#### OCD Antesia

Form 3160 -3 (April 2004)			OMB No.	PPROVED 1004-0137 arch 31, 2007		
UNITED STATES DEPARTMENT OF THE INT BUREAU OF LAND MANAG	5. Lease Serial No. NMNM-98120	uron 31, 2007				
APPLICATION FOR PERMIT TO DE		6. If Indian, Allotee N/A	or Tribe Nam	e		
la. Type of work: DRILL REENTER		7 If Unit or CA Agree NMNM - 71030				
lb. Type of Well: ✓ Oil Well ☐ Gas Well ☐ Other	8. Lease Name and W - SKELLY UNI		<i>L</i> 3	0540		
2. Name of Operator COG Operating LLC	137>		9. API Well No.  30-015- 3 5	3445	7	
3a. Address 550 W. Texas Ave., Suite 1300 Midland, TX 79701 3b.	Phone No. (include area code) 432-685-4385		10. Field and Pool, or E Fren; Glorieta		70 -	
4. Location of Well (Report location clearly and in accordance with any So			11. Sec., T. R. M. or Bi	k, and Survey	or Area	
At surface SHL: 1079' FSL & 78' FEL, Unit P  At proposed prod. zone BHL: 990' FSL & 330' FWL, Unit M			Sec 22 T17S 1	R31E		
14. Distance in miles and direction from nearest town or post office*  9 miles East of Loco Hills, NN			12. County or Parish EDDY	13.	State NN	м
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  78'	6. No. of acres in lease	17. Spacin	g Unit dedicated to this w	rell	Ų	_
	9. Proposed Depth	20. BLM/I	/BIA Bond No. on file NMB000215			
21. Elevations (Show whether DF, KDB, RT, GL, etc.)  3848' GL	2 Approximate date work will star 11/30/2010	ximate date work will start* 23. Estimated du				
	24. Attachments		<u> </u>			•
<ol> <li>The following, completed in accordance with the requirements of Onshore O</li></ol>	4. Bond to cover the ltem 20 above).  dds, the 5. Operator certific	ne operation ation specific info	is form:  ns unless covered by an ormation and/or plans as	-		
25. Signature	Name (Printed Typed)  Robyn M. Odom			Date 08/24/2	010	
Title Regulatory Analyst						
Approved by (Signature) /s/ Don Peterson	Name (Printed Typed)			Date JAN	18	2011
Title FIELD MANAGER	Office		CARLSBAD FIELD			
Application approval does not warrant or certify that the applicant holds le conduct operations thereon.  Conditions of approval, if any, are attached.	gal or equitable title to those right	ts in the sub	ject lease which would er PROVAL FOI	TWO	Ϋ́É́́	ARS
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime States any false, fictitious or fraudulent statements or representations as to an	for any person knowingly and w ny matter within its jurisdiction.	villfully to m	ake to any department or	r agency of th	e Unite	d

\*(Instructions on page 2)

Roswell Controlled Water Basin

JAN 2 4 2011
NMOCD ARTESIA

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

#### MASTER DRILLING PROGRAM

#### 1. Geologic Name of Surface Formation

Quaternary

#### 2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Top of Salt	560'
Base of Salt	1150'
Yates	1770'
Seven Rivers	2100'
Queen	2715'
Grayburg	3100'
San Andres	3450'
Glorietta	4950'
Yeso Group	4995'

#### 3. Estimated Depths of Anticipated Fresh Water, Oil and Gas

Water Sand	150'	Fresh Water
Grayburg	3100'	Oil/Gas
San Andres	3450'	Oil/Gas
Glorieta	4950'	Oil/Gas
Yeso Group	4995'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 450 and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 8 5/8" casing to 1800' and circulating cement, in a single or multi-stage job and/or with an ECP, back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them. This will be achieved by cementing, with a single or multi-stage job, the 5 1/2" production casing back 200' into the intermediate casing, to be run at TD. If wellbore conditions arise that require immediate action and/or a change to this program, COG Operating LLC personnel will always react to protect the wellbore and/or the environment.

