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2007 SEP 17 PM 12:37

September 14, 2007

COG Operating, LLC
Kanicia Carrillo
550 W. Texas Ave., Suite 1300
Midland, TX 79701

New Mexico Oil Conservation Division
David Catanach
1220 S St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Catanach,

COG Operating LLC respectfully requests approval for an Off-Lease Storage facility on the following well:

USP Fee #2
Eddy County, NM
API # 30-015-34438
Surface: 319 FNL & 946 FWL Sec 16, T23S, R29E, Unit D
BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N ✓

This well is producing from the Harroun Ranch; Delaware, NE (Oil - 96878) Pool. The Off-Lease Storage facility will be located, at the USP Fee #2 surface location, on the NW Corner of Devon Energy's Spud 16 Lease. This facility will consist of two (2) 500 bbl oil tanks, one (1) 500 bbl water tank, one (1) 30" x 10' Separator, and one (1) 4' x 20' Heater. Our purchaser will transport all oil from this location. Currently, this well is shut in until battery is built.

COG Operating originally drilled the surface location of the USP Fee #2 on the NW Corner of Devon Energy's Spud 16 lease, because our USP Fee lease is located under a lake. Building an Off-Lease Storage facility at the USP Fee #2 surface location is our best option.

I have attached proof of notice to all of our working interest owners, a diagram of our proposed facility, and a map with lease boundaries showing all well and facility locations, a list of lease names, well numbers and API numbers.

Please contact me at 432-685-4332 should you have any questions.

Sincerely,

COG Operating LLC
Kanicia Carrillo
Regulatory Analyst

DATE IN 9/17/07	SUSPENSE	ENGINEER R. EZEANYIM	LOGGED IN 9/17/07	TYPE OLS	APP NO. PTDSO726059564
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☒ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kanicia Carrillo
 Print or Type Name

Signature

REGULATORY ANALYST
 Title

09/14/07
 Date

kcarrillo@conchoresources.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: COG Operating LLC
OPERATOR ADDRESS: 550 W. Texas Ave., Suite 1300, Midland, TX 79701
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☐ Yes ☒ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☒ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

