

ATS-08-119
EA-08-1146

OCD-ARTESIA

AUG -7 2008

OCD-ARTESIA

Form 3160-3
(February 2005)


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. NM 103873 SHL NM 103872 BHL	
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name N/A	
2 Name of Operator COG OPERATING, LLC 229137		7 If Unit or CA Agreement, Name and No	
3a Address 550 W. Texas Suite 1300 Midland, Texas 79701		8 Lease Name and Well No. 37328 Caribou 19 Federal #1	
3b Phone No. (include area code) 432-685-9158		9 API Well No. 30-015-36540	
4 Location of Well (Report location clearly and in accordance with any State requirements*) At surface 430' FSL & 430' FEL At proposed prod zone 330' FSL & 330' FWL		10 Field and Pool or Exploratory Wolfcamp- Dog Canyon	
11 Sec, T R M or Blk and Survey or Area Section 19 T16S R28E		12 County or Parish Eddy County	
13 State NM		14 Distance in miles and direction from nearest town or post office* Approximately 15 miles Northwest of Loco Hills	
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 330'		16 No of acres in lease 320	
17 Spacing Unit dedicated to this well 160		18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft horizontal plan 6/7/08 10870 11040' MD 6520 6480' TVD	
19 Proposed Depth		20 BLM/BIA Bond No. on file NMB 000215	
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3558' GL		22 Approximate date work will start* 06/01/2008	
23 Estimated duration 45 days		24 Attachments	

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above) |
| 2. A Drilling Plan | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the BLM |

25 Signature 	Name (Printed Typed) Lee Ann Rollins	Date 04/30/2008
Title Agent		

Approved by (Signature) /s/ James Stovall	Name (Printed Typed)	Date AUG 4 2008
Title FIELD MANAGER		Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 USC Section 1001 and Title 43 USC 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

*(Instructions on page 2)

NOTE: NEW PIT RULE

19-15-17 NMAC PART 17

A form C-144 must be approved before starting drilling operations.

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

JRW

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

C.O.G. Operating, LLC (229137)
550 W. Texas Avenue, Ste. 1300
Midland, TX 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No – Surface Location: NMNM # 103873
Lease No – Bottom Hole Location: NMNM# 103872

Well Name: Caribou "19" Federal "1

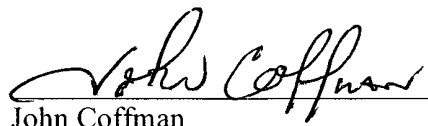
Legal Description of Land: SL: 430' FSL & 430' FEL, Unit P
BHL: 330' FSL & 330' FWL, Unit M
Sec 19, T16S, R28E
Eddy County, New Mexico

Formation(s) (if applicable): Wolfcamp – Crow Flats

Bond Coverage: \$25,000 statewide bond of C.O.G. Operating, LLC

BLM Bond File No: NMB 000215

5-2-08
Date


John Coffman
C.O.G. Operating, LLC

DISTRICT I
1826 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

S
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

AUG 15 2008

OCD-ARTESIA

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 17970	Pool Name DOG CANYON; WOLFECAMP
Property Code	Property Name CARIBOU "19" FEDERAL	Well Number 1
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 3558'

Surface Location

UL or lot No. P	Section 19	Township 16 S	Range 28 E	Lot Idn	Feet from the 430	North/South line SOUTH	Feet from the 430	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No. M	Section 19	Township 16 S	Range 28 E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 330	East/West line WEST	County EDDY
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Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>BOTTOM HOLE LOCATION LAT.: N 32°54'04.16" LONG.: W104°13'21.69" SPC- N.: 691512.79 E.: 575296.96 (NAD-83)</p>	<p>SURFACE LOCATION LAT.: N 32°54'05.50" LONG.: W104°12'28.30" SPC- N.: 691733.152 E.: 579846.595 (NAD-83)</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Phyllis A. Edwards Signature Date 8-14-08 Printed Name Regulatory Analyst</p>
<p>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. NOVEMBER 25, 2007 Date Surveyed Signature & Seal of Surveyor Professional Surveyor W.B. [Signature] Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>		

PROJECT AREA
PRODUCING AREA
PENETRATION POINT

330' 4554.9' 3561.8' 3576.6' 430' 3546.3' 3557.5'

<u>Hole size</u>	<u>Interval</u>	<u>OD of Casing</u>	<u>Weight</u>	<u>Cond.</u>	<u>Collar</u>	<u>Grade</u>
17-1/2"	0' - +/-500'	13-3/8"	48#	New	STC	H40
Collapse sf - 2.98, Burst sf – 2.33, Tension sf – 13.42						
12 1/4"	0' - 1800'	9-5/8"	40#	New	STC	J-55
Collapse sf - 2. 86, Burst sf – 1.42, Tension sf – 7.22						
8-3/4"	0' – 6000'MD	5-1/2"	17#	New	LTC	L-80
Collapse sf - 2. 08, Burst sf – 2.35, Tension sf – 2.92						
7-7/8"	6000' – 11040' 10870'	5-1/2"	17#	New	BTC	L-80
Collapse sf – 1.85, Burst sf – 2.28, Tension sf – 29.19						

ATTACHMENT TO FORM 3160-3
COG Operating LLC
Caribou "19" Federal # 1
Page 2 of 3

7. Cement Program

13 3/8" Surface Casing set at +/- 500', Circ to Surf with +/- 500 sx Class "C" w/ 2% CaCl₂, 1.35 yd.

9 5/8" Intermediate Casing set at +/- 1800', Circ. to Surf with +/- 600 sx 35/65 Poz "C", 2.05 yd. & 200 sx Class "C" w/ 2% CaCl₂, 1.35 yd.

5 1/2" Production Casing set at +/- ^{10870'}~~11400'~~ MD, 6480' TVD, Cement with +/- 200 sx. 50/50/2 "C", 1.37 yd & +/- 650 sx Class "H", 1.18 yd. Est. TOC @ 6000'. ← See COA

8. Pressure Control Equipment:

After setting 13 3/8" casing and installing 3000 psi casing head, NU 13 5/8" 3000 psi annular BOP. Test annular BOP, casing and manifold with clear fluid to 1000 psi w/ rig pump.

After setting 9 5/8" casing and installing 3000 psi casing spool, NU 3000 psi double ram BOP and 3000 psi annular BOP. Test double ram BOP and manifold to 3000# with clear fluid and annular to 1500 psi using an independent tester, this equipment will be used continuously until TD is reached. Blind rams will be operationally checked on each trip out of hole. Pipe rams will be operationally checked each 24 hour period. These checks will be noted on daily tour sheets. Other accessories to the BOP equipment include a Kelly cock and floor safety valves, choke lines and choke manifold with 3000 psi WP rating.

9. Proposed Mud Circulating System

Interval	Mud Wt.	Visc.	FL	Type Mud System
0' - 500'	8.5	28	NC	Fresh water native mud w/ paper for seepage and sweeps. Lime for PH.
500' - 1800'	9.1	30	NC	Cut brine mud, lime for PH and paper for seepage and sweeps.
1800' - 5300'	9.1	29	NC	Drill section with fresh water/cut brine circulating the reserve utilizing periodic sweeps of paper as needed for seepage control and solids removal.
5300' - ^{11150'} 11450' _{10870'}	9.5	36	10	Drill horizontal section with XCD polymer / cut brine / starch.

See COA →

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

10. Production Hole Drilling Summary:

Drill 8-3/4" hole thru Wolfcamp, run open hole logs. Spot 150 sx. "H" Kick off plug from +/- 6400' to +/- 6000' Time drill and kick off 7-7/8" hole at +/- 6000', building curve over +/- 475' to horizontal at 6480' TVD. Drill horizontal section in a westerly direction for +/-4550' lateral. Run production casing and cement.

ATTACHMENT TO FORM 3160-3
COG Operating LLC
Caribou "19" Federal # 1
Page 3 of 3

11. Auxiliary Well Control and Monitoring Equipment

- A. Kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

12. Logging, Testing and Coring Program:

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be ran from T.D. in Pilot hole to 9 5/8" casing shoe.
- B. The mud logging program will consist of lagged 10' samples from intermediate casing point to T.D. in vertical pilot hole and from Kick off point to TD in Horizontal hole.
- C. Drill Stem test is not anticipated.
- D. No conventional coring is anticipated.
- E. Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

13. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and estimated maximum bottom hole pressure is 2838 psig. Low levels of Hydrogen sulfide have been monitored in producing wells in the area, so H2S may be present while drilling of the well. An H2S plan is attached to the Drilling Program. No major loss of circulation zones has been reported in offsetting wells.

14. Anticipated Starting Date

Drilling operations will commence approximately on June 1, 2008 with drilling and completion operations lasting approximately 45 days.

COG Operating LLC

Eddy County

S19 T19S R28E

Caribou 19 Federal #1

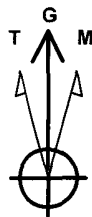
Original Hole

Plan: Plan #1

Pathfinder Survey Report

21 February, 2008

C.O.G. Operating L.L.C.



