UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT OCD-HOBBS

(Other instructions on reverse side)

OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL [X] SECRETARY'S POTASH DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER — SINGLE ZONE [XX] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: COG OPERATING, LLC. (ERICK NELSON) (432-683-7443) <229137>

3. ADDRESS AND TELEPHONE NO.: 550 WEST TEXAS AVENUE SUITE 1300 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FWL & 660' FSL SECTION 12 T22S-R32E LEA CO. NM
At proposed prod. zone: SAME Unit N

5. LEASE DESIGNATION AND SERIAL NO.: NM- 85937

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ---

7. UNIT AGREEMENT NAME: ---

8. FARM OR LEASE NAME, WELL NO.: <34806> PROHIBITION "12" FED. # 12

9. API WELL NO.: 30-025-37821

10. FIELD AND POOL, OR WILDCAT: RED TANK-BONE SPRING

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 12 T22S-R32E

12. COUNTY OR PARISH: LEA CO. NM

13. STATE: NEW MEXICO

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 40 miles Southwest of Hobbs, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 660'

16. NO. OF ACRES IN LEASE: 640

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1320'

19. PROPOSED DEPTH: 8900'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3644' GR.

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM — Carlsbad Controlled Water Basin

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48#	950'	900 Sx. circulate cement
11"	HCK/J-55 8 5/8"	32#	4700'	1200 Sx. circulate cement
7 7/8"	N-80 5½"	17#	8900'	500 Sx. Estimate TOC 6000'±

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 17½" hole to 950'. Run and set 950' of 13 3/8" 48# H-40 ST&C casing. Cement with 700 Sx. of 35/65 POZ Class "C" cement + additives, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx., circulate cement to surface.

3. Drill 11" hole to 4700'. Run and set 4700' of 8 5/8" 32# J-55/HCK ST&C casing. Cement with 1000 Sx. of Class "C" Light Weight Cement + additives, tail in with 200 Sx. of Class "C" cement + 1% CaCl, circulate cement to surface.

4. Drill 7 7/8" hole to 8900'. Run and set 8900' of 5½" 17# N-80 LT&C casing. Cement with 500 Sx. of Class "H" Premimum Plus cement + additives, estimate top of cement 6000'± from surface.

Witness Surface Casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Joel T. Janica TITLE Agent DATE 02/02/06

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY /s/ Linda S. C. Rundell TITLE STATE DIRECTOR DATE APR 10 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-37821	51683	RED TANK-BONE SPRING

Property Code	Property Name	Well Number
34806	PROHIBITION "12" FEDERAL	12

OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	3644'

Surface Location

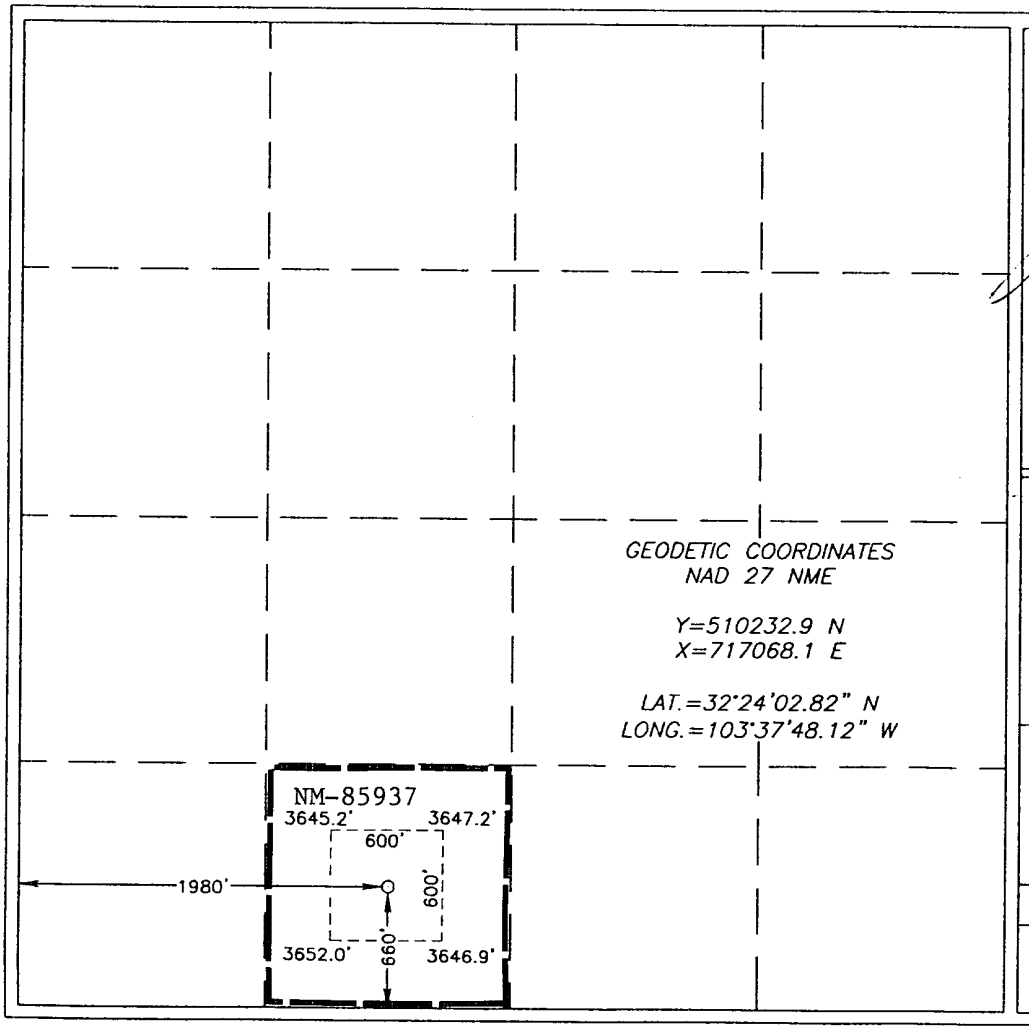
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	12	22-S	32-E		660	SOUTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Janica
Signature

Joe T. Janica
Printed Name

Agent
Title

02/02/06
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JANUARY 5, 2006
Date Surveyed RZB

