ATS-14-720

Form 3160-3
(March 2012)

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

JCG 10-9-14

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: SHL: NMNM098821, BHL: NMNM120895

6. If Indian, Allotee or Tribe Name:

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

1a. Type of Work: [✓] DRILL [ ] REENTER

8. Lease Name and Well No. <313490>: Cabo Wabo 25 Federal Com #2H

1b. Type of Well: [✓] Oil Well [ ] Gas Well [ ] Other [✓] Single Zone [ ] Multiple Zone

2. Name of Operator: COG Production LLC. 217955

9. API Well No.: 30-015-42718

3a. Address: 2208 West Main Street, Artesia, NM 88210

3b. Phone No. *(include area code)*: 575-748-6940

10. Field and Pool, or Exploratory <96217>: Willow Lake; Bone Spring, Southeast

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

At surface: 530' FSL & 2310' FWL Unit Letter N (SESW) Sec 25-T25S-R29E

At proposed prod. Zone: 330' FNL & 2310' FWL Unit Letter C (NENW) Sec 24-T25S-R29E

11. Sec., T.R.M. or Blk and Survey or Area: Sec. 25 - T25S - R29E

14. Distance in miles and direction from nearest town or post office*: Approximately 7 miles from Malaga

12. County or Parish: Eddy

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any): 330'

16. No. of acres in lease: SHL: 640, BHL: 1280

17. Spacing Unit dedicated to this well: 320

18. Distance from location* to nearest well, drilling, completed, applied for, on this lease, ft.: SHL: 1320' (Cabo Wabo #3H)

19. Proposed Depth: TVD: 7,890' MD: 17,424'

20. BLM/BIA Bond No. on file: NMB000860 &NMB000845

21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3058.0' GL

22. Approximate date work will start*: 7/1/2014

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: Mayte Reyes — Name *(Printed/Typed)*: Mayte Reyes — Date: 4/14/2014

Title: Regulatory Analyst

Approved by *(Signature)*: Steve Caffey — Name *(Printed/Typed)*: — Date: SEP 29 2014

Title: CARLSBAD FIELD OFFICE — Office: FIELD MANAGER

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 theron.

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)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

NM OIL CONSERVATION
ARTESIA DISTRICT
OCT 03 2014

Approval Subject to General Requirements & Special Stipulations Attached

RECEIVED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
1301 W. GRAND AVENUE, 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
11885 S. ST. FRANCIS DR., SANTA FE, NM 87506
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to apprpriate

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015- 42718	96217	Willow Lake; Bone Spring, Southeast

Property Code	Property Name	Well Number
313490	CABO WABO 25 FEDERAL COM	2H

OGRID No.	Operator Name	Elevation
217955	COG PRODUCTION, LLC	3058.0

Surface Location

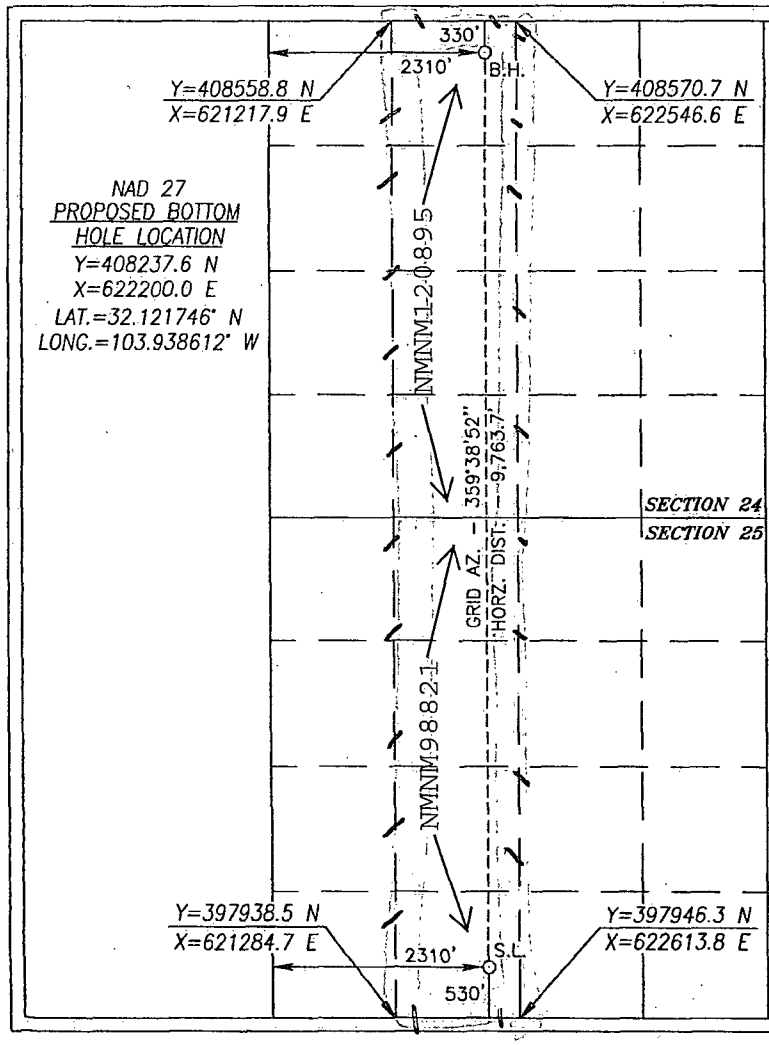
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	25-S	29-E		530	SOUTH	2310	WEST	EDDY

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
C	24	25-S	29-E		330	NORTH	2310	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date 4/14/14

Melanie J Parker

Printed Name

mparker@concho.com

E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JUNE 28, 2013

Date of Survey

Signature & Seal of Professional Surveyor

CHAD L. HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR

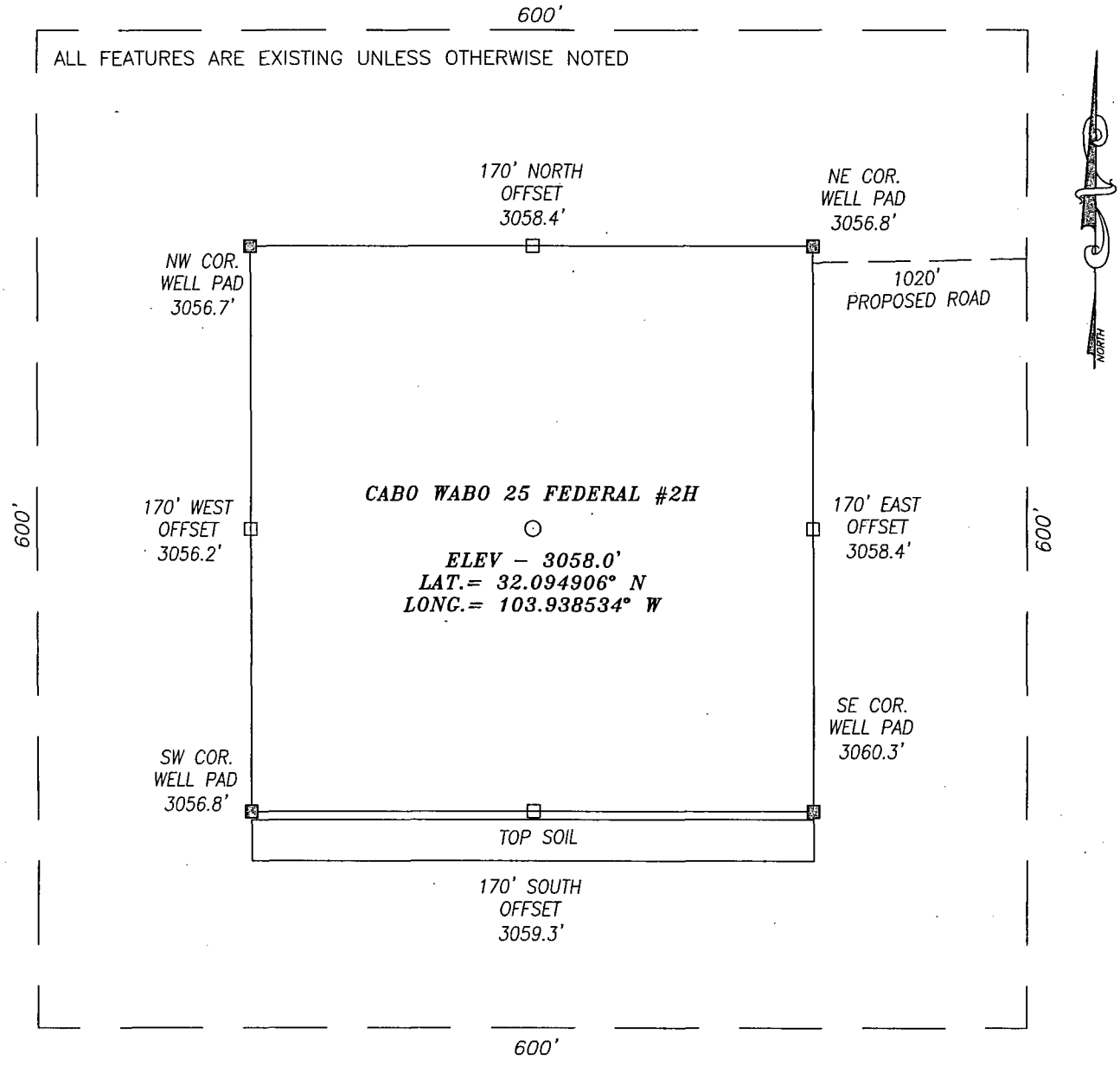
Chad Harcrow 7/21/13

Certificate No. CHAD HARCROW 17777

W.O. # 13-447 DRAWN BY: VD

SECTION 25, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,

EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

HEADING SOUTH ON HWY 285 TURN LEFT (EAST) ONTO CR #725 (LONGHORN RD) AND GO APPROX. 3.8 MILES; THEN TURN LEFT (NORTHEAST) ONTO PIPELINE RD #1 AND GO APPROX. 4.5 MILES; THEN TURN RIGHT (SOUTHEAST) AND GO APPROX. 0.9 MILES AND PROPOSED WELL IS APPROX. 3125 FEET SOUTHWEST.

100 0 100 200 Feet

Scale: 1"=100'

HARCROW SURVEYING, LLC
1107 WATSON, ARTESIA, N.M. 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

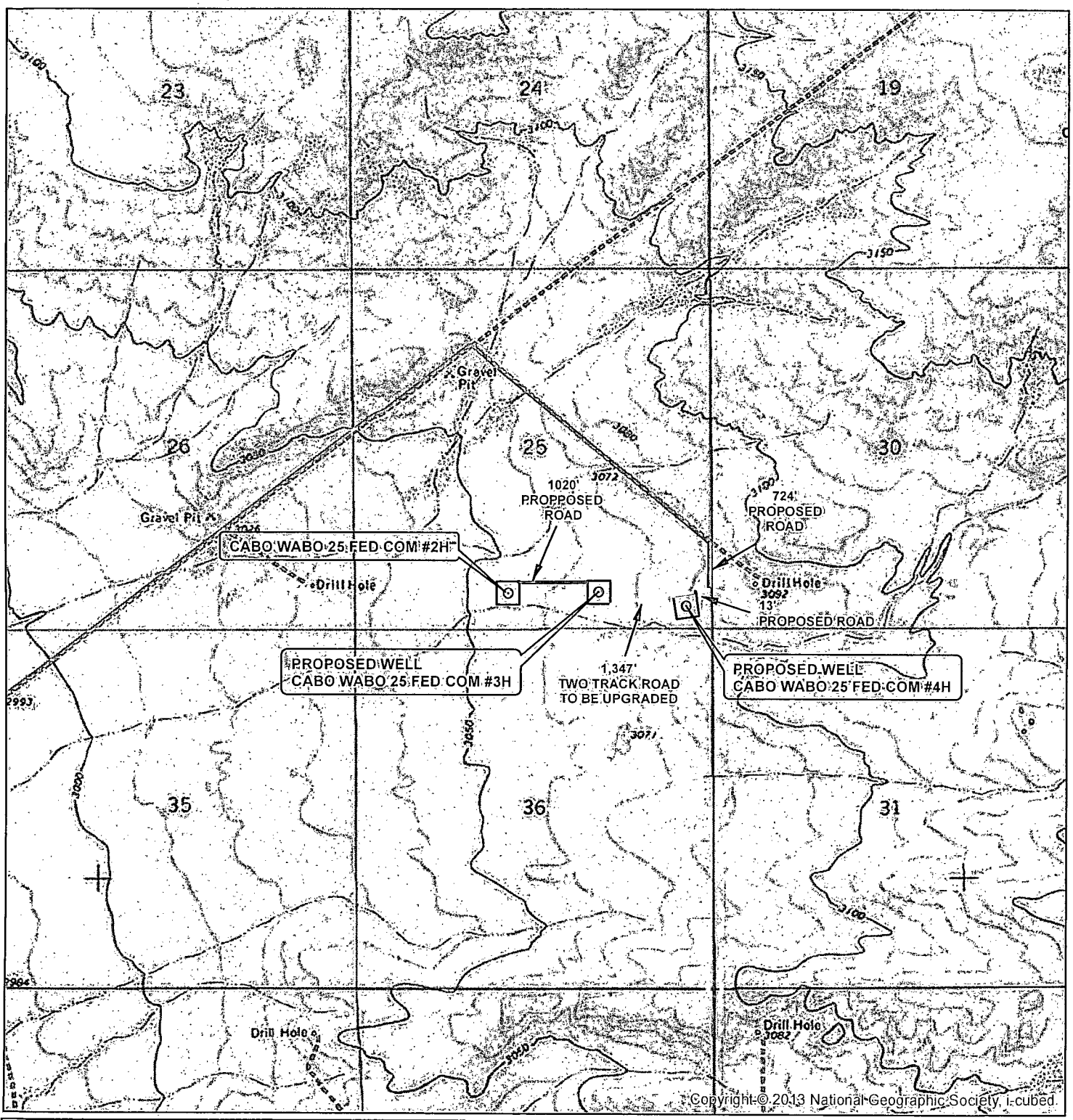
COG PRODUCTION, LLC

CABO WABO 25 FEDERAL COM #2H WELL
LOCATED 530 FEET FROM THE SOUTH LINE
AND 2310 FEET FROM THE WEST LINE OF SECTION 25,
TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