Azimuths to Grid North
True North: -0.07°
Magnetic North: 8.25°

Magnetic Field
Strength: 49306.7snT
Dip Angle: 60.79°
Date: 2/21/2008
Model: IGRF200510

Project: Eddy County
Site: S19 T19S R28E
Well: Caribou 19 Federal #1
Wellbore: Original Hole
Plan: Plan #1 (Caribou 19 Federal #1/Original Hole)

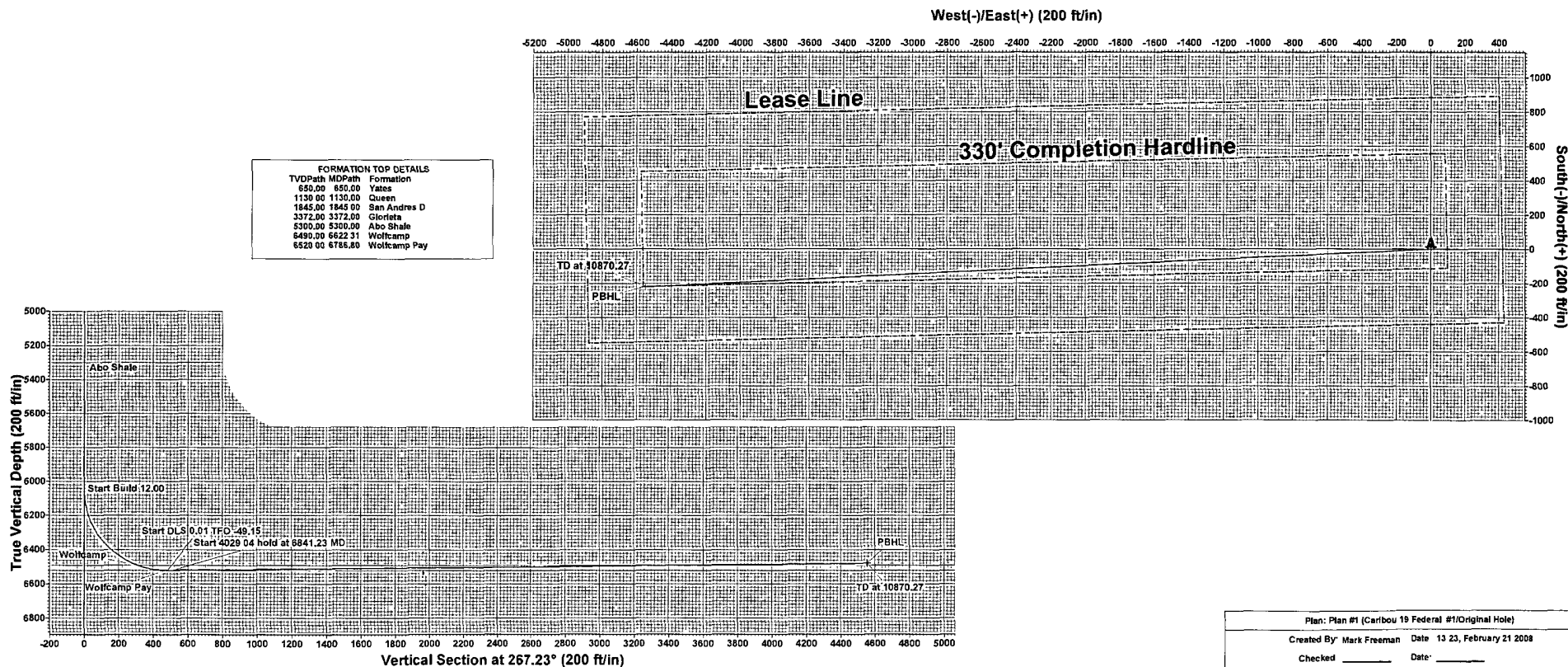


PROJECT DETAILS: Eddy County
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone
System Datum: Mean Sea Level
Local North: Grid

WELL DETAILS Caribou 19 Federal #1						
Ground Elevation: 3558.00						
RKB Elevation: EST RKB @ 3558.00ft						
Rig Name:						
+N-S	+E-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	691733.152	579846.595	32° 54' 5.502 N	104° 12' 28.305 W	

SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	6042.57	0.00	0.00	6042.57	0.00	0.00	0.00	0.00	0.00	
3	6797.24	90.56	267.23	6520.01	-23.30	-481.57	12.00	267.23	482.13	
4	6841.23	90.56	267.23	6519.58	-25.43	-525.51	0.01	-49.15	526.13	
5	10870.27	90.56	267.23	6480.00	-220.36	-4549.63	0.00	0.00	4554.97	Pbhl

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)						
Name	TVD	+N-S	+E-W	Northing	Easting	Shape
Pbhl	6480.00	-220.36	-4549.63	691512.790	575296.960	Point



Plan: Plan #1 (Caribou 19 Federal #1/Original Hole)
Created By: Mark Freeman Date: 13 23, February 21 2008
Checked: _____ Date: _____

WHS

Pathfinder Survey Report

Company:	COG Operating LLC	Local Co-ordinate Reference:	Well Caribou 19 Federal #1
Project:	Eddy County	TVD Reference:	EST RKB @ 3558.00ft
Site:	S19 T19S R28E	MD Reference:	EST RKB @ 3558.00ft
Well:	Caribou 19 Federal #1	North Reference:	Grid
Wellbore:	Original Hole	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Project		Eddy County	
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site:	S19 T19S R28E
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Site Position:		Northing:	691,733.152 ft	Latitude:	32° 54' 5.502 N
From:	Map	Easting:	579,846.595 ft	Longitude:	104° 12' 28.305 W
Position Uncertainty:	0.00 ft	Slot Radius:	"	Grid Convergence:	0.07 °

Well		Caribou 19 Federal #1				
Well Position	+N-S	0.00 ft	Northing:	691,733.152 ft	Latitude:	32° 54' 5.502 N
	+E-W	0.00 ft	Easting:	579,846.595 ft	Longitude:	104° 12' 28.305 W
Position Uncertainty	0.00 ft	Wellhead Elevation:	ft	Ground Level:	3,558.00 ft	

Wellbore:	Original Hole
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Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2/21/2008	8.31	60.79	49,307

Design:	Plan #1
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Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD)	+N-S	+E-W	Direction
	(ft)	(ft)	(ft)	(°)
	0.00	0.00	0.00	267.23

Survey Tool Program		Date	2/21/2008		
From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description	
0.00	10,870.27	Plan #1 (Original Hole)	MWD	MWD - Standard	

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00

WHS

Pathfinder Survey Report

Company:	COG Operating LLC	Local Co-ordinate Reference:	Well Caribou 19 Federal #1
Project:	Eddy County	TVD Reference:	EST RKB @ 3558.00ft
Site:	S19 T19S R28E	MD Reference:	EST RKB @ 3558.00ft
Well:	Caribou 19 Federal #1	North Reference:	Grid
Wellbore:	Original Hole	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey								
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	

WHS

Pathfinder Survey Report

Company:	COG Operating LLC	Local Co-ordinate Reference:	Well Caribou 19 Federal #1
Project:	Eddy County	TVD Reference:	EST RKB @ 3558.00ft
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Well:	Caribou 19 Federal #1	North Reference:	Grid
Wellbore:	Original Hole	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey								
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00	
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	
6,042.57	0.00	0.00	6,042.57	0.00	0.00	0.00	0.00	
6,050.00	0.89	267.23	6,050.00	0.00	-0.06	0.06	12.00	
6,075.00	3.89	267.23	6,074.98	-0.05	-1.10	1.10	12.00	
6,100.00	6.89	267.23	6,099.86	-0.17	-3.45	3.45	12.00	
6,125.00	9.89	267.23	6,124.59	-0.34	-7.09	7.10	12.00	
6,150.00	12.89	267.23	6,149.10	-0.58	-12.02	12.04	12.00	
6,175.00	15.89	267.23	6,173.31	-0.88	-18.23	18.25	12.00	
6,200.00	18.89	267.23	6,197.16	-1.24	-25.69	25.72	12.00	
6,225.00	21.89	267.23	6,220.59	-1.66	-34.39	34.43	12.00	
6,250.00	24.89	267.23	6,243.54	-2.14	-44.30	44.35	12.00	
6,275.00	27.89	267.23	6,265.93	-2.68	-55.40	55.47	12.00	
6,300.00	30.89	267.23	6,287.71	-3.27	-67.65	67.73	12.00	
6,325.00	33.89	267.23	6,308.82	-3.92	-81.03	81.12	12.00	
6,350.00	36.89	267.23	6,329.19	-4.62	-95.49	95.60	12.00	
6,375.00	39.89	267.23	6,348.79	-5.37	-111.00	111.13	12.00	
6,400.00	42.89	267.23	6,367.54	-6.17	-127.50	127.65	12.00	
6,425.00	45.89	267.23	6,385.40	-7.01	-144.97	145.14	12.00	
6,450.00	48.89	267.23	6,402.32	-7.90	-163.35	163.54	12.00	
6,475.00	51.89	267.23	6,418.26	-8.83	-182.58	182.80	12.00	
6,500.00	54.89	267.23	6,433.17	-9.80	-202.63	202.86	12.00	
6,525.00	57.89	267.23	6,447.00	-10.81	-223.42	223.68	12.00	
6,550.00	60.89	267.23	6,459.73	-11.85	-244.91	245.20	12.00	
6,575.00	63.89	267.23	6,471.32	-12.92	-267.03	267.35	12.00	
6,600.00	66.89	267.23	6,481.72	-14.02	-289.73	290.07	12.00	
6,625.00	69.89	267.23	6,490.93	-15.14	-312.95	313.31	12.00	
6,650.00	72.89	267.23	6,498.91	-16.29	-336.61	337.00	12.00	
6,675.00	75.89	267.23	6,505.63	-17.45	-360.66	361.08	12.00	
6,700.00	78.89	267.23	6,511.09	-18.63	-385.02	385.47	12.00	
6,725.00	81.89	267.23	6,515.26	-19.82	-409.64	410.12	12.00	
6,750.00	84.89	267.23	6,518.14	-21.02	-434.44	434.95	12.00	
6,775.00	87.89	267.23	6,519.71	-22.23	-459.36	459.90	12.00	
6,797.24	90.56	267.23	6,520.01	-23.30	-481.57	482.13	12.00	
6,800.00	90.56	267.23	6,519.99	-23.43	-484.33	484.89	0.01	
6,841.23	90.56	267.23	6,519.58	-25.43	-525.51	526.13	0.01	
6,900.00	90.56	267.23	6,519.00	-28.27	-584.21	584.89	0.00	
7,000.00	90.56	267.23	6,518.02	-33.11	-684.08	684.88	0.00	
7,100.00	90.56	267.23	6,517.04	-37.95	-783.96	784.88	0.00	
7,200.00	90.56	267.23	6,516.06	-42.79	-883.84	884.88	0.00	
7,300.00	90.56	267.23	6,515.07	-47.62	-983.72	984.87	0.00	

