ATS-10-353

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Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

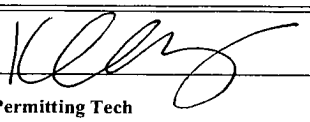
1a. Type of work ☑ DRILL ☐ REENTER	5 Lease Serial No. **NMLC-029405B**
	6 If Indian, Allotee or Tribe Name **N/A**
	7 If Unit or CA Agreement, Name and No **N/A**
1b. Type of Well ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8 Lease Name and Well No. **G C FEDERAL #57** <302498>
2 Name of Operator **COG Operating LLC** <229137>	9 API Well No. **30-025 40238**
3a Address **550 W. Texas, Suite 100 Midland TX 79701**	3b. Phone No. *(include area code)* **(432) 685-4384**
	10 Field and Pool, or Exploratory **Maljamar; Yeso, West 44500**
4. Location of Well *(Report location clearly and in accordance with any State requirements *)* At surface **1625' FSL & 1907' FWL, Unit K** At proposed prod zone	11 Sec, T R M or Blk and Survey or Area **Sec 19, T17S, R32E**
14 Distance in miles and direction from nearest town or post office* **3 miles south of Maljamar NM**	12 County or Parish **Lea** / 13 State **NM**

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) **1625'**	16 No of acres in lease **1602**	17 Spacing Unit dedicated to this well **40**
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft **500'**	19 Proposed Depth **7000'**	20 BLM/BIA Bond No. on file **NMB000740**
21 Elevations (Show whether DF, KDB, RT, GL, etc) **3928' GL**	22 Approximate date work will start* **06/30/2011**	23 Estimated duration **10 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  Title **Permitting Tech**	Name *(Printed Typed)* **Kelly J. Holly**	Date **05/02/2011**
Approved by *(Signature)* **/s/ Don Peterson** Title **FIELD MANAGER**	Name *(Printed/Typed)*	Date **AUG - 9 2011**
	Office **CARLSBAD FIELD OFFICE**	

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

(Instructions on page 2)

KZ 08/16/11

Roswell Controlled Water Basin

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

AUG 17 2011

COG Operating LLC
Master Drilling Plan Revised 1-31-11
West Maljamar; Yeso, West
Use for Sections 3-35, T17S, R32E
Lea County, NM

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MASTER DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Rustler	680'
Top of Salt	900'
Base of Salt	1700'
Yates	2010'
Seven Rivers	2375'
Queen	2980'
Grayburg	3355'
San Andres	3700'
Glorietta	5260'
Paddock	5310'
Blinebry	5870'
Tubb	6810'

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

Water Sand	150'	Fresh Water
Grayburg	3355'	Oil/Gas
San Andres	3700'	Oil/Gas
Glorietta	5260'	Oil/Gas
Paddock	5310'	Oil/Gas
Blinebry	5870'	Oil/Gas
Tubb	6810'	Oil/Gas

* See COA

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 720' and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 8 5/8" casing to 2100' and circulating cement, in a single or multi-stage job and/or with an ECP, back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them. This will be achieved by cementing, with a single or multi-stage job, the 5 1/2" production casing back 200' into the intermediate casing, to be run at TD. If wellbore conditions arise that require immediate action and/or a change to this program, COG Operating LLC personnel will always react to protect the wellbore and/or the environment.

See COA

* See COA

AUG 17 2011

4. Casing Program

See COA

Hole Size	Interval	OD Casing	Weight	Grade	Jt., Condition	burst/collapse/tension
17 ½"	~~0-720'~~	13 3/8"	48#	H-40orJ-55	ST&C/New	6.03/2.578/10.32
11"	~~0-2100'~~	8 5/8"	24or32#	J-55	ST&C/New	1.85/1.241/4.78
7 7/8"	0-T.D.	5 1/2"	15.5or17#	J-55orL-80	LT&C/New	1.59/1.463/2.05

700
2000
7000

5. Cement Program

13 3/8" Surface Casing:

LEAD Class C, 4% Gel, 2% CaCl2, .25 pps CF, 325 sx, yield-1.75 + TAIL 200 sx w/ 2% CaCl2, 0.25 pps CF, yield-1.32. 133% excess

8 5/8" Intermediate Casing:

11" Hole:

Single Stage: LEAD 50:50:10 C:Poz:Gel w/ 5% Salt +0.25% CF, 375 sx, yield-2.45 + TAIL Class C w/2% CaCl2, 200 sx, yield-1.32, back to surface. 133% excess

Multi-Stage: Stage 1: Class C w/2% CaCl2, 400 sx, yield - 1.32; 48% excess Stage 2: Class C w/2% CaCl2, 200 sx, yield – 1.32, back to surface, 48% excess; assumption for tool is lost circulation. Multi stage tool to be set at approximately, depending on hole conditions, ~~700~~ (50' below the surface casing). Cement volumes will be adjusted proportionately for depth changes of multi stage tool.

* See COA

5 1/2" Production Casing:

Single Stage: LEAD 35:65:6 C:Poz:Gel w/ 5% Salt + 5 pps LCM + 0.2% SMS + 0.3% FL-52A + 0.125 pps CF, 500 sx, yield-2.05 + TAIL 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, 400 sx, yield-1.37, to 200' minimum tie back to intermediate casing. 30% excess back to surface.

