OCD-ARTESIA

Form 3160-3 (April 2004)			FORM APPROVED OMB No 1004-0137 Expires March 31, 200	07				
UNITED STATES DEPARTMENT OF THE BUREAU OF LAND MAN	INTERIOR	5 Lease So SH:LC						
APPLICATION FOR PERMIT TO	•							
		N/A	<u> </u>					
la Type of work DRILL REENT!	ER	7 If Unit or N/A	7 If Unit or CA Agreement, Name and No N/A					
lb Type of Well: ✓Oıl Well Gas Well Other	Single Zone Multip	8 Lease No ble Zone SUBM	ame and Well No. IARINE 11 FED C	 СОМ #4Н <	39253			
2 Name of Operator COG Operating LLC	1 2.2913	9 API Wel	11 No	3/2				
3a Address 550 W. Texas Ave., Suite 100 Midland, TX 79701	550 Willems Hirting State 100							
4 Location of Well (Report location clearly and in accordance with an	11 Sec , T. R	. M or Blk and Surv		7917				
At surface SHL: 2285' FNL & 130' FWL, Uni	Sec 11	T17S R29E						
	At proposed prod zone BHL: 2310' FNL & 330' FEL, Unit H							
14 Distance in miles and direction from nearest town or post office* 2 miles from Loco Hills, N	12 County o	ODY	13 State NM					
15 Distance from proposed* location to nearest	16 No of acres in lease	17 Spacing Unit dedicate	d to this well					
property or lease line, ft (Also to nearest drig unit line, if any) 130'	lease line, ft							
18 Distance from proposed location* to nearest well, drilling, completed,	19 Proposed Depth	20 BLM/BIA Bond No.						
applied for, on this lease, ft 170'	TVD: 5300' MD: 9925'	NMB000740; NM	B000215					
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3624' GL	22 Approximate date work will sta 06/30/2012	rt* 23 Estimate	3 Estimated duration 15 days					
	24. Attachments				•			
The following, completed in accordance with the requirements of Onsho	re Oil and Gas Order No 1, shall be a	attached to this form			-			
1 Well plat certified by a registered surveyor		he operations unless cove	red by an existing bo	ond on file (see				
2 A Drilling Plan3. A Surface Use Plan (if the location is on National Forest System	Lands, the Item 20 above). 5 Operator certifi	cation						
SUPO shall be filed with the appropriate Forest Service Office).		specific information and/o	or plans as may be re-	quired by the				
25 Signature V. Charles	Name (Printed Typed)		Date		•			
		04/0	4/2012					
Title Permitting Tech								
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)		Date MA	772	2n12			
Title FOR FIELD MANAGER	Office CARLSBA							
Application approval does not warrant or certify that the applicant hol conduct operations thereon.	ds legal or equitable title to those rigi	•	•	• •	- D A			
Conditions of approval, if any, are attached.			/AL FOR TV		rs.			
Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a c States any false, fictitious or fraudulent statements or representations as	to any matter within its jurisdiction.	willfully to make to any de	partment or agency of	of the United				

*(Instructions on page 2)

Roswell Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL Surface Use Plan COG Operating, LLC Submarine 11 Federal Unit #4H

SL: 2285, FNL & 130, FWL UL E BHL: 2310, FNL & 330, FEL UL H

Section 11, T-17-S, R-29-E Eddy County, New Mexico

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements make in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Operating, LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 3rd day of February, 2012.

Signed:

Printed Name: Carl Bird

Position: Drilling Engineer

Address: 550 W. Texas, Suite 1300, Midland, Texas 79701

Telephone: (432) 683-7443

Field Representative (if not above signatory): Same

E-mail: cbird@conchoresources.com

Surface Use Plan

Page 8

DISTRICT I

1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II

811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
DISTRICT III

1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number/10/	Pool Code	Pool Name	
30-015- 7036	<i>U</i> 97917	Dodd; Glorieta-Upper Ye	eso
Property Code 39253	SUBMARIN	Property Name NE 11 FEDERAL COM	Well Number 4H
OGRID No. 229137	COGC	Elevation 3624'	

