New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

RECEIVED
FEB 10 2010
HOBBSOCD

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
NMNM-105885

6 If Indian, Allotee or Tribe Name
N/A

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

1a. Type of work: ☑ DRILL ☐ REENTER

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

8 Lease Name and Well No.
Leo 3 Fed Com #2H <38029>

2 Name of Operator
COG Operating LLC <229137>

9 API Well No.
30-005-29120

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

3b. Phone No. *(include area code)*
(432) 685-4385

10. Field and Pool, or Exploratory
WC; ~~Crow Flats; Abo~~ ~~97607~~ <Wildcat Bone Spring> <97715>

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **1980' FSL & 430' FEL, UL I**
At proposed prod. zone **1980' FSL & 330' FWL, UL L**

11. Sec., T R M. or Blk and Survey or Area
Sec 3, T15S, R31E

14 Distance in miles and direction from nearest town or post office*
2.5 miles north of Loco Hills, NM

12 County or Parish
Chaves

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
430'	**160**	**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
550'	**TVD 8675', MD 13470'**	**NMB000215**
21 Elevations (Show whether DF, KDB, RT, GL, etc.)	22 Approximate date work will start*	23. Estimated duration
4408' GL	**05/30/2009**	**10 days**

24. Attachments

ROSWELL CONTROLLED WATER BASIN

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
Robyn Odom	**Robyn Odom**	**03/26/2009**

Title **Regulatory Analyst**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/ Angel Mayes	Angel Mayes	02/05/2010
Title **Assistant Field Manager, Lands And Minerals**	Office ROSWELL 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.

APPROVED FOR 2 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)

DECLARED WATER BASIN

CEMENT BEHIND THE 13 3/8" CASING MUST BE CIRCULATED

WITNESS

KZ

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND 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

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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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015- 29120	97715	Wildcat Abo - Wolfcamp

Property Code	Property Name	Well Number
38029	LEO "3" FEDERAL COM	2 H

OGRID No.	Operator Name	Elevation
229137	C.O.G. OPERATING L.L.C.	4408'

Surface Location

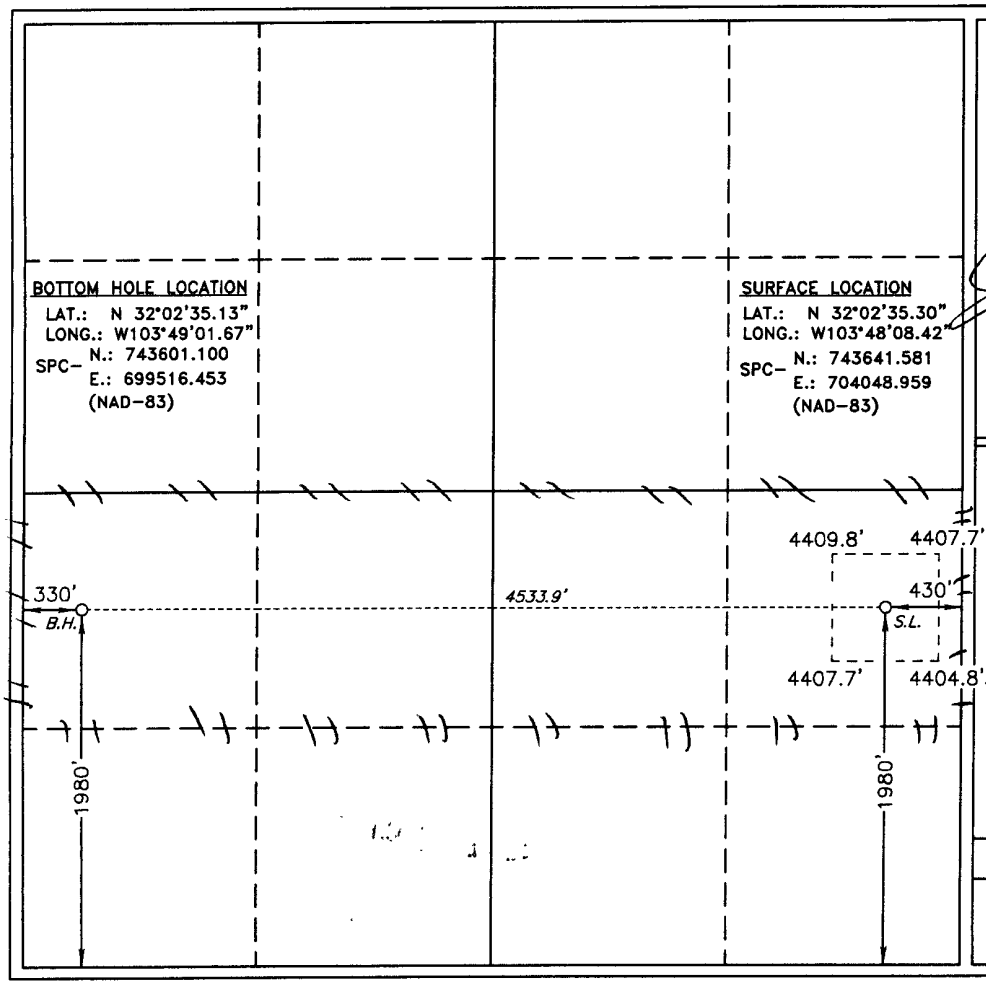
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	3	15 S	31 E		1980	SOUTH	430	EAST	CHAVES

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
L	3	15 S	31 E		1980	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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 contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature 9/19/2008 Date

Robyn Odom
Printed Name

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.

SEPTEMBER 9, 2007
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

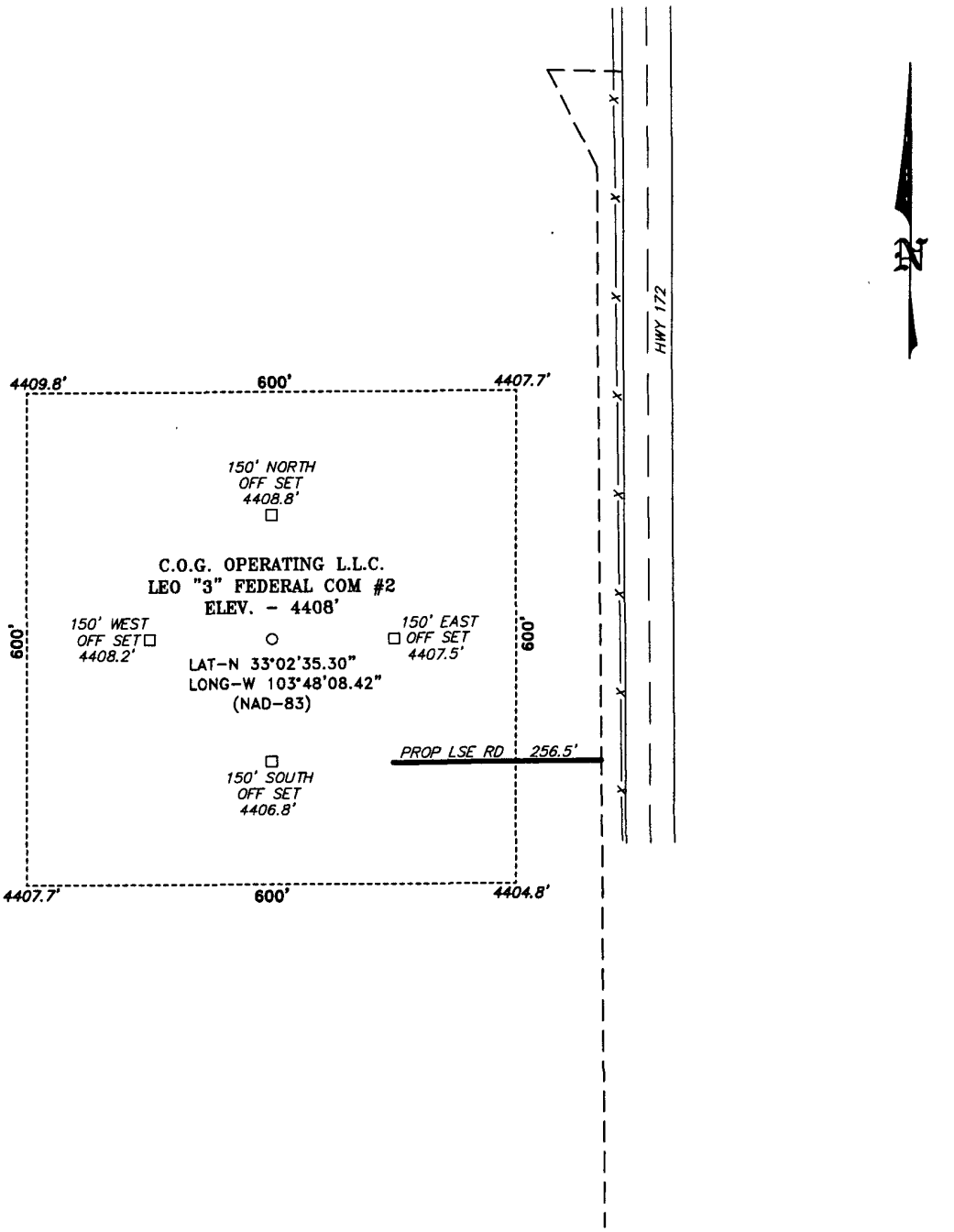
W.O. 27

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,

CHAVES COUNTY, **NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM MILE MARKER 2 OF STATE HWY 172, GO NORTH 0.1 MILES TO PROPOSED LEASE ROAD.

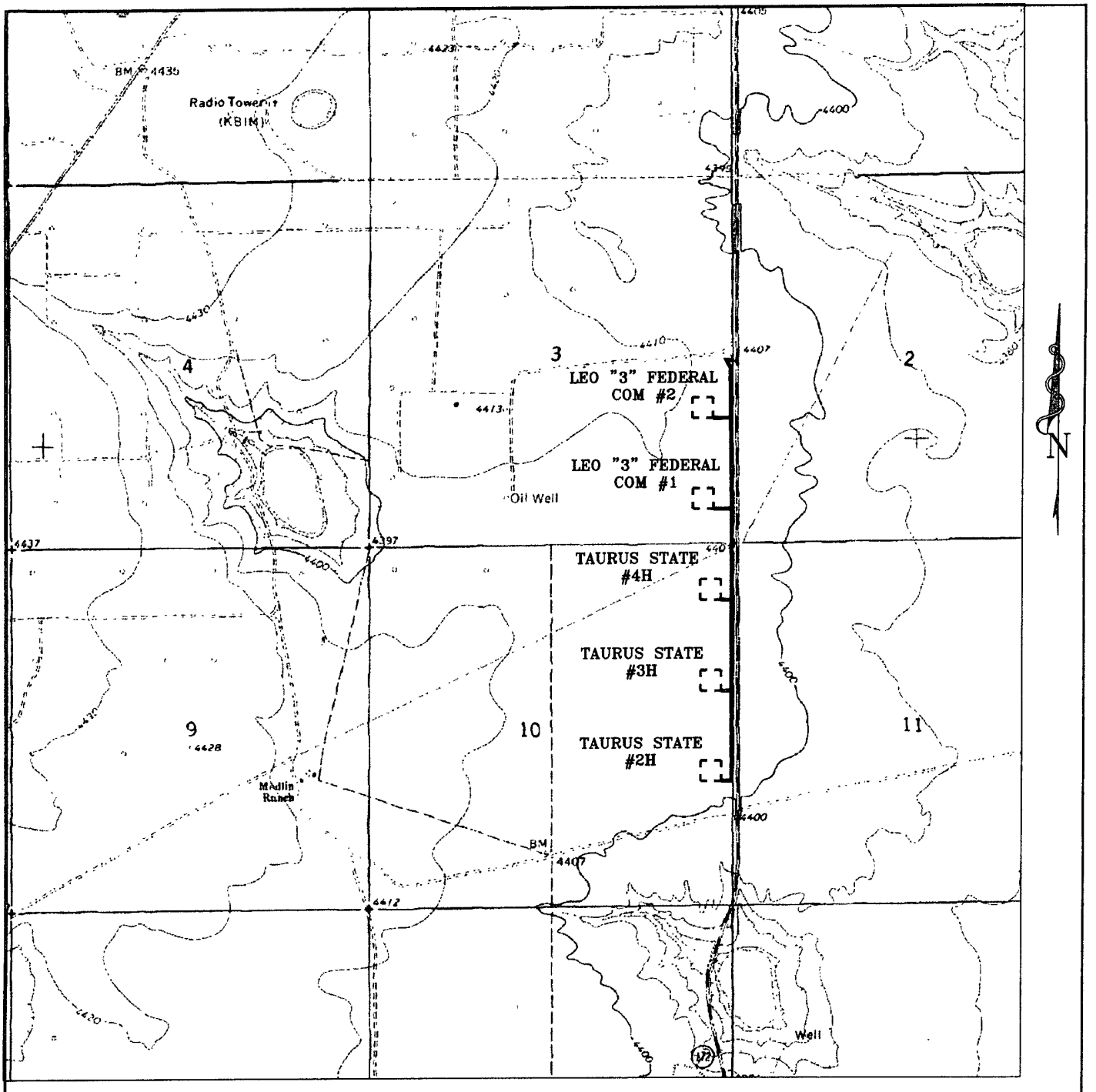
C.O.G. OPERATING L.L.C.

REF: LEO "3" FEDERAL COM #2 / Well Pad Topo

THE LEO "3" FEDERAL COM #2 LOCATED 1980' FROM THE SOUTH LINE AND 430' FROM THE EAST LINE OF SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 20227	Drawn By: J. M. SMALL		
Date: 09-10-2008	Disk: JMS 20227	Survey Date: 09-09-2008	Sheet 1 of 1 Sheets

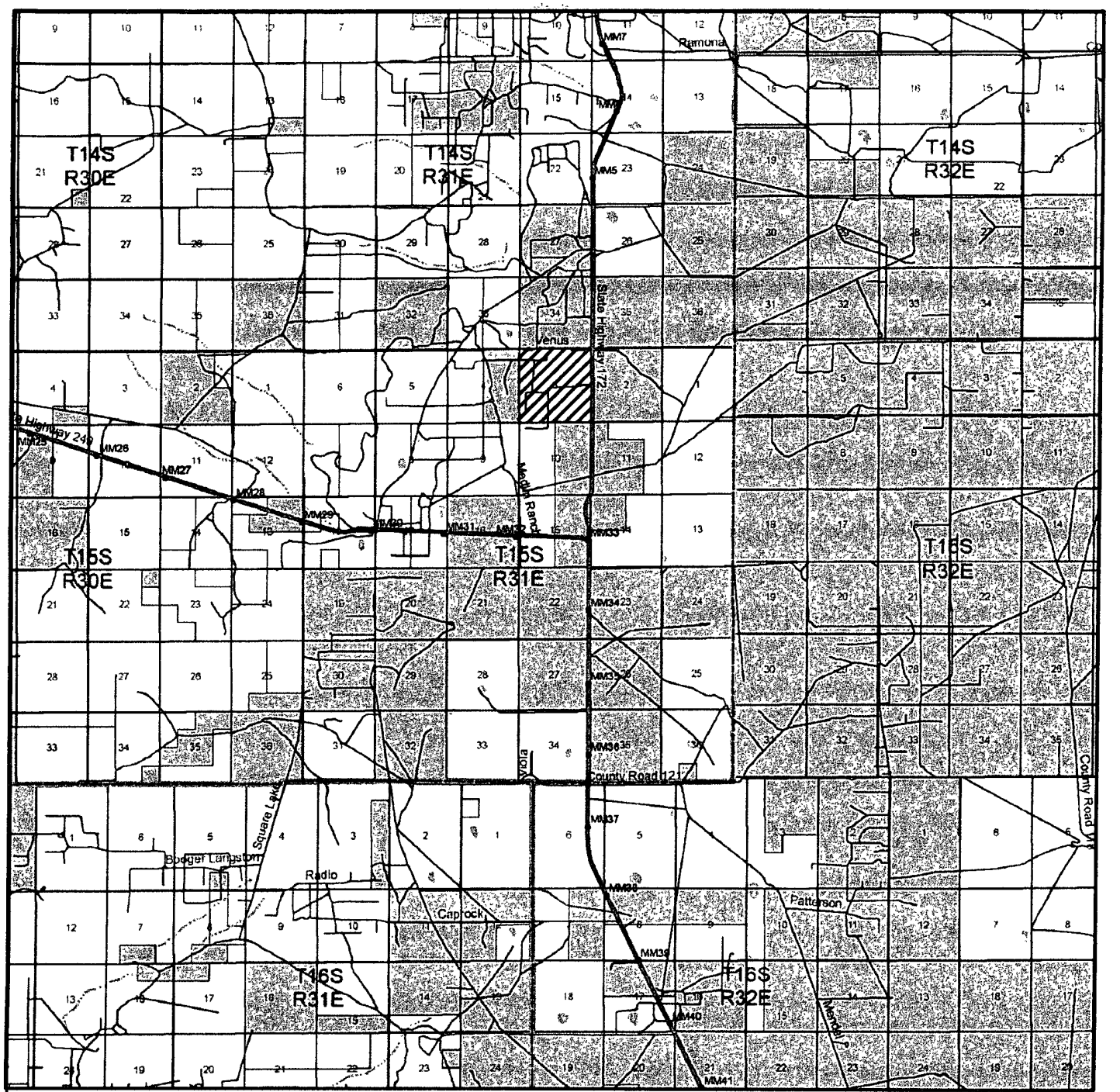


LEO "3" FEDERAL COM #2
Located at 1980' FSL and 430' FEL
Section 3, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 20227
Survey Date: 09-09-2008
Scale: 1" = 2000'
Date: 09-10-2008

C.O.G. OPERATING L.L.C.



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Located at 1980' FSL and 430 FEL
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1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number:	20227
Survey Date:	09-09-2008
Scale:	1" = 2 MILES
Date:	09-10-2008

C.O.G. OPERATING L.L.C.

COG Operating LLC

Chaves County
Leo 3 Fed Com #2H
Leo 3 Fed Com #2H
OH

Plan: Plan #2

Patfinder X & Y Survey Report

05 December, 2008

COG Operating, L.L.C.

Azimuths to Grid North
True North: -0.29°
Magnetic North: 7.77°

Magnetic Field
Strength: 49371.8snT
Dip Angle: 60.98°
Date: 10/9/2008
Model: IGRF200510

PATHFINDER ENERGY SERVICES

Project: Chaves County
Site: Leo 3 Fed Com #2H
Well: Leo 3 Fed Com #2H
Wellbore: OH
Plan: Plan #2 (Leo 3 Fed Com #2H/OH)

FORMATION TOP DETAILS

TVDPath	MDPath	Formation
2375.00	2375.00	Yates
3200.00	3200.00	Queen
3900.00	3900.00	San Andres
6731.00	6731.00	Tubb
7420.00	7420.00	Abo Shale
8640.00	8807.54	Lower Abo Shale

WELL DETAILS Leo 3 Fed Com #2H

Ground Elevation : 4408.00
RKB Elevation: WELL @ 4426.00ft (RKB= 18')
Rig Name: RKB= 18'

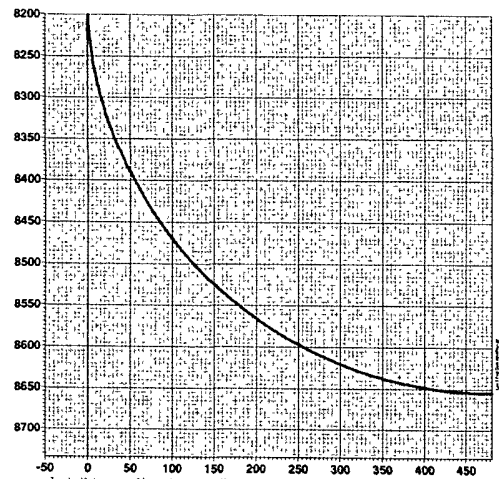
+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	743641.581	704048.959	33° 2' 35.289 N	103° 48' 8.428 W	

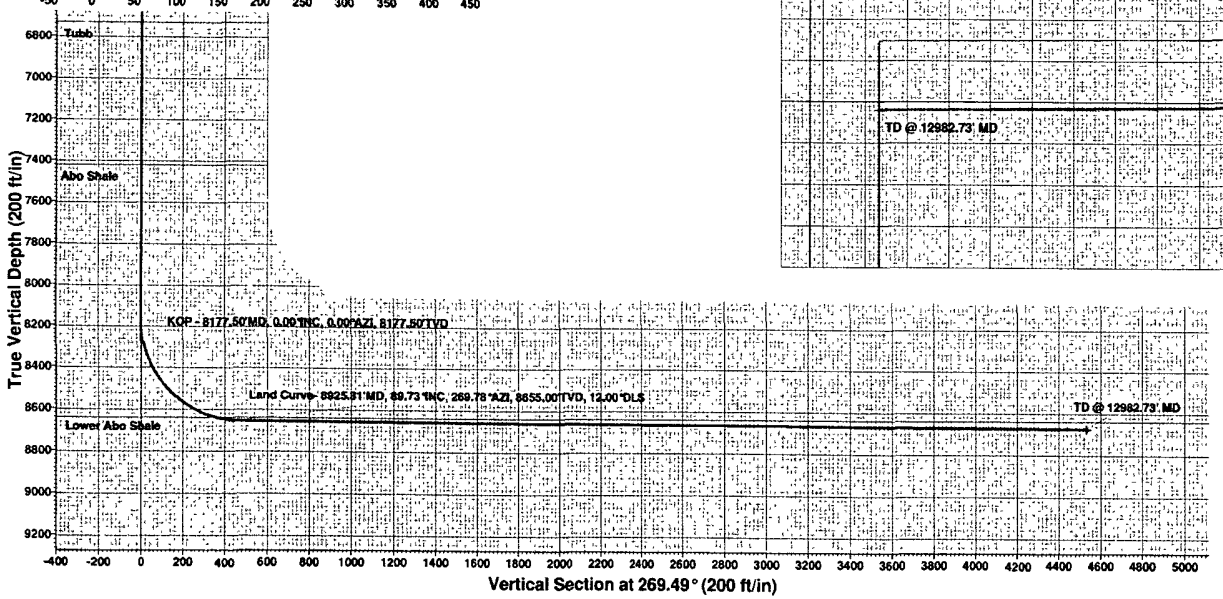
WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

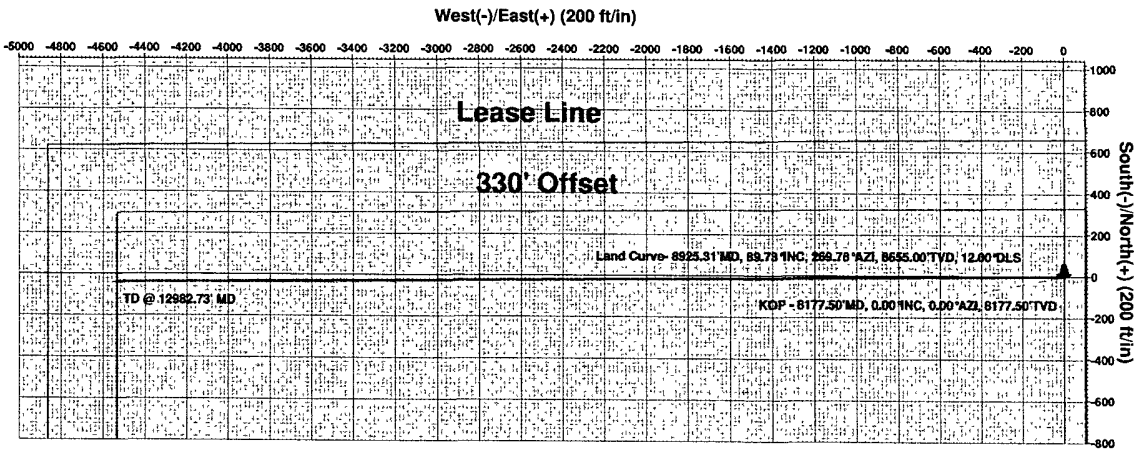
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL(Leo 3 Fed #2)	8675.00	-40.48	-4532.51	743601.100	699516.453	Point

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	8177.50	0.00	0.00	8177.50	0.00	0.00	0.00	0.00	0.00	
3	8925.31	89.73	269.49	8655.00	-4.23	-475.24	12.00	269.49	475.26	
4	8976.24	89.73	269.49	8655.24	-4.68	-526.16	0.00	0.00	526.18	
5	12982.79	89.73	269.49	8674.12	-40.35	-4532.51	0.00	0.00	4532.69	PBHL(Leo 3 Fed #2)







PROJECT DETAILS: Chaves County
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone
System Datum: Mean Sea Level
Local North: Grid

Plan Plan #2 (Leo 3 Fed Com #2H/OH)

Created By Aaron Pullin Date 10:21, December 05 2008

Checked _____ Date: _____

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Project Chaves County

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site Leo 3 Fed Com #2H

Site Position:		**Northing:**	743,641.581 ft	**Latitude:**	33° 2' 35.289 N
From:	Map	**Easting:**	704,048.959 ft	**Longitude:**	103° 48' 8.428 W
Position Uncertainty:	0.00 ft	**Slot Radius:**	"	**Grid Convergence:**	0.29 °

Well Leo 3 Fed Com #2H

Well Position	**+N/-S**	0.00 ft	**Northing:**	743,641.581ft	**Latitude:**	33° 2' 35.289 N
	+E/-W	0.00 ft	**Easting:**	704,048.959 ft	**Longitude:**	103° 48' 8.428 W
Position Uncertainty		0.00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	4,408.00 ft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	10/9/2008	8.07	60.99	49,372

Design Plan #2

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	269.49

Survey Tool Program **Date** 12/5/2008

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.00	12,982.73	Plan #2 (OH)		

Pathfinder Energy Services

Patfinder X & Y Survey Report

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Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
0.00	0.00	0.00	0.00	-4,426.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
100.00	0.00	0.00	100.00	-4,326.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
200.00	0.00	0.00	200.00	-4,226.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
300.00	0.00	0.00	300.00	-4,126.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
400.00	0.00	0.00	400.00	-4,026.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
500.00	0.00	0.00	500.00	-3,926.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
600.00	0.00	0.00	600.00	-3,826.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
700.00	0.00	0.00	700.00	-3,726.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
800.00	0.00	0.00	800.00	-3,626.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
900.00	0.00	0.00	900.00	-3,526.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,000.00	0.00	0.00	1,000.00	-3,426.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,100.00	0.00	0.00	1,100.00	-3,326.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,200.00	0.00	0.00	1,200.00	-3,226.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,300.00	0.00	0.00	1,300.00	-3,126.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,400.00	0.00	0.00	1,400.00	-3,026.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,500.00	0.00	0.00	1,500.00	-2,926.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,600.00	0.00	0.00	1,600.00	-2,826.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,700.00	0.00	0.00	1,700.00	-2,726.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,800.00	0.00	0.00	1,800.00	-2,626.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
1,900.00	0.00	0.00	1,900.00	-2,526.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,000.00	0.00	0.00	2,000.00	-2,426.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,100.00	0.00	0.00	2,100.00	-2,326.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,200.00	0.00	0.00	2,200.00	-2,226.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,300.00	0.00	0.00	2,300.00	-2,126.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,375.00	0.00	0.00	2,375.00	-2,051.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
Yates										
2,400.00	0.00	0.00	2,400.00	-2,026.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96

Pathfinder Energy Services

Patfinder X & Y Survey Report

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Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,500.00	0.00	0.00	2,500.00	-1,926.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,600.00	0.00	0.00	2,600.00	-1,826.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,700.00	0.00	0.00	2,700.00	-1,726.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,800.00	0.00	0.00	2,800.00	-1,626.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
2,900.00	0.00	0.00	2,900.00	-1,526.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,000.00	0.00	0.00	3,000.00	-1,426.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,100.00	0.00	0.00	3,100.00	-1,326.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,200.00	0.00	0.00	3,200.00	-1,226.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
Queen										
3,300.00	0.00	0.00	3,300.00	-1,126.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,400.00	0.00	0.00	3,400.00	-1,026.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,500.00	0.00	0.00	3,500.00	-926.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,600.00	0.00	0.00	3,600.00	-826.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,700.00	0.00	0.00	3,700.00	-726.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,800.00	0.00	0.00	3,800.00	-626.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
3,900.00	0.00	0.00	3,900.00	-526.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
San Andres										
4,000.00	0.00	0.00	4,000.00	-426.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,100.00	0.00	0.00	4,100.00	-326.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,200.00	0.00	0.00	4,200.00	-226.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,300.00	0.00	0.00	4,300.00	-126.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,400.00	0.00	0.00	4,400.00	-26.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,500.00	0.00	0.00	4,500.00	74.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,600.00	0.00	0.00	4,600.00	174.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,700.00	0.00	0.00	4,700.00	274.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,800.00	0.00	0.00	4,800.00	374.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
4,900.00	0.00	0.00	4,900.00	474.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
5,000.00	0.00	0.00	5,000.00	574.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,100.00	0.00	0.00	5,100.00	674.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,200.00	0.00	0.00	5,200.00	774.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,300.00	0.00	0.00	5,300.00	874.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,400.00	0.00	0.00	5,400.00	974.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,500.00	0.00	0.00	5,500.00	1,074.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,600.00	0.00	0.00	5,600.00	1,174.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,700.00	0.00	0.00	5,700.00	1,274.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,800.00	0.00	0.00	5,800.00	1,374.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
5,900.00	0.00	0.00	5,900.00	1,474.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,000.00	0.00	0.00	6,000.00	1,574.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,100.00	0.00	0.00	6,100.00	1,674.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,200.00	0.00	0.00	6,200.00	1,774.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,300.00	0.00	0.00	6,300.00	1,874.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,400.00	0.00	0.00	6,400.00	1,974.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,500.00	0.00	0.00	6,500.00	2,074.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,600.00	0.00	0.00	6,600.00	2,174.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,700.00	0.00	0.00	6,700.00	2,274.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,731.00	0.00	0.00	6,731.00	2,305.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
Tubb										
6,800.00	0.00	0.00	6,800.00	2,374.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
6,900.00	0.00	0.00	6,900.00	2,474.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,000.00	0.00	0.00	7,000.00	2,574.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,100.00	0.00	0.00	7,100.00	2,674.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,200.00	0.00	0.00	7,200.00	2,774.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,300.00	0.00	0.00	7,300.00	2,874.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,400.00	0.00	0.00	7,400.00	2,974.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
7,420.00	0.00	0.00	7,420.00	2,994.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
Abo Shale										
7,500.00	0.00	0.00	7,500.00	3,074.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,600.00	0.00	0.00	7,600.00	3,174.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,700.00	0.00	0.00	7,700.00	3,274.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,800.00	0.00	0.00	7,800.00	3,374.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
7,900.00	0.00	0.00	7,900.00	3,474.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
8,000.00	0.00	0.00	8,000.00	3,574.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
8,100.00	0.00	0.00	8,100.00	3,674.00	0.00	0.00	0.00	0.00	743,641.58	704,048.96
8,177.50	0.00	0.00	8,177.50	3,751.50	0.00	0.00	0.00	0.00	743,641.58	704,048.96
KOP - 8177.50'MD, 0.00°INC, 0.00°AZI, 8177.50'TVD										
8,200.00	2.70	269.49	8,199.99	3,773.99	0.00	-0.53	0.53	12.00	743,641.58	704,048.43
8,225.00	5.70	269.49	8,224.92	3,798.92	-0.02	-2.36	2.36	12.00	743,641.56	704,046.60
8,250.00	8.70	269.49	8,249.72	3,823.72	-0.05	-5.49	5.49	12.00	743,641.53	704,043.47
8,275.00	11.70	269.49	8,274.32	3,848.32	-0.09	-9.92	9.92	12.00	743,641.49	704,039.04
8,300.00	14.70	269.49	8,298.66	3,872.66	-0.14	-15.63	15.63	12.00	743,641.44	704,033.33
8,325.00	17.70	269.49	8,322.67	3,896.67	-0.20	-22.60	22.60	12.00	743,641.38	704,026.36
8,350.00	20.70	269.49	8,346.27	3,920.27	-0.27	-30.82	30.82	12.00	743,641.31	704,018.14
8,375.00	23.70	269.49	8,369.42	3,943.42	-0.36	-40.26	40.26	12.00	743,641.22	704,008.70
8,400.00	26.70	269.49	8,392.04	3,966.04	-0.45	-50.91	50.91	12.00	743,641.13	703,998.05
8,425.00	29.70	269.49	8,414.07	3,988.07	-0.56	-62.72	62.72	12.00	743,641.02	703,986.24
8,450.00	32.70	269.49	8,435.45	4,009.45	-0.67	-75.66	75.67	12.00	743,640.91	703,973.30
8,475.00	35.70	269.49	8,456.12	4,030.12	-0.80	-89.71	89.72	12.00	743,640.78	703,959.25
8,500.00	38.70	269.49	8,476.04	4,050.04	-0.93	-104.82	104.83	12.00	743,640.65	703,944.13
8,525.00	41.70	269.49	8,495.13	4,069.13	-1.08	-120.96	120.96	12.00	743,640.50	703,928.00
8,550.00	44.70	269.49	8,513.35	4,087.35	-1.23	-138.07	138.07	12.00	743,640.35	703,910.89
8,575.00	47.70	269.49	8,530.66	4,104.66	-1.39	-156.11	156.11	12.00	743,640.19	703,892.85

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
8,600.00	50.70	269.49	8,546.99	4,120.99	-1.56	-175.03	175.03	12.00	743,640.02	703,873.93
8,625.00	53.70	269.49	8,562.31	4,136.31	-1.73	-194.78	194.79	12.00	743,639.85	703,854.18
8,650.00	56.70	269.49	8,576.58	4,150.58	-1.92	-215.30	215.31	12.00	743,639.66	703,833.66
8,675.00	59.69	269.49	8,589.75	4,163.75	-2.11	-236.54	236.55	12.00	743,639.48	703,812.41
8,700.00	62.69	269.49	8,601.80	4,175.80	-2.30	-258.45	258.46	12.00	743,639.28	703,790.51
8,725.00	65.69	269.49	8,612.68	4,186.68	-2.50	-280.95	280.96	12.00	743,639.08	703,768.01
8,750.00	68.69	269.49	8,622.37	4,196.37	-2.71	-303.99	304.01	12.00	743,638.88	703,744.97
8,775.00	71.69	269.49	8,630.84	4,204.84	-2.92	-327.51	327.52	12.00	743,638.67	703,721.45
8,800.00	74.69	269.49	8,638.07	4,212.07	-3.13	-351.44	351.45	12.00	743,638.45	703,697.52
8,807.54	75.60	269.49	8,640.00	4,214.00	-3.19	-358.73	358.74	12.00	743,638.39	703,690.23
Lower Abo Shale										
8,825.00	77.69	269.49	8,644.03	4,218.03	-3.34	-375.71	375.73	12.00	743,638.24	703,673.25
8,850.00	80.69	269.49	8,648.72	4,222.72	-3.56	-400.27	400.28	12.00	743,638.02	703,648.69
8,875.00	83.69	269.49	8,652.12	4,226.12	-3.78	-425.03	425.05	12.00	743,637.80	703,623.93
8,900.00	86.69	269.49	8,654.21	4,228.21	-4.01	-449.94	449.96	12.00	743,637.58	703,599.02
8,925.31	89.73	269.49	8,655.00	4,229.00	-4.23	-475.24	475.26	12.00	743,637.35	703,573.72
Land Curve- 8925.31'MD, 89.73°INC, 269.78°AZI, 8655.00'TVD, 12.00°DLS										
8,976.24	89.73	269.49	8,655.24	4,229.24	-4.68	-526.16	526.18	0.00	743,636.90	703,522.80
9,000.00	89.73	269.49	8,655.35	4,229.35	-4.90	-549.92	549.94	0.00	743,636.69	703,499.04
9,100.00	89.73	269.49	8,655.82	4,229.82	-5.79	-649.91	649.94	0.00	743,635.80	703,399.04
9,200.00	89.73	269.49	8,656.29	4,230.29	-6.68	-749.91	749.94	0.00	743,634.91	703,299.05
9,300.00	89.73	269.49	8,656.77	4,230.77	-7.57	-849.90	849.94	0.00	743,634.02	703,199.06
9,400.00	89.73	269.49	8,657.24	4,231.24	-8.46	-949.90	949.94	0.00	743,633.13	703,099.06
9,500.00	89.73	269.49	8,657.71	4,231.71	-9.35	-1,049.89	1,049.94	0.00	743,632.24	702,999.07
9,600.00	89.73	269.49	8,658.18	4,232.18	-10.24	-1,149.89	1,149.93	0.00	743,631.35	702,899.07
9,700.00	89.73	269.49	8,658.65	4,232.65	-11.13	-1,249.88	1,249.93	0.00	743,630.46	702,799.08
9,800.00	89.73	269.49	8,659.12	4,233.12	-12.02	-1,349.88	1,349.93	0.00	743,629.57	702,699.08

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
9,900.00	89.73	269.49	8,659.59	4,233.59	-12.91	-1,449.87	1,449.93	0.00	743,628.68	702,599.09
10,000.00	89.73	269.49	8,660.06	4,234.06	-13.80	-1,549.87	1,549.93	0.00	743,627.78	702,499.09
10,100.00	89.73	269.49	8,660.54	4,234.54	-14.69	-1,649.86	1,649.93	0.00	743,626.89	702,399.10
10,200.00	89.73	269.49	8,661.01	4,235.01	-15.58	-1,749.86	1,749.93	0.00	743,626.00	702,299.10
10,300.00	89.73	269.49	8,661.48	4,235.48	-16.47	-1,849.85	1,849.93	0.00	743,625.11	702,199.11
10,400.00	89.73	269.49	8,661.95	4,235.95	-17.36	-1,949.85	1,949.93	0.00	743,624.22	702,099.11
10,500.00	89.73	269.49	8,662.42	4,236.42	-18.25	-2,049.84	2,049.92	0.00	743,623.33	701,999.12
10,600.00	89.73	269.49	8,662.89	4,236.89	-19.14	-2,149.84	2,149.92	0.00	743,622.44	701,899.12
10,700.00	89.73	269.49	8,663.36	4,237.36	-20.03	-2,249.83	2,249.92	0.00	743,621.55	701,799.13
10,800.00	89.73	269.49	8,663.83	4,237.83	-20.92	-2,349.83	2,349.92	0.00	743,620.66	701,699.13
10,900.00	89.73	269.49	8,664.31	4,238.31	-21.81	-2,449.82	2,449.92	0.00	743,619.77	701,599.14
11,000.00	89.73	269.49	8,664.78	4,238.78	-22.70	-2,549.82	2,549.92	0.00	743,618.88	701,499.14
11,100.00	89.73	269.49	8,665.25	4,239.25	-23.59	-2,649.81	2,649.92	0.00	743,617.99	701,399.15
11,200.00	89.73	269.49	8,665.72	4,239.72	-24.48	-2,749.81	2,749.92	0.00	743,617.10	701,299.15
11,300.00	89.73	269.49	8,666.19	4,240.19	-25.37	-2,849.80	2,849.92	0.00	743,616.21	701,199.16
11,400.00	89.73	269.49	8,666.66	4,240.66	-26.26	-2,949.80	2,949.91	0.00	743,615.32	701,099.16
11,500.00	89.73	269.49	8,667.13	4,241.13	-27.15	-3,049.79	3,049.91	0.00	743,614.43	700,999.17
11,600.00	89.73	269.49	8,667.60	4,241.60	-28.04	-3,149.79	3,149.91	0.00	743,613.54	700,899.17
11,700.00	89.73	269.49	8,668.08	4,242.08	-28.93	-3,249.78	3,249.91	0.00	743,612.65	700,799.18
11,800.00	89.73	269.49	8,668.55	4,242.55	-29.82	-3,349.78	3,349.91	0.00	743,611.76	700,699.18
11,900.00	89.73	269.49	8,669.02	4,243.02	-30.71	-3,449.77	3,449.91	0.00	743,610.87	700,599.19
12,000.00	89.73	269.49	8,669.49	4,243.49	-31.60	-3,549.77	3,549.91	0.00	743,609.98	700,499.19
12,100.00	89.73	269.49	8,669.96	4,243.96	-32.49	-3,649.76	3,649.91	0.00	743,609.09	700,399.20
12,200.00	89.73	269.49	8,670.43	4,244.43	-33.38	-3,749.76	3,749.91	0.00	743,608.20	700,299.20
12,300.00	89.73	269.49	8,670.90	4,244.90	-34.27	-3,849.75	3,849.90	0.00	743,607.31	700,199.21
12,400.00	89.73	269.49	8,671.37	4,245.37	-35.16	-3,949.75	3,949.90	0.00	743,606.42	700,099.21
12,500.00	89.73	269.49	8,671.85	4,245.85	-36.05	-4,049.74	4,049.90	0.00	743,605.53	699,999.22

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
12,600.00	89.73	269.49	8,672.32	4,246.32	-36.94	-4,149.74	4,149.90	0.00	743,604.64	699,899.22
12,700.00	89.73	269.49	8,672.79	4,246.79	-37.83	-4,249.73	4,249.90	0.00	743,603.75	699,799.23
12,800.00	89.73	269.49	8,673.26	4,247.26	-38.72	-4,349.73	4,349.90	0.00	743,602.86	699,699.23
12,900.00	89.73	269.49	8,673.73	4,247.73	-39.61	-4,449.72	4,449.90	0.00	743,601.97	699,599.24
12,982.73	89.73	269.49	8,674.12	4,248.12	-40.35	-4,532.45	4,532.63	0.00	743,601.24	699,516.51
TD @ 12982.73' MD										
12,982.79	89.73	269.49	8,674.12	4,248.12	-40.35	-4,532.51	4,532.69	0.00	743,601.24	699,516.45
PBHL(Leo 3 Fed #2)										

Pathfinder Energy Services

Patfinder X & Y Survey Report

Company:	COG Operating LLC	**Local Co-ordinate Reference:**	Well Leo 3 Fed Com #2H
Project:	Chaves County	**TVD Reference:**	WELL @ 4426.00ft (RKB= 18')
Site:	Leo 3 Fed Com #2H	**MD Reference:**	WELL @ 4426.00ft (RKB= 18')
Well:	Leo 3 Fed Com #2H	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #2	**Database:**	EDM 2003.16 Single User Db

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(Leo 3 Fed #2) - plan hits target - Point	0.00	359.72	8,675.00	-40.48	-4,532.51	743,601.100	699,516.453	33° 2' 35.112 N	103° 49' 1.677 W

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
3,200.00	3,200.00	Queen		0.00	
6,731.00	6,731.00	Tubb		0.00	
3,900.00	3,900.00	San Andres		0.00	
2,375.00	2,375.00	Yates		0.00	
8,807.54	8,640.00	Lower Abo Shale		0.00	
7,420.00	7,420.00	Abo Shale		0.00	

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
8,177.50	8,177.50	0.00	0.00	KOP - 8177.50'MD, 0.00°INC, 0.00°AZI, 8177.50'TVD
8,925.31	8,655.00	-4.23	-475.24	Land Curve- 8925.31'MD, 89.73°INC, 269.78°AZI, 8655.00'TVD, 12.00
12,982.73	8,674.12	-40.35	-4,532.45	TD @ 12982.73' MD

Checked By: _____ Approved By: _____ Date: _____

ATTACHMENT TO FORM 3160-3
COG Operating, LLC
Leo 3 Federal Com # 2
SL: 1980' FSL & 430' FEL, Unit I
BHL: 1980' FSL & 330' FWL, Unit L
Sec. 3, T15S, R31E
Chaves County, NM

1. Proration Unit Spacing: 160 Acres

2. Ground Elevation: 4408'

3. Proposed Depths: Pilot hole TD = +/-8900', Horizontal TVD = +/-8655', MD = +/-12983'

4. Estimated tops of geological markers:

Quaternary	Surface
Yates	2375'
Queen	3200'
San Andres	3900'
Tubb	6731'
Abo	7420'
Top Basal Abo	8640'

5. Possible mineral bearing formations:

Water sand	150'	Fresh Water
Yates	2375'	Oil / Gas
Queen	3200'	Oil / Gas
San Andres	3900'	Oil / Gas
Tubb	6731'	Oil / Gas
Abo	7420'	Oil / Gas
Top Basal Abo	8640'	Oil / Gas

6. Casing Program - **Proposed**

Hole size	Interval	OD of Casing	Weight	Cond.	Collar	Grade
17-1/2"	0' - +/-400'	13-3/8"	54.5#	New	STC	J/K-55
Collapse sf - 2.98, Burst sf – 2.33, Tension sf – 13.42						
12 1/4"	0' - 4000'	9-5/8"	40#	New	STC	J/K-55
Collapse sf – 1.285, Burst sf – 1.17, Tension sf – 3.25						
8-3/4"	0' – +/-8000'MD	7"	26#	New	LTC	P-110
Collapse sf – 1.98, Burst sf – 1.43, Tension sf – 4.07						
6-1/8"	7900' – +/-12983'MD	4-1/2"	11.6#	New	LTC	P-110
Collapse sf – 1.87, Burst sf – 1.54, Tension sf – 3.98						

7. Cement Program

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.

7" Production Casing set at +/- 8000' MD, Cement with +/- 400 sx. 50/50/10 "C", 2.45 yd & +/- 200 sx Class "H", 1.18 yd., Est. TOC @ 200'minimum tie back into intermediate casing.

4 ½" Production Liner set from +/- 7900' to +/-12983' MD, 8675' TVD, Liner run with +/- 5 isolation Packers and Sliding sleeves in un-cemented Lateral.

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 in one single test with clear fluid to 1000 psi w/ rig pump as variance from Onshore Order #2. 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'- 8000'	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.
8000' - 12983'	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. Production Hole Drilling Summary:

Set 7" production casing at +/- 8000'. Drill 6-1/8" pilot hole thru Top Basal Abo to +/- 8900', run open hole logs. Spot +/-250 sx. "C" Kick off plug from +/- 8900' to +/-8050'. Drill 6-1/8" hole and kick off at +/- 8150', building curve over +/- 450' to horizontal at 8655' TVD. Drill horizontal section in a Westerly direction for +/-4500' lateral to TD at +/-12983' MD, 8675' TVD. Run 4-1/2" production liner in Open hole lateral and set isolation packers and liner top packer @ +/- 7900' MD. COG requests a variance to the 200' minimum tie back in order to set the pump as close to the formation as possible. The liner top and horizontal are all located in the Abo Formation.

11. 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.

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:

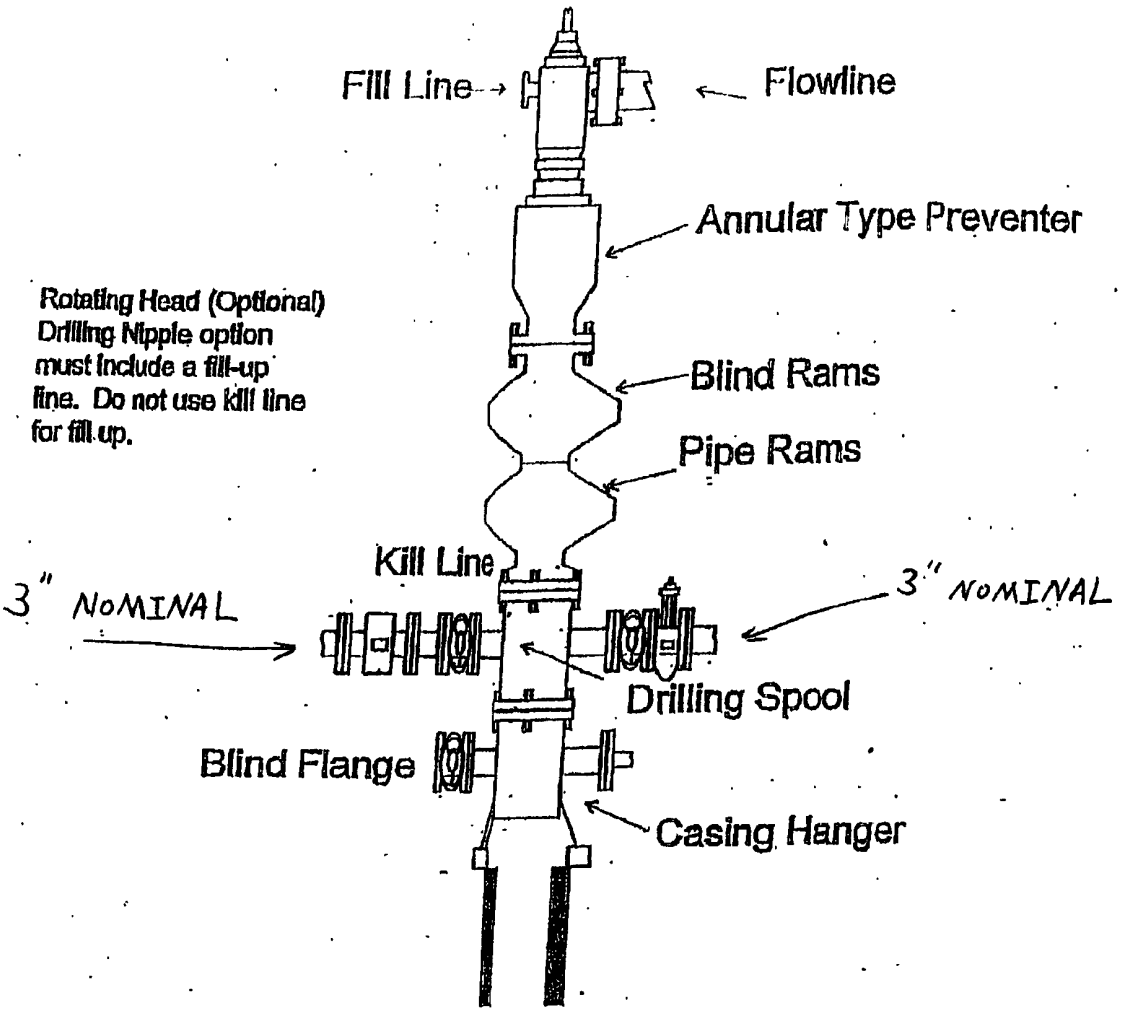
    No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 3821 psig. Low levels of Hydrogen sulfide have been monitored in producing wells in the area, so H2S may be present while drilling of the well. An H2S plan 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 March 30, 2009 with drilling and completion operations lasting approximately 90 days.

EXHIBIT "F"

BOPE SCHEMATIC

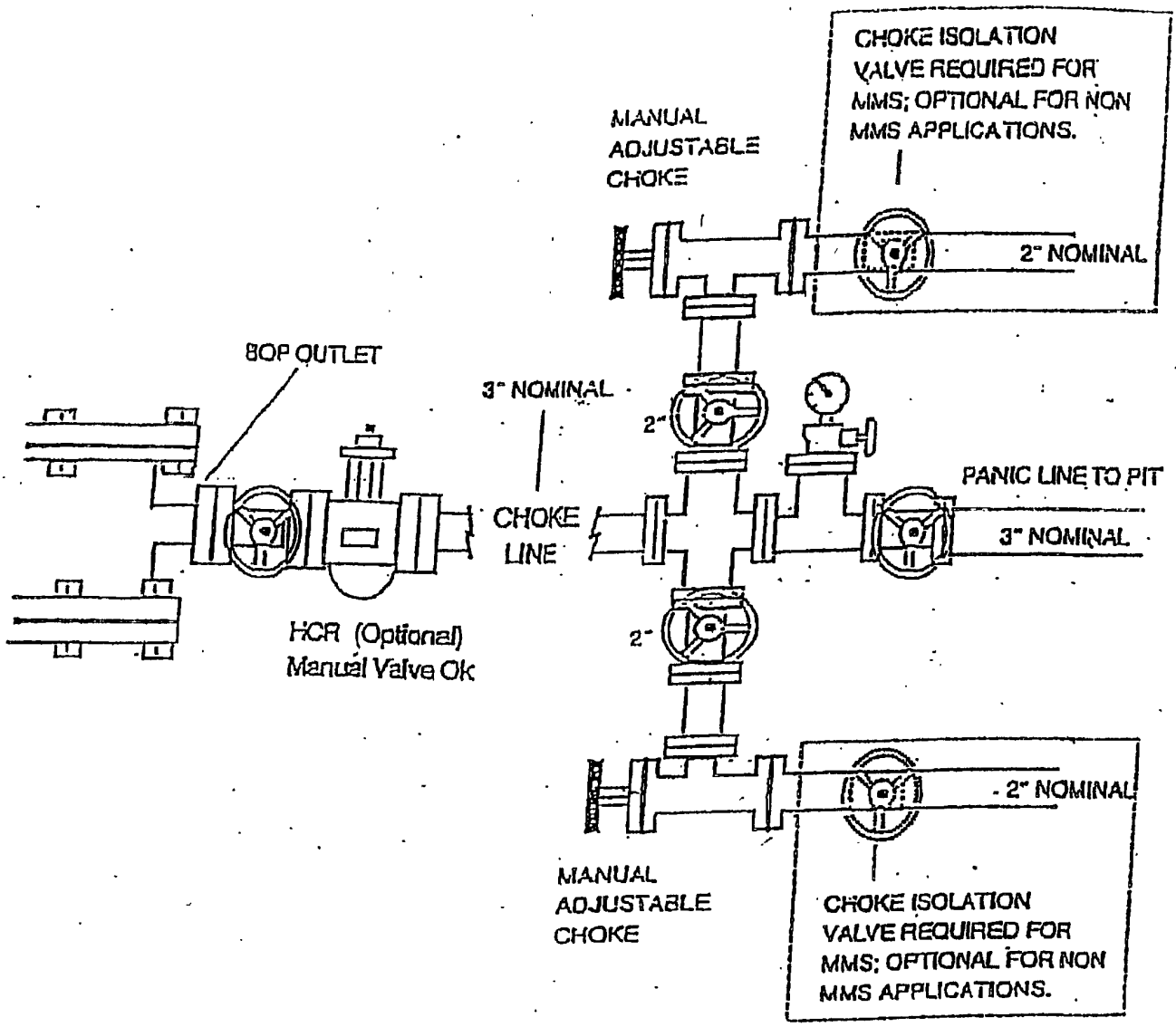


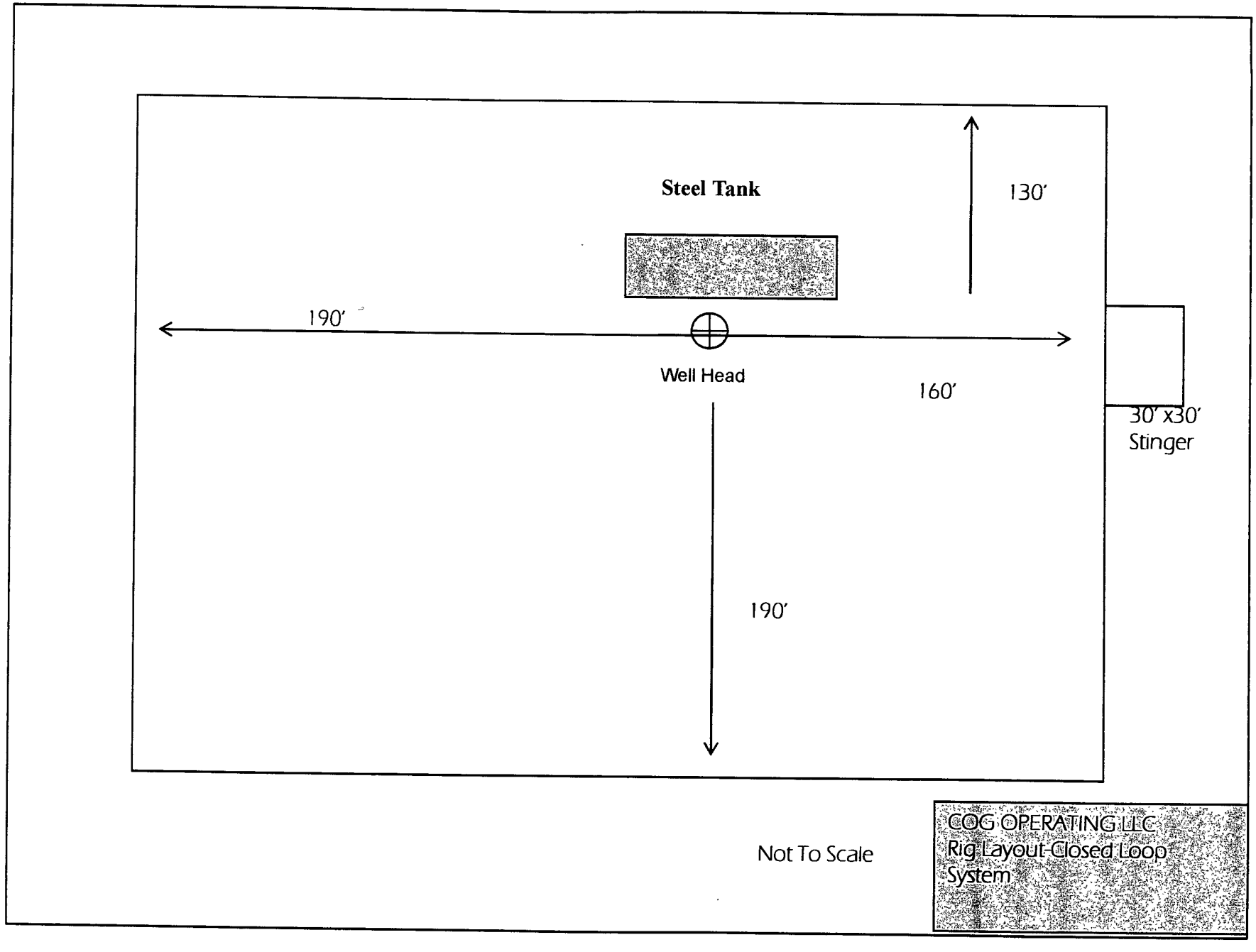
900 SERIES

EXHIBIT "G"

CHOKE MANIFOLD

3M SERVICE




Steel Tank
130'
190'
Well Head
160'
30' x30'
Stinger
190'
Not To Scale
COG OPERATING LLC
Rig Layout-Closed Loop System

Closed Loop Operation & Maintenance Procedure

All drilling fluid circulated over shaker(s) with cuttings discharged into roll off container.

Fluid and fines below shaker(s) are circulated with transfer pump through centrifuge(s) or solids separator with cuttings and fines discharged into roll off container.

Fluid is continuously re-circulated through equipment with polymer added to aid separation of cutting fines.

Roll off containers are lined and de-watered with fluids re-circulated into system.

Additional tank is used to capture unused drilling fluid or cement returns from casing jobs.

This equipment will be maintained 24 hrs./day by solids control personnel and or rig crews that stay on location.

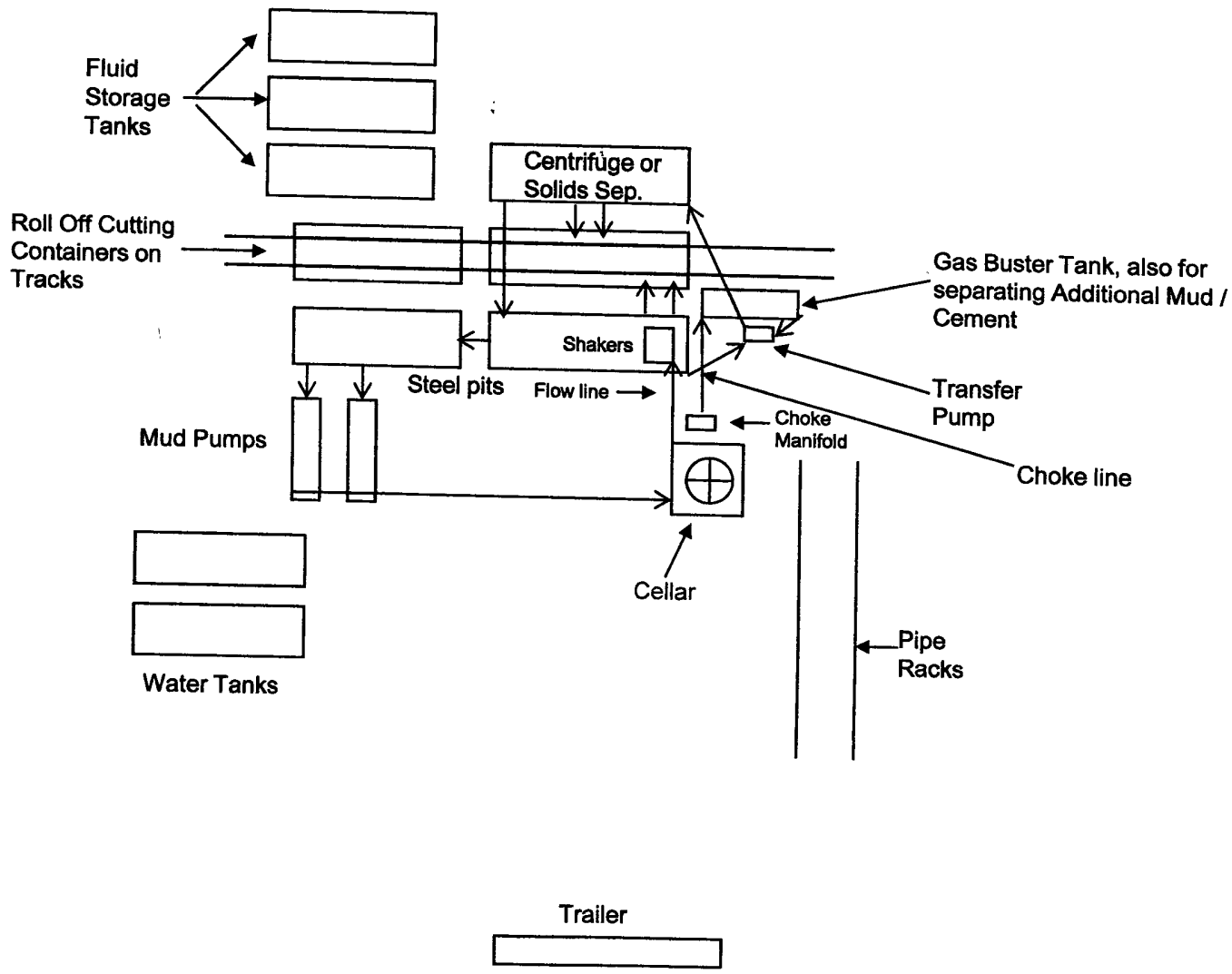
Cuttings will be hauled to either:

CRI (permit number R9166)
or
GMI (permit number 711-019-001)

dependent upon which rig is available to drill this well.

COG Operating LLC

Closed Loop Equipment Diagram



COG OPERATING, LLC

HYDROGENSULFIDE (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
Leo 3 Fed Com #2
SHL: 1980' FSL & 430' FEL, Unit I
BHL: 1980' FSL & 330' FWL, Unit L
Sec 3, T15S, R31E
Eddy County, New Mexico

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

TABLE OF CONTENTS

GENERAL H2S EMERGENCY ACTIONS

In the event of any evidence of H2S emergency, the following plan will be initiated:

1. All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area."
2. If for any reason a person must enter the hazardous area, they must wear a SCBA (self-contained breathing apparatus).
3. Always use the "buddy system."
4. Isolate the well / problem if possible.
5. Account for all personnel.
6. Display the proper colors warning all unsuspecting personnel of the danger at hand.
7. Contact the company representative as soon as possible if not at the location (use the enclosed call list as instructed).

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

1. All personnel will don the self-contained breathing apparatus.
2. Remove all personnel to the "safe area": (always use the "buddy system").
3. Contact company representative if not on location.
4. Set in motion the steps to protect and / or remove the general public to any upwind "safe area." Maintain strict security and safety procedures while dealing with the source.
5. No entry to any unauthorized personnel.
6. Notify the appropriate agencies:
   City Police – City Streets
   State Police – State Roads
   County Sheriff – County Roads
7. Call the NMOCD.

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	

EMERGENCY RESPONSE NUMBERS

Eddy County, New Mexico

State Police	505-748-9718
Eddy County Sheriff	505-746-2701
Emergency Medical Services (Ambulance)	911 or 505-746-2701
Eddy County Emergency Management (Harry Burgess)	505-887-9511
State Emergency Response Center (SERC)	505-476-9620
Carlsbad Police Department	505-885-2111
Carlsbad Fire Department	505-885-3125
New Mexico Oil Conservation Division	505-748-1283
Callaway Safety Equipment, Inc.	505-392-2973

PROTECTION OF THE GENERAL (ROE) RADIUS OF EXPOSURE

In the event greater than 100 ppm 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:

X = [(1.589)(concentration)(Q)] (0.6258)

Calculation for the 500 ppm ROE:

X = [(0.4546)(concentration)(Q)] (.06258)

(H2S concentrations in decimal form)

10,000 ppm + = .01
1,000 ppm + = .001
100 ppm + = .0001
10 ppm + = .00001

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:

1. Two people are required. They must be equipped with positive pressure, self-contained 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.

REQUIRED EMERGENCY EQUIPMENT

1. Breathing Apparatus

* Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.

* Work / Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.

* Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

2. Signage and Flagging

* One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.

* A Colored Condition flag will be on display reflecting the condition at the site at that time.

3. Briefing Area

* Two perpendicular areas will be designated by signs and readily accessible.

4. Windsocks

* Two windsocks will be placed in strategic locations, visible from all angles.

5. H2S Detectors and Alarms

* The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible alarm @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The three sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer):

* Rig Floor
* Bell Nipple
* End of flow line or where will bore fluid is being discharged

6. Auxiliary Rescue Equipment

* Stretcher
* Two OSHA full body harnesses
* 100' of 5/8" OSHA approved rope
* One 20 lb. Class ABC fire extinguisher
* Communication via cell phones on location and vehicles on location

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA)

1. SCBA should be worn when any of the following are preformed:

    * Working near the top or on top of a tank.
    * Disconnecting any line where H2S can reasonably be expected.
    * Sampling air in the area to determine if toxic concentrations of H2S exist.
    * Working in areas where over 10 ppm of H2S has been detected.
    * At any time there is a doubt of the level of H2S in the area.

2. All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.

3. Facial hair and standard eyeglasses are not allowed with SCBA.

4. Contact lenses are never allowed with SCBA.

5. When breaking out any line where H2S can reasonably be expected.

6. After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.

7. All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF H2S POISONING

* Do not panic.

* Remain calm and think.

* Get on the breathing apparatus.

* Remove the victim to the safe breathing area as quickly as possible, upwind and uphill from source or crosswind to achieve upwind.

* Notify emergency response personnel.

* Provide artificial respiration and / or CPR as necessary.

* Remove all contaminated clothing to avoid further exposure.

* A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

Toxic Effects of H2S Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity – 1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen Sulfide and other gases are compared below in Table I. Toxicity table for H2S and physical effects are shown in Table II.

Table I
Permissible Exposure Limits of Various Gases

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	C	
Hydrogen Sulfide	H2S	1.192	10 ppm	15 ppm	100ppm
Sulfide Dioxide	SO2	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	CO	.97	25 ppm	200 ppm	
Carbon Dioxide	CO2	1.52	5000 ppm	30,000 ppm	
Methane	CH4	.55	4.7% LEL	14% UEL	

Definitions

A. TVL – Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighed average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Government Hygienists) and regulated by OSHA.

B. STEL – Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H2S is 19 PPM.

C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H2S is 100 PPM.

D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on a TWA.

TABLE II

Toxicity Table of H2S

Percent %	PPM	Physical Effects
.0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure.
.0015	15	STEL for 15 minutes of exposure.
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes.
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H2S

The properties of all gases are usually described in the context of seven major categories:

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

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.

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

A. The well site survey and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Basin Surveying, Hobbs, NM.

B. All roads to the location are shown in the topographic map Exhibit #2. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary

C. Directions: From mile marker 2 of State Hwy. 172, Go north 0.1 miles to proposed lease road.

D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #4 shows that the location, when constructed will be on the edge of the existing lease road. 256.5' of new access road will be constructed.

A. The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM approved caliche pit or reserve pit area.

3. Location of Existing Well:

Exhibit #5 shows all existing wells within a one-mile radius of this well. As shown on this plat there are numerous wells producing from the San Andres and Yeso formations.

4. Location of Existing and/or Proposed Facilities:

A. COG Operating LLC does operate a production facility on this lease.

B. If the well is productive, contemplated facilities will be as follows:

1) Production will be sent to the Leo "3" Fed #1 tank battery .The facility location is shown in Exhibit #5.

2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.

3) Any additional caliche will be obtained from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.

4) Proposed flow lines, will follow an archaeologically approved route to the Leo Tank Battery. The flowline will be SDR 7 3" poly line laid on the surface and will be approximately 1200' in length.

5) It will be necessary to run electric power if this well is productive. Power will be provided by C.V.E Electric and they will submit a separate plan and ROW for service to the well location.

6) If the well is productive, rehabilitation plans will include the following:
   a) The original topsoil from the well site will be returned to the location. And the site will be re-contoured to as close to possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #2. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and proposed new access road (approximately 2500 cubic yards) will be obtained from a BLM approved caliche pit .

7. Methods of Handling Water Disposal:

Methods of Handling Water Disposal:

A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.

B. Drilling fluids will be contained in steel mud pits.

C. Water produced from the well during completion will be held temporally in steel tanks and then taken to an NMOCD approved commercial disposal facility.

D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. No toxic waste or hazardous chemicals will be produced by this operation.

E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole, only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

A. The drill pad layout, with elevations staked by Asel Surveying, is shown in Exhibit #4. Dimensions of the pad and pits are shown on Exhibit #6. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.

B. Exhibit #6 also shows the proposed orientation of reserve pit, working pit and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

10. Plans for Restoration of the Surface:

A. Upon completion of the drilling and/or completion operations, it the well is found to be non-commercial, the caliche will be removed from the pad and transported to

the original caliche pit or used for other drilling locations in the area. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography.

B. The location and road will be rehabilitated as recommended by the BLM.

C. Upon completion of proposed operations, if the well is completed, the reserve pit area will be closed as outlined in Section 4.6 above within the same prescribed time. Any additional caliche required for facilities will be obtained from a BLM approved caliche pit. Topsoil removed from the drill site will be used to re-contour the pit area to its original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

A. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.

B. The proposed road routes and surface location will be restored as directed by the BLM.

12. Other Information:

A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.

B. There is no permanent or live water in the immediate area.

C. There are no dwellings within 2 miles of this location.

D. A Cultural Resources Examination is being prepared by Southern New Mexico Archaeological Services, Inc. P.O. Box 1, Bent New Mexico, 88314, phone # 505-671-4797 and the results will be forwarded to your office in the near future.

13. Bond Coverage:

Bond Coverage is Nationwide Bond # 000215

14. Lessee's and Operator's Representative:

The COG Operating LLC representative responsible for assuring compliance with the surface use plan is as follows:

John Coffman,
Drilling Superintendent
COG Operating LLC
550 W. Texas, Suite 1300
Midland, TX 79701
Phone (432) 683-7443 (office)
(432) 631-9762 (cell)

Erick Nelson.
Division Operations Manager
COG Operating LLC
550 W. Texas, Suite 1300
Midland, TX 79701
Phone (505) 746-2210 (office)
(432) 238-7591 (cell)

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements make in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or COG Operating, LLC, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 27th day of March, 2009.

Signed: John Coffman

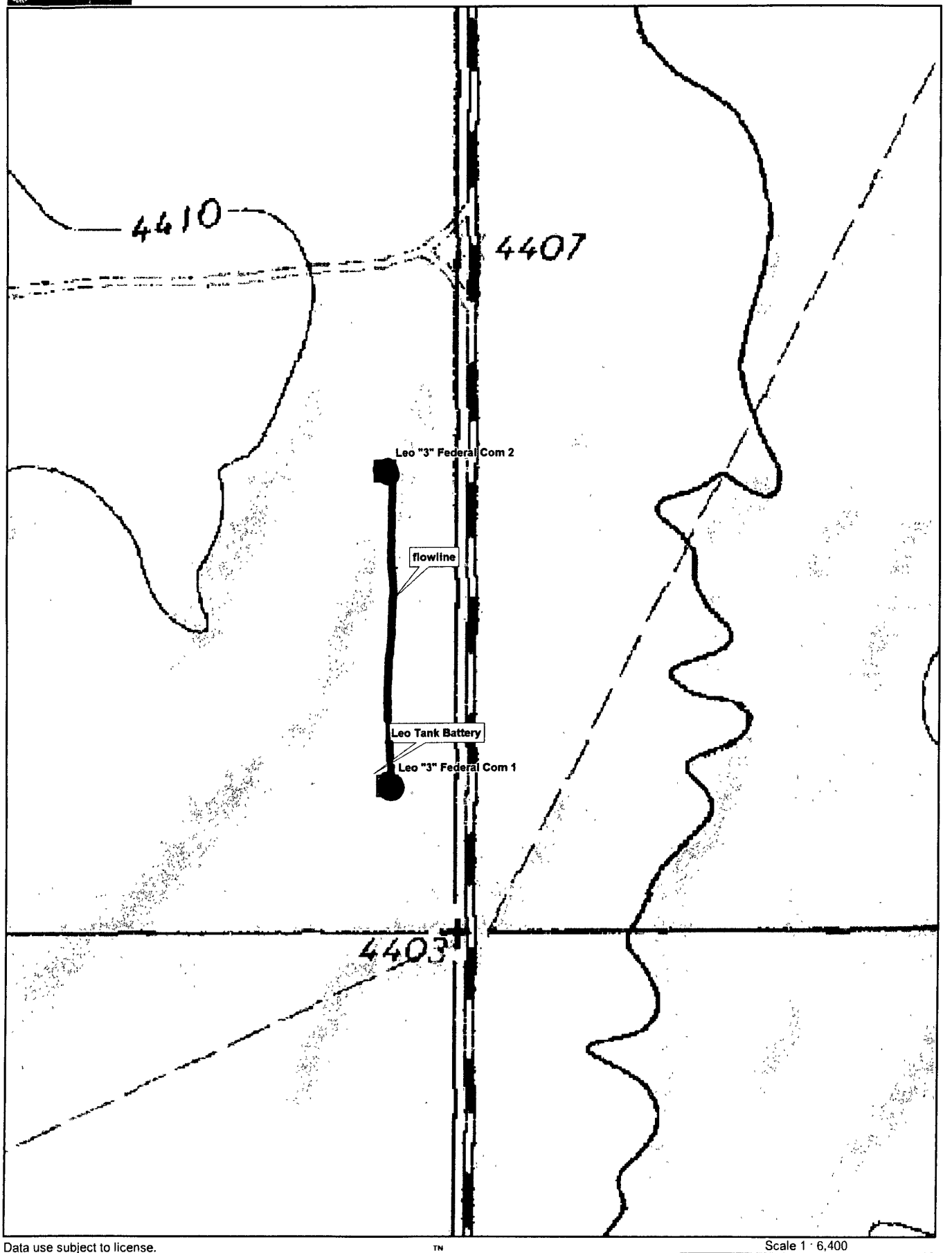
Printed Name: John Coffman
Position: Drilling Superintendent
Address: 550 W. Texas, Suite 1300, Midland, Texas 79701
Telephone: (432) 683-7443
Field Representative (if not above signatory): Same
Address (if different from above):
Telephone (if different from above):
E-mail: JCoffman@conchoresources.com

Exhibits:

Exhibit #1	**Wellsite and Elevation Plat** **Form C-102 Well location and acreage dedication plat**
Exhibit #2	**Topographic Map (West)**
Exhibit #3	**Vicinity Map and area roads**
Exhibit #4	**Elevation Plat (West)**
Exhibit #5	**Topographic extract showing wells, roads and flowlines**
Exhibit #6	**Pad Layout and orientation**
Exhibit #7	**H2S Signage**
Exhibit #8	**H2S Equipment location**
Exhibit #9	**BOP and Choke diagrams**
Exhibit #10	**BOP Requirements**
Exhibit #11	**Minimum Choke Manifold Requirements**
Exhibit #12	**Form C-144 NMOCD pit permit application**

DeLORME

XMap® 5.2 Professional



TN

MN (8.0°E)

Scale 1 : 6,400

1" = 533 3 ft

Data Zoom 15-0

COG OPERATING LLC

Fasken Center, Tower II
550 West Texas Avenue, Suite 1300
Midland, TX 79701
Phone: (432) 683-7443
Fax: 432-685-4396

FAX COVER SHEET

Privileged and Confidential

12 pages w/ cover sheet

To: **Ruben Sanchez**
BUREAU OF LAND MANAGEMENT
ROSWELL OFFICE
Fax: (575) 627-0276

2-1-10

Dear Mr. Sanchez,

Attached is a copy of the signed agreement between Mr. Medlin and COG Operating LLC.

I will fed-ex the original to you as soon as I receive it.

Please contact me if you have questions and thanks so much for your patience with COG while we secured this agreement !!!

Phyllis

Phyllis Edwards
COG OPERATING LLC
550 W. Texas Ave., Ste. 1300
Midland, TX 79701
432/ 683-7443 Concho
432/ 685-4340 Direct line
432/ 685-4396 Fax
pedwards@conchoresources.com

If you have any difficulty in receiving, please call
Phyllis Edwards @ (432) 685-4340

GRAY Surface Specialties

3106 N. Big Spring St. Ste. 100
Midland. TX 79705
Tel: (432) 685-9158

"LETTER RECEIPT"

January 22, 2010

Billy R. and Donna K. Medlin
P. O. Box 50
Maljamar, NM 88264

RE: Location Costs
Section 3, T-15-S, R-31-E
Chavez County, New Mexico

Dear Mr. and Mrs. Medlin:

Please find enclosed COG Operating LLC check # in the amount of Twenty Thousand and no/100 Dollars (20,000.00) as payment in full for the following:

1) 10,000.00 – Payment in full for construction of well location and associated pits on Fee Lands to be located in the SE/4, Section 3, T15S, R31E in Chaves County, New Mexico. (Leo 3 Fed Com #1)

2) 10,000.00 – Payment in full for construction of well location and associated pits on Fee Lands to be located in the SE/4, Section 3, T15S, R31E in Chaves County, New Mexico. (Leo 3 Fed Com #2)

Please acknowledge your receipt of the check as your acceptance and consent of the referenced well locations as payment in full for the above described matter and your release of COG Operating, LLC, and the other working interest owners (including their officers, employees, agents and contractors) for all damages arising from or associated with such matters by signing below.

Thank you in advance for your response,

Sincerely,

Debbie Harrell
Agent for COG Operating LLC

Enclosure

AGREED TO AND ACCEPTED THIS ___ DAY OF _____, 2010.

By: _____
Billy R. Medlin

By: _____
Donna K. Medlin

SECOND AMENDMENT OF RECORDATION NOTICE AND MEMORANDUM OF SURFACE USE AND COMPENSATION AGREEMENT

This Agreement, entered into the 21st day of January, 2010, signed and executed by and between Billy R. and Donna K. Medlin, whose address is P. O. Box 50, Maljamar, New Mexico 88264, hereinafter referred to as Grantor, whether one or more, and COG Operating LLC, whose address is 550 W. Texas Ave., Ste. 1300, Midland, Texas 79701, hereinafter referred to as Grantee, is a second amendment to that certain Recordation Notice and Memorandum of Surface Use and Compensation Agreement by and between Billy R. and Donna K. Medlin ("Grantor"), and COG Operating LLC ("Grantee") filed of record October 24, 2007 in Book 601, Page 1405, in Chaves County, New Mexico.

WITNESSETH

In consideration of Ten Dollars ($10.00) and other good and valuable consideration, cash in hand paid by Grantee to Grantor, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby grants unto Grantee the following:

The rights and privileges to use additional lands of Grantor as may be necessary or convenient to Grantee's operations under the Surface Use and Compensation Agreement executed by Grantor and Grantee on September 27, 2007 covering Grantor's land situated in Chaves County, New Mexico as specifically amended and described as follows to wit:

E/2 Section 9, E/2 Section 16 and all of Sections 3, 10, 11, 12, 13, 14 and 15, T-15-S, R-31-E, County of Chaves, State of New Mexico

These rights and privileges shall be in addition to and in accordance with the terms and provisions of that certain Surface Use and Compensation Agreement which was executed on September 27, 2007 between the parties hereto, which with all of its terms, covenants and other provisions, is hereby referred to and incorporated herein the same as if copied herein at this point.

IN WITNESS WHEREOF, the undersigned have executed this Second Amendment of Recordation Notice and Memorandum of Surface Use and Compensation Agreement effective as of the date first above written.

GRANTOR

By: Billy R. Medlin
Billy R. Medlin

By: Donna K. Medlin
Donna K. Medlin

GRANTEE

COG OPERATING LLC

By:
Matthew G. Hyde

Title: Vice President
Exploration and Land

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO §
§
COUNTY OF LEA §

On this 1st day of February, 2010, **Billy R. Medlin,** personally appeared before me, who is personally known to me to be the signer of the foregoing document, and he/she acknowledged that he/she executed the same.

Christie Mullins
NOTARY PUBLIC

My Commission Expires: OFFICIAL SEAL
Christie Mullins
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 3/28/10

STATE OF NEW MEXICO §
§
COUNTY OF LEA §

On this 1st day of February 2010, **Donna K. Medlin,** personally appeared before me, who is personally known to me to be the signer of the foregoing document, and he/she acknowledged that he/she executed the same.

Christie Mullins
NOTARY PUBLIC

My Commission Expires: OFFICIAL SEAL
Christie Mullins
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 3/28/10

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me on 21st day of January, 2010, by **Matthew G. Hyde** as **Vice President of Exploration and Land** of **COG OPERATING LLC** on behalf of said LLC.

TRACI CONNER
Notary Public, State of Texas
My Commission Expires
August 29, 2010

Traci Conner
NOTARY PUBLIC

My Commission Expires:

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	LEO "3" FEDERAL COM	1
OGRID No.	Operator Name	Elevation
	C.O.G. OPERATING L.L.C.	4405'

Surface Location

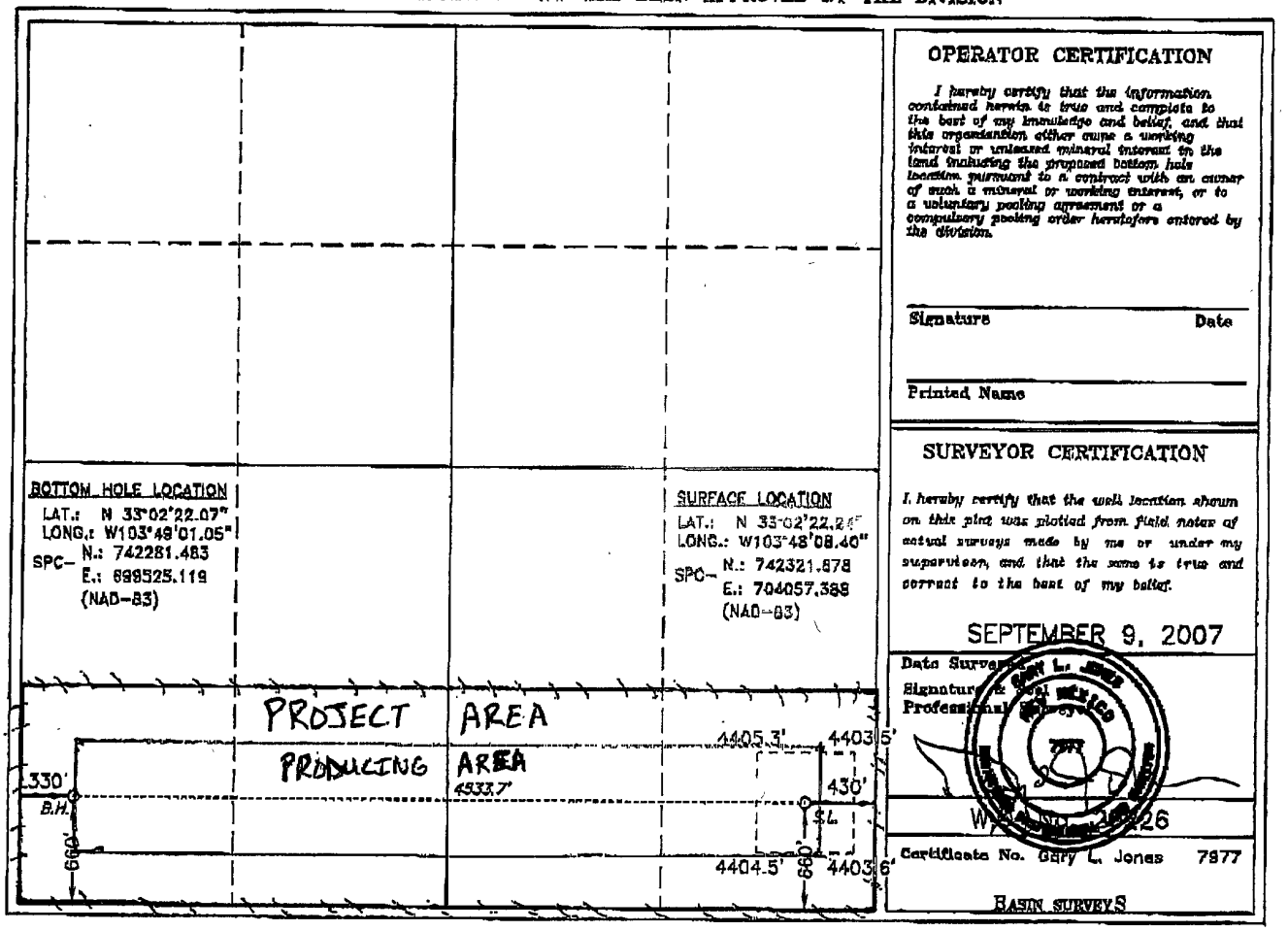
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	15 S	31 E		660	SOUTH	430	EAST	CHAVES

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
M	3	15 S	31 E		660	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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 contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Printed Name

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.

SEPTEMBER 9, 2007

Date Surveyed

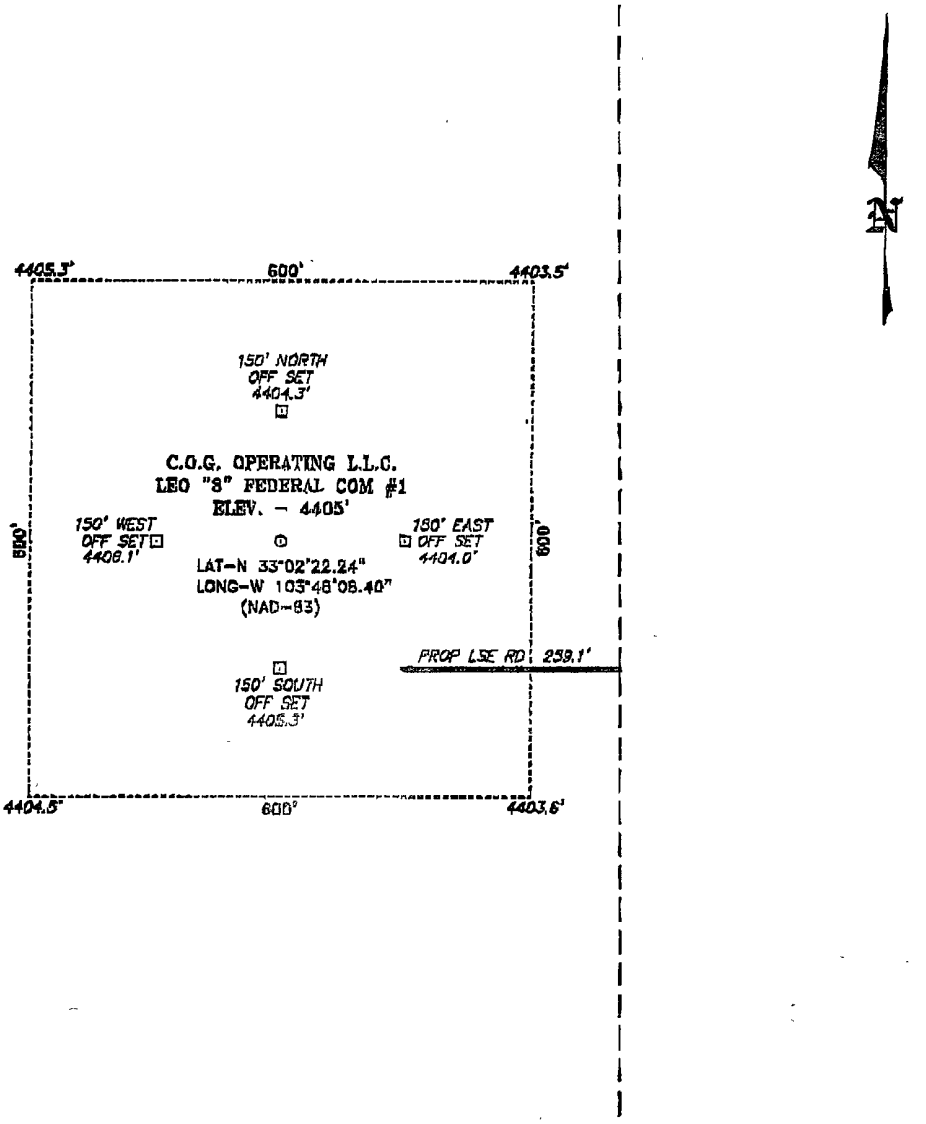
Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM MILE MARKER 2 OF STATE HWY 172, GO NORTH 0.1 MILES TO PROPOSED LEASE ROAD.

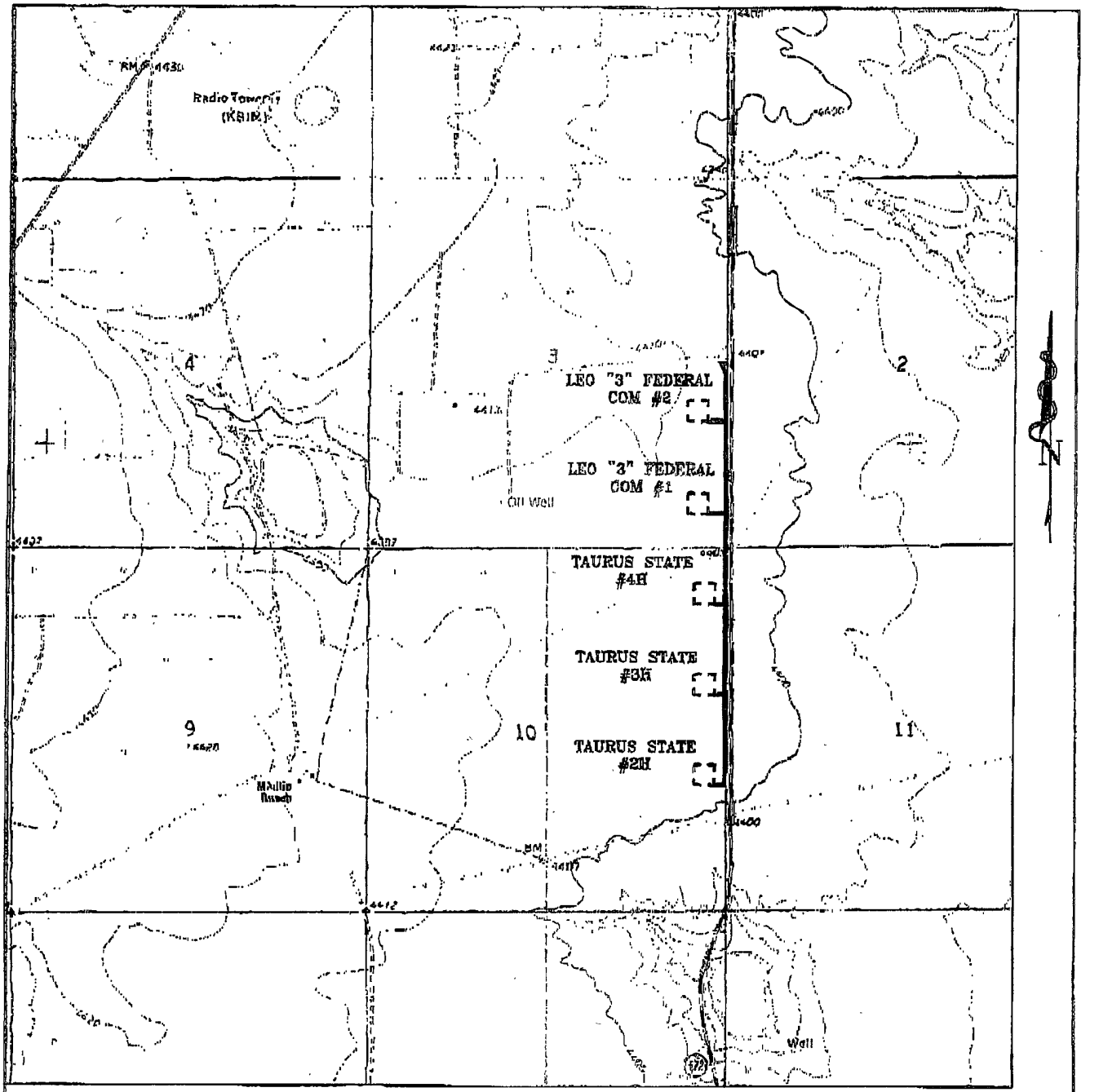
C.O.G. OPERATING L.L.C.

REF: LEO "3" FEDERAL COM #1 / Well Pad Topo

THE LEO "3" FEDERAL COM #1 LOCATED 660' FROM THE SOUTH LINE AND 430' FROM THE EAST LINE OF SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 20226	Drawn By: J. M. SMALL		
Date: 09-10-2008	Disk: JMS 20226	Survey Date: 09-09-2008	Sheet 1 of 1 Sheets

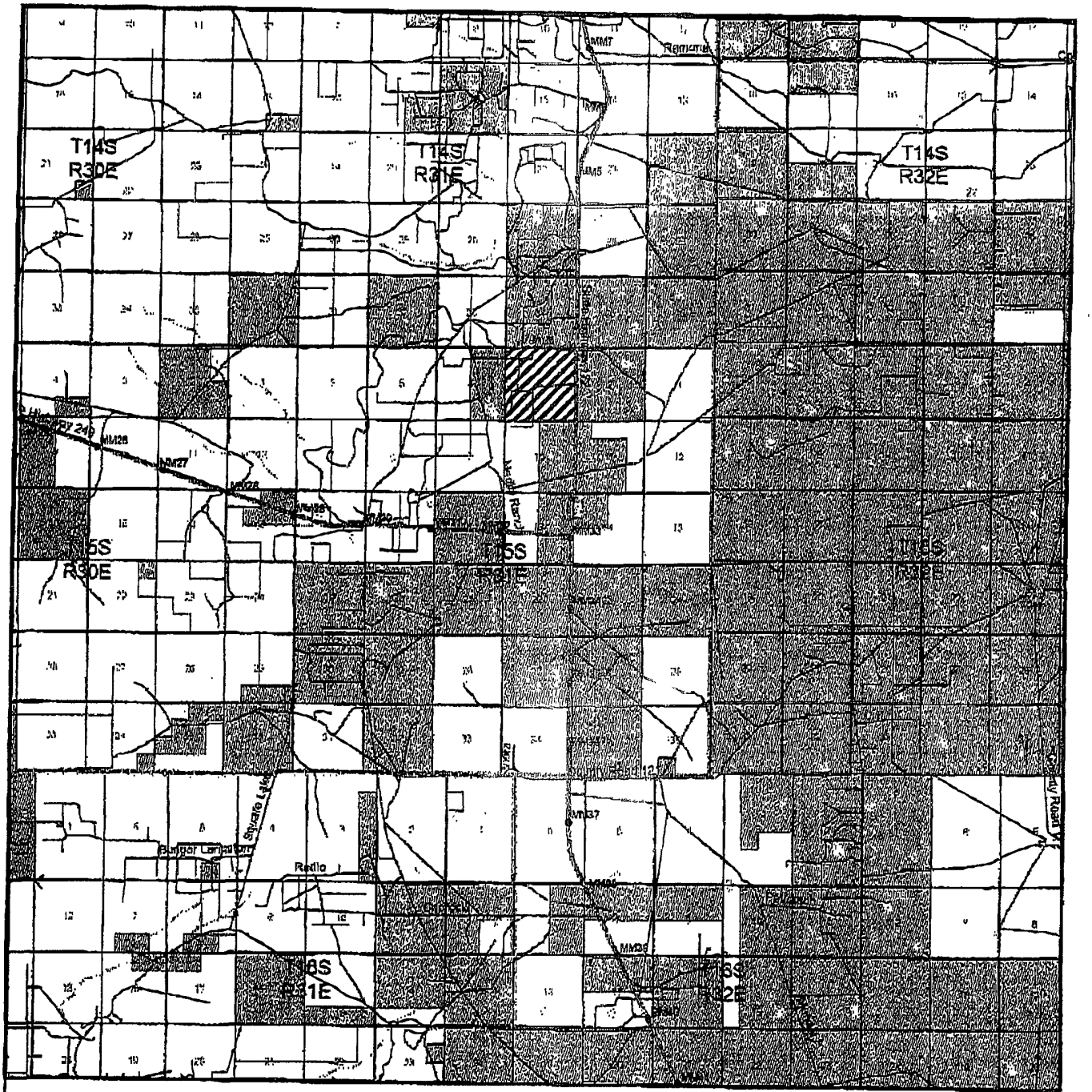


LEO "3" FEDERAL COM #1
Located at 660' FSL and 430' FEL
Section 3, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 20226
Survey Date: 09-09-2008
Scale: 1" = 2000'
Date: 09-10-2008

C.O.G. OPERATING L.L.C.



LEO "3" FEDERAL COM #1
Located at 660' FSL and 430 FEL
Section 3, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number:	20226
Survey Date:	09-09-2008
Scale:	1" = 2 MILES
Date:	09-10-2008

C.O.G. OPERATING L.L.C.

02/01/10 06:10pm P. 005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	LEO "3" FEDERAL COM	2

OGRID No.	Operator Name	Elevation
	C.O.G. OPERATING L.L.C.	4408'

Surface Location

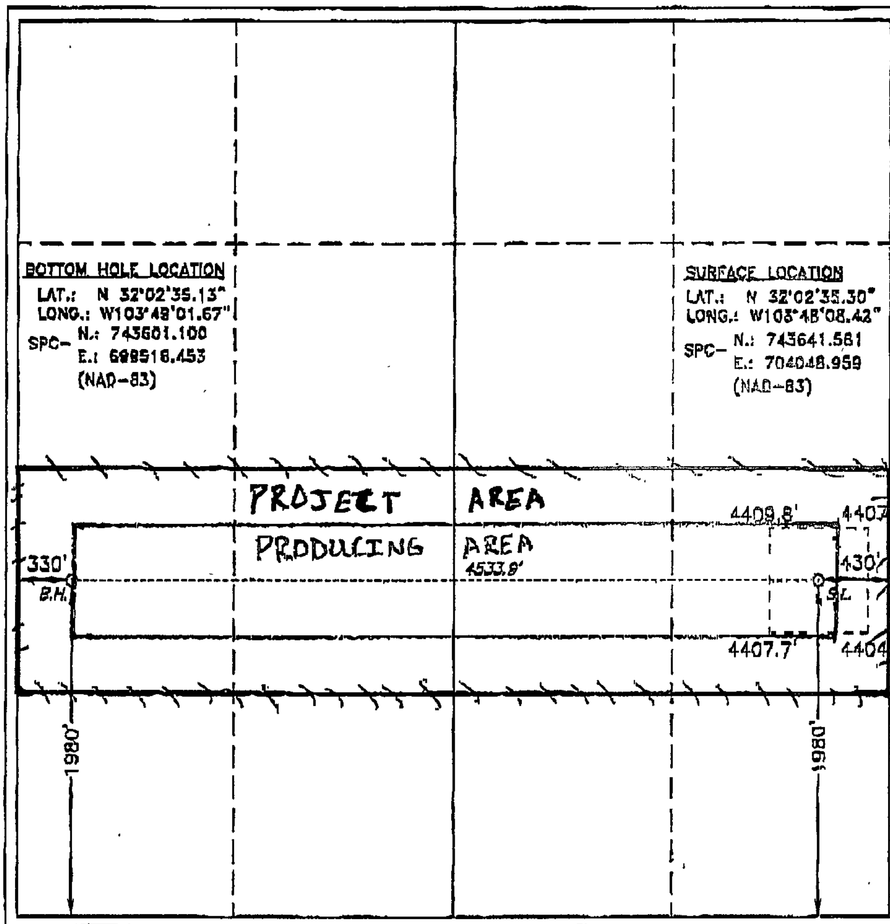
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	3	15 S	31 E		1980	SOUTH	430	EAST	CHAVES

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
L	3	15 S	31 E		1980	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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 contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Printed Name

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.

SEPTEMBER 9, 2007

Date Surveyed

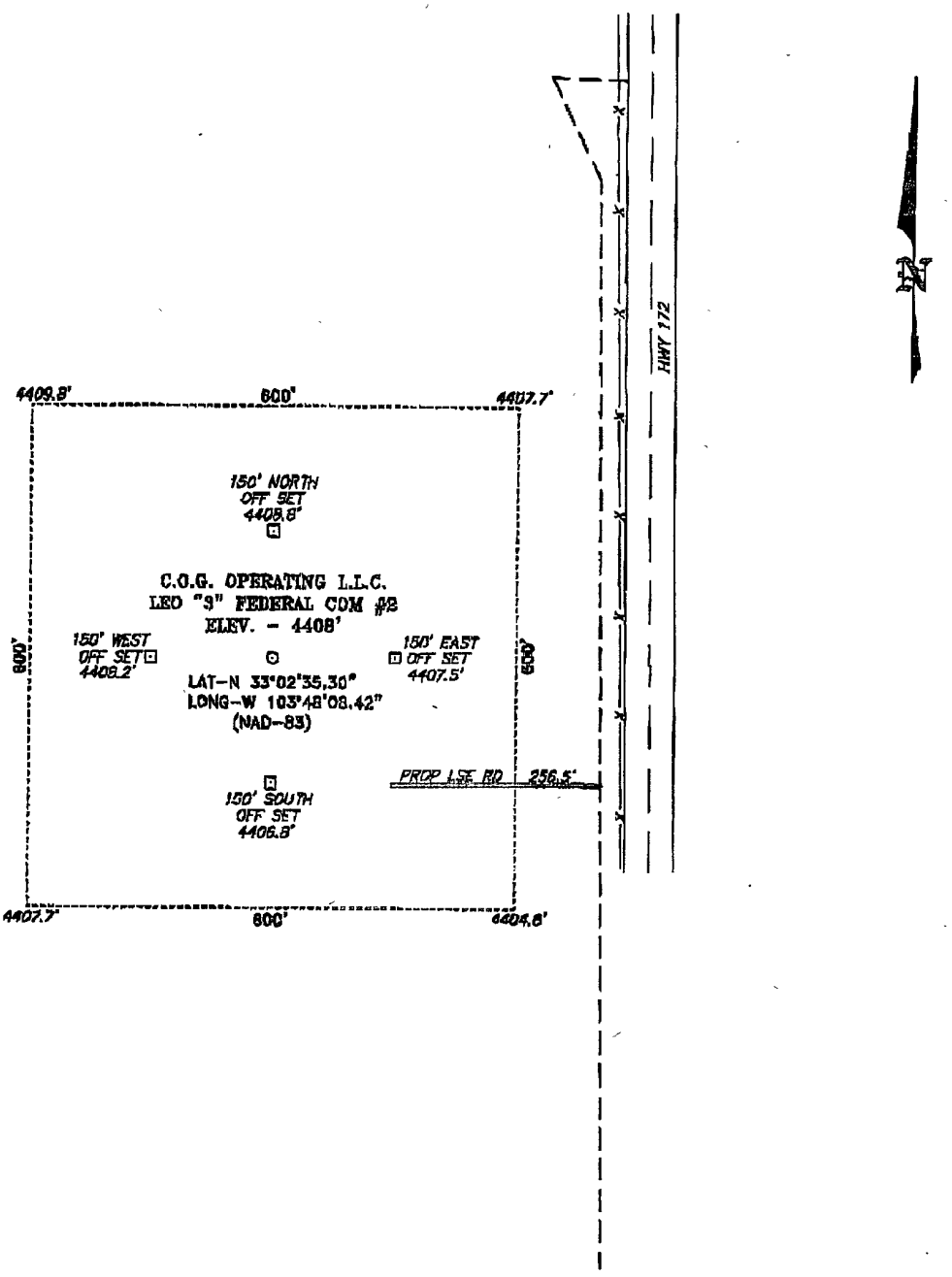
Signature & Seal of Professional Surveyor

W.O. [illegible] 27

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM MILE MARKER 2 OF STATE HWY 172, GO NORTH 0.1 MILES TO PROPOSED LEASE ROAD.

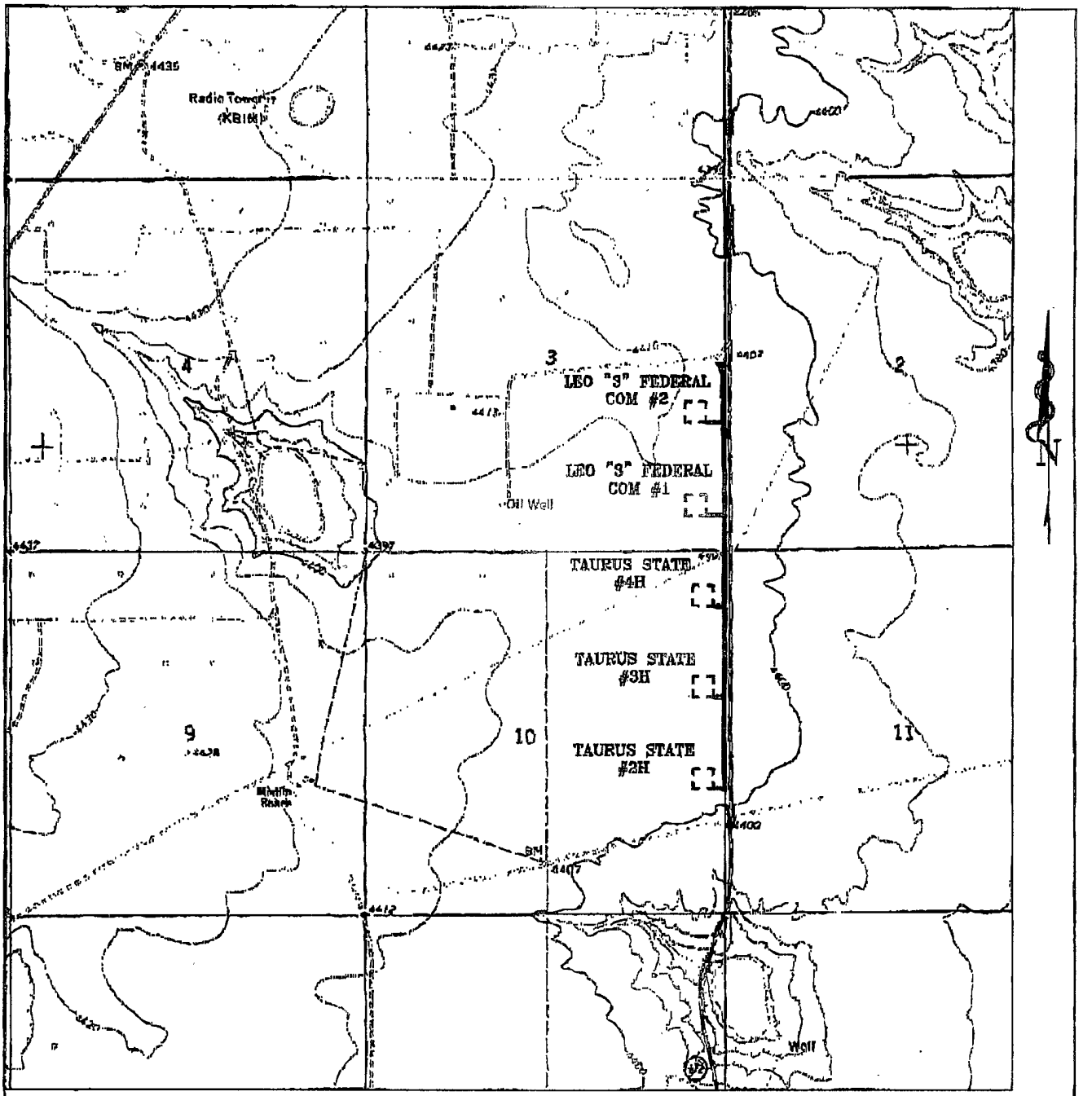
C.O.G. OPERATING L.L.C.

REF: LEO "3" FEDERAL COM #2 / Well Pad Topo

THE LEO "3" FEDERAL COM #2 LOCATED 1980' FROM THE SOUTH LINE AND 430' FROM THE EAST LINE OF SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 20227	Drawn By: J. M. SMALL		
Date: 09-10-2008	Disk: JMS 20227	Survey Date: 09-09-2008	Sheet 1 of 1 Sheets

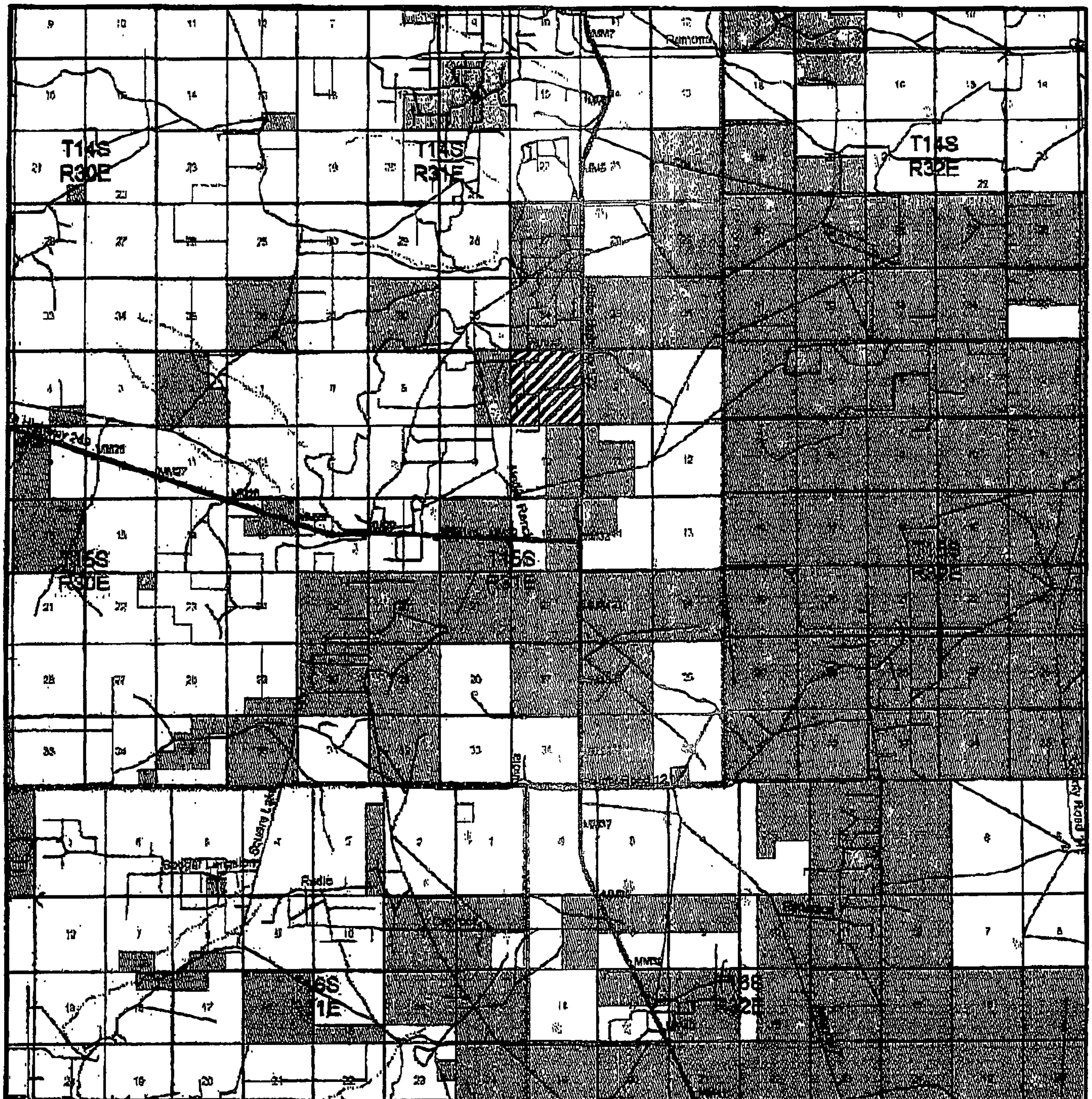


LEO "3" FEDERAL COM #2
Located at 1980' FSL and 430' FEL
Section 3, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.

Basin Surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 20227
Survey Date: 09-09-2008
Scale: 1" = 2000'
Date: 09-10-2008

C.O.G. OPERATING L.L.C.



LEO "3" FEDERAL COM #2
Located at 1980' FSL and 430 FEL
Section 3, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 – Office
(575) 392-2206 – Fax
basinsurveys.com

W.O. Number:	20227
Survey Date:	09-09-2008
Scale: 1" = 2 MILES	
Date:	09-10-2008

C.O.G. OPERATING L.L.C.

EXHIBIT A
PECOS DISTRICT - RFO
CONDITIONS OF APPROVAL

OPERATORS NAME: **C.O.G. Operating L.L.C.**
LEASE NO.: **NM-105885**
WELL NAME & NO: **Leo 3 Federal Com. #2H**
SURFACE HOLE FOOTAGE: **1980' FSL & 430' FEL**
BOTTOM HOLE FOOTAGE: **1980' FSL & 330' FWL**
LOCATION: **Section 3, T. 15 S., R. 31 E.,**
COUNTY: **Chaves County, New Mexico**

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.

V. 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).

VI. 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.

VII. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). 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.

VIII. CONSTRUCTION

A. NOTIFICATION:

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 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 Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL:

The operator shall stockpile the topsoil on the southwest corner of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall be stockpiled adjacent to the constructed well pad within the area surveyed for cultural resources. The topsoil shall be used for interim and final reclamation of the constructed pad and shall not to be used as materials for earthen berms.

C. CLOSED LOOP SYSTEM: No reserve pit will be used.

The operator shall use a **Closed Loop System** instead of a reserve pit. The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT:

If the operator elects to surface the access road and/or well pad, payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Roswell Field Office at (505) 627-0236.

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 need.

F. ON LEASE ACCESS ROADS:

Road Egress and Ingress

The access road shall be constructed to access the southeast corner of the well pad.

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.

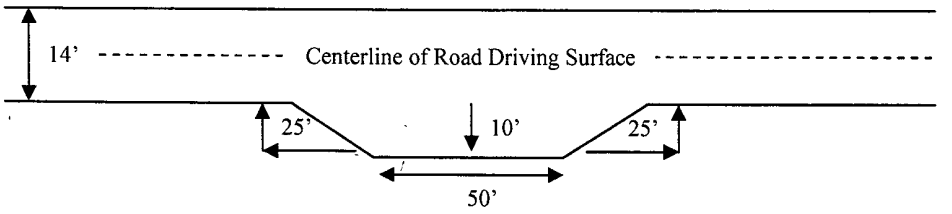
Crowning

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.

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

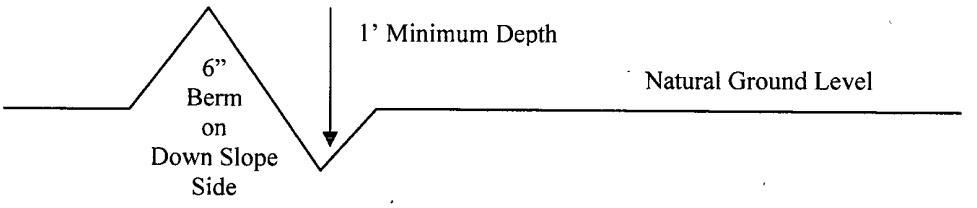


Drainage

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 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:

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

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

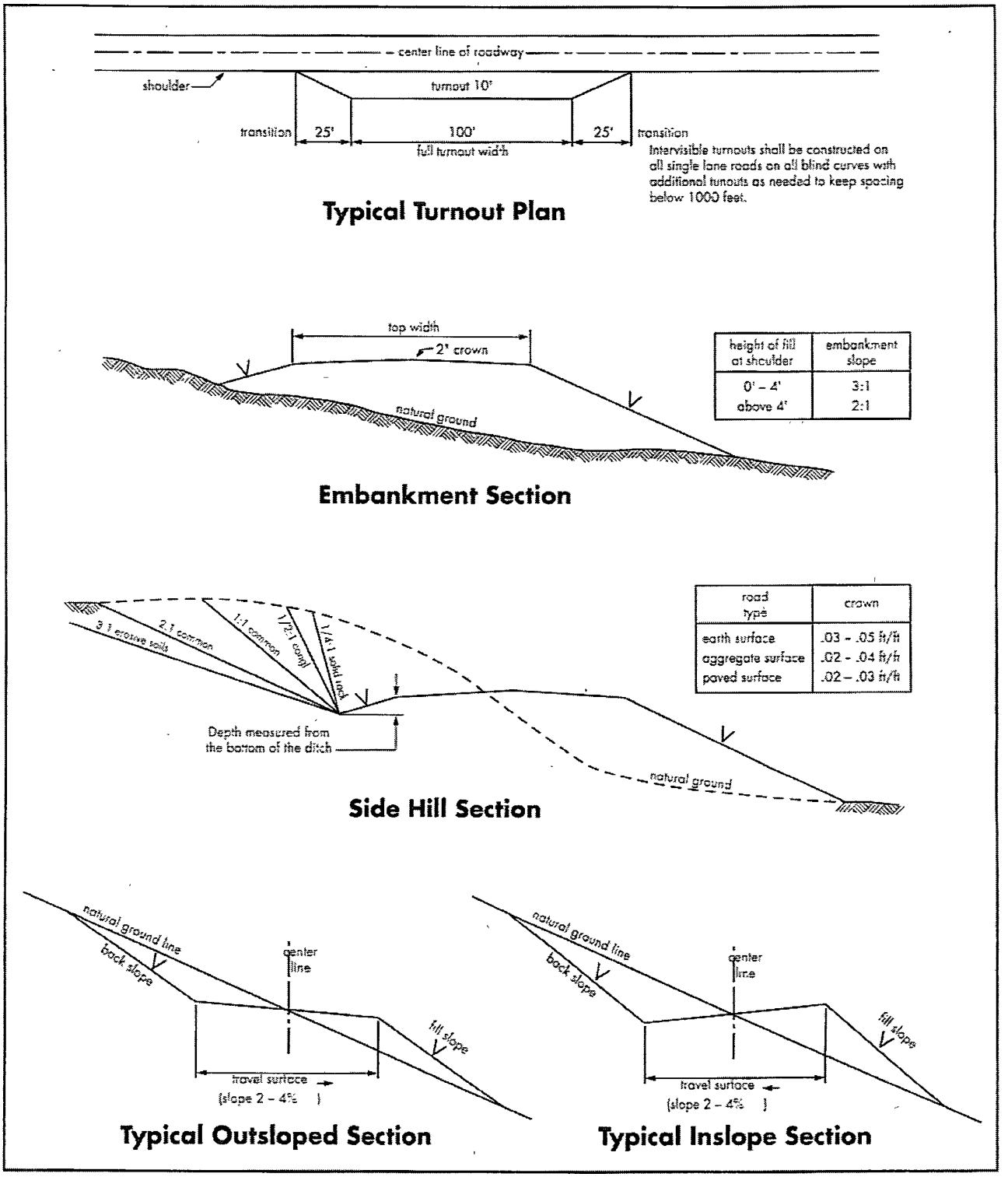
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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



V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.

2. The BLM is to be notified a minimum of 24 hours in advance for a representative to witness:

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

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

BOPE Tests

3. 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.

4. Include the API Number assigned to well by NMOCD on the subsequent report of setting the first casing string.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

6. The operator will accurately measure the drilling rate in ft/min to set the base of the usable water protection casing string(s) opposite competent rock. The record of the drilling rate along with the caliper-gamma ray-neutron well log run to surface will be submitted to this office as well as all other logs run on the borehole 30 days from completion

7. A closed loop system, fresh water and non toxic drilling mud will be used to drill to the base of the usable water to set the protection casing string(s). The steel tanks should be bermed to contain any spill. Any polymers used will be water based and non-toxic.

B. CASING

1. The 13-3/8 inch usable water protection casing string(s) shall be set at approximately 400 feet opposite competent bedrock.

If not the operator is required to set usable water protecting casing in the next thick competent bedding (i.e. 15 to 25 ft or greater) encountered and cemented to the surface.

a. If cement does not circulate to the surface, the Roswell Field 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 or 500 pounds compression strength, whichever is greater. (This is to include the lead cement).

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 compression strength, whichever is greater.

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

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is **sufficient to circulate to the surface.** If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the **7** inch production casing is **sufficient to tie back 500 feet above the uppermost perforation in the pay zone**. If cement does not circulate, 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.

4. There is no required fill of cement behind the **4-1/2** inch production liner since isolation packers and sliding sleeves will be used for lateral and will not require cementing.

5. 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.

6. All casing shall be new or reconditioned and tested casing and meet API standards for new casing. The use of reconditioned and tested casing shall be subject to approval by the authorized officer. Approval will be contingent upon the wall thickness of any casing being verified to be at least 87-1/2 per cent of the nominal wall thickness of new casing.

C. PRESSURE CONTROL

1. Before drilling below the **13-3/8** inch surface casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the **9-5/8** inch intermediate casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the **13-3/8** inch surface casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi. Before drilling below the **9-5/8** inch intermediate casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3000** psi.

3. The BOPE shall be installed before drilling below the **13-3/8** inch surface casing and the **9-5/8** inch intermediate casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

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

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

c. 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.

d. 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 BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.

e. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

f. Testing must be done in a safe workman like manner. Hard line connections shall be required.

g. The requested variance to test the **13-3/8 inch surface casing and the BOPE** prior to **drilling below the 13-3/8 inch surface casing** to the reduced pressure of **1000** psi using the rig pumps is approved.

VI. PRODUCTION

B. 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, **Juniper Green,** Environmental Standard Color Chart.

VRM Facility Requirement

Low-profile tanks not greater than eight-feet-high shall be used.

VII. 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.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, 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. SEED MIXTURE – Closed Loop System

The operator should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions in the well pad should allow for remedial well operations, as well as, to provide a safe working area.

The disturbed areas shall be seeded as follows:

PECOS DISTRICT, BLM, SEED MIX FOR
Loamy, SD-3 Ecological Site for HP-3 Loamy, Loamy CP-2, Gyp Upland CP-2

Common Name and Preferred Variety	Scientific Name	Pounds of Pure Live Seed Per Acre
Blue grama,	(*Bouteloua gracilis)*	4.00 lbs.
Sideoats grama,	(*Bouteloua curtipendula)*	1.00 lb.
Sand dropseed	(*Sporobolus cryptandrus)*	0.50 lb.
Vine mesquite	(*Panicum obtusum)*	1.00 lb.
Plains bristlegrass	(*Setaria macrostachya)*	1.00 lb.
Indian blanketflower	(*Gaillardia aristata)*	0.50 lb.
Desert or Scarlet	(*Sphaeralcea ambigua*)	1.00 lb.
Globemallow or	(*S. coccinea)*	
Annual sunflower	(Helianthus annuus)	0.75 lb.
TOTAL POUNDS PURE LIVE SEED (pls) PER ACRE		9.75 lbs.

Certified Weed Free Seed. If one species is not available, increase ALL others proportionately. Use No Less than 4 species, including one forb. No less than 9.75 pounds pls per acre shall be applied.

VIII. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

a. 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.

b. 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 agreements.