AUG 2 1 2008		NM 88249				
Form 3160-3 (February 2005)	$\mathbf{)}$			OMB N	APPROVED to 1004-0137 March 31, 20	
DEPARTMENT OF THE I BUREAU OF LAND MAN				5 Lease Serial No. NMNM 10588	35	
APPLICATION FOR PERMIT TO		REENTER		6 If Indian, Allotee	or Tribe N	lame
la. Type of work 🔽 DRILL REENTE				N/A 7 If Unit or CA Agr	eement, Nai	me and No
la. Type of work 🗹 DRILL REENTE	:K			<u>N</u> /A 8 Lease Name and	Well No.	2373
Ib. Type of Well OI Well Gas Well OIher	√ Sin	gle Zone Multip	le Zone	Hercules Fed		#31
2 Name of Operator C.O.G. Operating L.L.C. 229137				9 API Well No.	75-	79105
3a Address 550 W. Texas, #1300 Midland, Texas 79701	3b Phone No. 432-685	(include area code) -9158		Wildand Boot or Wildenne Boot or Wolfcamp	Exploratory	
4 Location of Well (Report location clearly and in accordance with an At surface 1980' FSL & 430' FWL, Unit L	v State requireme	1ts *)		11 Sec , T R M or I Section 15, T		
At proposed prod zone 1980' FSL & 330' FEL, Unit I 14 Distance in miles and direction from nearest town or post office*				12 County or Parish		13 State
Approximately 15 miles North of Maljamar, New Mexico	,			Chaves Count		NM
15 Distance from proposed 330' location to nearest property or lease line, ft (Also to nearest drg, unit line, if any)	16 No of ac 800	res in lease	ng Unit dedicated to this	well		
18 Distance from proposed location*	19 Proposed	Depth	20 BLM	BIA Bond No. on file		
to nearest well, drilling, completed applied for, on this lease, ft 1320' 13450' MD 8750' TVD NMB 000215						
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 4400' GL	22. Approxim	ate date work will sta 07/10/2008	23 Estimated duration 45 Days	on		
	24. Attacl	nments R O	SWELL C	ONTROLLED WATER	BASIN	
The following, completed in accordance with the requirements of Onshor	re Oil and Gas O	order No 1, must be a	tached to the	us form		
 Well plat certified by a registered surveyor A Drilling Plan A Surface Use Plan (if the location is on National Forest System 	Lands, the	Item 20 above) 5 Operator certific	ation	ons unless covered by a	-	
SUPO must be filed with the appropriate Forest Service Office)		6 Such other site BLM	specific in	formation and/or plans a	is may be re	quired by the
25 Signature for		Printed Typed) .ee Ann Rollins			Date/8	108
Title Agent					f, *	
Approved by (Signature) /S/ Angel Mayes	Name	(Printed Typed)	S/ Anj	gel Mayes	Datê A	<u>6 19 20</u>
Title Assistant Field Manager, Lands And Minerals	Office	ROSWELL	FIELD	OFFICE		
Application approval does not warrant or certify that the applicant hold conduct operations thereon. Conditions of approval, if any, are attached.	ls legal or equita	ble title to those righ	ts in the su		entitle the a	pplicant to
Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a c States any false, fictitious or fraudulent statements or representations as	rime for any pe to any matter wi	rson knowingly and v			or agency (of the United
*(Instructions on page 2)						Kø.
APPROVAL SUBJECT TO				ŝ		

T.

DÍSTRICT, I' 1825 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 Pe, NM 87505 State of New Mexico Energy, Minerals and Natural Resources Department

Revised October 12, 2005 Submit to Appropriate District Office

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505 State Lease - 4 Copies Fee Lease - 3 Copies

□ AMENDED REPORT

Form C-102

	1	WELL LO	CATION	AND ACRE	EAGE DEDICAT	ION PLAT			
API Number		I	Pool Code		Wildcat	Pool Name			
38-005-	29050)			Wolf	camp			
Property Code				Property Na		•	Well N	-	
<u> </u>	· · · ·		HERU	Operator No				35 Elevation	
229137			0.0	G. OPERATI			44C		
	<u>I</u>		0.0.	Surface Lo		<u>,,, ,,,,, ,,,,,,,,,,,,,,,,,,,,,,</u>	1 440		
UL or lot No. Section	n Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
L 15	15 S	31 E		1980	SOUTH	430	WEST	CHAVES	
		Bottom	Hole Lo	cation If Dif	ferent From Su	rface			
UL or lot No. Section		Range	Lot Idn	Feet from the	•	Feet from the	East/West line	County	
15	15 S	31 E		1980	SOUTH	330	EAST	CHAVES	
Dedicated Acres Join	t or Infill Co	nsolidation (Code Or	der No.					
60									
NO ALLOWABLE					UNTIL ALL INTE		EEN CONSOLID	ATED	
		NUN-STAN	DARD UN	TT HAS BEEL	N APPROVED BY	THE DIVISION			
						OPERATO	OR CERTIFICA	TION	
			ĺ	1		contained here	rtify that the inform in is true and comp knowledge and belie	lete to	
						this organizatio	n either owns a wor eased mineral interes	king	
	1			I I		land including location pursua	the proposed bottom nt to a contract with	hole an	
	1			1		or to a volunta	a mineral or working ry pooling agreement	ora	
						the division.	ling order heretofore	entered by	
SURFACE LOCATION	T				BOTTOM HOLE LOCATIO		$\int d d d d d d d d d d d d d d d d d d d$	·	
LAT.: N 33'00'50.65				1	LAT.: N 33*00'50.8	2" 1 TADA	11000		
LONG.: W103*49'00.44 SPC- N.: 733044.316	" 1			1	LONG.: W103*48'07.2 SPC- N.: 733084.176	28" Signature	,	Date	
SPC- E.: 699674.047	1 t			1	E.: 704200.381	VYIIS	2008		
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						Certificate N	o. Oury L. Jones	7977	
	1					-	-		
							ASIN SURVEYS	J	

EXHIBIT "A"

ATTACHMENT TO FORM 3160-3 COG Operating, LLC Hercules '15' Federal Com #3H SL: 1980' FSL & 430' FWL BHL: 1980' FSL & 330' FEL Sec 15, T15S, R31E Chaves County, NM

- 1. Proration Unit Spacing: 160 Acres
- 2. Ground Elevation: 4400'
- 3. Proposed Depths: Pilot hole TD = 8960', Horizontal TVD = 8750', MD = 13450'

4. Estimated tops of geological markers:

Quaternary Yates Queen San Andres Tubb	Surface 2410' 3220' 3950' 6770' 7460'
Tubb Abo	6770' 7460'
Wolfcamp	8660'

5. Possible mineral bearing formations:

Water sand	150'	Fresh Water
Yates	2410'	Oil / Gas
Queen	3220'	Oil / Gas
San Andres	3950'	Oil / Gas
Tubb	6770'	Oil / Gas
Abo	7460'	Oil / Gas
Wolfcamp	8660'	Oil / Gas

6. Casing Program - Proposed

<u>Hole size</u>	Interval	OD of Casing	<u>Weight</u>	Cond.	Collar	Grade
17-1/2" Collapse sf –	0' - +/-400' - 3.78, Burst sf – `	13-3/8" 7.20, Tension sf –	48# - 15.72	New	STC	H40 WITNESS
12 1/4" Collapse sf -	0' - 4000' - 1.285, Burst sf -	9-5/8" - 1.17, Tension sf	40# - 3.25	New	STC	J-55, WITNESS
8-3/4" Collapse sf -	0' – 8500' - 1.75, Burst sf – :	5-1/2" 2.42, Tension sf -	17# - 2.94	New	LTC	P-110
	8500' – 13450' - 1.68, Burst sf –	5-1/2" 2.39, Tension sf -	17# - 79.28	New	BTC	P-110



7. Cement Program

2 21 - 74

13 3/8" Surf. Csg. Set at +/- 400', Circ to Surf with +/- 400 sx Class "C" w/ 2% CaCl2, 1.35 yd.

9 5/8" Intrmd. Csg. Set at +/- 4000'. Circ to Surf with +/- 800 sx 35/65 Poz "C", 2.05 yd. & 200 sx Class "C" w/ 2% CaCl2, 1.35 yd.

5 ½" Prod. Csg. Set at +/- 13300' MD. Cement casing with +/- 200 sx. 50/50/2 "C", 1.37 yd & +/- 900 sx Class "H", 1.18 yd. Est. TOC @ 8500'.

8. Pressure Control Equipment:

After setting 13 3/8" casing and installing 3000 psi casing head, NU 13 5/8" 3000 psi annular BOP. Test annular BOP, casing and manifold with clear fluid to 800 psi w/ rig pump. After setting 9 5/8" casing and installing 3000 psi casing spool, NU 3000 psi double ram BOP and 3000psi annular BOP. Test double ram BOP and manifold to 3000# with clear fluid and annular to 1500 psi using an independent tester and used continuously until TD is reached. Blind rams will be operationally checked on each trip out of hole. Pipe rams will be operationally checked each 24 hour period. These checks will be noted on daily tour sheets. Other accessories to the BOP equipment include a Kelly cock and floor safety valves, choke lines and choke manifold with 3000 psi WP rating.

9. Proposed Mud Circulating System

Interval	Mud Wt.	Visc.	FL	Type Mud System
0' - 400'	8.5	28	NC	Fresh water native mud w/ paper for seepage and sweeps. Lime for PH.
400'- 4000'	9.1	30	NC	Cut brine mud, lime for PH and paper for seepage and sweeps.
4000'- 7500'	9.1	29	NC	Drill section with fresh water/cut brine circulating the reserve utilizing periodic sweeps of paper as needed for seepage control and solids removal.
7500' - 13300'	9.5	36	10	Drill pilot hole, curve and horizontal section with XCD polymer / cut brine / starch.

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

10. 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.

ATTACHMENT TO FORM 3160-3 COG Operating, LLC Hercules '15' Federal Com #3H Page 3 of 3

11. Production Hole Drilling Summary:

Drill 8-3/4" Pilot hole thru Wolfcamp, run open hole logs. Spot 150 sx. "H" Kick off plug from +/- 8800' to +/-8300'. Time drill and kick off 7-7/8" hole at +/- 8300', building curve over +/- 475' to horizontal at 8680' TVD. Drill horizontal section in a easterly direction for +/-4500' lateral. Run production casing and cement.

12. 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 ran from T.D. in vertical pilot hole to 9 5/8" casing shoe.
- B. The mud logging program will consist of lagged 10' samples from intermediate casing point to T.D. in vertical pilot hole and from Kick off point to TD in Horizontal hole.
- C. Drill Stem test is not anticipated.
- D. No conventional coring is anticipated.
- E. Further testing procedures will be determined after the 5 ½" production casing has been cemented at TD based on drill shows and log evaluation.

13. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 3750 psig. Low levels of Hydrogen sulfide have been monitored in producing wells in the area, so H2S may be present while drilling of the well. An H2S plan is attached to the Drilling Program. No major loss of circulation zones has been reported in offsetting wells.

14. Anticipated Starting Date

Drilling operations will commence approximately on July 10, 2008 with drilling and completion operations lasting approximately 45 days.



COG Operating LLC

Chaves County Hercules Federal Com #3H Hercules Federal Com #3H Original Hole

Plan: Plan #1

Pathfinder Survey Report

30 April, 2008



WHS

Pathfinder Survey Report

Company: Project: Site: Well: Wellbore: Design:	Chaves County Hercules Federal Com #3H Hercules Federal Com #3H				TVD F MD Re North Surve	Local Co-ordinate Reference: TVD Reference: MD Reference: North Reference: Survey Calculation Method: Database:			<b 4<br="" @=""><b 4<br="" @="">im Curv	Federal Com # 400 00ft 400 00ft vature Single User Db			
Project	CI	naves Cou	nty				-						
Map System: Geo Datum: Map Zone:	Nor	State Plar th America w Mexico E	an Datum			Syst	em Datum:		Mean	Sea Le	vel		
Site	н	ercules Fe	deral Co	m #3H									
Site Position:					lorthing:		733,044.316 ft	Latitu					50.651 N 0 435 W
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Well	He	ercules Fe	deral Cor	m #3H									
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Design	P	lan #1											
Audit Notes:													
Version:					Phase:	PLAN		Tie On D)epth:		0 00		
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COMPASS 2003.16 Build 42F

Company:

Wellbore:

Planned Survey

Design:

Project:

Site:

Well:

WHS

Pathfinder Survey Report

Well Hercules Federal Com #3H COG Operating LLC Chaves County Local Co-ordinate Reference: EST RKB @ 4400 00ft TVD Reference: EST RKB @ 4400.00ft Hercules Federal Com #3H MD Reference: North Reference: Grid Hercules Federal Com #3H [:]Minimum Curvature Survey Calculation Method: Original Hole Database: EDM 2003.16 Single User Db Plan #1

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
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1,500.00	0 00	0 00	1,500.00	0 00	0.00	0 00	0 00
1,600 00	0.00	0 00	1,600.00	0 00	0.00	0 00	0.00
1,700.00	0 00	0.00	1,700 00	0 00	0 00	0 00	0 00
1,800 00	0 00	0 00	1,800 00	0.00	0 00	0.00	0.00
1,900 00	0.00	0 00	1,900 00	0 00	0 00	0.00	0 00
2,000 00	0 00	0 00	2,000 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
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3,400 00	0 00	0 00	3,400.00	0.00	0.00	0 00	0.00
3,500.00	0 00	0.00	3,500.00	0.00	0 00	0 00	0 00
3,600 00	0 00	0 00	3,600.00	0.00	0.00	0.00	0 00
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5,200 00	0 00	0 00	5,200 00	0.00	0.00	0.00	0 00
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COMPASS 2003 16 Build 42F

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Planned Survey

WHS

Pathfinder Survey Report

Company: Project: COG Operating LLC Local Co-ordinate Reference: EST RKB @ 4400.00ft Chaves County TVD Reference: MD Reference: EST RKB @ 4400 00ft Hercules Federal Com #3H Site: Grid Well: Hercules Federal Com #3H North Reference: Minimum Curvature Survey Calculation Method: Wellbore: Original Hole Database: EDM 2003 16 Single User Db Plan #1 Design:

Well Hercules Federal Com #3H

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
5,600 00	0 00	0.00	5,600.00	0 00	0 00	0 00	0.00
5,700.00	0 00	0 00	5,700 00	0 00	0.00	0.00	0 00
5,800 00	0 00	0 00	5,800.00	0 00	0 00	0.00	0 00
5,900 00	0.00	0 00	5,900.00	0.00	0.00	0 00	0 00
6,000 00	0 00	0.00	6,000.00	0 00	0 00	0.00	0 00
6,100 00	0 00	0 00	6,100 00	0.00	0.00	0.00	0 00
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6,300.00	0.00	0 00	6,300 00	0 00	0.00	0.00	0 00
6,400 00	0 00	0.00	6,400.00	0 00	0.00	0 00	0.00
6,500 00	0.00	0.00	6,500 00	0 00	0.00	0 00	0.00
6,600.00	0 00	0.00	6,600 00	0 00	0 00	0.00	0.00
6,700 00	0.00	0 00	6,700 00	0 00	0 00	0 00	0 00
6,800 00	0 00	0.00	6,800.00	0 00	0.00	0 00	0 00
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7,200 00	0 00	0.00	7,200 00	0 00	0.00	0.00	0.00
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7,400 00	0 00	0 00	7,400.00	0 00	0 00	0.00	0 00
7,500 00	0.00	0 00	7,500 00	0 00	0.00	0.00	0 00
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7,700 00	0.00	0.00	7,700 00	0 00	0 00	0 00	0.00
7,800 00	0.00	0 00	7,800 00	0 00	0 00	0 00	0.00
7,900 00	0 00	0.00	7,900 00	0 00	0.00	0 00	0.00
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8,100 00	0 00	0.00	8,100.00	0.00	0.00	0.00	0 00
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8,350 00	17 90	89 49	8,347 57	0 21	23.24	23 24	11.93
8,375.00	20 89	89.49	8,371.15	0 28	31 54	31.54	11.93
8,400 00	23 87	89 49	8,394 26	0 37	41 06	41.06	11 93
8,425 00	26 85	89 49	8,416 85	0 46	51 77	51 77	11 93
8,450 00	29 84	89.49	8,438.85	0 57	63.63	63 64	11 93
8,475 00	32.82	89 49	8,460 21	0 68	76 63	76 63	11 93
8,500 00	35.80	89 49	8,480 85	0 81	90 72	90.73	11 93
8,525 00	38.79	89 49	8,500.74	0 94	105 87	105.87	11 93
8,550 00	41.77	89.49	8,519.81	1 09	122.03	122 03	11.93
8,575 00	44 76	89.49	8,538 01	1.24	139 16	139.17	11 93
8,600 00	47.74	89 49	8,555 30	1 40	157 22	157.22	11.93
8,625 00	50 72	89 49	8,571 62	1 57	176.15	176.15	11 93
1							

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COMPASS 2003 16 Build 42F

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WHS

Pathfinder Survey Report

Company:COG Operating LLCProject:Chaves CountySite:Hercules Federal Com #3HWell:Hercules Federal Com #3HWellbore:Original HoleDesign:Plan #1

Planned Survey

Local Co-ordinate Reference:Image: Colored stateTVD Reference:Image: Colored stateMD Reference:Image: Colored stateNorth Reference:Image: Colored stateSurvey Calculation Method:Image: Colored stateDatabase:Image: Colored state

Well Hercules Federal Com #3H EST RKB @ 4400.00ft EST RKB @ 4400.00ft Grid Minimum Curvature EDM 2003 16 Single User Db

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
8,650.00	53 71	89 49	8,586.94	1.74	195 90	195 91	11.93
8,675.00	56 69	89.49	8,601 20	1 93	216.43	216.43	11.93
8,700.00	59.67	89 49	8,614 38	2 12	237.67	237 68	11.93
8,725 00	62 66	89 49	8,626 44	2.31	259.56	259 57	11.93
8,750.00	65 64	89.49	8,637 34	2.51	282 06	282 07	11 93
8,775.00	68 63	89.49	8,647 05	2.72	305 09	305 10	11.93
8,800.00	71 61	89.49	8,655 55	2.92	328.60	328 61	11 93
8,825 00	74 59	89 49	8,662.82	3 14	352 51	352.53	11 93
8,850 00	77 58	89 49	8,668.83	3.35	376 78	376 79	11 93
8,875 00	80 56	89 49	8,673 57	3.57	401.32	401.33	11.93
8,900 00	83 54	89 49	8,677 03	3.79	426.07	426.09	11.93
8,925.00	86 53	89.49	8,679 19	4.01	450 98	450 99	11.93
8,945 80	89 01	89.49	8,680 00	4.20	471 76	471.78	11 93
9,007.88	89 01	89 50	8,681.07	4.75	533 83	533 85	0.01
9,100 00	89.01	89 50	8,682.66	5 56	625.93	625 95	0.00
9,200 00	89.01	89.50	8,684 39	6.44	725 91	725.94	0 00
9,300 00	89 01	89 50	8,686.11	7 32	825 89	825 92	0 00
9,400.00	89.01	89.50	8,687 84	8 20	925.87	925.91	0 00
9,500 00	89 01	89 50	8,689.57	9.08	1,025.85	1,025.89	0 00
9,600 00	89 01	89 50	8,691.29	9 95	1,125 84	1,125.88	0 00
9,700 00	89 01	89.50	8,693 02	10 83	1,225.82	1,225.86	0 00
9,800 00	89 01	89 50	8,694 74	11.71	1,325 80	1,325.85	0 00
9,900 00	89.01	89.50	8,696.47	12 59	1,425.78	1,425.84	0 00
10,000 00	89 01	89 50	8,698 20	13 47	1,525 76	1,525 82	0 00
10,100 00	89.01	89 50	8,699.92	14.35	1,625 74	1,625.81	0.00
10,200.00	89 01	89.50	8,701.65	15.23	1,725.72	1,725 79	0 00
10,300.00	89.01	89 50	8,703 38	16.11	1,825 70	1,825.78	0 00
10,400 00	89.01	89 50	8,705.10	16.99	1,925 69	1,925.76	0 00
10,500 00	89 01	89 50	8,706.83	17.87	2,025.67	2,025.75	0 00
10,600 00	89 01	89 50	8,708.55	18.75	2,125.65	2,125 73	0.00
10,700 00	89 01	89 50	8,710 28	19.63	2,225 63	2,225 72	0 00
10,800.00	89 01	89 50	8,712 01	20 51	2,325 61	2,325 70	0 00
10,900.00	89 01	89.50	8,713 73	21 39	2,425 59	2,425.69	0 00
11,000.00	89 01	89 50	8,715 46	22 26	2,525 57	2,525 67	0.00
11,100 00	89 01	89.50	8,717 18	23.14	2,625 55	2,625.66	0 00
11,200.00	89 01	89 50	8,718 91	24 02	2,725 54	2,725 64	0 00
11,300 00	89.01	89 50	8,720.64	24.90	2,825 52	2,825.63	0 00
11,400.00	89 01	89 50	8,722 36	25 78	2,925.50	2,925 61	0 00
11,500 00	89.01	89.50	8,724 09	26.66	3,025 48	3,025 60	0 00
11,600.00	89.01	89 50	8,725 81	27.54	3,125.46	3,125 58	0 00
11,700.00	89.01	89 50	8,727.54	28 42	3,225 44	3,225 57	0 00
11,800 00	89.01	89.50	8,729 27	29 30	3,325.42	3,325 55	0.00
11,900.00	89 01	89.50	8,730.99	30.18	3,425 40	3,425 54	0 00
12,000 00	89.01	89 50	8,732.72	31.06	3,525.39	3,525.52	0 00
12,100.00	89 01	89 50	8,734 45	31 94	3,625 37	3,625 51	0 00

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Pathfinder Survey Report

Company: Project: Site: Well: Wellbore: Design:	COG Ope Chaves Co Hercules F Hercules F Original H Plan #1	ounty Federal Federal	Com #3H	TVD Referenc MD Reference North Referen			é:	EST RKB @ 4400 00ft EST RKB @ 4400.00ft Grid			
Planned Surve	ey			-					<u> </u>		
MD (ft)		Inc (°)		Azi (°)	TVD (ft)		N/S (ft)	E/W (ft)		. Sec (ft)	DLeg (°/100ft)
12,20	0 00	89) 01	89 50	8,	736 17	32 82	3,725 35		3,725 49	0.00
12,20			9 01	89 50		737 90	33 70	3,825 33		3,825 48	0.00
12,30			9 01	89 50	- ,	739 62	34.57	3,925 31		3,925 46	0.00
12,50			9 01	89 50		741 35	35.45	4,025 29		4,025 45	0.00
12,50			9 01	89 50	,	,743.08	36.33	4,125 27		4,125.43	0.0
				89.50		.744 80	37 21	4,225 25		4,225,42	0.0
12,70			9.01 9.01	89.50 89.50	- ,	,744 80 ,746 53	37 21	4,225 25 4,325.24		4,225.42	0.0
12,80			9 01 9 01	89 50 89 50	,	,746 53 ,748 25	38.97	4,325.24		4,325.40	0.0
12,90 13,00			9.01 9.01	89.50 89.50		,748 25 ,750.00	39.86	4,425.22		4,526 51	0.0
Targets	-					······································					
Target Name - hit/miss t - Shape	arget Dip	Angle (°)	Dip Dir. . (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Lati	itude	Longitude
PBHL (HFC3) - plan hits - Point		0.00	0.00	0 8,750 00	39 86	4,526 33	733,084 176	704,200 381	33° 0)' 50.823 N	103° 48' 7.276 \
Formations											
4 1	Measured Depth (ft)		ertical Depth (ft)		Name		Lithold	Dav	Dip (°)	Dip Direction (°)	
	3,950 00	n ;	3 950.00	San Andres E					0.00		
	8,660 00			Wolfcamp	-				0.00		
	6,770 00		6,770.00	•					0 00		
	3,320 0		3,320 00	Queen					0 00		
	7,460 0	0 7	7,460.00	Abo					0.00		
	2,410 0	o 2	2,410 00	Yates					0 00		
Checked B											

SURFACE USE AND OPERATIONS PLAN FOR DRILLING, COMPLETION, AND PRODUCING

C.O.G. Operating, LLC Hercules Federal Com #3H SL: 1980' FSL & 430' FWL, Unit L BHL: 1980' FSL & 330' FEL, Unit I Sec 15, T15S, R31E Chaves County, New Mexico

LOCATED:

Approximately 15 miles North of Maljamar, New Mexico

OIL & GAS LEASE

SL: NMNM #105885

BHL: State of New Mexico

RECORD TITLE LESSEE

SL: Chesapeake Exploration LP PO Box 18496, Oklahoma City, OK 73154 COG Oil and Gas LP 550 West Texas Ave., Suite 1300, Midland, TX 79701

BHL: State of New Mexico

BOND COVERAGE

\$25,000 statewide bond of C.O.G. Operating, L.L.C. NMB 000215

SURFACE OWNER

Billy & Donna Medlin, P.O. Box 50 Maljamar, NM 88264 Phone: (505) 676-4121

MINERAL OWNER

SL: Bureau of Land Management BHL: State of New Mexico

POOL

Wolfcamp

PROPOSED TOTAL DEPTH

This well will be drilled to a Total Vertical Depth of approximately 8750' and a Measured Depth of approximately 13,450'.

Hercules Federal Com #3H Page 2

EXHIBITS

14

А.	Well Location & Acreage Dedication Map
B.	Area Road Map
C-1 & C-2.	Vicinity Oil & Gas Map
D.	Topographic & Location Verification Map
E-1 & E-2.	Proposed Lease Road and Pad Layout Map
F.	Drilling Rig Layout
G.	BOPE Schematic
Н.	Choke Manifold Schematic

EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit B is a map showing existing roads in the vicinity of the proposed well site.
- C. Directions to well location: From mile marker 32 of Highway 249, go east 243.0' to proposed lease road.

ACCESS ROADS

- A. Length and Width: 520.6' long and 30' wide. COG Operating LLC has an agreement with the surface owner for right-of-way for the proposed 520.6' lease road which is accessible from Highway 249.
- B. Surface Material: Existing
- C. Maximum Grad: Less than five percent
- D. Turnouts: None necessary
- E. Drainage Design: Existing
- F. Culverts: None necessary
- G. Gates and Cattle Guards: None needed

Hercules Federal Com #3H Page 3

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LOCATION OF EXISITING WELLS

Existing wells in the immediate area are shown in Exhibit C.

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit E-1.

METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES

None required.

WELL SITE LAYOUT

Exhibit F shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

Hercules Federal Com #3H Page 4

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PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

OTHER INFORMATION

A. Topography:

The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.

- B. Soil: Topsoil at the well site is sandy soil.
- **C. Flora and Fauna:** The location is in an area sparsely covered with mesquite and range grasses.
- D. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.
- **E. Residences and Other Structures:** There are no residences within a mile of the proposed well site.
- **F.** Archaeological, Historical, and Cultural sites: An Archaeological Survey has been ordered and a copy to be sent to the BLM Office.
- G. Land Use: Grazing

OPERATOR'S REPRESENTATIVE

John Coffman C.O.G. Operating, LLC 550 W. Texas Ave, Suite 1300 Midland, TX 79701 (432) 683-7443



EXHIBIT "B"

EXHIBIT "D"







EXHIBIT "E-2"

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BOPE SCHEMATIC



900 SERIES



CHOKE MANIFOLD 3M SERVICE

EXHIBIT "H"



STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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C.O.G. Operating, LLC (229137) 550 W. Texas Avenue, Ste. 1300 Midland, TX 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No – Surface Location: Lease No – Bottom Hole Location:	NMNM #105885 State of New Mexico
Well Name:	Hercules Federal Com #3H
Legal Description of Land:	SL: 1980' FSL & 430' FWL, Unit L BHL: 1980' FSL & 330' FEL, Unit I Sec 15, T15S, R31E Chaves County, New Mexico
Formation(s) (if applicable):	Wolfcamp
Bond Coverage:	\$25,000 statewide bond of C.O.G. Operating, LLC
BLM Bond File No:	NMB 000215

5/23/08 Date

offensi John Coffman

C.O.G. Operating, LLC

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 presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be preformed by the C.O.G. Operating, LLC Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

5/23/08 Date

Fritz in Coffman

C.O.G. Operating, LLC



COG OPERATING, LLC

HYDROGEN SULFIDE (H2S) CONTINGENCY PLAN FOR DRILLING / COMPLETING / WORKOVER / FACILITY WITH THE EXPECTATION OF H2S IN EXCESS OF 100 PPM

C.O.G. Operating, LLC NEW DRILL WELL Hercules Federal Com #3H SL: 1980' FSL & 430' FWL, Unit L BHL: 1980' FSL & 330' FEL, Unit I Sec 15, T15S, R31E Chaves County, New Mexico

This well / facility is not expected to have H2S, but the following is submitted as requested.

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in harms way, he will immediately notify public safety personnel.

EMERGENCY CALL LIST

	Office	Cell	Home
John Coffman	432-683-7443	432-631-9762	432-699-5552
Erick Nelson	432-683-7443	432-238-7591	
Matt Corser	432-683-7443	432-413-0071	

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EMERGENCY RESPONSE NUMBERS Chaves County, New Mexico

State Police	505-748-9718
Chaves County Sheriff	505-624-6500
Emergency Medical Services (Ambulance)	911 or 505-624-6500
Chaves County Emergency Management	505-476-9600
State Emergency Response Center (SERC)	505-476-9620
New Mexico Oil Conservation Division	505-748-1283
Callaway Safety Equipment, Inc.	505-392-2973



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PROTECTION OF THE GENERAL (ROE) RADIUS OF EXPOSURE

In the event greater than 100 ppg H2S is present, the ROE calculations will be done to determine if the following is warranted:

- * 100 ppm at any public area (any place not associated with this site)
- * 500 ppm at any public road (any road which the general public may travel).
- * 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H2S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE:	(H2S concentrations in decimal form)
X = [(1.589)(concentration)(Q)] (0.6258)	10,000 ppm + = .01
Calculation for the 500 ppm ROE:	1,000 ppm + = .001 100 ppm + = .0001 10 ppm + = .00001
X = [(0.4546)(concentration)(Q)] (.06258)	

EXAMPLE: If a well / facility has been determined to have 150 ppm H2S in the gas mixture and the well / facility is producing at a gas rate of 200 MCFD then:

ROE for 100 ppm	X = [(1.589)(.00010)(200,000)] (0.6258)
	X=8.8'
ROE for 500 ppm	X = [(.4546)(.00050)(200,000)] (0.6258)
	X=10.9'

These calculations will be forwarded to the appropriate NMOCD district office when applicable.



PUBLIC EVACUATION PLAN

When the supervisor has determined that the general public will be involved, the following plan will be implemented.

- 1. Notification of the emergency response agencies of the hazardous condition and implement evacuation procedures.
- 2. A trained person in H2S safety shall monitor with detection equipment the H2S concentration, wind and area of exposure. This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. All monitoring equipment shall be UL approved for use in Class I Groups A, B, C & D, Division I hazardous locations. All monitors will have a minimum capability of measuring H2S, oxygen, and flammable values.
- 3. Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
- 4. The company representative shall stay in communication with all agencies throughout the duration of the situation and inform such agencies when the situation has been contained and the effected area is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION

The decision to ignite a well should be a last resort and one, if not both, of the following pertain:

- 1. Human life and / or property are endangered.
- 2. There is no hope of bringing the situation under control with the prevailing conditions at the site.

Instructions for Igniting the Well:

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- 1. Two people are required. They must be equipped with positive pressure, selfcontained breathing apparatus and "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
- 2. One of the people will be a qualified safety person who will test the atmosphere for H2S, oxygen and LFL. The other person will be the company representative.
- 3. Ignite upwind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun with a range of approximately +/- 500 feet shall be used to ignite the gas.
- 4. Before igniting, check for the presence of combustible gases.
- 5. After igniting, continue emergency actions and procedures as before.



COLOR ODOR VAPOR DENSITY EXPLOSIVE LIMITS FLAMMABILITY SOLUBILITY (IN WATER) BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR – TRANSPARENT

1.11

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence, a fact that makes the gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs". For this reason it earned its common name "sour gas". However, H2S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H2S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H2S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO2), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY - 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H2S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H2S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.