Surface Use Plan
COG Operating, LLC
Taurus State-Federal Com #2
SHL 1980' FSL & 330' FEL, UL I BHL 1980' FSL & 430' FWL, UL L
Section 10, T-15-S, R-31-E
Chaves County, New Mexico

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 to Location: From mile marker 1 of State Hwy 172, Go South 0.1 mil to proposed lease road. See Vicinity Map, Exhibit #3.

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 0' of new access road will be required for this location. If any road is required it will be constructed as follows:

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 actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM caliche pit.

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 Wolfcamp 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 Taurus State Federal Com Tank Battery located at the Taurus State Federal Com # 2. 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 the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled 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 Taurus State Federal Com Tank Battery located at the Taurus State Federal Com # 2. The flowline will be SDR 7 3" poly line laid on the surface and will be approximately 1.85 miles in length.

5) It will be necessary to run electric power if this well is productive. Power will be provided by CVE 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 as close as 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 and Location "Turn-Over" Procedure:

Obtaining caliche: The primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well sight. The procedure below has been approved by BLM personnel:

A. The top 6 inches of "A" grade soil is pushed off and stockpiled along the side of the location.

B. An approximate 120' X 120' area is used within the proposed well site to remove caliche.

C. "B" grade soil is removed and piled along side the 120' by 120' area.

D. When caliche is found, material will be stock piled to build location and road.

E. Then "B" grade soil is pushed back in the hole and caliche is spread accordingly across entire location and road.

F. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit.

7. 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 temporarily 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 Basin 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 closed loop system 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. Interim Reclamation will take place after the well has been completed. The pad will be downsized depending on the size of the original pad. If the rig uses a 300'X250' pad, the pad will be shrunk 50' back towards the anchors (on the steel pit side)by the entire width of the pad and 50' towards the anchors on the back side of the pad(opposite of v-door side) by the entire length for the location. If the rig uses a 280'X250' pad, 50 will be removed on pit side and 20' foot will be removed on backside (opposite from v-door). The caliche will be picked up and recycled for road repairs or the construction of new well pads. The stockpiled topsoil will then be spread along these areas to help re-vegetate land with original plant-life and re-seeded if needed 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 surface tenant for this site is Billy and Donna Medlin, P O Box 50, Maljamar, NM 88264.

C. 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. If needed, 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. Otherwise, **COG will be participating in the Permian Basin MOA Program.**

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 3rd day of March, 2010.

Signed: Carl Bird

Printed Name: Carl Bird

Position: Drilling Engineer

Address: 550 W. Texas, Suite 1300, Midland, Texas 79701

Telephone: (432) 683-7443

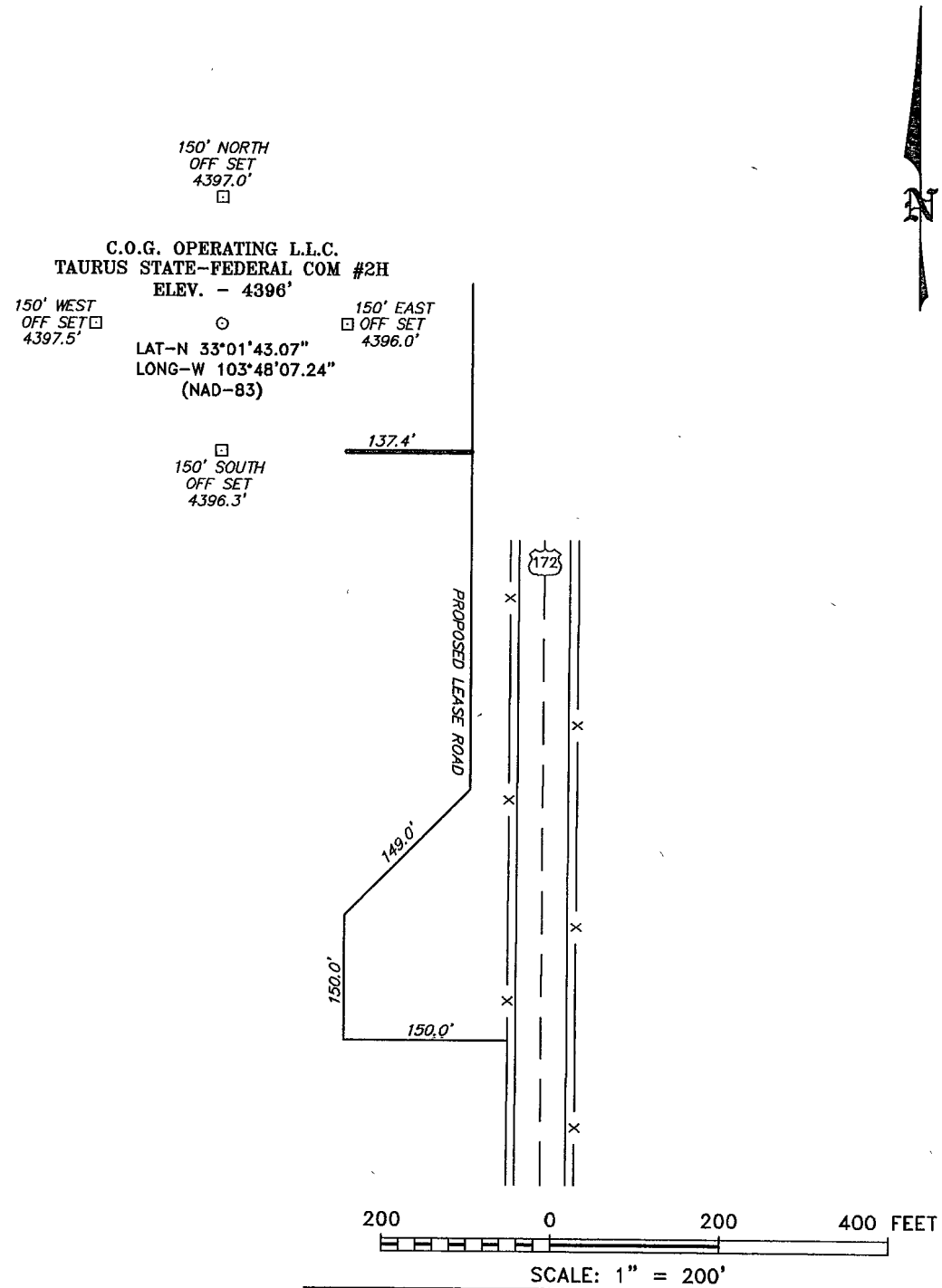
Field Representative (if not above signatory): Same

E-mail: cbird@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	**Form C-144 NMOCD pit permit application**

SECTION 10, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.



SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM MILE MARKER 1 OF STATE HWY 172, GO SOUTH 0.1 MILES TO PROPOSED LEASE ROAD.

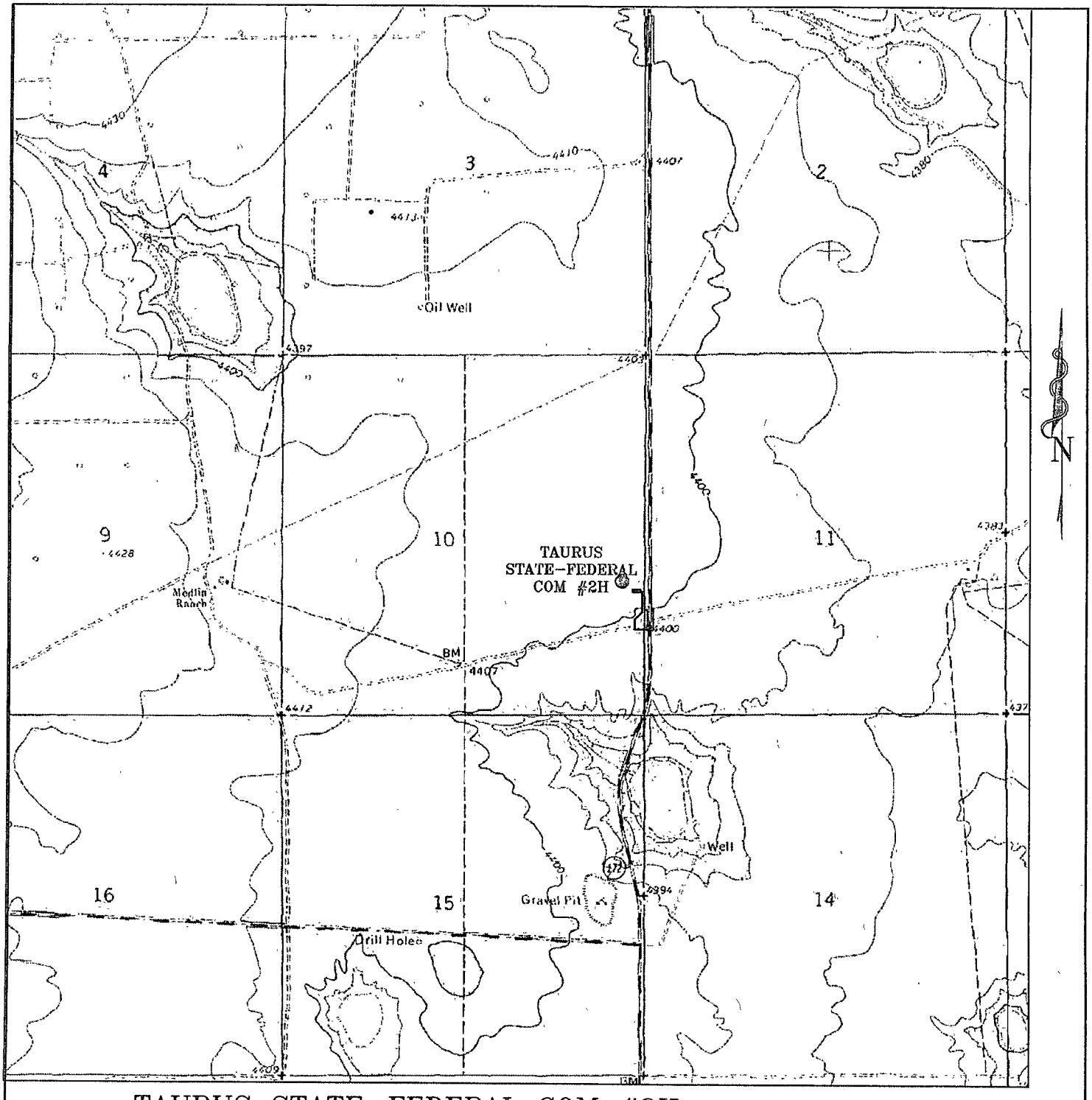
C.O.G. OPERATING L.L.C.

REF: TAURUS STATE-FEDERAL COM #2H / Well Pad Topo

THE TAURUS STATE-FEDERAL COM #2H LOCATED 1980' FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF SECTION 10, 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: 18903	Drawn By: J. M. SMALL		
Date: 12-09-2007	Disk: JMS 18903W	Survey Date: 12-07-2007	Sheet 1 of 1 Sheets



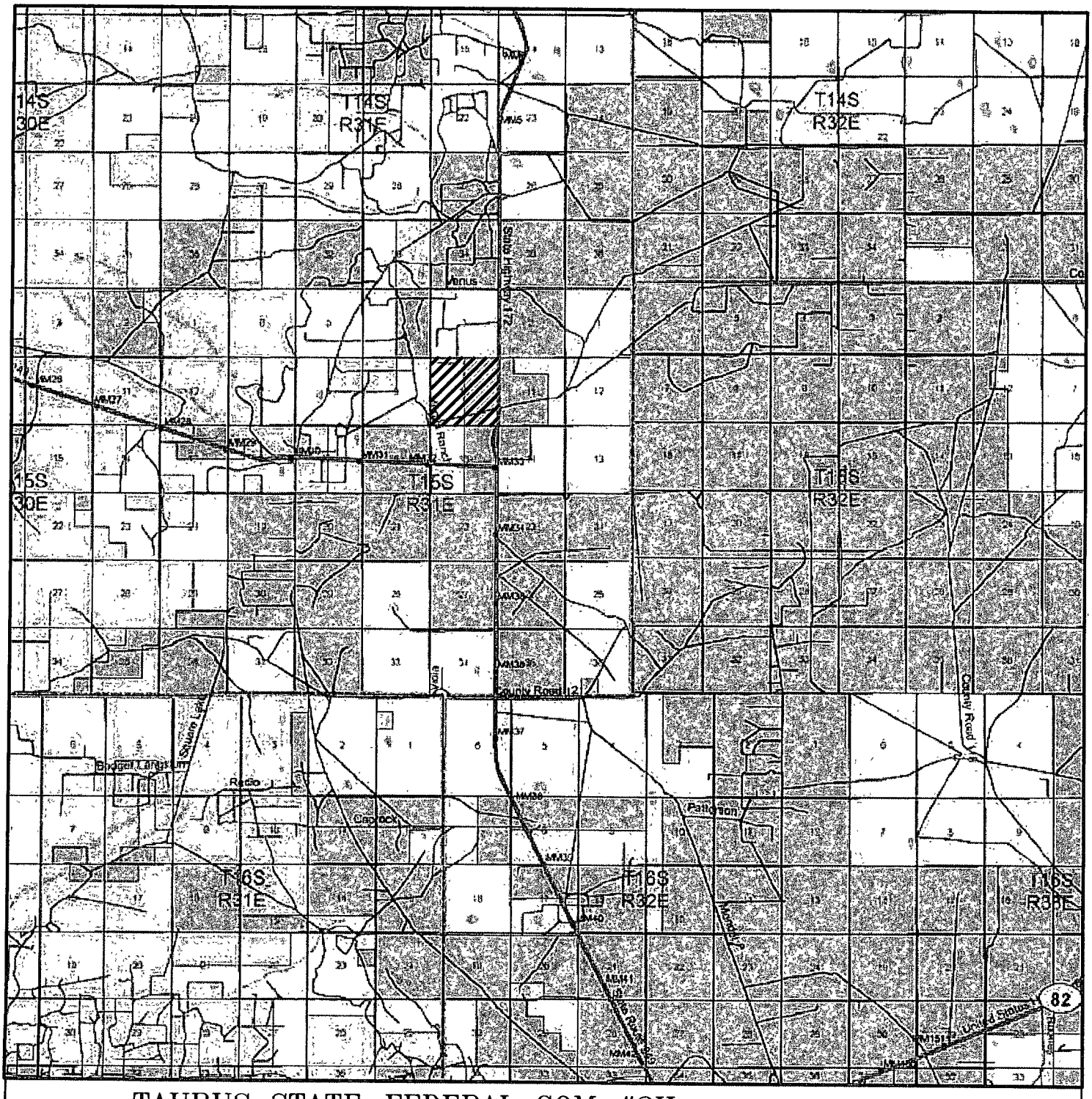
TAURUS STATE-FEDERAL COM #2H
Located at 1980' FSL and 330' FEL
Section 10, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 18903T
Survey Date:	12-07-2007
Scale:	1" = 2000'
Date:	12-09-2007

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



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Section 10, Township 15 South, Range 31 East,
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W.O. Number:	JMS 18903TR
Survey Date:	12-07-2007
Scale:	1" = 2 MILES
Date:	12-09-2007

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