

COG PRODUCTION LLC
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

HOBBS OCD

JUL 16 2012

RECEIVED

Pintail 3 Federal #1H
SHL: 260' FSL & 2290' FEL
BHL: 330' FNL & 2260' FWL
Section 3 T26S R32E
Lea County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by John West Surveying Company.
- b. Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2. Right of way using this proposed route is being requested if necessary.
- c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

DIRECTIONS:

From the intersection of U. S. N.M. Hwy. #128 and CO. Rd. #1 (ORLA Rd.) go south approx. 10.1 miles to El Paso pipeline Rd. turn left and go 0.7 miles. Follow staked road north approx. 250 feet to the southeast pad corner of this location.

PLANNED ACCESS ROAD:

COG will be using a proposed access road of 61' coming in from the southwest side of the pad.

2. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. In the event the well is found productive, the Pintail 3 Federal #1H tank battery would be utilized and the necessary production equipment will be installed at the well site. See Exhibit #3.
- B. All flowlines will adhere to API standards
- C. If electricity is needed, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.
- D. If the well is productive, rehabilitation plans are as follows:

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- i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

3. LOCATION AND TYPES OF WATER SUPPLY:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

5. CONSTRUCTION MATERIALS:

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

6. METHODS OF HANDLING WASTE MATERIAL:

- a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
- b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
- c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- d. Disposal of fluids to be transported by an approved disposal company.

6. ANCILLARY FACILITIES:

No campsite or other facilities will be constructed as a result of this well.

7. WELLSITE LAYOUT:

- a. Exhibit 1 shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicates proposed location of reserve and sump pits if utilized and living facilities.
- c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

8. PLANS FOR SURFACE RECLAMATION:

- a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the

original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.

- b. The location and road will be rehabilitated as recommended by the BLM.
- c. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

9. SURFACE OWNERSHIP:

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

10. OTHER INFORMATION:

- a. The area surrounding the well site is grassland. The vegetation is moderately sparse with native prairie grass and mesquite bushes. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography. Reserve pit will not be used on this location therefore no reclamation is needed.
- d. Topsoil will be stockpiled on the EAST SIDE of the location until it is needed for interim reclamation described in paragraph above.

12. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Rand French, Regulatory Supervisor
COG Production LLC
Artesia, NM 88210
Phone (575)748-6940
Cell (432) 254-5556

B. Through Drilling Operations

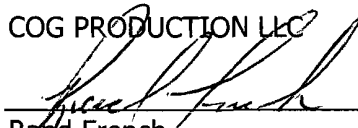
Sheryl Baker, Drilling Supervisor
COG Production LLC
Artesia, NM 88210
Phone (575)748-6940
Cell (432)934-7873

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by COG Production LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

5-9-12
Date

COG PRODUCTION LLC


Rand French
Regulatory Advisor

3290.1'

600'

3273.5'

NORTHWEST PAD CORNER 3289.8'

340'

170'

PROPOSED WELL PAD

PINTAIL 3 FEDERAL #1H
ELEV. 3282.7'
LAT.=32.065583° N
LONG.=103.661164° W

170'

NORTHEAST PAD CORNER 3280.4'

600'

340'

600'

SOUTHWEST PAD CORNER 3283.7'

61' OF PROP. RD.

EL PASO BPL

EX. LEASE RD.

SOUTHEAST PAD CORNER 3271.4'

SECTION 3

SECTION 10

3291.5'