SURVEY DATE: 06/28/2013		PAGE: 1 OF 1
DRAFTING DATE: 07/02/2013		
APPROVED BY: CH	DRAWN BY: VD	FILE: 13-447

EXHIBIT 2

LOCATION VERIFICATION MAP



SEC. 25, TWP. 25S, RGE. 29E
SURVEY: N.M.P.M
COUNTY: EDDY STATE: NEW MEXICO
DESCRIPTION: CABO WABO 25 FED COM #2H
530' FSL, 2310' FWL

ELEVATION: 3058.0'
OPERATOR: COG PRODUCTION LLC
LEASE: CABO WABO 25 FED COM

W.O. # 13-447

WELL
WELL PAD
MAIN ROAD
PROPOSED ROAD
TWO TRACK ROAD

1 IN = 2,000 FT

N

0 2,000 4,000 FEET

0 0.5 MILES

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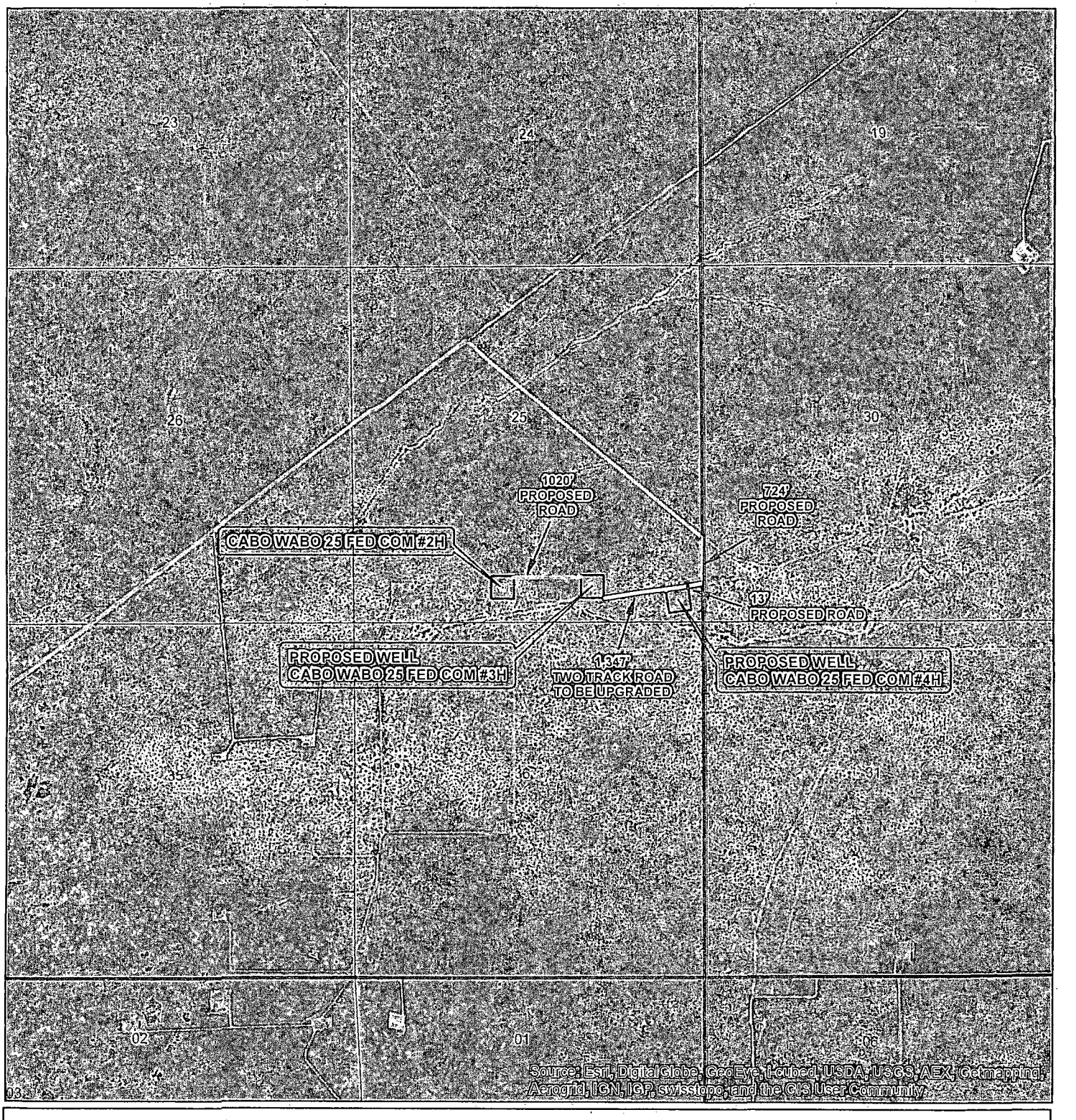
1107 WATSON, ARTESIA N.M. 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

MAP DATE: 7/8/2013

LOCATION VERIFICATION MAP



SEC. 25, TWP. 25S, RGE. 29E
SURVEY: N.M.P.M
COUNTY: EDDY STATE: NEW MEXICO
DESCRIPTION: CABO WABO 25 FED COM #2H
530' FSL, 2310' FWL

ELEVATION: 3058.0'
OPERATOR: COG PRODUCTION LLC
LEASE: CABO WABO 25 FED COM

W.O. # 13-447

WELL
WELL PAD
MAIN ROAD
PROPOSED ROAD
TWO TRACK ROAD

1 IN = 2,000 FT

N

0 2,000 4,000 FEET

0 0.5 MILES

HARCROW SURVEYING, LLC
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PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

MAP DATE: 7/8/2013

LEGEND

- BEND
- FLOWLINE
- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD
- TWO-TRACK ROAD

FLOWLINE: CABO WABO 25 FED COM #2H, #3H, #4H

SECTION: 25	TOWNSHIP: 25 S.	RANGE: 29 E.
STATE: NEW MEXICO	COUNTY: EDDY	SURVEY: N.M.P.M
W.O. # 14-151	LEASE: CABO WABO 25 FED COM	

0 2,500 FEET

0 0.075 0.15 0.3 Miles 1 IN = 1,250 FT

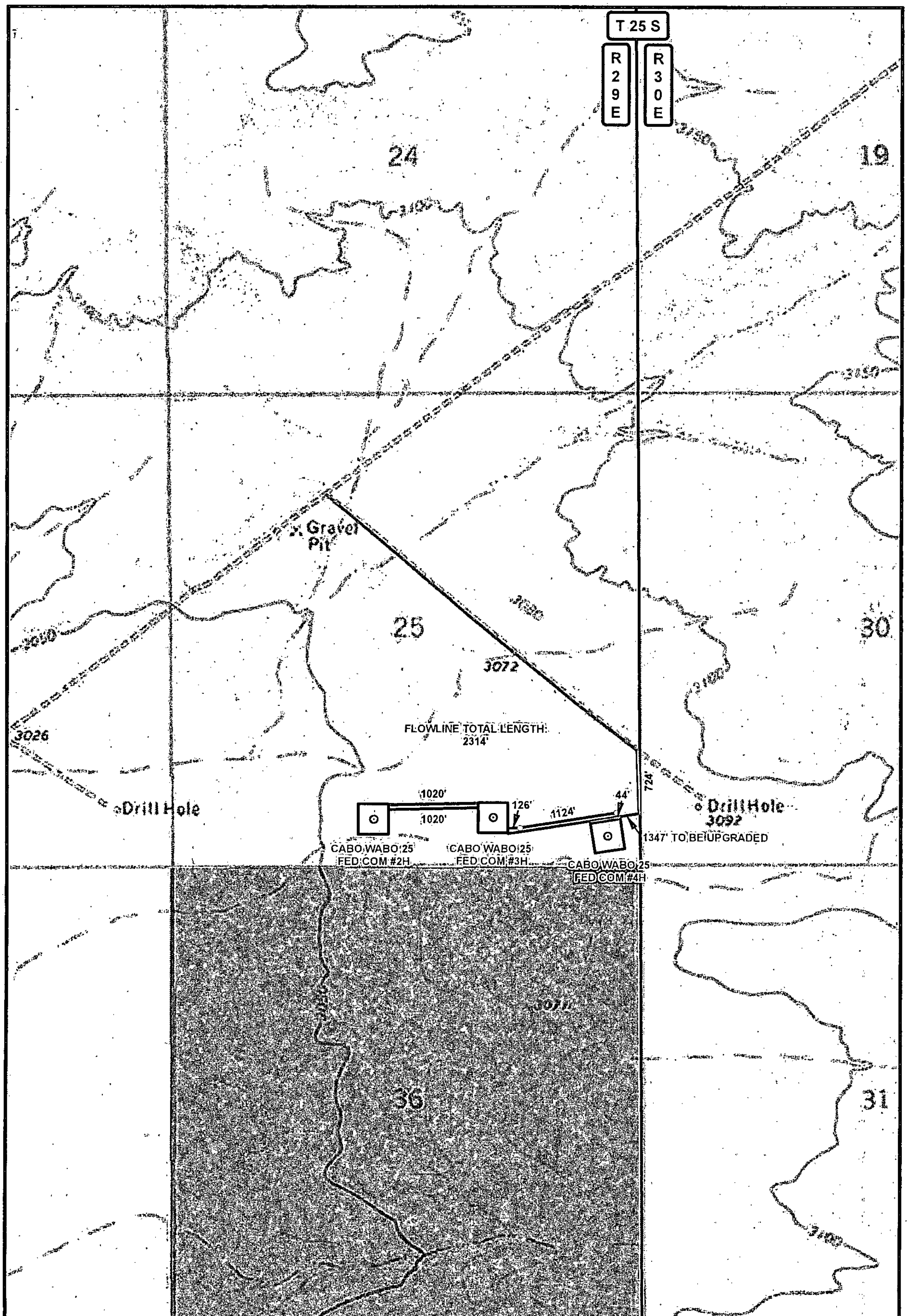
FLOWLINEMAP 02/25/2014 SP

N

CONCHO

COG PRODUCTION, LLC

HARCROW SURVEYING, LLC
110' WATSON, ARTESIA N.M. 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com



LEGEND

- BEND
- FLOWLINE
- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD
- TWO-TRACK ROAD
- PRIVATE
- STATE OF NM
- US BLM

FLOWLINE: CABO WABO 25 FED COM #2H, #3H, #4H

SECTION: 25	TOWNSHIP: 25 S.	RANGE: 29 E.
STATE: NEW MEXICO	COUNTY: EDDY	SURVEY: N.M.P.M
W.O. # 14-151		LEASE: CABO WABO 25 FED COM

0 — 2,500 FEET

0 0.075 0.15 0.3 Miles

1 IN = 1,250 FT

FLOWLINE MAP 02/25/2014 SP

N

CONCHO

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1107 WATSON, ARTESIA N.M. 88210
PH: (575) 513-2570 FAX: (575) 746-2158
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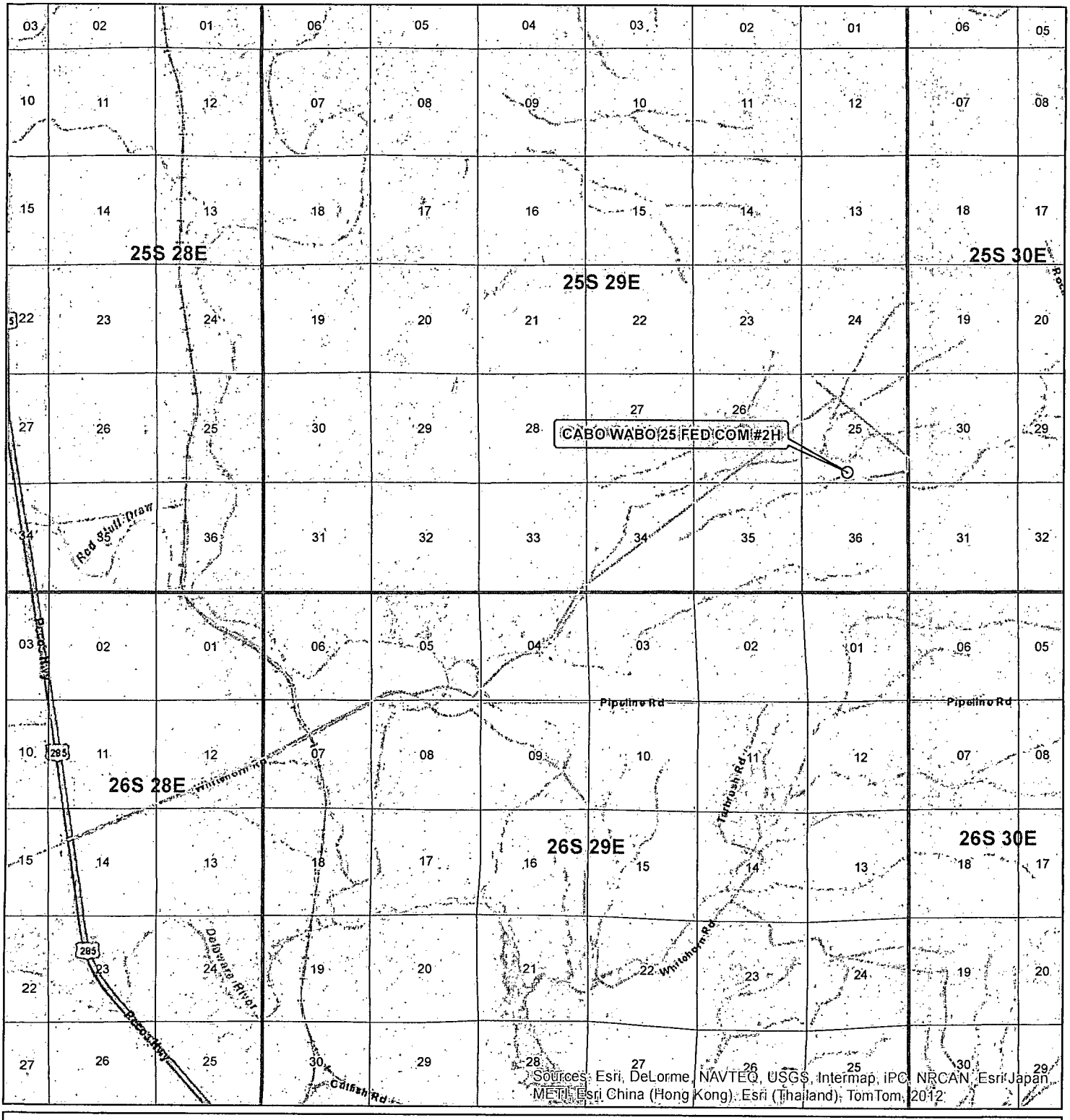
VICINITY MAP



