10. Potential Hazards:

No abnormal pressures or temperatures are expected. There is no known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. No H₂S is anticipated to be encountered on this Delaware Sand cased hole reentry.

11. Anticipated starting date and Duration of Operations:

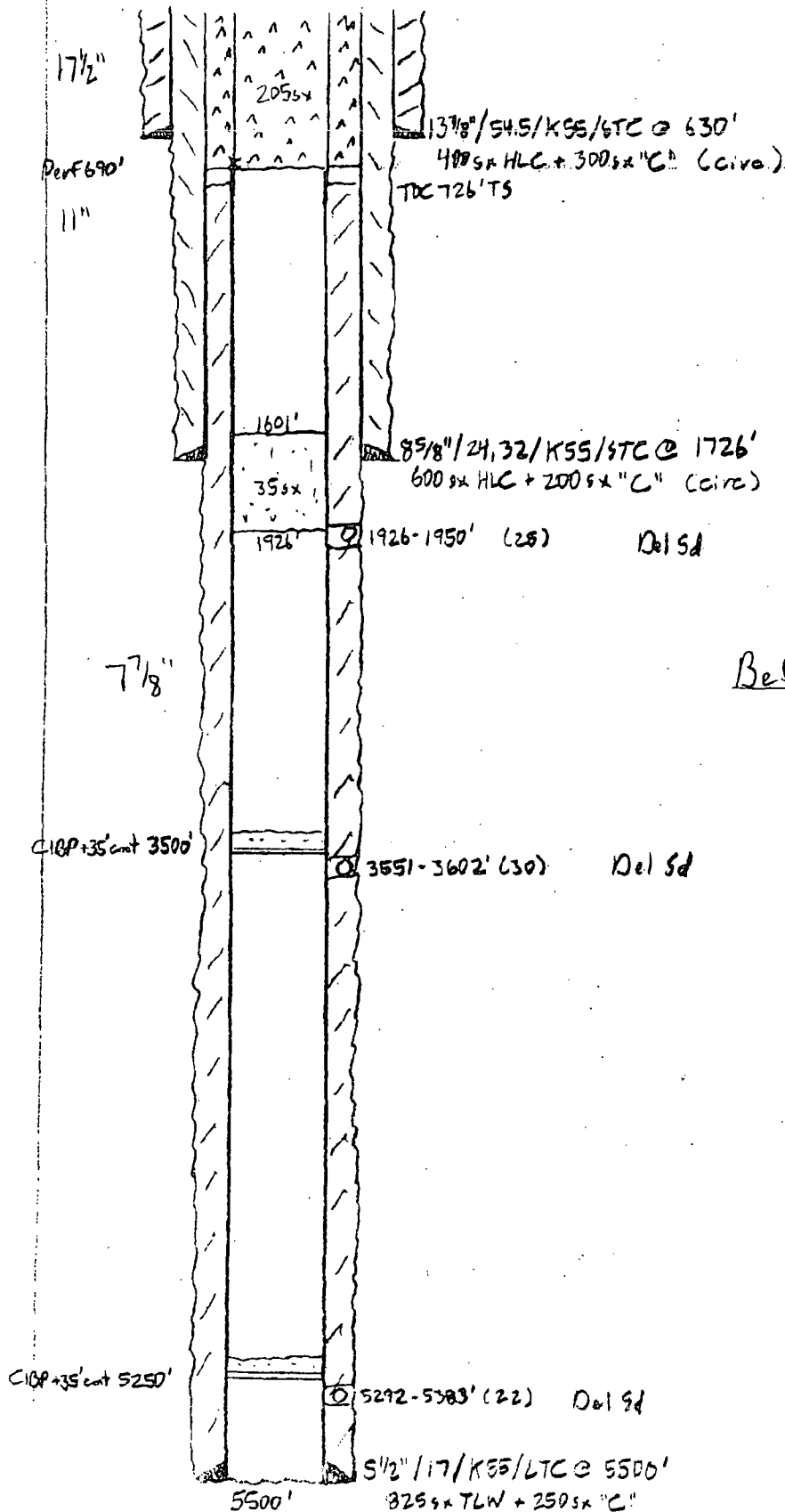
Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM approval and as soon as a well-service rig will be available. Move in operations and reentry are expected to take 20 days.

See
COA

30-015-24469

(Formerly Shewell Fed. 1.)
660' FNL, 660' FEL
A-10-26s-26e
Eddy, Nm

Zero:
KB:
GL: 3345'



30-015-24469

South Craig 10 SWD No.1

(Formerly Shewell Fed. 1)

660' FML, 660' FEL

A-10-265-26e

Eddy, Nm

Zero.

