15-995

Form 3160-3
(March 2012)

Operator

SECRETARY'S POTASH

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NMNM0000897, NMLC0029519A NMLC0064194

6. If Indian, Allotee or Tribe Name:

1a. Type of Work: [✓] DRILL [ ] REENTER

7. If Unit or CA Agreement, Name and No.:

1b. Type of Well: [✓] Oil Well [ ] Gas Well [ ] Other [✓] Single Zone [ ] Multiple Zone

8. Lease Name and Well No.: (319724) Mas Federal Com #1H

2. Name of Operator: COG Operating LLC. (229137)

9. API Well No.: 30-025-44092

3a. Address: 2208 West Main Street, Artesia, NM 88210

3b. Phone No. (include area code): 575-748-6940

10. Field and Pool, or Exploratory: 98247 Wildcat; Wolfcamp

4. Location of Well (Report location clearly and in accordance with any State requirements.*)

At surface: 190' FNL & 660' FWL Unit Letter D (NWNW) Sec. 35.T20S.R34E SHL

At proposed prod. Zone: 200' FSL & 660' FWL Unit Letter M (SWSW) Sec 35.T20S.R34E BHL

11. Sec., T.R.M. or Blk and Survey or Area: Sec. 35 - T20S - R34E

14. Distance in miles and direction from nearest town or post office*: About 14 miles from Monument

12. County or Parish: Lea County

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
190'	NMNM0000897: 240 NMLC0029519A: 520 NMLC0064194: 2000	160
18. Distance from location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
SHL: 313' BHL: 566'	TVD: 11,416' MD: 16,017'	NMB000740 &NMB000215
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3722.0' GL	9/1/2017	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.
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	Name (Printed/Typed)	Date
Mayte Reyes	Mayte Reyes	7-14-17

Title: Regulatory Analyst

Approved by (Signature)	Name (Printed/Typed)	Date
Cody R. Layton	Cody R. Layton	09/22/17
Title	**Office**	
for Field Manager	CFO	

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 theron.

Conditions of approval, if any, are attached.

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)

KB 10/05/17

*(Instructions on page 2

Capitan Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

COG Operating, LLC - Mas Federal Com #1H

30-025-44092

1. Geologic Formations

TVD of target	11,416' EOL	Pilot hole depth	NA
MD at TD:	16,017'	Deepest expected fresh water:	250'

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	1626	Water	
Top of Salt	1716	Salt	
Base of Salt	3351	Salt	
Yates	3501	Salt Water	
Capitan Reef	3841	Salt Water	
Base of Reef/ CYCN	5796	Oil/Gas	
Brushy Canyon	6751	Oil/Gas	
Bone Spring Lime	8591	Oil/Gas	
U. Avalon Shale	9051	Oil/Gas	
L. Avalon Shale	9171	Oil/Gas	
1st Bone Spring Sand	9711	Oil/Gas	
2nd Bone Spring Sand	10294	Oil/Gas	
3rd Bone Spring Sand	11101	Oil/Gas	
Wolfcamp	11281	Target Zone	

2. Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	1705	13.375"	54.5	J55	STC	1.45	3.73	5.53
12.25"	0	5825	9.625"	40	L80	LTC	1.00	1.01	2.23
8.75"	0	16,017	5.5"	~~17~~ 20#	P110	LTC	1.10	1.87	2.29
				BLM Minimum Safety Factor			1.125	1	1.6 Dry 1.8 Wet

Intermediate casing will be kept at least 1/3 full while running casing.to mitigate collapse. Intermediate burst based on 0.7 frac gradient at the shoe with Gas Gradient 0.1 psi/ft to surface.
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
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 3rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	Y
If yes, are the first three strings cemented to surface?	Y
Is 2nd string set 100' to 600' below the base of salt?	N
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 ft3/ sack	H_20 gal/sk	500# Comp. Strength (hours)	Slurry Description
Surf.	850	13.5	1.8	9.2	16	Lead: 35:65:6 C Blend
	250	14.8	1.34	6.34	8	Tail: Class C + 2% CaCl
Inter., Stage 1	640	12.7	1.98	10.6	16	Lead: 35:65:6 C Blend
	200	14.8	1.34	6.34	8	Tail: Class C + 2% CaCl
DV/ECP @ 3750						
Inter., Stage 2	650	12.7	2.0	10.6	16	Lead: Class C + 4% Gel + 1% CaCl2
	200	14.8	1.35	6.34	8	Tail: Class C + 2% CaCl
5.5 Prod	1340	11.9	2.5	19	72	Lead: 50:50:10 H Blend
	1400	14.4	1.24	5.7	19	Tail: 50:50:2 Class H Blend