Signature & Seal of Professional Surveyor

Gary B Eidson 1/13/06

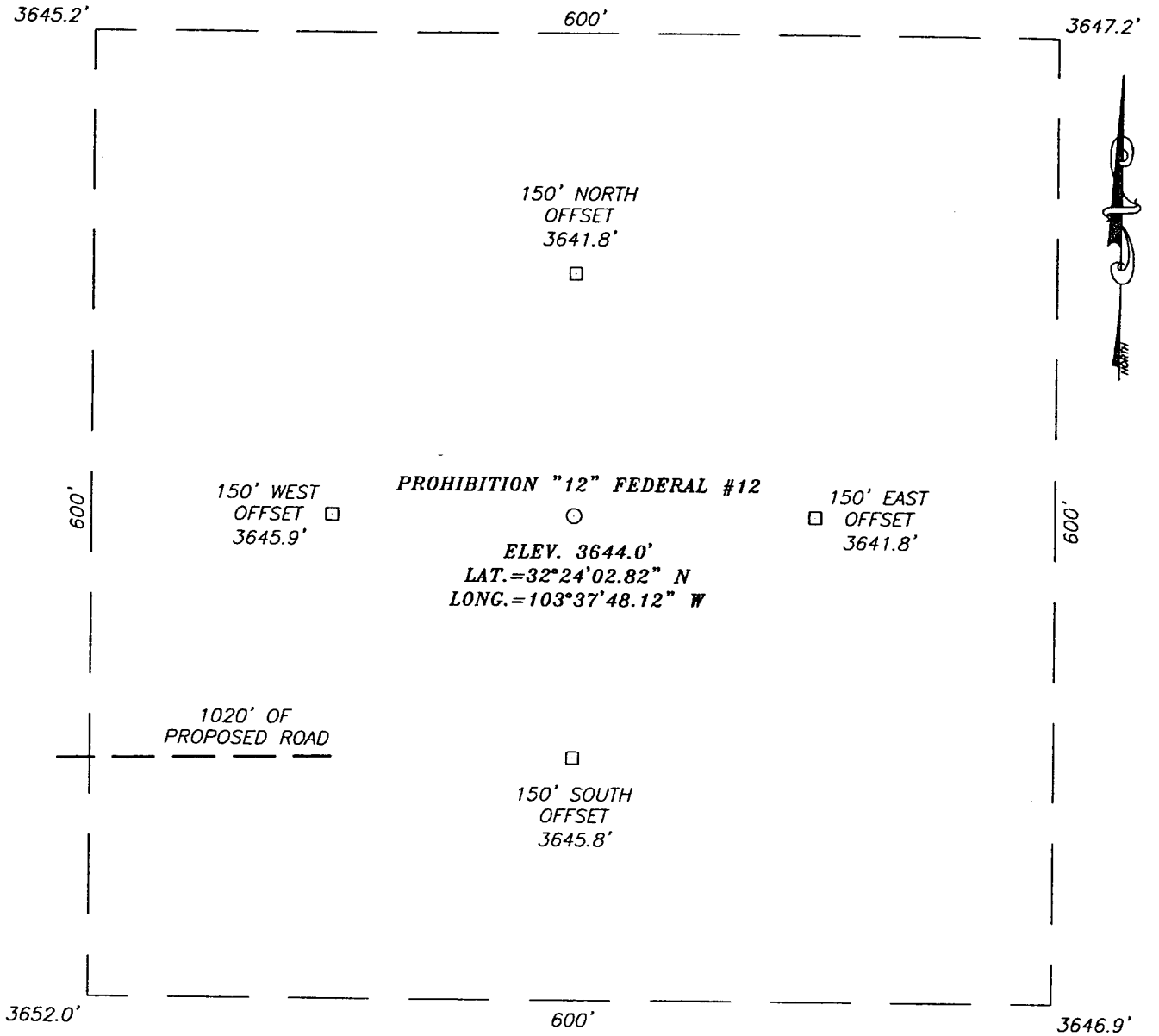
06.11.0004

Certificate No. GARY EIDSON 12641

EXHIBIT "A"

SECTION 12, TOWNSHIP 22 SOUTH, RANGE 32 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #29 AND MILLS RANCH RD. GO EAST AND NE AND BACK EAST ON MILLS RANCH RD. APPROX. 3.8 MILES. ROAD TURNS RIGHT AND GOES SOUTH FOR APPROX. 0.2 MILES. TURN LEFT AND GO EAST AND NORTH AND GO BACK EAST FOR APPROX. 2.6 MILES TO A METER RUN SHED ON RIGHT SIDE OF RD. TURN LEFT (NORTH) AT LEASE RD. AND GO NORTH APPROX. 1.1 MILES. TURN RIGHT AND GO EAST APPROX. 0.7. TURN LEFT ANG GO NORTH. THIS LOCATION IS APPROX. 0.3 MILES SOUTHEAST OF THE RD.

Scale:1"=100'