KB'

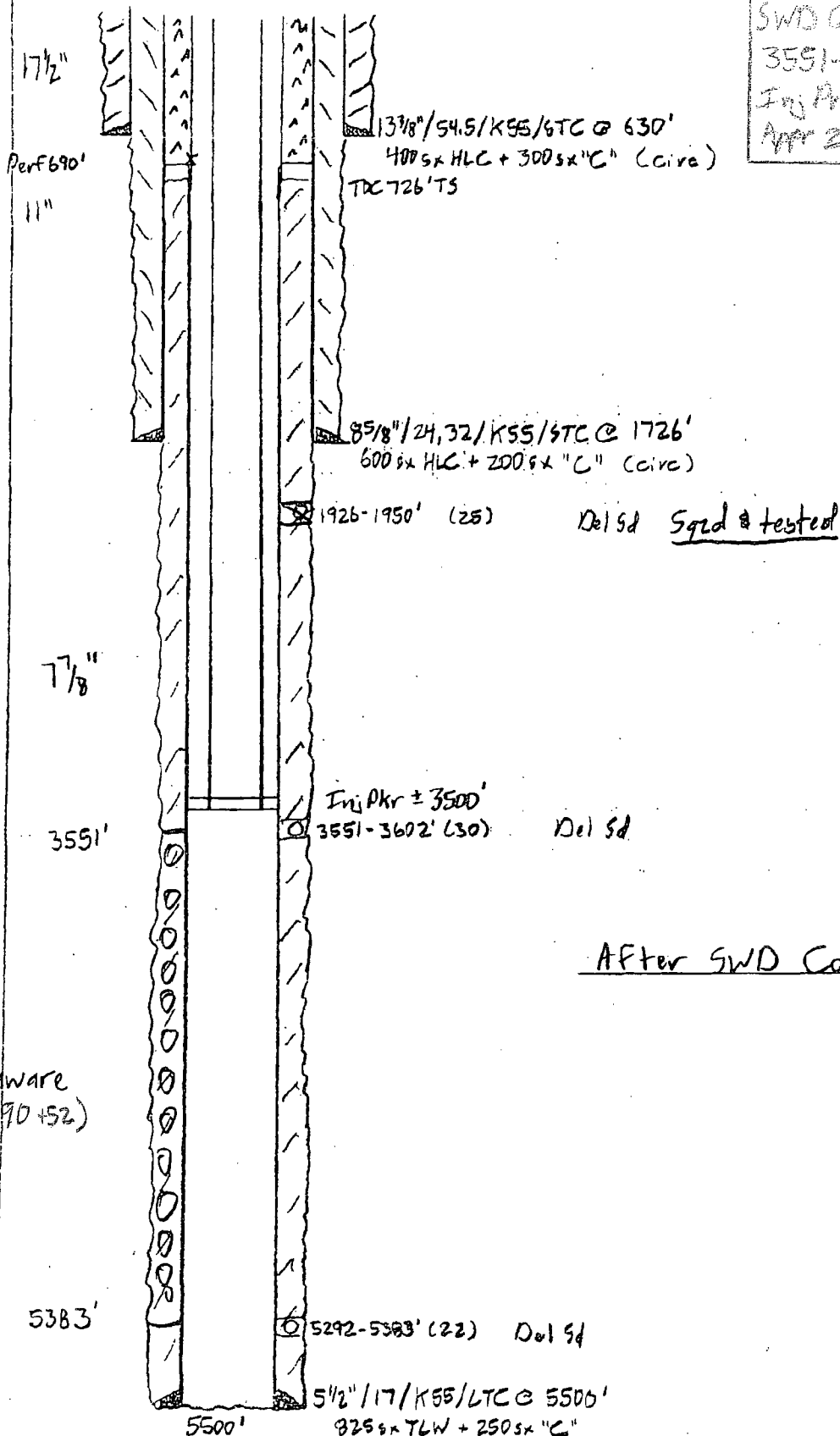
GL: 3345'

SWD Order SWD-1239A

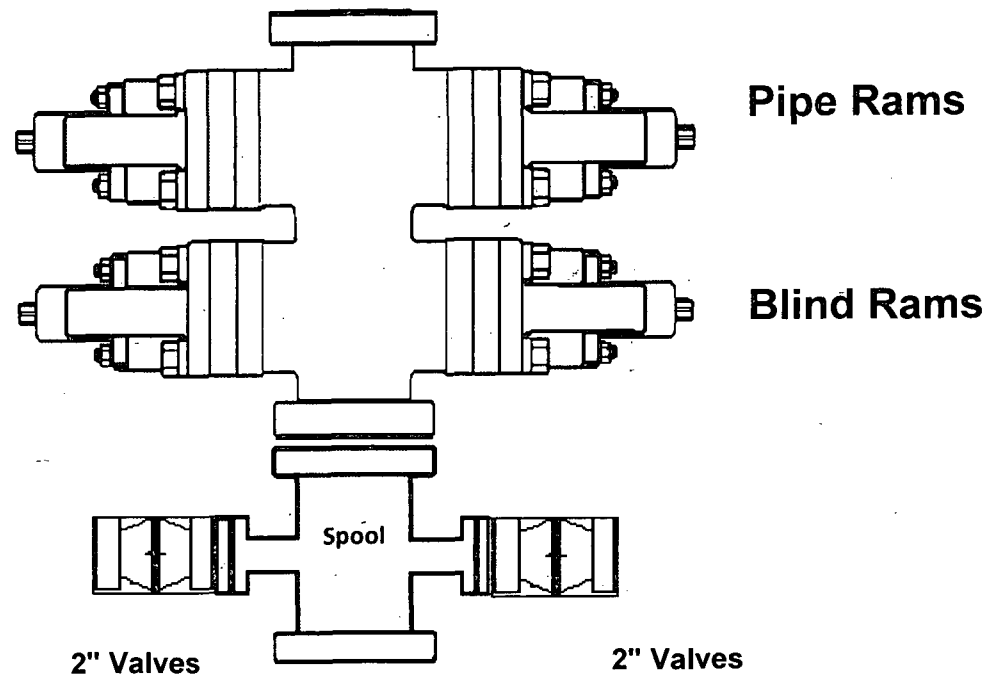
3551-5383'