WHS

Pathfinder Survey Report

Company:	COG Operating LLC	Local Co-ordinate Reference:	Well Caribou 19 Federal #1
Project:	Eddy County	TVD Reference:	EST RKB @ 3558.00ft
Site:	S19 T19S R28E	MD Reference:	EST RKB @ 3558.00ft
Well:	Caribou 19 Federal #1	North Reference:	Grid
Wellbore:	Original Hole	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey							
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
7,400.00	90.56	267.23	6,514.09	-52.46	-1,083.60	1,084.87	0.00
7,500.00	90.56	267.23	6,513.11	-57.30	-1,183.47	1,184.86	0.00
7,600.00	90.56	267.23	6,512.13	-62.14	-1,283.35	1,284.86	0.00
7,700.00	90.56	267.23	6,511.14	-66.98	-1,383.23	1,384.85	0.00
7,800.00	90.56	267.23	6,510.16	-71.81	-1,483.11	1,484.85	0.00
7,900.00	90.56	267.23	6,509.18	-76.65	-1,582.99	1,584.84	0.00
8,000.00	90.56	267.23	6,508.20	-81.49	-1,682.86	1,684.84	0.00
8,100.00	90.56	267.23	6,507.21	-86.33	-1,782.74	1,784.83	0.00
8,200.00	90.56	267.23	6,506.23	-91.17	-1,882.62	1,884.83	0.00
8,300.00	90.56	267.23	6,505.25	-96.01	-1,982.50	1,984.82	0.00
8,400.00	90.56	267.23	6,504.27	-100.84	-2,082.38	2,084.82	0.00
8,500.00	90.56	267.23	6,503.29	-105.68	-2,182.26	2,184.81	0.00
8,600.00	90.56	267.23	6,502.30	-110.52	-2,282.13	2,284.81	0.00
8,700.00	90.56	267.23	6,501.32	-115.36	-2,382.01	2,384.80	0.00
8,800.00	90.56	267.23	6,500.34	-120.20	-2,481.89	2,484.80	0.00
8,900.00	90.56	267.23	6,499.36	-125.04	-2,581.77	2,584.79	0.00
9,000.00	90.56	267.23	6,498.37	-129.87	-2,681.65	2,684.79	0.00
9,100.00	90.56	267.23	6,497.39	-134.71	-2,781.52	2,784.78	0.00
9,200.00	90.56	267.23	6,496.41	-139.55	-2,881.40	2,884.78	0.00
9,300.00	90.56	267.23	6,495.43	-144.39	-2,981.28	2,984.77	0.00
9,400.00	90.56	267.23	6,494.44	-149.23	-3,081.16	3,084.77	0.00
9,500.00	90.56	267.23	6,493.46	-154.06	-3,181.04	3,184.76	0.00
9,600.00	90.56	267.23	6,492.48	-158.90	-3,280.91	3,284.76	0.00
9,700.00	90.56	267.23	6,491.50	-163.74	-3,380.79	3,384.75	0.00
9,800.00	90.56	267.23	6,490.51	-168.58	-3,480.67	3,484.75	0.00
9,900.00	90.56	267.23	6,489.53	-173.42	-3,580.55	3,584.75	0.00
10,000.00	90.56	267.23	6,488.55	-178.26	-3,680.43	3,684.74	0.00
10,100.00	90.56	267.23	6,487.57	-183.09	-3,780.30	3,784.74	0.00
10,200.00	90.56	267.23	6,486.58	-187.93	-3,880.18	3,884.73	0.00
10,300.00	90.56	267.23	6,485.60	-192.77	-3,980.06	3,984.73	0.00
10,400.00	90.56	267.23	6,484.62	-197.61	-4,079.94	4,084.72	0.00
10,500.00	90.56	267.23	6,483.64	-202.45	-4,179.82	4,184.72	0.00
10,600.00	90.56	267.23	6,482.66	-207.29	-4,279.69	4,284.71	0.00
10,700.00	90.56	267.23	6,481.67	-212.12	-4,379.57	4,384.71	0.00
10,800.00	90.56	267.23	6,480.69	-216.96	-4,479.45	4,484.70	0.00
10,870.27	90.56	267.23	6,480.00	-220.36	-4,549.63	4,554.97	0.00

WHS
Pathfinder Survey Report

Company:	COG Operating LLC	Local Co-ordinate Reference:	Well Caribou 19 Federal #1
Project:	Eddy County	TVD Reference:	EST RKB @ 3558.00ft
Site:	S19 T19S R28E	MD Reference:	EST RKB @ 3558.00ft
Well:	Caribou 19 Federal #1	North Reference:	Grid
Wellbore:	Original Hole	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Targets									
Target Name									
- hit/miss target	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
- Shape	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)		
Pbhl	0.00	0.00	6,480.00	-220.36	-4,549.63	691,512.790	575,296.960	32° 54' 3.372 N	104° 13' 21.673 W
- plan hits target									
- Point									

Formations					
Measured Depth	Vertical Depth	Name	Lithology	Dip	Dip Direction
(ft)	(ft)			(°)	(°)
650.00	650.00	Yates		0.00	
5,300.00	5,300.00	Abo Shale		0.00	
1,845.00	1,845.00	San Andres D		0.00	
6,786.80	6,520.00	Wolfcamp Pay		0.00	
1,130.00	1,130.00	Queen		0.00	
6,622.31	6,490.00	Wolfcamp		0.00	
3,372.00	3,372.00	Glorieta		0.00	

Checked By: _____	Approved By: _____	Date: _____
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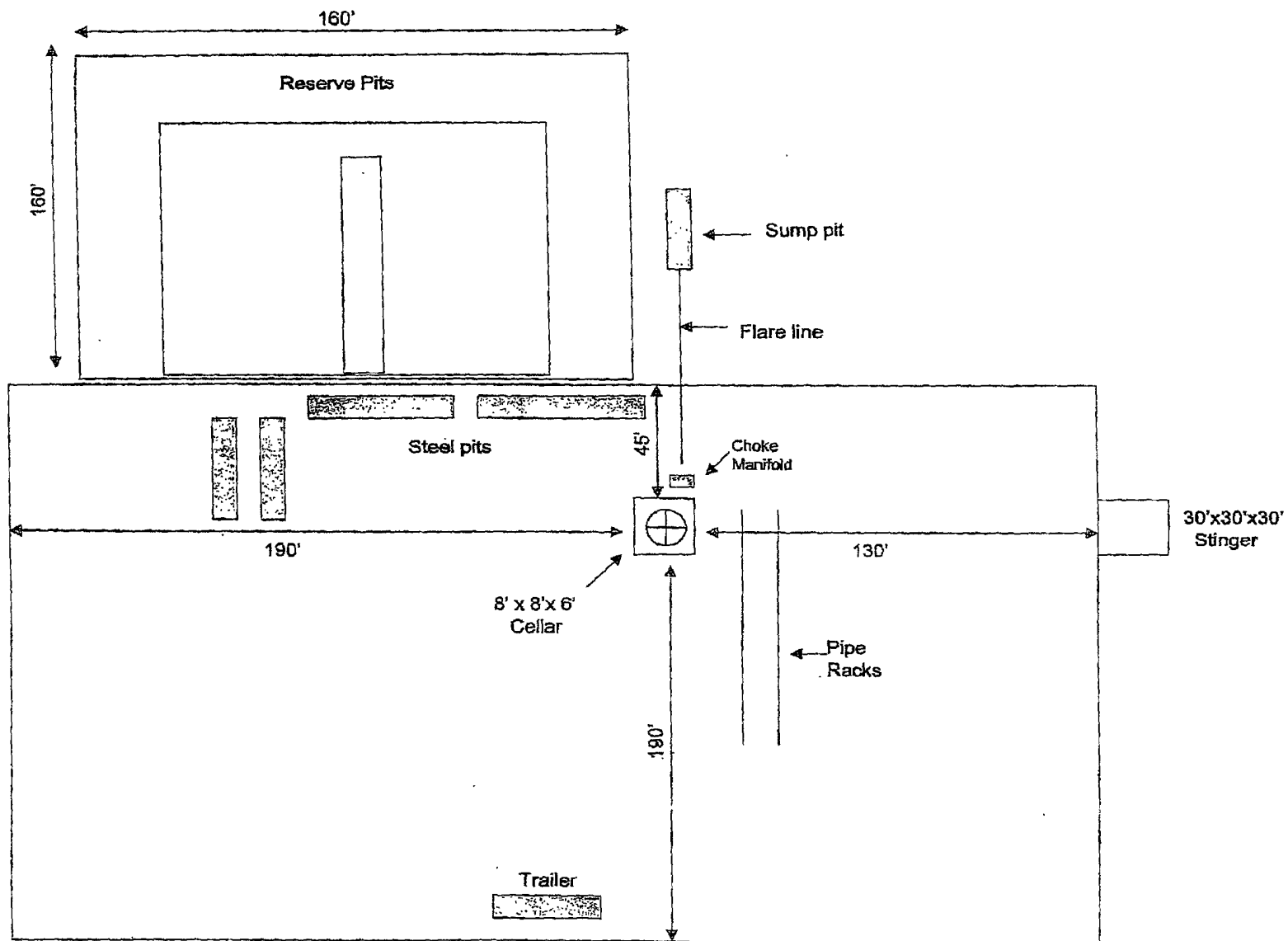


