

GUIDELINES FOR PROCESSING APD FOR WELL IN POTASH AREA -- R-111-P

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: CDG Operating LLC

LEASE & WELL Corazon State Unit 4 # 4 H

LOCATION Lot 4, 18/6 P, Sec 4, T-21S, R-33E PROPOSED DEPTH 18500

DATE APD RECEIVED 4/29/11 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 4/29/11 DATE REPLY RECEIVED 5/5/11

DATE BLM NOTIFIED 4/29/11 DATE REPLY RECEIVED 5/6/11


IS LOCATION INSIDE LMR OR BUFFER ZONE? YES _____ NO X

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

DATE APD APPROVED 5/6/11 DATE APD DENIED _____

30-025-40130

MAY 25 2011



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 29, 2011

BUREAU OF LAND MANAGEMENT
ATT: Potash
620 E Greene Street
Carlsbad, NM 88240

STATE LAND OFFICE
ATT: Joe Mraz
PO BOX 1148
Santa Fe, NM 87504

HOBBS OCD

MAY 05 2011

RECEIVED

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: **COG Operating, LLC**

LEASE NAME: **Corazon State Unit 4 #004H**

PROPOSED LOCATION: **Lot 4 U/L D Sec 4 T21S R33E 330 FNL 330 FWL**

PROPOSED DEPTH: **Pilot Hole 11600' MD & TVD Lateral 11325' TVD (18500' MD)**

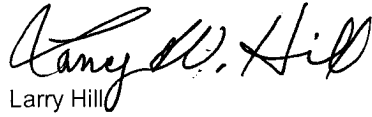
Gentleman:

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



Larry Hill
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (2011 year) ----- Yes _____ No X

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

Signed: Larry J. Rajal

Printed Signature Larry J. Rajal

Representing State Land Office

011 789 2 AM 8 04

Jhm
5-3-11
10 AM

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Larry Hill
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (2011 year) ----- Yes _____ No ☒

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

Signed

Printed Signature

Representing

JAMES RUTLEY

DOI - BLM - CFO

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (575) 393-6161 * Fax (575) 393-0720* <http://www.emnrd.state.nm.us>



MAY 25 2011