Volumes Subject to Observed Hole Conditions and/or Fluid Caliper Results
Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
Surface	0'	75%
1st Intermediate	0'	75%
Production	0'	35% OH in Lateral (KOP to EOL) – 40% OH in Vertical

4. Pressure Control Equipment

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

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

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	Surf. Shoe	FW Gel	8.6 - 8.8	28-34	N/C
Surf csg	9-5/8" Int shoe	Saturated Brine	9.8 - 10.2	28-34	N/C
9-5/8" Int shoe	Lateral TD	OBM	10.5 - 11.5	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

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.
Y	Wireline Logs are planned for Pilot Hole.
N	Drill stem test? If yes, explain.
N	Coring? If yes, explain.

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

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	6830 psi at 11416' TVD
Abnormal Temperature	NO 170 Deg. F.

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.

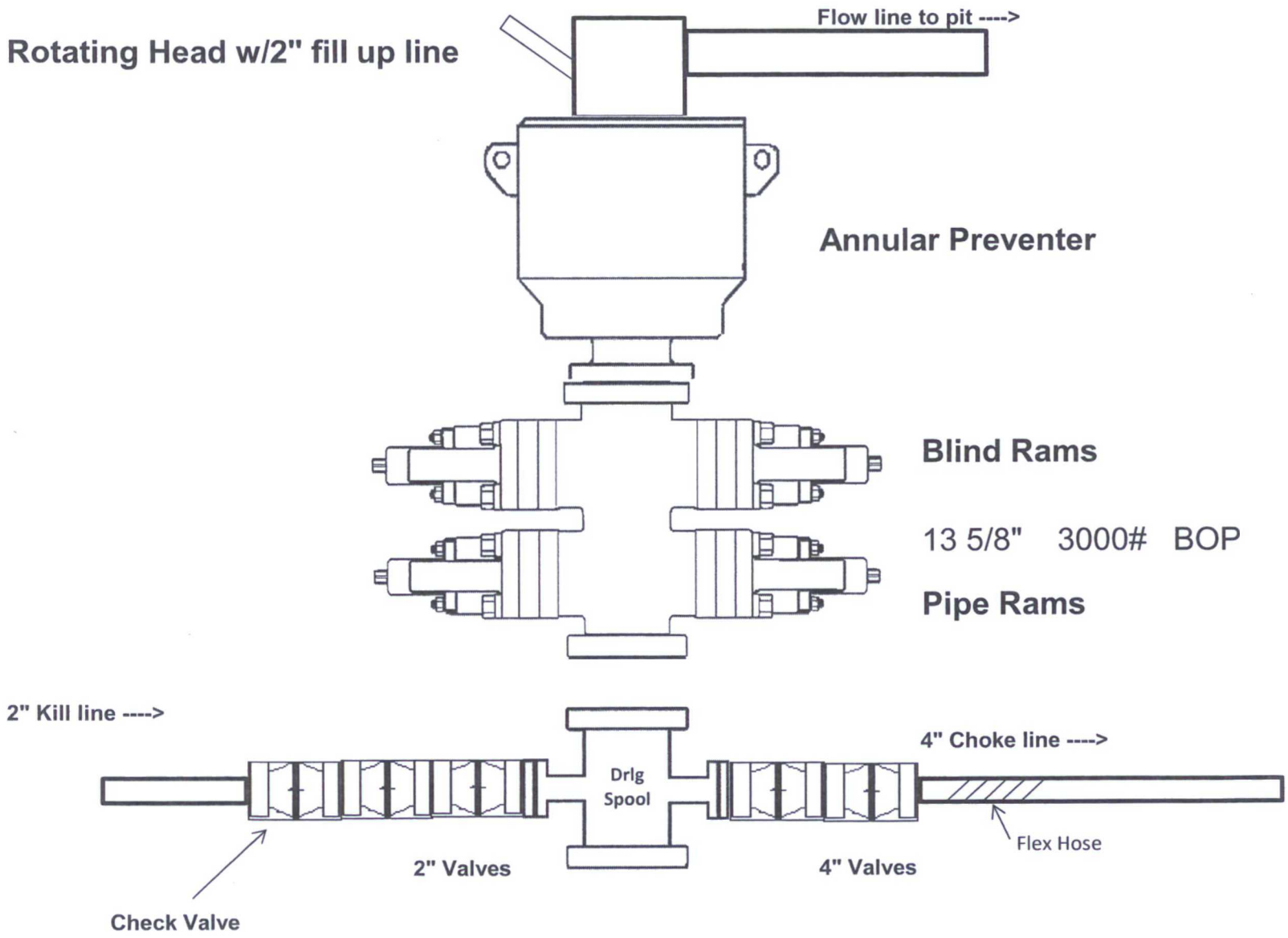
Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
N	H2S is present
Y	H2S Plan attached