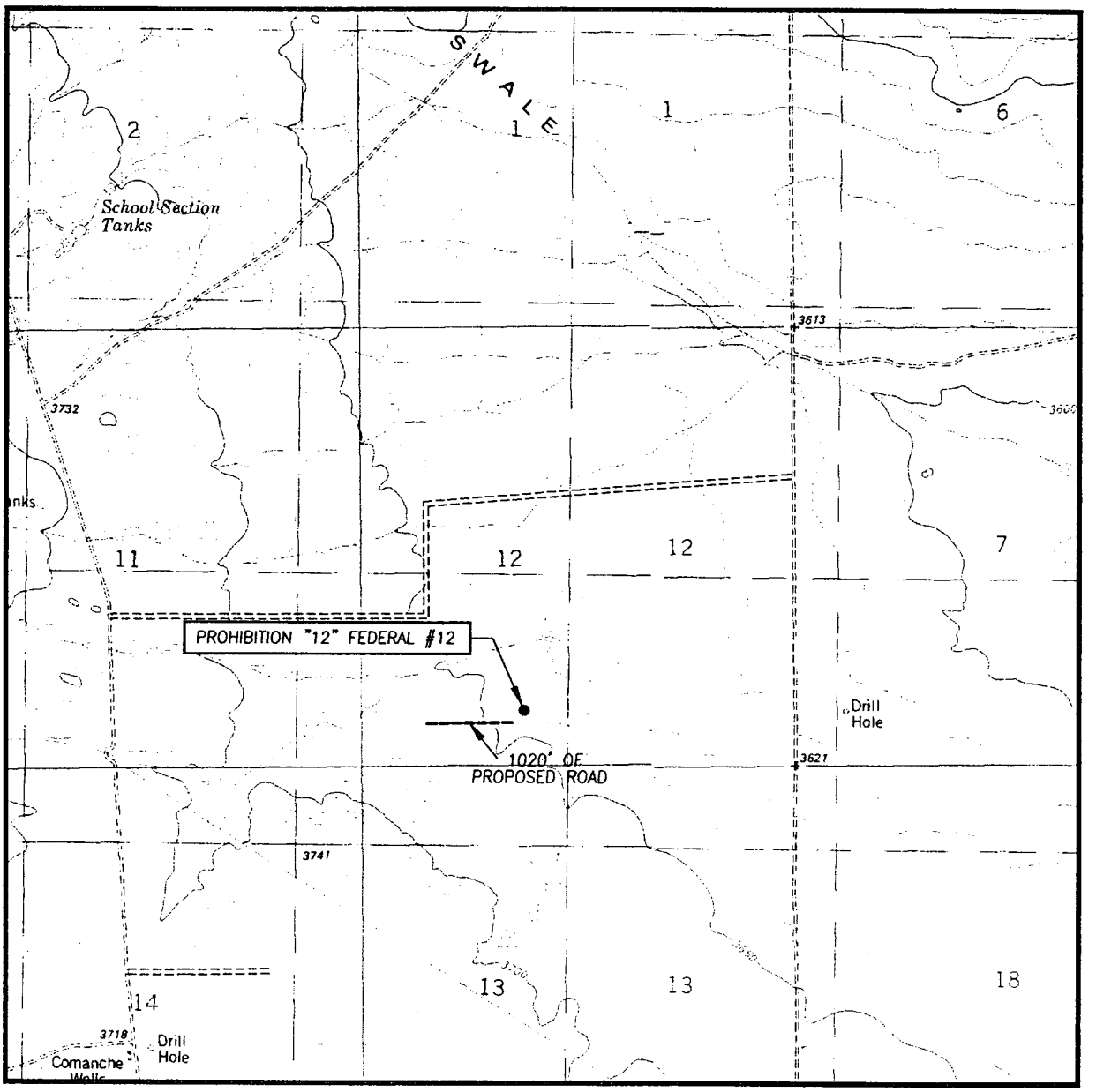
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

COG OPERATING, LLC

PROHIBITION "12" FEDERAL #12 WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 1980 FEET FROM THE WEST LINE OF SECTION 12,
TOWNSHIP 22 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 1/5/06	Sheet 1 of 1 Sheets		
W.O. Number: 06.11.0004	Dr By: RZB	Rev 1:N/A	
Date: 1/11/06	Disk: CD#4	06110004	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
THE DIVIDE, N.M. – 10'

SEC. 12 TWP. 22-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 1980' FWL

ELEVATION 3644'

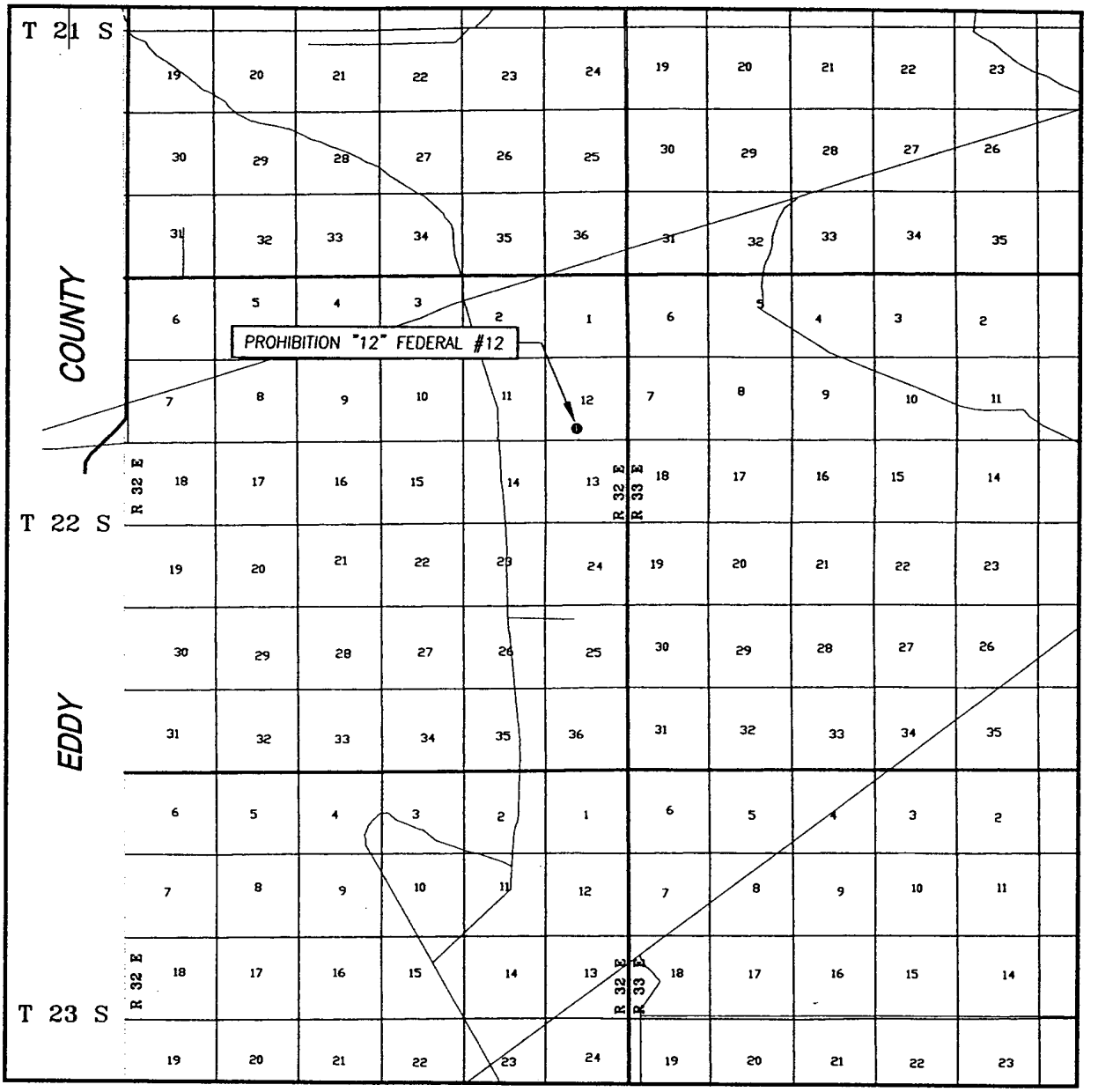
OPERATOR COG OPERATING, LLC

LEASE PROHIBITION "12" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
THE DIVIDE, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 12 TWP. 22-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 1980' FWL

ELEVATION 3645'

OPERATOR COG OPERATING, LLC

LEASE PROHIBITION "12" FEDERAL

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

APPLICATION TO DRILL

COG OPERATING, LLC.
PROHICITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is providedfor your consideration.