SEC. 25, TWP. 25S, RGE. 29E
SURVEY: N.M.P.M
COUNTY: EDDY STATE: NEW MEXICO
DESCRIPTION: CABO WABO 25 FED COM #2H
530' FSL, 2310' FWL

ELEVATION: 3058.0'
OPERATOR: COG PRODUCTION LLC
LEASE: CABO WABO 25 FED COM

W.O. # 13-447

1 IN = 6,600 FT

N

0 0.5 1 MILES

WELL
TOWNSHIP
SECTION

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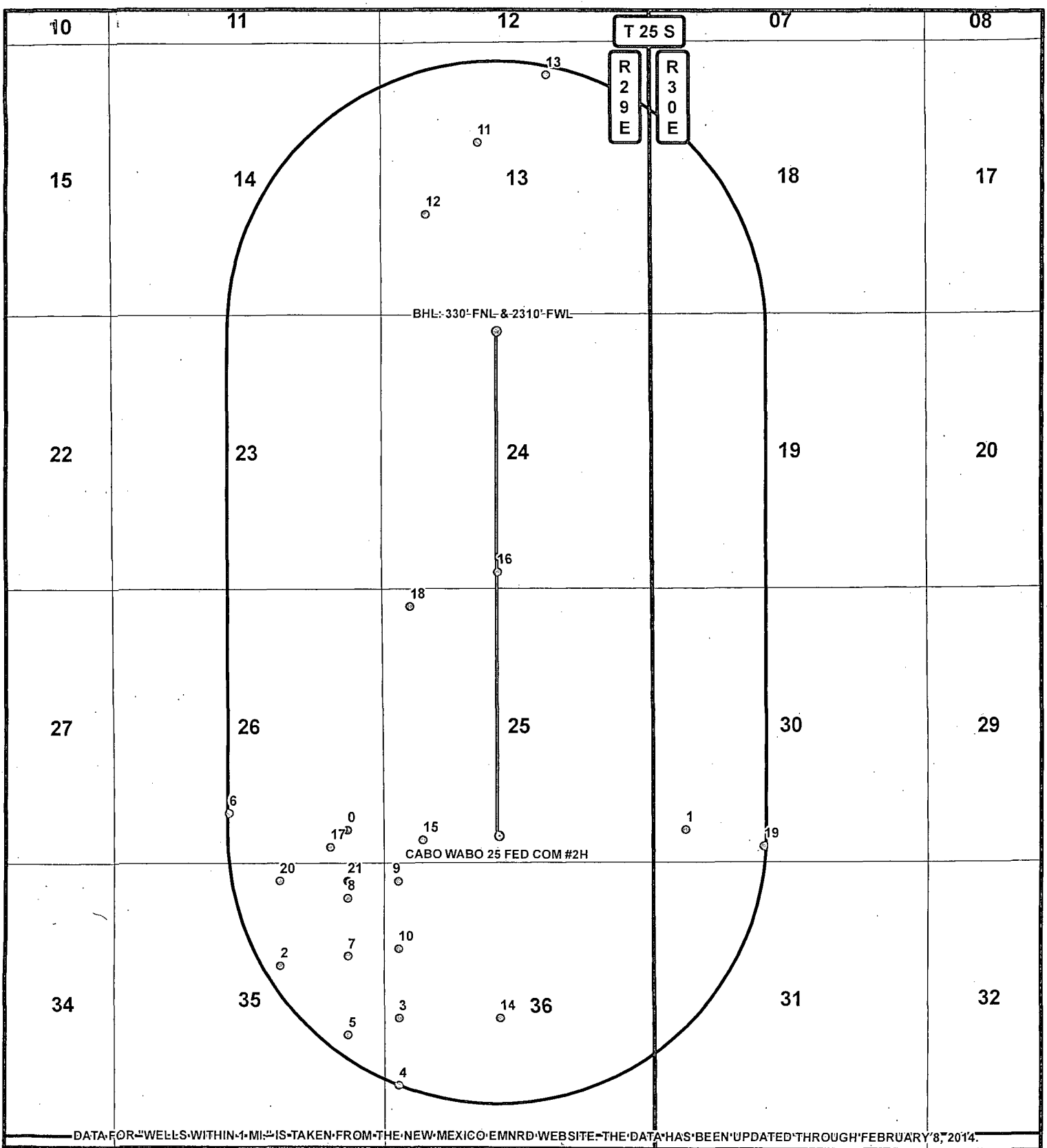
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

MAP DATE: 7/8/2013



DATA FOR "WELLS WITHIN 1 MI." IS TAKEN FROM THE NEW MEXICO EMNRD WEBSITE. THE DATA HAS BEEN UPDATED THROUGH FEBRUARY 8, 2014.

LEGEND

- WELL
- BOTTOMHOLE
- WELLS WITHIN 1 MI.
- 1 MI. BUFFER

CABO WABO 25 FED COM #2H

SEC: 25 TWP: 25 S. RGE: 29 E. ELEVATION: 3058.0'

STATE: NEW MEXICO COUNTY: EDDY 530' FSL & 2310' FWL

W.O. # 14-150 LEASE: CABO WABO FED COM SURVEY: N.M.P.M

0 2,500 5,000 FEET

0 0.15 0.3 0.6 Miles

1 IN = 2,500 FT

1 MILE MAP 02/25/2014 S.P.

N

CONCHO

COG PRODUCTION, LLC

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1107 WATSON, ARTESIA N.M. 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

FID	OPERATOR	WELL_NAME	LATITUDE	LONGITUDE	API	SECTION	TOWNSHIP	RANGE	FTG_NS	NS_CD	FTG_EW	EW_CD	TVD_DEPTH	COMPL_STAT
0	BENNETT J	SUPERIOR 26 001	32.095345	-103.948634	3001503718	26	25.0S	29E	660	S	660	E	0	Plugged
1	BENNETT J	SUPERIOR FED 001	32.095384	-103.92718	3001504782	30	25.0S	30E	660	S	660	W	0	Plugged
2	SOUTHWEST ROYALTIES INC	NORTH BRUSHY DRAW 35 FEDERAL 001	32.088092	-103.952893	3001527310	35	25.0S	29E	1980	N	1980	E	0	Active
3	SOUTHWEST ROYALTIES INC	POGO 36 STATE 001	32.085267	-103.945394	3001527398	36	25.0S	29E	2310	S	330	W	0	Active
4	SOUTHWEST ROYALTIES INC	POGO 36 STATE 002	32.081638	-103.945388	3001527399	36	25.0S	29E	990	S	330	W	5900	Plugged
5	SOUTHWEST ROYALTIES INC	N BRUSHY DRAW A 35 FEDERAL 003	32.084362	-103.948604	3001527502	35	25.0S	29E	1980	S	660	E	5772	Active
6	YATES PETROLEUM CORPORATION	CORRAL FED UT 002	32.096258	-103.956132	3001527554	26	25.0S	29E	990	S	2310	W	7040	Plugged
7	SOUTHWEST ROYALTIES INC	N BRUSHY DRAW A 35 FEDERAL 007	32.088583	-103.948611	3001527700	35	25.0S	29E	1800	N	660	E	5760	Active
8	SOUTHWEST ROYALTIES INC	N BRUSHY DRAW A 35 FEDERAL 006	32.091717	-103.948616	3001527869	35	25.0S	29E	660	N	660	E	5760	Active
9	SOUTHWEST ROYALTIES INC	DUNES 36 STATE 001	32.092624	-103.945405	3001528259	36	25.0S	29E	330	N	330	W	5816	Active
10	SOUTHWEST ROYALTIES INC	DUNES A 36 STATE 002	32.088996	-103.9454	3001528587	36	25.0S	29E	1650	N	330	W	3380	Plugged
11	OXY USA INC	BRADLY 13 FEDERAL 001	32.131998	-103.940267	3001529256	13	25.0S	29E	1970	N	1949	W	6500	Active
12	POGO PRODUCING CO	BRADLY 13 FEDERAL 002	32.128143	-103.943553	3001529257	13	25.0S	29E	1955	S	936	W	6000	Plugged
13	OXY USA INC	BRADLY 13 FEDERAL 004Q	32.135629	-103.935898	3001531704	13	25.0S	29E	660	N	1980	E	8600	Active
14	YATES PETROLEUM CORPORATION	DRAW BJL STATE 001	32.085264	-103.938969	3001535047	36	25.0S	29E	2310	S	2310	W	9300	Active
15	COG PRODUCTION, LLC	25 FEDERAL 001	32.094818	-103.943859	3001535618	25	25.0S	29E	467	S	810	W	3420	Active
16	ATLANTIC OPERATING, INC.	24 FEDERAL 001	32.109073	-103.939096	3001535925	24	25.0S	29E	330	S	2310	W	0	New (Not drilled or compl)
17	EOG RESOURCES INC	NORTH BRUSHY 26 FEDERAL 001	32.094439	-103.949698	3001536110	26	25.0S	29E	330	S	990	E	4386	Plugged
18	COG PRODUCTION, LLC	CABO WABO 25 FEDERAL 001H	32.10724	-103.94464	3001540440	25	25.0S	29E	330	N	600	W	7825	New (Not drilled or compl)
19	YATES PETROLEUM CORPORATION	BENNETT FEDERAL 003H	32.094493	-103.922244	3001540872	30	25.0S	30E	330	S	2180	W	0	New (Not drilled or compl)
20	RKI EXPLORATION & PRODUCTION, LLC	NORTH BRUSHY DRAW FEDERAL 35 001H	32.092627	-103.9529	3001539753	35	25.0S	29E	330	N	1980	E	7652	New (Not drilled or compl)
21	RKI EXPLORATION & PRODUCTION, LLC	NORTH BRUSHY DRAW FEDERAL 35 002H	32.092624	-103.948618	3001540006	35	25.0S	29E	330	N	660	E	9	New (Not drilled or compl)

COG Production, LLC
DRILLING AND OPERATIONS PROGRAM
Cabo Wabo 25 Federal Com 2H
SHL: 530' FSL & 2310' FWL, Section 25
BHL: 330' FNL & 1980' FWL, Section 24
T25S R29E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, COG Production LLC submits the following eleven items of pertinent information in accordance with BLM requirements.

1. Geological surface formation: Permian

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	NP	
Rustler	680'	
Salado	1,184'	
Fletcher	3,038'	
Lamar Lime	3,253'	
Bell Canyon	3,301'	Oil
Cherry Canyon	4,191'	Oil
Brushy Canyon	5,491'	Oil
Bone Spring	7,076'	Oil
U Avalon Shale	7,412'	Oil
L Avalon Shale	7,628'	Oil
1st BS Sand	8,009'	Oil
Lateral TD MD	17,424'	
Lateral TD TVD	7,890'	

No other formations are expected to give up oil, gas or fresh water in measurable quantities.

The surface fresh water sands will be protected by setting 13-3/8" casing at 750' and circulating cement back to surface.

The salt sections will be isolated by setting 9-5/8" casing at 3,270' and circulating cement back to surface.

Other intervals will be isolated by setting 5 1/2" casing to total depth and circulating cement back to surface.

3. Proposed Casing Program: All casing is new and API approved

Hole Size	Depths	Section	OD Casing	New/ Used	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 ½"	0' – 750'	Surface	13 3/8"	New	54.5#	STC	J-55	1.125	1.125	1.6
12 ¼"	0' – 3,270'	Intrmd	9 5/8"	New	36#	LTC	J-55	1.125	1.125	1.6
8 3/4"	0' – 17,424'	Production Curve & Lateral	5 1/2"	New	17#	BTC	P-110	1.125	1.125	1.6

- While running all casing strings, the pipe will be kept a minimum of 1/3 full at all times to avoid approaching the collapse pressure of casing.
- Will run one centralizer every other joint in lateral section of well.

4. Proposed Cement Program

a. 13-3/8" Surface

Lead: 340 sx Class C + 4% Gel + 2% $CaCl_2$ (13.5 ppg / 9.2 gal/sk / 1.75 ft^3/sk)
Tail: 250 sx Class C + 2% $CaCl_2$ (14.8 ppg / 6.35 gal/sk / 1.34 ft^3/sk)
**Calculated w/75% excess on OH volumes based on offset wells

b. 9 5/8" Intermediate:

Lead: 920 sx Class C + 4% Gel + 1% $CaCl_2$ (13.5 ppg /9.2 gal/sk / 1.75 ft^3/sk)
Tail: 200 sx Class C + 2% $CaCl_2$ (14.8 ppg / 6.35 gal/sk / 1.34 ft^3/sk)
**Calculated w/100% excess on OH volumes

c. 5 1/2" Production

Lead: 990 sx 50:50:10 H w/ 8# salt, 5# kolseal, 0.5% Halad-322, 0.3% HR-601 & 1/4# D-Air 5000 (11.9 ppg / 14.07 gal/sk / 2.51 ft^3/sk)
Tail: 2735 sx 50:50:2 H w/ 1% salt, 0.4% GasStop, 0.3% CFR-3 & 0.1% HR601, & CFR-3 (14.4 ppg / 5.66 gal/sk 1.25 ft^3/sk)
**Calculated w/40% excess on OH volumes

- The above cement volumes could be revised pending caliper measurements.
- All casing strings are designed to circulate cement to surface.

