

OCD Hobbs

HOBBS OCD

15-590

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

AUG 19 2016

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SHL: NMLC0064198A, BHL: NMNM0025566	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator COG Operating LLC. (229137)		7. If Unit or CA Agreement, Name and No. Lusk Deep Unit - NMNM 070982X	
3a. Address 2208 West Main Street Artesia, NM 88210		8. Lease Name and Well No. (308161) Lusk Deep Unit A #33H	
3b. Phone No. (Include area code) 575-748-6940		9. API Well No. 30-025-43390	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 373' FSL & 1166' FEL Unit Letter P (SESE) SHL Sec 18-T19S-R32E At proposed prod. Zone 50' FSL & 1980' FEL Unit Letter O (SWSE) BHL Sec 19-T19S-R32E		10. Field and Pool, or Exploratory (41440) Lusk; Bone Spring	
14. Distance in miles and direction from nearest town or post office* Approximately 12 miles from Maljamar		11. Sec., T.R.M. or Blk and Survey or Area Section 18 - T19S - R32E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any) 50'		12. County or Parish Lea County	
16. No. of acres in lease NMLC0064198A: 160 NMNM0025566: 320		13. State NM	
17. Spacing Unit dedicated to this well 160		14. Distance from location* to nearest well, drilling, completed, applied for, on this lease, ft. SHL: 863 BHL: 1624'	
18. Distance from location* to nearest well, drilling, completed, applied for, on this lease, ft. SHL: 863 BHL: 1624'		19. Proposed Depth TVD: 9,325' MD: 14,457'	
20. BLM/BIA Bond No. on file NMB000740 & NMB000215		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3585.2' GL	
22. Approximate date work will start* 9/1/2016		23. Estimated duration 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Mayte Reyes</i>	Name (Printed/Typed) Mayte Reyes	Date 8-3-2016
Title Regulatory Analyst		
Approved by (Signature) <i>/s/Cody Layton</i>	Name (Printed/Typed)	Date AUG 17 2016
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 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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

Ka
08/22/16

PM

COG Operating LLC – Lusk Deep Unit A 33H

1. Geologic Formations

TVD of target	9325'	Pilot hole depth	NA
MD at TD:	14,457'	Deepest expected fresh water:	225

Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	740	Water	
Top of Salt	822	Salt	
Tansill	2426	Salt	
Yates	2554	Oil/Gas	
Reef	2965	Brackish Water	Loss Circulation
Queen	3723	Oil/Gas	
Delaware	4659	Oil/Gas	
Bone Spring Lime	7030	Oil/Gas	
U. Avalon Shale	7354	Oil/Gas	
L. Avalon Shale	7666	Oil/Gas	
1 st Bone Spring Sand	8329	Oil/Gas	
2 nd Bone Spring Sand	9008	Oil/Gas Target Zone	
3 rd Bone Spring Sand	9836	Oil/Gas	

2. Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	900	13.375"	54.5	J55	STC	2.653	1.623	3.45
12.25"	0	3500	9.625"	36	J55	STC	1.15	.73	2.92
12.25"	3500	4400	9.625"	40	J55	STC	1.15	.81	3.73
8.75"	0	14457'	5.5"	17	P110	LTC	1.64	2.41	2.12
BLM Minimum Safety Factor							1.125	1	1.6 Dry 1.8 Wet

Pi/BHP > 0.7 for the intermediate burst calcs.

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

	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).	Y
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?	Y

See
COA



COG Operating LLC – Lusk Deep Unit A 33H

If yes, does production casing cement tie back a minimum of 50' above the Reef?	Y
Is well within the designated 4 string boundary.	N
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	N
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(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 ft ³ /sack	H ₂ O gal/sk	500# Comp. Strength (hours)	Slurry Description
Surf.	420	13.5	1.76	9.4	12	Lead: Class C + 4% Gel + 2% CaCl ₂
	310	14.8	1.36	6.5	8	Tail: Class C + 2% CaCl ₂
Int. 1 st Stage	420	12.7	1.98	10.6	12	1 st stage Lead: Econocem HLC 65:35:6 + 5% Salt
	330	14.8	1.34	6.34	8	1 st stage Tail: Class C + 2% CaCl
Int. 2 nd Stage	960	13.5	1.72	9.11	12	2 nd stage Lead: Class C + 4% Gel (DV @ ~ 2865')
	270	14.8	1.34	6.34	8	2 nd stage Tail: Class C + 2% CaCl
Prod	860	11.0	3.2	19.7	40	Lead: NEOCEM TM 2 lbm/sk kol-seal
	1150	13.2	1.52	7.5	18	Tail: NEOCEM TM

Plan on DV Tool set above Reef at approximately 2865'.

Volumes Subject to Observed Hole Conditions and/or Fluid Caliper Results

Casing String	TOC	% Excess
Surface	0'	80% OH
Intermediate 1 st Stage	DVT	300% OH
Intermediate 2 nd Stage	0	100% OH
Production	2700'	35% OH

See COA

COG Operating LLC – Lusk Deep Unit A 33H

4. Pressure Control Equipment

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

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	2M	Annular	x	2000 psi 2M
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other*		
8-3/4"	13-5/8"	3M	Annular	x	50% testing pressure 3M
			Blind Ram	x	
			Pipe Ram	x	
			Double Ram		
			Other*		

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.

X	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.

COG Operating LLC – Lusk Deep Unit A 33H

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	800'	FW Gel	8.6-8.8	28-34	N/C
800'	4400'	Saturated Brine	10.0-10.2	28-34	N/C
2850'	4400' – if losses occur	FW	8.4	28-34	N/C
4400'	14,457'	Cut Brine	8.4-9.2	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
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6. Logging and Testing Procedures

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

See COA

Additional logs planned	Interval
N	Resistivity
N	Density
Y	CBL Production casing (If cement not circulated to surface)
Y	Mud log Intermediate shoe to TD
N	PEX

COG Operating LLC – Lusk Deep Unit A 33H

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4350 psi at 9325' TVD (EOC - Lateral)
Abnormal Temperature	NO

No abnormal pressure or temperature conditions are anticipated. Sufficient mud materials to maintain mud properties and weight increase requirements will be kept on location at all times. Sufficient supplies of Paper/LCM for periodic sweeps to control seepage and losses will be maintained on location.

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

There is an anti-collision risk on the wellbore that we will monitor with the Lusk Deep Unit 5. SF on the attached anti-c document is very low, but we will explore the possibility of running a gyro to determine azm on said well.

Is this a walking operation? NO If yes, describe.
 Will be pre-setting casing? NO If yes, describe.

Attachments

- Directional Plan
- Anti-Collision Plan
- BOP & Choke Schematics
- C102 and supporting maps
- Rig plat
- Interim reclamation plat