EXHIBIT "G"

BOPE SCHEMATIC

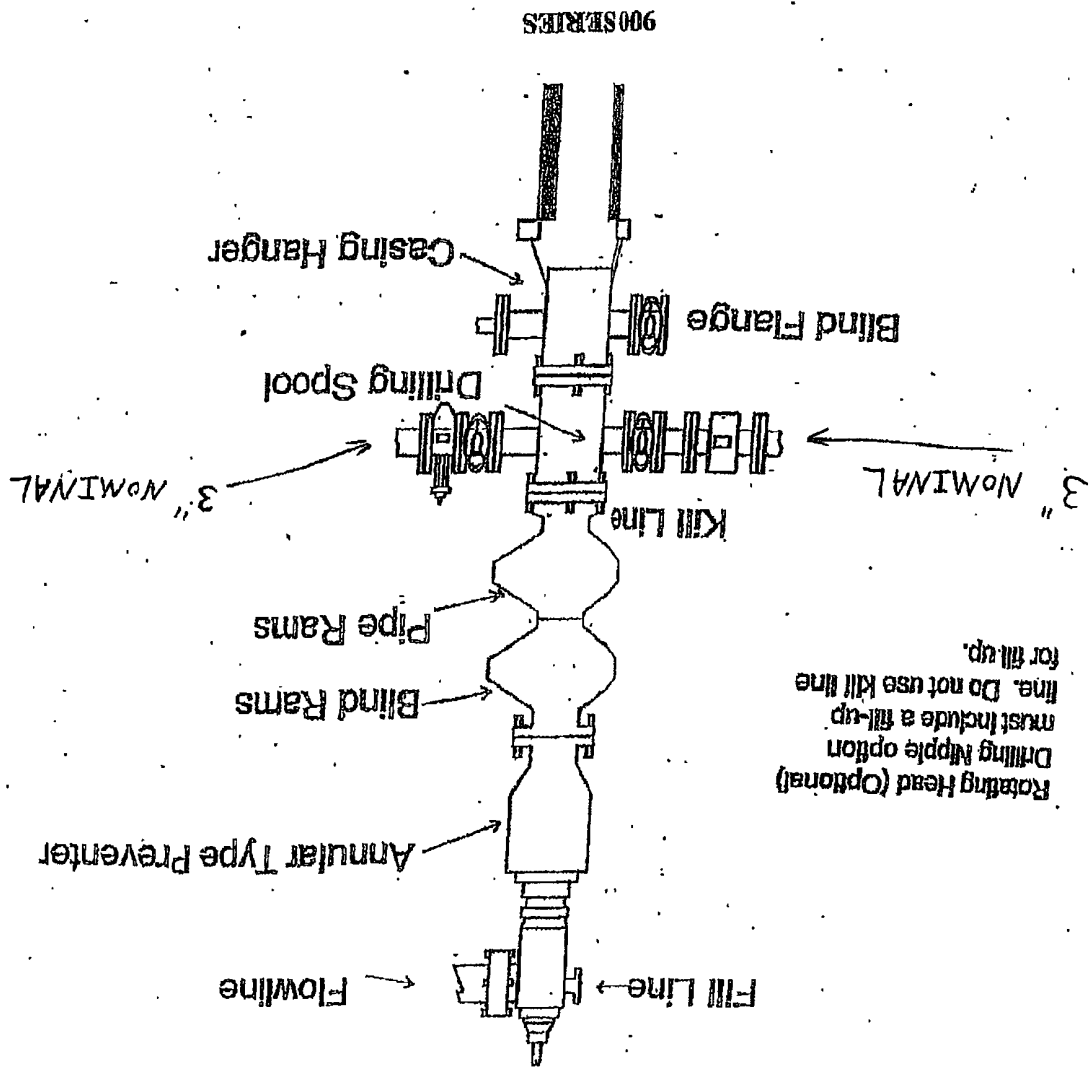
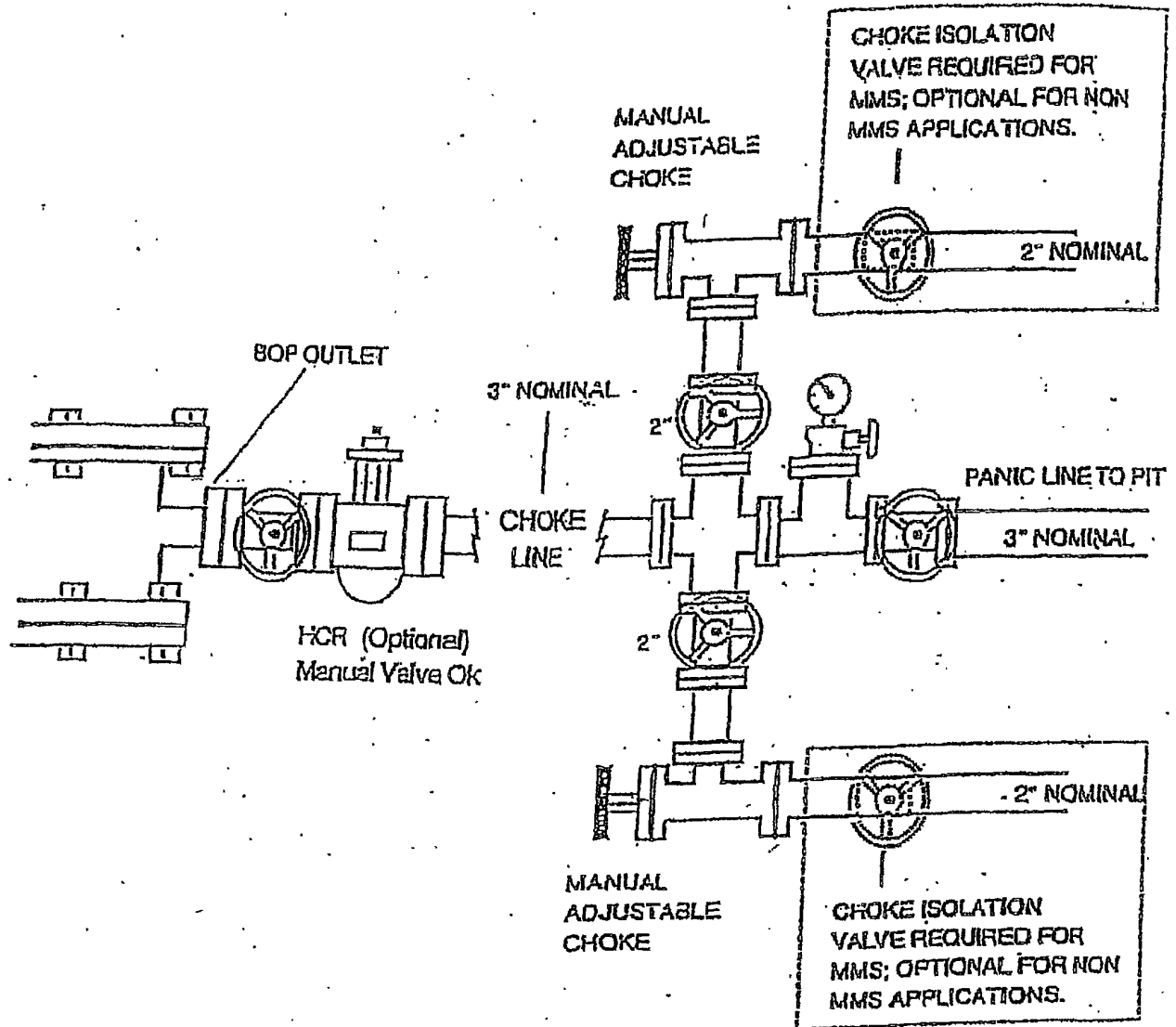


EXHIBIT "H"

CHOKE MANIFOLD

3M SERVICE



COG OPERATING, LLC

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN FOR DRILLING / COMPLETING / WORKOVER / FACILITY WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM

**C.O.G. Operating, LLC
NEW DRILL
Caribou "19" Federal #1
SL: 430' FSL & 430' FEL, Unit P
BHL: 330' FSL & 330' FWL, Unit M
Sec 19, T16S, R28E
Eddy County, New Mexico**

This well / facility is not expected to have H₂S, but the following is submitted as requested.

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V.	Public Evacuation Plan	Page 6
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IX.	Rescue & First Aid for Victims of H ₂ S Poisoning	Page 10
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GENERAL H2S EMERGENCY ACTIONS

In the event of any evidence of H2S emergency, the following plan will be initiated:

1. All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
2. If for any reason a person must enter the hazardous area, they must wear a SCBA (self-contained breathing apparatus).
3. Always use the "buddy system".
4. Isolate the well / problem if possible.
5. Account for all personnel.
6. Display the proper colors warning all unsuspecting personnel of the danger at hand.
7. Contact the company representative as soon as possible if not at the location (use the enclosed call list as instructed).

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

1. All personnel will don the self-contained breathing apparatus.
2. Remove all personnel to the "safe area: (always use the "buddy system").
3. Contact company representative if not on location.
4. Set in motion the steps to protect and / or remove the general public to any upwind "safe are". Maintain strict security and safety procedures while dealing with the source.
5. No entry to any unauthorized personnel.
6. Notify the appropriate agencies:
City Police - City streets
State Police - State Roads
County Sheriff - County Roads
7. Call the NMOCD.

