

Surface Use Plan
COG Production LLC
Azores Federal #8H
SHL: 210' FSL & 1780' FWL UL N
Section 29, T24S, R32E
BHL: 330' FNL & 1440' FWL UL C
Section 29, T24S, R32E
Lea County, New Mexico

HOBBS OCD
MAY 05 2016
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Surface Use & Operating Plan

Azores Federal #8H

- Surface Tenant: Mark and Annette McCloy Trust, P O Box 795, Tatum, NM 88267
- New Road: No new road necessary
- Flow Line: On well pad.
- Facilities: Were constructed on well pad at the Azores Federal #3H, which shares a well pad with the Azores Federal #8H and #12H. See Exhibit 3
- Well Site Information
 - V Door: East
 - Topsoil: West
 - Interim Reclamation: West

Onsite: On-site was done by Chad Young (BLM); Gerald Herrera (COG) on November 24, 2015.

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Harcrow Surveying, Artesia, NM.
- B. All roads to the location are shown on the Location Verification Map Exhibit 2. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary. The road route to the well site is depicted in Exhibit #2. The road shown in Exhibit #2 will be used to access the well.
- C. Directions to location: See 600 x 600 plat
- D. Based on current road maintenance performed on other roads serving existing wells, we anticipate maintaining the lease roads leading to the proposed well pad at least once a year on dry conditions and twice a year in wetter conditions.

2. Proposed Access Road:

The Location Verification Map shows that no new access road will be required for this location. If any road is required it will be constructed as follows:

The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

- A. The average grade will be less than 1%.
- B. No turnouts are planned.
- C. No cattleguard, culvert, gates, low water crossings or fence cuts are necessary.
- D. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM approved caliche pit in Section 1, T25S, R31E. Alternate source will be caliche pit from Mark McCloy (806) 683-6990.

3. Location of Existing Well:

The One-Mile Radius Map Exhibit 4 shows existing wells within a one-mile radius of the proposed wellbore.

4. Location of Existing and/or Proposed Facilities:

- A. COG Production LLC does operate an oil production facility on this lease.
- B. If the well is productive, facilities will be as follows:
 - 1) The tank battery and facilities were constructed as shown on Exhibit 3.
 - 2) The tank battery and facilities including all flow lines and piping were installed according to API specifications.
 - 3) The tank battery and facilities are at the existing Azores Federal #3H location, which shares a well pad with the Azores Federal #8H and #12H.
- C. Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled from a BLM approved caliche pit in Section 1, T25S, R31E. Alternate source will be caliche pit from Mark McCloy (806) 683-6990. Any additional construction materials will be purchased from contractors.
- 4) It will be necessary to run electric power if this well is productive. Power will be provided by Xcel Energy and they will submit a separate plan and ROW for service to the well location.
- 5) If the well is productive, rehabilitation plans will include the following:
 - The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from a private source, Rock House Ranch (575) 885-4195 or Mesquite Services (575) 887-4847. No water well will be drilled on the location.

6. Source of Construction Materials and Location "Turn-Over" Procedure:

Obtaining caliche: One primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- A. Equipment that is needed to construct the proposed location will be as follows: Two dozers, one blade, one morograder, one backhoe, one water truck and two dump trucks.
- B. The time line to complete construction will be approximately 10 days.
- C. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- D. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
- E. Subsoil is removed and stockpiled within the surveyed well pad.
- F. When caliche is found, material will be stock piled within the pad site to build the location and road.
- G. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- H. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
- I. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit in Section 1, T25S, R31E or other established mineral pit. Alternate source will be caliche pit from Mark McCLOY (806) 683-6990.

7. Methods of Handling Water Disposal:

- A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
- B. Drilling fluids will be contained in steel mud pits and taken to R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.

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-
- C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility. R360's disposal site located at 4507 West Carlsbad Highway, Hobbs, NM 88240.
 - D. It is anticipated that the disposal of produced water will be trucked to the Turquoise 30 Federal 1 SWD (30-24S-32E) or Gold Coast 26 Federal SWD 1 (26-24S-32E). Might also be trucked to unspecified commercial SWD wells in this area.
 - E. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill-Lea Landfill LLC. Located at Mile Marker 64, Highway 62-180 East, P O Box 3247, Carlsbad, NM 88221. No toxic waste or hazardous chemicals will be produced by this operation.
 - F. Human waste and grey water will need to be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets).
 - G. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by Harcrow Surveying, is shown in the Elevation Plat. Dimensions of the pad and pits are shown on the Rig Layout. V door direction is East. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.
- B. The Rig Layout Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

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10. Plans for Restoration of the Surface:

- A. Interim Reclamation will take place after the well has been completed. The pad will be downsized by reclaiming the areas not needed for production operations. The portions of the pad that are not needed for production operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park, and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete.
- B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recountoured to reflect its surroundings as much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be reseeded with a BLM approved mixture and re-vegetated as per BLM orders. When required by BLM, the well pad site will be restored to match pre-construction grades.

