



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



December 1, 2009

COG Operating LLC  
550 W Texas, Suite 1300  
Midland TX 79701  
Attn: Phyllis A Edwards

## DENIAL OF APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

Re: COG Operating LLC, OGRID No.229137

- BC Federal #34, Unit J of Section 19, Township 17 South, Range 32 East; (990' FNL & 1190' FWL) Lea County, New Mexico.

Dear Operator:

The Oil Conservation Division (OCD) **denies** your application(s) for permit(s) to drill, deepen or plug back the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.14.10(A) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

- ☒ **Financial assurances.** Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.
- \_\_\_\_\_ **Corrective action.** Order \_\_\_\_\_, issued on \_\_\_\_\_ after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.
- \_\_\_\_\_ **Unpaid penalties.** Your company has not paid the penalties assessed against your company in \_\_\_\_\_, issued on \_\_\_\_\_. More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.
- \_\_\_\_\_ **Inactive wells.** According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order.



December 1, 2009

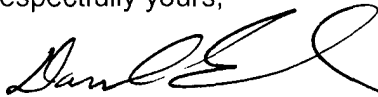
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See 19.15.5.9(A)(4) NMAC. As an operator of \_\_\_\_ wells, your company may have no more than \_\_\_\_ wells in violation of the inactive well rule. Your company has \_\_\_\_ wells in violation of the inactive well rule. In addition,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,



Daniel Sanchez, Compliance and Enforcement Manager

Ec: Mark Fesmire, Division Director, Santa Fe  
Theresa Duran-Saenz, Legal Assistant, Santa Fe  
Larry "Buddy" Hill, District 1 Supervisor  
Randy Dade, District 2 Supervisor  
Charlie Perrin, District 3 Supervisor  
Ed Martin, District 4 Supervisor  
Donna Mull, District I Compliance Officer

# Inactive Well Additional Financial Assurance Report

229137 COG OPERATING LLC

Total Well Count: 1485

Printed On: Tuesday, December 01 2009

Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/In j	Inactive Additional Bond Due	Measur ed Depth	Requir ed Bond Amount	Bond Requir ed Now	Bon d In Plac e	In Violati on
WEST PEARL 36 STATE #001	S	F-36-19S- 34E	F	30-025- 38079	G	11/20 07	12/01/20 09	1365 7	1865 7	Y	0	Y