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in harms way, he will immediately notify public safety personnel.

EMERGENCY CALL LIST

	<u>Office</u>	<u>Cell</u>	<u>Home</u>
John Coffman	432-683-7443	432-631-9762	432-699-5552
Erick Nelson	432-683-7443	432-238-7591	
Matt Corser	432-683-7443	432-413-0071	

EMERGENCY RESPONSE NUMBERS

Eddy County, New Mexico

State Police	505-748-9718
Eddy County Sheriff	505-746-2701
Emergency Medical Services (Ambulance)	911 or 505-746-2701
Eddy County Emergency Management (Harry Burgess)	505-887-9511
State Emergency Response Center (SERC)	505-476-9620
Carlsbad Police Department	505-885-2111
Carlsbad Fire Department	505-885-3125
New Mexico Oil Conservation Division	505-748-1283
Callaway Safety Equipment, Inc.	505-392-2973

PROTECTION OF THE GENERAL (ROE) RADIUS OF EXPOSURE

In the event greater than 100 ppg H₂S is present, the ROE calculations will be done to determine if the following is warranted:

- * 100 ppm at any public area (any place not associated with this site)
- * 500 ppm at any public road (any road which the general public may travel).
- * 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE:

(H₂S concentrations in decimal form)

$$X = [(1.589)(\text{concentration})(Q)] (0.6258)$$

$$10,000 \text{ ppm} + = .01$$

$$1,000 \text{ ppm} + = .001$$

Calculation for the 500 ppm ROE:

$$100 \text{ ppm} + = .0001$$

$$10 \text{ ppm} + = .00001$$

$$X = [(0.4546)(\text{concentration})(Q)] (.06258)$$

EXAMPLE: If a well / facility has been determined to have 150 ppm H₂S in the gas mixture and the well / facility is producing at a gas rate of 200 MCFD then:

$$\begin{aligned} \text{ROE for 100 ppm} \quad X &= [(1.589)(.00010)(200,000)] (0.6258) \\ X &= 8.8' \end{aligned}$$

$$\begin{aligned} \text{ROE for 500 ppm} \quad X &= [(0.4546)(.00050)(200,000)] (0.6258) \\ X &= 10.9' \end{aligned}$$

These calculations will be forwarded to the appropriate NMOCD district office when applicable.

PUBLIC EVACUATION PLAN

When the supervisor has determined that the general public will be involved, the following plan will be implemented.

1. Notification of the emergency response agencies of the hazardous condition and implement evacuation procedures.
2. A trained person in H2S safety shall monitor with detection equipment the H2S concentration, wind and area of exposure. This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. All monitoring equipment shall be UL approved for use in Class I Groups A, B, C & D, Division I hazardous locations. All monitors will have a minimum capability of measuring H2S, oxygen, and flammable values.
3. Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
4. The company representative shall stay in communication with all agencies throughout the duration of the situation and inform such agencies when the situation has been contained and the effected area is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION

The decision to ignite a well should be a last resort and one, if not both, of the following pertain:

1. Human life and / or property are endangered.
2. There is no hope of bringing the situation under control with the prevailing conditions at the site.

Instructions for Igniting the Well:

1. Two people are required. They must be equipped with positive pressure, self-contained breathing apparatus and "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
2. One of the people will be a qualified safety person who will test the atmosphere for H₂S, oxygen and LFL. The other person will be the company representative.
3. Ignite upwind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun with a range of approximately +/- 500 feet shall be used to ignite the gas.
4. Before igniting, check for the presence of combustible gases.
5. After igniting, continue emergency actions and procedures as before.

REQUIRED EMERGENCY EQUIPMENT

1. Breathing Apparatus

- * Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
- * Work / Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
- * Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

2. Signage and Flagging

- * One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
- * A Colored Condition flag will be on display reflecting the condition at the site at that time.

3. Briefing Area

- * Two perpendicular areas will be designated by signs and readily accessible.

4. Windsocks

- * Two windsocks will be placed in strategic locations, visible from all angles.

5. H2S Detectors and Alarms

* The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible alarm @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The three sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer):

- * Rig Floor
- * Bell Nipple
- * End of flow line or where well bore fluid is being discharged

6. Auxiliary Rescue Equipment

- * Stretcher
- * Two OSHA full body harnesses
- * 100' of 5/8" OSHA approved rope
- * One 20 lb. Class ABC fire extinguisher
- * Communication via cell phones on location and vehicles on location

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA)

1. SCBA should be worn when any of the following are performed:
 - * Working near the top or on top of a tank
 - * Disconnecting any line where H₂S can reasonably be expected.
 - * Sampling air in the area to determine if toxic concentrations of H₂S exist.
 - * Working in areas where over 10 ppm of H₂S has been detected.
 - * At any time there is a doubt of the level of H₂S in the area.
2. All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.
3. Facial hair and standard eyeglasses are not allowed with SCBA.
4. Contact lenses are never allowed with SCBA.
5. When breaking out any line where H₂S can reasonably be expected.
6. After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.
7. All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF H₂S POISONING

- * Do not panic.
- * Remain calm and think.
- * Get on the breathing apparatus.
- * Remove the victim to the safe breathing area as quickly as possible, upwind and uphill from source or crosswind to achieve upwind.
- * Notify emergency response personnel.
- * Provide artificial respiration and / or CPR as necessary.
- * Remove all contaminated clothing to avoid further exposure.
- * A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

Toxic Effects of H2S Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity-1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen sulfide and other gasses are compared below in Table 1. toxicity table for H2S and physical effects are shown in Table II.

Table 1
Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	C	
Hydrogen Sulfide	H2S	1.192	10 ppm	15 ppm	100 ppm
Sulfide Dioxide	SO2	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	CO	.97	25 ppm	200 ppm	
Carbon Dioxide	CO2	1.52	5000 ppm	30,000 ppm	
Methane	CH4	.55	4.7% LEL	14% UEL	

Definitions

- A. TLV – Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists and regulated by OSHA.
- B. STEL – Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H2S is 19 PPM.
- C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H2S is 100 PPM.
- D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on an TWA.

TABLE II
Toxicity Table of H₂S

Percent %	PPM	Physical Effects
.0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure
.0015	15	STEL for 15 minutes of exposure
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes.
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H₂S

The properties of all gasses are usually described in the context of seven major categories:

COLOR
ODOR
VAPOR DENSITY
EXPLOSIVE LIMITS
FLAMMABILITY
SOLUBILITY (IN WATER)
BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR – TRANSPARENT

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence, a fact that makes the gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs". For this reason it earned its common name "sour gas". However, H₂S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H₂S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H₂S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO₂), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H₂S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H₂S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

SURFACE USE AND OPERATIONS PLAN
FOR DRILLING, COMPLETION, AND PRODUCING

C.O.G. Operating, LLC
Caribou "19" Federal #1
SL: 430' FSL & 430' FEL, Unit P
BHL: 330' FSL & 330' FWL, Unit M
Sec 19, T16S, R28E
Eddy County, New Mexico

LOCATED:

Approximately 15 miles Northwest of Loco Hills

OIL & GAS LEASE

SL: NMNM #103873
BHL: NMNM #103872

RECORD TITLE LESSEE

SL: CHASE OIL CORP- P.O. Box 1767, Artesia, NM 88211-1767
(Operating rights: COG Oil & Gas, LP)
BHL: COG Oil & Gas, LP – 550 West Texas Ave., Suite 1300, Midland, TX 79701

BOND COVERAGE

\$25,000 statewide bond of C.O.G. Operating, L.L.C. NMB 000215

SURFACE OWNER

Bureau of Land Management

MINERAL OWNER

Bureau of Land Management

GRAZING TENANT

Bogle LTD Co., LLC, P.O. Box 460, Dexter, NM 88230
(505) 734-5442

POOL

Wolfcamp – Crow Flats Prospect

PROPOSED TOTAL DEPTH

This well will be drilled to a Horizontal Total Vertical Depth of approximately 6,480'
and a Horizontal Total Measured Depth of approximately 11,040'.

EXHIBITS

- A. Well Location & Acreage Dedication Map
- B. Area Road Map
- C. Vicinity Oil & Gas Map
- D-1 & D-2 Topographic & Location Verification Map
- E-1 & E-4 Proposed Lease Road and Pad Layout Map
- D. Drilling Rig Layout
- E. BOPE Schematic
- F. Choke Manifold Schematic

EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit B is a map showing existing roads in the vicinity of the proposed well site.
- C. Directions to well location:
From the junction of US Hwy 82 and County Road Southern Union, go north on Southern Union for 2.5 miles winding northeast for 1.2 miles to lease road, on lease road go north 2.5 miles to Donner #4 location and proposed lease road.

ACCESS ROADS

- A. Length and Width: 1,792.8' long and 30' wide.
As roadway is on two separate sections and two separate leases therefore a road right-of-way application has been submitted to the BLM for approximately on and off lease roadway in the NE/4NE/4 of Section 30, T16S, R28E and the NE/4 of Section 19, T16S, R28E, Eddy County, NM. Please note Exhibits E-1 through E-4.
- B. Surface Material: Existing
- C. Maximum Grad: Less than five percent
- D. Turnouts: None necessary
- E. Drainage Design: Existing
- F. Culverts: None necessary
- G. Gates and Cattle Guards: None needed

LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibits E-1 through E-4.

METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES

None required.