8. Other Facets of Operation

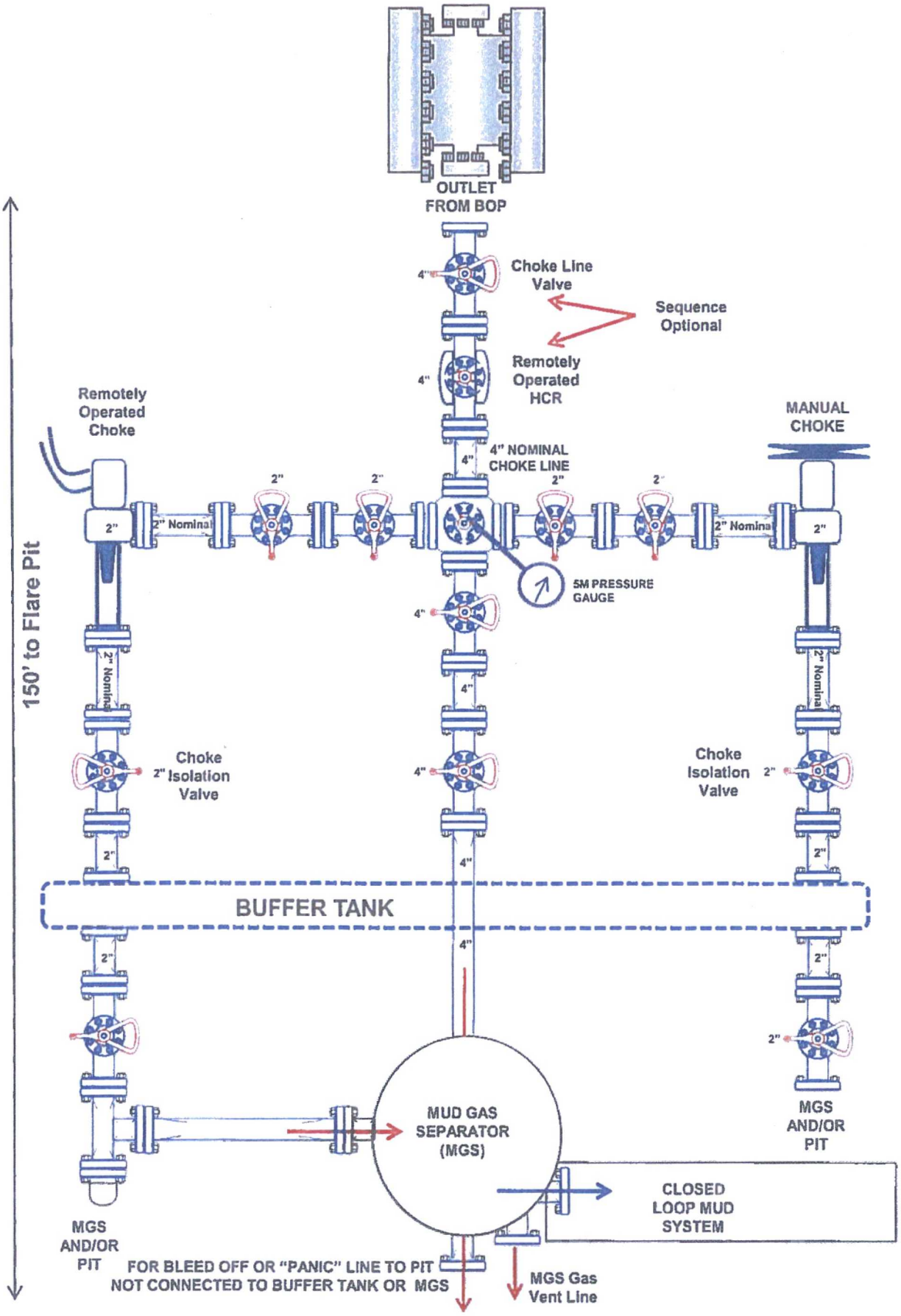
N	Is it a walking operation?
N	Is casing pre-set?