Eng Press Limit 710psi

Apr 26 Apr 2012



7 - 1/6" 2,000 psi WP Workover BOP Schematic



COG Operating LLC

Rig Plat & Closed Loop Equipment Diagram

Well pad will be 340' X 340'
with cellar in center of pad

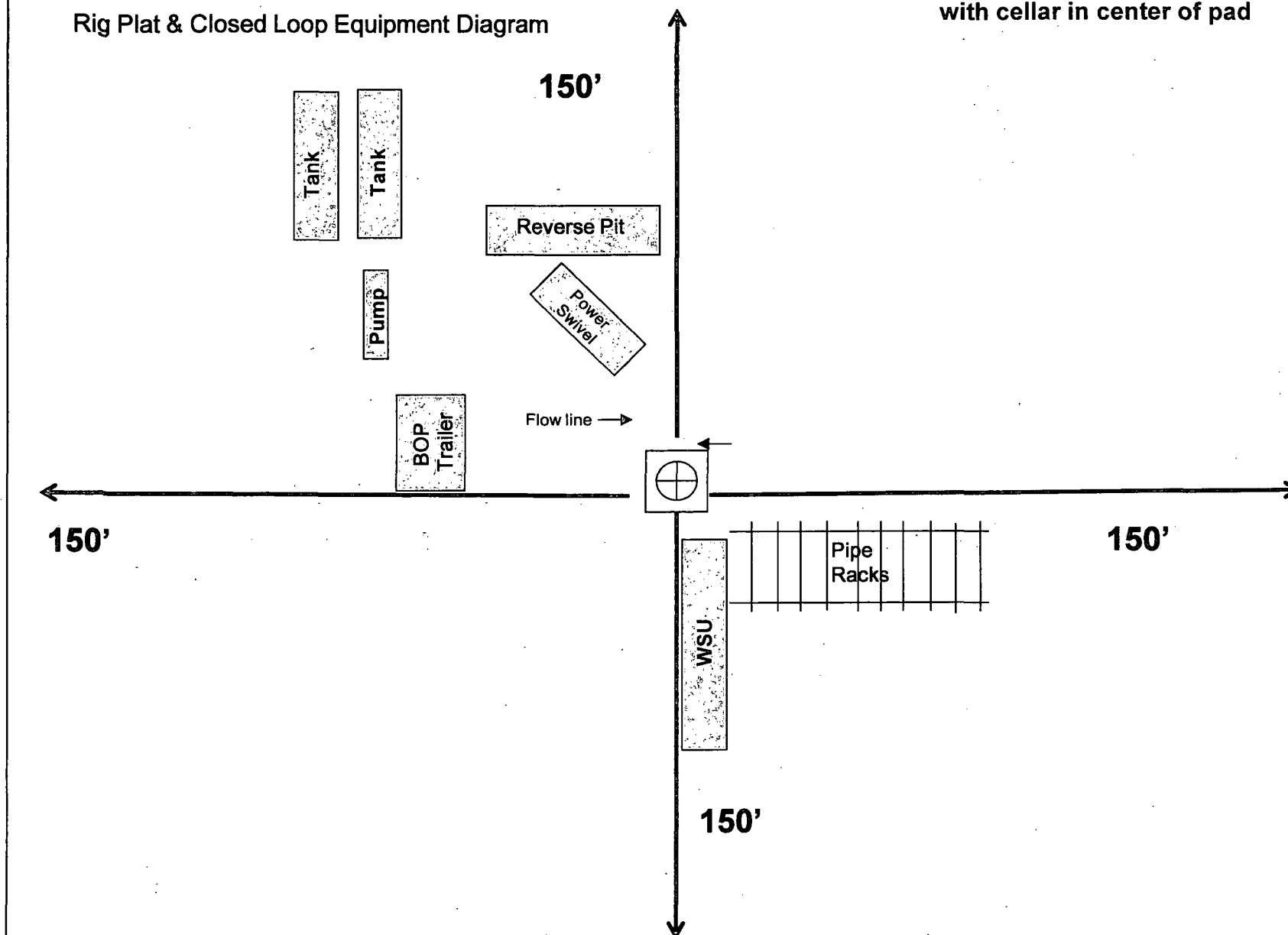
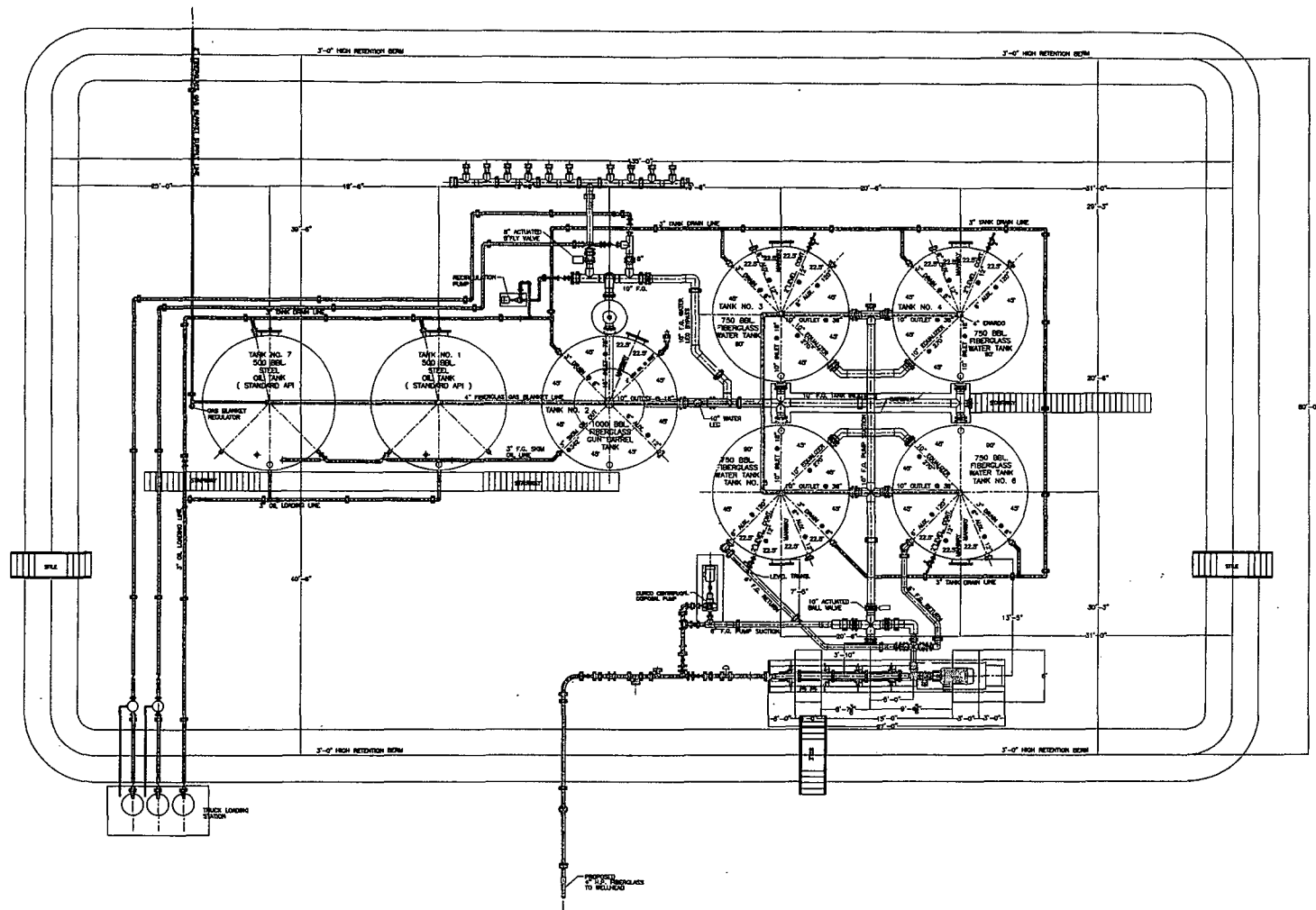