Multi-Stage: Stage 1: (Assumed TD of 7000') 50:50:2, C:Poz:Gel w/ 5% Salt + 3

pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, 500 sx, yield - 1.37, 13% excess; minimum volume, will be adjusted up after caliper is run. Stage 2: LEAD 50:50:2 C:Poz:Gel w/ 5% Salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.3% FL-52A + 0.125 pps CF, 450 sx, yield - 1.37, + TAIL Class C w/ 0.3% R-3 + 1.5% CD-32, 250 sx, yield – 1.02 43% excess calculated back to surface. Multi stage tool to be set at approximately, depending on hole conditions, 3500'. Cement volumes will be adjusted proportionately for depth changes of multi stage tool, assumption for tool is water flow.

See COA

6. Minimum Specifications for Pressure Control

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer, and in some cases possibly a 2000 psi Hydril type annular preventer as provided for in Onshore Order #2. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. A 13-5/8" or 11" BOP will be used, depending on the rig selected, during the drilling of the well. The BOP will be nippled up on the 13 3/8" surface casing with BOP equipment and tested to 2000 psi. When 11" BOP is used the special drilling flange will be utilized on the 13-3/8" head to allow testing the BOP with a retrievable test plug. After setting 8-5/8" the BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a third party to 2000 psi and used continuously until total depth is reached. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) with a 2000 psi WP rating.

See COA

The majority of the rigs currently in use have a 13-5/8" BOP, so no special provision is needed for most wells in the area for conventionally testing the BOP with a test plug. However, due to the vagaries of rig scheduling, it might be that one of the few rigs with 11" BOP's might be called upon to drill any specific well in the area. Note that intermediate hole size is always 11". Therefore, COG Operating LLC respectfully requests a variance to the requirement of 13-5/8" BOP on 13-3/8" casing. When that circumstance is encountered the special flange will be utilized to allow testing the entire BOP with a test plug, without

subjecting the casing to test pressure. The special flange also allows the return to full-open capability if desired.

7. Types and Characteristics of the Proposed Mud System

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

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-720'	Fresh Water	8.5	28	N.C.
720-2100'	Brine	10	30	N.C.
2100'-TD	Cut Brine	8.7-9.1	29	N.C.

See COA

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

8. Auxiliary Well Control and Monitoring Equipment

See COA

A. Kelly cock will be kept in the drill string at all times.

B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program

See COA

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be run from TD to 8 5/8" casing shoe.

B. Drill Stem test is not anticipated.

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and the estimated maximum bottom hold pressure is 2300 psig. Measurable gas volumes or Hydrogen Sulfide levels have not been encountered during drilling operations in this area, although a Hydrogen Sulfide

Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

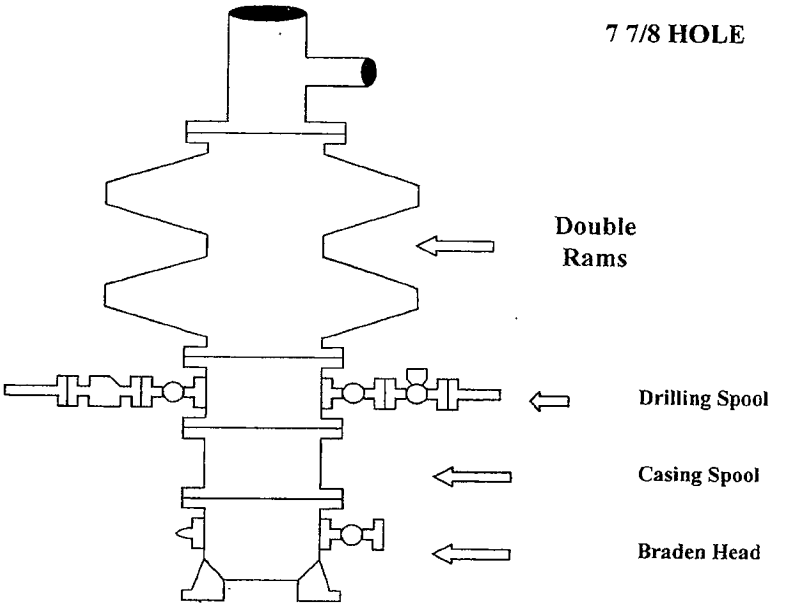
11. Anticipated Starting Date and Duration of Operations

Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the anticipated start date. Once commenced, drilling operations should be finished in approximately 15 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

COG Operating LLC

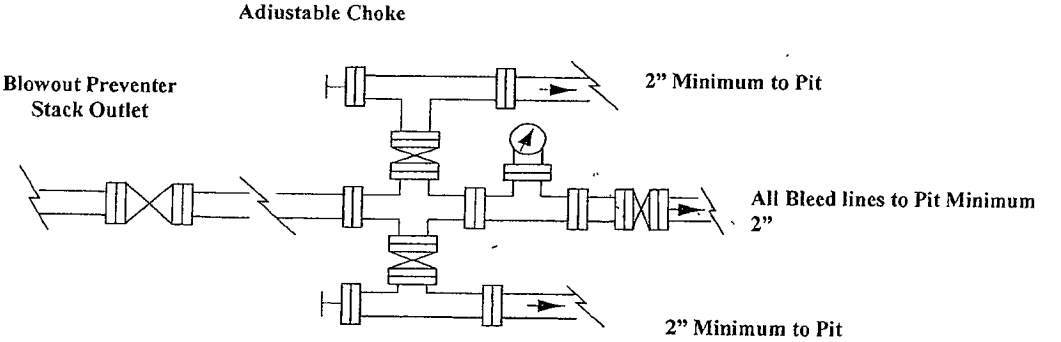
Exhibit #9

BOPE and Choke Schematic



Minimum 4" Nominal choke and kill lines

Choke Manifold Requirement (2000 psi WP)
No Annular Required



Adjustable Choke
(or Positive)

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

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