See COA

## 4. Casing Program

	See	COA					
Hole Size	Interval	OD Casing	Weight	Grade	Jt., Condition	Jt.	burst/collapse/tension
17 ½"	0-45095105	13 3/8"	48#	H-40orJ-55	New	ST&C	8.71/3.724/14.91
11"or 🔀 🖰	0-1800'	8 5/8"	24or32#	J-55	New	ST&C	2.91/1.46/5.65
7 7/8"	0-T.D.	5 1/2"	15.5 or17#	J-55orL80	New	LT&C	1.71/1.574/2.20

#### 5. Cement Program

13 3/8" Surface Casing:

Class C, 500 sx, yield 1.32, back to surface

8 5/8" Intermediate Casing:

11" Hole:

Single Stage: 50:50:10, 350 sx lead, yield-2.45 + Class C, 200 sx tail, yield-1.32, back to surface.

See Con

Multi-Stage: Stage 1: Class C, 350 sx, yield-1.32. Stage 2: 50:50:10, 200 sx, yield-2.45, back to surface. Multi stage tool to be set at approximately, depending on hole conditions, 456 loss

5 1/2" Production Casing:

**Single Stage:** 35:65:6, 500 sx Lead, yield-2.05 + 50:50:2, 400 sx Tail, yield-1.37, to 200' minimum tie back to intermediate casing.

See Con Multi-Stage: Stage 1: 50:50:2, 400 sx, yield - 1.37; Stage 2: 35:65:6, 500 sx, yield - 2.05, to 200' minimum tie back to intermediate casing. Multi stage tool to be set at approximately, depending on hole conditions, 150 - 2000'.

### 6. Minimum Specifications for Pressure Control

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. The BOP will be nippled up on the 13 3/8" surface casing with BOP equipment and tested together to 2000 psi by rig pump in one test. The BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a third party to 2000 psi and used continuously until total depth is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of the intermediate casing. 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. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) with a 2000 psi WP rating.

#### 7. Types and Characteristics of the Proposed Mud System

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

Lee COFI

265

	DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
	0-450 565	Fresh Water	8.5	28	N.C.
í	<b>250</b> -1800'	<b>250</b> -1800' Brine		30	N.C.
	1800'-TD Cut Brine		8.7-9.1	29	N.C.

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

## 8. 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.



## 9. Logging, Testing and Coring Program See COA

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be run from TD to 8 5/8" casing shoe.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

#### 10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and the estimated maximum bottom hold pressure is 2300 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area, although a Hydrogen Sulfide Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

### 11. Anticipated Starting Date and Duration of Operations

Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the anticipated start date. Once commenced, drilling operations should be finished in approximately 12 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.



# **COG Operating LLC**

Eddy County, NM (NAN27 NME) Skelly Unit #787 Skelly Unit #787

OH

Plan: Plan #1 - 7-7/8" Hole SHL = 1079' FSL & 78' FEL BHL = 980' FSL & 340' FWL Top of Paddock = 980' FSL & 340' FWL @ 4900' TVD

# **Standard Planning Report**

29 September, 2010





#### Scientific Drilling

Planning Report

TVD Reference:

North Reference:

MD Reference:

Local Co-ordinate Reference:

Survey Calculation Method:



Database:

EDM-Julio

Company:

COG Operating LLC

Project: Site:

Eddy County, NM (NAN27 NME)

Skelly Unit #787

Well:

Skelly Unit #787

Wellbore: Design:

ОН Plan #1 - 7-7/8" Hole

Project

Eddy County, NM (NAN27 NME)

Map System:

US State Plane 1927 (Exact solution)

Geo Datum:

NAD 1927 (NADCON CONUS)

Map Zone:

New Mexico East 3001

System Datum:

Mean Sea Level

Grid

Site Skelly Unit #787

GL Elev @ 3848.00usft

GL Elev @ 3848.00usft

Minimum Curvature

Site

From:

Skelly Unit #787

Site Position:

Мар

Northing: Easting:

660,802.70 usft 648,917.60 usft

Latitude:

Longitude:

32° 48' 56.506 N

Slot Radius:

103° 50' 54.989 W

**Position Uncertainty:** 

0.00 usft

13-3/16 "

Grid Convergence:

0.26°

Well

Skelly Unit #787

**Well Position** 

+N/-S +E/-W

OH

0.00 usft 0.00 usft Northing: Easting:

660,802.70 usft 648,917.60 usft Latitude: Longitude:

32° 48' 56.506 N 103° 50' 54.989 W

**Position Uncertainty** 

0.00 usft

Wellhead Elevation:

Ground Level:

3,848.00 usft

Wellbore

Magnetics

**Model Name** 

Sample Date

Phase:

0.00

Declination (°):

Dip Angle

Field Strength

BGGM2010

2010/09/29

7.91

60.71

49,049

Design

Plan #1 - 7-7/8" Hole

Audit Notes:

Vertical Section:

Version:

Depth From (TVD) (usft)

+N/-S (usft)

0.00

PLAN

Tie On Depth: +E/-W (usft)

0.00

0.00

Direction (°) 102.91

an Sections Measured			Vertical			Dogleg	Build	Turn		
Depth (usft)	Inclination (°)	Azimuth (°)	Depth (usft)	+N/-S (usft)	+E/-W (usft)	Rate (°/100usft)	Rate (°/100usft)	Råte (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	•
1,950.00	0.00	0.00	1,950.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,446.55	9.93	102.91	2,444.07	-9.59	41.84	2.00	2.00	0:00	102.91	
4,438.26	9.93	102.91	4,405.93	-86.31	376.66	0.00	0.00	0.00	0.00	
4,934.81	0.00	0.00	4,900.00	-95.90	418.50	2.00	-2.00	0.00	180.00 T	G1-Skelly #787
6,734.81	0.00	0.00	6,700.00	-95.90	418.50	0.00	0.00	0.00	0.00 P	BHL-Skelly #78



#### **Scientific Drilling**

Planning Report



Company:

EDM-Julio

COG Operating LLC

Project:

Eddy County, NM (NAN27 NME)

Site: Well:

Skelly Unit #787 Skelly Unit #787

Wellbore:

Design:

ОН Plan #1 - 7-7/8" Hole Local Co-ordinate Reference: TVD Reference:

MD Reference: North Reference:

Survey Calculation Method:

Site Skelly Unit #787 GL Elev @ 3848.00usft GL Elev @ 3848.00usft

Grid

Minimum Curvature

			Vertical			Vertical	Dogleg	Build	Turn
Depth (usft)	Inclination,	Azimuth	Depth (usft)	+N/-S (usft)	+E/-W (usft)	Section (usft)	Rate (°/100usft)	Rate (°/100usft)	Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	elly #787 - West I			0.00	0.00	4.00	0.00	0.00	0.00
1,850.00	0.00	0.00	1,850.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>8-5/8" Casing</b> 1,950.00	0.00	0.00	1,950.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP Start Bu	ild 2.00°/100'								
2,000.00	1.00	102.91	2,000.00	-0.10	0.43	0.44	2.00	2.00	0.00
2,100.00	3.00	102.91	2,099.93	-0.88	3.83	3.93	2.00	2.00	0.00
2,200.00	5.00	102.91	2,199.68	-2.43	10.63	10.90	2.00	2.00	0.00
2,300.00	7.00	102.91	2,299.13	-4.77	20.81	21.35	2.00	2.00	0.00
2,400.00	9.00	102.91	2,398.15	-7.88	34.38	35.27	2.00	2.00	0.00
2,446.55	9.93	102.91	2,444.07	-9.59	41.84	42.93	2.00	2.00	0.00
EOC hold 9.9	3°								
2,500.00	9.93	102.91	2,496.72	-11.65	50.83	52.14	0.00	0.00	0.00
2,600.00	9.93	102.91	2,595.22	-15.50	67.64	69.39	. 0.00	0.00	0.00
2,700.00	9.93	102.91	2,693.72	-19.35	84.45	86.64	0.00	0.00	0.00
2,800.00	9.93	102.91	2,792.22	-23.20	101.26	103.88	0.00	0.00	0.00
2,900.00	9.93	102.91	2,890.72	-27.06	118.07	121.13	0.00	0.00	0.00
3,000.00	9.93	102.91	2,989.22	-30.91	134.88	138.38	0.00	0.00	0.00
3,100.00	9.93	102.91	3,087.73	-34.76	151.69	155.62	0.00	0.00	0.00
3,200.00	9.93	102.91	3,186.23	-38.61	168.50	172.87	0.00	0.00	0.00
3,300.00	9.93	102.91	3,284.73	-42.46	185.31	190.11	0.00	0.00	. 0.00
3,400.00	9.93	102.91	3,383.23	-46.32	202.12	207.36	0,00	0.00	0.00
3,500.00	9.93	102.91	3,481.73	-50.17	218,93	224.61	0.00	0.00	0.00
3,600.00	9.93	102.91	3,580.23	-54.02	235.74	241.85	0.00	0.00	0.00
3,700.00	9.93	102.91	3,678.74	-57.87	252.55	259.10	0.00	0.00	0.00
3,800.00	9.93	102.91	3,777.24	-61.73	269.36	276.35	0.00	0.00	0.00
3,900.00	9.93	102.91	3,875.74	-65.58	286.17	293.59	0.00	0.00	0.00
4,000.00	9.93	102.91	3,974.24	-69.43	302.99	310.84	0.00	0.00	0.00
4,100.00	9.93	102.91	4,072.74	-73.28	319.80	328.08	0.00	0.00	0.00
4,200.00	9.93	102.91	4,171.24	-77.13	336.61	345.33	0.00	0.00	0.00
4,300.00	9.93	102.91	4,269.75	-80.99	353.42	362.58	0.00	0.00	0.00
4,400.00	9.93	102.91	4,368.25	-84.84	370.23	379.82	0.00	0.00	0.00
4,438.26	9.93	102.91	4,405.93	-86.31	376.66	386.42	0.00	0.00	0.00
Start DLS 2.00									
4,500.00	8.70	102.91	4,466.86	-88.54	386.40	396.41	2.00	-2.00	0.00
4,600.00	6.70	102.91	4,565.95	-91.53	399.45	409.80	2.00	-2.00	0.00
4,700.00	4.70	102.91	4,665.45	-93.75	409.13	419.73	2.00	-2.00	0.00
4,800.00	2.70	102.91	4,765.24	-95,19	415.41	426.18	2.00	-2.00	0.00
4,900.00	0.70	102.91	4,865.19	-95.85	418.29	429.14	2.00	-2.00	0.00
4,934.81	0.00	0.00	4,900.00	-95.90	418.50	429.35	2.00	-2.00	-295.63
	° - Top of Paddo		-						
6,734.81	0.00	0.00	6,700.00	-95.90	418.50	429.35	0.00	0.00	0.00