Exhibit 1



SCALE 1" = 6'-0"

THIS DRAWING IS THE PROPERTY OF ENGINEER PIPELINE SYSTEMS, INC. IN CONNECTION WITH THE USE OF THIS DRAWING THE USER AGREES THAT IT SHALL BE TREATED AS CONFIDENTIAL INFORMATION. IT SHALL BE RETURNED UPON REQUEST AND THAT THE CONTENTS THEREOF SHALL NOT BE DISCLOSED, REPRODUCED, COPIED, OR OTHERWISE USED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF ENGINEER PIPELINE SYSTEMS, INC.

REFERENCE DRAWINGS		REVISIONS	
NUMBER	DESCRIPTION	DATE	REVISION DESCRIPTION



CONCHO RESOURCES
SENM SWD STANDARD BATTERY
SALT WATER DISPOSAL STATION
EDDY COUNTY, NEW MEXICO

PIPING PLAN
AND DETAILS

DRAWN BY: C.G.H. CHECKED BY: _____
DATE: 12/12/12 DRAWING NO. 12-151-02

COG OPERATING LLC
HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

No H₂S is expected in the Delaware Sand in this area, therefore we don't believe that an H₂S contingency plan will be necessary. This plan will be implemented in the remote possibility that H₂S is encountered.

1. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- a. The hazards and characteristics of hydrogen sulfide (H₂S).
- b. The proper use and maintenance of personal protective equipment and life support systems.
- c. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- d. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- a. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- b. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- c. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

2. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

- a. Well Control Equipment:
Trailer mounted hydraulic double ram workover BOP package. Blind rams and pipe rams for pipe being used. Accumulator bottles and gasoline/diesel powered pump for two methods of hydraulically closing BOP. Hand wheels to mechanically close BOP. 2000 psi minimum working pressure. Choke manifold will be used if well conditions dictate (gas pressure and/or presence of H₂S).
- b. Protective equipment for essential personnel:
Mark II Surviveair 30-minute units located in the dog house and at briefing areas.
- c. H₂S detection and monitoring equipment:
2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.
- d. Visual warning systems:
Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.
- e. Mud Program:
The mud program has been designed to minimize the volume of H₂S circulated to the surface.
- f. Metallurgy:
All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool and valves shall be suitable for H₂S service.
- g. Communication:
Company vehicles equipped with cellular telephone.

W A R N I N G

**YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH COG OPERATING LLC FOREMAN AT MAIN OFFICE**

**COG OPERATING LLC
1-575-748-6940**

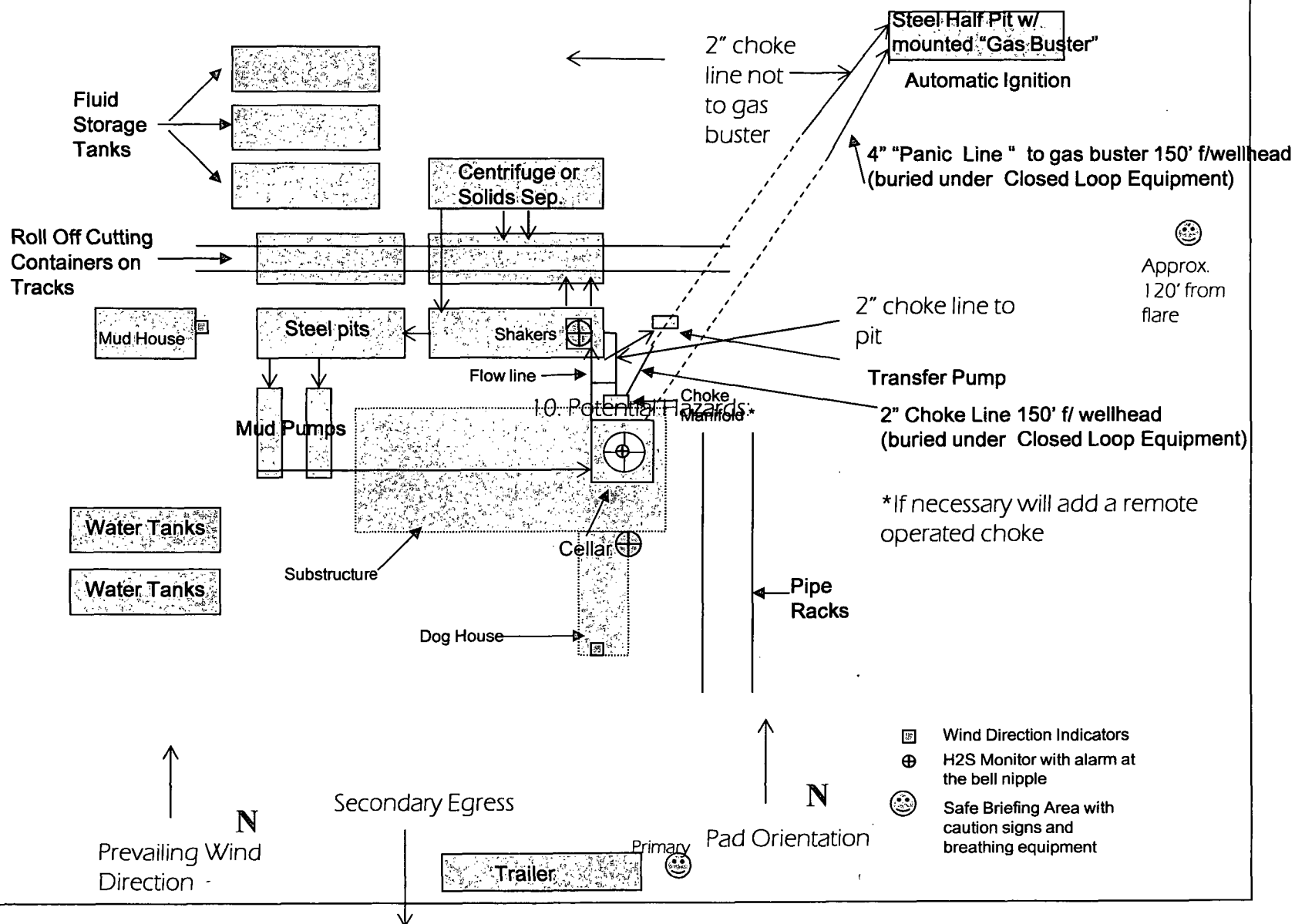
EMERGENCY CALL LIST

	<u>OFFICE</u>	<u>MOBILE</u>
COG OPERATING LLC OFFICE	575-748-6940	
SHERYL BAKER	575-748-6940	432-934-1873
KENT GREENWAY	575-746-2010	432-557-1694
SETH WILD	575-748-6940	432-528-3633
WALTER ROYE	575-748-6940	432-934-1886