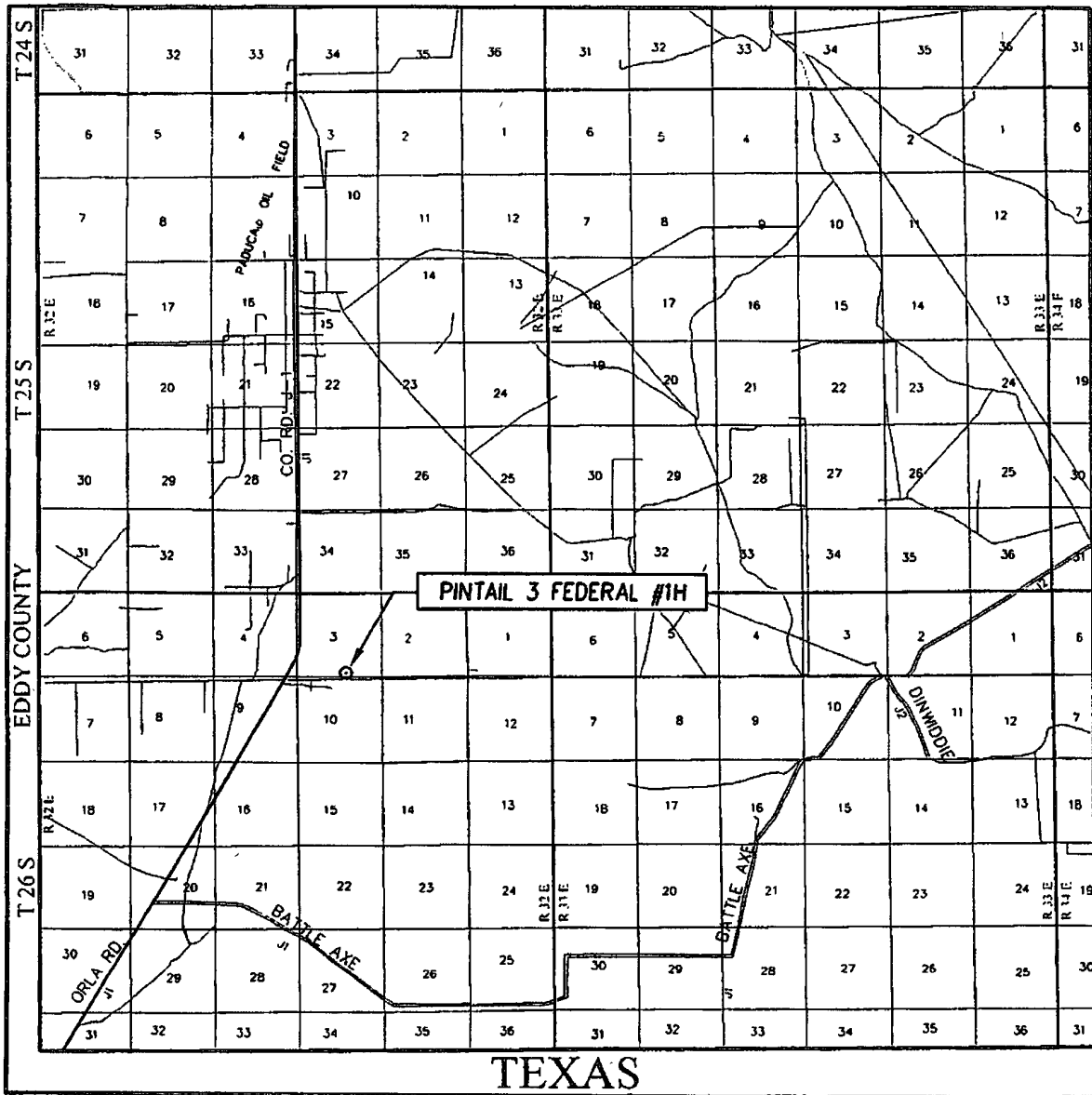
600'

3268.9'

NORTH

Survey Date: 04/04/2012		Sheet 1 of 1 Sheets	
W.O. Number: 12.11.0557		Dr. By: DSR	Rev 1:
Date: 12/07/11	Rel. W.O.: 11.11.2428	11112428	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 26-S RGE. 32-E

SURVEY N.M.P.M.

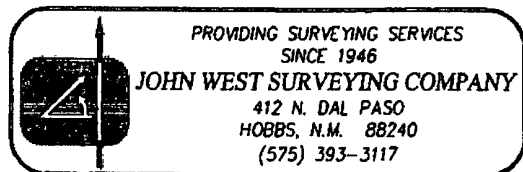
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 260' FSL & 2290' FEL