WELL SITE LAYOUT

Exhibits G and H show the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

OPERATOR'S REPRESENTATIVE

John Coffman
C.O.G. Operating, LLC
550 W. Texas Ave, Suite 1300
Midland, TX 79701
(432) 683-7443

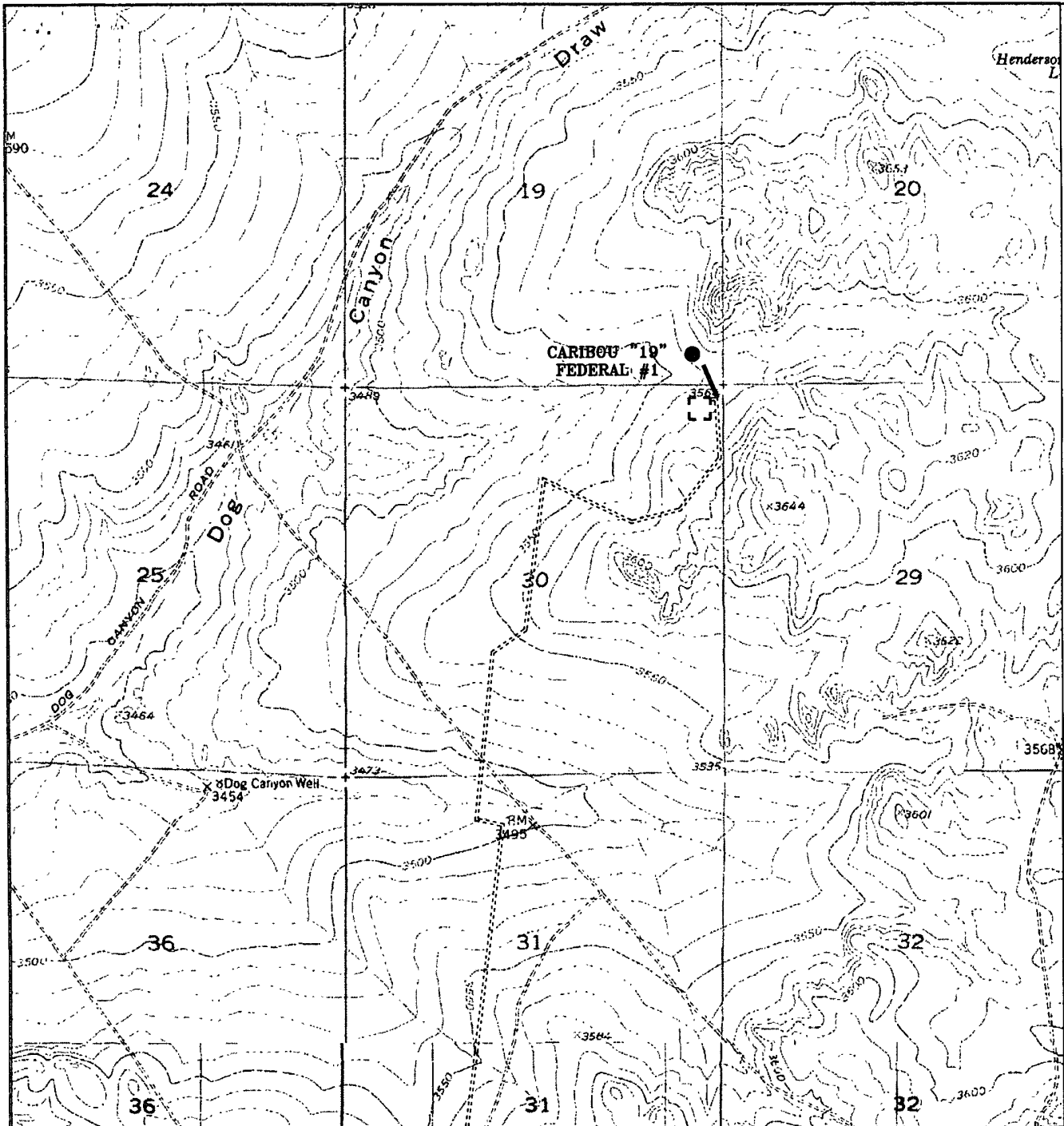
CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be preformed by the C.O.G. Operating, LLC Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

5-2-08
Date

John Coffman
John Coffman

EXHIBIT "B"



CARIBOU "19" FEDERAL #1

Located at 430' FSL and 430 FEL

Section 19, Township 16 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: JMS 18741T

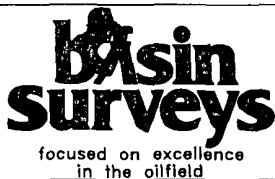
Survey Date: 11-25-2007

Scale: 1" = 2000'

Date: 11-27-2007

C.O.G.
OPERATING
L.L.C.

Section 19, Township 16 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

Date: 11-27-2007

C.O.G.
OPERATING
L.L.C.

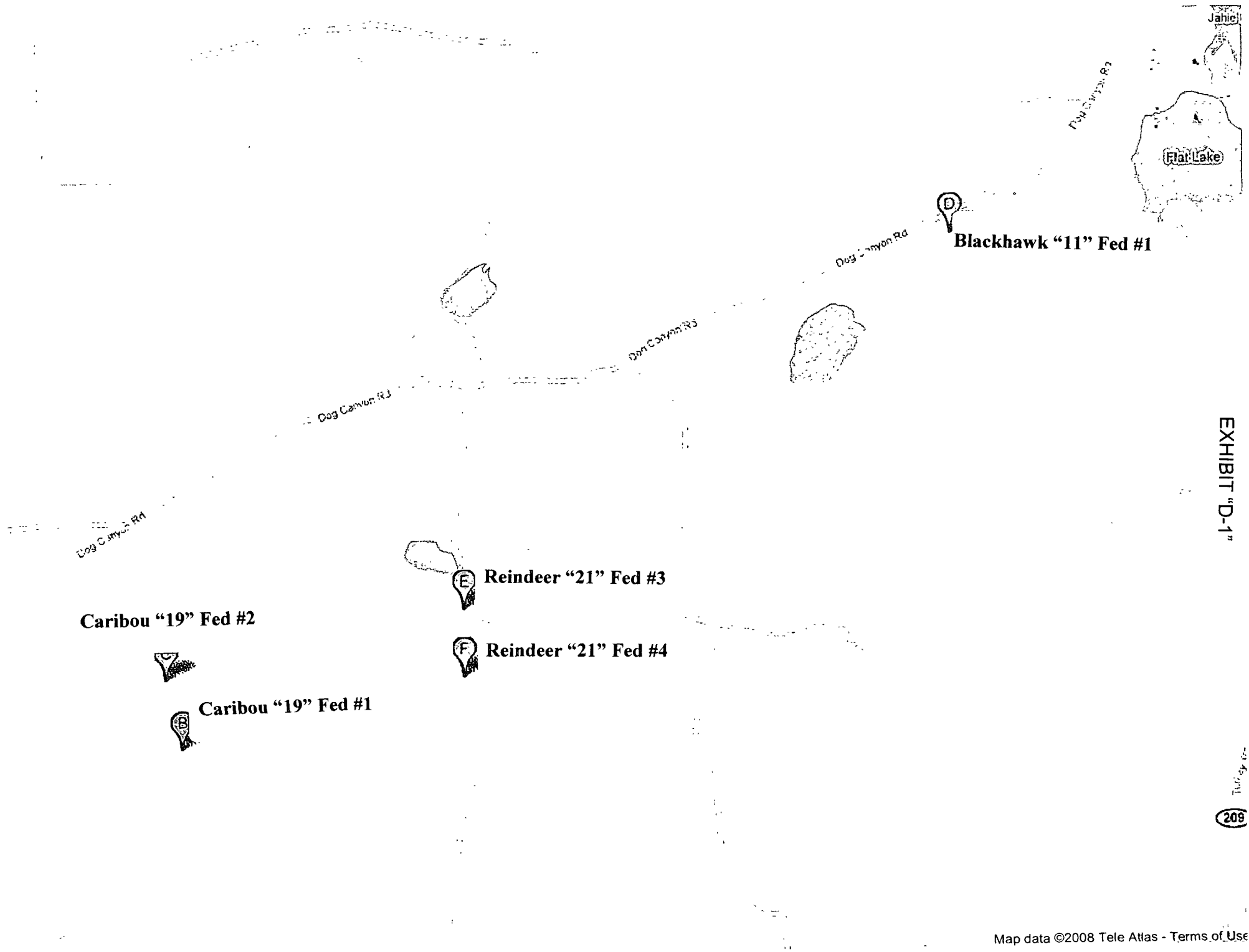


EXHIBIT "D-1"

Blackhawk "11" Fed #1

Reindeer "21" Fed #3

Reindeer "21" Fed #4

Caribou "19" Fed #2

Caribou "19" Fed #1

SECTION 19, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

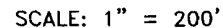


FROM THE JUNCTION OF US HWY 82 AND CO. RD
SOUTHERN UNION, GO NORTH ON SOUTHERN UNION
FOR 2.5 MILES WINDING NORTHEAST FOR 1.2 MILES TO
LEASE ROAD, ON LEASE ROAD GO NORTH 2.5 MILES
TO DONNER #4 LOCATION AND PROPOSED LEASE
ROAD.