5. Minimum Specifications for Pressure Control:

Nipple up on 13 3/8" with minimum 2M annular preventer. Annular will be tested to 50% of WP and remainder of system tested to 2000 psi by independent tester.

Nipple up on 9 5/8" with minimum 3M annular and double ram preventers. Annular will be tested to 50% of WP and remainder of system tested to 3000 psi by independent tester.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

A 2" kill line and a minimum 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 5000 psi WP rating.

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string depth or 1500 psig, whichever is greater, but not to exceed 70 percent of casing's minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action will be taken.

While drilling the intermediate section, if a reading of H2S is greater than 100 ppm, well will be shut-in and a remote operated choke will be installed.

6. Estimated BHP & BHT:

Lateral TD = 3446 psi
Lateral TD = 133° F

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

Depth	Type System	Mud Weight	Viscosity (sec)	Waterloss (cc)
0' - 750'	Fresh Water	8.4 – 9.0	29	N.C.
750' - 3,270'	Brine	10.0 – 10.3	29	N.C.
3,270' - 17,424' (Lateral)	Cut Brine	8.5 – 8.7	29	N.C.

- The necessary mud products for weight addition and fluid loss control will be on location at all times.
- A visual and electronic mud monitoring system will be rigged up prior to spud to detect changes in the volume of mud system. The electronic system consists of a pit volume totalizer, stroke counter and flow sensor at flow line.
- If weight and/or viscosity are introduced to the mud system a daily mud check will be performed by mud contractor, along with tourly check by rig personnel.
- After setting intermediate casing, a third party gas unit detection system will be installed at the flow line.

8. Auxiliary Well Control and Monitoring Equipment:

a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

9. Testing, Logging and Coring Program:

a. Drill stem tests will be based on geological sample shows.
b. If open hole electrical logging is performed, the program will be:
   i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
   ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
   iii. No cores are planned.
   iv. Additional testing will be initiated subsequent to setting the 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

10. Potential Hazards:

a. 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.

11. Anticipated starting date and Duration of Operations:

a. 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 rig will be available. Move in operations and drilling is expected to take 30 days.

CONCHO

COG Production, LLC.

Eddy County, NM (NAD27 NME)
Cabo Wabo 25 Federal Com
#2H

WB1/1410560

Plan: Plan #1 04-01-14

Standard Planning Report

01 April, 2014

PHOENIX
TECHNOLOGY SERVICES

Database:	GCR DB	Local Co-ordinate Reference:	Well #2H
Company:	COG Production, LLC	TVD Reference:	KB @ 3084.00usft (Scandrill Freedom)
Project:	Eddy County, NM (NAD27 NME)	MD Reference:	KB @ 3084.00usft (Scandrill Freedom)
Site:	Cabo Wabo 25 Federal Com	North Reference:	Grid
Well:	#2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB1/1410560		
Design:	Plan #1 04-01-14		

Project Eddy County, NM (NAD27 NME)

Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Cabo Wabo 25 Federal Com

Site Position:		**Northing:**	398,291.00 usft	**Latitude:**	32° 5' 39.75226 N
From:	Map	**Easting:**	624,920.09 usft	**Longitude:**	103° 55' 47.80607 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	0.21 °

Well #2H, 350' FSL & 2310' FWL

Well Position	**+N/-S**	183.10 usft	**Northing:**	398,474.10 usft	**Latitude:**	32° 5' 41.66171 N
	+E/-W	-2,660.19 usft	**Easting:**	622,259.90 usft	**Longitude:**	103° 56' 18.72230 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**		**Ground Level:**	3,058.00 usft

Wellbore WB1/1410560

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010_14	04/01/14	7.40	59.94	48,222

Design Plan #1 04-01-14

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	357.71

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,383.34	0.00	0.00	7,383.34	0.00	0.00	0.00	0.00	0.00	0.00	
8,131.84	89.82	357.71	7,860.81	475.59	-19.00	12.00	12.00	0.00	357.71	
17,424.21	89.82	357.71	7,890.00	9,760.50	-389.90	0.00	0.00	0.00	0.00	PBHL-Cabo Wabo 25

Database:	GCR DB	Local Co-ordinate Reference:	Well #2H
Company:	COG Production, LLC	TVD Reference:	KB @ 3084.00usft (Scandrill Freedom)
Project:	Eddy County, NM (NAD27 NME)	MD Reference:	KB @ 3084.00usft (Scandrill Freedom)
Site:	Cabo Wabo 25 Federal Com	North Reference:	Grid
Well:	#2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB1/1410560		
Design:	Plan #1 04-01-14		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
680.00	0.00	0.00	680.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
1,184.00	0.00	0.00	1,184.00	0.00	0.00	0.00	0.00	0.00	0.00
TOS									
3,038.00	0.00	0.00	3,038.00	0.00	0.00	0.00	0.00	0.00	0.00
BOS (Fletcher)									
3,253.00	0.00	0.00	3,253.00	0.00	0.00	0.00	0.00	0.00	0.00
LMAR (Top Delaware)									
3,301.00	0.00	0.00	3,301.00	0.00	0.00	0.00	0.00	0.00	0.00
BLCN									
4,191.00	0.00	0.00	4,191.00	0.00	0.00	0.00	0.00	0.00	0.00
CYCN									
5,491.00	0.00	0.00	5,491.00	0.00	0.00	0.00	0.00	0.00	0.00
BYCN									
7,076.00	0.00	0.00	7,076.00	0.00	0.00	0.00	0.00	0.00	0.00
Bone Sprg (BSGL)									
7,383.34	0.00	0.00	7,383.34	0.00	0.00	0.00	0.00	0.00	0.00
KOP, 12°/100' Build									
7,400.00	2.00	357.71	7,400.00	0.29	-0.01	0.29	12.00	12.00	0.00
7,412.02	3.44	357.71	7,412.00	0.86	-0.03	0.86	12.00	12.00	0.00
U Avalon Sh									
7,500.00	14.00	357.71	7,498.84	14.17	-0.57	14.18	12.00	12.00	0.00
7,600.00	26.00	357.71	7,592.64	48.28	-1.93	48.32	12.00	12.00	0.00
7,640.21	30.82	357.71	7,628.00	67.39	-2.69	67.44	12.00	12.00	0.00
L Avalon Sh									
7,700.00	38.00	357.71	7,677.29	101.13	-4.04	101.21	12.00	12.00	0.00
7,800.00	50.00	357.71	7,749.10	170.41	-6.81	170.55	12.00	12.00	0.00
7,900.00	62.00	357.71	7,804.92	253.10	-10.11	253.30	12.00	12.00	0.00
8,000.00	74.00	357.71	7,842.31	345.57	-13.80	345.85	12.00	12.00	0.00
8,100.00	86.00	357.71	7,859.65	443.79	-17.73	444.15	12.00	12.00	0.00
8,131.84	89.82	357.71	7,860.81	475.59	-19.00	475.96	12.00	12.00	0.00
LP, Hold 89.82° Inc, 357.71° Azm									
8,200.00	89.82	357.71	7,861.02	543.69	-21.72	544.12	0.00	0.00	0.00
8,300.00	89.82	357.71	7,861.34	643.61	-25.71	644.12	0.00	0.00	0.00
8,400.00	89.82	357.71	7,861.65	743.53	-29.70	744.12	0.00	0.00	0.00
8,500.00	89.82	357.71	7,861.96	843.45	-33.69	844.12	0.00	0.00	0.00
8,600.00	89.82	357.71	7,862.28	943.37	-37.68	944.12	0.00	0.00	0.00
8,700.00	89.82	357.71	7,862.59	1,043.29	-41.68	1,044.12	0.00	0.00	0.00
8,800.00	89.82	357.71	7,862.91	1,143.21	-45.67	1,144.12	0.00	0.00	0.00
8,900.00	89.82	357.71	7,863.22	1,243.12	-49.66	1,244.12	0.00	0.00	0.00
9,000.00	89.82	357.71	7,863.53	1,343.04	-53.65	1,344.12	0.00	0.00	0.00
9,100.00	89.82	357.71	7,863.85	1,442.96	-57.64	1,444.12	0.00	0.00	0.00
9,200.00	89.82	357.71	7,864.16	1,542.88	-61.63	1,544.11	0.00	0.00	0.00
9,300.00	89.82	357.71	7,864.48	1,642.80	-65.62	1,644.11	0.00	0.00	0.00
9,400.00	89.82	357.71	7,864.79	1,742.72	-69.62	1,744.11	0.00	0.00	0.00
9,500.00	89.82	357.71	7,865.11	1,842.64	-73.61	1,844.11	0.00	0.00	0.00
9,600.00	89.82	357.71	7,865.42	1,942.56	-77.60	1,944.11	0.00	0.00	0.00
9,700.00	89.82	357.71	7,865.73	2,042.48	-81.59	2,044.11	0.00	0.00	0.00
9,800.00	89.82	357.71	7,866.05	2,142.40	-85.58	2,144.11	0.00	0.00	0.00
9,900.00	89.82	357.71	7,866.36	2,242.32	-89.57	2,244.11	0.00	0.00	0.00
10,000.00	89.82	357.71	7,866.68	2,342.24	-93.56	2,344.11	0.00	0.00	0.00

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Project:	Eddy County, NM (NAD27 NME)	MD Reference:	KB @ 3084.00usft (Scandrill Freedom)
Site:	Cabo Wabo 25 Federal Com	North Reference:	Grid
Well:	#2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB1/1410560		
Design:	Plan #1 04-01-14		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
10,100.00	89.82	357.71	7,866.99	2,442.16	-97.56	2,444.11	0.00	0.00	0.00
10,200.00	89.82	357.71	7,867.30	2,542.08	-101.55	2,544.11	0.00	0.00	0.00
10,300.00	89.82	357.71	7,867.62	2,642.00	-105.54	2,644.11	0.00	0.00	0.00
10,400.00	89.82	357.71	7,867.93	2,741.92	-109.53	2,744.11	0.00	0.00	0.00
10,500.00	89.82	357.71	7,868.25	2,841.84	-113.52	2,844.11	0.00	0.00	0.00
10,600.00	89.82	357.71	7,868.56	2,941.76	-117.51	2,944.11	0.00	0.00	0.00
10,700.00	89.82	357.71	7,868.88	3,041.68	-121.51	3,044.11	0.00	0.00	0.00
10,800.00	89.82	357.71	7,869.19	3,141.60	-125.50	3,144.11	0.00	0.00	0.00
10,900.00	89.82	357.71	7,869.50	3,241.52	-129.49	3,244.11	0.00	0.00	0.00
11,000.00	89.82	357.71	7,869.82	3,341.44	-133.48	3,344.11	0.00	0.00	0.00
11,100.00	89.82	357.71	7,870.13	3,441.36	-137.47	3,444.11	0.00	0.00	0.00
11,200.00	89.82	357.71	7,870.45	3,541.28	-141.46	3,544.11	0.00	0.00	0.00
11,300.00	89.82	357.71	7,870.76	3,641.20	-145.45	3,644.10	0.00	0.00	0.00
11,400.00	89.82	357.71	7,871.07	3,741.12	-149.45	3,744.10	0.00	0.00	0.00
11,500.00	89.82	357.71	7,871.39	3,841.04	-153.44	3,844.10	0.00	0.00	0.00
11,600.00	89.82	357.71	7,871.70	3,940.96	-157.43	3,944.10	0.00	0.00	0.00
11,700.00	89.82	357.71	7,872.02	4,040.88	-161.42	4,044.10	0.00	0.00	0.00
11,800.00	89.82	357.71	7,872.33	4,140.80	-165.41	4,144.10	0.00	0.00	0.00
11,900.00	89.82	357.71	7,872.65	4,240.72	-169.40	4,244.10	0.00	0.00	0.00
12,000.00	89.82	357.71	7,872.96	4,340.64	-173.39	4,344.10	0.00	0.00	0.00
12,100.00	89.82	357.71	7,873.27	4,440.56	-177.39	4,444.10	0.00	0.00	0.00
12,200.00	89.82	357.71	7,873.59	4,540.48	-181.38	4,544.10	0.00	0.00	0.00
12,300.00	89.82	357.71	7,873.90	4,640.40	-185.37	4,644.10	0.00	0.00	0.00
12,400.00	89.82	357.71	7,874.22	4,740.32	-189.36	4,744.10	0.00	0.00	0.00
12,500.00	89.82	357.71	7,874.53	4,840.24	-193.35	4,844.10	0.00	0.00	0.00
12,600.00	89.82	357.71	7,874.84	4,940.16	-197.34	4,944.10	0.00	0.00	0.00
12,700.00	89.82	357.71	7,875.16	5,040.08	-201.33	5,044.10	0.00	0.00	0.00
12,800.00	89.82	357.71	7,875.47	5,140.00	-205.33	5,144.10	0.00	0.00	0.00
12,900.00	89.82	357.71	7,875.79	5,239.92	-209.32	5,244.10	0.00	0.00	0.00
13,000.00	89.82	357.71	7,876.10	5,339.84	-213.31	5,344.10	0.00	0.00	0.00
13,100.00	89.82	357.71	7,876.42	5,439.76	-217.30	5,444.10	0.00	0.00	0.00
13,200.00	89.82	357.71	7,876.73	5,539.68	-221.29	5,544.10	0.00	0.00	0.00
13,300.00	89.82	357.71	7,877.04	5,639.60	-225.28	5,644.09	0.00	0.00	0.00
13,400.00	89.82	357.71	7,877.36	5,739.52	-229.27	5,744.09	0.00	0.00	0.00
13,500.00	89.82	357.71	7,877.67	5,839.44	-233.27	5,844.09	0.00	0.00	0.00
13,600.00	89.82	357.71	7,877.99	5,939.36	-237.26	5,944.09	0.00	0.00	0.00
13,700.00	89.82	357.71	7,878.30	6,039.28	-241.25	6,044.09	0.00	0.00	0.00
13,800.00	89.82	357.71	7,878.61	6,139.20	-245.24	6,144.09	0.00	0.00	0.00
13,900.00	89.82	357.71	7,878.93	6,239.12	-249.23	6,244.09	0.00	0.00	0.00
14,000.00	89.82	357.71	7,879.24	6,339.04	-253.22	6,344.09	0.00	0.00	0.00
14,100.00	89.82	357.71	7,879.56	6,438.96	-257.22	6,444.09	0.00	0.00	0.00
14,200.00	89.82	357.71	7,879.87	6,538.88	-261.21	6,544.09	0.00	0.00	0.00
14,300.00	89.82	357.71	7,880.19	6,638.80	-265.20	6,644.09	0.00	0.00	0.00
14,400.00	89.82	357.71	7,880.50	6,738.71	-269.19	6,744.09	0.00	0.00	0.00
14,500.00	89.82	357.71	7,880.81	6,838.63	-273.18	6,844.09	0.00	0.00	0.00
14,600.00	89.82	357.71	7,881.13	6,938.55	-277.17	6,944.09	0.00	0.00	0.00
14,700.00	89.82	357.71	7,881.44	7,038.47	-281.16	7,044.09	0.00	0.00	0.00
14,800.00	89.82	357.71	7,881.76	7,138.39	-285.16	7,144.09	0.00	0.00	0.00
14,900.00	89.82	357.71	7,882.07	7,238.31	-289.15	7,244.09	0.00	0.00	0.00
15,000.00	89.82	357.71	7,882.38	7,338.23	-293.14	7,344.09	0.00	0.00	0.00
15,100.00	89.82	357.71	7,882.70	7,438.15	-297.13	7,444.09	0.00	0.00	0.00
15,200.00	89.82	357.71	7,883.01	7,538.07	-301.12	7,544.09	0.00	0.00	0.00
15,300.00	89.82	357.71	7,883.33	7,637.99	-305.11	7,644.08	0.00	0.00	0.00
15,400.00	89.82	357.71	7,883.64	7,737.91	-309.10	7,744.08	0.00	0.00	0.00