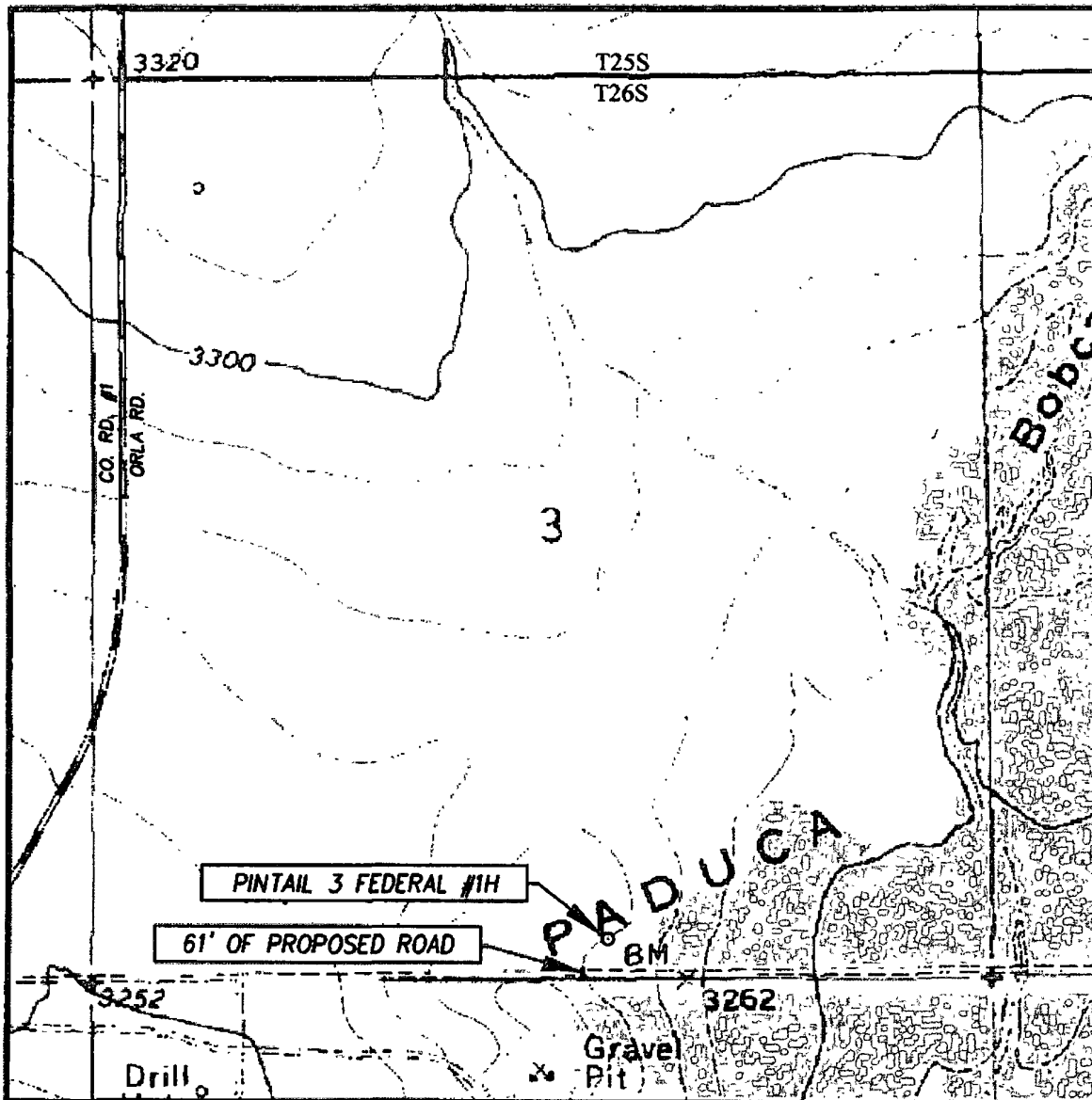
ELEVATION 3283'

OPERATOR COG PRODUCTION, LLC.

LEASE PINTAIL 3 FEDERAL



LOCATION VERIFICATION MAP



SCALE: 1" = 1000'

CONTOUR INTERVAL:
PADUCA BREAKS WEST, N.M. - 10'

SEC. 3 TWP. 26-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

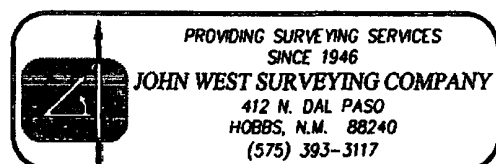
DESCRIPTION 260' FSL & 2290' FEL

ELEVATION 3283'

OPERATOR COG PRODUCTION, LLC.

LEASE PINTAIL 3 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
PADUCA BREAKS WEST, N.M.



The map displays the Red Hills West area, divided into sections 33, 34, 35, and 36. Key features include:

- Section 33:** Westates Jennings Fed. (TD 4658), Meeker-Hill Jennings Fed. (TD 4664), Chesapeake (B-1-2018, 120909, 500.00), Hill & Meeker Hall Fed. (TD 4663, D/A 12-23-60), Westates Jennings Fed. (Del. Disc. To 4732, (Amoco) 0359295, Del. Disc. NYD 4632, P/B 4570), U.S. (Disc. Oper. To 4650, D/A 1-6-63).
- Section 34:** Westates Sunshine Roy Fed. Co. (TD 4633, Del. 1-4-56, Del. 54 4630, D/A 3-2-55), The Allar Co. (TD 4747), OXY (2-1-2016, 115423, 350.00), U.S. (Disc. Oper. To 4650, D/A 1-6-63), Mewbourne (12-1-2010, 105561, 65.00), Blackrock Union Fed. (TD 4690), Mewbourne Red Hills West (1H, 1H-807), U.S. (Mewbourne Red Hills West).
- Section 35:** Yates Pet. et al (2-1-2011, VB 853, 75.00), Yates Pet. et al (2-1-2011, VB 844, 103.97), Yates Pet. et al (2-1-2011, VB 845, 82.97), Yates Pet. et al (1H-807, 1H-807), U.S. (Yates Pet. et al, Zapata St. 1H-807, 1H-807).
- Section 36:** D.E. Gonzales (1-1-2015, V-8649, \$825.00), Tenn. Gas (Rich-Ba, 21 3383, TD 5036, D/A 6-15), (Kaiser-Francis, et al) BTA Oil 1/2 (14492), R.L. Wood, et al (Richardson Fed. TO 4900, D/A 3-10-66, "Mesa 8105 JV", 1H-807, 1H-807), Kaiser-Francis, et al 1/2 BTA Oil 1/2 HBP (14492), Homestead (Chiford TO 4868), U.S. (1H-807, 1H-807).

The map also shows the locations of 'Hill & Meeker' and 'The Allar Co.' and the 'MIDLAND MAP' label.