#### **Scientific Drilling**

Planning Report



Database:

EDM-Julio

Company:

COG Operating LLC

Project:

Eddy County, NM (NAN27 NME)

Site: Welliwellbore:

Skelly Unit #787 Skelly Unit #787

Design:

Plan #1 - 7-7/8" Hole

Local Co-ordinate Reference:

MD Reference: North Reference:

Survey Calculation Method:

Site Skelly Unit #787

TVD Reference: GL Elev @ 3848.00usft MD Reference: GL Elev @ 3848.00usft

Grid

Minimum Curvature

	Anglé (°)	Dip Dir.	TVD (usft)	+N/-S (usft)	+É/-W (usft)	Northing (usft)	Easting (usft)	Latitude	<u>Longit</u> ude
South HL-Skelly #787 - plan misses target cente - Rectangle (sides W200.	0.00 er by 417 00 H0.00	0.00 .43usft at 0.0 D0.00)	0.00 Ousft MD (0	-85.90 .00 TVD, 0.00	408.50 N, 0.00 E)	660,716.80	649,326.10	32° 48′ 55.637 N	103° 50' 50.207 W
West HL-Skelly #787 - plan misses target cente - Rectangle (sides W0.00	0.00 er by 417. H200.00	0.00 43usft at 0.0 D0.00)	0.00 0usft MD (0.	-85.90 .00 TVD, 0.00 l	408.50 N, 0.00 E)	660,716.80	649,326.10	32° 48' 55.637 N	103° 50' 50.207 W
TG1-Skelly #787 - plan hits target center - Point	0.00	0.00	4,900.00	-95.90	418.50	660,706.80	649,336.10	32° 48' 55.538 N	103° 50' 50.090 W
PBHL-Skelly #787 - plan hits target center - Circle (radius 10.00)	0.00	0.00	6,700.00	-95.90	418.50	660,706.80	649,336.10	32° 48′ 55.538 <b>N</b>	103° 50' 50.090 W

	Casing Points				<del>, , , , , , , , , , , , , , , , , , , </del>	`
	Measured	Vertical		Casing	uala .	4. ·
Ì	Depth	Depth	in the second of	iameter	Diameter	
	(usft)	(usft)	Name	· (")		
	1,850.00	1,850.00 8-5/8" Casing		8-5/8	12-1/4	i

Formations	* W* * * * * * * * * * * * * * * * * *	4	The Control of the Co	
Measured Depth (usit)	Vertical Depth (usft)		Dip Dip Direction Name Lithology (*)	
4,934.81	4,943.00	Top of Paddock	0.00	·

Plan Annotations Measured Depth (üsft)	Vertical Depth (usft)	Local Coord +N/S (usft)	nates +E/-W (usft)	Comment
1,950.00	1,950.00	0.00	0.00	KOP Start Build 2.00°/100'
2,446.55	2,444.07	-9.59	41.84	EOC hold 9.93°
4,438.26	4,405.93	-86.31	376.66	Start DLS 2.00°/100'
4,934.81	4,900.00	-95.90	418.50	EOC hold 0.00°



