Form 3160-3
(March 2012)

Carlsbad Field Office
OCD Artesia

NM OIL CONSERVATION DISTRICT
JUL 23 2015
RECEIVED

ATS-15-161

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: SHL: NMNM130854, BHL:NMNM114348

6. If Indian, Allotee or Tribe Name:

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

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

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

8. Lease Name and Well No.: Populus Federal #3H

2. Name of Operator: COG Operating LLC.

9. API Well No.: 30-015-43256

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

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

10. Field and Pool, or Exploratory: Wildcat G-03 S252636M; Bone Spring

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

UNORTHODOX LOCATION

At surface: 100' FSL & 1980' FWL Unit Letter N (SESW) SHL Sec 20-T25S-R27E

At proposed prod. Zone: 330' FSL & 1980' FWL Unit Letter N (SESW) BHL Sec 29-T25S-R27E

11. Sec., T.R.M. or Blk and Survey or Area: Sec. 20 - T25S - R27E

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

12. County or Parish: Eddy County

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
100'	SHL: 360 BHL: 640	160
18. Distance from location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
SHL: 2,297' BHL: None on lease	TVD:7,445' MD: 12,281'	NMB000740 & NMB000215
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3134.7' GL	2/1/2015	30 days

24. Attachments

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

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

25. Signature	Name *(Printed/Typed)*	Date
Mayte Reyes	Mayte Reyes	11-6-14

Title: Regulatory Analyst

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/ Ed Fernandez for Steve Caffey		JUL 20 2015

Title: **FIELD MANAGER**

Office: CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legan or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations theron.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

7/31/2015

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

OPERATOR CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG 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 20th day of July, 2015.

Signed: Melanie J. Wilson

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

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 RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

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	Pool Code	Pool Name
30-015- 43256	97818	Wildcat G-03 S252636M; Bone Spring

Property Code	Property Name	Well Number
315065	POPULUS FEDERAL	3H

OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	3134.7

Surface Location

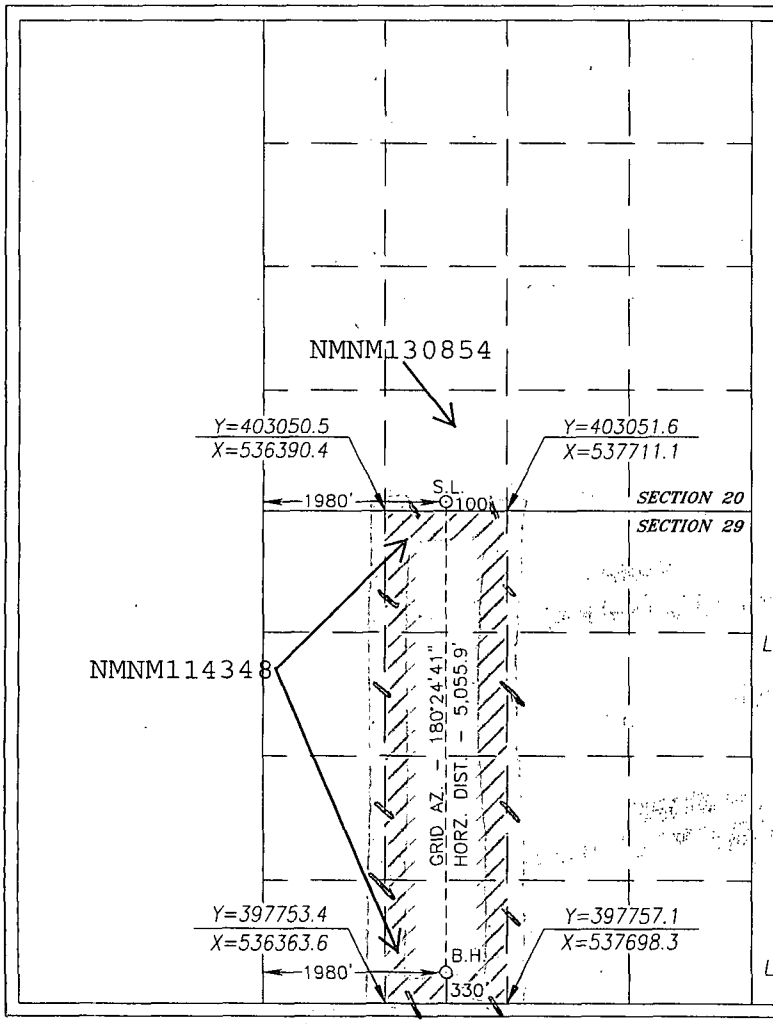
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	20	25-S	27-E		100	SOUTH	1980	WEST	EDDY

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
N	29	25-S	27-E		330	SOUTH	1980	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order 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



NAD 27
SURFACE LOCATION
Y=403141.0
X=537047.9
LAT.=32.108294° N
LONG.=104.213681° W

NAD 27
PROPOSED BOTTOM HOLE LOCATION
Y=398085.2
X=537011.6
LAT.=32.094396° N
LONG.=104.213817° W

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Melanie Parker 11/6/14
Signature Date

Melanie J Parker
Printed Name

mparker@concho.com
E-mail Address

SURVEYOR CERTIFICATION

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

OCTOBER 16, 2014
Date of Survey

Signature & Seal of Professional Surveyor

CHAD L. HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR

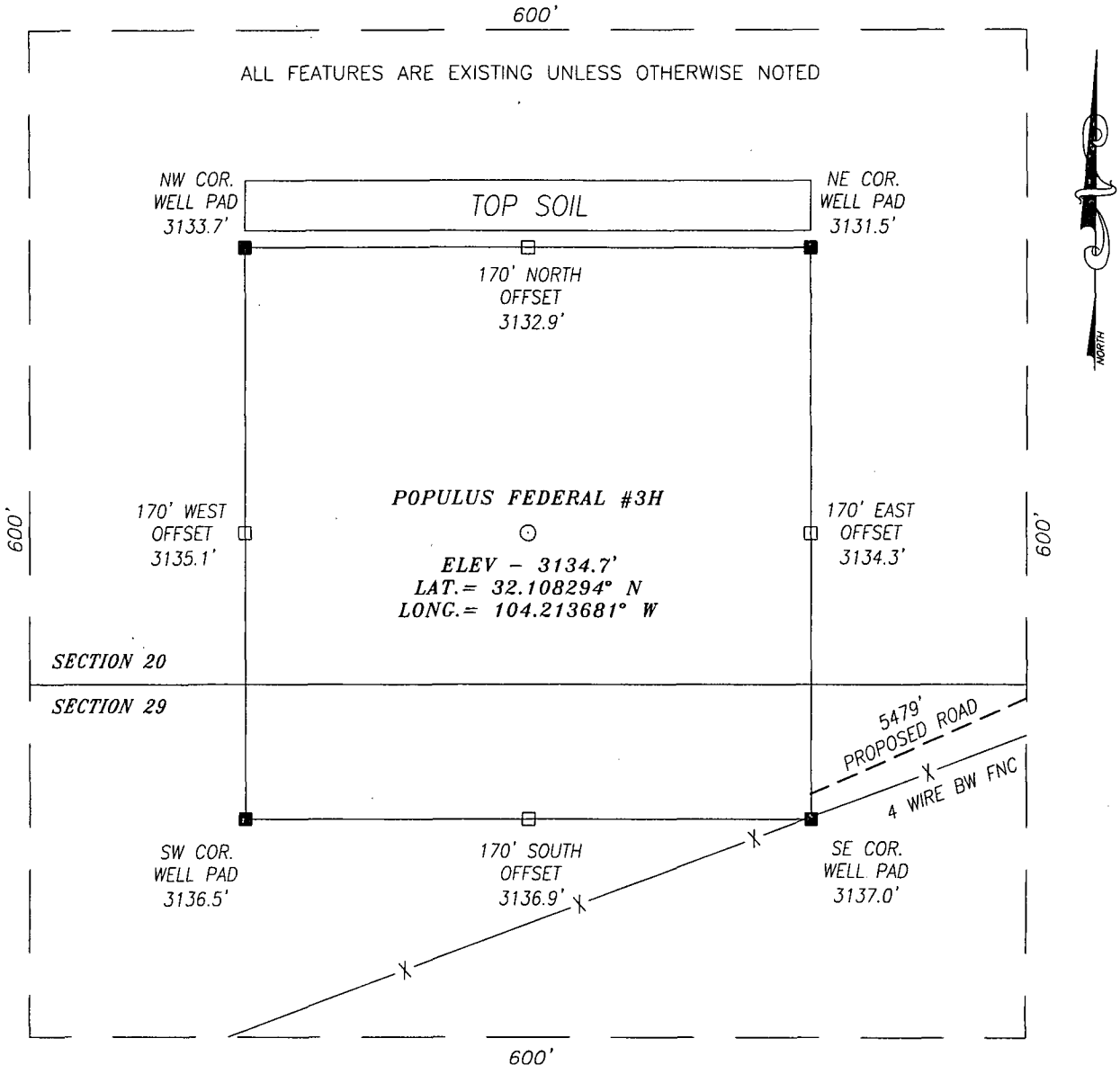
Chad Harcrow 10/20/14

Certificate No. CHAD HARCROW 17777

W.O. # 14-878 DRAWN BY: AF

SECTION 20, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,

EDDY COUNTY . NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF BLACK RIVER RD. (CR 720) AND ROADRUNNER RD. (CR 774) GO SOUTHERLY ON MEANDERING ROADRUNNER RD. FOR APPROX. 9.1 MILES TO PROPOSED ROAD; PROPOSED WELL IS APPROX. 5479' WEST.

100 0 100 200 Feet

Scale: 1"=100'

HARCROW SURVEYING, LLC

2314 W. MAIN ST, ARTESIA, N.M. 88210

PH: (575) 746-2158 FAX: (575) 746-2158

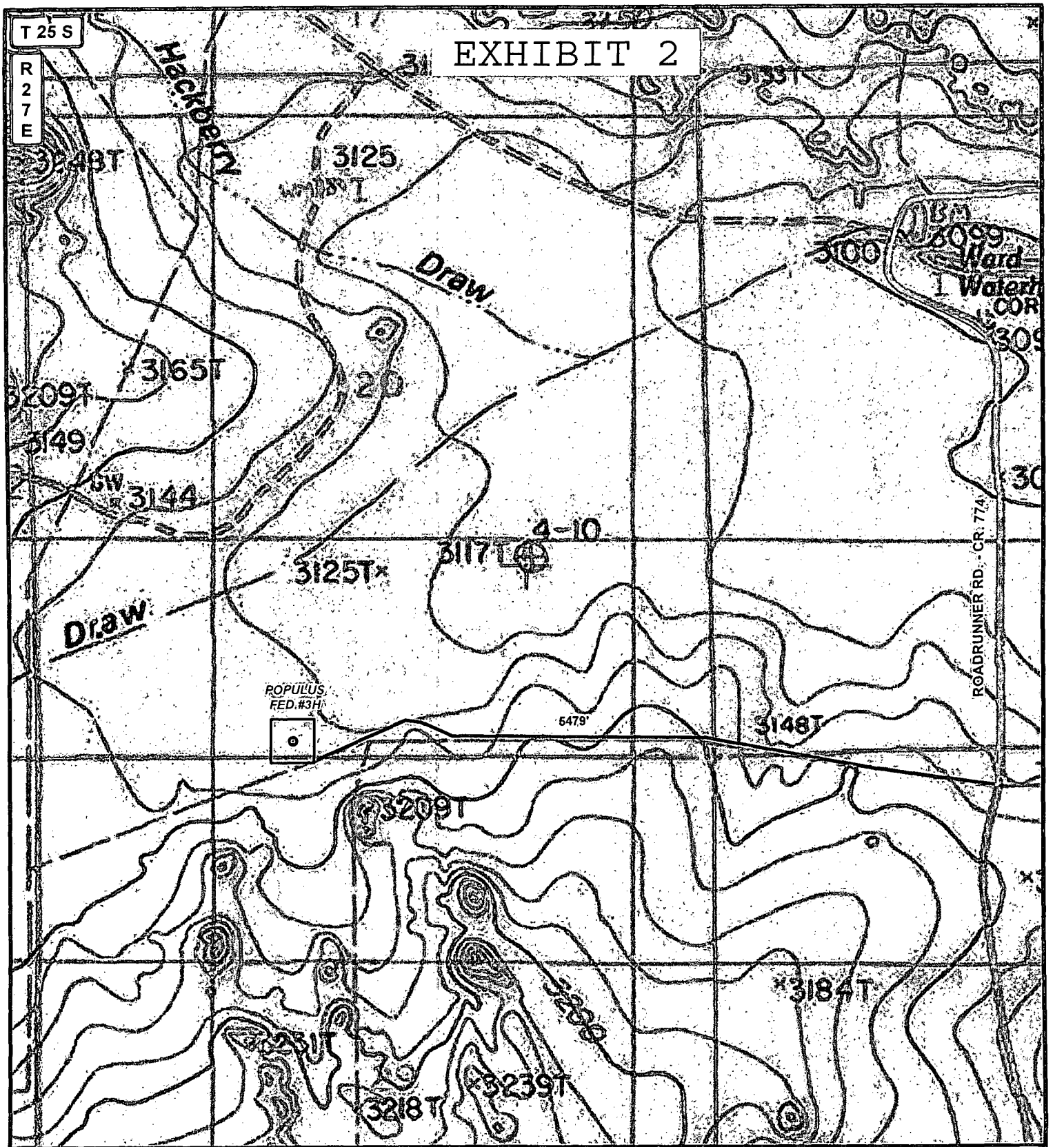
c.harcrow@harcrowsurveying.com

COG OPERATING, LLC

POPULUS FEDERAL #3H WELL
LOCATED 100 FEET FROM THE SOUTH LINE
AND 1980 FEET FROM THE WEST LINE OF SECTION 20,
TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

SURVEY DATE: 10/16/2014		PAGE: 1 OF 1
DRAFTING DATE: 11/06/2014		
APPROVED BY: CH	DRAWN BY: SP	FILE: 14-1093

EXHIBIT 2



LEGEND

- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD

POPULUS FED #3H			
SEC: 20	TWP: 25 S.	RGE: 27 E.	ELEVATION: 3134.7'
STATE: NEW MEXICO	COUNTY: EDDY	100' FSL & 1980' FWL	
W.O. # 14-1093	LEASE: POPULUS FED	SURVEY: N.M.P.M	

0 2,500 FEET

0 0.05 0.1 0.2 Miles 1 IN = 1,000 FT

ROAD MAP TOPO 11/06/2014 S.P.