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Site:	Cabo Wabo 25 Federal Com	North Reference:	Grid
Well:	#2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB1/1410560		
Design:	Plan #1 04-01-14		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
15,500.00	89.82	357.71	7,883.96	7,837.83	-313.10	7,844.08	0.00	0.00	0.00
15,600.00	89.82	357.71	7,884.27	7,937.75	-317.09	7,944.08	0.00	0.00	0.00
15,700.00	89.82	357.71	7,884.58	8,037.67	-321.08	8,044.08	0.00	0.00	0.00
15,800.00	89.82	357.71	7,884.90	8,137.59	-325.07	8,144.08	0.00	0.00	0.00
15,900.00	89.82	357.71	7,885.21	8,237.51	-329.06	8,244.08	0.00	0.00	0.00
16,000.00	89.82	357.71	7,885.53	8,337.43	-333.05	8,344.08	0.00	0.00	0.00
16,100.00	89.82	357.71	7,885.84	8,437.35	-337.04	8,444.08	0.00	0.00	0.00
16,200.00	89.82	357.71	7,886.15	8,537.27	-341.04	8,544.08	0.00	0.00	0.00
16,300.00	89.82	357.71	7,886.47	8,637.19	-345.03	8,644.08	0.00	0.00	0.00
16,400.00	89.82	357.71	7,886.78	8,737.11	-349.02	8,744.08	0.00	0.00	0.00
16,500.00	89.82	357.71	7,887.10	8,837.03	-353.01	8,844.08	0.00	0.00	0.00
16,600.00	89.82	357.71	7,887.41	8,936.95	-357.00	8,944.08	0.00	0.00	0.00
16,700.00	89.82	357.71	7,887.73	9,036.87	-360.99	9,044.08	0.00	0.00	0.00
16,800.00	89.82	357.71	7,888.04	9,136.79	-364.98	9,144.08	0.00	0.00	0.00
16,900.00	89.82	357.71	7,888.35	9,236.71	-368.98	9,244.08	0.00	0.00	0.00
17,000.00	89.82	357.71	7,888.67	9,336.63	-372.97	9,344.08	0.00	0.00	0.00
17,100.00	89.82	357.71	7,888.98	9,436.55	-376.96	9,444.08	0.00	0.00	0.00
17,200.00	89.82	357.71	7,889.30	9,536.47	-380.95	9,544.08	0.00	0.00	0.00
17,300.00	89.82	357.71	7,889.61	9,636.39	-384.94	9,644.08	0.00	0.00	0.00
17,400.00	89.82	357.71	7,889.92	9,736.31	-388.93	9,744.07	0.00	0.00	0.00
17,424.21	89.82	357.71	7,890.00	9,760.50	-389.90	9,768.28	0.00	0.00	0.00

TD at 17424.21 - PBHL-Cabo Wabo 25 #2H

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PBHL-Cabo Wabo 25 #2 - plan hits target center - Point	0.00	0.00	7,890.00	9,760.50	-389.90	408,234.60	621,870.00	32° 7' 18.26897 N	103° 56' 22.84046 W

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
680.00	680.00	Rustler		0.00	357.71
1,184.00	1,184.00	TOS		0.00	357.71
3,038.00	3,038.00	BOS (Fletcher)		0.00	357.71
3,253.00	3,253.00	LMAR (Top Delaware)		0.00	357.71
3,301.00	3,301.00	BLCN		0.00	357.71
4,191.00	4,191.00	CYCN		0.00	357.71
5,491.00	5,491.00	BYCN		0.00	357.71
7,076.00	7,076.00	Bone Sprg (BSGL)		0.00	357.71
7,412.02	7,412.00	U Avalon Sh		0.00	357.71
7,640.21	7,628.00	L Avalon Sh		0.00	357.71

Database:	GCR DB	**Local Co-ordinate Reference:**	Well #2H
Company:	COG Production, LLC.	**TVD Reference:**	KB @ 3084.00usft (Scandrill Freedom)
Project:	Eddy County, NM (NAD27 NME)	**MD Reference:**	KB @ 3084.00usft (Scandrill Freedom)
Site:	Cabo Wabo 25 Federal Com	**North Reference:**	Grid
Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	WB1/1410560		
Design:	Plan #1 04-01-14		

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
7,383.34	7,383.34	0.00	0.00	KOP, 12°/100' Build
8,131.84	7,860.81	475.59	-19.00	LP, Hold 89.82° Inc, 357.71° Azm
17,424.21	7,890.00	9,760.50	-389.90	TD at 17424.21

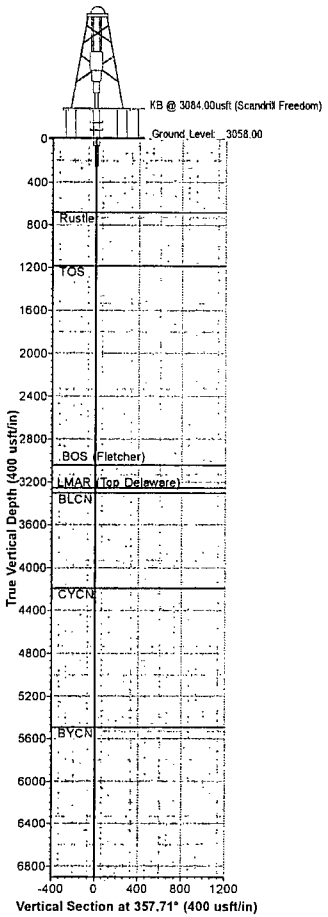
CONCHO

Project: Eddy County, NM (NAD27 NME)
Site: Cabo Wabo 25 Federal Com
Well: #2H
Wellbore: WB1/1410560
Design: Plan #1 04-01-14
Rig: Scandrill Freedom

PHOENIX TECHNOLOGY SERVICES

Azimuths to Grid North
True North: -0.21°
Magnetic North: 7.19°

Magnetic Field
Strength: 48221.9snT
Dip Angle: 59.94°
Date: 04/01/2014
Model: IGRF2010_14



WELL DETAILS

Ground Level: 3058.00

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
0.00	0.00	398474.10	622259.90	32° 5' 41.66171 N	103° 56' 18.72230 W

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	7383.34	0.00	0.00	7383.34	0.00	0.00	0.00	0.00	0.00		KOP, 12°/100' Build
3	8131.84	89.82	357.71	7860.81	475.59	-19.00	12.00	357.71	475.96		LP, Hold 89.82° Inc, 357.71° Azm
4	17424.21	89.82	357.71	7890.00	9760.50	-389.90	0.00	0.00	9768.28	PBHL-Cabo Wabo 25 #2H	TD at 17424.21

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
PBHL-Cabo Wabo 25 #2H - plan hits target center	7890.00	9760.50	-389.90	408234.60	621870.00	32° 7' 18.26897 N	103° 56' 22.84046 W	Point

LEGEND

Plan #1 04-01-14

Map System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone Name: New Mexico East 3001

Local Origin: Well #2H, Grid North

Latitude: 32° 5' 41.66171 N
Longitude: 103° 56' 18.72230 W

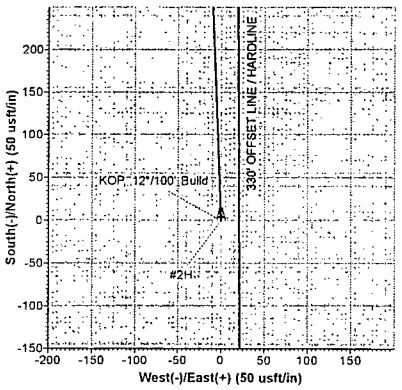
Grid East: 622259.90
Grid North: 398474.10
Scale Factor: 1.000

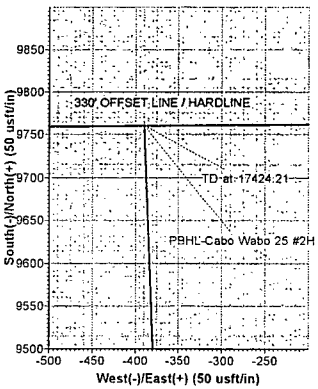
Geomagnetic Model: IGRF2010_14
Sample Date: 01-Apr-14
Magnetic Declination: 7.40°
Dip Angle from Horizontal: 59.94°
Magnetic Field Strength: 48222

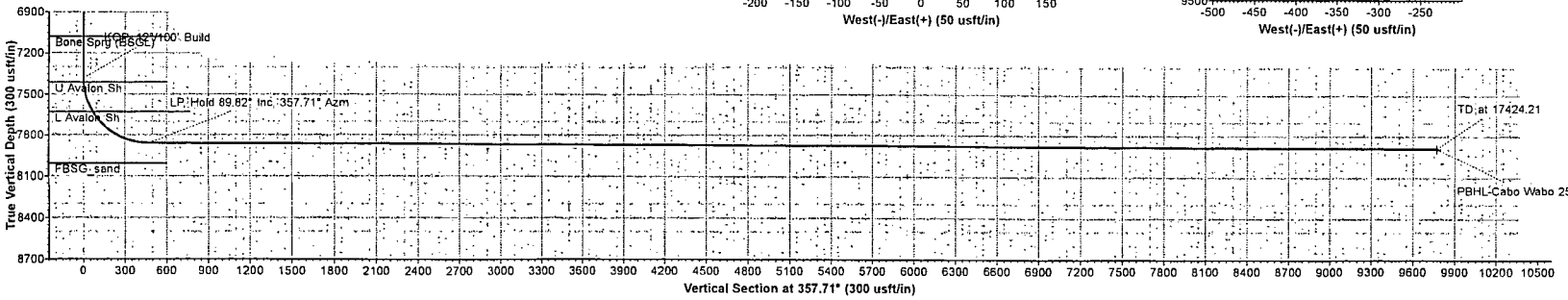
To convert a Magnetic Direction to a Grid Direction, Add 7.19°
To convert a Magnetic Direction to a True Direction, Add 7.40° East
To convert a True Direction to a Grid Direction, Subtract 0.21°

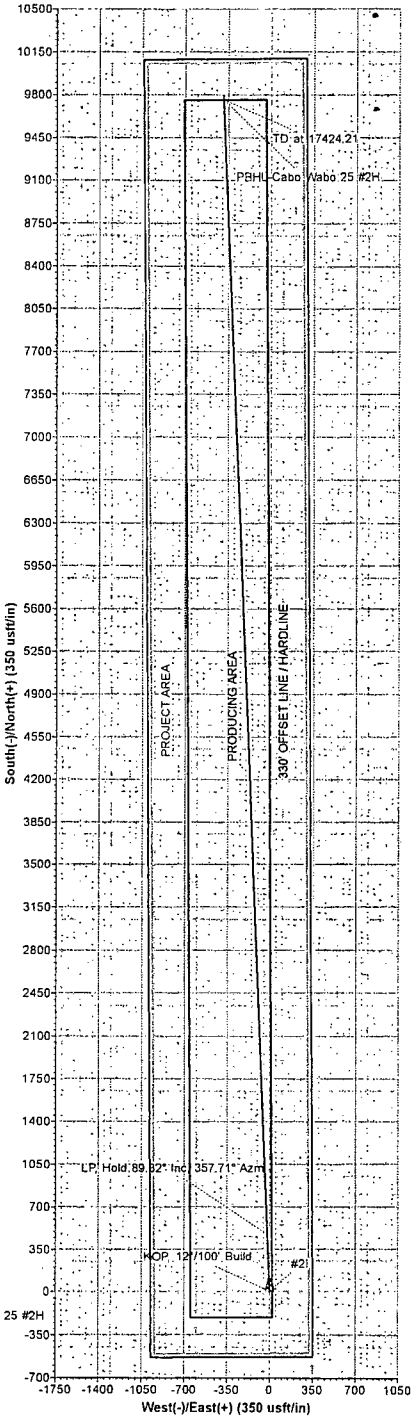
FORMATION TOP DETAILS

TVDPath	MDPath	Formation	DipAngle	DipDir
680.00	680.00	Rustler	0.00	357.71
1184.00	1184.00	TOS	0.00	357.71
3038.00	3038.00	BOS (Fletcher)	0.00	357.71
3253.00	3253.00	LMAR (Top Delaware)	0.00	357.71
3301.00	3301.00	BLCN	0.00	357.71
4191.00	4191.00	CYCN	0.00	357.71
5491.00	5491.00	BYCN	0.00	357.71
7076.00	7076.00	Bone Sprg (BSGL)	0.00	357.71
7412.00	7412.02	U Avalon Sh	0.00	357.71
7628.00	7640.21	L Avalon Sh	0.00	357.71