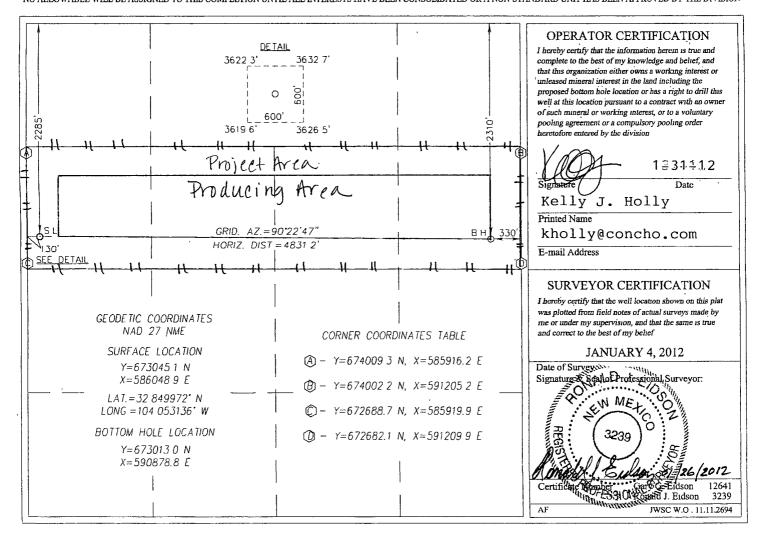
Surface Location

[UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	Е	11	17-S	29-E		2285	NORTH	130	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	11	17-S	29-E		2310	NORTH	330	EAST	EDDY
Dedicated Acres	Joint or	Infill C	onsolidation C	ode Ord	er No.				
160									

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



ATTACHMENT TO FORM 3160-3 COG Operating, LLC SUBMARINE 11 FEDERAL COM #4H SHL: 2285' FNL & 130' FWL, Unit E

BHL: 2310' FNL & 330' FEL, Unit H Sec 11, T17S, R29E Eddy County, NM

1. Proration Unit Spacing: 160 Acres

2. Ground Elevation: 3624'

3. Proposed Depths: Horizontal TVD = 5300', MD =9925'

4. Estimated tops of geological markers:

Quaternary	Surface
Rustler	300,
Top of Salt	450'
Base of Salt	800'
Yates	958'
Seven Rivers	1232'
Queen	1824'
Grayburg	2236'
San Andres	2530'
Glorieta	3948'
Paddock	4008'
Blinebry	4410'
Tubb	5355'

5. Possible mineral bearing formations:

Water Sand	150'	Fresh Water
Grayburg	2236'	Oil/Gas
San Andres	2530'	Oil/Gas
Glorieta	3948'	Oil/Gas
Paddock	4008'	Oil/Gas
Blinebry	4410'	Oil/Gas
Tubb	5355'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 400 and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 9 5/8" casing to 1350' 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 7" x 5 1/2" production casing back 200' into the intermediate casing (although cement volume is actually calculated to surface), 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 environment.

coA

SSA

ATTACHMENT TO FORM 3160-3 COG Operating, LLC SUBMARINE 11 FEDERAL COM #4H Page 2 of 4

6. Casing Program - Proposed

	<u>Hole size</u>	lnterval	OD of Casing	<u>Weight</u>	Cond.	Collar	Grade
See	17-1/2" Collapse sf -	245 0' - +/-400' - 4.36, Burst sf - 1	13-3/8" 9.79, Tension s	48# f – 16.77	New	STC	H-40 or Hybrid J-55
		0' - +/-1350' - 3.16, Burst sf -	9-5/8" 5.51, Tension s	36# f – 9.32	New	STC	J/K-55
	7" Csg - Coll	8" 0' – 9925' lapse sf – 2.37, Bi Collapse sf – 2.50,				LTC	L-80

Production string will be a tapered string with 7" 26# L-80 LTC ran from surface to kick off point and then crossed over to $5 \frac{1}{2}$ " 17# L-80 LTC.

7. Cement Program See CoA

13 3/8" Surface Csq: Set at +/- 400'MD, Lead Slurry: 400sx Class "C" w/ 2% CaCl2 & .25 pps CF, 1.32 yield. 190% excess, calculated to surface.

9 5/8" Intrmd. Csq: Set at +/- 1350'MD. Single Stage: Lead Slurry: 300 sx 50:50:10:C:Poz:Gel w/ 5% salt, 5 pps LCM-1 .25 pps CF, 2.45 yield. Tail Slurry: 200 sx Class "C" w/ 2% CaCl2, 1.32 yield. 185% excess, calculated to surface.