EMERGENCY RESPONSE NUMBERS

	<u>OFFICE</u>
STATE POLICE	575-748-9718
EDDY COUNTY SHERIFF	575-746-2701
EMERGENCY MEDICAL SERVICES (AMBULANCE)	911 or 575-746-2701
EDDY COUNTY EMERGENCY MANAGEMENT (HARRY BURGESS)	575-887-9511
STATE EMERGENCY RESPONSE CENTER (SERC)	575-476-9620
CARLSBAD POLICE DEPARTMENT	575-885-2111
CARLSBAD FIRE DEPARTMENT	575-885-3125
NEW MEXICO OIL CONSERVATION DIVISION	575-748-1283
INDIAN FIRE & SAFETY	800-530-8693
HALLIBURTON SERVICES	800-844-8451

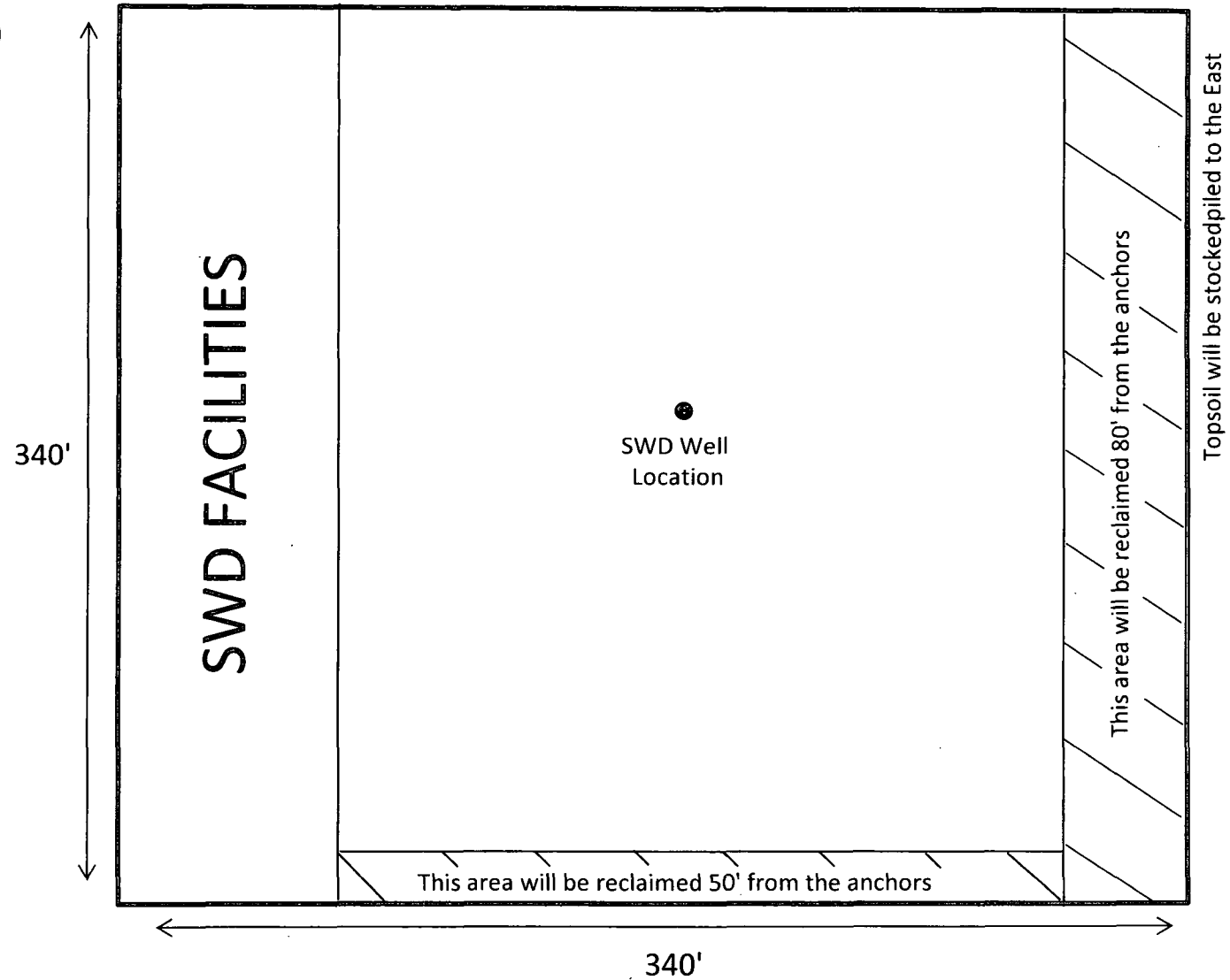
Drilling Location - H2S Safety Equipment Diagram





COG Operating LLC
2208 West Main
Artesia, NM 88210

South Craig 10 SWD #1



COG OPERATING LLC
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

South Craig 10 Federal SWD #1
SHL: 660' FNL & 660' FEL
Section 10 T26S R26E
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 Madron Surveying, Inc.
- b. Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the location. The 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 U.S. highway 62-180 and CR. 772 (Means Rd.) go south-southeast on CR. 772 6.9 miles, turn left on CR. 724 (White's City Rd.) and go southeast 4.6 miles to a proposed road survey on old reclaimed road and follow flags and old road south-southeast 2754' to proposed pad for this location.