x	H2S Plan.
x	BOP & Choke Schematics.
x	Directional Plan

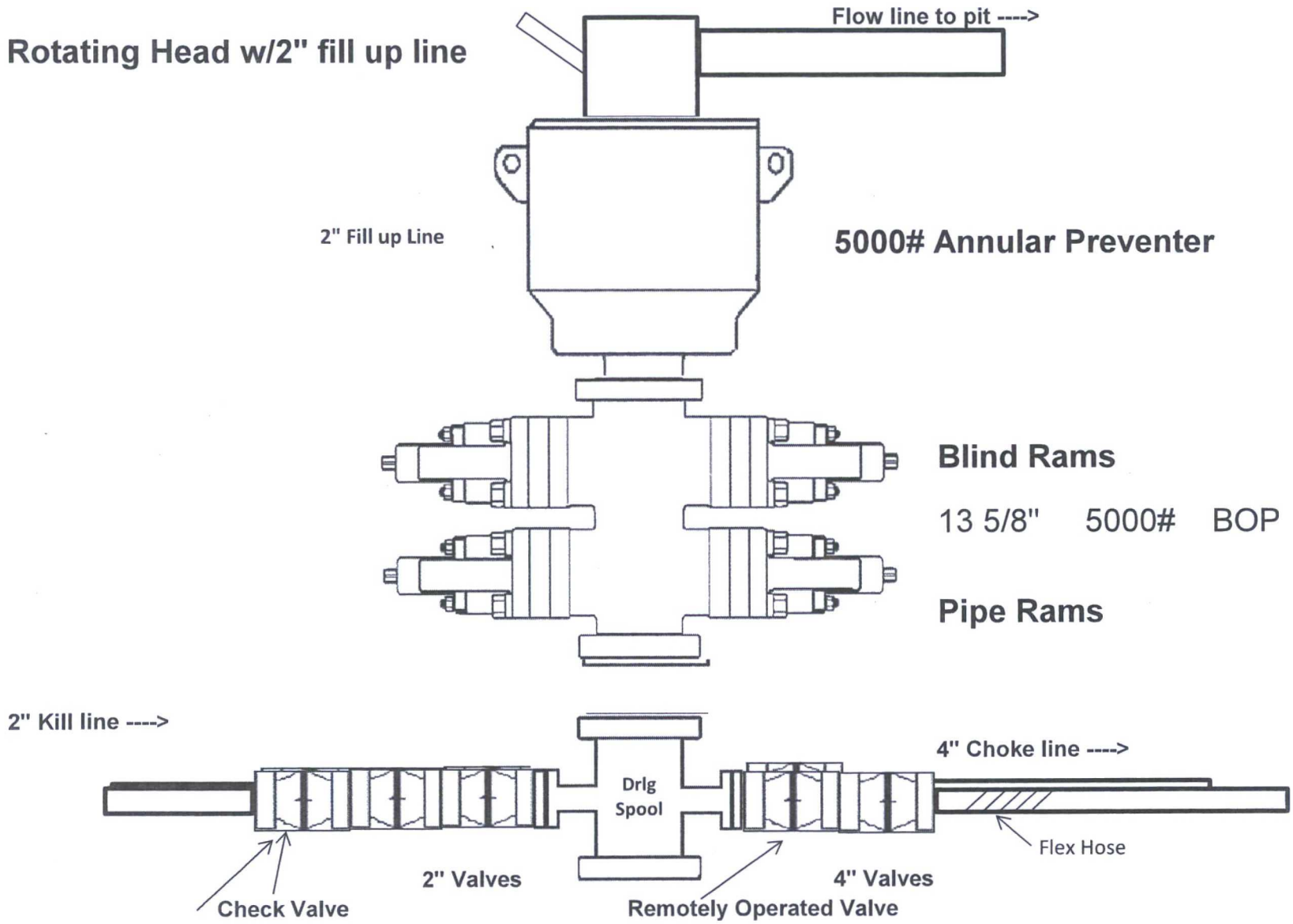
3,000 psi BOP Schematic



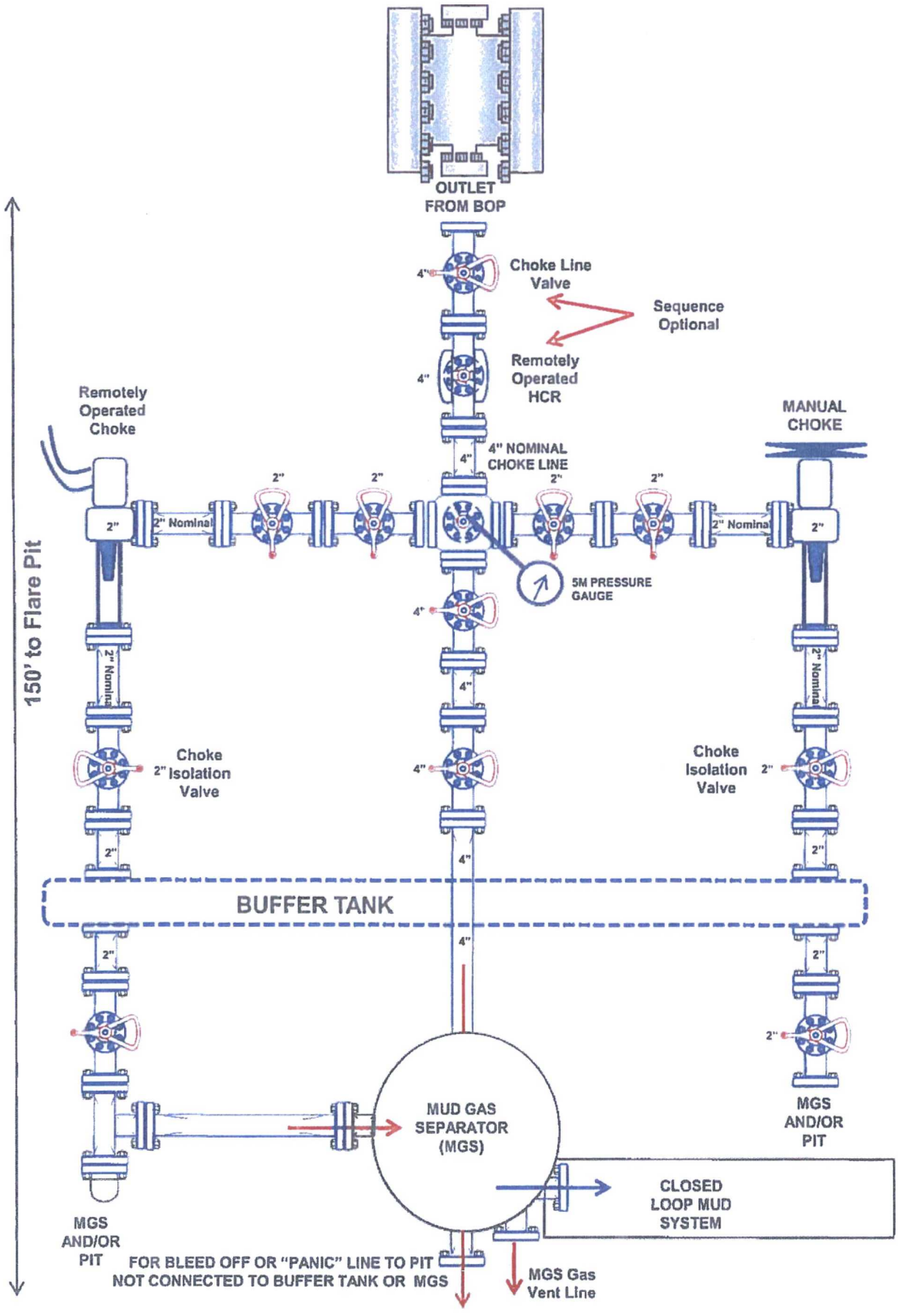
3M Choke Manifold Equipment (WITH MGS + CLOSED LOOP)



5,000 psi BOP Schematic



5M Choke Manifold Equipment (WITH MGS + CLOSED LOOP)



COG Operating LLC

Rig Plat & Closed Loop Equipment Diagram

Well pad will be 400' X 390' with cellar in center of pad

Flare Lines will be from both Choke Manifold & Separator to edge of location.