<u>Multi Stage: Stage 1:</u> 200 sx Class "C" w/ 2% CaCl2, 1.32 yield. 45% excess. <u>Stage 2:</u> 300 sx 50:50:10:C:Poz:Gel w/ 5% salt, 5 pps LCM-1 .25 pps CF, 2.45 yield, back to surface, 185% excess; assumption for tool is lost circulation. Multi stage tool to be set at approximately, depending on hole conditions, 450' (50' below the surface casing). Cement volumes will be adjusted proportionately for depth changes of multi stage tool.

7 x 5 1/2" Production Csq: Set at +/- 9925'MD. Single Stage: Lead Slurry: 400 sx 35:65:6:C:Poz:Gel w/ 5% salt, 5 pps LCM, .2% SMS, .3% FL-52A, .125 pps CF, 2.01 yd. Tail Slurry: 300 sx 50:50:2:C:Poz:Gel w/ 5% salt, 3 pps LCM, .6% SMS, 1% FL-25, 1% BA-58, .125 pps CF, .3% FL-52A; 1.37 yield. DV Tool and ECP to be set at kick off point with 7" cemented to surface and 5 ½" run with +/- 18 isolation packers and sliding sleeves in uncemented lateral. 90% excess in open hole, from kick off point, calculated to surface. This is a minimum volume and will be adjusted up after caliper is run.

Multi Stage: Stage 1: (From assumed KOP of 4823' MD to DV at 3000') Lead Slurry: 250 sx 50:50:2:C:Poz:Gel w/ 5% salt, 3 pps LCM, .6% SMS, 1% FL-25, 1% BA-58, .125 pps CF, .3% FL-52A; 1.37 yield. 25% excess. This is a minimum volume and will be adjusted up after caliper is run. Stage 2: Lead Slurry: 400 sx 50:50:2:C:Poz:Gel w/ 5% salt, 3 pps LCM, .6% SMS, 1% FL-25, 1% BA-58, .125 pps CF, .3% FL-52A; 1.37 yield. Tail Slurry: 300 sx Class C w/ 0.3% R-3 + 1.5% CD-32, 1.02 yield. 154% excess calculated back to surface (no need for excess in casing overlap). DV tool to be set at 3000'. DV Tool depth will be adjusted depending on hole conditions. Stage packer to be set at kick off point at 4823', with 7" casing cemented from kick off point to surface and 5 ½" casing run from kick off point to TD with +/- 18 isolation packers and sliding sleeves in uncemented lateral. This is a minimum volume and will be adjusted up after caliper is run.

Multi stage tool to be set at approximately 3000', depending on hole conditions. Cement volumes will be adjusted proportionately for depth changes of multi stage tool; assumption for use of tool is water flow.

ATTACHMENT TO FORM 3160-3 COG Operating, LLC SUBMARINE 11 FEDERAL COM #4H Page 3 of 4

8. Pressure Control Equipment:

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer, and in some cases possibly a 2000 psi Hydril type annular preventer as provided for in Onshore Order #2. 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. A 13-5/8" BOP will be used during the drilling of the well. A 13 5/8" permanent casing head will be installed on the 13 3/8" casing. The BOP will be nippled up on the 13 5/8" permanent casing head and tested to 2000 psi. After setting 9-5/8", permanent "B section" well head will be installed and the BOP will then be nippled up on the permanent B section well head and tested by a third party to 2000 psi and used continuously until total depth is reached. 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.

9. Proposed Mud Circulating System

Interval	<u> Mud Wt.</u>	_Visc	FL	Type Mud System
0' - 400', 245	8.5	28	NC	Fresh water native mud w/ paper for seepage and sweeps. Lime for PH.
400'- 1350'	10	30	NC	Brine mud, lime for PH and paper for seepage and sweeps.
1350'- 9925'	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.

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 ¾" hole and kick off at +/- 4823', building curve over +/- 750' to horizontal at 5300' TVD. Drill 7 7/8" lateral section in a easterly direction for +/-4352' lateral to TD at +/-9925' MD, 5300' TVD. Run 7" x 5-1/2" production casing. 7" to be ran from surface to kickoff point and changed over to 5 ½" with DV Tool and ECP at kickoff point. 5 ½" casing will be ran from kickoff point to td and isolation packers set throughout lateral. 7" to be cemented from kickoff point to surface.