PLANNED ACCESS ROAD:

COG will be using a proposed access road of approximately 2754' coming in from the north side of the pad. Width of road is 14' wide, crown design, the road is crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches are 3 feet wide with 3:1 slopes.

2. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- a. In the event the SWD reentry is successful a tank battery would be constructed and the necessary SWD battery equipment will be installed at the well site. See Exhibit #3.
- b. All flowlines will adhere to API standards
- c. If electricity is needed, power will be obtained from Xcel Energy. Xcel Energy will apply for ROW for their power lines.
- d. If the well is productive, rehabilitation plans are as follows:
 1. The original topsoil from the well site will be returned to the location. The well site will then be contoured as close as possible to the original state.

3. LOCATION AND TYPES OF WATER SUPPLY:

This well will be re-entered using 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.

4. 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.

5. 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.

5. 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 reentry and/or completion operations, the caliche will be removed from the pad and transported to the original caliche pit or used for the construction of other roads and locations for COG Operating LLC drill wells. 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 EAST SIDE of the location until it is needed for interim reclamation described in paragraph above.

11. OPERATOR'S REPRESENTATIVE:

- | | |
|---|--|
| a. Through A.P.D. Approval:
Melanie Parker, Regulatory Coordinator
COG OPERATING LLC
Artesia, NM 88210
Phone (575)748-6940
Cell (432) 553-9834 | b. Through Drilling Operations
Sheryl Baker, Drilling Supervisor
COG OPERATING LLC
Artesia, NM 88210
Phone (575)748-6940
Cell (432)934-7873 |
|---|--|

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1239-A
April 26, 2012

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of 19.15.26.8B NMAC, COG Operating, LLC seeks an administrative order to utilize its South Craig 10 SWD Well No. 1 (API 30-015-24469) located 660 feet from the North line and 660 feet from the East line, Unit letter A of Section 10, Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, COG Operating, LLC, is hereby authorized to utilize its South Craig 10 SWD Well No. 1 (API 30-015-24469) located 660 feet from the North line and 660 feet from the East line, Unit letter A of Section 10, Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Delaware Mountain Group through perforations from 3551 feet to 5383 feet through lined tubing and a packer set less than 100 feet above the permitted disposal interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to

the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

The wellhead injection pressure on the well shall be limited to **no more than 710 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district office of the date and time of the installation of disposal equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

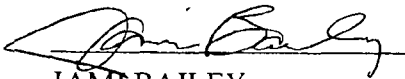
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.


JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating LLC
LEASE NO.:	NMNM113939
WELL NAME & NO.:	1 South Craig 10 SWD
SURFACE HOLE FOOTAGE:	660' FNL & 660' FEL
BOTTOM HOLE FOOTAGE:	' FL & ' FL
LOCATION:	Section 10, T.26 S., R.26 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Cave/Karst
 - Cultural
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 - Topsoil
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- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - Critical Cave/Karst
 - Logging Requirements
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 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells. 5

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Drilling:

Operator is only approved to inject into the **Delaware formation**. Perforations are nearing the Bone Spring formation and operator is not approved to inject into the Bone Spring formation.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 4 inches in depth. The topsoil will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of

surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

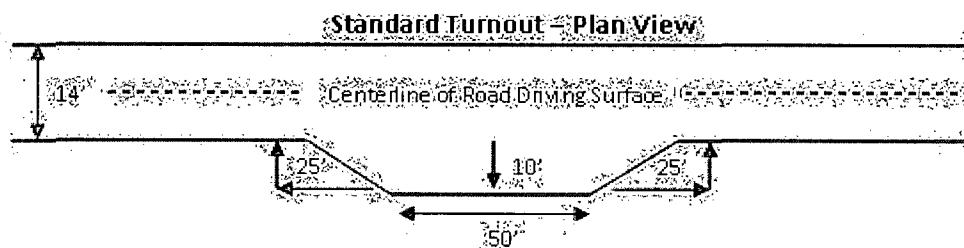
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