W.O. Number: 18741

Drawn By: J. M. SMALL

Date: 11-27-2007	Disk: JMS 18741W
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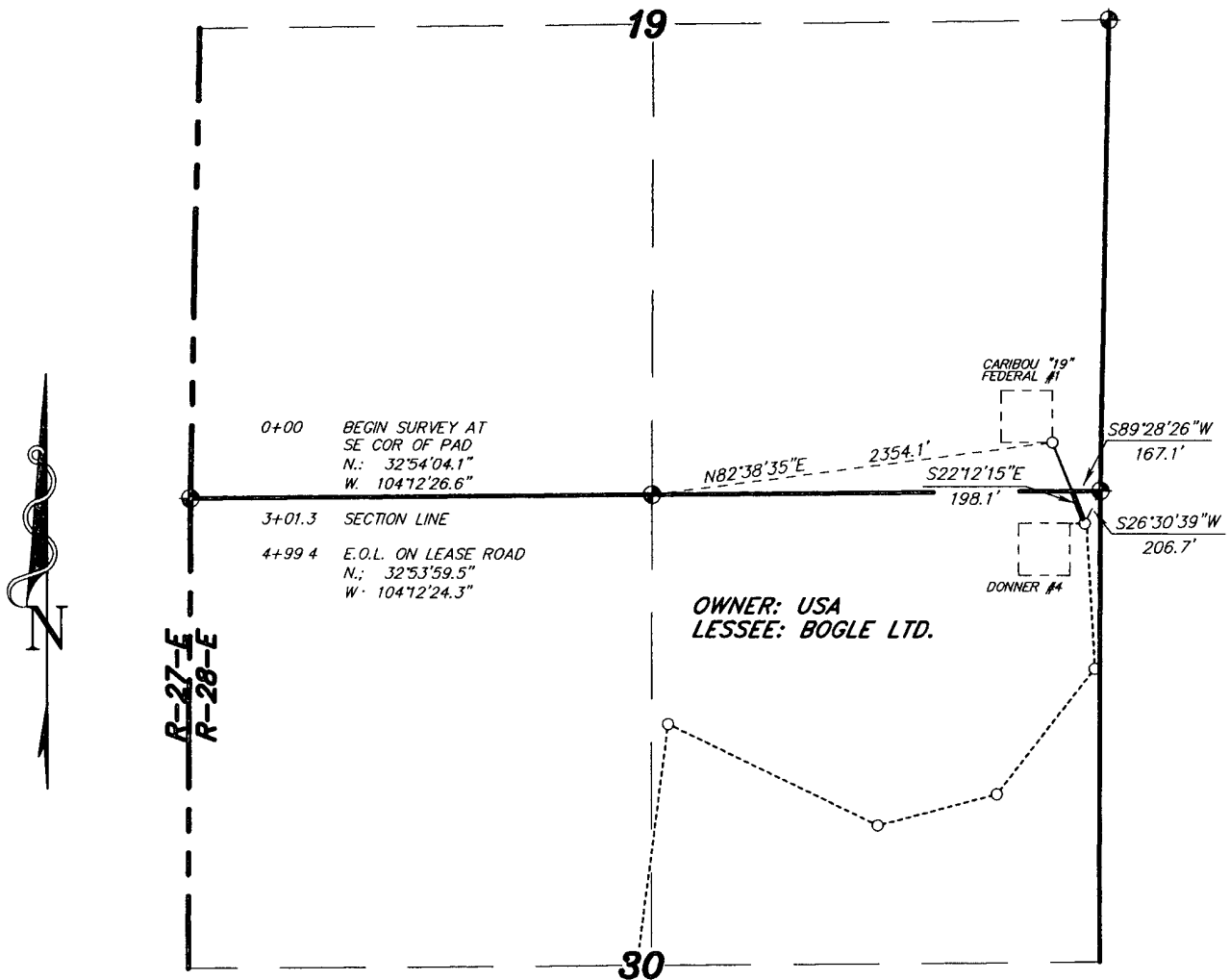


REF: CARIBOU "19" FEDERAL #1 / Well Pad Topo

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date. 11-25-2007	Sheet 1 of 1 Sheets
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SECTION 30, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

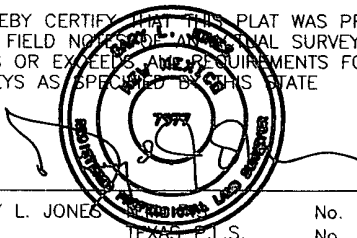


LEGAL DESCRIPTION

A STRIP OF LAND 20.0 FEET WIDE, LOCATED IN SECTION 30, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 10.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

SECTION 30 = 198.1 FEET = 0.04 MILES = 12.01 RODS = 0.10 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF A PERSONAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE



GARY L. JONES No. 7977
 TEXAS P.L.S. No. 5074

1000 0 1000 2000 FEET

C.O.G. OPERATING L.L.C.

REF: PROP. LEASE ROAD TO THE CARIBOU "19" FEDERAL #1

A LEASE ROAD CROSSING USA LAND IN
 SECTION 30, TOWNSHIP 16 SOUTH, RANGE 28 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 18741 Drawn By: J. M. SMALL

Date: 11-27-2007 Disk: JMS 18741R

Survey Date: 11-25-2007 Sheet 2 of 2 Sheets

EDDY COUNTY,

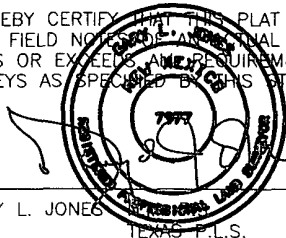


LEGAL DESCRIPTION

A STRIP OF LAND 20.0 FEET WIDE, LOCATED IN SECTION 19, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 10.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

SECTION 19 = 301.3 FEET = 0.05 MILES = 18.26 RODS = 0.13 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ORIGINAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES

TEXAS P.L.S.

No 7977
No 5074

BASIN SURVEYS P.O. BOX 1786—HOBBS, NEW MEXICO

W.O. Number. 18741

Drawn By: J. M. SMALL

Date: 11-27-2007

Disk: JMS 18741R

Survey Date: 11-25-2007

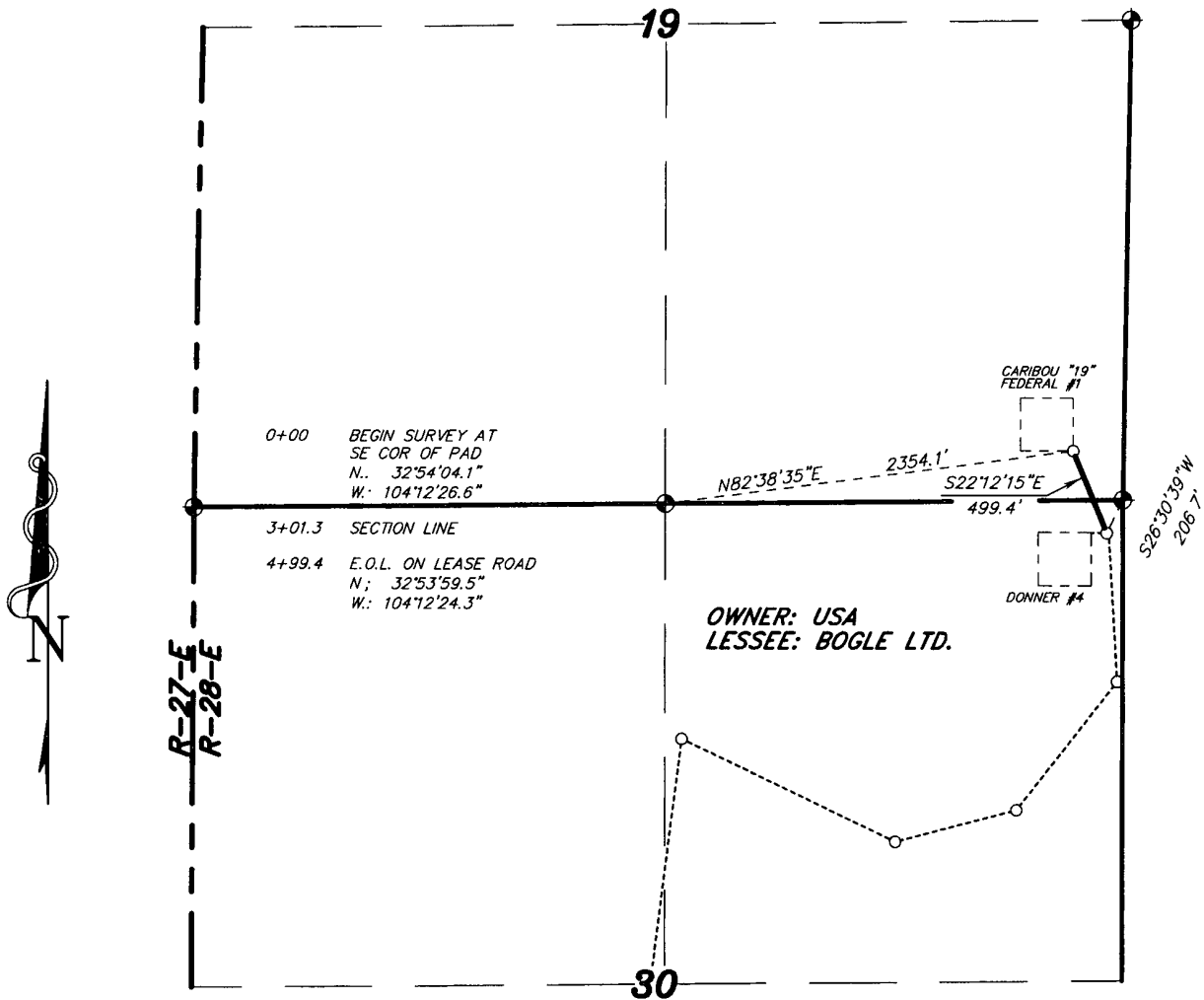
Sheet 1 of 2 Sheets

C.O.G. OPERATING L.L.C.