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.

ATTACHMENT TO FORM 3160-3 COG Operating, LLC SUBMARINE 11 FEDERAL COM #4H Page 4 of 4

12. Logging, Testing and Coring Program:

- See COA No electric logs to be run. A.
- The mud logging program will consist of lagged 10' samples from intermediate casing point to B. 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 7" x 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 temperature at TD of pilot hole is 90 degrees and estimated maximum bottom hole pressure is 2200 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area. however 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 May 15, 2012 with drilling and completion operations lasting approximately 90 days.



COG Operating LLC

Eddy County, NM (NAN27 NME) Submarine 11 Federal Com #4H Submarine 11 Federal Com #4H

OH

Plan: Plan #2 8-3/4" Hole SHL = 2285' FNL & 130' FWL PP = 2285' FNL & 330' FWL BHL = 2310' FNL & 330' FEL

Standard Planning Report

09 February, 2012







-EDM 5000 1-Single User Db COG Operating LLG Database: Company: Project:

Ęddy County, NM (NAN27 NME) Submarine 11 Federal Com #4H Submarine 11, Federal Com #4H OH

Plan #2 8-3/4" Hole Design:

Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method: Site Submarine 11 Federal Com

ĜÈ Elev.@ 3626 00usft. 🤅 GL'Elev @ 3626 000sft

Grid Minimum Curvature

Eddy County, NM (NAN27 NME)

Map System: Geo Datum:

Wellbore:

US Stăte Plane 1927 (Exact solution)

Submarine 11 Federal Com #4H

NAD 1927 (NADCON CONUS)

New Mexico East 3001

System Datum:

Mean Sea Level

Map Zone:

Site Site Position:

Northing:

673,045 10 usft

32° 50' 59 898 N

From:

Map

Easting:

586,048 90 usft

ar a serve attendance or overthe

Longitude:

104° 3' 11 291 W

0 15 °

Position Uncertainty:

0 00 usft Slot Radius: 13-3/16 "

Grid Convergence:

Well Submarine 11 Federal Com #4

Well Position

+N/-S +E/-W 0 00 usft 0-00 usft Northing: Easting:

673,045 10 usft 586,048 90 usft

Latitude: Longitude: 32° 50' 59 898 N

Position Uncertainty

0 00 usft

Wellhead Elevation:

Ground Level:

104°, 3' 11 29 1 W 3 626 00 usft

ÌGRF2010 02/09/12 48,873

Audit Notes: Version: Phase: PLAN Tie On Depth: 0 00 Vertical Section: (usft) 0.00 0 00 0,00 90 38

Plan Sections Measured Depth (usft)	clination A	zimuth	Vertical Depth (usft)	+Ñ/-S (usft)	÷E/:₩ » (ûŝft)	Dogleg Rate (100usft)	Build Rate (*/100usft) (*	Turn Rate 100usft)	TFO (°);	Target
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EDM 5000 1 Single User Db COG Operating LLC Database: 🐣

Company: Project: Site: Eddy County, NM (NAN27 NME) Submarine 11 Federal Com #4H Well: Wellborg: Submarine 11 Federal Com #4H

TVD Reference:

MD Reference: North Reference:

Survey Calculation Method:

Local Co-ordinate Reference: Site Submarine:11 Federal Com #4H

GL Elev @ 3626 00usft

GL Elev @ 3626 00usft Gnd Grid

Minimum Curvature

Vellbőre: Jesign:	OH Plan #2 8-3/4"	Hole						and the same state of the same	
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Meagured			Vertical	1. The state of th		Vertical	Dogleg	Build	Turn.
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EDM 5000 1 Single User Db Database Company:

Éddy County, NM (NÂN27 NME) Project: Site: Well: Submarine 11 Federal Com #4H Submarine 11 Federal Com #4H

Wellbore:

Design: Plan #2 8-3/4" Höle Local Co-ordinate Reference:

TVD Reference: MD Reference: North Reference:

Survey Calculation Method:

Site Submarine 11 Federal Com #4H.