1. Location of well: 1980' FWL & 660' FSL SECTION 12 T22S-R32E LEA CO.NM

2. Ground Elevation above Sea Level: 3644' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 8900'

6. Estimated tops of geological markers:

Rustler Anhydrite	930'	Delaware	4850'
Salt	1220'	Bone Spring	8700'

7. Possible mineral bearing formations:

Bone Spring	Oil

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-950'	13 3/8"	48#	8-R	ST&C	H-40
11"	0-4700'	8 5/8".	32#	8-R	ST&C	J-55/HCK
7 7/8"	0-8900'	5½"	17#	8-R.	LT&C	N-80

APPLICATION TO DRILL

COG OPERATING, LLC.
PROHICITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface Redi-mix.
13 3/8"	Surface	Set 950' of 13 3/8" 48# H-40 ST&C casing. Cement with 700 Sx. of 35/65 Class "C" POZ + additives, tail in with 200 Sx. of Class "C cement + 2% CaCl, circulate cement to surface.
8 5/8"	Intermediate	Set 4700' of 8 5/8" 32# HCK/J-55 ST&C casing. Cement 1000 Sx. of Class "C" Light Cement + additives, tail in with 200 Sx. of Class "C" cement + 1% CaCl, circulate cement to surface.
5½"	Produxtion	Set 8900' of 5½" 17# N-80 LT&C casing. Cement with 500 Sx. of Class "H" Premium Plus cement + additives estimate top of cement 6000' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nipped up on the 8 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-950'	8.4-9.0	28-35	NC	Fresh water Spud mud add paper to control seepage.
950-4700'	10.0-10.2	28-35	NC	Brine water mud system add paper for seepage add lime for PH control use high viscosity sweeps to clean hole.
4700-8400'	8.5-8.7	29-38	NC	Fresh water use paper to control seepage and high viscosity sweeps to clean hole.
8400-8900'	8.5-8.7	32-34	25 cc or less	Same as above add starch to reduce water loss,use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

COG OPERATING, LLC.
PROHICITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Induction, SNP, LDT, MSFL, Gamma Ray, and Caliper from TD back to 4700'.(8 5/8" casing shoe), run Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.

B. No DST's or cores are planned at this time.

C. Mud logger may be rigged up on hole at 4700' and remain on hole to TD.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 4250 PSI, and Estimated BHT 175°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 28 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Bone Spring formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

A. Exhibit "A" shows the proposed well site as staked.

B. From Hobbs New Mexico take U.S. Hi-way 62-180 toward Carlsbad New Mexico go approximately 38 miles to mile post 67, turn South on Co Road C-29 go 14 miles to Mills Ranch Road, turn Left (East) follow lease road East & Northeast for approximately 7 miles, turn North on lease road 1.2 miles, turn Right (East) go .7 miles turn Right (South) go 1000' to well #11, turn Left (East) go 1000' to location.

C. Exhibit "C" shows proposed roads, powerlines and flowlines that will be required to produce these wells.

2. PLANNED ACCESS ROADS: Approximately 1000' of new road will be constructed.

A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.

B, Gradient of all roads will be less than 5.00%.

C. If turn-outs are necessary they will be constructed.

D. If needed roads will be surfaced with a mimimum of 4" of caliche. This material will be obtained from a local source.

E. Center-line for new roads will be flagged. Earth-work will be will be done as field conditions require.

F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilize low water crossings for drainage as required by topography.

3. LOCATIONS OF EXISTING WELLS IN A ONE MILE RADIUS. EXHIBIT "A-1"

A. Water wells - One approximately 1.25 miles Southwest of location

B. Disposal wells - One approximately .9 miles west of location.

C. Drilling wells - None known

D. Producing wells - As shown on Exhibit "A-1"

E. Abandoned wells - As shown on Exhibit "A-1"

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. All trash, junk and other 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 a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. 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.

E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

9. WELL SITE LAYOUT:

A. Exhibit "D" shows the proposed well site layout.

B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encontered during pit construction indicate that a plastic liner is required to contain lateral migration.

D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.

E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completionphases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out.If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate furture erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

11. OTHER INFORMATION:

A. Topography consists of low lying sand dunes with a low dip to the South-East general strike trending Northeast-Southwest. Vegetation consists of meaquite, snake weed, limited shinnery, and native grasses.

B. The surface is owned by The U.S. Depratment of Interior and is administered by tThe Bureau of Land Management. The Surface is used to graze livestock and for the production of oil & gas.

C. An archaeological survey will be conducted and the results will be filed with The Bureau of Land Management Carlsbad Field office in Carlsbad NM.

D. There are no domestic dwellings located within one mile of the location.

12. OPERATORS REPRESENTIVE:

Before construction:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503

During and after construction:

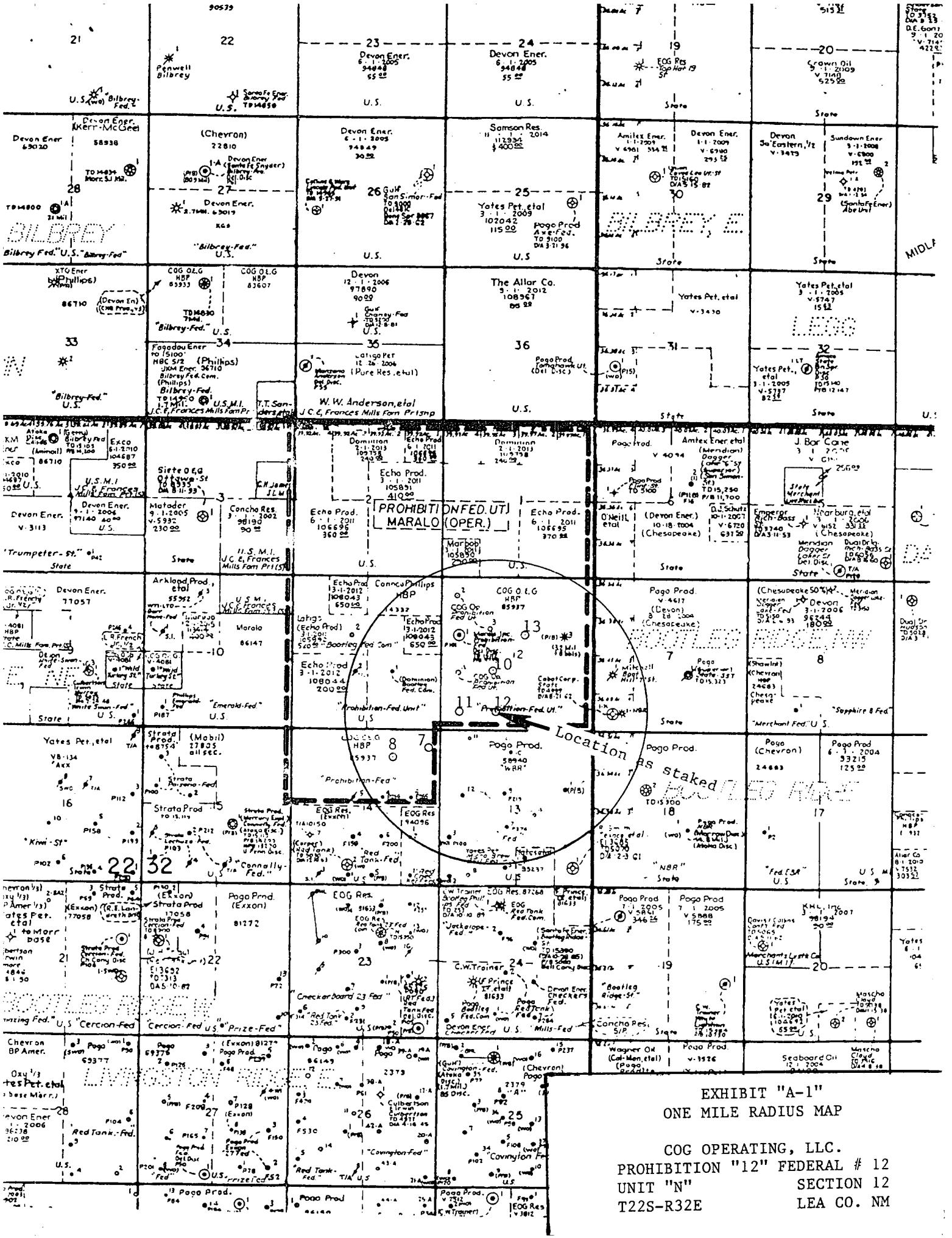
COG OPERATING, LLC.
550 WEST TEXAS AVE
SUITE 1300
MIDLAND, TEXAS 79701
ERICK NELSON 432-683-7443

13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by COG OPERATING, LLC. it's contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T Janica

DATE : 02/02/06

TITLE : Agent


PROHIBITION FED. UT
MARALO (OPER.)
Location as staked
EXHIBIT "A-1"
ONE MILE RADIUS MAP
COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

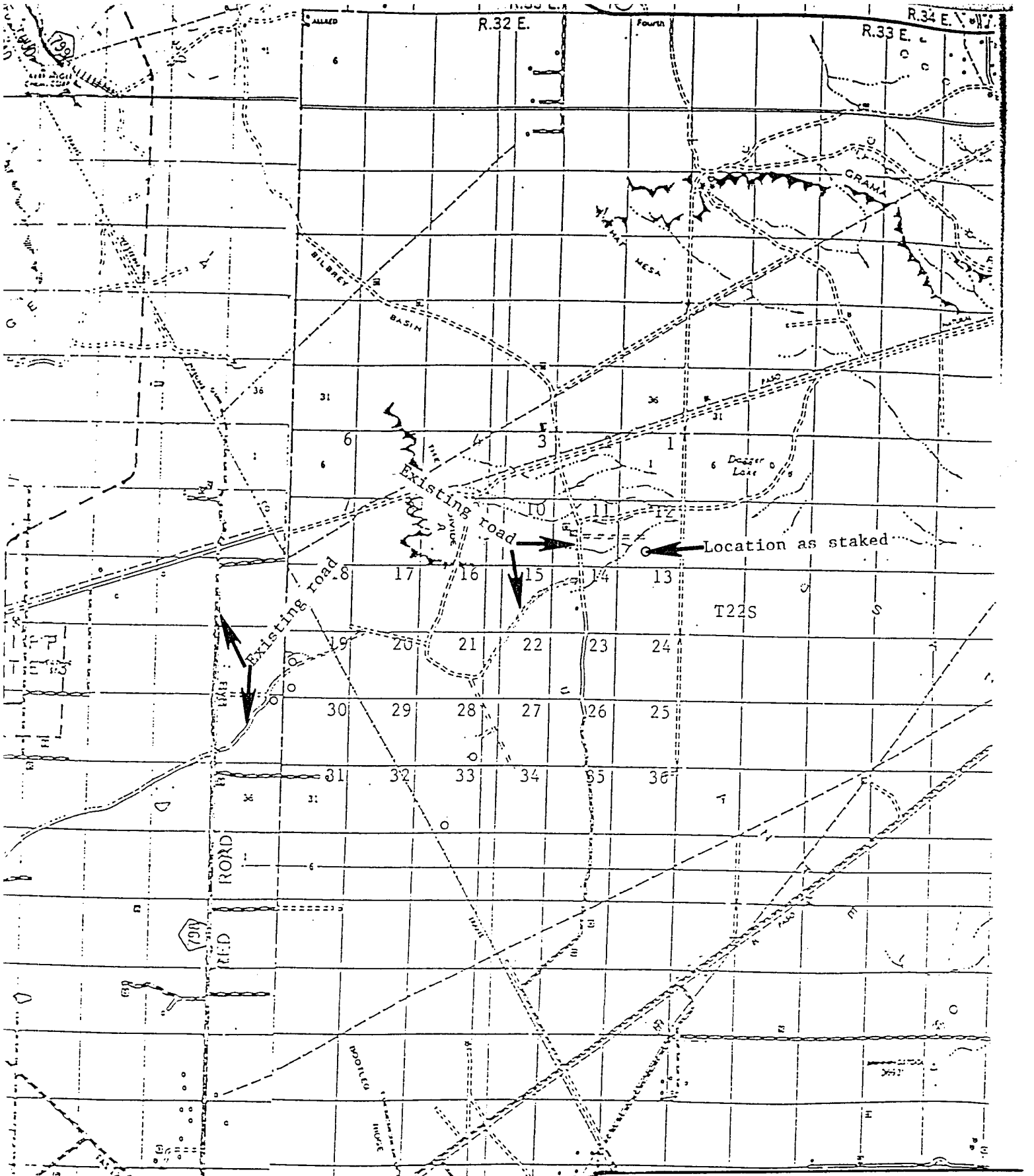


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

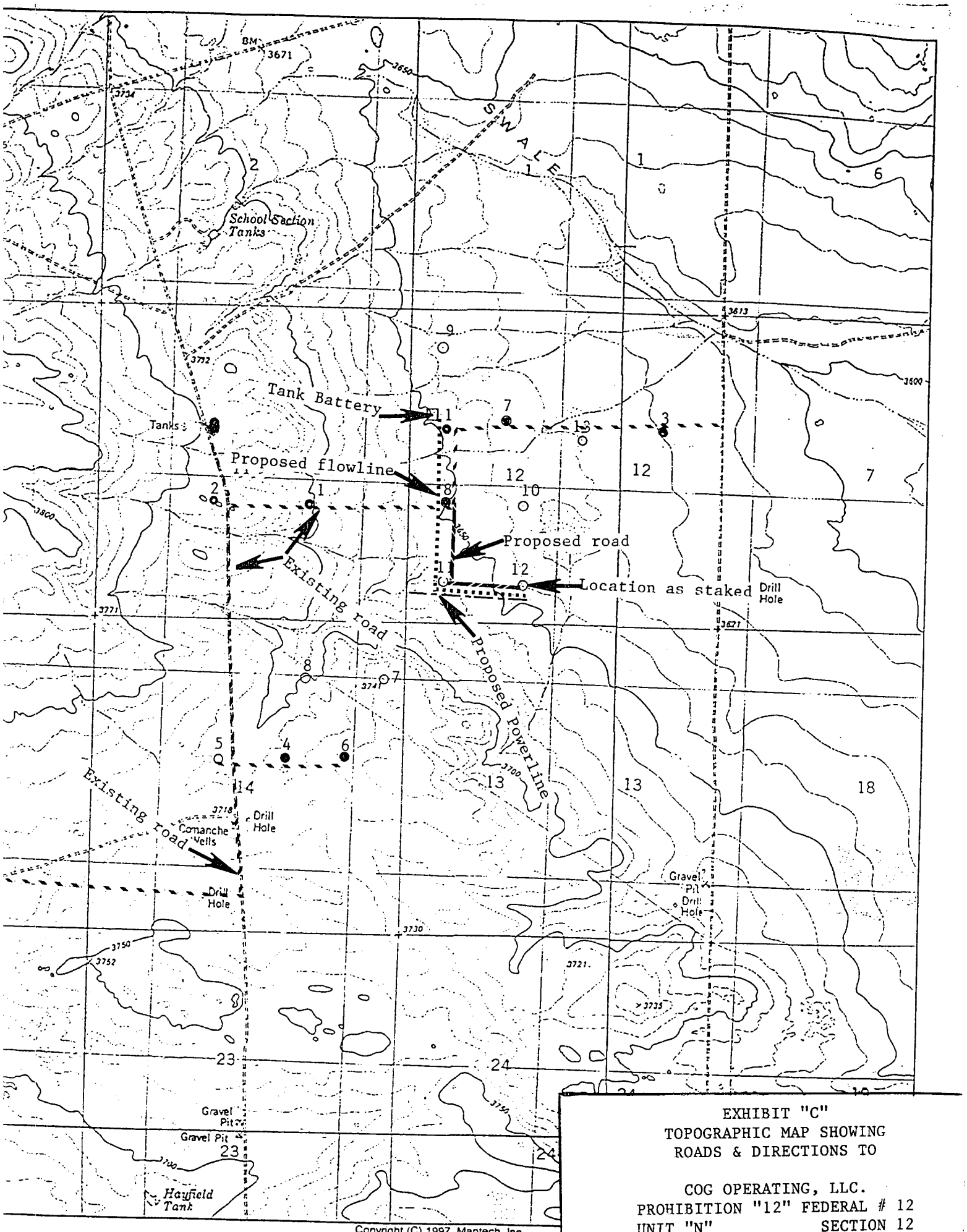
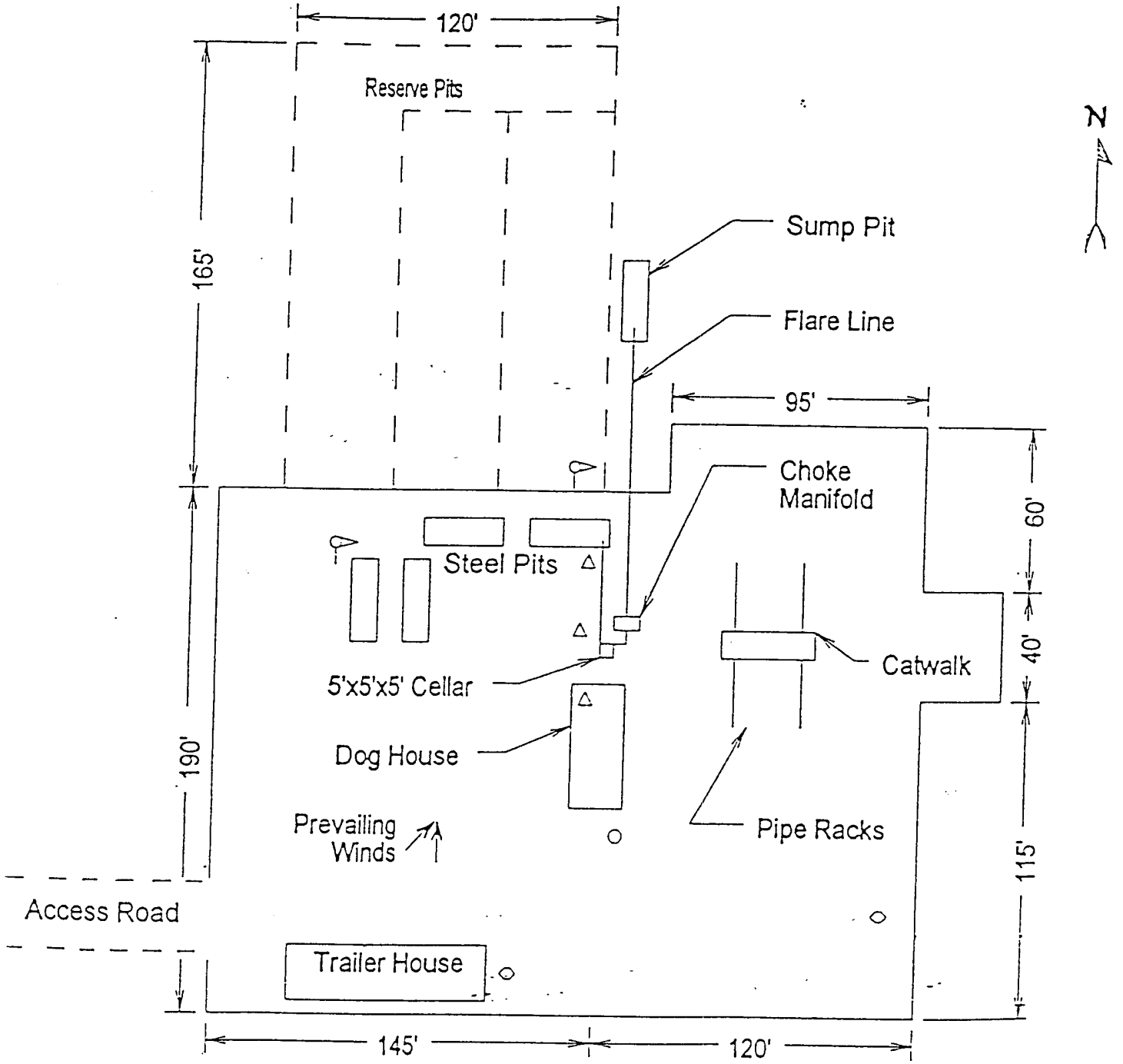


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

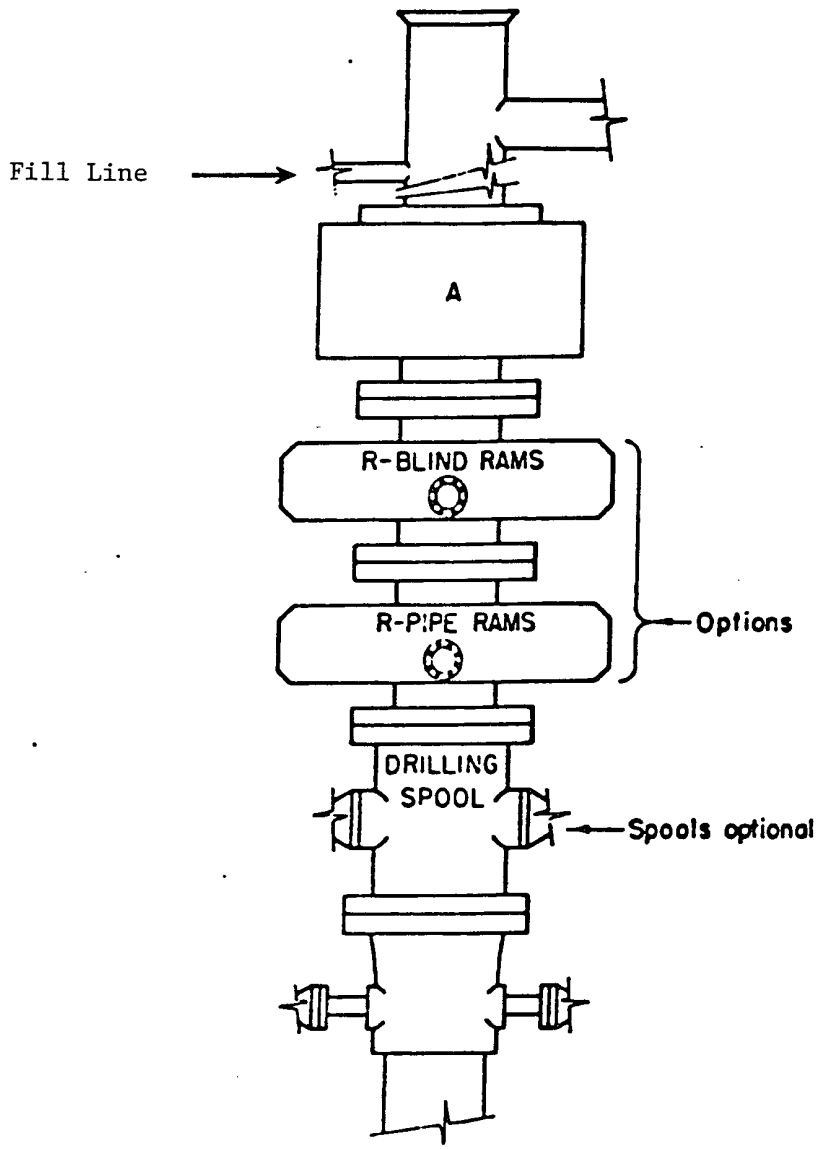
COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM



- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- ○ Briefing Areas
- ○ Remote BOP Closing Unit
- □ Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

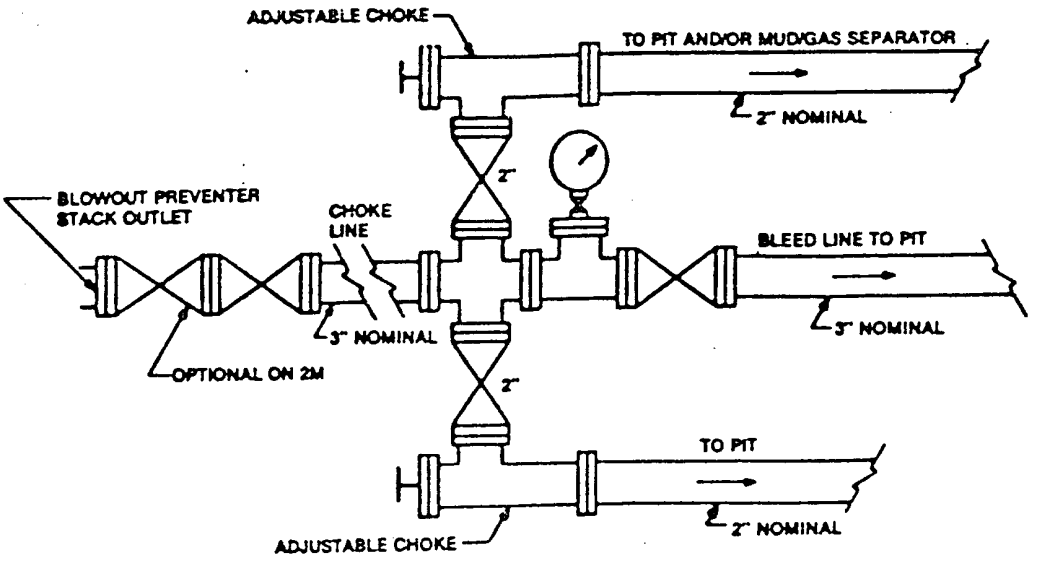


ARRANGEMENT SRRA

SERIES 900 3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM



Typical choke manifold assembly for 3M WP system

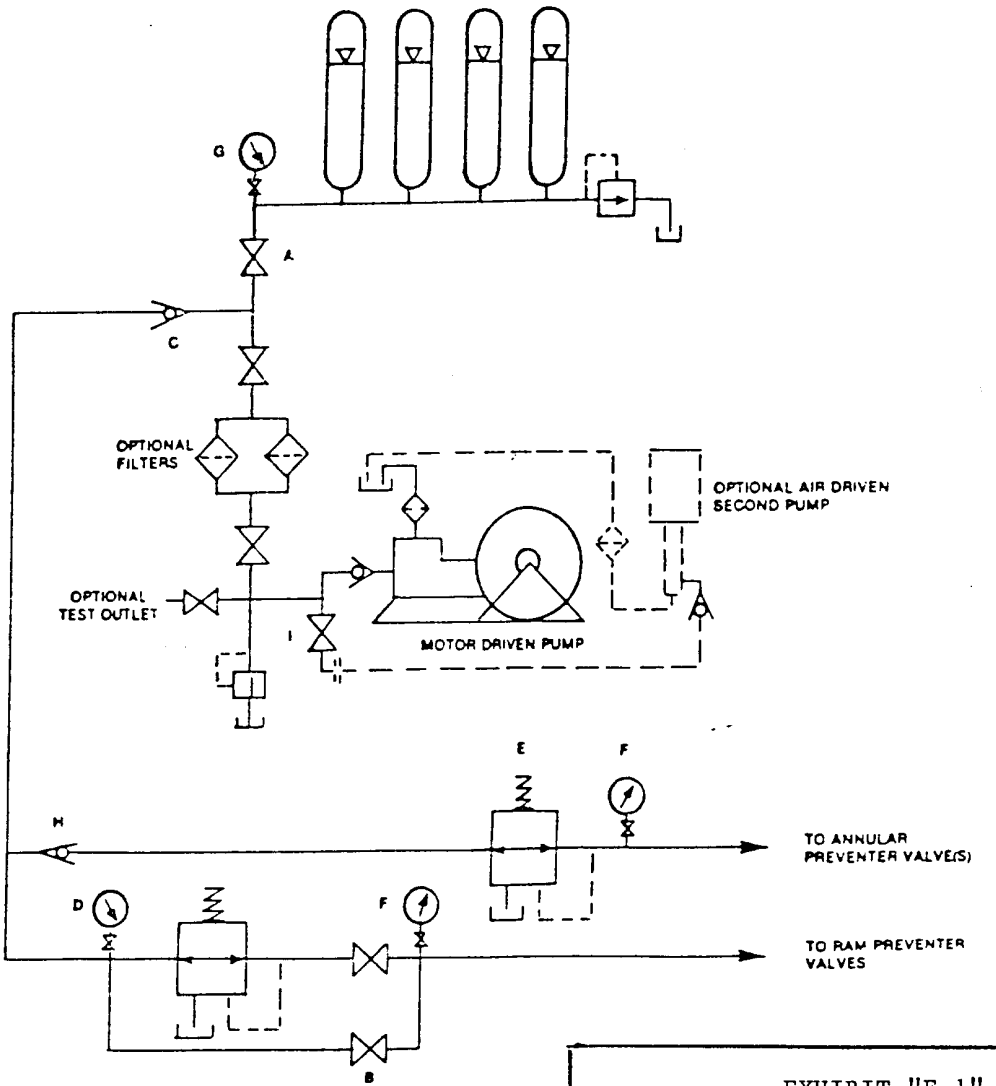


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

COG OPERATING, LLC.
PROHIBITION "12" FEDERAL # 12
UNIT "N" SECTION 12
T22S-R32E LEA CO. NM

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: COG OPERATING, LLC. Telephone: 432-685-4342 e-mail address: _____
Address: 550 WEST TEXAS AVENUE SUITE 1300 MIDLAND, TEXAS 79701
Facility or well name: PROHIBITION "12" FED. #12 API #: 30-025-37821 U/L or Qtr/Qtr N Sec 12 T 22S R 32E
County: Lea Latitude 32°25'02.8" Longitude 103°37'48.1" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐
WELL # 12

Pit	Below-grade tank	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☐ Thickness 12 mil Clay ☐ Volume 15M bbl	Volume: ____bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 100+	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more 0	(20 points) (10 points) (0 points) 0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No 0	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more 0	(20 points) (10 points) (0 points) 0
	Ranking Score (Total Points) 0	0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.
Date: 03/06/06
Printed Name/Title Joe T. Janica/ Agent Signature Joe T. Janica

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and or regulations.

Approval:
Date: APR 1 5 2006
Printed Name/Title PETROLEUM ENGINEER Signature

The sender of this message has requested a read receipt. Click here to send a receipt.

Mull, Donna, EMNRD

From: Phillips, Dorothy, EMNRD **Sent:** Wed 4/19/2006 8:37 AM
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Financial Assurance Requirement
Attachments:

All have blanket bonds and do not appear on Jane's list.

From: Mull, Donna, EMNRD
Sent: Wednesday, April 19, 2006 8:36 AM
To: Phillips, Dorothy, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirement for these Operators OK?

Chesapeake Operating Inc (147179)
EOG Resources Inc (7377)
EverQuest Energy Corp (212929)
Yates Petroleum Corp (25575)
Marathon Oil Co (14021)
Melrose Operating Co (184860)
Patterson Petroleum LP (141928)
COG Operating LLC (229137)
Range Operating New Mexico (227588)
Capataz Operating Inc (3659)

Please let me know. thanks Donna