REF: PROP. LEASE ROAD TO THE CARIBOU "19" FEDERAL #1

A LEASE ROAD CROSSING USA LAND IN
SECTION 19, TOWNSHIP 16 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

**SECTION 19&30, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**

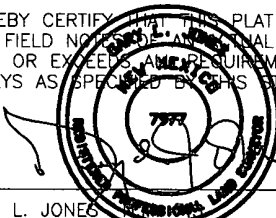


LEGAL DESCRIPTION

A STRIP OF LAND 20.0 FEET WIDE, LOCATED IN SECTION 19&30, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 10.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

SECTION 19 = 301.3 FEET = 0.05 MILES = 18.26 RODS = 0.13 ACRES
SECTION 30 = 198.1 FEET = 0.04 MILES = 12.01 RODS = 0.10 ACRES
TOTAL = 499.4 FEET = 0.09 MILES = 30.27 RODS = 0.23 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF A PERSONAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES

TEXAS P.L.S.

No. 7977

No. 5074

BASIN SURVEYS

P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 18741

Drawn By: J. M. SMALL

Date: 11-27-2007

Disk: JMS 18741R

1000 0 1000 2000 FEET

C.O.G. OPERATING L.L.C.

REF: PROP. LEASE ROAD TO THE CARIBOU "19" FEDERAL #1

A LEASE ROAD CROSSING USA LAND IN
SECTIONS 19&30, TOWNSHIP 16 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 11-25-2007

Sheet 1 of 1 Sheets

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG OPERATING LLC
LEASE NO.:	NM-103872
WELL NAME & NO.:	Caribou 19 Federal No. 1
SURFACE HOLE FOOTAGE:	430' FSL & 430' FEL
BOTTOM HOLE FOOTAGE:	330' FSL & 330' FWL
LOCATION:	Section 19, T. 16 S., R. 28 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Cave/Karst
- ☒ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☒ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

I. GENERAL PROVISIONS

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

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)

Mitigation Measures: The mitigation measures include the Pecos District Conditions of Approval, the standard stipulation for High cave/karst occurrence, and the standard stipulations for permanent resource roads.

Caribou 19 Federal # 1: Pit North V-Door East

Conditions of Approval

Cave and Karst

EA#: NM-520-08-1146

Lease #: NM-95630, NM-103873, NMLC-100844

COG Operating LLC.

Black Hawk 11 Fed. Com. # 1, Caribou 19 Fed. # 1, Caribou 19 Fed. Com. # 2,

Reindeer 21 Fed. # 3, Reindeer 21 Fed. # 4

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

Cave/Karst Surface Mitigation

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

Berming:

Tank batteries will be bermed to contain 1 ½ times the content of the largest tank.

Bermed areas will be lined with a 4 oz. felt liner to prevent tears or punctures and a permanent 20 mil plastic liner.

Leak Detection System:

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

Closed Mud System with Buried Cuttings Pit/Drying Area:

All fluids will be held in steel tanks and hauled off. A 70X100 foot cutting's pit may be utilized for this location. The cutting's pit will be lined with 4 oz. felt and a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the washed cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of top soil. In order to help minimize the total surface disturbance an equipment storage area and parking off-site of caliche or mineral material areas will be allowed.

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 160' X 160' on the North side of the well pad V-Door East.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

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

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

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

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

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

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

Crowning

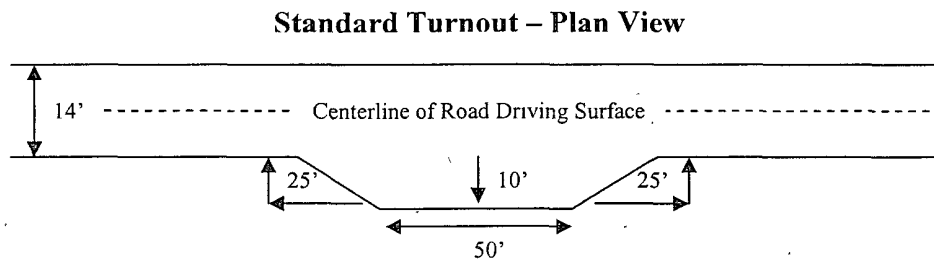
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

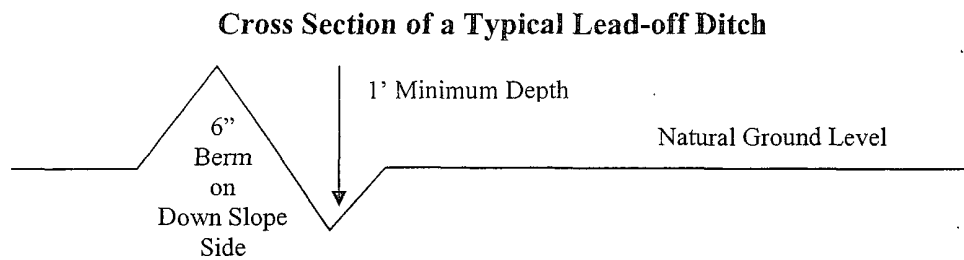
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and inslaping, 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.



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

Formula for Spacing Interval of Lead-off Ditches

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

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

Culvert Installations

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

Cattleguards

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

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

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

Fence Requirement

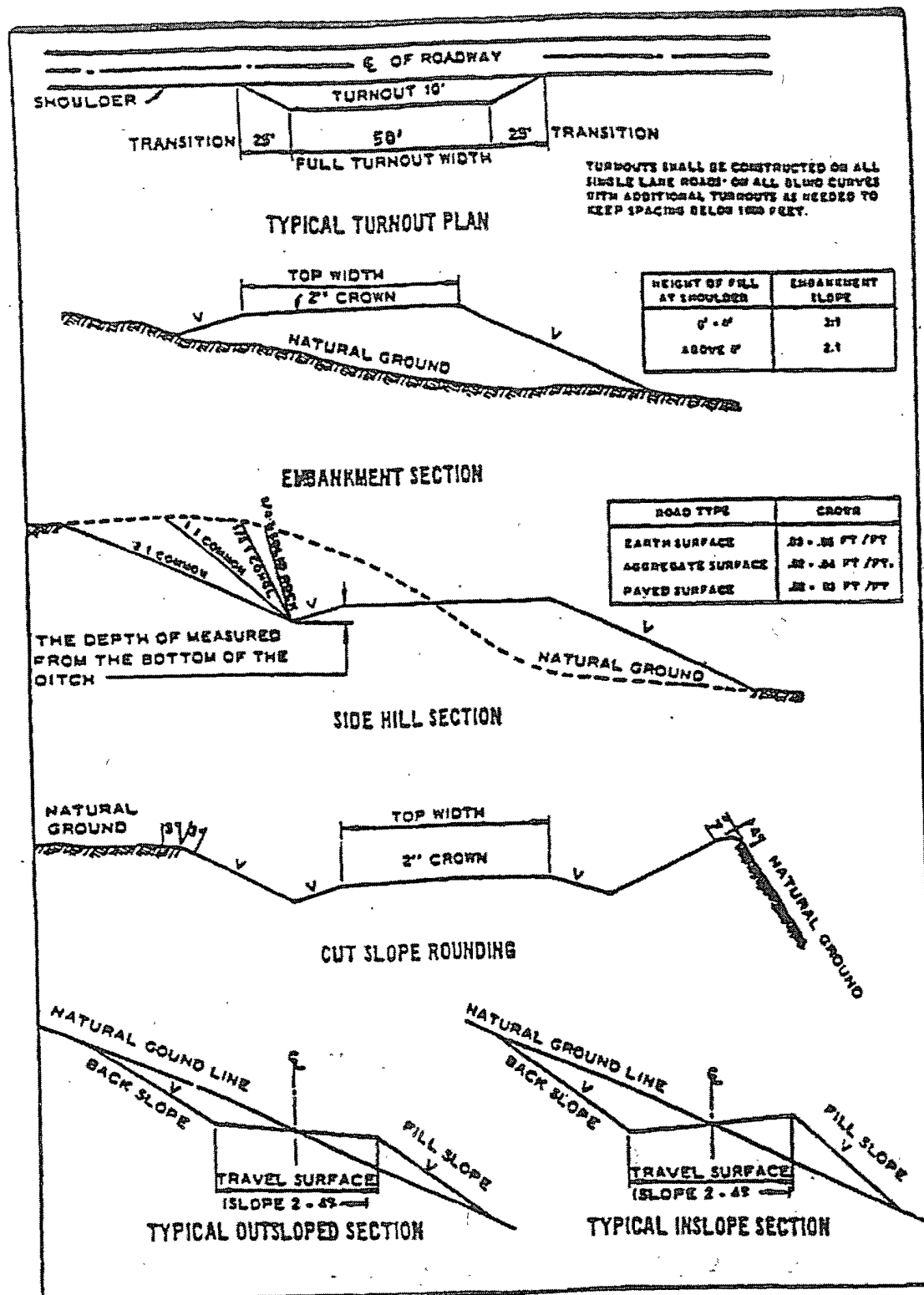
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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

Public Access

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

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

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **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 this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please 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.
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 are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

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

High cave/karst.

Possible lost circulation in the Grayburg and San Andres formations.

Possible high pressure gas bursts in the Wolfcamp.

1. The 13-3/8 inch surface casing shall be set at **approximately 500 feet** and cemented to the surface.
 - 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time 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. (This is to include the lead cement).
 - 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.

Drill intermediate casing hole with fresh water mud.

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-d above.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

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

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

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **Additional cement will be required to achieve this height of cement.**

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. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.
 - d. 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.
 - e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days**. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
 - f. A variance to test the surface casing and BOP/BOPE (**entire system**) to the reduced pressure of **1000 psi** with the rig pumps is approved.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

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

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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.

Containment Structures

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

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 4, for Gypsum 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:

<u>Species</u>	<u>lb/acre</u>
Alkali Sacaton (<i>Sporobolus airoides</i>)	1.0
DWS \subseteq Four-wing saltbush (<i>Atriplex canescens</i>)	5.0

\subseteq DWS: DeWinged Seed

*Pounds of pure live seed:

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

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.