ATS-08-211
EA-08-561

OCD-HOBBS

Form 3160-3
(April 2004)

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
LC-029509A

6. If Indian, Allotee or Tribe Name
N/A

7 If Unit or CA Agreement, Name and No
N/A

8 Lease Name and Well No <302519>
MC Federal #26

1a. Type of work ☑ DRILL ☐ REENTER

1b. Type of Well ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2 Name of Operator
COG Operating LLC <229137>

9 API Well No.
30-025-38833

3a Address
550 W. Texas, Suite 1300 Midland TX 79701

3b Phone No. *(include area code)*
(432) 685-4372

10 Field and Pool, or Exploratory
Maljamar;Yeso West

4. Location of Well *(Report location clearly and in accordance with any State requirements *)*
At surface **2560' FNL & 1880' FEL** Unit G
At proposed prod zone 2310 FNL & 1650 FEL UNORTHODOX LOCATION

11 Sec., T R M or Blk and Survey or Area
Sec 21 E, T17S, R32E

14 Distance in miles and direction from nearest town or post office*
2.5 miles south of Maljamar NM

12 County or Parish
Lea

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
1880'	**640**	**40**

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19 Proposed Depth	20 BLM/BIA Bond No. on file
900'	**7000'**	**NMB000215**

21 Elevations (Show whether DF, KDB, RT, GL, etc.)	22 Approximate date work will start*	23 Estimated duration
4050' GL	**06/01/2008**	**10 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
Noel Olivas	**Noel Olivas**	**01/16/2008**

Title
Field Coordinator

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/ STEPHEN J. CAFFEY FOR	/S/ STEPHEN J. CAFFEY	MAR 25 2008
Title **FIELD MANAGER**	Office **CARLSBAD FIELD OFFICE**	

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, 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.

(Instructions on page 2)

RECEIVED

Roswell Controlled Water Basin

MAR 27 2008

HOBBS OCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

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 October 12, 2005
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
30-025-38833	44500	Maljamar Yeso West

Property Code	Property Name	Well Number
302519	MC FEDERAL	26

OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	4050'

Surface Location

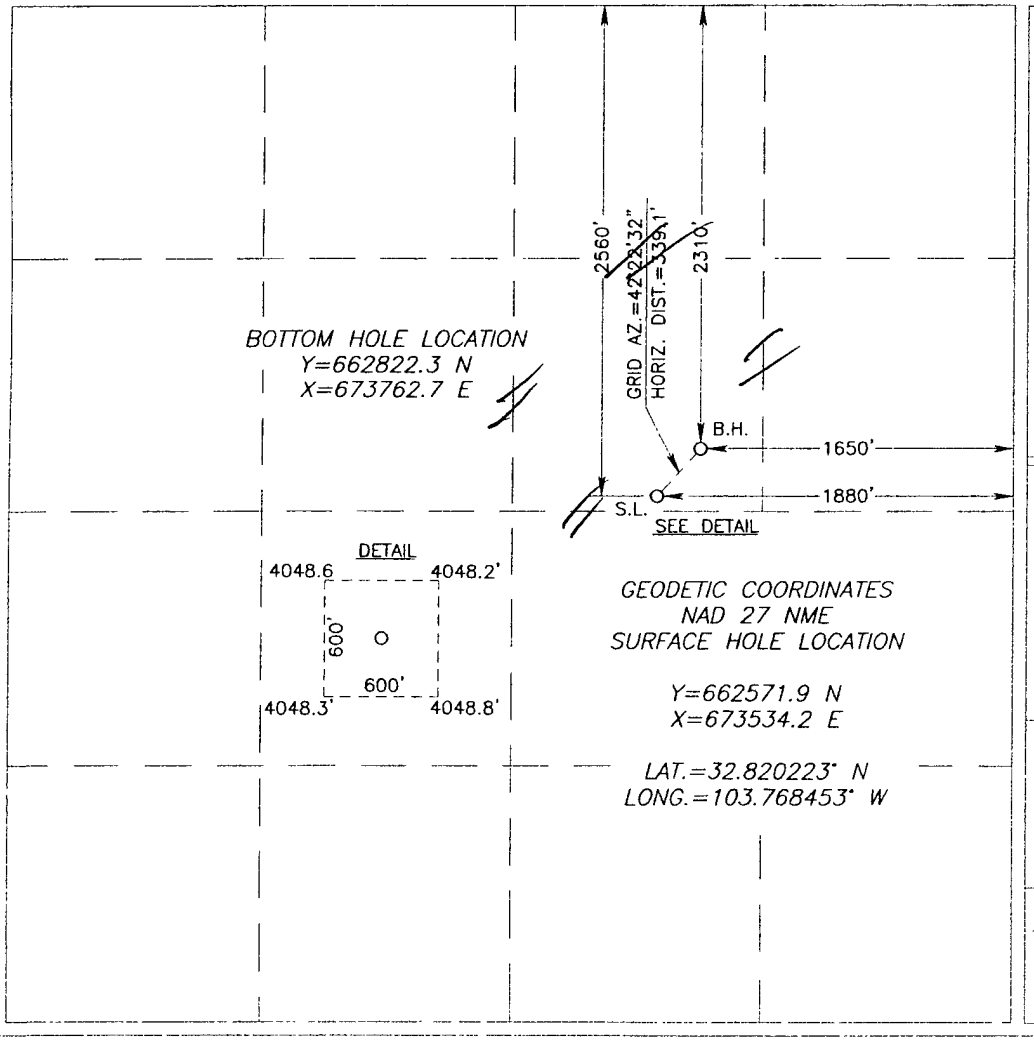
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	21	17-S	32-E		2560	NORTH	1880	EAST	LEA

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
G	21	17-S	32-E		2310	NORTH	1650	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640			

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 that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date: 1-16-07

Printed Name: Noel Olivas

Field Coordinator

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 supervision, and that the same is true and correct to the best of my belief.

Date Surveyed: JANUARY 2, 2008

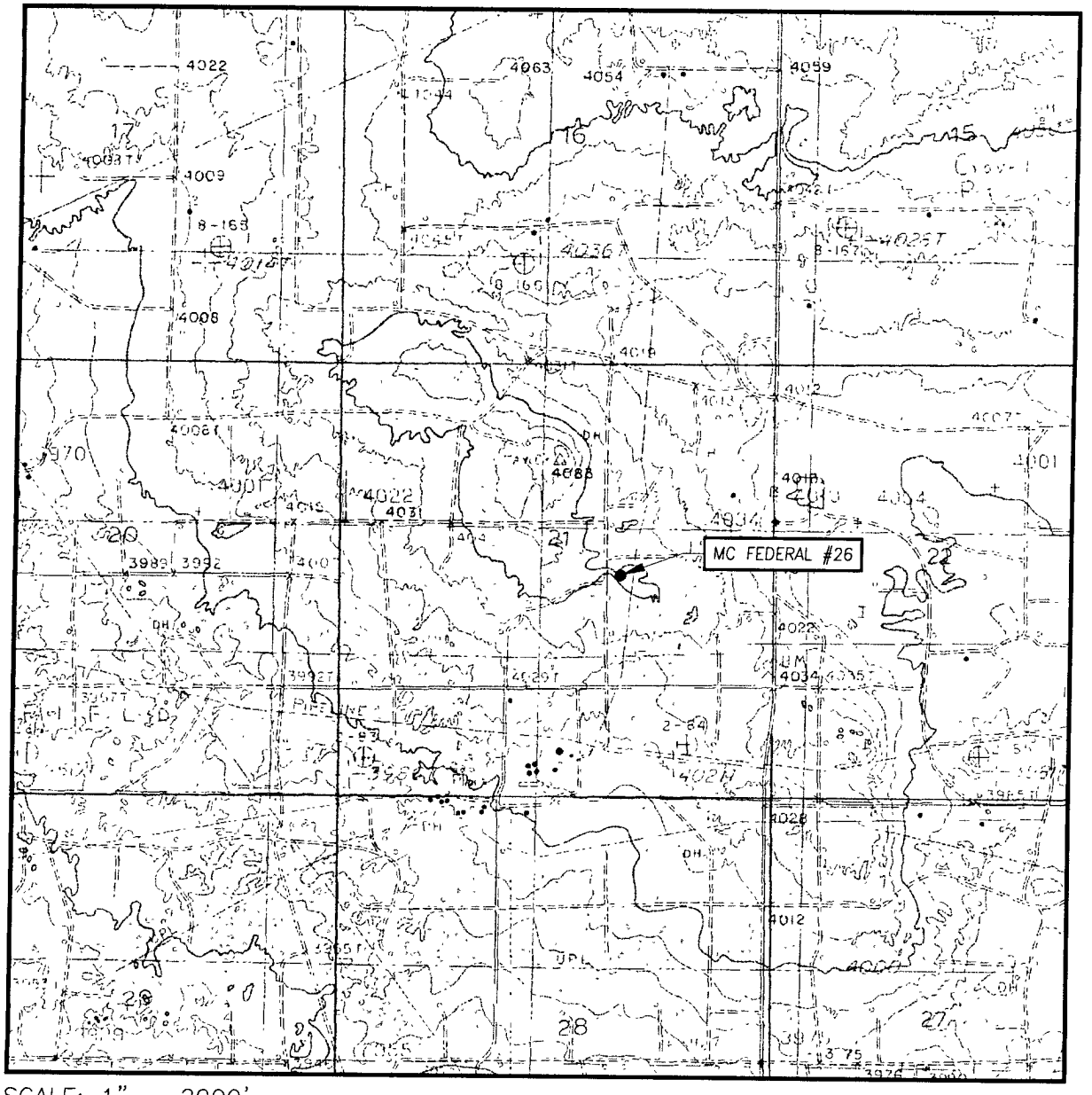
Signature & Seal of Professional Surveyor

RONALD J. EIDSON — NEW MEXICO — 3239

07.11.1618

Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MALJAMAR, N M. – 10'

SEC. 21 TWP. 17-S RGE. 32-E

SURVEY N.M.P M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2560' FNL & 1880' FEL

ELEVATION 4050'

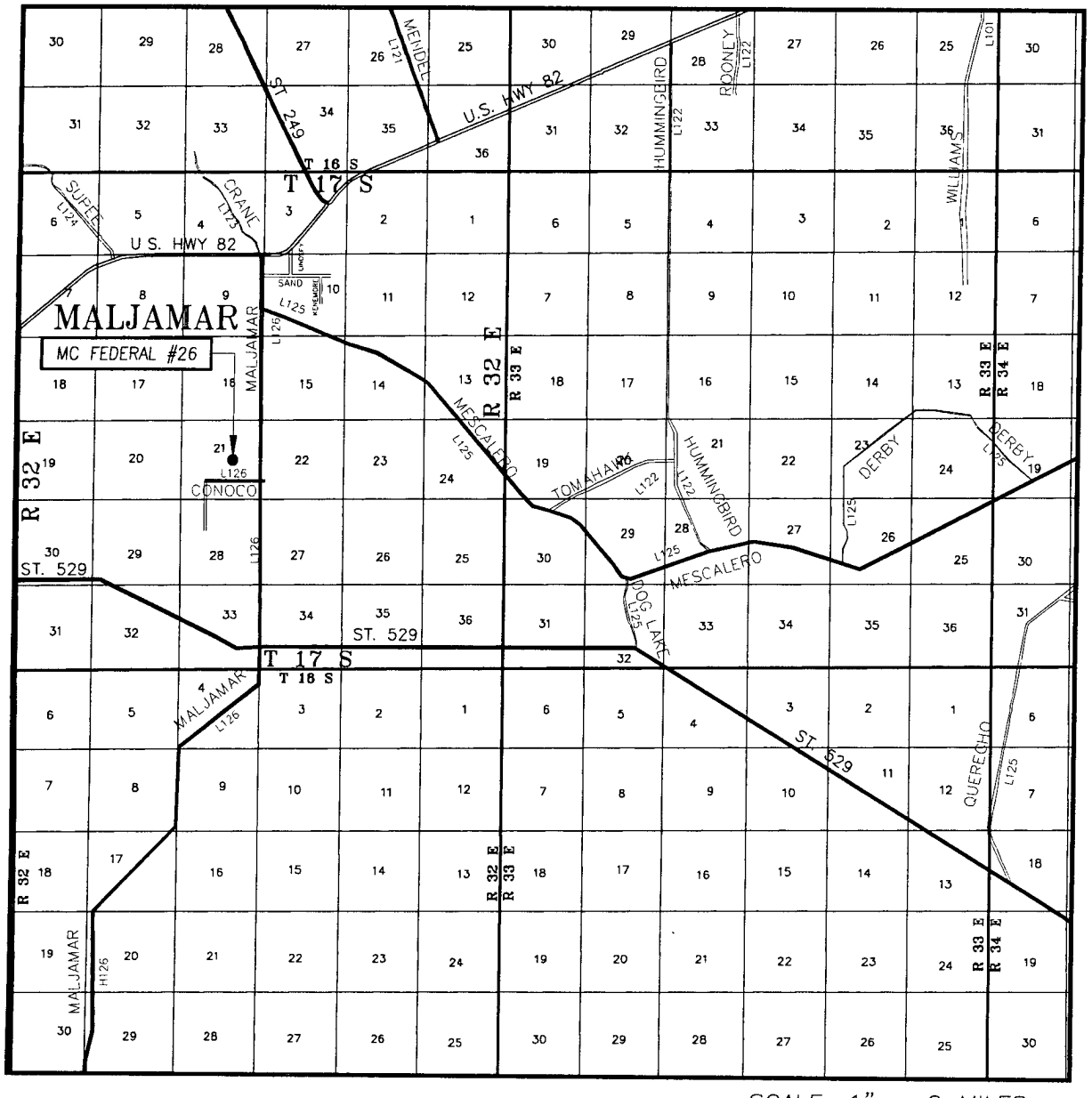
OPERATOR COG OPERATING, INC.

LEASE MC FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, 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. 21 TWP. 17-S RGE 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2560' FNL & 1880' FEL

ELEVATION 4050'

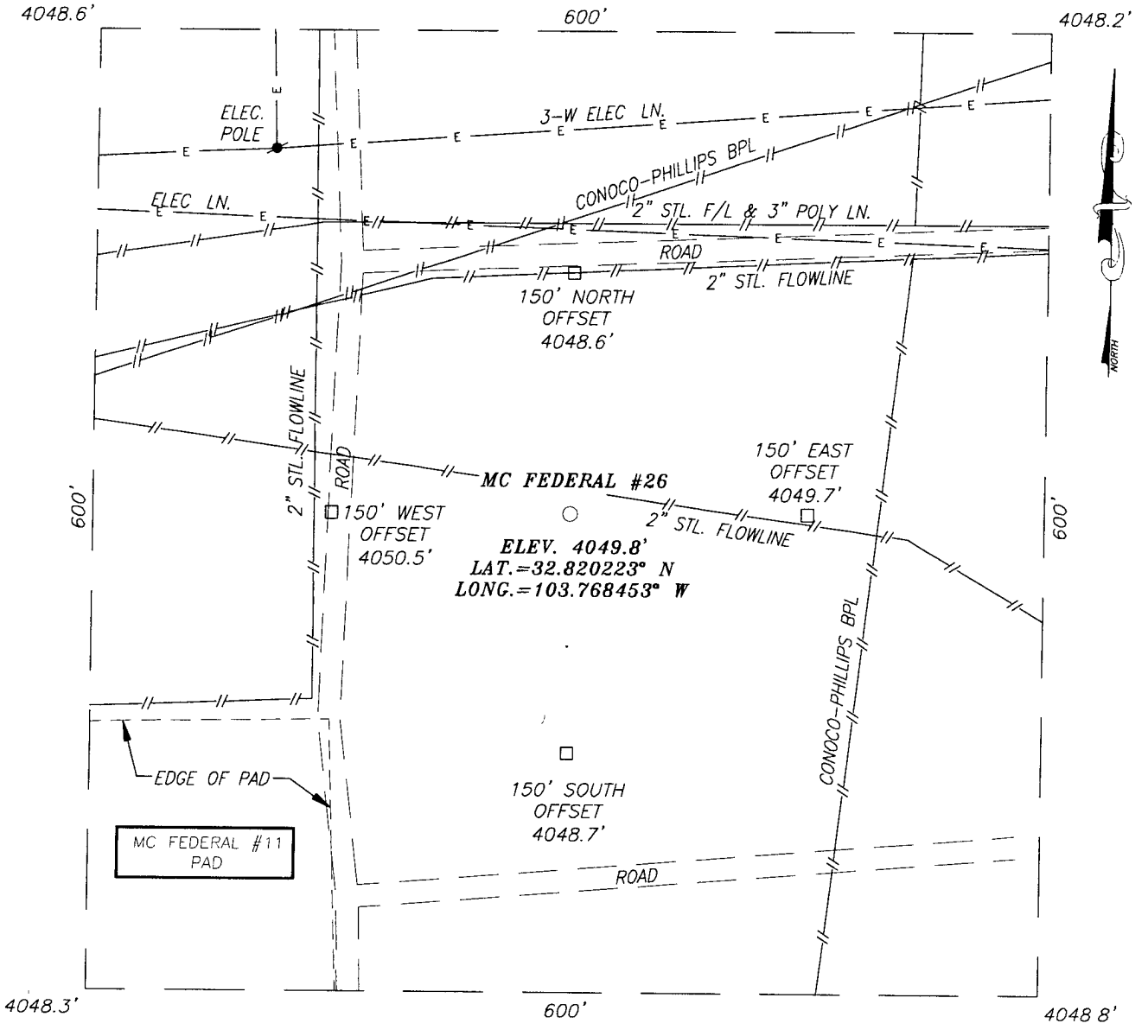
OPERATOR COG OPERATING, LLC

LEASE MC FEDERAL

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

SECTION 21, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND COUNTY ROAD L126 (MALJAMAR ROAD), GO SOUTH ON MALJAMAR ROAD APPROX. 2.0 MILES. TURN RIGHT AND GO WEST APPROX. 0.4 MILES. TURN LEFT AND GO SOUTH APPROX. 0.45 MILES. THIS LOCATION IS APPROX. 150 EAST.

100 0 100 200 Feet

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

MC FEDERAL #26 WELL
LOCATED 2560 FEET FROM THE NORTH LINE
AND 1880 FEET FROM THE EAST LINE OF SECTION 19,
TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 01/02/08	Sheet 1 of 1 Sheets		
W.O. Number. 07.11.1618	Dr By: DSS	Rev 1:N/A	
Date: 01/07/08	Disk: .	07111618	Scale: 1"=100'

MASTER DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface
Top of Salt	900'
Base of Salt	1700'
Yates	2000'
7 River	2375'
Queen	2975'
Grayburg	3475'
San Andres	3775'
Glorietta	5225'
Yeso Group	5325'

3. Estimated Depths of Anticipated Fresh Water, Oil and Gas

Water Sand	150'	Fresh Water
Grayburg	3475'	Oil/Gas
San Andres	3775'	Oil/Gas
Yeso Group	5325'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 650' and circulating cement back to the surface will protect the surface fresh water sand. The Salt Section will be protected by setting 8 5/8" casing to 2100' and circulating cement back to the surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 1/2" production casing back to 200' into the intermediate casing, to be run at TD.

4. Casing Program

See COA

Hole Size	Interval	OD Casing	Weight	Grade	Jt., Condition	burst/collapse/tension
17 ½"	0-650'	13 3/8"	48#	H-40	ST&C/New	6.03/2.578/10.32
12 ¼"	0-2100'	8 5/8"	32#	J-55	ST&C/New	1.85/1.241/4.78
7 7/8"	0-T.D.	5 1/2"	17#	J-55	LT&C/New	1.59/1.463/2.05

5. Cement Program

13 3/8" Surface Casing:	Class C, 500 sx lead, yield-1.98 + 200 sx tail, yield-1.32, back to surface
8 5/8 Intermediate Casing:	Class C, 700 sx lead, yield-2.45 + 200 sx tail, yield-1.32, back to surface
5 1/2" Production Casing:	Class C, 1500 sx, yield 1.37, to 200' minimum tie back to intermediate casing

6. Minimum Specifications for Pressure Control

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (2000 psi WP) preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on the bottom. The BOP will be nipped up on the 13 3/8" surface casing and tested to 2000 psi by a third party. The BOP will then be nipped up on the 8 5/8" intermediate casing and tested by a third party to 2000 psi and used continuously until total depth is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of the intermediate casing. 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 (Exhibit #10) will include a Kelly cock and floor safety valve, choke lines and a choke manifold (Exhibit #11) will a 2000 psi WP rating.

7. Types and Characteristics of the Proposed Mud System

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

Sec COA

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-650'	Fresh Water	8.5	28	N.C.
650-2100'	Brine	10	30	N.C.
2100'-TD	Cut Brine	9.1	29	N.C.

Sufficient mud materials will be kept at the well site to maintain mud properties and meet minimum lost circulation and weight increase requirements at all times.

8. Auxiliary Well Control and Monitoring Equipment

A. Kelly cock will be kept in the drill string at all times.

B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be run from TD to 8 5/8" casing shoe.

B. Drill Stem test is not anticipated.

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD, based on drill shows and log evaluation.

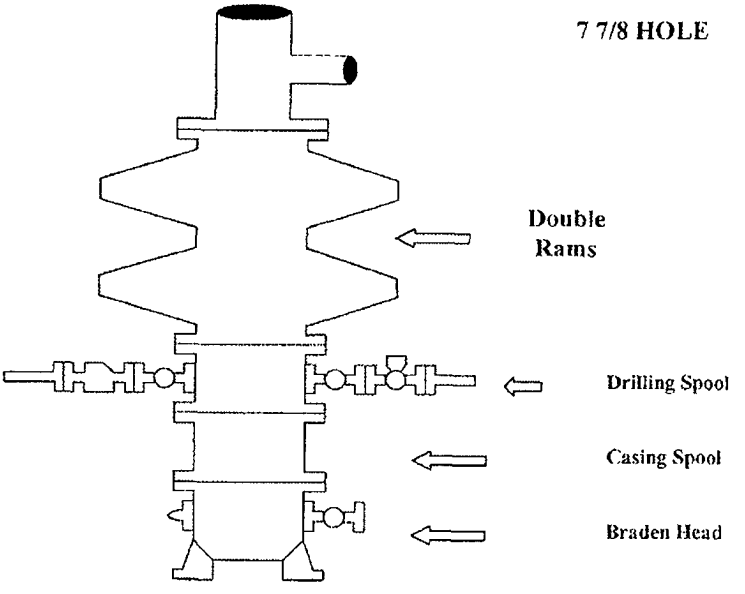
10. Abnormal Conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature at TD is 110 degrees and the estimated maximum bottom hole pressure is 2300 psig. Low levels of hydrogen sulfide have been monitored in producing wells in the area, so H_2S may be present while drilling the well. A Hydrogen Sulfide Drilling Operation Plan is attached to this program. No major loss of circulation zones has been reported in offsetting wells.

11. Anticipated Starting Date and Duration of Operations

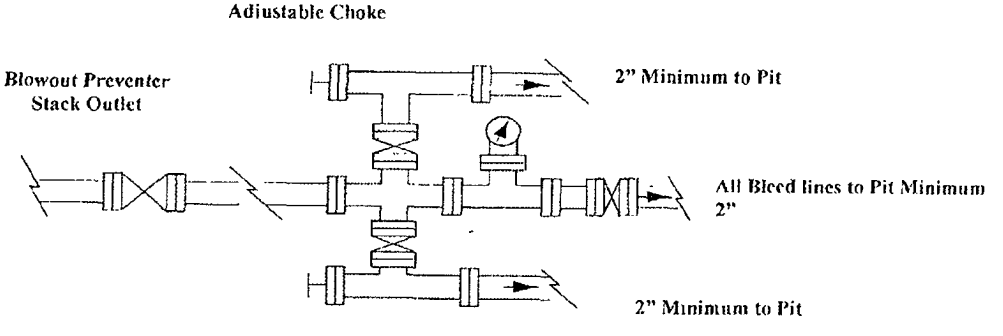
Road and location work will not begin until approval has been received from the BLM. As this is a Master Drilling plan, please refer to the Form 3160-3 for the Anticipated Start date. Once commenced, drilling operations should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

COG Operating LLC
Exhibit #9
BOPE and Choke Schematic



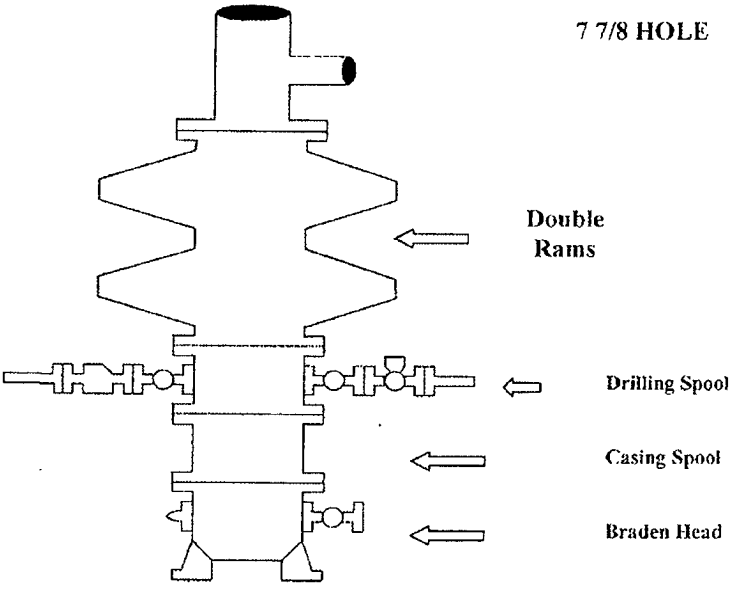
Minimum 4" Nominal choke and kill lines

Choke Manifold Requirement (2000 psi WP)
No Annular Required



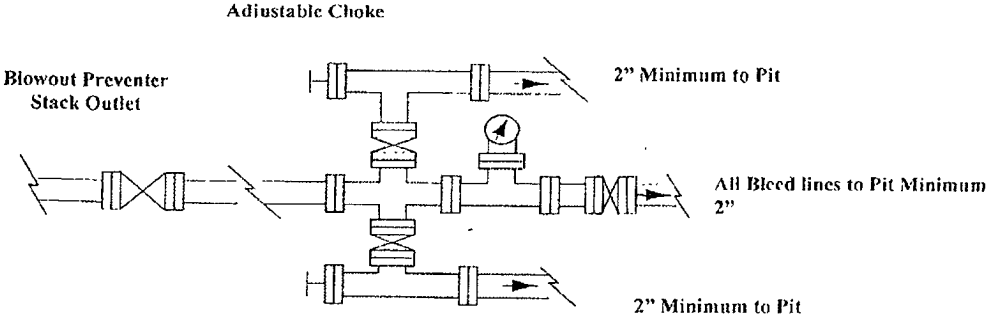
Adjustable Choke
(or Positive)

COG Operating LLC
Exhibit #9
BOPE and Choke Schematic



Minimum 4" Nominal choke and kill lines

Choke Manifold Requirement (2000 psi WP)
No Annular Required



Adjustable Choke
(or Positive)

COG Operating LLC

Lea County, NM (NAD 27 NME)
MC Federal #26
MC Federal #26
Wellbore #1

Plan: Plan #1

Standard Planning Report

11 January, 2008

Scientific Drilling
Directional Drilling Operations

Database:	EDM 2003 16 Single User Db	**Local Co-ordinate Reference:**	Well MC Federal #26
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 4050 00ft (Ground Elev)
Project:	Lea County, NM (NAD 27 NME)	**MD Reference:**	WELL @ 4050 00ft (Ground Elev)
Site:	MC Federal #26	**North Reference:**	Grid
Well:	MC Federal #26	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Project	Lea County, NM (NAD 27 NME)		
Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	MC Federal #26				
Site Position:		**Northing:**	662,571 90 ft	**Latitude:**	32° 49' 12 803 N
From:	Map	**Easting:**	673,534 20 ft	**Longitude:**	103° 46' 6 433 W
Position Uncertainty:	0 00 ft	**Slot Radius:**	"	**Grid Convergence:**	0 31 °

Well	MC Federal #26					
Well Position	**+N/-S**	0 00 ft	**Northing:**	662,571 90 ft	**Latitude:**	32° 49' 12 803 N
	+E/-W	0 00 ft	**Easting:**	673,534 20 ft	**Longitude:**	103° 46' 6 433 W
Position Uncertainty		0 00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	4,050.00 ft

Wellbore	Wellbore #1				
Magnetics	**Model Name**	**Sample Date**	**Declination (°)**	**Dip Angle (°)**	**Field Strength (nT)**
	IGRF200510	1/11/2008	8 12	60 80	49,315

Design	Plan #1				
Audit Notes:					
Version:		**Phase:**	PLAN	**Tie On Depth:**	0 00
Vertical Section:	**Depth From (TVD) (ft)**	**+N/-S (ft)**	**+E/-W (ft)**	**Direction (°)**	
	0 00	0 00	0 00	42 38	

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
3,000 00	0 00	0 00	3,000 00	0 00	0 00	0 00	0 00	0 00	0 00	
3,249 98	5 00	42 38	3,249 66	8 05	7 35	2 00	2 00	16 95	42 38	
7,014 64	5 00	42 38	7,000 00	250 40	228 50	0 00	0 00	0 00	0 00	PBHL-MC Fed #26

Database:	EDM 2003 16 Single User Db	**Local Co-ordinate Reference:**	Well MC Federal #26
Company:	COG Operating LLC	**TVD Reference:**	WELL @ 4050 00ft (Ground Elev)
Project:	Lea County, NM (NAD 27 NME)	**MD Reference:**	WELL @ 4050 00ft (Ground Elev)
Site:	MC Federal #26	**North Reference:**	Grid
Well:	MC Federal #26	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0 00	0 00	0 00	0 00	0 00	0 00	0 00	0.00	0 00	0 00
2,100 00	0 00	0 00	2,100 00	0 00	0.00	0 00	0 00	0 00	0 00
5 1/2" Casing									
3,000 00	0 00	0 00	3,000 00	0.00	0 00	0 00	0 00	0 00	0 00
KOP Start 2.00°/100'									
3,100 00	2 00	42.38	3,099.98	1 29	1 18	1 75	2 00	2 00	0 00
3,200 00	4 00	42 38	3,199 84	5 15	4 70	6 98	2 00	2 00	0 00
3,249 98	5 00	42 38	3,249 66	8 05	7.35	10 90	2 00	2 00	0 00
EOC hold 5.00°									
3,300 00	5 00	42.38	3,299 49	11 27	10 29	15 26	0 00	0 00	0 00
3,400 00	5 00	42 38	3,399 11	17 71	16 16	23 97	0 00	0 00	0 00
3,500 00	5 00	42 38	3,498 73	24 15	22 03	32 69	0 00	0 00	0 00
3,600.00	5 00	42 38	3,598 35	30 58	27 91	41 40	0 00	0 00	0.00
3,700 00	5 00	42 38	3,697 97	37 02	33 78	50 12	0 00	0 00	0 00
3,800 00	5 00	42 38	3,797 59	43 46	39 66	58 83	0 00	0 00	0.00
3,900 00	5 00	42 38	3,897 21	49 90	45 53	67 55	0 00	0 00	0 00
4,000.00	5 00	42 38	3,996.83	56 33	51 41	76 26	0 00	0 00	0 00
4,100 00	5 00	42 38	4,096 45	62 77	57 28	84 98	0 00	0 00	0 00
4,200 00	5 00	42 38	4,196 07	69 21	63 16	93 69	0 00	0 00	0 00
4,300 00	5 00	42 38	4,295 69	75 65	69 03	102 41	0 00	0 00	0 00
4,400 00	5 00	42 38	4,395 31	82 08	74 90	111 12	0 00	0 00	0 00
4,500 00	5 00	42 38	4,494 93	88 52	80 78	119 84	0.00	0 00	0 00
4,600 00	5 00	42 38	4,594 55	94 96	86 65	128 55	0 00	0 00	0 00
4,700 00	5 00	42 38	4,694 17	101 40	92 53	137 27	0 00	0 00	0 00
4,800 00	5 00	42 38	4,793 79	107 83	98 40	145 98	0 00	0 00	0 00
4,900 00	5 00	42 38	4,893.40	114 27	104 28	154 70	0 00	0 00	0 00
5,000 00	5 00	42 38	4,993 02	120 71	110 15	163 41	0 00	0 00	0 00
5,100 00	5 00	42 38	5,092 64	127 15	116 03	172 13	0 00	0 00	0 00
5,200 00	5 00	42 38	5,192 26	133 58	121 90	180 84	0.00	0 00	0 00
5,300 00	5.00	42 38	5,291 88	140 02	127 77	189 56	0.00	0 00	0 00
5,400 00	5 00	42 38	5,391.50	146 46	133 65	198 27	0 00	0 00	0 00
5,500 00	5 00	42 38	5,491 12	152 90	139 52	206 99	0 00	0 00	0 00
5,600 00	5 00	42 38	5,590 74	159 33	145 40	215 70	0 00	0 00	0 00
5,700 00	5 00	42 38	5,690 36	165 77	151 27	224 42	0 00	0 00	0.00
5,800 00	5 00	42 38	5,789 98	172 21	157 15	233 13	0 00	0 00	0 00
5,900 00	5 00	42 38	5,889 60	178 65	163 02	241 85	0 00	0 00	0 00
6,000 00	5 00	42 38	5,989 22	185.08	168 90	250 56	0 00	0 00	0 00
6,100 00	5 00	42 38	6,088 84	191 52	174 77	259 28	0 00	0 00	0 00
6,200 00	5 00	42 38	6,188 46	197 96	180 64	267 99	0 00	0 00	0 00
6,300 00	5 00	42 38	6,288 08	204 40	186 52	276 71	0 00	0 00	0 00
6,400 00	5 00	42 38	6,387 70	210 83	192 39	285 42	0 00	0 00	0 00
6,500 00	5 00	42 38	6,487 32	217 27	198 27	294 14	0 00	0 00	0 00
6,600 00	5 00	42 38	6,586 94	223 71	204 14	302 85	0 00	0 00	0 00
6,700 00	5 00	42 38	6,686 56	230 15	210 02	311 57	0.00	0 00	0 00
6,800 00	5 00	42 38	6,786 18	236 58	215 89	320 28	0 00	0 00	0 00
6,900 00	5 00	42.38	6,885 80	243 02	221 77	329 00	0 00	0 00	0 00
7,000 00	5 00	42 38	6,985 42	249 46	227 64	337 71	0 00	0 00	0 00
7,014 64	5 00	42 38	7,000 00	250 40	228 50	338 99	0 00	0 00	0 00
PBHL-MC Fed #26									

Database:	EDM 2003 16 Single User Db	**Local Co-ordinate Reference:**	Well MC Federal #26
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Site:	MC Federal #26	**North Reference:**	Grid
Well:	MC Federal #26	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan #1		

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
PBHL-MC Fed #26 - plan hits target - Point	0 00	0 00	7,000 00	250 40	228 50	662,822 30	673,762 70	32° 49' 15 269 N	103° 46' 3 740 W

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (")	Hole Diameter (")
2,100 00	2,100 00	5 1/2" Casing	5-1/2	7-7/8

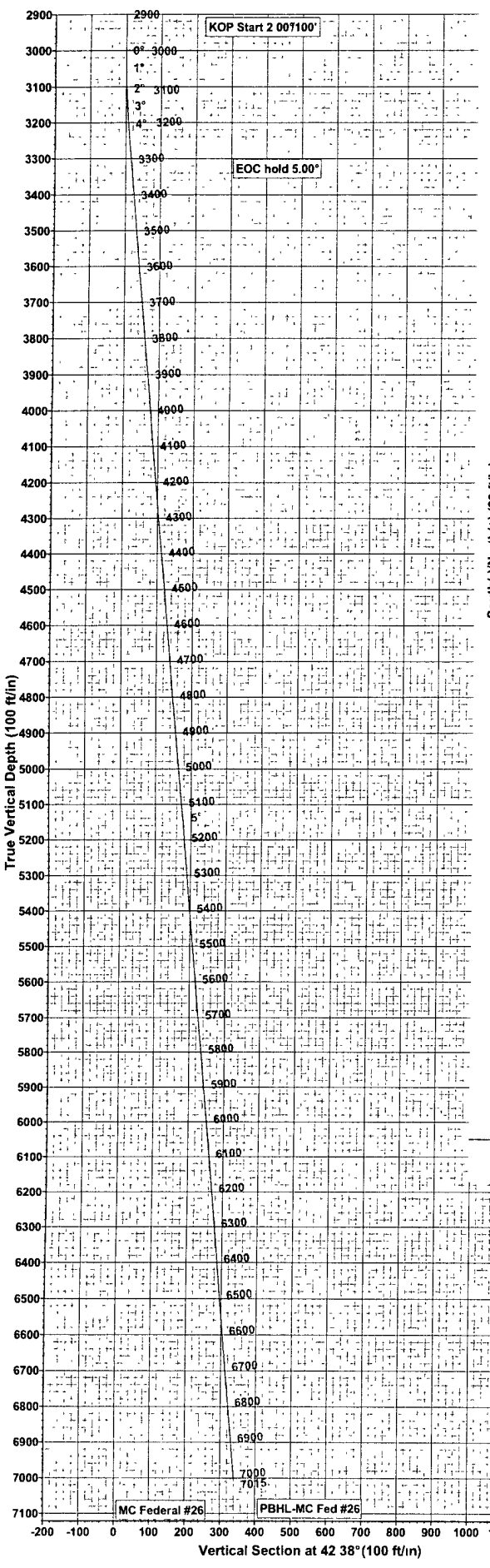
Plan Annotations

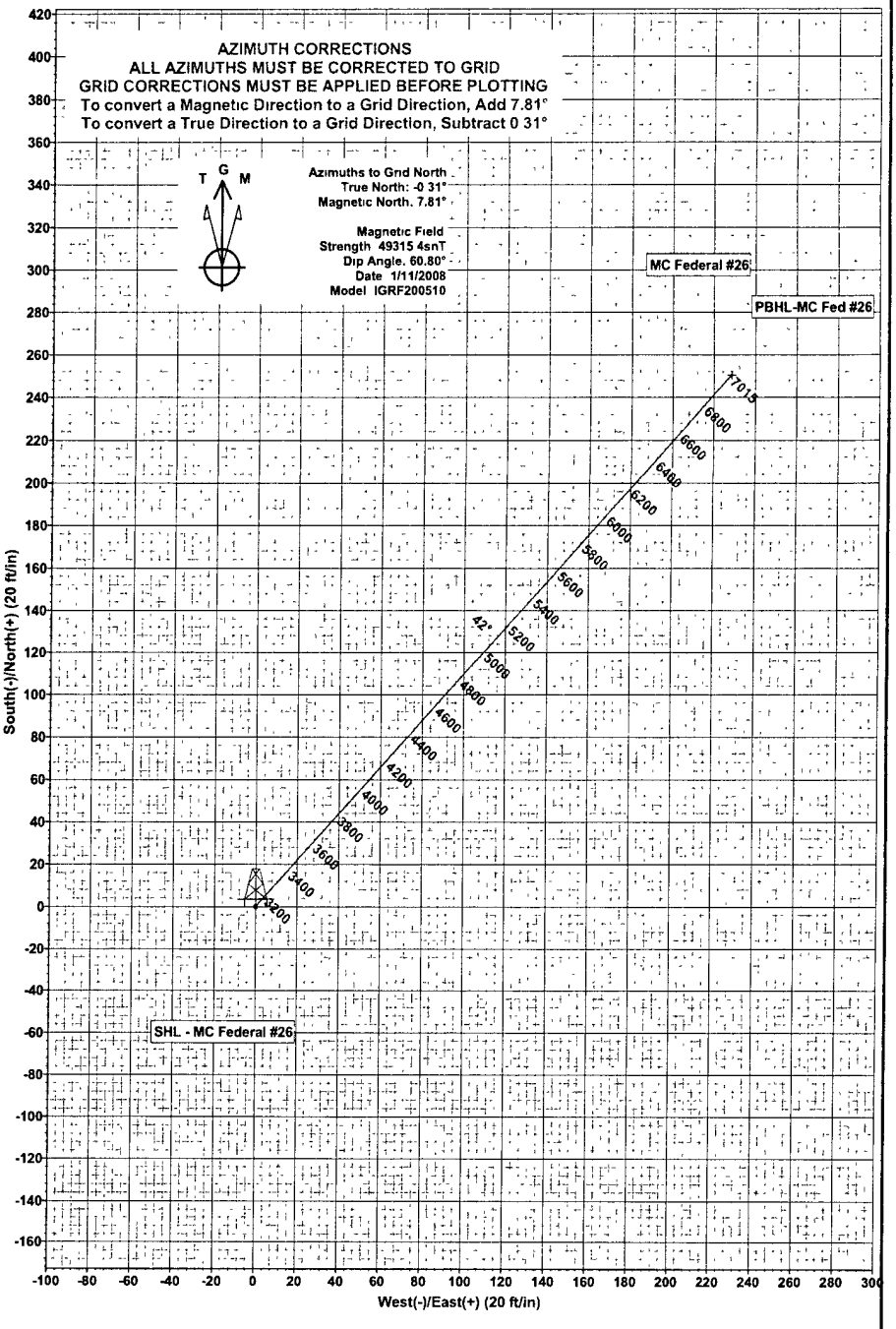
Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
3,000 00	3,000 00	0 00	0 00	KOP Start 2 00°/100'
3,249 98	3,249 66	8.05	7 35	EOC hold 5 00°

COG Operating LLC

Scientific Drilling for COG Operating LLC
Site: Lea County, NM (NAD 27 NME)
Well: MC Federal #26
Wellbore: Wellbore #1
Design: Plan #1

Scientific Drilling
Directional Drilling Operations





WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
PBHL-MC Fed #26	7000.00	250 40	228.50	662822 30	673762 70	32°49' 15 269 N	103°46' 3 740 W	Point

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0 00	0 00	0.00	0.00	0.00	0.00	0 00	0.00	0.00	
2	3000.00	0 00	0.00	3000.00	0 00	0 00	0.00	0.00	0.00	
3	3249 98	5.00	42 38	3249 66	8.05	7.35	2.00	42.38	10 90	
4	7014.64	5.00	42 38	7000 00	250 40	228.50	0 00	0 00	338.99	PBHL-MC Fed #26

WELL DETAILS MC Federal #26

Ground Level: 4050 00

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0 00	0 00	662571 90	673534 20	32°49' 12.803 N	103°46' 6.433 W	

PROJECT DETAILS: Lea County, NM (NAD 27 NME) Plan Plan #1 (MC Federal #26/Wellbore #1)

Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid. Clarke 1866
Zone: New Mexico East 3001
System Datum. Mean Sea Level

Created By: Julio Pina Date 11-Jan-08
Checked. _____ Date: _____
Reviewed: _____ Date. _____
Approved: _____ Date: _____

COG Operating LLC

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards an characteristics of hydrogen sulfide (H2S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors alarms warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubular are to be used, personnel well be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H2S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. **Well Control Equipment:**

   A. Flare line.

   B. Choke manifold.

   C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

   D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. **Protective equipment for essential personnel:**

   A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. **H2S detection and monitoring equipment:**

   A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. **Visual warning systems:**

   A. Wind direction indicators as shown on well site diagram (Exhibit #8).

   B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. **Mud program:**

   A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. **Metallurgy:**

   A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

   B. All elastomers used for packing and seals shall be H2S trim.

7. **Communication:**

   A. Radio communications in company vehicles including cellular telephone and 2-way radio.

   B. Land line (telephone) communication at Office.

8. **Well testing:**

   A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.

   B. There will be no drill stem testing.

EXHIBIT #7

WARNING

YOU ARE ENTERING AN H2S

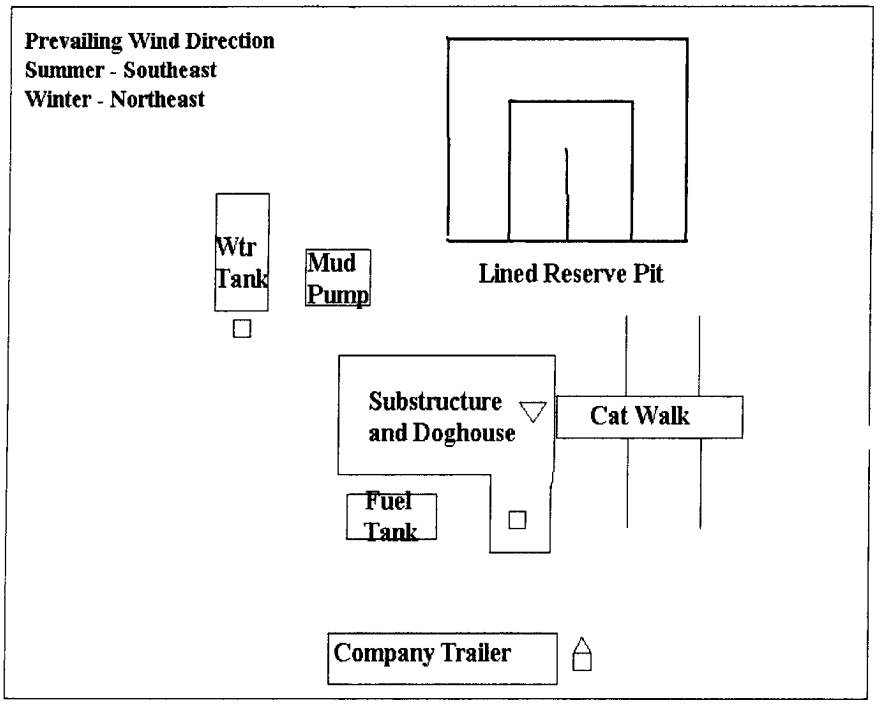
AUTHORIZED PERSONNEL ONLY

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH COG OPERATING FOREMAN AT

COG OPERATING LLC

1-432-683-7443

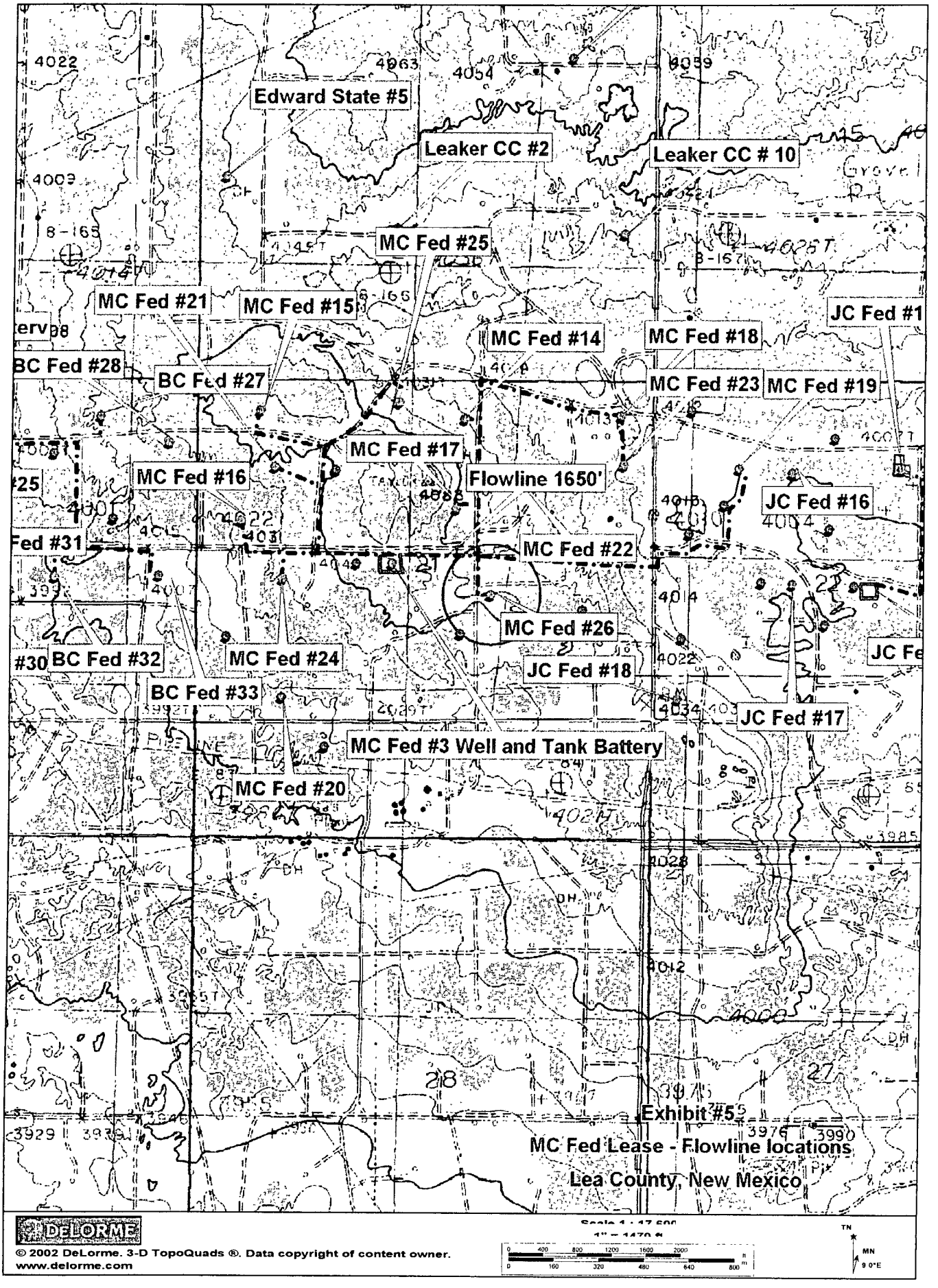
DRILLING LOCATION
H2S SAFETY EQUIPMENT
Exhibit # 8



▽ H2S Monitors with alarms at the bell nipple

□ Wind Direction Indicators

△ Safe Briefing areas with caution signs and breathing equipment min 150 feet from



PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	COG Operating, LLC
LEASE NO.:	NMLC029509A
WELL NAME & NO.:	MC Federal No. 26
SURFACE HOLE FOOTAGE:	2560' FNL & 1880' FEL
BOTTOM HOLE FOOTAGE	2310' FNL & 1650' FEL
LOCATION:	Section 21, T. 17 S., R 32 E., NMPM
COUNTY:	Lea County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Mitigation Measures: The mitigation measures include the special drilling stipulations, the standard stipulation for the lesser prairie chicken, the standard stipulation for surface pipelines, and the standard stipulations for permanent resource roads.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 15 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am.

The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

MC Federal # 26: Pit South V- Door West

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 125' X 125' on the South side of the well pad V-Door West.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

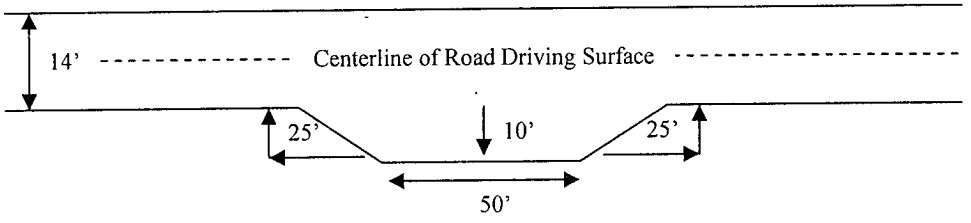
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

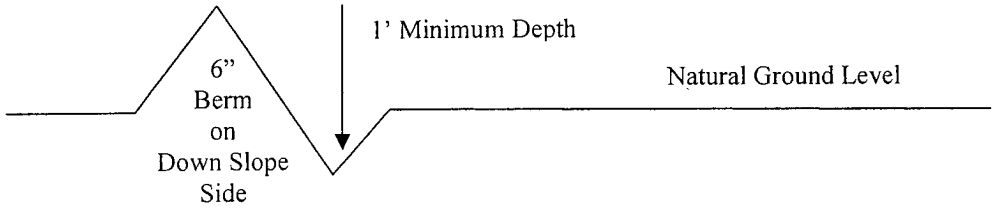
Standard Turnout – Plan View



Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

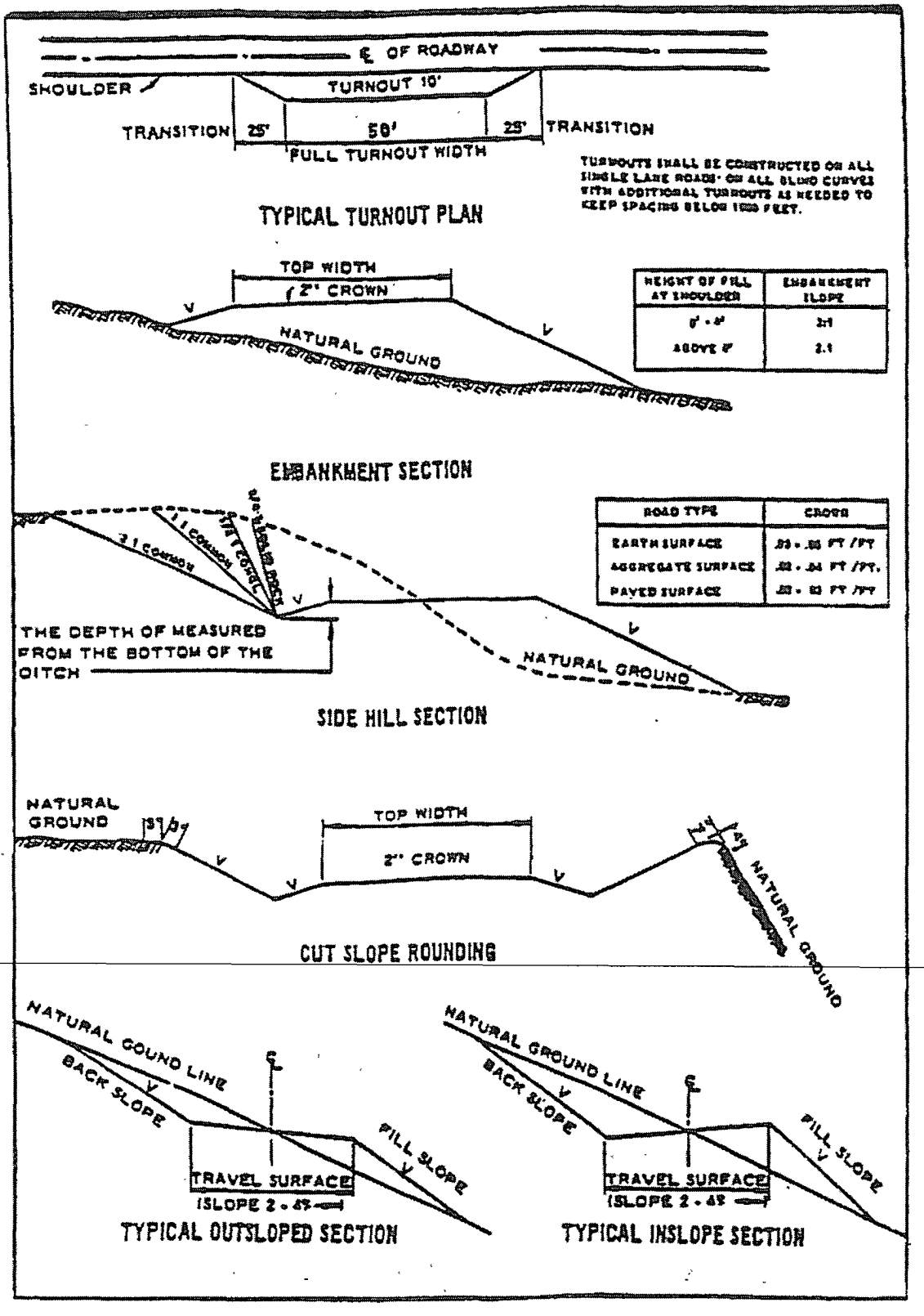
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Grayburg** formation. **Hydrogen Sulfide has been reported through out the township measuring 100-1400 ppm in the gas stream.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

B. CASING

1. The **13-3/8** inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite at approximately 805** feet and cemented to the surface. **Fresh water mud to be used to setting depth.**

   a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

   b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement). **Please provide WOC times to inspector for cement slurries.**

   c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

   d. If cement falls back, a remedial cement job will be done prior to drilling out that string.

Possible lost circulation in the Grayburg and San Andres formations.
Possible water and brine flows in the Salado and Artesia Group.

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:

   ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **Please provide WOC times to inspector for cement slurries.**

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

   a. The tests shall be done by an independent service company.

   b. The results of the test shall be reported to the appropriate BLM office.

   c. All tests are required to be recorded on a calibrated test chart. A copy of the ~~BOP/BOPE test chart and a copy of independent service company test will be~~ submitted to the appropriate BLM office.

   d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Engineer on call phone (after hours): Carlsbad: (575) 706-2779

WWI 020408

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic ~~Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to~~ any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the

release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **25** feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his hehalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The see mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.