GL Elev @ 3626 00usft GL Elev @ 3626 00usft

Grid

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EDM 5000 1 Single User Db Database: Сотралу:

COG Operating LLC

Project: ử Eddy County, NM (NAN27 NME) 🦤 Site: Submarine 11 Federal Com #4H Well: Submarine 11 Federal Com #4H

Plan #2. 8-3/4" Hole Design:

Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method: Site Submarine 11 Federal Com #4H

GL Elev @ 3626:00usft

GLElev @ 3626 00usft

Mınımum Curvature

Survey.

Wellbore:

1	Measured Depth (usft)	nclination	Azimuth	Vertičal Depth (usft)	+N/_S (usft)	#+Ē/-W (usft)	Vertical Section (usft)	Dögleg Rate (°/d00usft)	Build Rate (1/100usft)	Turn Rate (°/100usft)	

PBHL-Submarine 11 #4H

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PP-330' FWL Submarine - plan hits target center - Point 0 00 0 00

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673,043 77

590,878 80 32° 50' 59 450 N

586,248 90

32° 50' 59 880 N

104° 2' 14 674 W

ongitude.

104° 3' 8 947 W

- plan hits target center - Point

PBHL-Submarine 11 #4l

Plan Annotations		The state of the s	يرودونها المرابعة المرابعة		THE PERSON NAMED OF THE PARTY AND	To the state of th
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Dodd Federal Unit 1844; OH, Plan 81 - 8-347 Nois V0
Dodd Federal Unit 1834; OH, Plan 81 - 8-347 Nois V0
Submaries 10 Federal Com 844; OH, Plan 83 - 8-347 Nois V0
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Submaries 11 Federal Com 844; OH, Plan 83 - 8-347 Nois V0
Submaries 11 Federal Com 844; OH, Plan 83 - 8-347 Nois V0

-e---- Plan #2 8-3/4" Hole .

Azimuths to Grid North True North -0.15* Magnetic North 7.62*

The Angle 60 67' of a Magnetic Direction and 7 62' Date 02/09/2012

Submarine 11 Federal Com #4H Eddy County, NM (NAN27 NME) Northing (Y) 673045:10 Easting (X) 586048 90 Plan #2 8-3/4" Hole

4800

.

WELL DETAILS Submarine 11 Federal Com #4H

Ground Level 3626 00

Easting Latitude Longitude 586048 90 32* 50 59 898 N 104* 3 11 291 W

SECTION DETAILS

DESIGN TARGET DETAILS

0 200 400 500 800 1000 1200 1400 1600 1800 2000 2200 2400 2600 2800 3000 3200 3400 3800 3800 4000 4200 4400 4600 4800 5000 5200 5400

TVD +11-/3 -FL/W Northing Easting Lettuck Computed Stap promone 11 #6211 11 -1.33 200 00 67304.37 54624.6 9032* 50* 59 880 N 104* 3 8.947 W Point light Center 11 #441 5.00 00 -22 10 4229 90 673013.00 560576.6022* 50 59 450 N 104* 2* 14,614 W Point PROJECT DETAILS Eddy County, NM (NAN27 NME)
Geodetic System US State Plane 1927 (Exact solution)
Datum NAD 1927 (NADCON CONUS)
Ellipsoid Clarke 1866
Zone Neur Merzico East 3001

System Datum Mean Sea Level

SITE DETAILS Submarme 11 Federal Com #4H
- Site Centre Northing 673045 10
Easting 586048 90

Postional Uncertainty 0 00 Convergence 0 15 Map System US State Plane 1927 (Exact solution)*
Datum NAD 1927 (NADCON CONUS) .
Ellipsoid Clarke 1866

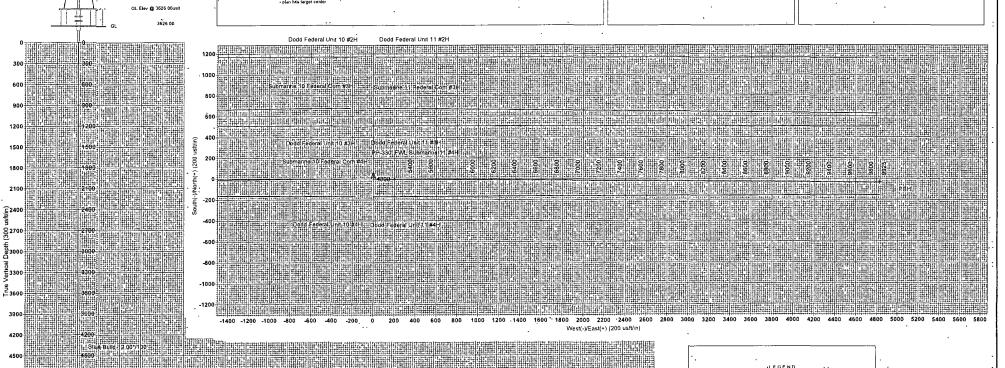
Local Origin *Site Submarine 11 Federal Com #4H, Grid North

