

CONDITIONS OF APPROVAL

COG Operating LLC

NMLC029020L

Shawnee Federal #2

30-015-30980

Section 15, T. 17 S., R 30 E., NMPM

Eddy County, New Mexico

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. H2S monitoring equipment should be onsite for personnel protection from surrounding oil operations. Operator should not encounter H2S while deepening.**
- 4. 3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.**
- 5. BOP to be tested to 1000 psi based on expected BHP**
- 6. Variance for stand-off of less than 0.422" is approved due to NMOCD classifying the formations in this area as the Yeso group - Pool 44500.**
- 7. Variance for not testing seal also approved based on NMOCD classification of formations in this area as the Yeso group - Pool 44500.**
- 8. Variance approved for a minimum tie back of 100'. When plugged, cement plug will be required across this tie back and across squeezed perforations.**
- 9. If cement does not circulate to DV tool, the appropriate BLM office is to be notified.**
- 10. Test casing as per Onshore Order 2.III.B.1.h**
- 11. Steel tanks to be used.**
- 12. Work to be completed in 90 days**
- 13. Subsequent sundry and completion report required when work is complete.**

EGF 041411