CONCHO

COG OPERATING, LLC

N

HARCROW SURVEYING, LLC.
2314 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

LEGEND

- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD

POPULUS FED #3H

SEC: 20	TWP: 25 S.	RGE: 27 E.	ELEVATION: 3134.7'
STATE: NEW MEXICO	COUNTY: EDDY		100' FSL & 1980' FWL
W.O. # 14-1093	LEASE: POPULUS FED		SURVEY: N.M.P.M

0 2,500 FEET

0 0.05 0.1 0.2 Miles 1 IN = 1,000 FT

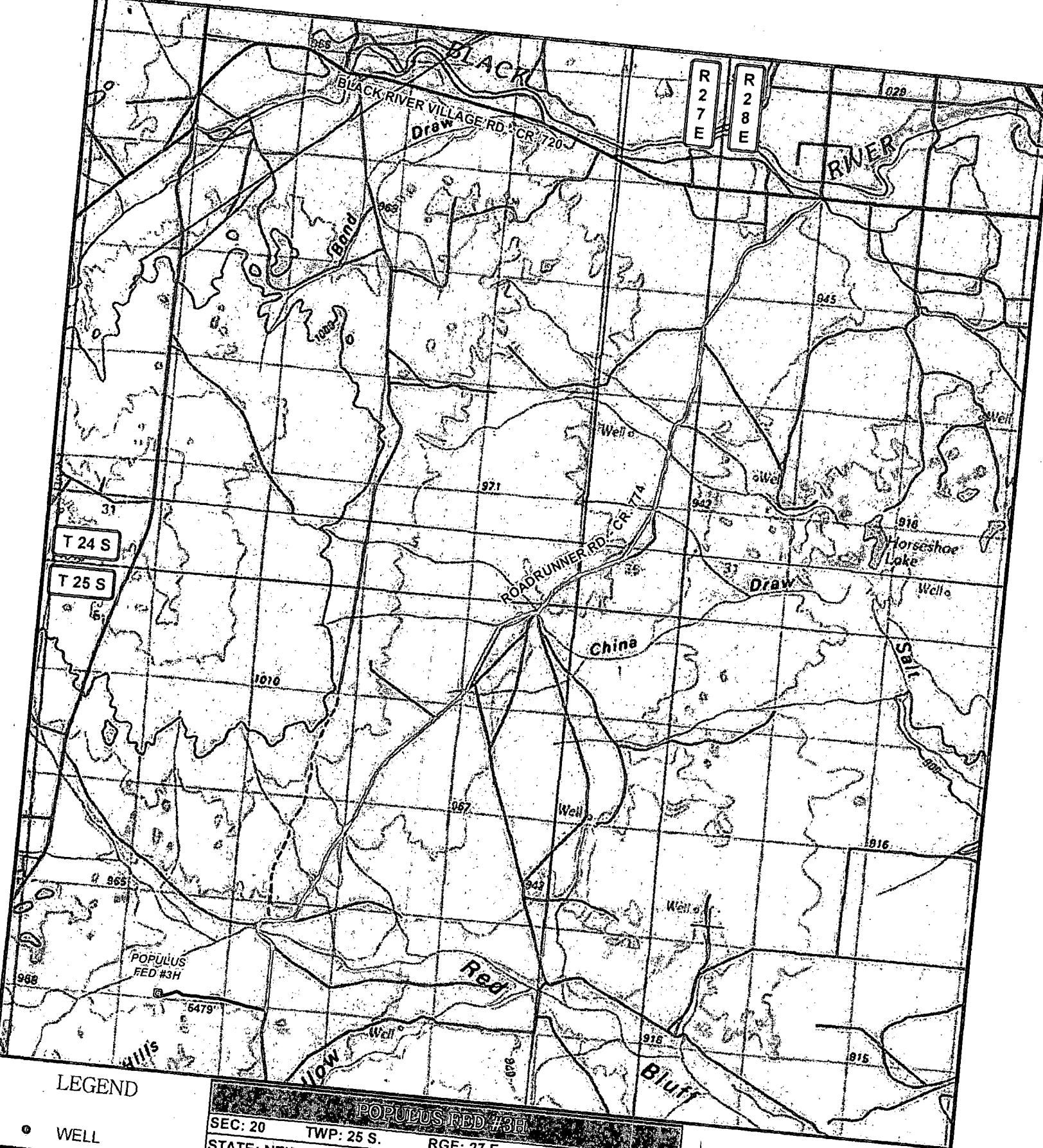
ROAD MAP IMAGERY 11/06/2014 SP

CONCHO

COG OPERATING, LLC

N

HARCROW SURVEYING, LLC.
2314 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com



LEGEND

- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD

POPULUS FED #3H

SEC: 20 TWP: 25 S. RGE: 27 E. ELEVATION: 3134.7'

STATE: NEW MEXICO COUNTY: EDDY 100' FSL & 1980' FWL

W.O. # 14-1093 LEASE: POPULUS FED SURVEY: N.M.P.M

0 2,500 5,000 7,500 10,000 12,500 15,000 FEET

0 0.4 0.8 1.6 Miles

1 IN = 6,000 FT

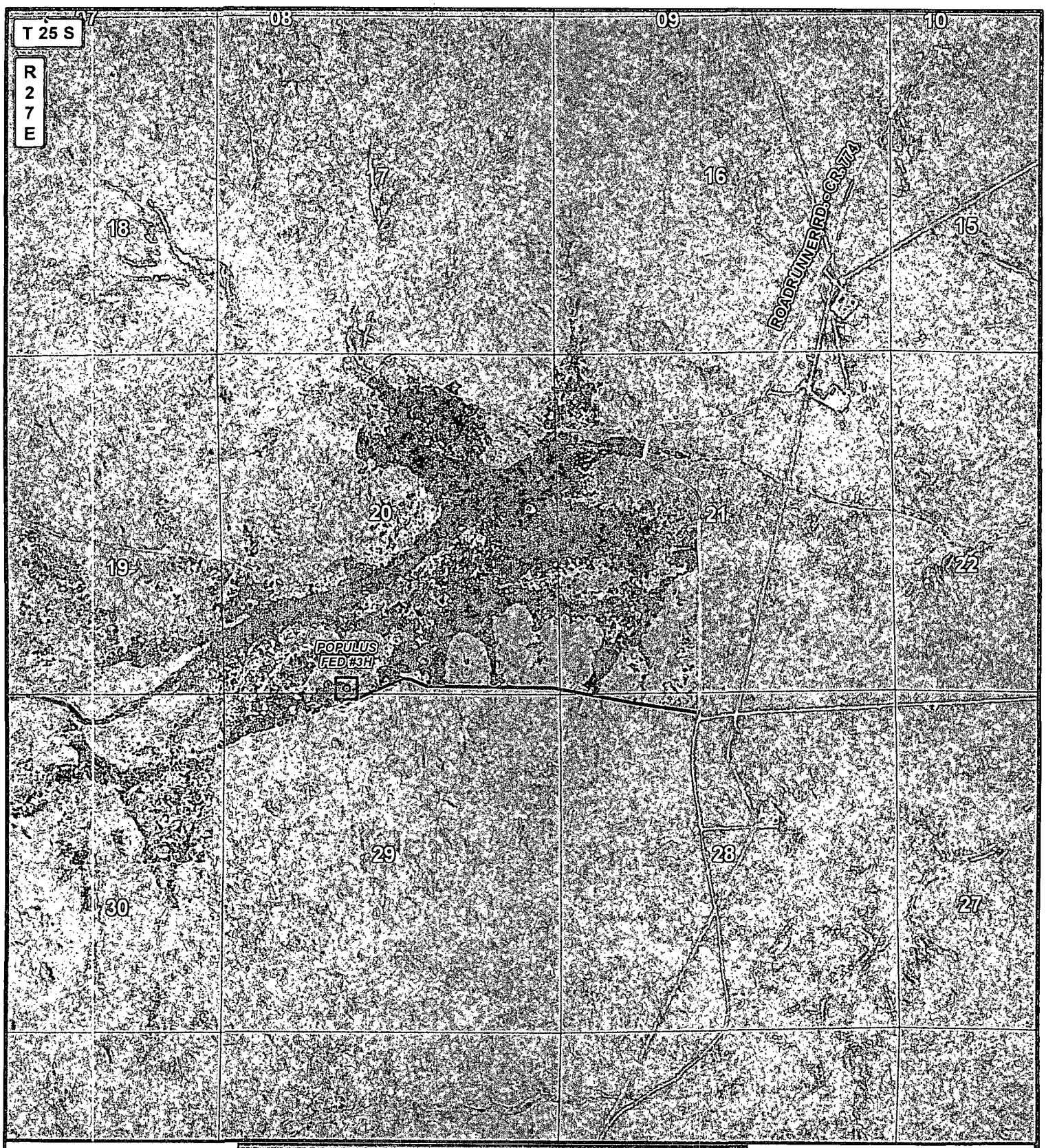
LOCATION MAP TOPO 11/06/2014 S.P.

N

CONCHO

COG OPERATING, LLC

HARCROW SURVEYING, LLC.
2314 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com



LEGEND

- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD

POPULUS FED #3H ROAD

SECTIONS: 20, 21, 28, 29 TOWNSHIP: 25 S. RANGE: 27 E.

STATE: NEW MEXICO COUNTY: EDDY SURVEY: N.M.P.M

W.O. # 14-1095 LEASE: POPULUS FED

0 2,500 5,000 FEET

0 0.125 0.25 0.5 Miles 1 IN = 2,000 FT

ROAD MAP IMAGERY 11/06/2014 S.P.

CONCHO

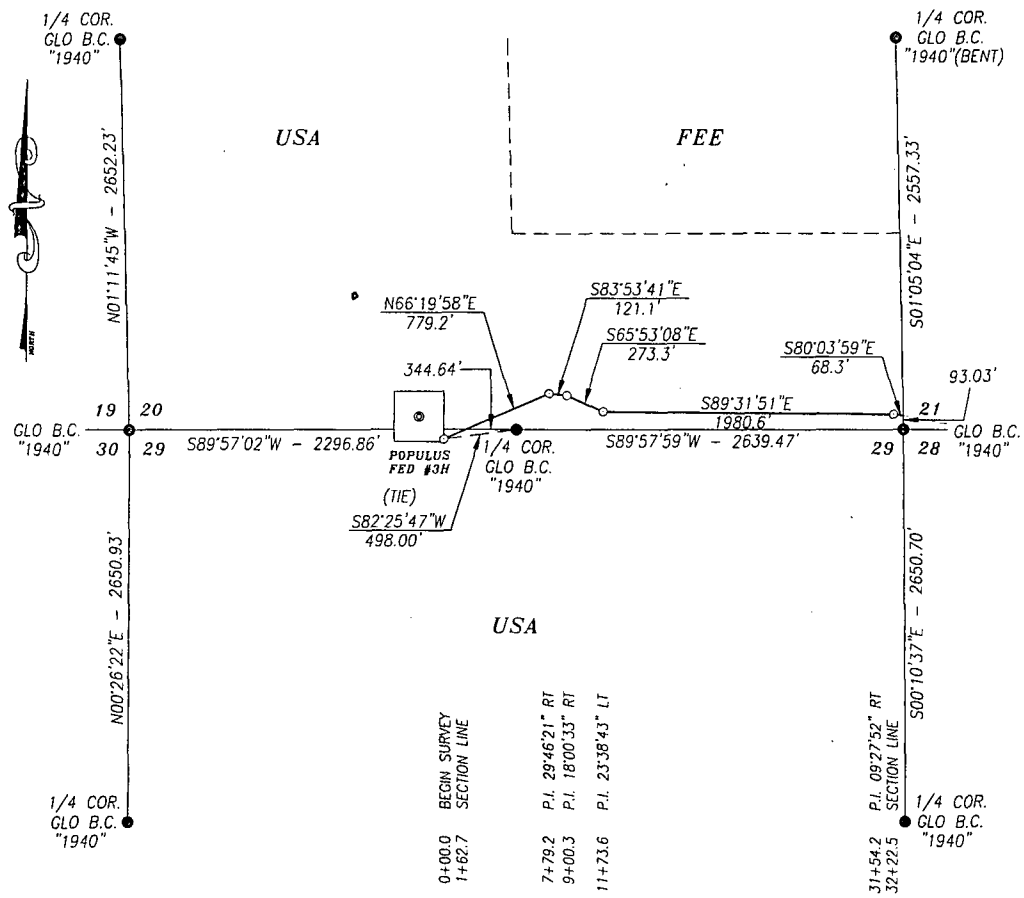
COG OPERATING, LLC

N

HARCROW SURVEYING, LLC.
2314 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

EXHIBIT 2A

SECTIONS 20 & 29, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE AND 3222.5 FEET OR 195.30 RODS OR 0.610 MILES IN LENGTH CROSSING USA LAND IN SECTIONS 20 & 29, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

BASIS OF BEARING:
BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

HARCROW SURVEYING, LLC
2314 W. MAIN ST, ARTESIA, N.M. 88210
PH: (575) 746-2158 FAX: (575) 746-2158
c.harcrow@harcrowsurveying.com

CERTIFICATION
I, CHAD HARCROW, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

CHAD L. HARCROW NEW MEXICO 17777 LICENSED PROFESSIONAL SURVEYOR

Chad Harcrow 11/6/14
CHAD HARCROW N.M.P.S. NO. 17777 DATE

1000 0 1000 2000 FEET
SCALE: 1"=1000'

COG OPERATING, LLC

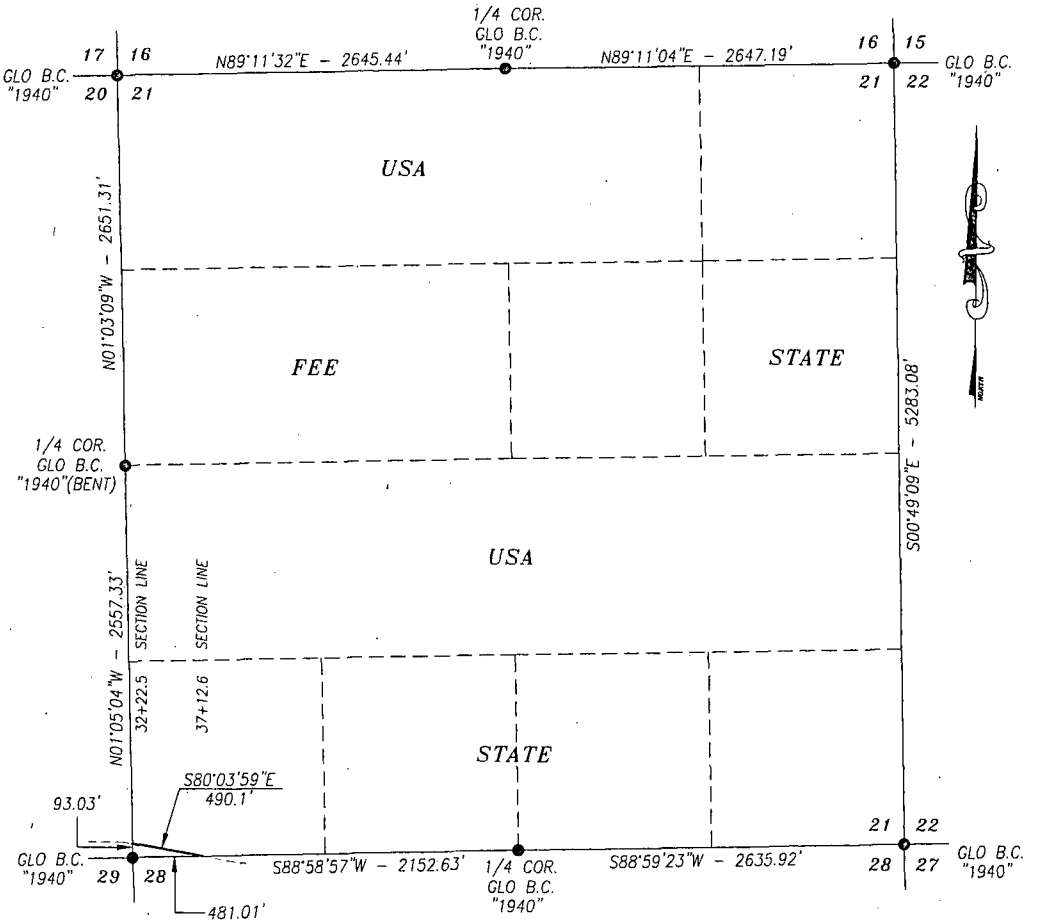
SURVEY OF A PROPOSED ROAD LOCATED IN SECTIONS 20 & 29, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NMPM, NEW MEXICO

SURVEY DATE: OCTOBER 21, 2014		
DRAFTING DATE: NOVEMBER 6, 2014		PAGE 1 OF 3
APPROVED BY: CH	DRAWN BY: SP	FILE: 14-1095

EXHIBIT 2B

SECTION 21, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE CROSSING STATE OF NEW MEXICO. LAND IN SECTION 21, TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET RIGHT AND 15.0 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION, WHICH LIES N01°05'04"W 93.03 FEET FROM THE SOUTHWEST CORNER; THEN S80°03'59"E 490.1 FEET; TO A POINT ON THE SOUTH LINE OF SAID SECTION, WHICH LIES S88°58'57"W 2152.63 FEET FROM THE SOUTH QUARTER CORNER.