11. Sedimentation and Erosion Control

Immediately following pad construction approximately 900' of straw waddles will be placed on the top edge of the West, South and Southeast corner of the location to reduce sediment impacts to fragile/sensitive soils.

12. Surface Ownership:

- A. The surface is owned U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The surface tenant is Mark and Annette McCloy Trust, P O Box 795, Tatum, NM 88267.
- C. The proposed road routes and surface location will be restored as directed by the BLM.

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13. Other Information:

- 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.**

14. Bond Coverage:

Bond Coverage is Statewide Bonds # NMB000860 and NMB000845

15. Lessee's and Operator's Representative:

The COG Production LLC representative responsible for assuring compliance with the surface use plan is as follows:

Sheryl Baker
Drilling Superintendent
COG Production LLC
2208 West Main Street
Artesia, NM 88210
Phone (575) 748-6940 (office)
(432) 934-1873 (cell)

Ray Peterson
Drilling Manager
COG Production LLC
One Concho Center
600 W Illinois Ave
Midland, TX 79701
Phone (432) 685-4304 (office)
(432) 818-2254 (business)

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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 Production 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 17th day of March, 2016.

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

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

Run Time: 01:52 PM

Page 1 of 1

Run Date: 12/22/2015

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 1,891.720
Serial Number NMNM-- - 120908

Serial Number: NMNM-- - 120908

Name & Address	Int Rel	% Interest
COG PRODUCTION LLC 600 W ILLINOIS AVE, ONE CONCHO CEI MIDLAND TX 79701	LESSEE	100.000000000

Serial Number: NMNM-- - 120908

Mer Twp	Rng	Sec	STyp	SNr SUFF	Subdivision	District/Field Office	County	Mgmt Agency
23	02405	0320E	029	ALIQ	NE,W2,W2SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02405	0320E	030	ALIQ	E2,E2W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02405	0320E	030	LOTS	1-4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02405	0320E	031	ALIQ	E2,E2W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	02405	0320E	031	LOTS	1-4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 120908

Act Date	Code	Action	Action Remark	Pending Office
05/30/2008	387	CASE ESTABLISHED	200807026;	
06/30/2008	299	PROTEST FILED	SUSAN H BELL;	
07/01/2008	299	PROTEST FILED	WESTERN ENVR LAW CTR;	
07/01/2008	299	PROTEST FILED	WILD EARTH GUARDIANS;	
07/16/2008	191	SALE HELD		
07/16/2008	267	BID RECEIVED	\$3027200.00;	
09/08/2008	298	PROTEST DISMISSED	SUSAN H BELL;	
10/24/2008	298	PROTEST DISMISSED	WILD EARTH GUARDIANS;	
10/31/2008	237	LEASE ISSUED		
10/31/2008	298	PROTEST DISMISSED	WESTERN ENVR LAW CTR;	
10/31/2008	974	AUTOMATED RECORD VERIF	BTM.	
11/01/2008	496	FUND CODE	05;145003	
11/01/2008	530	PLTY RATE - 12 1/2%		
11/01/2008	868	EFFECTIVE DATE		
09/19/2011	899	TRF OF ORP FILED	1	
11/18/2011	940	NAME CHANGE RECOGNIZED	OGX RES LLC/COG PROD	
04/04/2013	643	PRODUCTION DETERMINATION	/1/	
04/04/2013	650	HELD BY PROD - ACTUAL	/1/	
06/14/2013	658	MEMO OF 1ST PROD-ACTUAL	/1/3H AZORES FED;	
07/23/2014	643	PRODUCTION DETERMINATION	/2/	
07/23/2014	658	MEMO OF 1ST PROD-ACTUAL	/2/1H;	

Serial Number: NMNM-- - 120908

Line Nr	Remarks
02	STIPULATIONS ATTACHED TO LEASE:
03	NM-11-LM SPECIAL CULTURAL RESOURCE
04	SENM-S-15 WILDLIFE HABITAT PROJECTS
05	SENM-S-19 PLAYAS AND ALKALI LAKES
06	SENM-S-22 PRAIRIE CHICKENS



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 Suf	Code	Basin	County	Q	Q	Q	Sec	Twp	Range	X	Y	Depth Well	Depth Water Column
<u>C 01932</u>	C	ED			3	1	12	24S	32E	628633	3567188*	492		
<u>C 02350</u>		ED			4	3	10	24S	32E	625826	3566333*	60		
<u>C 03527 POD1</u>	C	LE			1	2	3	03	24S	32E	625770	3568487	500	
<u>C 03528 POD1</u>	C	LE			1	1	2	15	24S	32E	626040	3566129	541	
<u>C 03530 POD1</u>	C	LE			3	4	3	07	24S	32E	620886	3566156	550	
<u>C 03555 POD1</u>	C	LE			2	2	1	05	24S	32E	622709	3569231	600	380 220

Average Depth to Water: 380 feet

Minimum Depth: 380 feet

Maximum Depth: 380 feet

Record Count: 6

PLSS Search:

Township: 24S

Range: 32E

*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

No records found.

PLSS Search:

Section(s): 29

Township: 24S

Range: 32E

| | | | |

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