Created By: Justin Andoe Date: 13:59, April 01 2014

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
C 01337	C		ED		2	1	30	25S	29E	591926	3552642*	180	30	150
C 01880	C		ED	3	3	2	06	25S	29E	592161	3558605*	85	40	45
C 02371	C		ED		2	3	15	25S	29E	596741	3555106*	200	60	140
C 02459	C		ED	4	4	1	02	25S	29E	598422	3558663*	150		
C 02518	C		ED		3	4	08	25S	29E	593895	3556300*	462		
C 02680	C		ED		2	3	15	25S	29E	596741	3555106*	200		
RA 07162 EXP2			ED	1	3	1	10	25S	29E	596214	3557222*	55	40	15

Average Depth to Water: **42 feet**

Minimum Depth: **30 feet**

Maximum Depth: **60 feet**

Record Count: 7

PLSS Search:

Township: 25S **Range:** 29E

***UTM location was derived from PLSS - see Help**

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 24 **Township:** 25S **Range:** 29E

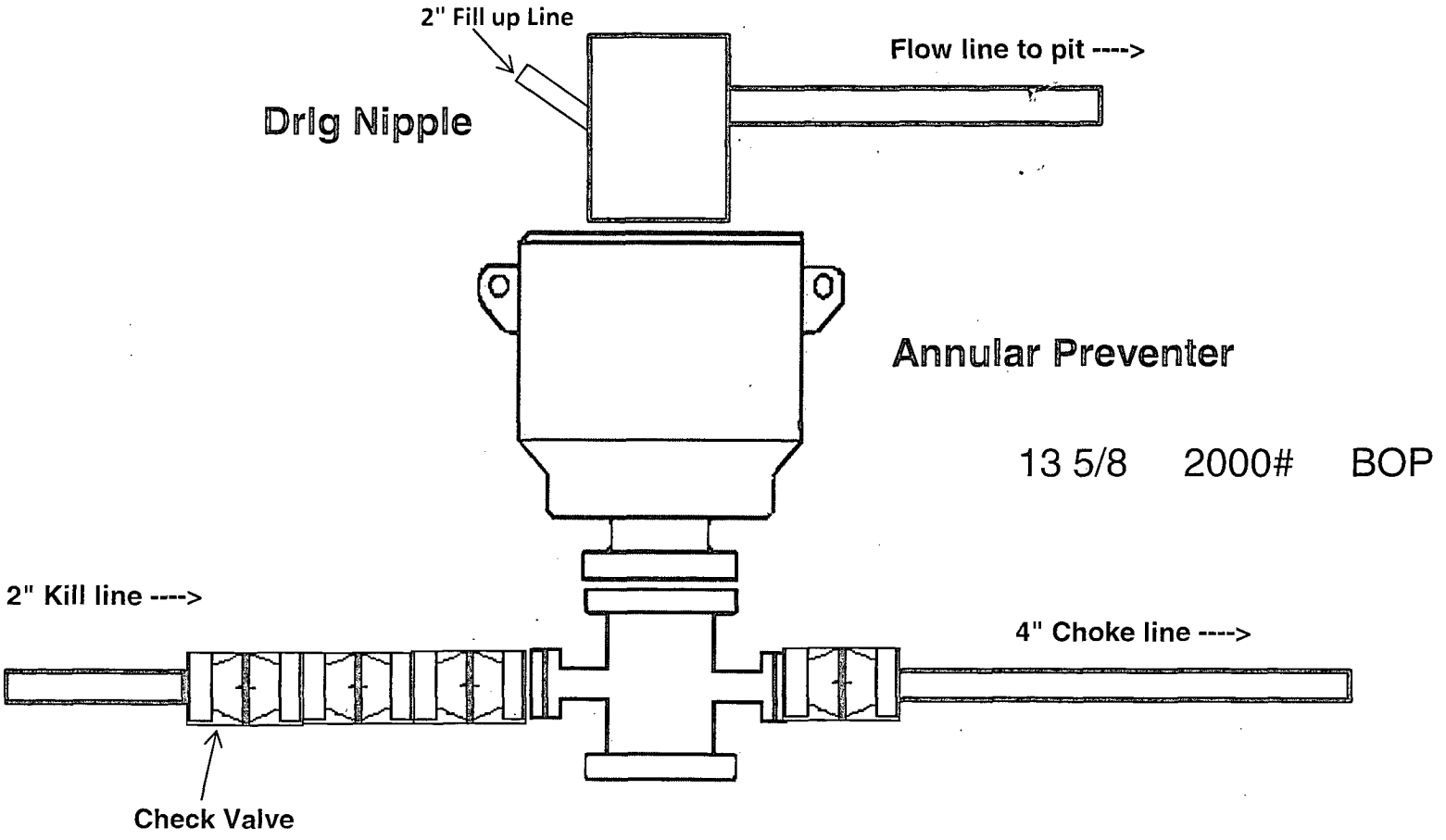
New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

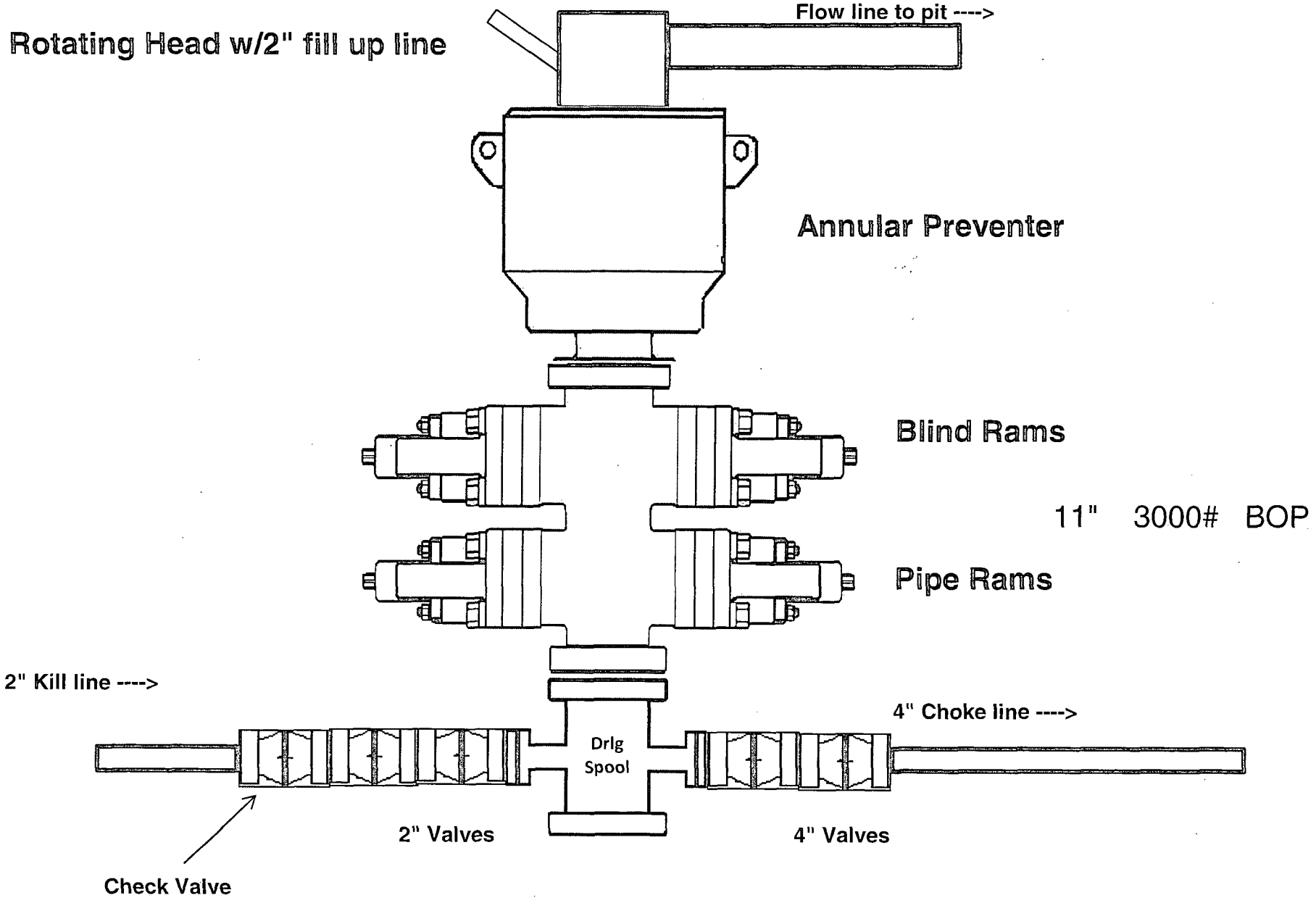
PLSS Search:

Section(s): 25 **Township:** 25S **Range:** 29E

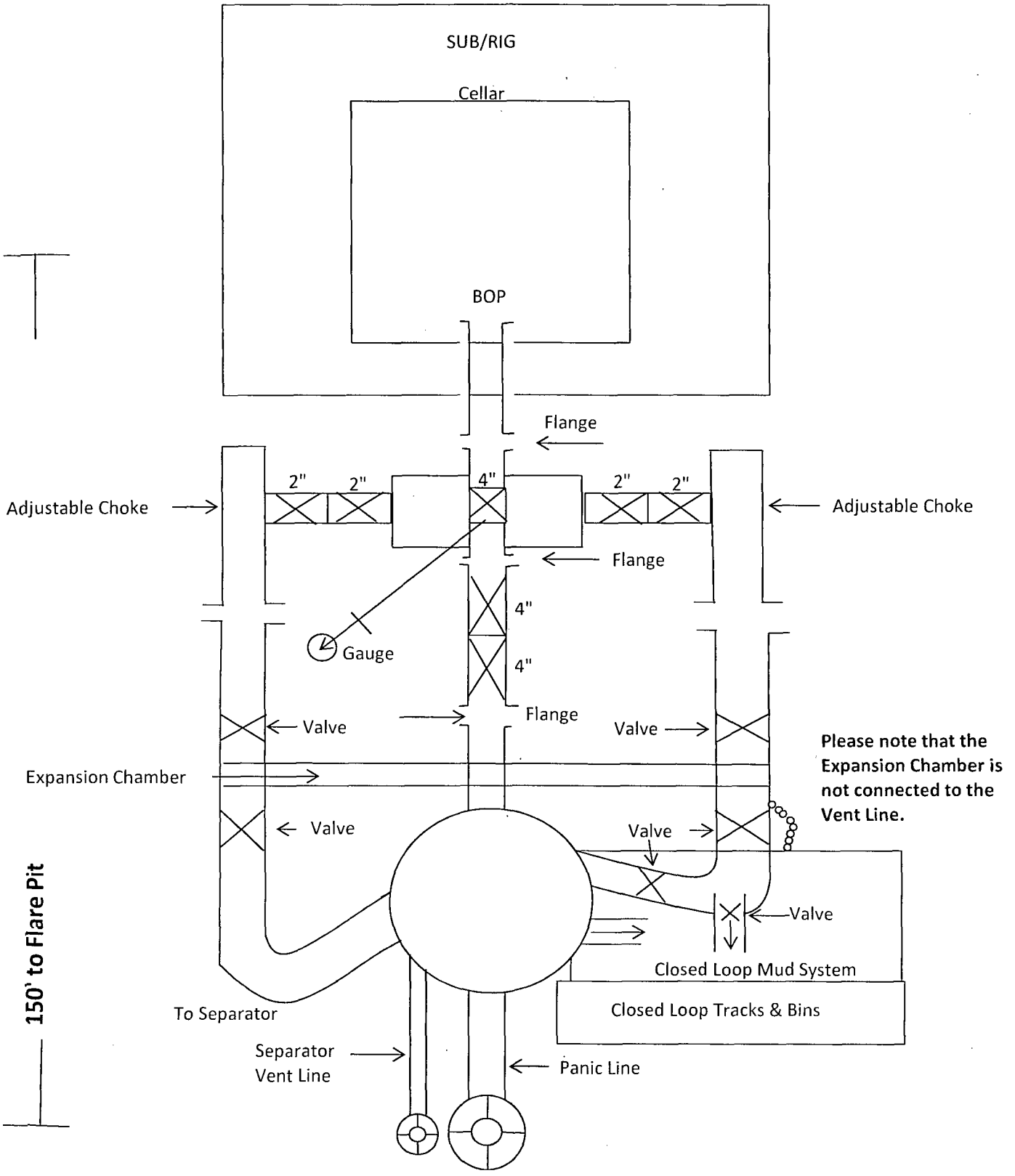
2,000 psi BOP Schematic



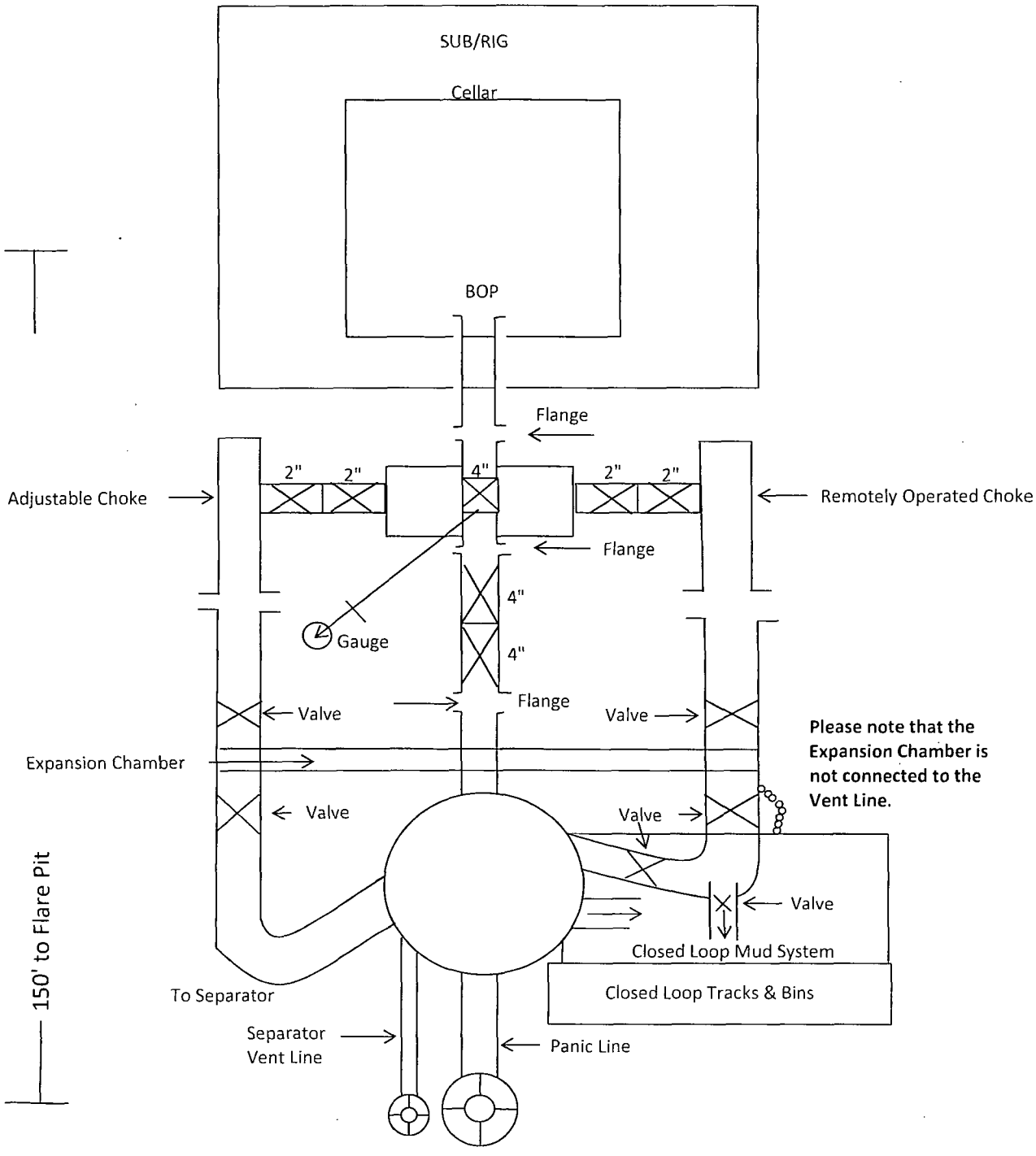
3,000 psi BOP Schematic



2M Choke Manifold Equipment



3M Choke Manifold Equipment



COG Production LLC

Rig Plat & Closed Loop Equipment Diagram

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

Flare Lines will be from both Choke Manifold & Separator to edge of location which is +/- 170'

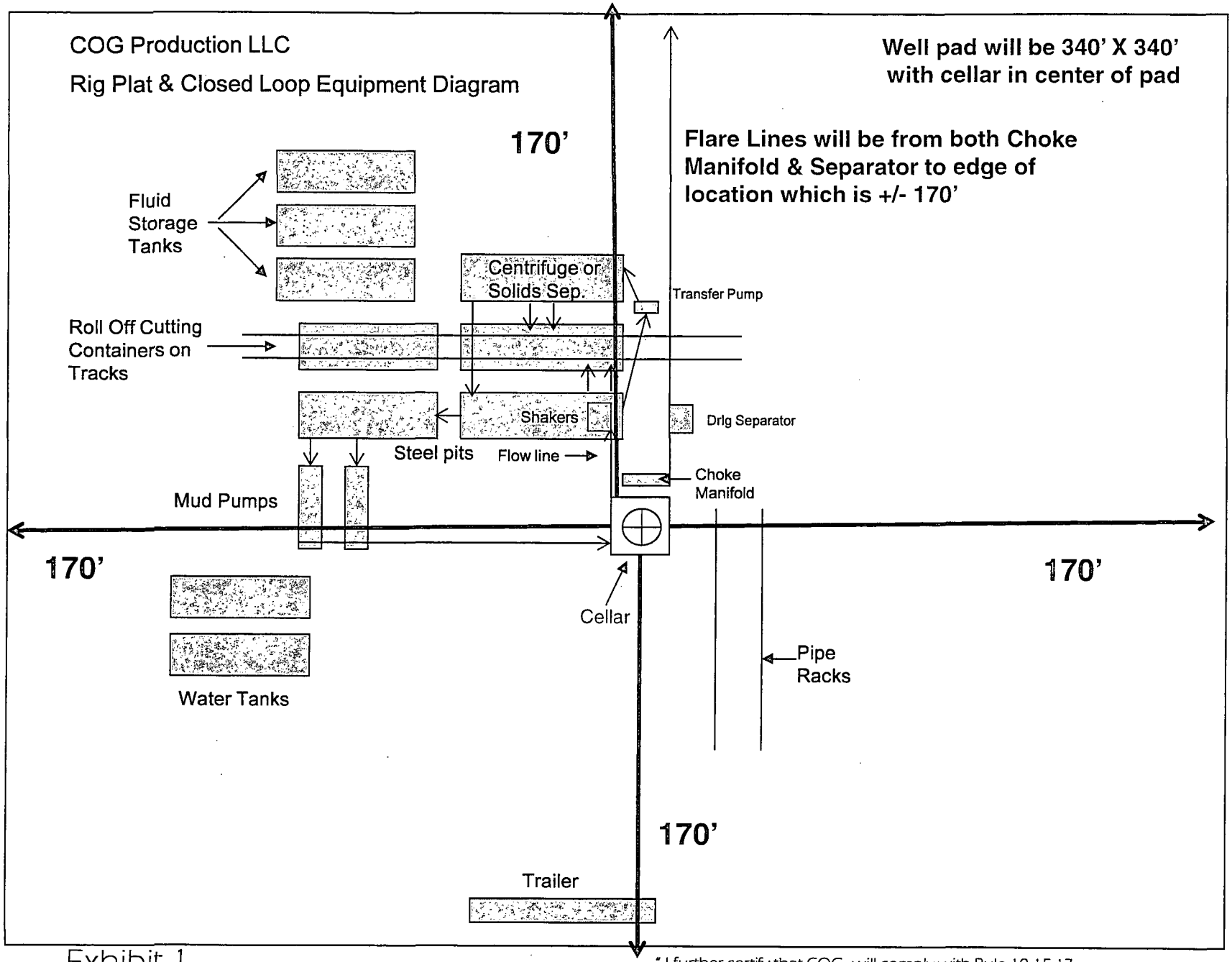
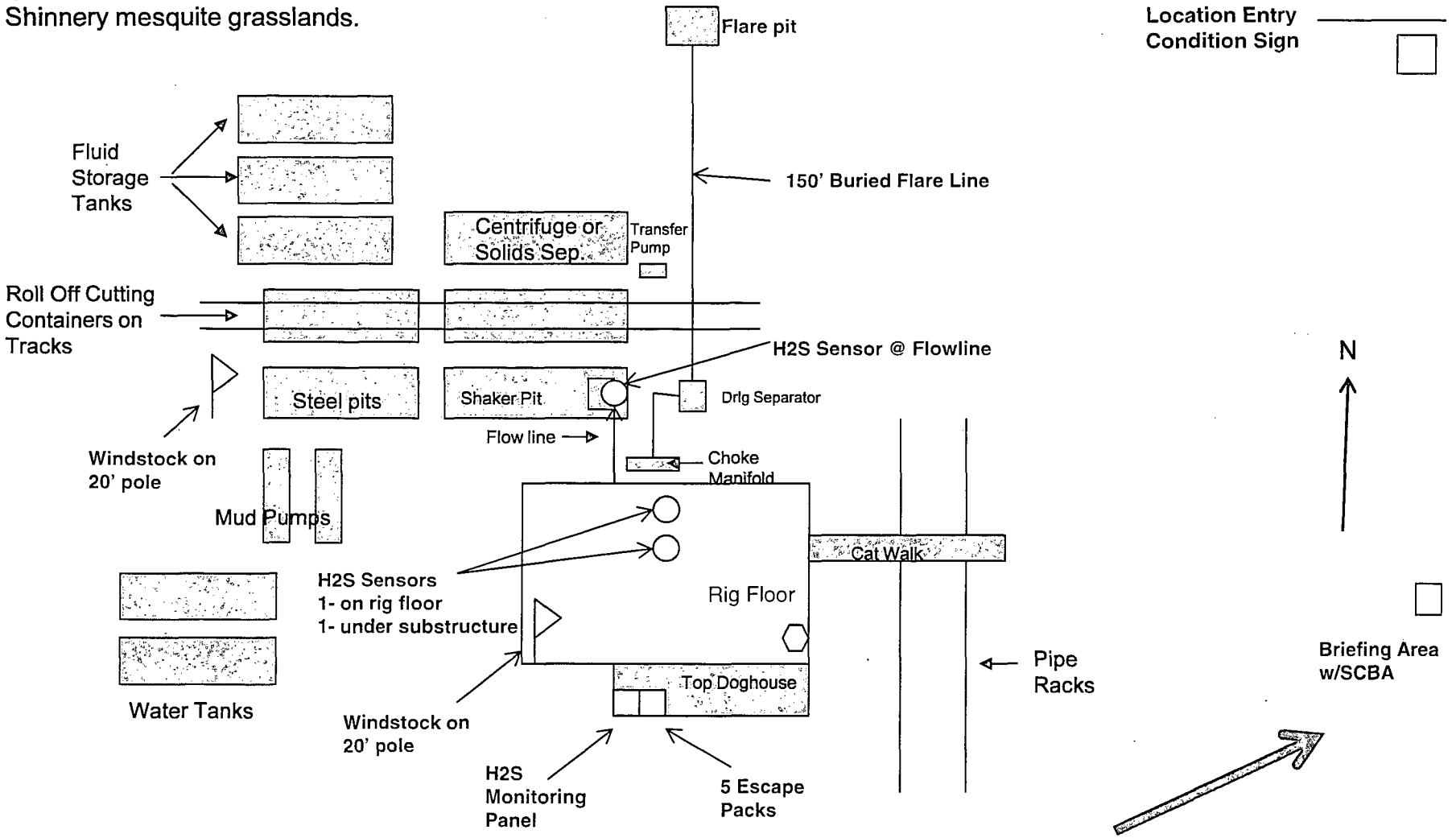


Exhibit 1

"I further certify that COG will comply with Rule 19.15.17 NMAC by using a Closed Loop System."

COG Production, LLC
H_2S Equipment Schematic
Terrain: Shinnery mesquite grasslands.

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



Secondary Egress

Primary Briefing Area w/SCBA

Company Representative's Trailer

COG PRODUCTION LLC
HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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 (H_2S).
b. The proper use and maintenance of personal protective equipment and life support systems.
c. The proper use of H_2S 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 H_2S 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. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S 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. If H2S greater than 100 ppm is encountered in the gas stream we will shut in and install H2S equipment.

a. Well Control Equipment:
   Flare line.
   Choke manifold with remotely operated choke.
   Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
   Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

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, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

g. Communication:
Company vehicles equipped with cellular telephone.

COG PRODUCTION LLC 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 is necessary.

W A R N I N G

YOU ARE ENTERING AN H_2S 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 PRODUCTION LLC

1-575-748-6940

EMERGENCY CALL LIST

	OFFICE	MOBILE
COG PRODUCTION LLC OFFICE	575-748-6940	
SHERYL BAKER	575-748-6940	432-934-1873
KENT GREENWAY	575-746-2010	432-557-1694
SETH WILD	432-683-7443	432-528-3633
WALTER ROYE	575-748-6940	432-934-1886

EMERGENCY RESPONSE NUMBERS

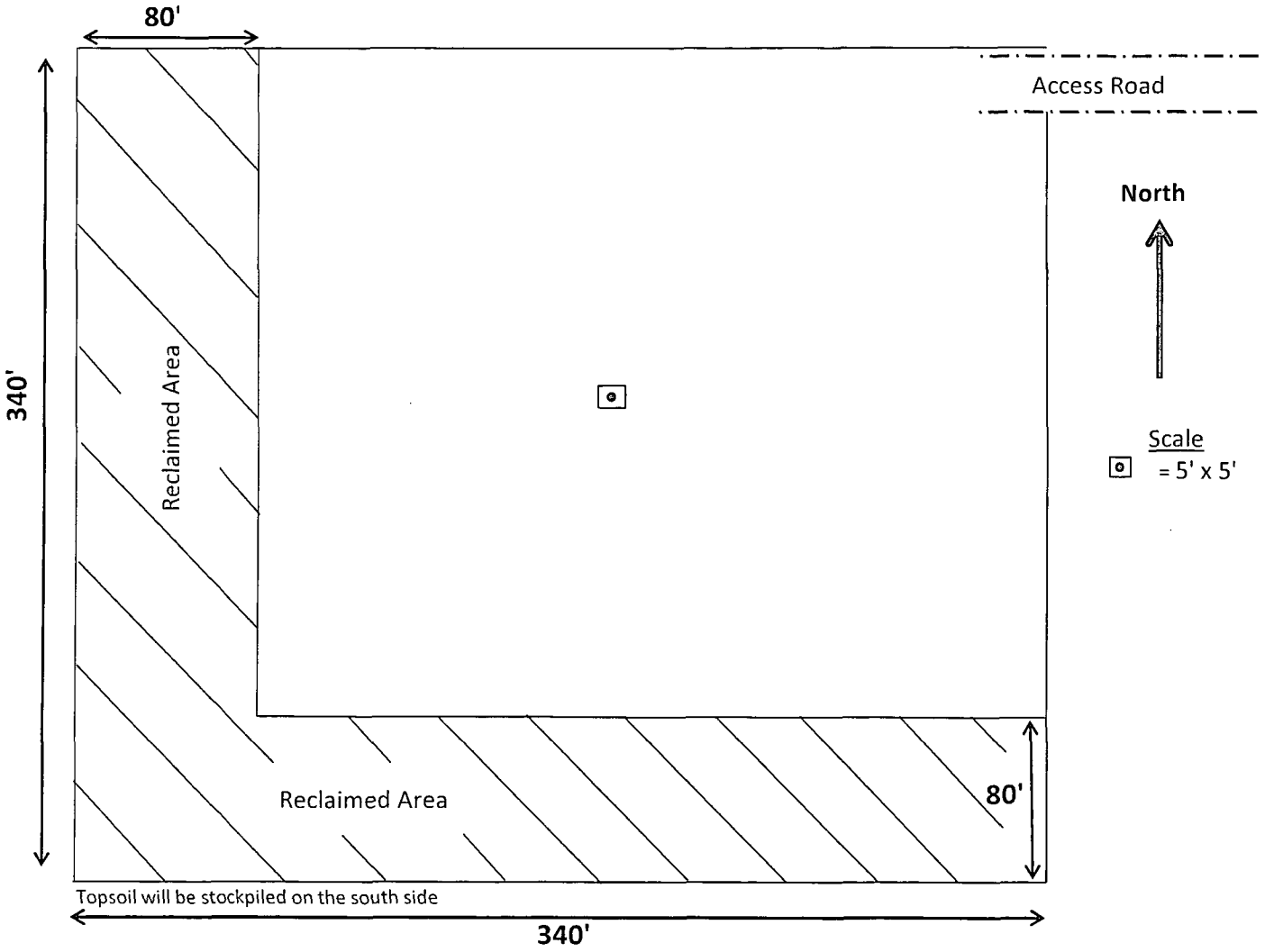
	OFFICE
STATE POLICE	575-748-9718
EDDY COUNTY SHERIFF	575-746-2701
EMERGENCY MEDICAL SERVICES (AMBULANCE)	911 or 575-746-2701
EDDY COUNTY EMERGENCY MANAGEMENT (HARRY BURGESS)	575-887-9511
STATE EMERGENCY RESPONSE CENTER (SERC)	575-476-9620
CARLSBAD POLICE DEPARTMENT	575-885-2111
CARLSBAD FIRE DEPARTMENT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