SAID STRIP OF LAND BEING 490.1 FEET OR 29.70 RODS IN LENGTH, CONTAINING 0.338 ACRES MORE OR LESS AND BEING ENTIRELY LOCATED IN THE SW/4 SW/4 OF SAID SECTION.

BASIS OF BEARING:
BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

HARCROW SURVEYING, LLC
2314 W. MAIN ST, ARTESIA, N.M. 88210
PH: (575) 746-2158 FAX: (575) 746-2158
c.harcrow@harcrowsurveying.com

CERTIFICATION
I, CHAD HARCROW, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

CHAD L. HARCROW NEW MEXICO 17777 LICENSED PROFESSIONAL SURVEYOR

Chad Harcrow 11/6/14
CHAD HARCROW N.M.P.S. NO. 17777 DATE

1000 0 1000 2000 FEET
SCALE: 1"=1000'

COG OPERATING, LLC

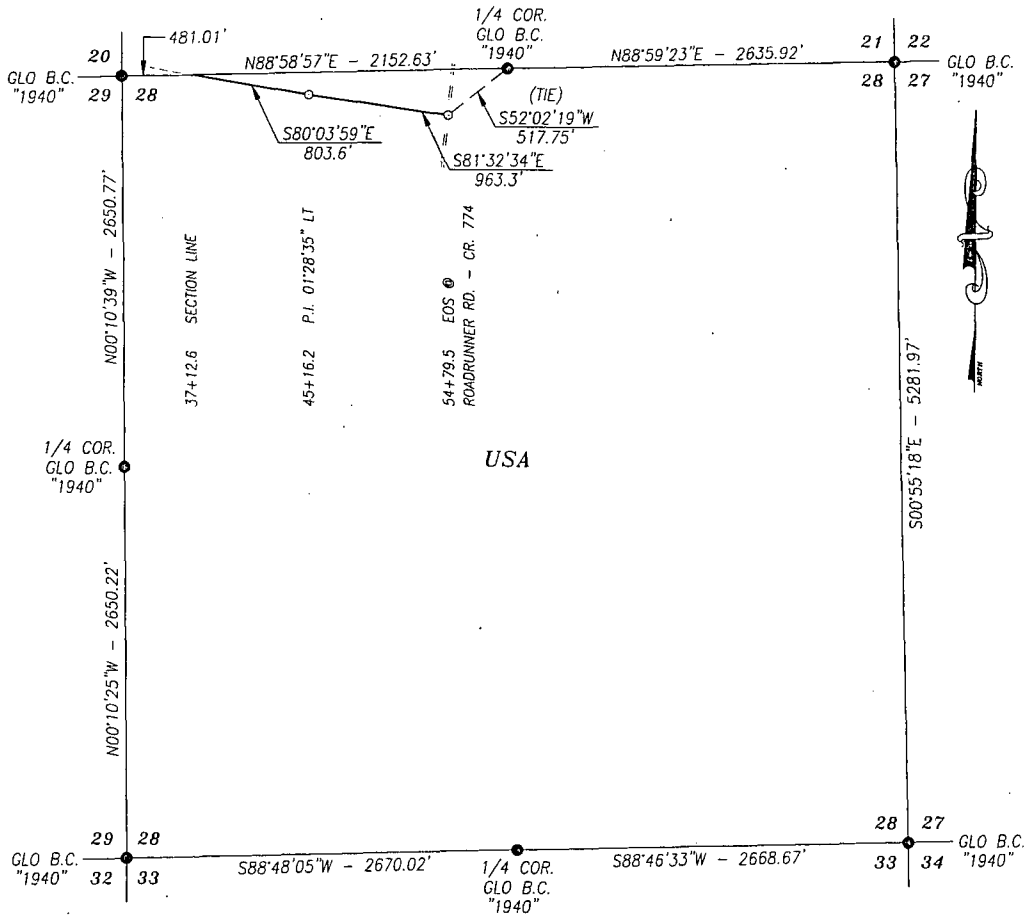
SURVEY OF A PROPOSED ROAD LOCATED IN SECTION 21, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NMPM, NEW MEXICO

SURVEY DATE: OCTOBER 21, 2014		
DRAFTING DATE: NOVEMBER 6, 2014		PAGE 2 OF 3
APPROVED BY: CH	DRAWN BY: SP	FILE: 14-1095

EXHIBIT 2C

SECTION 28, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE AND 1766.9 FEET OR 107.08 RODS OR 0.335 MILES IN LENGTH CROSSING USA LAND IN SECTION 28, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

BASIS OF BEARING:
BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

HARCROW SURVEYING, LLC
2314 W. MAIN ST, ARTESIA, N.M. 88210
PH: (575) 746-2158 FAX: (575) 746-2158
c.harcrow@harcrowsurveying.com

CERTIFICATION
I, CHAD HARCROW, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

CHAD L. HARCROW NEW MEXICO 17777 LICENSED PROFESSIONAL SURVEYOR

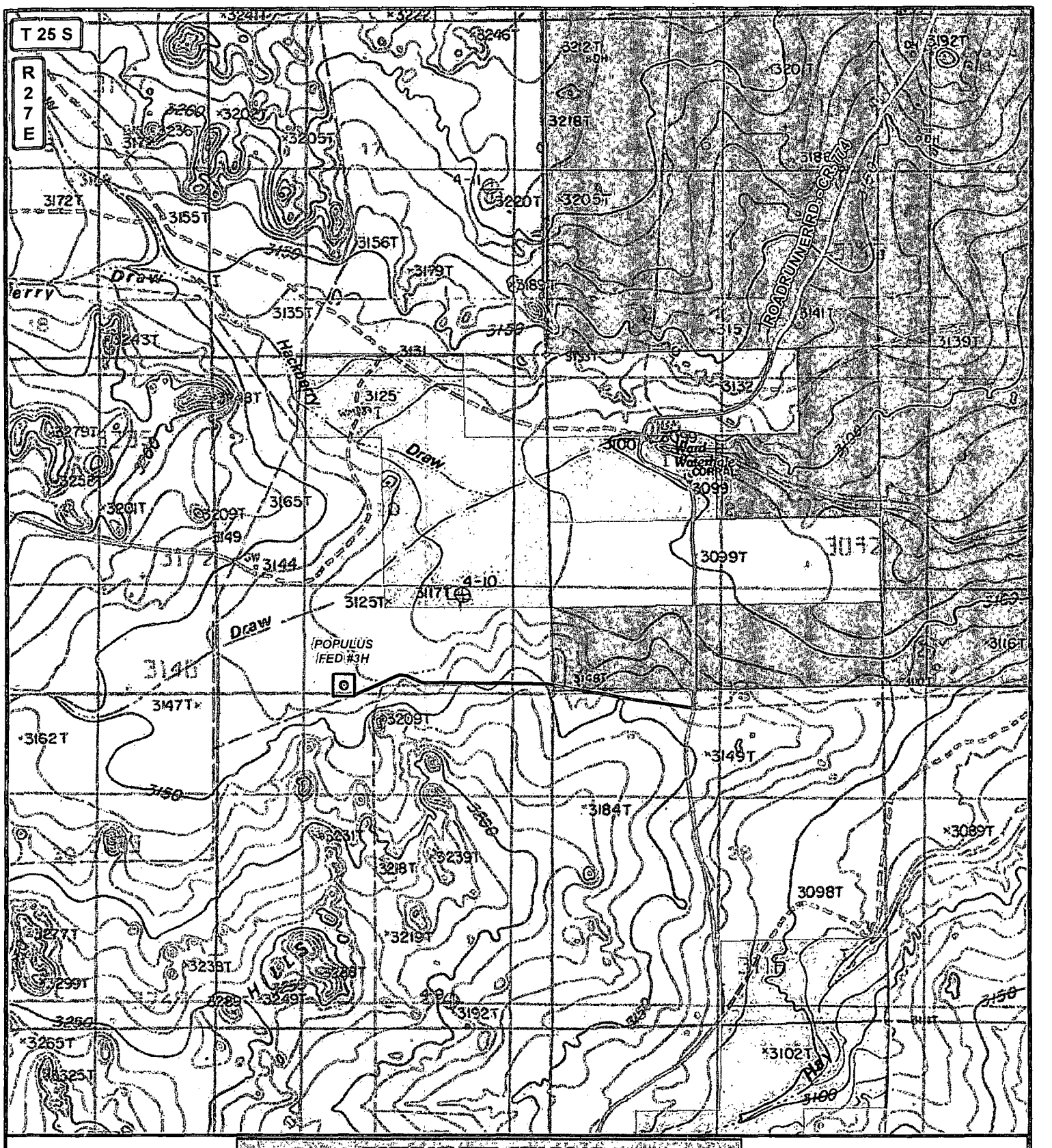
Chad Harcrow 11/6/14
CHAD HARCROW N.M.P.S. NO. 17777 DATE

1000 0 1000 2000 FEET
SCALE: 1"=1000'

COG OPERATING, LLC

SURVEY OF A PROPOSED ROAD LOCATED IN SECTION 28, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NMPM, NEW MEXICO

SURVEY DATE: OCTOBER 21, 2014		
DRAFTING DATE: NOVEMBER 6, 2014		PAGE 3 OF 3
APPROVED BY: CH	DRAWN BY: SP	FILE: 14-1095



LEGEND

- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD
- PRIVATE
- STATE OF NM
- US BLM

POPULUS FED #3H ROAD

SECTIONS: 20, 21, 28, 29 | TOWNSHIP: 25 S. | RANGE: 27 E.

STATE: NEW MEXICO | COUNTY: EDDY | SURVEY: N.M.P.M

W.O. # 14-1095 | LEASE: POPULUS FED

0 2,500 5,000 FEET

0 0.125 0.25 0.5 Miles

1 IN = 2,000 FT

ROAD MAP | LAND STATUS | 11/06/2014 | S.P.

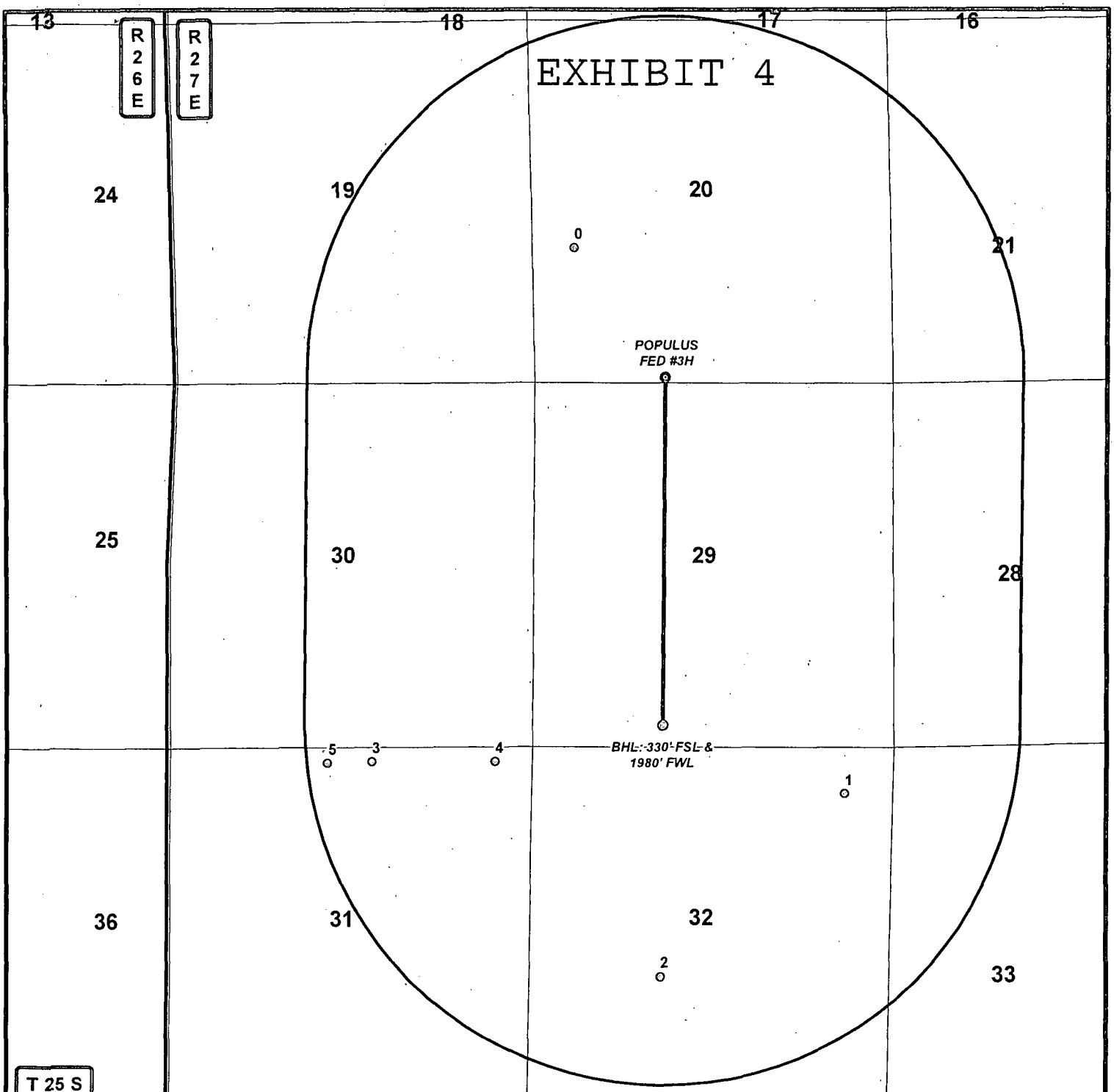
CONCHO

COG OPERATING, LLC

N

HARCROW SURVEYING, LLC.
2314 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

EXHIBIT 4



DATA FOR "WELLS WITHIN 1 MI." IS TAKEN FROM THE NEW MEXICO EMNRD WEBSITE. THE DATA HAS BEEN UPDATED THROUGH OCTOBER 18, 2014.