Lalitude 32° 50° 59 898 N Longitude 104° 3° 11 291 W Graf Fast 586048 90

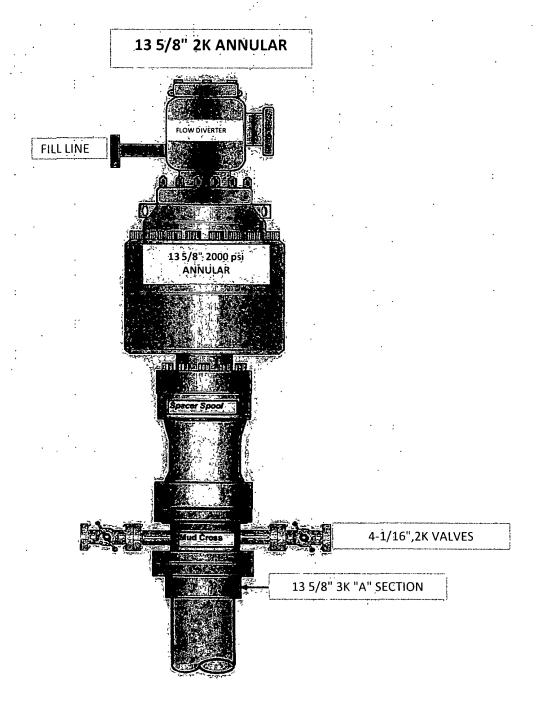
Grid East 586048 90 Grid North 673045 10 Scale Factor 1 000

Geomagnetic Model IGRF201 Sample Date 09-Feb-1 Magnetic Decknation 7 78 Dip Angle from Horzontal 60 67* Magnetic Field Strength 48873

To convert a Magnetic Direction to a Grid Direction Add 7.62° To convert a Magnetic Direction to a True Direction, Add 7.78° East To convert a True Direction to a Grid Direction, Subtract 0.15°

