UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OM B No. 1004-0137 Expires: March 31, 2007

BUREAU OF LAND MANAGEMENT NM-105217 SUNDRY NOTICES AND REPORTS ON 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter-an abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. **BLUE THUNDER 4 FEDERAL** 1. Type of Well Gas Well 8. Well Name and No. 2. Name of Operator COG Operating LLC 9. API Well No. 30-015-34780 3a Address 3b. Phone No. (include area code) 550 W. Texas Ave., Suite 1300 Midland, TX 79701 432-685-4340 10. Field and Pool, or Exploratory Area WILDCAT WOLFCAMP 4. Location of Well' (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 450' FSL & 760' FWL, SECTION 4, T19S, R31E EDDY, NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Well Integrity Alter Casing Reclamation Fracture Treat Other REQUEST Casing Repair New Construction Recomplete Subsequent Report PERMISSION TO Change Plans Temporarily Abandon Plug and Abandon Final Abandonment Notice Convert to Injection Plug Back Water Disposal EXTEND APD 13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days

following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Due to rig availability, COG OPERATING LLC respectfully requests a one year extension of this APD scheduled to expire 4-12-07.

APPROVED FOR 12 MONTH PERIOD ENDING 4/12/08 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Phyllis Edwards Title Regulatory Analyst 04/04/2007 Signatu THIS SPACE FOR FEDERAL OR STATE OFFICE USE APR 1 2 2007 /s/ Don Peterson Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease Office CARLSBAD FIELD OFFICE which would entitle the applicant to conduct operations thereon.

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.

(Instructions on page 2)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

COG OPERATING LLC

Well Name & No.

2 – BLUE THUNDER 4 FEDERAL

Location:

450' FSL & 760' FWL - SEC 4 - T19S - R31E - EDDY

Lease:

NM-105217

I. DRILLING OPERATIONS REQUIREMENTS:

- **A.** The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
 - 1. Spudding well
 - 2. Setting and/or Cementing of all casing strings
 - 3. BOPE tests
 - Chaves and Roosevelt Counties call the Roswell Field Office, 2909 West Second St., Roswell NM 88201. During office hours call (505) 627-0258. After office hours call (505) 200-7902
 - Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
 - Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
 - Engineers can be reached at (505) 706-2779 for any variances that might be necessary
- **B.** A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Queen** Formation at approximately **3300** feet.
- C. 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.
- **D.** If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

- A. The <u>13-3/8</u> inch surface casing shall be set at <u>665</u> feet and cemented to the surface.
 - 1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 - 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 - 4. If cement falls back, remedial action will be done prior to drilling out that string.

- **B.** The minimum required fill of cement behind the <u>8-5/8</u> inch intermediate casing is <u>circulate</u> <u>cement to the surface</u>. If cement does not circulate see A.1 thru 4.
- C. The minimum required fill of cement behind the <u>5-1/2</u> inch production casing is <u>cement shall tie</u> <u>back 200 feet into the 8-5/8 inch casing.</u>
- D. 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 I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- **A.** All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53.
- **B.** 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.
- C. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the <u>8-5/8</u> intermediate casing shoe shall be <u>3000 (3M) PSI</u>.
- **D.** The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. 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.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. 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.
 - **5.** BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp.** This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
 - **6.** A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1350** psi with the rig pumps is approved.

IV. DRILLING MUD:

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

LBabyak 4/11/07