LEGEND

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

POPULUS FED #3H

SEC: 20 TWP: 25 S. RGE: 27 E. ELEVATION: 3134.7'

STATE: NEW MEXICO COUNTY: EDDY 100' FSL & 1980' FWL

W.O. # 14-1093 LEASE: POPULUS FED SURVEY: N.M.P.M

0 2,500 5,000 FEET

0 0.125 0.25 0.5 Miles

1 IN = 2,000 FT

1 MILE MAP 11/06/2014 SP

CONCHO

COG OPERATING, LLC

N

HARCROW SURVEYING, LLC.
2314 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 513-2570 FAX: (575) 746-2158
chad_harcrow77@yahoo.com

FID	OPERATOR	WELL_NAME	LATITUDE	LONGITUDE	API	SECTION	TOWNSHIP	RANGE	FTG_NS	NS_CD	FTG_EW	EW_CD	TVD_DEPTH	COMPL_STAT
0	ROBERT N ENFIELD	COTTONWOOD DRAW UNIT 001	32.113606	-104.218536	3001521530	20	25.0S	27E	1980	S	660	W	0	Plugged
1	DINERO OPERATING CO	MTS STATE 001	32.091772	-104.205643	3001523971	32	25.0S	27E	660	N	660	E	0	Plugged
2	YATES PETROLEUM CORPORATION	TAMBORIL BGQ STATE COM 001	32.084451	-104.214435	3001534016	32	25.0S	27E	1980	S	1980	W	125	Plugged
3	COG OPERATING LLC	JACK FEDERAL 004H	32.093048	-104.228206	3001542134	31	25.0S	27E	190	N	2310	E	0	New (Not drilled or compl)
4	COG OPERATING LLC	JACK FEDERAL 005H	32.093068	-104.222332	3001542135	31	25.0S	27E	190	N	500	E	0	New (Not drilled or compl)
5	COG OPERATING LLC	JACK FEDERAL 003H	32.092995	-104.230304	3001542133	31	25.0S	27E	206	N	2360	W	0	New (Not drilled or compl)

COG Operating, LLC, Populus Federal #3H

1. Geologic Formations

TVD of target	7445	Pilot hole depth	8800
MD at TD:	12281'	Deepest expected fresh water:	60

Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	198	Water	
Top of Salt	369	Salt	
Lamar	2012	Barren	
Delaware Group	2055	Oil/Gas	
Bone Spring	5576	Oil/Gas	
2nd Bone Spring Lime	7235	Target Zone	
Wolfcamp	8684	Oil/Gas	

See COA

2. Casing Program

Hole Size	Casing Interval From	Casing Interval To	Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
17.5"	0	~~225~~ 360	13.375"	48	H40	STC	7.31	14.79	29.81
12.25"	0	1990	9.625"	36	J55	STC	1.95	0.77	5.50
8.75"	0	12281	5.5"	17	P110	BTC	2.22	2.75	2.62
				BLM Minimum Safety Factor			1.125	1	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

- 9-5/8" J-55: Pi = 3520; Pi/D = 3520 psi/1990ft = 1.77, above the fracture gradient of 0.7 psi/ft at the shoe.

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria). (Assumption bulleted above)	N
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3rd string cement tied back	

500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	Y
If yes, are there two strings cemented to surface?	Y
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	# Sks	Wt. lb/ gal	Yld ft3/ sack	H,0 gal/s k	500# Comp. Strength (hours)	Slurry Description
Surf.	225	14.8	1.34	8	8	Lead: Class C + 2.0% CaCl2
See COA						
Inter.	300	13.5	1.75	9.4	11	Lead: Class C + 4% Gel + 2% CaCl2
	250	14.8	1.34	6.6	10	Tail: Class C + 2% CaCl2
Prod.	750	11.9	2.5	14.3	22	Lead: 50:50:10 H Blend
	1500	14.4	1.25	5.77	10	Tail: 50:50:2 Class H + 1% Salt + 0.4% GasStop + 0.3% CFR-3

Casing String	TOC	% Excess
Surface	0'	50%
Intermediate	0'	35%
Production	1790'	35%

Include Pilot Hole Cementing specs:
Pilot hole depth 8800
KOP 6952

Plug top	Plug Bottom	% Excess	No. Sacks	Wt. lb/gal	Yld ft3/sack	Water gal/sk	Slurry Description and Cement Type
6800	7800	10	470	17.2	0.98	3.75	Class H
7800	8800	10	470	17.2	0.98	3.75	Class H

4. Pressure Control Equipment

N	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	2M	Annular	x	50% of working pressure
			Blind Ram		2M
			Pipe Ram		
			Double Ram		
			Other*		
8-3/4"	11"	3M	Annular	x	50% testing pressure
			Blind Ram	x	3M
			Pipe Ram	x	
			Double Ram		
			Other*		
			Annular		
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other*		

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

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 will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

N	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.	
N	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.	
	N	Are anchors required by manufacturer?

N	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. See attached schematic.

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	Surf. shoe	FW Gel	8.6-8.8	28-34	N/C
Surf csg	Int shoe	Saturated Brine	10.0-10.2	28-34	N/C
Int shoe	TD	Cut Brine	8.5-9.3	28-34	N/C

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

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring

6. Logging and Testing Procedures

Logging, Coring and Testing.	
x	Will run GR/CNL fromTD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
Y	Coring? If yes, explain – **Rotary Sidewall Cores**

Additional logs planned		Interval
X	Resistivity	Int. shoe to KOP
X	Density	Int. shoe to KOP
X	CBL	Production casing
X	Mud log	Intermediate shoe to TD
	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4210 psi
Abnormal Temperature	No

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
N	H2S is present
Y	H2S Plan attached

8. Other facets of operation

Is this a walking operation? No
Will be pre-setting casing? No

Attachments

- Directional Plan
- BOP & Choke Schematics
- C102 and supporting maps
- Rig plat
- H2S schematic
- H2S contingency plan
- Interim reclamation plat

CONCHO

COG Operating LLC

Eddy County, NM
Populus Federal
#3H

OH

Plan: Design #1

Standard Planning Report

30 October, 2014

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well #3H
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Project:	Eddy County, NM	**MD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Site:	Populus Federal	**North Reference:**	Grid
Well:	#3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Design #1		

Project Eddy County, NM

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

Site Populus Federal

Site Position:		**Northing:**	403,141.00 usft	**Latitude:**	32° 6' 29.859 N
From:	Map	**Easting:**	537,047.90 usft	**Longitude:**	104° 12' 49.252 W
Position Uncertainty:	0.0 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	0.06 °

Well #3H

Well Position	**+N/-S**	0.0 usft	**Northing:**	403,141.00 usft	**Latitude:**	32° 6' 29.859 N
	+E/-W	0.0 usft	**Easting:**	537,047.90 usft	**Longitude:**	104° 12' 49.252 W
Position Uncertainty		0.0 usft	**Wellhead Elevation:**		**Ground Level:**	3,134.7 usft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	10/30/2014	7.46	59.89	48,142

Design Design #1

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	0.0

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	180.41

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
6,952.5	0.00	0.00	6,952.5	0.0	0.0	0.00	0.00	0.00	0.00	
7,701.0	89.81	180.41	7,430.0	-475.9	-3.4	12.00	12.00	0.00	180.41	
12,281.0	89.81	180.41	7,445.2	-5,055.8	-36.2	0.00	0.00	0.00	0.00	PBHl(Pop#3H)

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well #3H
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Project:	Eddy County, NM	**MD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Site:	Populus Federal	**North Reference:**	Grid
Well:	#3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
1,100.0	0.00	0.00	1,100.0	0.0	0.0	0.0	0.00	0.00	0.00
1,200.0	0.00	0.00	1,200.0	0.0	0.0	0.0	0.00	0.00	0.00
1,300.0	0.00	0.00	1,300.0	0.0	0.0	0.0	0.00	0.00	0.00
1,400.0	0.00	0.00	1,400.0	0.0	0.0	0.0	0.00	0.00	0.00
1,500.0	0.00	0.00	1,500.0	0.0	0.0	0.0	0.00	0.00	0.00
1,600.0	0.00	0.00	1,600.0	0.0	0.0	0.0	0.00	0.00	0.00
1,700.0	0.00	0.00	1,700.0	0.0	0.0	0.0	0.00	0.00	0.00
1,800.0	0.00	0.00	1,800.0	0.0	0.0	0.0	0.00	0.00	0.00
1,900.0	0.00	0.00	1,900.0	0.0	0.0	0.0	0.00	0.00	0.00
2,000.0	0.00	0.00	2,000.0	0.0	0.0	0.0	0.00	0.00	0.00
2,100.0	0.00	0.00	2,100.0	0.0	0.0	0.0	0.00	0.00	0.00
2,200.0	0.00	0.00	2,200.0	0.0	0.0	0.0	0.00	0.00	0.00
2,300.0	0.00	0.00	2,300.0	0.0	0.0	0.0	0.00	0.00	0.00
2,400.0	0.00	0.00	2,400.0	0.0	0.0	0.0	0.00	0.00	0.00
2,500.0	0.00	0.00	2,500.0	0.0	0.0	0.0	0.00	0.00	0.00
2,600.0	0.00	0.00	2,600.0	0.0	0.0	0.0	0.00	0.00	0.00
2,700.0	0.00	0.00	2,700.0	0.0	0.0	0.0	0.00	0.00	0.00
2,800.0	0.00	0.00	2,800.0	0.0	0.0	0.0	0.00	0.00	0.00
2,900.0	0.00	0.00	2,900.0	0.0	0.0	0.0	0.00	0.00	0.00
3,000.0	0.00	0.00	3,000.0	0.0	0.0	0.0	0.00	0.00	0.00
3,100.0	0.00	0.00	3,100.0	0.0	0.0	0.0	0.00	0.00	0.00
3,200.0	0.00	0.00	3,200.0	0.0	0.0	0.0	0.00	0.00	0.00
3,300.0	0.00	0.00	3,300.0	0.0	0.0	0.0	0.00	0.00	0.00
3,400.0	0.00	0.00	3,400.0	0.0	0.0	0.0	0.00	0.00	0.00
3,500.0	0.00	0.00	3,500.0	0.0	0.0	0.0	0.00	0.00	0.00
3,600.0	0.00	0.00	3,600.0	0.0	0.0	0.0	0.00	0.00	0.00
3,700.0	0.00	0.00	3,700.0	0.0	0.0	0.0	0.00	0.00	0.00
3,800.0	0.00	0.00	3,800.0	0.0	0.0	0.0	0.00	0.00	0.00
3,900.0	0.00	0.00	3,900.0	0.0	0.0	0.0	0.00	0.00	0.00
4,000.0	0.00	0.00	4,000.0	0.0	0.0	0.0	0.00	0.00	0.00
4,100.0	0.00	0.00	4,100.0	0.0	0.0	0.0	0.00	0.00	0.00
4,200.0	0.00	0.00	4,200.0	0.0	0.0	0.0	0.00	0.00	0.00
4,300.0	0.00	0.00	4,300.0	0.0	0.0	0.0	0.00	0.00	0.00
4,400.0	0.00	0.00	4,400.0	0.0	0.0	0.0	0.00	0.00	0.00
4,500.0	0.00	0.00	4,500.0	0.0	0.0	0.0	0.00	0.00	0.00
4,600.0	0.00	0.00	4,600.0	0.0	0.0	0.0	0.00	0.00	0.00
4,700.0	0.00	0.00	4,700.0	0.0	0.0	0.0	0.00	0.00	0.00
4,800.0	0.00	0.00	4,800.0	0.0	0.0	0.0	0.00	0.00	0.00
4,900.0	0.00	0.00	4,900.0	0.0	0.0	0.0	0.00	0.00	0.00
5,000.0	0.00	0.00	5,000.0	0.0	0.0	0.0	0.00	0.00	0.00
5,100.0	0.00	0.00	5,100.0	0.0	0.0	0.0	0.00	0.00	0.00
5,200.0	0.00	0.00	5,200.0	0.0	0.0	0.0	0.00	0.00	0.00
5,300.0	0.00	0.00	5,300.0	0.0	0.0	0.0	0.00	0.00	0.00

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well #3H
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Project:	Eddy County, NM	**MD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Site:	Populus Federal	**North Reference:**	Grid
Well:	#3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,400.0	0.00	0.00	5,400.0	0.0	0.0	0.0	0.00	0.00	0.00
5,500.0	0.00	0.00	5,500.0	0.0	0.0	0.0	0.00	0.00	0.00
5,600.0	0.00	0.00	5,600.0	0.0	0.0	0.0	0.00	0.00	0.00
5,700.0	0.00	0.00	5,700.0	0.0	0.0	0.0	0.00	0.00	0.00
5,800.0	0.00	0.00	5,800.0	0.0	0.0	0.0	0.00	0.00	0.00
5,900.0	0.00	0.00	5,900.0	0.0	0.0	0.0	0.00	0.00	0.00
6,000.0	0.00	0.00	6,000.0	0.0	0.0	0.0	0.00	0.00	0.00
6,100.0	0.00	0.00	6,100.0	0.0	0.0	0.0	0.00	0.00	0.00
6,200.0	0.00	0.00	6,200.0	0.0	0.0	0.0	0.00	0.00	0.00
6,300.0	0.00	0.00	6,300.0	0.0	0.0	0.0	0.00	0.00	0.00
6,400.0	0.00	0.00	6,400.0	0.0	0.0	0.0	0.00	0.00	0.00
6,500.0	0.00	0.00	6,500.0	0.0	0.0	0.0	0.00	0.00	0.00
6,600.0	0.00	0.00	6,600.0	0.0	0.0	0.0	0.00	0.00	0.00
6,700.0	0.00	0.00	6,700.0	0.0	0.0	0.0	0.00	0.00	0.00
6,800.0	0.00	0.00	6,800.0	0.0	0.0	0.0	0.00	0.00	0.00
6,900.0	0.00	0.00	6,900.0	0.0	0.0	0.0	0.00	0.00	0.00
6,952.5	0.00	0.00	6,952.5	0.0	0.0	0.0	0.00	0.00	0.00
KOP - 6952.5 'MD, 0.00° INC, 0.00° AZI									
6,975.0	2.70	180.41	6,975.0	-0.5	0.0	0.5	12.00	12.00	0.00
7,000.0	5.70	180.41	6,999.9	-2.4	0.0	2.4	12.00	12.00	0.00
7,025.0	8.70	180.41	7,024.7	-5.5	0.0	5.5	12.00	12.00	0.00
7,050.0	11.70	180.41	7,049.3	-9.9	-0.1	9.9	12.00	12.00	0.00
7,075.0	14.70	180.41	7,073.7	-15.6	-0.1	15.6	12.00	12.00	0.00
7,100.0	17.70	180.41	7,097.7	-22.6	-0.2	22.6	12.00	12.00	0.00
7,125.0	20.70	180.41	7,121.3	-30.8	-0.2	30.8	12.00	12.00	0.00
7,150.0	23.70	180.41	7,144.4	-40.3	-0.3	40.3	12.00	12.00	0.00
7,175.0	26.70	180.41	7,167.0	-50.9	-0.4	50.9	12.00	12.00	0.00
7,200.0	29.70	180.41	7,189.1	-62.7	-0.4	62.7	12.00	12.00	0.00
7,225.0	32.70	180.41	7,210.4	-75.7	-0.5	75.7	12.00	12.00	0.00
7,250.0	35.70	180.41	7,231.1	-89.7	-0.6	89.7	12.00	12.00	0.00
7,275.0	38.70	180.41	7,251.0	-104.8	-0.8	104.8	12.00	12.00	0.00
7,300.0	41.70	180.41	7,270.1	-121.0	-0.9	121.0	12.00	12.00	0.00
7,325.0	44.70	180.41	7,288.4	-138.1	-1.0	138.1	12.00	12.00	0.00
7,350.0	47.70	180.41	7,305.7	-156.1	-1.1	156.1	12.00	12.00	0.00
7,375.0	50.70	180.41	7,322.0	-175.0	-1.3	175.0	12.00	12.00	0.00
7,400.0	53.70	180.41	7,337.3	-194.8	-1.4	194.8	12.00	12.00	0.00
7,425.0	56.70	180.41	7,351.6	-215.3	-1.5	215.3	12.00	12.00	0.00
7,450.0	59.70	180.41	7,364.8	-236.5	-1.7	236.6	12.00	12.00	0.00
7,475.0	62.70	180.41	7,376.8	-258.5	-1.8	258.5	12.00	12.00	0.00
7,500.0	65.69	180.41	7,387.7	-281.0	-2.0	281.0	12.00	12.00	0.00
7,525.0	68.69	180.41	7,397.4	-304.0	-2.2	304.0	12.00	12.00	0.00
7,550.0	71.69	180.41	7,405.8	-327.5	-2.3	327.5	12.00	12.00	0.00
7,575.0	74.69	180.41	7,413.1	-351.4	-2.5	351.5	12.00	12.00	0.00
7,600.0	77.69	180.41	7,419.0	-375.7	-2.7	375.7	12.00	12.00	0.00
7,625.0	80.69	180.41	7,423.7	-400.3	-2.9	400.3	12.00	12.00	0.00
7,650.0	83.69	180.41	7,427.1	-425.0	-3.0	425.0	12.00	12.00	0.00
7,675.0	86.69	180.41	7,429.2	-449.9	-3.2	450.0	12.00	12.00	0.00
7,701.0	89.81	180.41	7,430.0	-475.9	-3.4	475.9	12.00	12.00	0.00
EOC - 7701.0 'MD, 89.81° INC, 180.41° AZI									
7,800.0	89.81	180.41	7,430.3	-574.9	-4.1	574.9	0.00	0.00	0.00
7,900.0	89.81	180.41	7,430.7	-674.9	-4.8	674.9	0.00	0.00	0.00
8,000.0	89.81	180.41	7,431.0	-774.9	-5.5	774.9	0.00	0.00	0.00
8,100.0	89.81	180.41	7,431.3	-874.9	-6.3	874.9	0.00	0.00	0.00