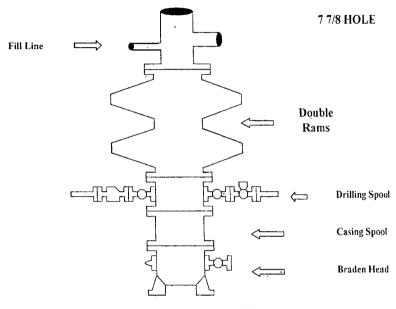


Julio C Piña Scientific Drilling 2034 Trade Drive Midland, TX 79703



COG Operating LLC

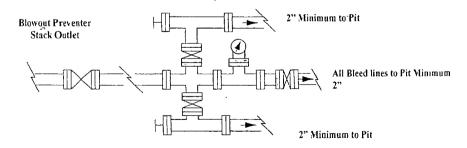
Exhibit #9 BOPE and Choke Schematic



Minimum 4" Nominal choke and kill lines

Choke Manifold Requirement (2000 psi WP) No Annular Required

Adiustable Choke

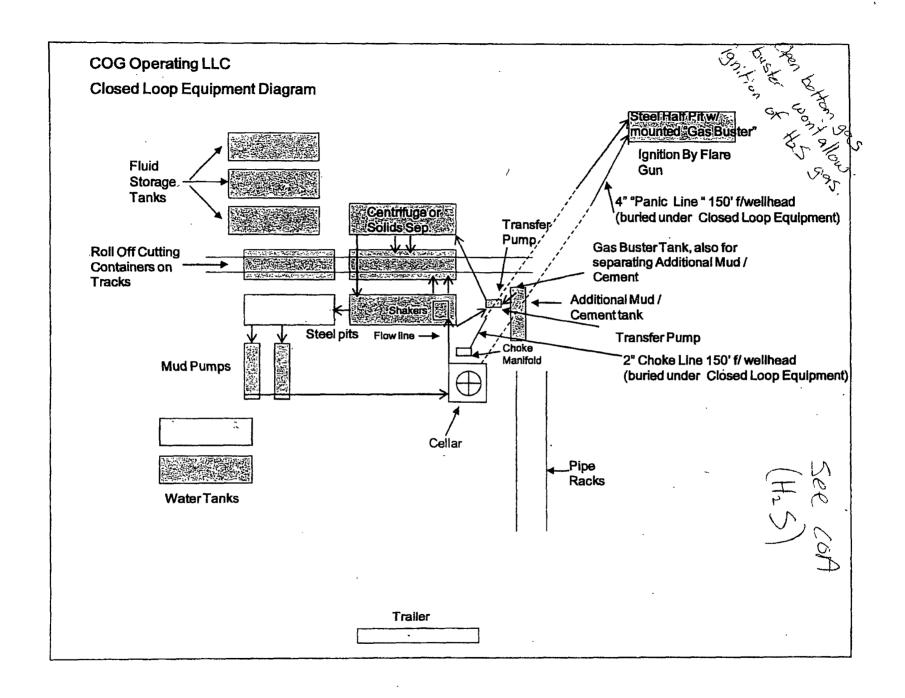


Adjustable Choke (or Positive)

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

- 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.
- 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
- 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



Closed Loop Operation & Maintenance Procedure

All drilling fluid circulated over shaker(s) with cuttings discharged into roll off container.

Fluid and fines below shaker(s) are circulated with transfer pump through centrifuge(s) or solids separator with cuttings and fines discharged into roll off container.

Fluid is continuously re-circulated through equipment with polymer added to aid separation of cutting fines.

Roll off containers are lined and de-watered with fluids re-circulated into system.

Additional tank is used to capture unused drilling fluid or cement returns from casing jobs.

This equipment will be maintained 24 hrs./day by solids control personnel and or rig crews that stay on location.

Cuttings will be hauled to either:

CRI (permit number R9166) or GMI (permit number 711-019-001)

dependent upon which rig is available to drill this well.

COG Operating LLC

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

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

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

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

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

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. The concentrations of H2S of wells in this area from surface to TD are low enough that a contingency plan is not required.

H2S Plan Page 1

II. H2S SAFETY EQUIPMENT AND SYSTEMS

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

1. Well Control Equipment:

- A. Flare line.
- B. Choke manifold.
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
- D. Auxiliary equipment may include if applicable: annular preventer & rotating head

2. Protective equipment for essential personnel:

A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram (Exhibit #8).
- B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.



6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- B. All elastomers used for packing and seals shall be H2S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephone and 2-way radio.
- B. Land line (telephone) communication at Office.