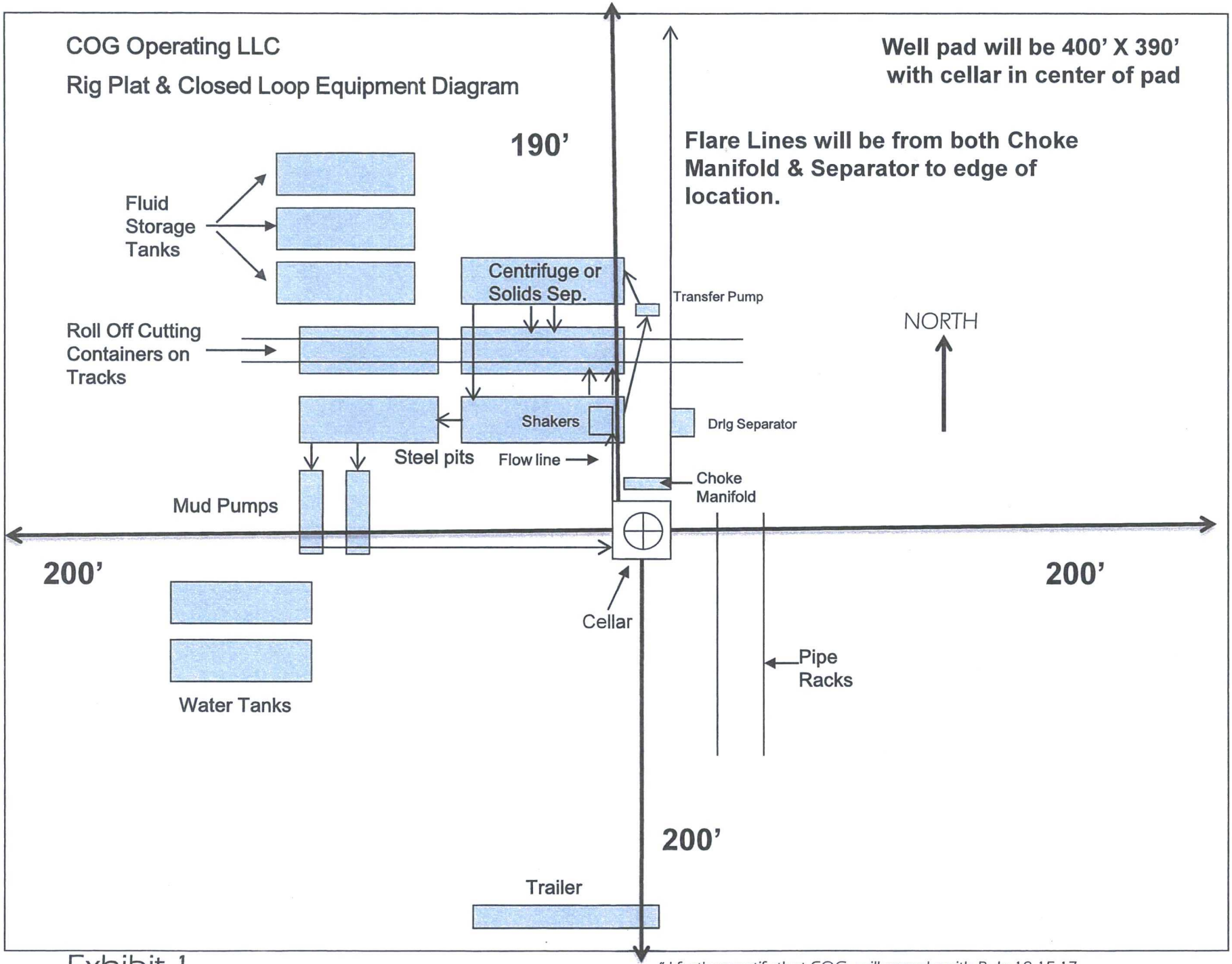


Exhibit 1

"I further certify that COG will comply with Rule 19.15.17 NMAC by using a Closed Loop System."

COG Operating LLC
H_2S Equipment Schematic
Terrain: Shinnery sand hills.

Well pad will be 400' x 390' with cellar in center of pad