COG Production LLC
2208 West Main
Artesia, NM 88210

EXHIBIT 3

Production Facility Layout

Cabo Wabo 25 Federal Com #2H
Section 25-T25S-R29E



Surface Use & Operating Plan

Cabo Wabo 25 Federal Com #2H

- Surface Tenant: Byron Paschal, P O Box 992, Pecos, TX 79772
- New Road: 3771'
- Flow Line: Will follow road to facility at the Cabo Wabo 25 Federal Com #3H.
- Facilities: Will utilize facilities at the Cabo Wabo 25 Federal Com #3H.

Well Site Information

V Door: East
Topsoil: South
Interim Reclamation: South & West

Notes

Onsite: On-site was done by Tanner Nygren (BLM); Rand French (COG) on June 25, 2014.

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Harcrow Surveying, Artesia, NM.

B. All roads to the location are shown on the Location Verification Map Exhibit 2. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary. The road route to the well site is depicted in Exhibit #2. The road shown in Exhibit #2 will be used to access the well.

C. Directions to location: See 600 x 600 plat

D. 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. Roads will be maintained according to specifications in section 2 of this Surface Use and Operating Plan.

2. Proposed Access Road:

The Location Verification Map shows that 3771' of new access road will be required for this location. If any road is required it will be constructed as follows:

The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

A. The average grade will be less than 1%.

B. No turnouts are planned.

C. No culvert, cattleguard, gates, low water crossings or fence cuts are necessary.

D. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM approved caliche pit.

3. Location of Existing Well:

The One-Mile Radius Map shows existing wells within a one-mile radius of the proposed wellbore.

4. Location of Existing and/or Proposed Facilities:

A. If the well is productive, contemplated facilities will be as follows:

1) A tank battery and facilities are proposed at the Cabo Wabo 25 Federal #3H location.

2) Production will be sent to the Cabo Wabo 25 Federal #3H facility. A surface flow line of approximately 1020' of 2 7/8" steel pipe carrying oil, gas and water under a maximum pressure of 125 psi will follow the access road to the Cabo Wabo 25 Federal #3H. The flow line is to be layed a safe distance, estimated at 5-10' from the road.

3) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.

4) Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.

5) It will be necessary to run electric power if this well is productive. Power will be provided by Xcel Energy and they will submit a separate plan and ROW for service to the well location.

6) If the well is productive, rehabilitation plans will include the following:

- The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #2. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: One primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to obtaining caliche. 2400 cubic yards is the maximum amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

A. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.

B. An approximate 160' X 160' area is used within the proposed well site to remove caliche.

C. Subsoil is removed and stockpiled within the surveyed well pad.

D. When caliche is found, material will be stock piled within the pad site to build the location and road.

E. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.

F. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.

G. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other established mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

7. Methods of Handling Water Disposal:

A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.

B. Drilling fluids will be contained in steel mud pits.

C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.

D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. No toxic waste or hazardous chemicals will be produced by this operation.

E. Human waste and grey water will need to be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets).

F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

A. The drill pad layout, with elevations staked by Harcrow Surveying, is shown in the Elevation Plat. Dimensions of the pad and pits are shown on the Rig Layout. V door direction is East. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.

B. The Rig Layout Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

10. Plans for Restoration of the Surface:

A. Interim Reclamation will take place after the well has been completed. The pad will be downsized by reclaiming the areas not needed for production operations. The portions of the pad that are not needed for production operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park, and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete.

B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recountoured to reflect its surroundings as much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be re-seeded with a BLM approved mixture and re-vegetated as per BLM orders.

11. Surface Ownership:

A. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.

B. The surface tenant is Byron Paschal , P O Box 992, Pecos, TX 79772.

C. The proposed road routes and surface location will be restored as directed by the BLM.

12. Other Information:

A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.

B. There is no permanent or live water in the immediate area.

C. There are no dwellings within 2 miles of this location.

D. If needed, a Cultural Resources Examination is being prepared by Boone Arch Services of NM, LLC., 2030 North Canal, Carlsbad, New Mexico, 88220, phone # 575-885-1352 and the results will be forwarded to your office in the near future. Otherwise, **COG will be participating in the Permian Basin MOA Program.**

13. Bond Coverage:

Bond Coverage is Statewide Bonds # NMB000860 and NMB000845

14. Lessee's and Operator's Representative:

The COG Production LLC representative responsible for assuring compliance with the surface use plan is as follows:

Sheryl Baker
Drilling Superintendent
COG Production LLC
2208 West Main Street
Artesia, NM 88210
Phone (575) 748-6940 (office)
(432) 934-1873 (cell)

Ray Peterson
Drilling Manager
COG Production LLC
One Concho Center
600 W Illinois Ave
Midland, TX 79701
Phone (432) 685-4304 (office)
(432) 818-2254 (business)

OPERATOR CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Production LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 14th day of April, 2014.

Signed: Melanie J. Parker

Printed Name: Melanie J. Parker
Position: Regulatory Coordinator
Address: 2208 W. Main Street, Artesia, NM 88210
Telephone: (575) 748-6940
Field Representative (if not above signatory): Rand French
E-mail: mparker@concho.com

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**COG Production, LLC**
LEASE NO.:	**NMNM-120895**
WELL NAME & NO.:	**Cabo Wabo 25 Federal Com 2H**
SURFACE HOLE FOOTAGE:	**0530' FSL & 2310' FWL**
BOTTOM HOLE FOOTAGE	**0330' FNL & 2310' FWL Sec. 24, T. 25 S., R 29 E.**
LOCATION:	**Section 25, T. 25 S., R 29 E., NMPM**
COUNTY:	**Eddy County, New Mexico**

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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.

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.

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)

Berming of the Well Pad

The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Erosion Control:

Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.

Livestock Water Pipeline Protection

The operator must contact the allotment holder prior to construction to identify the location of the pipeline. The operator must take measures to protect the pipeline from compression or other damages. If the pipeline is damaged or compromised in any way near the proposed project as a result of oil and gas activity, the operator is responsible for repairing the pipeline immediately. The operator must notify the BLM office (575-234-5972) and the grazing allotment holder if any damage occurs to structures that provide water to livestock.

Drilling:

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. In addition, the well sign shall include the surface and bottom hole lease numbers. If the Communitization Agreement number is known, it shall also be on the sign. If not, it shall be placed on the sign when the sign is replaced.

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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area 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. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. 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.

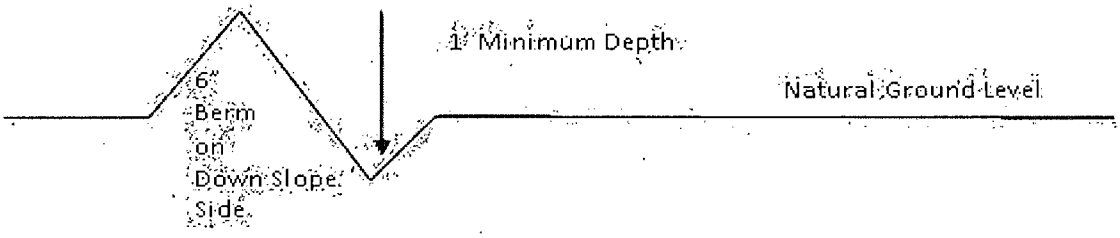
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

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

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

Public Access

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

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

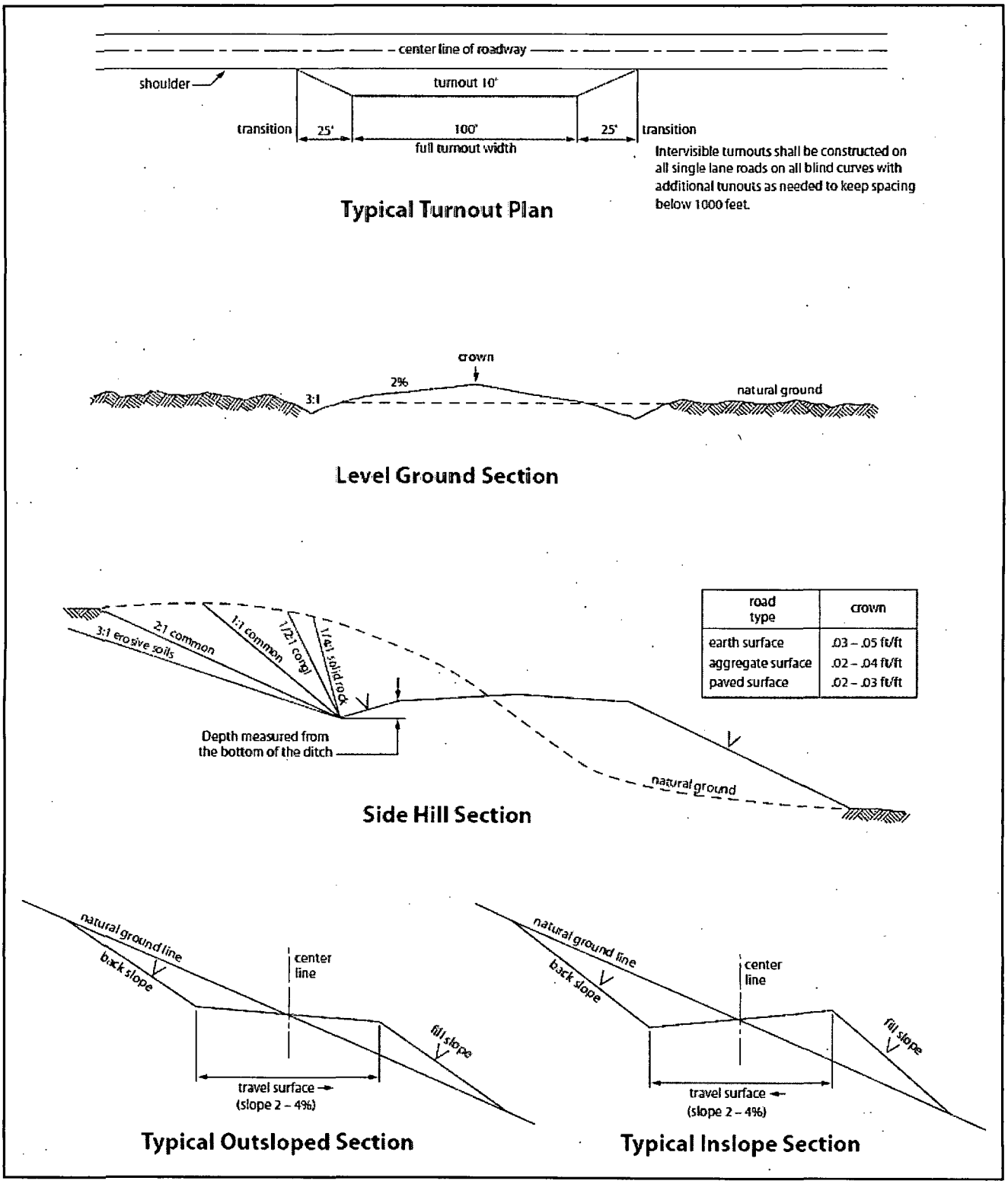


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. Operator has stated that they will have monitoring equipment in place prior to drilling out of the surface shoe. If Hydrogen Sulfide is encountered, report measured amounts 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.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. 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.).

The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possibility of water flows in the Salado and Castile.
Possibility of lost circulation in the Rustler and Delaware.
Abnormal pressure may be encountered within the Wolfcamp formation.

1. The **13-3/8** inch surface casing shall be set at approximately **750** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

    ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

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. **In the case where the only BOP installed is an annular preventer, it shall be tested to a minimum of 2000 psi (which may require upgrading to 3M or 5M annular).**

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **3000 (3M)** psi.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

   a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

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. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. 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.**

f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. 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.

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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.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
b. Activities of other parties including, but not limited to:
    (1) Land clearing.
    (2) Earth-disturbing and earth-moving work.
    (3) Blasting.
    (4) Vandalism and sabotage.
c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **20** feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation

measures will be made by the authorized officer after consulting with the holder.

16. 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, powerline 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.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

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 2, for Sandy 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 of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/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:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

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