8. Well testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

EXHIBIT #7

WARNING YOU ARE ENTERING AN H2S

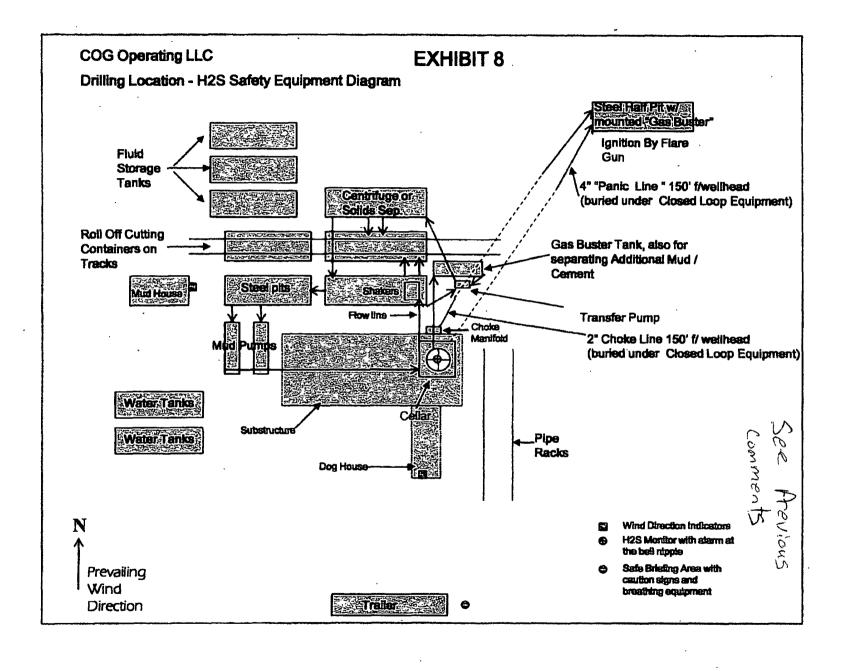
AUTHORIZED PERSONNEL ONLY

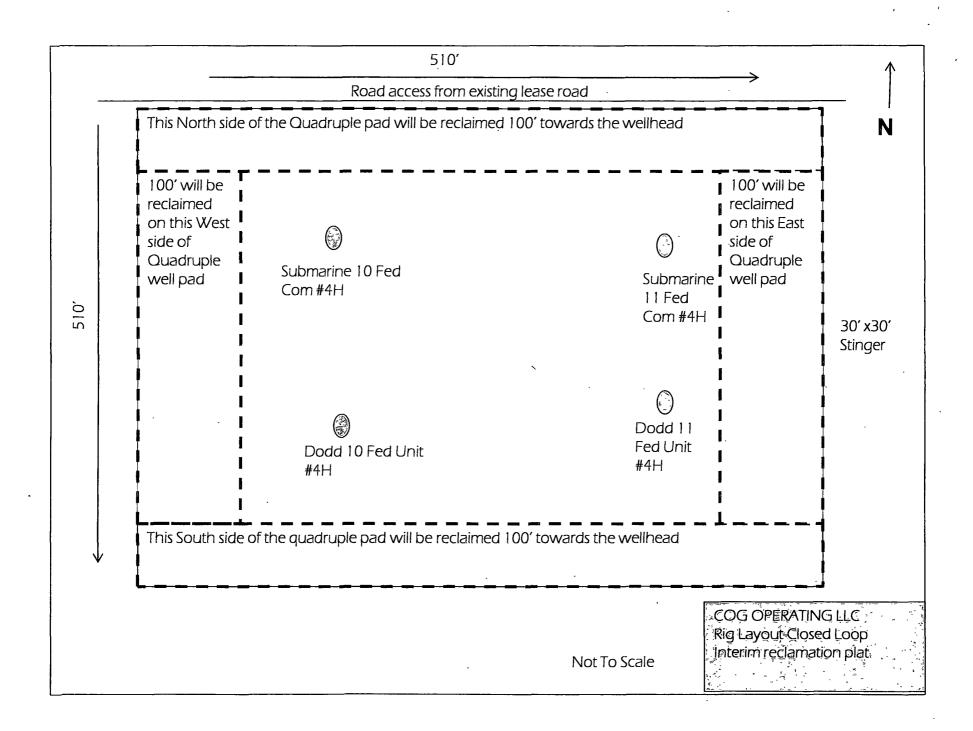
- 1. BEARDS OR CONTACT LENSES NOT ALLOWED
- 2. HARD HATS REQUIRED
- 3. SMOKING IN DESIGNATED AREAS ONLY
- 4. BE WIND CONSCIOUS AT ALL TIMES
- 5. CHECK WITH COG OPERATING FOREMAN AT

COG OPERATING LLC 1-432-683-7443 1-575-746-2010

EDDY COUNTY EMERGENCY NUMBERS
ARTESIA FIRE DEPT. 575-746-5050
ARTESIA POLICE DEPT. 575-746-5000
EDDY CO. SHERIFF DEPT. 575-746-9888

LEA COUNTY EMERGENCY NUMBERS
HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196





PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG OPERATING, LLC
LEASE NO.:	NM125007
WELL NAME & NO.:	4H – SubMARINE 11 FED COM
SURFACE HOLE FOOTAGE:	2285'/N. & 0130'/W.
BOTTOM HOLE FOOTAGE	2310'/N. & 0330'/E.
LOCATION:	Section 11, T. 17 S., R. 29 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
Lesser Prairie-Chicken Timing Stipulations
Ground-level Abandoned Well Marker
Communitization Agreement
☐ Construction
Notification
Topsoil
Closed Loop System
Federal Mineral Material Pits
Well Pads
Roads
☐ Road Section Diagram
☑ Drilling
H2S requirement
Logging requirement
Waste Material and Fluids
Production (Post Drilling)
Well Structures & Facilities
Pipelines
Electric Lines
Interim Reclamation
Final Ahandonment & Reclamation