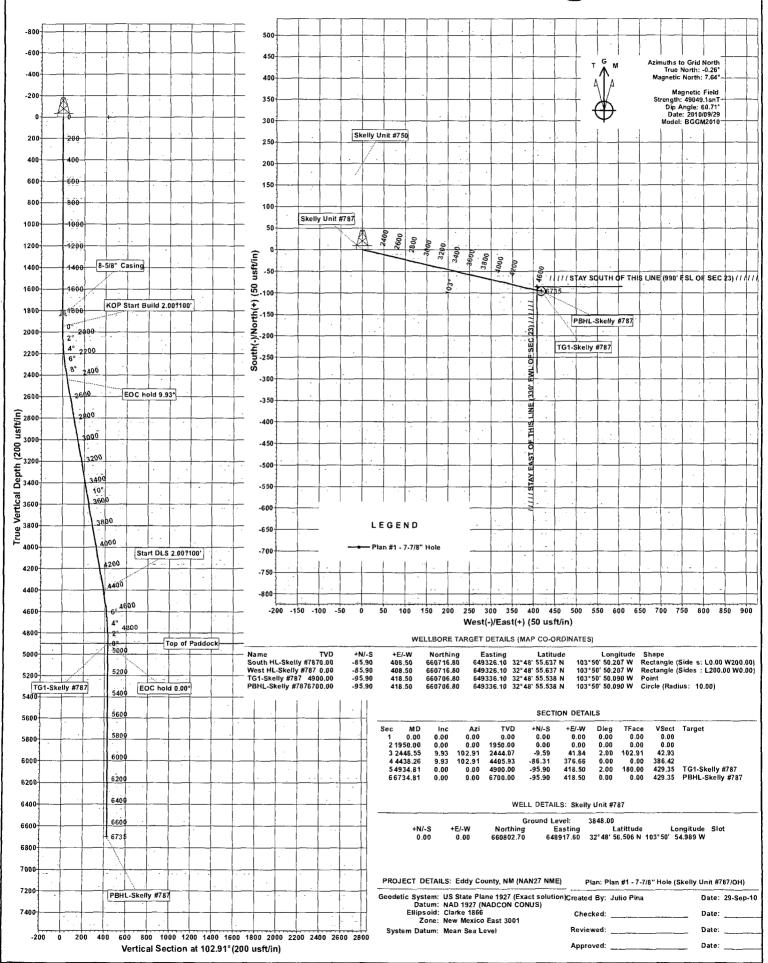
Scientific Drilling for COG Operating LLC Site: Eddy County, NM (NAN27 NME)

Well: Skelly Unit #787

Wellbore: OH

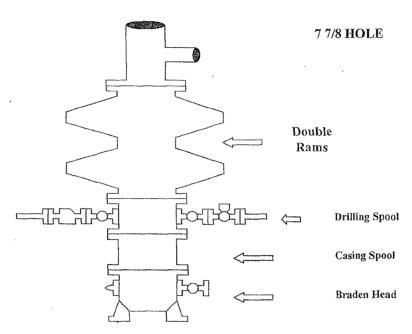
Design: Plan #1 - 7-7/8" Hole





# COG Operating LLC

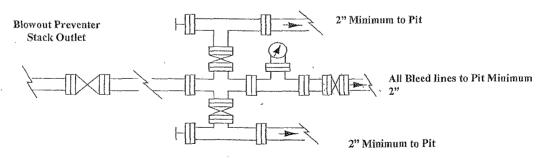
# **Exhibit #9 BOPE and Choke Schematic**



Minimum 4" Nominal choke and kill lines

# Choke Manifold Requirement (2000 psi WP) No Annular Required

#### Adiustable Choke



Adjustable Choke (or Positive)

# NOTES REGARDING THE BLOWOUT PREVENTERS Master Drilling Plan Eddy County, New Mexico

- 1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
- 2. Wear ring to be properly installed in head.
- 3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.
- 4. All fittings to be flanged.
- 5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.
- 6. All choke and fill lines to be securely anchored especially ends of choke lines.
- 7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
- 8. Kelly cock on Kelly.
- 9. Extension wrenches and hands wheels to be properly installed.
- 10. Blow out preventer control to be located as close to driller's position as feasible.
- 11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

Blowout Preventers Page 2