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well #3H
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Project:	Eddy County, NM	**MD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Site:	Populus Federal	**North Reference:**	Grid
Well:	#3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
8,200.0	89.81	180.41	7,431.7	-974.9	-7.0	974.9	0.00	0.00	0.00
8,300.0	89.81	180.41	7,432.0	-1,074.9	-7.7	1,074.9	0.00	0.00	0.00
8,400.0	89.81	180.41	7,432.3	-1,174.9	-8.4	1,174.9	0.00	0.00	0.00
8,500.0	89.81	180.41	7,432.6	-1,274.9	-9.1	1,274.9	0.00	0.00	0.00
8,600.0	89.81	180.41	7,433.0	-1,374.9	-9.8	1,374.9	0.00	0.00	0.00
8,700.0	89.81	180.41	7,433.3	-1,474.9	-10.6	1,474.9	0.00	0.00	0.00
8,800.0	89.81	180.41	7,433.6	-1,574.9	-11.3	1,574.9	0.00	0.00	0.00
8,900.0	89.81	180.41	7,434.0	-1,674.9	-12.0	1,674.9	0.00	0.00	0.00
9,000.0	89.81	180.41	7,434.3	-1,774.9	-12.7	1,774.9	0.00	0.00	0.00
9,100.0	89.81	180.41	7,434.6	-1,874.9	-13.4	1,874.9	0.00	0.00	0.00
9,200.0	89.81	180.41	7,435.0	-1,974.9	-14.1	1,974.9	0.00	0.00	0.00
9,300.0	89.81	180.41	7,435.3	-2,074.9	-14.8	2,074.9	0.00	0.00	0.00
9,400.0	89.81	180.41	7,435.6	-2,174.9	-15.6	2,174.9	0.00	0.00	0.00
9,500.0	89.81	180.41	7,436.0	-2,274.9	-16.3	2,274.9	0.00	0.00	0.00
9,600.0	89.81	180.41	7,436.3	-2,374.9	-17.0	2,374.9	0.00	0.00	0.00
9,700.0	89.81	180.41	7,436.6	-2,474.9	-17.7	2,474.9	0.00	0.00	0.00
9,800.0	89.81	180.41	7,437.0	-2,574.9	-18.4	2,574.9	0.00	0.00	0.00
9,900.0	89.81	180.41	7,437.3	-2,674.9	-19.1	2,674.9	0.00	0.00	0.00
10,000.0	89.81	180.41	7,437.6	-2,774.9	-19.9	2,774.9	0.00	0.00	0.00
10,100.0	89.81	180.41	7,438.0	-2,874.9	-20.6	2,874.9	0.00	0.00	0.00
10,200.0	89.81	180.41	7,438.3	-2,974.9	-21.3	2,974.9	0.00	0.00	0.00
10,300.0	89.81	180.41	7,438.6	-3,074.9	-22.0	3,074.9	0.00	0.00	0.00
10,400.0	89.81	180.41	7,439.0	-3,174.8	-22.7	3,174.9	0.00	0.00	0.00
10,500.0	89.81	180.41	7,439.3	-3,274.8	-23.4	3,274.9	0.00	0.00	0.00
10,600.0	89.81	180.41	7,439.6	-3,374.8	-24.2	3,374.9	0.00	0.00	0.00
10,700.0	89.81	180.41	7,439.9	-3,474.8	-24.9	3,474.9	0.00	0.00	0.00
10,800.0	89.81	180.41	7,440.3	-3,574.8	-25.6	3,574.9	0.00	0.00	0.00
10,900.0	89.81	180.41	7,440.6	-3,674.8	-26.3	3,674.9	0.00	0.00	0.00
11,000.0	89.81	180.41	7,440.9	-3,774.8	-27.0	3,774.9	0.00	0.00	0.00
11,100.0	89.81	180.41	7,441.3	-3,874.8	-27.7	3,874.9	0.00	0.00	0.00
11,200.0	89.81	180.41	7,441.6	-3,974.8	-28.4	3,974.9	0.00	0.00	0.00
11,300.0	89.81	180.41	7,441.9	-4,074.8	-29.2	4,074.9	0.00	0.00	0.00
11,400.0	89.81	180.41	7,442.3	-4,174.8	-29.9	4,174.9	0.00	0.00	0.00
11,500.0	89.81	180.41	7,442.6	-4,274.8	-30.6	4,274.9	0.00	0.00	0.00
11,600.0	89.81	180.41	7,442.9	-4,374.8	-31.3	4,374.9	0.00	0.00	0.00
11,700.0	89.81	180.41	7,443.3	-4,474.8	-32.0	4,474.9	0.00	0.00	0.00
11,800.0	89.81	180.41	7,443.6	-4,574.8	-32.7	4,574.9	0.00	0.00	0.00
11,900.0	89.81	180.41	7,443.9	-4,674.8	-33.5	4,674.9	0.00	0.00	0.00
12,000.0	89.81	180.41	7,444.3	-4,774.8	-34.2	4,774.9	0.00	0.00	0.00
12,100.0	89.81	180.41	7,444.6	-4,874.8	-34.9	4,874.9	0.00	0.00	0.00
12,200.0	89.81	180.41	7,444.9	-4,974.8	-35.6	4,974.9	0.00	0.00	0.00
12,281.0	89.81	180.41	7,445.2	-5,055.8	-36.2	5,055.9	0.00	0.00	0.00
TD at 12281.0 - PBHI(Pop#3H)									

Design Targets

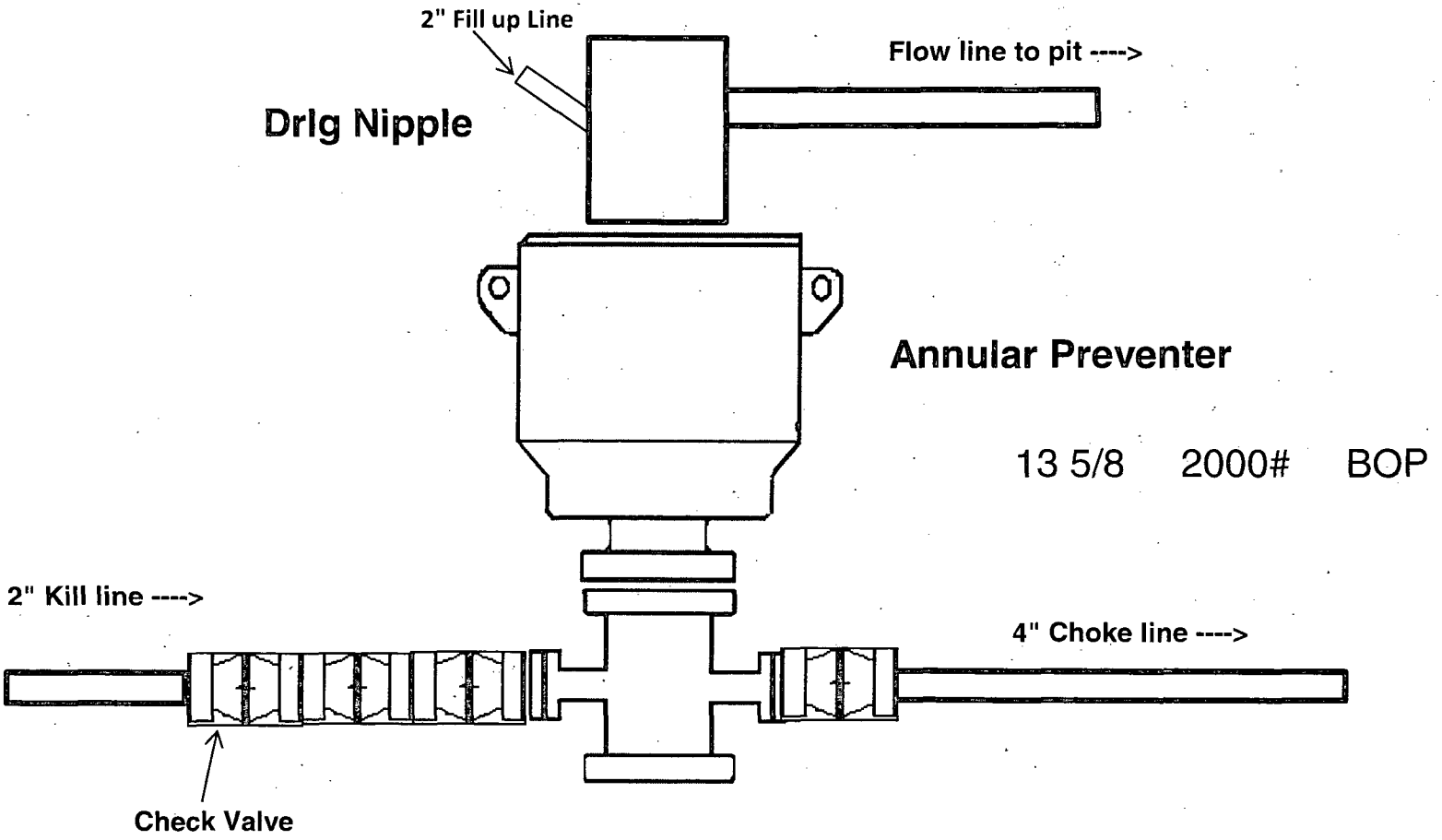
Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PBHI(Pop#3H)	0.00	0.01	7,445.0	-5,055.8	-36.3	398,085.20	537,011.60	32° 5' 39.825 N	104° 12' 49.739 W
- plan misses target center by 0.2usft at 12281.0usft MD (7445.2 TVD, -5055.8 N, -36.2 E)									
- Point									

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well #3H
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Project:	Eddy County, NM	**MD Reference:**	WELL @ 3151.7usft (Original Well Elev)
Site:	Populus Federal	**North Reference:**	Grid
Well:	#3H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	OH		
Design:	Design #1		

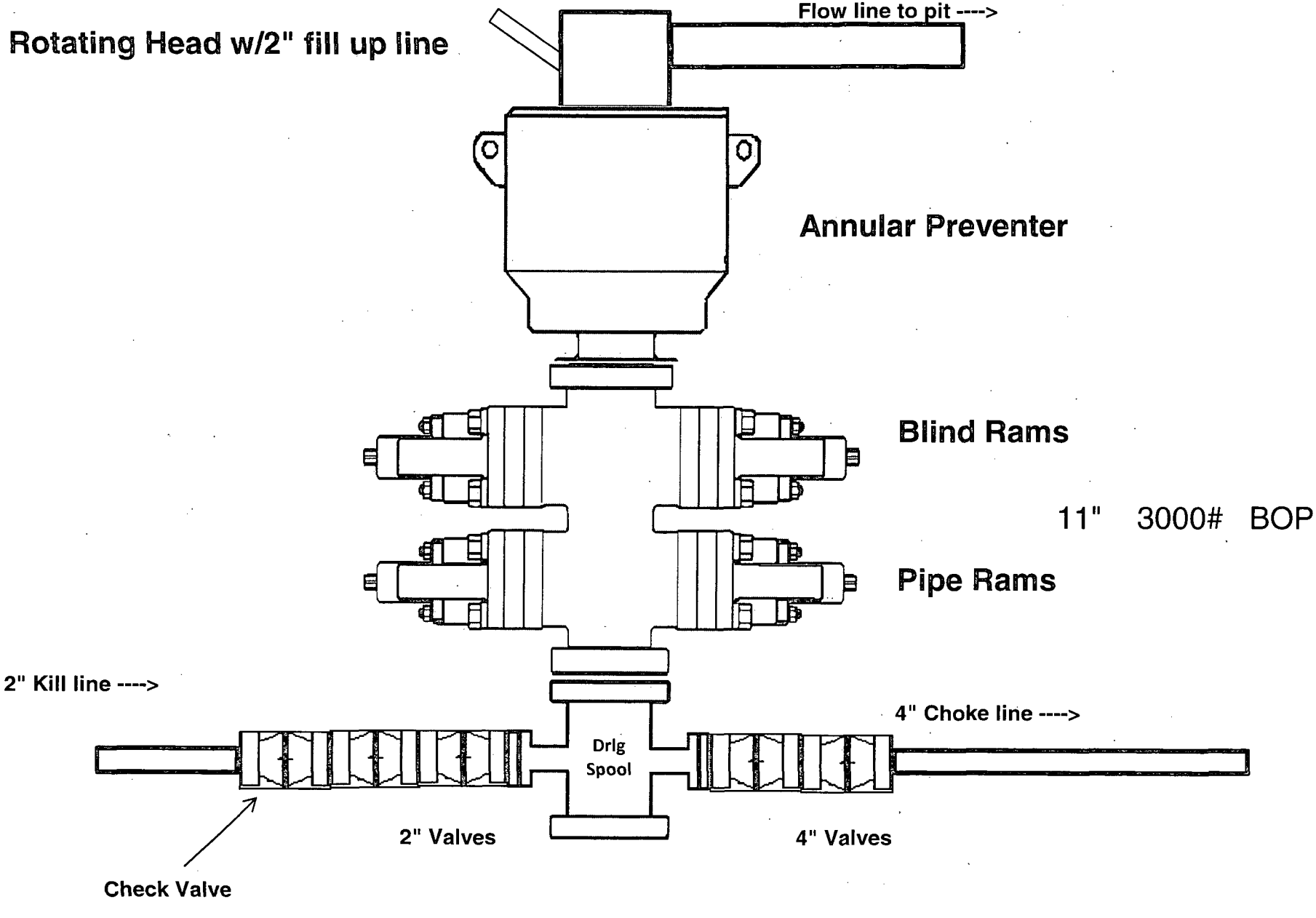
Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
6,952.5	6,952.5	0.0	0.0	KOP - 6952.5 'MD, 0.00° INC, 0.00° AZI
7,701.0	7,430.0	-475.9	-3.4	EOC- 7701.0 'MD, 89.81° INC, 180.41° AZI
12,281.0	7,445.2	-5,055.8	-36.2	TD at 12281.0

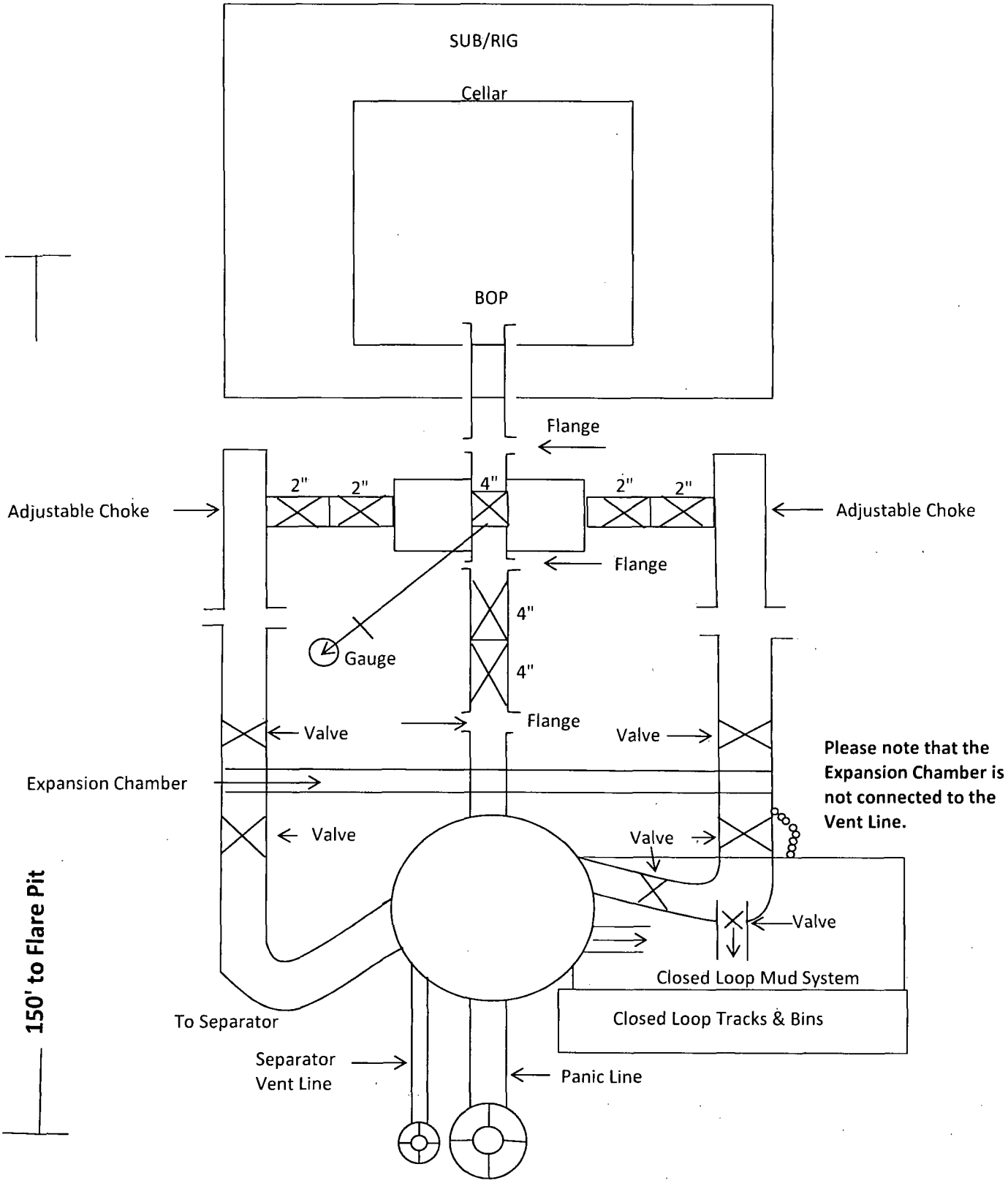
2,000 psi BOP Schematic



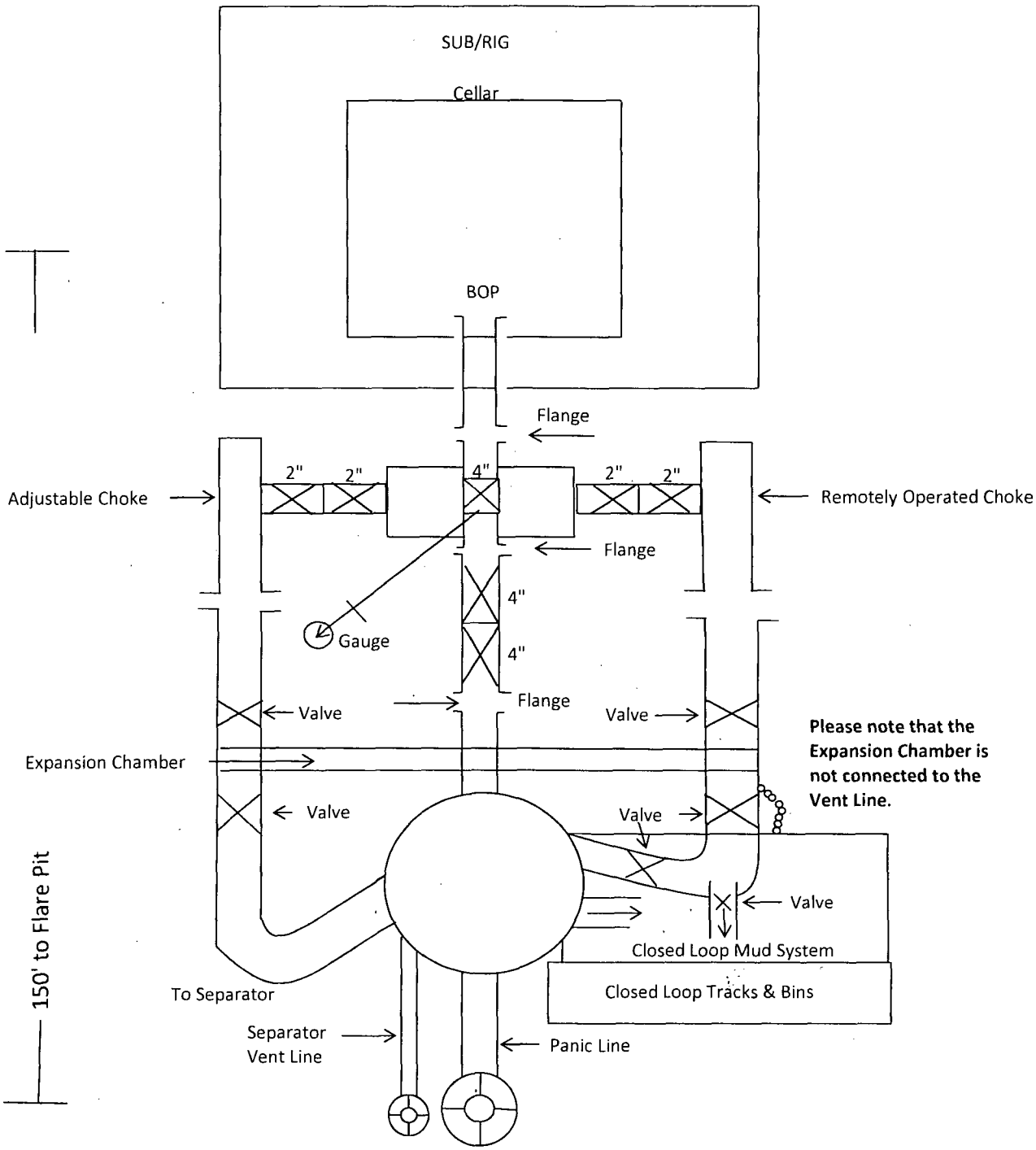
3,000 psi BOP Schematic



2M Choke Manifold Equipment



3M Choke Manifold Equipment



COG Operating LLC

Rig Plat & Closed Loop Equipment Diagram

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

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

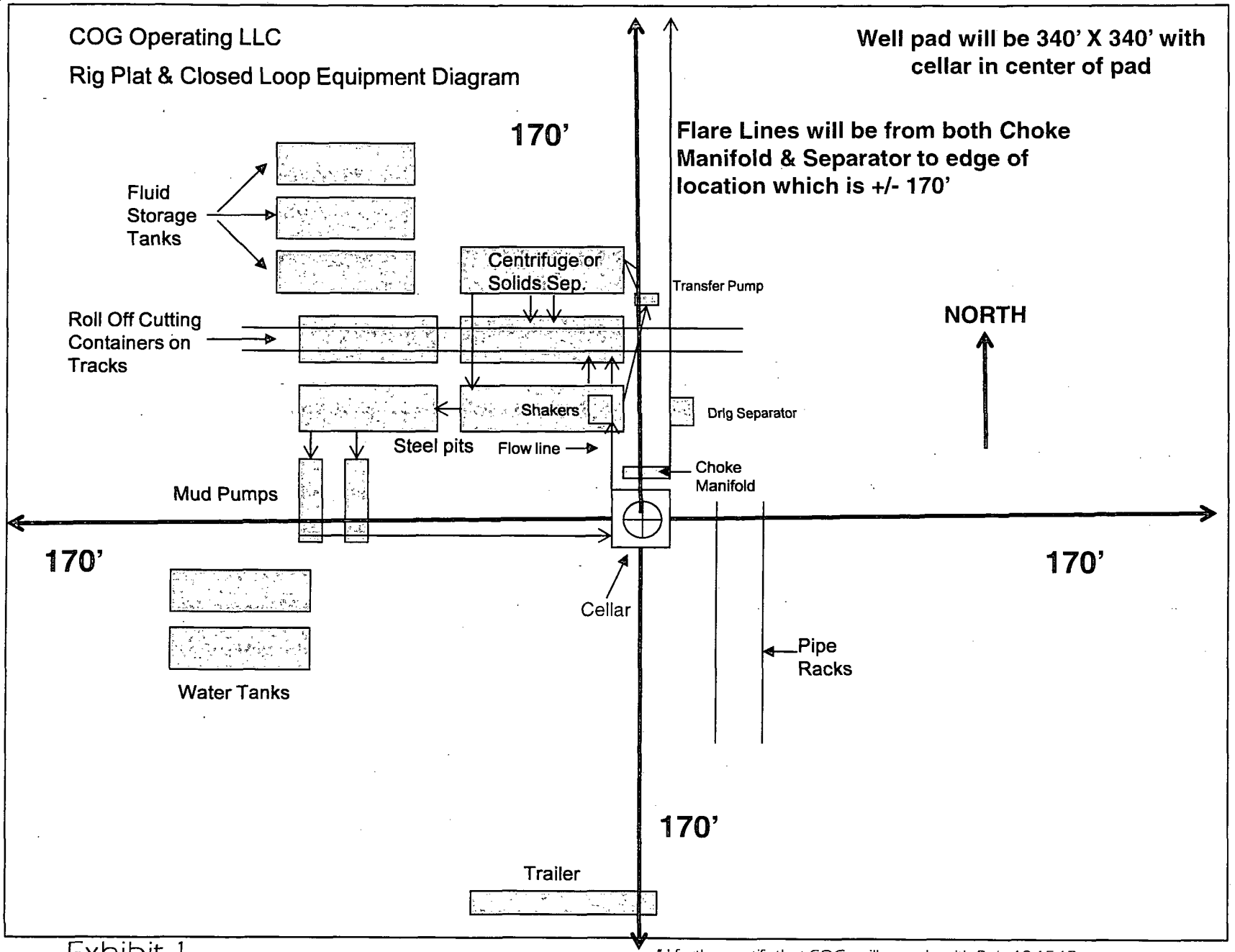
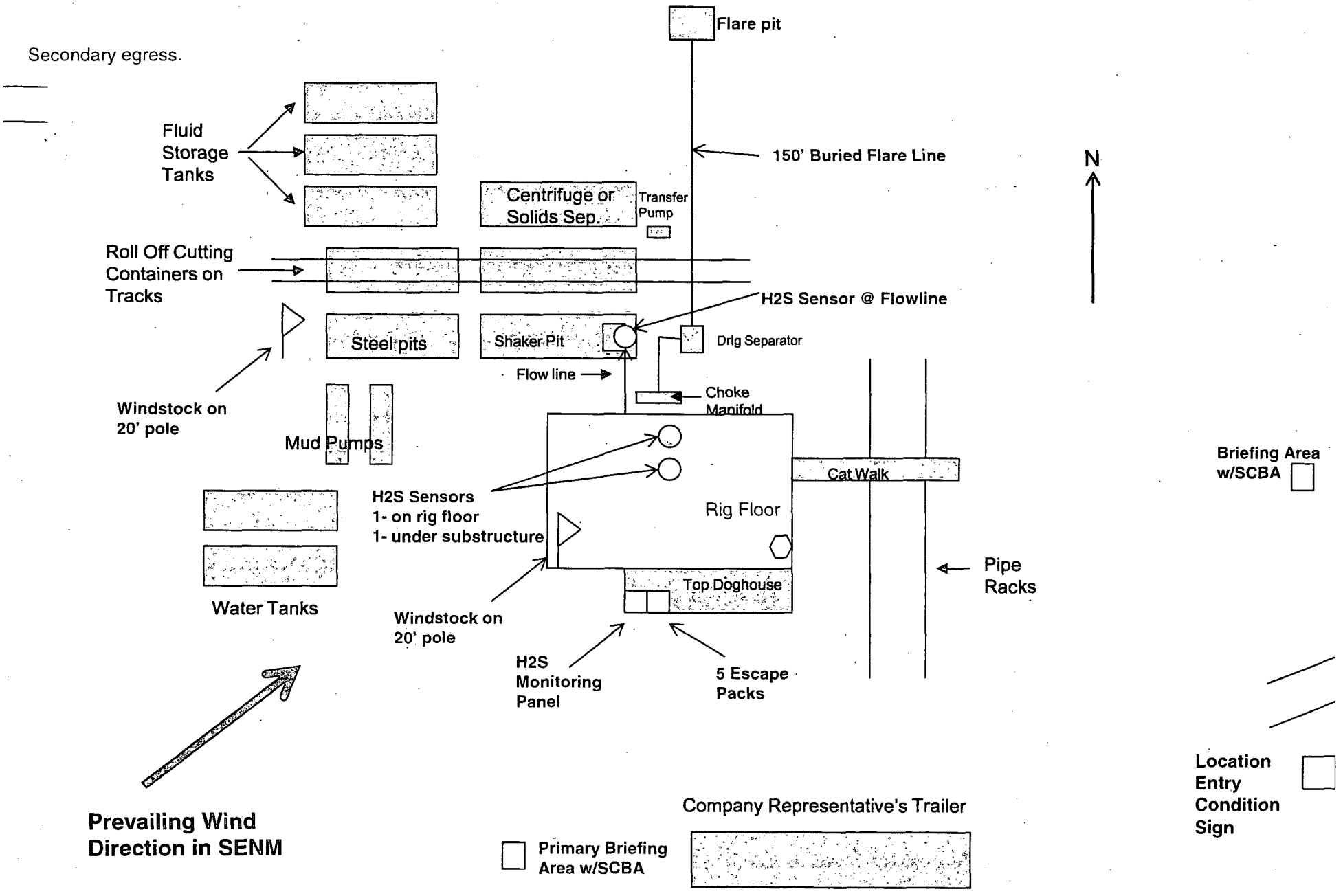


Exhibit 1

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

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

COG Operating LLC
H_2S Equipment Schematic
Terrain: Shinnery sand hills.