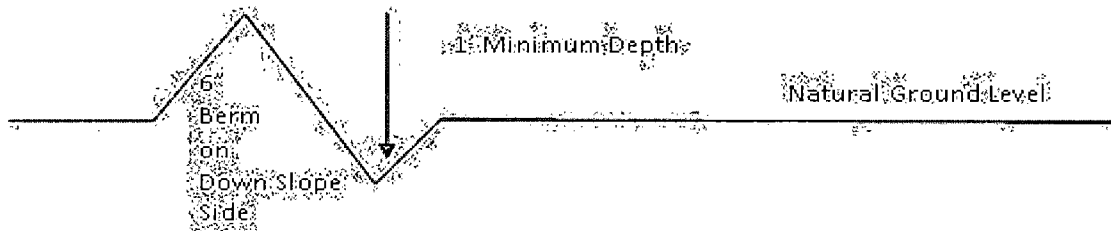


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

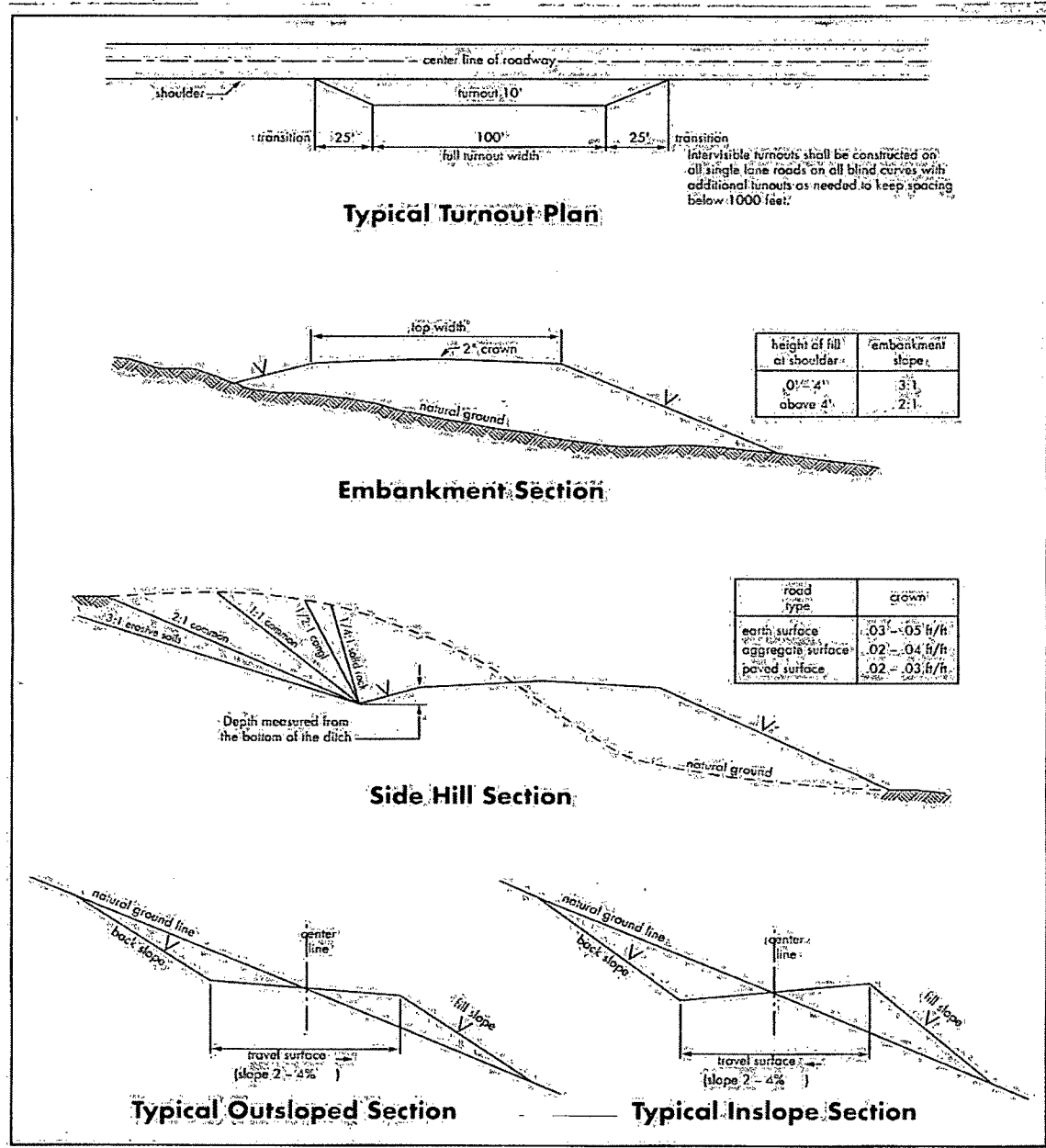
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING – RE-ENTRY

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. BOPE tests (minimum of 4 hours)
- b. Setting and Cementing the production casing strings (minimum of 4 hours)
- c. CIT test

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Hydrogen Sulfide (H₂S) monitors shall be installed prior to drilling out the surface plug. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

B. CASING – Re-entry

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

1. The 13-3/8” surface casing is set at 630 feet with cement circulated to surface.
2. The 9-5/8” intermediate casing is set at 1726 feet with cement circulated to surface.
3. The 5-1/2” production casing is set at 5500 feet with cement circulated to surface.

A CIT is to be performed on the 5-1/2 inch casing per Onshore Oil and Gas Order 2.III.B.1.h. Test casing to 1,000 psi.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. **Prior to drilling surface plug the BOP is to be tested.** Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2,000 (2M) psi.**
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
 - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

E. WELL COMPLETION

A NOI sundry with the completion procedure for this well shall be submitted and approved prior to commencing completion work. The procedure will be reviewed to verify that the completion proposal will allow the operator to:

- 1. Properly evaluate the injection zone utilizing open hole logs, swab testing and/or any other method to confirm that hydrocarbons cannot be produced in paying quantities. This evaluation shall be reviewed by the BLM prior to injection commencing.**
- 2. Restrict the injection fluid to the approved formation.**

If off-lease water will be disposed in this well, the operator shall provide proof of right-of-way approval.

JAM 062813

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, Shale Green from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES (Not Applied for in APD)

C. ELECTRIC LINES (Will apply through Right-of-Way)

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed