

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: COC Operating LLC

LEASE & WELL Magnum Pronto State Com #4H

LOCATION P-32-19s-32e PROPOSED DEPTH 13817

DATE APD RECEIVED 11/8/10 WAS PLAT OF AREA ATTACHED _____

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? _____

20-DAY WAITING PERIOD BEGINS _____ ENDS _____

WERE WAIVERS RECEIVED? _____

DATE SLO NOTIFIED 11/8/10 DATE REPLY RECEIVED 11/12/10

DATE BLM NOTIFIED 11/8/10 DATE REPLY RECEIVED 11/15/10

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES ☒ NO ☐

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 11/16/10 DATE APD DENIED _____

Per R-12927

API # 30-025-39951

New Mexico Energy, Minerals and Natural Resources Department

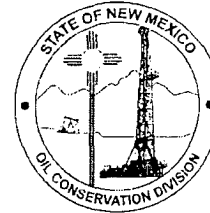
Bill Richardson
Governor

Jim Noel
Cabinet Secretary
Karen W. Garcia
Deputy Cabinet Secretary

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NOV 12 2010
HOBBSOCD

Mark Fesmire
Division Director
Oil Conservation Division



BUREAU OF LAND MANAGEMENT
ATT: Potash
620 Green Street
Carlsbad, NM 88220

STATE LAND OFFICE
ATT: Joe Mraz
P O Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR COG Operating LLC
LEASE NAME Magnum Pronto State Com #4H
PROPOSED LOCATION P-32-19s-32e
PROPOSED DEPTH 13812

Gentlemen:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

APD outside R-111-P
Jm 11-10-10

Larry Hill
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (____ year) -----Yes ____ No ____

The above referenced location is within the Buffer Zone----- Yes ____ No ____

Signed Jami Bailey

Printed Signature JAMI BAILEY

Representing JLO



New Mexico Energy, Minerals and Natural Resources Department

RECEIVED

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Governor

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NOV 15 2010
HOBBSUCD

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Very truly yours,

OIL CONSERVATION DIVISION

Larry Hill
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (2010 year) ----- Yes ☐ No ☒

The above referenced location is within the Buffer Zone ----- Yes ☒ No ☐

Signed

Printed Signature

Representing

James RUTZ
BLM-CFO