COG OPERATING LLC
HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. HYDROGEN SULFIDE TRAINING

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

a. The hazards and characteristics of hydrogen sulfide (H_2S).
b. The proper use and maintenance of personal protective equipment and life support systems.
c. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
d. The proper techniques for first aid and rescue procedures.

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

a. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
b. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
c. The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

2. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S. If H2S greater than 100 ppm is encountered in the gas stream we will shut in and install H2S equipment.

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

b. Protective equipment for essential personnel:
Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

c. H2S detection and monitoring equipment:
2 - portable H2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.

d. Visual warning systems:
Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

e. Mud Program:
The mud program has been designed to minimize the volume of H2S circulated to the surface.

f. Metallurgy:
All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

g. Communication:
Company vehicles equipped with cellular telephone.

COG OPERATING LLC has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in this area from surface to TD are low enough; therefore, we do not believe that an H2S contingency plan is necessary.

WARNING

YOU ARE ENTERING AN H_2S AREA
AUTHORIZED PERSONNEL ONLY

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

COG OPERATING LLC

1-575-748-6940

EMERGENCY CALL LIST

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

EMERGENCY RESPONSE NUMBERS

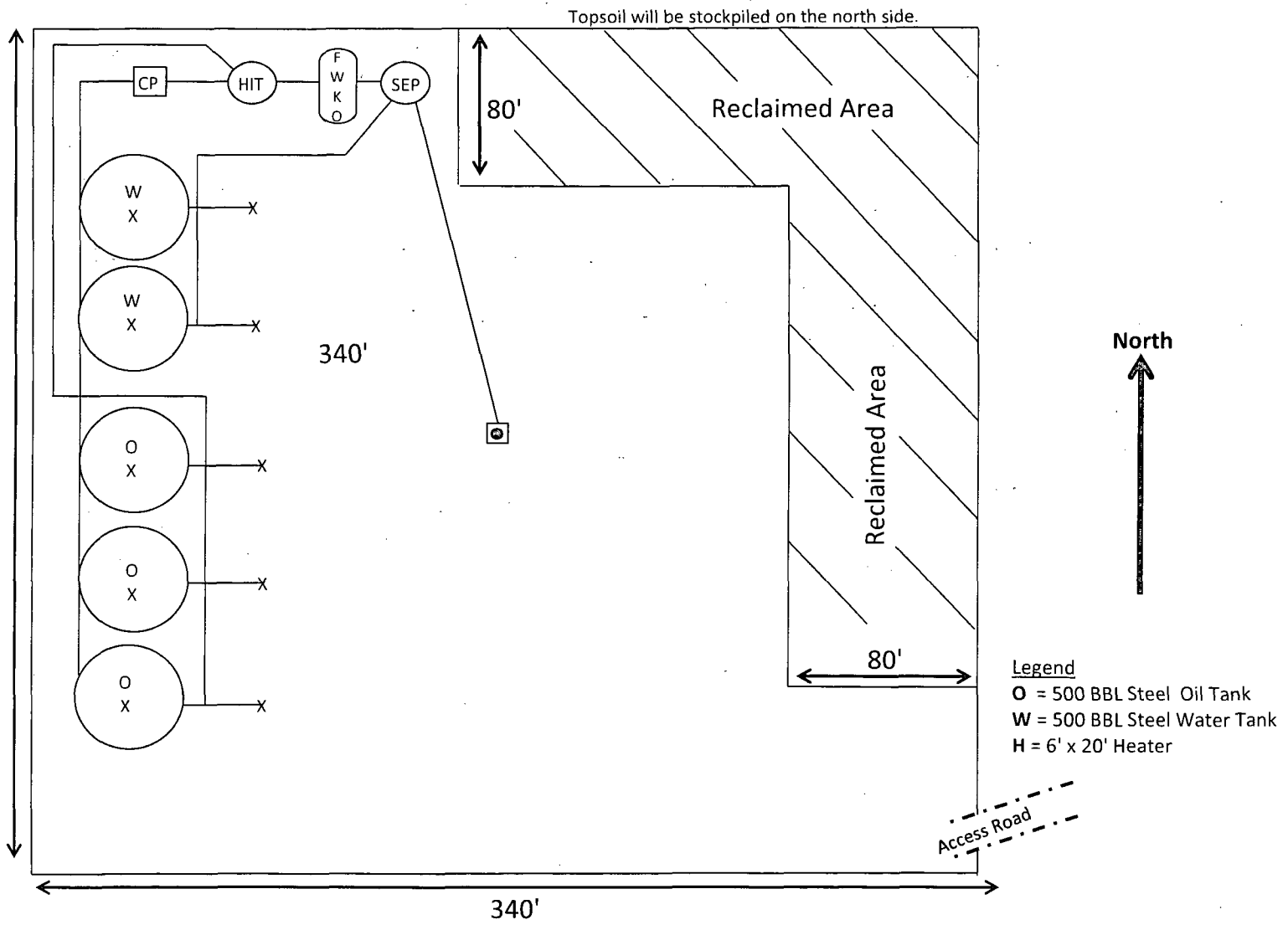
	OFFICE
STATE POLICE	575-748-9718
EDDY COUNTY SHERIFF	575-746-2701
EMERGENCY MEDICAL SERVICES (AMBULANCE)	911 or 575-746-2701
EDDY COUNTY EMERGENCY MANAGEMENT (HARRY BURGESS)	575-887-9511
STATE EMERGENCY RESPONSE CENTER (SERC)	575-476-9620
CARLSBAD POLICE DEPARTMENT	575-885-2111
CARLSBAD FIRE DEPARTMENT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

COG Operating LLC
2208 West Main
Artesia, NM 88210

Production Facility Layout

Populus Federal #3H
Section 20 - T25S - R27E

Exhibit 3



Surface Use Plan of Operations

Introduction

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what was submitted in this surface use plan. If any other surface disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be acquired prior to any new surface disturbance.

Before any surface disturbance is created, stakes or flagging will be installed to mark boundaries of permitted areas of disturbance, including soils storage areas. As necessary, slope, grade, and other construction control stakes will be placed to ensure construction in accordance with the surface use plan. All boundary markers will be maintained in place until final construction cleanup is completed. If disturbance boundary markers are disturbed or knocked down, they will be replaced before construction proceeds.

If terms and conditions are attached to the approved APD and amend any of the proposed actions in this surface use plan, we will adhere to the terms and conditions.

1. Existing Roads

a. No existing oil and gas road will be utilized because 5479' of new access road will be required for this location as shown on Exhibit 2, Exhibit 2A, Exhibit 2B and Exhibit 2C.

2. New or Reconstructed Access Roads

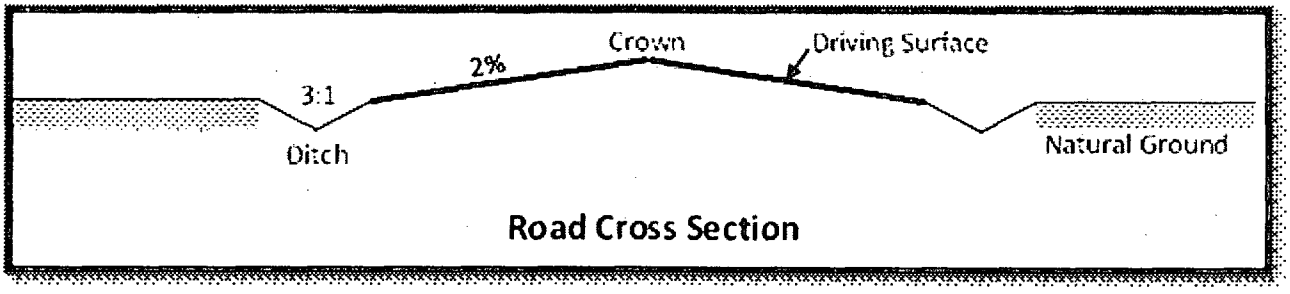
a. An access road will be needed for this proposed project. See the survey plat for the location of the access road.

b. The length of access road needed to be constructed for this proposed project is about 5479 feet.

c. The maximum driving width of the access road will be 14 feet. The maximum width of surface disturbance when constructing the access road will not exceed 25 feet. All areas outside of the driving surface will be revegetated.

d. The access road will be constructed with 6 inches of compacted Caliche.

e. When the road travels on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. See Road Cross Section diagram below.

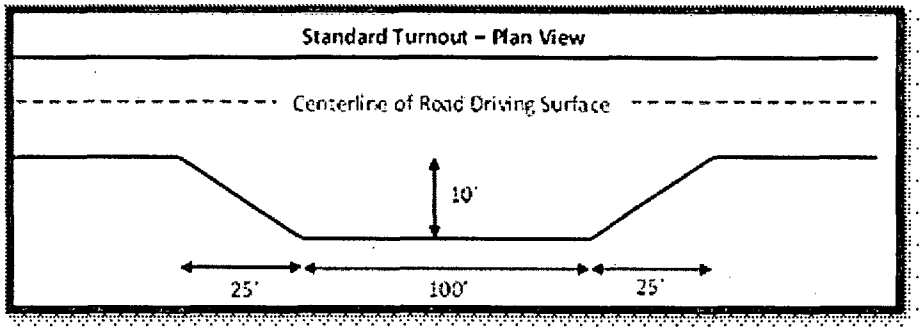


f. The access road will be constructed with a ditch on each side of the road.

g. The maximum grade for the access road will be 1 percent.

h. Turnouts will be constructed for the proposed access road and will be constructed to the dimensions shown in

the diagram below. See survey plat or map for location of the turnouts.



i. No cattleguards will be installed for this proposed access road.

j. Since the proposed access road crosses lease boundaries, a right-of-way will be required for this access road. A right-of-way grant will be applied for through the BLM. The access road will not be constructed until an approved BLM right-of-way grant is acquired.

k. No culverts will be constructed for this proposed access road.

l. No low water crossings will be constructed for the access road.

m. Since the access road is on level ground, no lead-off ditches will be constructed for the proposed access road.

n. Newly constructed or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management, will be constructed as outlined in the BLM "Gold Book" and to meet the standards of the anticipated traffic flow and all anticipated weather requirements as needed. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road.

3. Location of Existing Wells

a. Exhibit 4 of the APD depicts all known wells within a one mile radius of the proposed well.

b. 1 mile well data.

4. Location of Existing and/or Proposed Production Facilities

a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, barrels, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color, Shale Green, from the BLM Standard Environmental Colors chart, unless another color is required in the APD Conditions of Approval.

b. If any type of production facilities are located on the well pad, they will be strategically placed to allow for maximum interim reclamation, recontouring, and revegetation of the well location.

c. A production facility is proposed to be installed on the proposed well location. Production from the well will be processed on site in the production facility. Exhibit 3 depicts the location of the production facilities as they relate to the well and well pad.

d. The proposed production facility will have a secondary containment structure that is constructed to hold the capacity of 1-1/2 times the largest tank, plus freeboard to account for percipitation, unless more stringent protective requirements are deemed necessary.

e. There is no other diagram that depicts production facilities.

If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation or construction.

Additional Pipeline(s)

We propose to install 1 additional pipeline(s):

1. Surface pipeline:

   a.

   b.

   c.

Electric Line(s)

a. An electric line will be applied for through a sundry notice or BLM right of way at a later date.

5. Location and Types of Water

a. The location of the water well is as follows: Contractors water wells.

b. The operator will use established or constructed oil and gas roads to transport water to the well site. The operator will try to utilize the identified access route in the surface use plan.

6. Construction Material

a. Caliche from approved BLM or State pit.

7. Methods for Handling Waste

a. Drilling fluids and produced oil and water from the well during drilling and completion operations will be stored safely and disposed of properly in an NMOCD approved disposal facility.

b. Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around the well site will be collected for disposal.

c. Human waste and grey water will be properly contained and disposed of properly at a state approved disposal facility.

d. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a state approved disposal facility.

e. The well will be drilled utilizing a closed loop system. Drill cutting will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

8. Ancillary Facilities

a. No ancillary facilities will be needed for this proposed project.

9. Well Site Layout

a. The following information is presented in the well site survey plat or diagram:

i. reasonable scale (near 1":50')

ii. well pad dimensions

iii. well pad orientation

iv. drilling rig components

v. proposed access road

vi. elevations of all points

vii. topsoil stockpile

viii. reserve pit location/dimensions if applicable

ix. other disturbances needed (flare pit, stinger, frac farm pad, etc.)

x. existing structures within the 600' x 600' archaeoligical surveyed area (pipelines, electric lines, well pads, etc

b. The proposed drilling pad was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.

c. The submitted survey plat does depict all the necessary information required by Onshore Order No. 1.

d. Topsoil Salvaging

i. Grass, forbs, and small woody vegetation, such as mesquite will be excavated as the topsoil is removed. Large woody vegetation will be stripped and stored separately and respread evenly on the site following topsoil respreading. Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location and along the perimeter of the access road to control run-on and run-off, to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

10. Plans for Surface Reclamation

Reclamation Objectives

i. The objective of interim reclamation is to restore vegetative cover and a portion of the landform sufficient to maintain healthy, biologically active topsoil; control erosion; and minimize habitat and forage loss, visual impact, and weed infestation, during the life of the well or facilities.

ii. The long-term objective of final reclamation is to return the land to a condition similar to what existed prior to disturbance. This includes restoration of the landform and natural vegetative community, hydrologic systems, visual resources, and wildlife habitats. To ensure that the long-term objective will be reached through human and natural processes, actions will be taken to ensure standards are met for site stability, visual quality, hydrological functioning, and vegetative productivity.

iii. The BLM will be notified at least 3 days prior to commencement of any reclamation procedures.

iv. If circumstances allow, interim reclamation and/or final reclamation actions will be completed no later than 6 months from when the final well on the location has been completed or plugged. We will gain written permission from the BLM if more time is needed.

v. Interim reclamation will be performed on the well site after the well is drilled and completed. Exhibit 3 depicts the location and dimensions of the planned interim reclamation for the well site.

Interim Reclamation Procedures (If performed)

1. Within 30 days of well completion, the well location and surrounding areas will be cleared of, and

maintained free of, all materials, trash, and equipment not required for production.

2. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.

3. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.

4. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

5. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.

6. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion is controlled.

Final Reclamation (well pad, buried pipelines, etc.)

1. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.

2. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.

3. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.

4. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

5. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.

6. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.

7. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion is controlled.

11. Surface Ownership

a. The surface ownership of the proposed project is U. S. Government.

12. Other Information

a. A.The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
B.There is no permanent or live water in the immediate area.
C.There are no dwellings within 2 miles of this location.
D.If needed, a Cultural Resources Examination is being prepared by Boone Arch Services of NM, LLC., 2030 North Canal, Carlsbad, New Mexico, 88220, phone # 575-885-1352 and the results will be forwarded to your office in the near future. Otherwise, COG will be participating in the Permian Basin MOA Program.

13. Maps and Diagrams

Exhibit 4 - Wells Within One Mile
Exhibit 3 - Production Facilities Diagram
- Pipeline
Exhibit 3 - Interim Reclamation
Exhibit 2, Exhibit 2A, Exhibit 2B and Exhibit 2C - Road

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Date: 11/06/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres	Serial Number
360.000	NMNM-- - 130854

SHL

Serial Number: NMNM-- - 130854

Name & Address			Int Rel	% Interest
CHEVRON USA INC	1400 SMITH ST	HOUSTON TX 770027327	OPERATING RIGHTS	0.000000000
CIMAREX ENERGY CO	600 N MARIENFELD ST STE 600	MIDLAND TX 797014405	LESSEE	100.000000000
CIMAREX ENERGY CO	600 N MARIENFELD ST STE 600	MIDLAND TX 797014405	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 130854

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0250S 0270E 020	ALIQ		NWNW,S2NW,SW,S2SE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 130854

Act Date	Code	Action	Action Remark	Pending Office
04/17/2013	387	CASE ESTABLISHED	201307019;	
07/17/2013	143	BONUS BID PAYMENT RECD	$3185280.00;	
07/17/2013	143	BONUS BID PAYMENT RECD	$720.00;	
07/17/2013	191	SALE HELD		
07/17/2013	267	BID RECEIVED	$3186000.00;	
11/29/2013	237	LEASE ISSUED		
11/29/2013	974	AUTOMATED RECORD VERIF	BTM	
12/01/2013	496	FUND CODE	05;145003	
12/01/2013	530	RLTY RATE - 12 1/2%		
12/01/2013	868	EFFECTIVE DATE		
01/31/2014	140	ASGN FILED	PIERCE &/CIMAREX E;1	
02/10/2014	932	TRF OPER RGTS FILED	CIMAREX E/CHEVRON U;1	
03/19/2014	139	ASGN APPROVED	EFF 02/01/14;	
03/19/2014	974	AUTOMATED RECORD VERIF	ANN	
05/07/2014	933	TRF OPER RGTS APPROVED	EFF 003/01/14;	
05/07/2014	974	AUTOMATED RECORD VERIF	JS	
11/30/2023	763	EXPIRES		

Serial Number: NMNM-- - 130854

Line Nr	Remarks
02	STIPULATIONS ATTACHED TO LEASE:
03	NM-11-LN SPECIAL CULTURAL RESOURCE
04	SENM-LN-1 CAVE - KARST OCCURRENCE AREA
05	SENM-S-16 RAPTOR NESTS AND HERONRIES
06	SENM-S-17 SLOPES OR FRAGILE SOILS
07	SENM-S-18 STREAMS, RIVERS, AND FLOODPLAINS
08	SENM-S-20 SPRINGS, SEEPS AND TANKS
09	SENM-S-21 CAVES AND KARST
10	SENM-S-39 PLAN OF DEVELOPMENT
11	SENM-S-47 LEASE RECLAMATION

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Date: 11/06/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres	Serial Number
640.000	NMNM-- - 114348

Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 114348

Name & Address			Int Rel	% Interest
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE	22.220000000
COG OPERATING LLC	600 W ILLINOIS AVE	MIDLAND TX 797014882	LESSEE	33.330000000
MYCO INDUSTRIES INC	105 S 4TH ST	ARTESIA NM 88210	LESSEE	22.220000000
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	LESSEE	22.230000000

Serial Number: NMNM-- - 114348

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0250S 0270E 029	ALL		ENTIRE SECTION	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 114348

Act Date	Code	Action	Action Remark	Pending Office
07/05/2005	299	PROTEST FILED		
07/19/2005	387	CASE ESTABLISHED	200507027;	
07/20/2005	191	SALE HELD		
07/20/2005	267	BID RECEIVED	$272000.00;	
08/23/2005	298	PROTEST DISMISSED		
08/26/2005	237	LEASE ISSUED		
08/26/2005	974	AUTOMATED RECORD VERIF	BTM	
09/01/2005	496	FUND CODE	05;145003	
09/01/2005	530	RLTY RATE - 12 1/2%		
09/01/2005	868	EFFECTIVE DATE		
11/28/2005	140	ASGN FILED	YATES DRI/SAMSON RE;1	
12/13/2005	139	ASGN APPROVED	EFF 12/01/05;	
12/13/2005	974	AUTOMATED RECORD VERIF	JLV	
01/03/2006	963	CASE MICROFILMED		
04/11/2011	140	ASGN FILED	SAMSON RE/THREE RIV;1	
05/12/2011	940	NAME CHANGE RECOGNIZED	YATES DRL CO/OXY Y-1	
06/29/2011	139	ASGN APPROVED	EFF 05/01/11;	
06/29/2011	974	AUTOMATED RECORD VERIF	LBO	
08/14/2012	140	ASGN FILED	THREE RIV/COG OPERA;1	
10/19/2012	139	ASGN APPROVED	EFF 09/01/12;	
10/19/2012	974	AUTOMATED RECORD VERIF	JA;	
08/31/2015	763	EXPIRES		

Serial Number: NMNM-- - 114348

Line Nr	Remarks
0002	STIPULATIONS ATTACHED TO LEASE:
0003	NM-11-LN SPECIAL CULTURAL RESOURCE LEASE
0004	NOTICE
0005	SENM-S-17 SLOPES OR FRAGILE SOILS
0006	GYPSUM SOILS
0007	SENM-S-18 STREAMS, RIVERS, AND FLOODPLAINS
0008	FLOODPLAINS
0009	LESSEE BONDED 06/29/11;
0010	THREE RIVERS ACQ LLC NMB000672;

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Date: 11/06/2014

0011	10/19/12 - RENTAL PAID 09/01/2012;

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

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

No records found.

PLSS Search:

Section(s): 29 **Township:** 25S **Range:** 27E

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

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

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

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

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest)

(NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
C 03261 POD1		ED	3	2	1	20	25S	27E	574007	3554006*	351		

Average Depth to Water: --

Minimum Depth: --

Maximum Depth: --

Record Count: 1

PLSS Search:

Section(s): 20 **Township:** 25S **Range:** 27E

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

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

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

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

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

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

POD Number	POD Code	Sub-basin	County	Q 64	Q 16	Q 4	Sec	Twn	Rng	X	Y	Depth Well	Depth Water	Water Column
C 02588	C		ED	3	4	3	33	25S	27E	575645	3549575*	81	19	62
C 03261 POD1			ED	3	2	1	20	25S	27E	574007	3554006*	351		
C 03262 POD1	C		ED	2	1	2	22	25S	27E	577837	3554244*	75		
C 03264 POD1	C		ED	2	1	2	02	25S	27E	579391	3559099*			

Average Depth to Water: **19 feet**

Minimum Depth: **19 feet**

Maximum Depth: **19 feet**

Record Count: 4

PLSS Search:

Township: 25S **Range:** 27E

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

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**COG Operating, LLC**
LEASE NO.:	**NMNM-114348**
WELL NAME & NO.:	**Populus Federal 3H**
SURFACE HOLE FOOTAGE:	**0100' FSL & 1980' FWL**
BOTTOM HOLE FOOTAGE	**0330' FSL & 1980' FWL Sec. 29, T. 25 S., R 27 E.**
LOCATION:	**Section 20, T. 25 S., R 27 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.

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)

Cave and Karst

** 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.

Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

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

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

Tank Battery Liners and Berms:
Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values 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.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Cattle Guard Requirement

Where entry is granted across a fence line for an access road, the fence must be braced and tied off on both sides of the passageway with H-braces prior to cutting. Once the work is completed, the fence will be restored to its prior condition with an appropriately sized cattle guard sufficient to carry out the project. Any new or existing cattle guards on the access route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations. Once the road is abandoned, the fence would be restored to its prior condition, or better. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

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

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

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

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

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

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

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

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

Ditching
Ditching shall be required on both sides of the road.

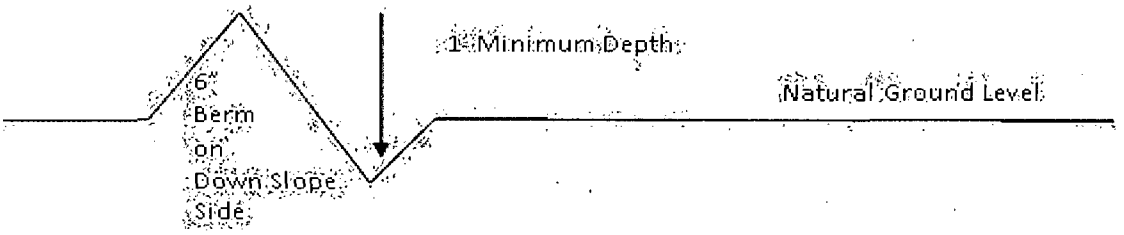
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

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

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

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

Construction Steps

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

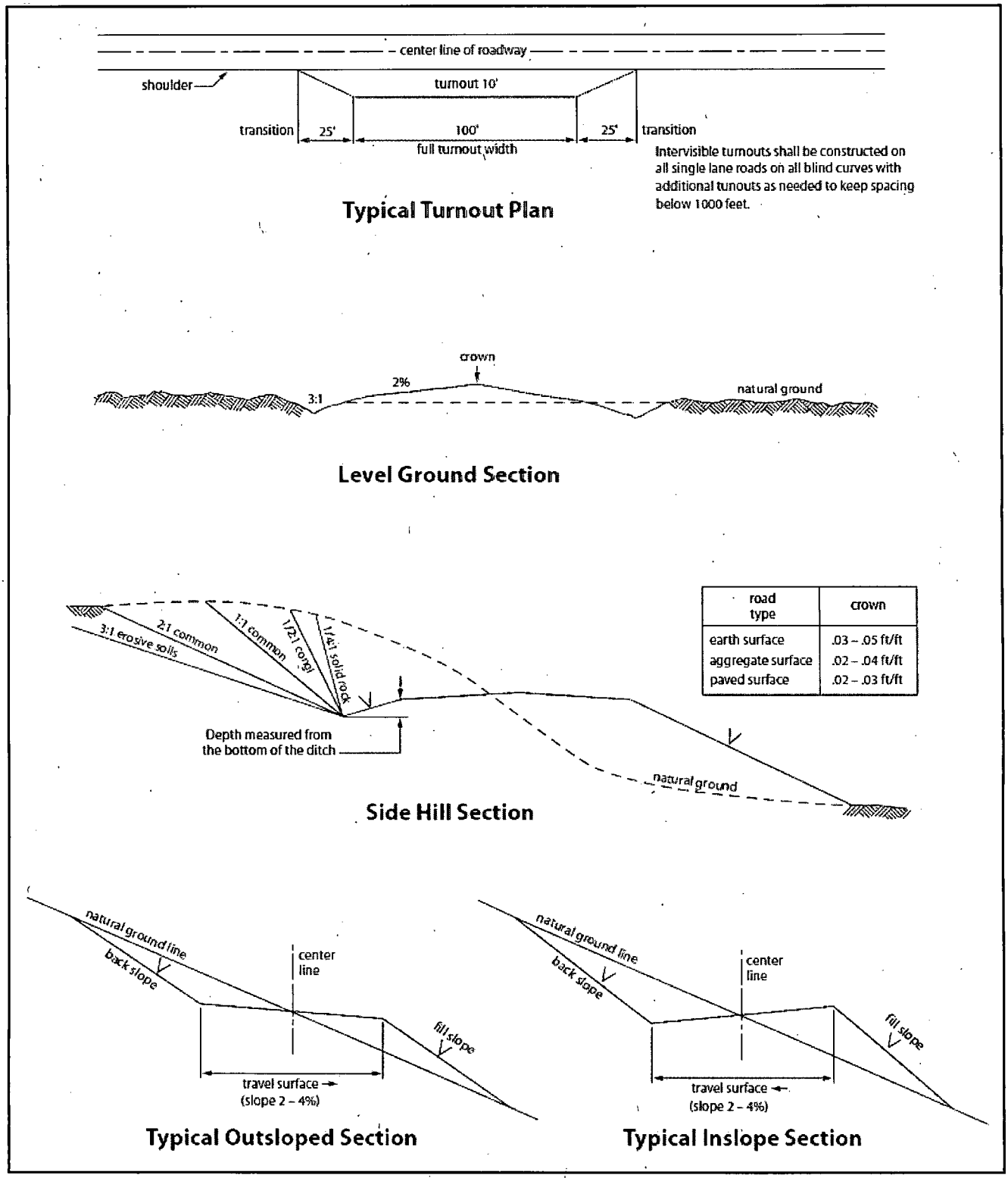


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

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

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

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

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

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

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

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

Wait on cement (WOC) for Water Basin:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

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

High Cave/Karst
Possible water flows in the Castile and Salado.
Possible lost circulation in the Delaware.

A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH. IF THE PRIMARY CEMENT JOB ON THE SURFACE CASING DOES NOT CIRCULATE, THEN THE NEXT TWO CASING STRINGS MUST BE CEMENTED TO SURFACE.

1. The **13-3/8** inch surface casing shall be set at approximately **360** feet and cemented to the surface. **Excess calculates to negative 1% - Additional cement will be required.**

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

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

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

whichever is greater.

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

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

   ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

Pilot hole is required to have a plug at the bottom of the hole. If two plugs are set, the BLM is to be contacted (575-361-2822) prior to tag of bottom plug, which must be a minimum of 200' in length. Operator can set one plug from bottom of pilot hole to kick-off point and save the WOC time for tagging the first plug.

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

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

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

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 53.

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

   a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

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

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

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

   b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

   c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

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

   e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

   f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

JAM 070615

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

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

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

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

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

SEED MIXTURE 4 (GYPSUM LOCATIONS)

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 months prior to purchase. Commercial seed will be 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 to 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 double the amounts listed below. 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 (note: if broadcasting seed, amounts are to be doubled):

Species	**Pound/acre**
Alkali Sacaton (*Sporobolus airoides*)	1.0
De-winged Seed Four-wing Saltbush (*Atriplex canescens*)	5.0

* Pounds of pure live seed = (Pounds of seed) x (Percent purity) x (Percent germination)