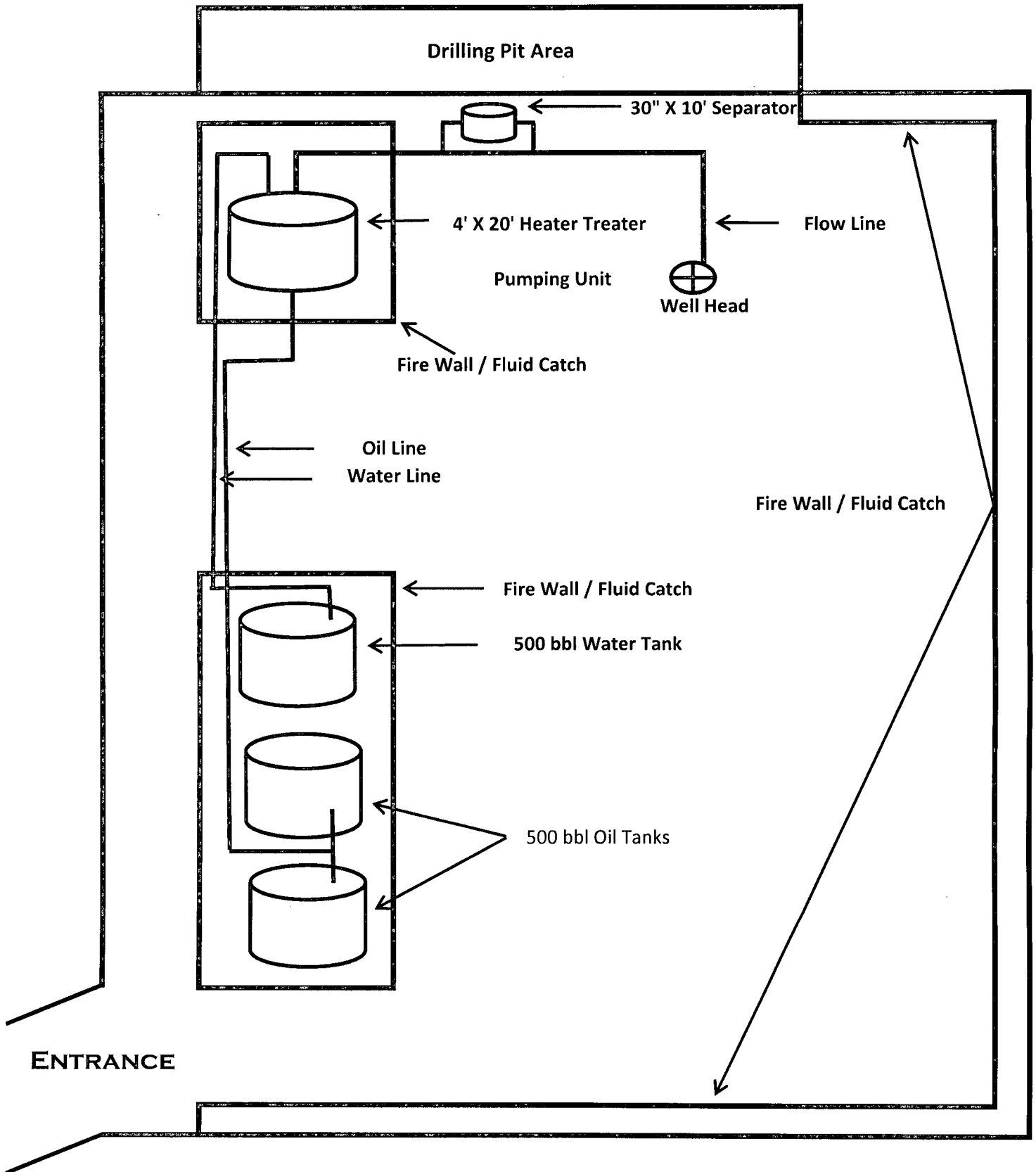
- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Regulatory Analyst DATE: 09/14/07

TYPE OR PRINT NAME Kanicia Carrillo TELEPHONE NO.: 432-685-4332

E-MAIL ADDRESS: kcarrillo@conchoresources.com



USP Fee #2 - Off-Lease Storage Facility

319 FNL & 946 FWL Unit D, Section 16, Township 29E, Range 29E

Eddy County, New Mexico



9/12/2007

COG Operating, LLC
Kania Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Strata Production Company
PO Box 1030
Roswell, NM 88202-1030

U.S. Postal Service [™]	
CERTIFIED MAIL [™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To	
Strata Production Company	
PO Box 1030	
Roswell, NM 88202-1030	
PS Form 3800, June 2002	
See Reverse for Instructions	

7005 0390 6041 6149 1419 0000 0600 5002

MIDLAND TX DOWNTOWN
SEP
Postmark
Here
2007
USPS

Dear Sir or Madam:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

USP Fee #2
Eddy County, NM
API # 30-015-34438
Surface: 319 FNL & 946 FWL Sec 16, T23S, R29E, Unit D
BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N

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Should you or your company have any objection, it must be filed, in writing, within twenty (20) days from the date of this notice. The Division Director may approve the Off-Lease Storage facility if no objection has been made within the twenty (20) days after the application has been received.

Sincerely,

COG Operating, LLC
Kania Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kanicia Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Duane Brown
Modrall Law Firm
500 Fourth Street
Suite 1000
Albuquerque, NM 87102

7005 0390 0000 0600 5002

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For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To	Duane Brown
	Modrall Law Firm
Street, Apt. No., or PO Box No.	500 Fourth Street
City, State, ZIP+4	Suite 1000 Albuquerque, NM 87102
PS Form 3800, June 2002 See Reverse for Instructions	

MIDLAND, TX DOWNTOWN
Postmark
Here
2007

Dear Duane,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC
Kanicia Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kania Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Jan Browning
Browning Investment Company
PO Box 20849
Albuquerque, NM 87154-0849

7005 0390 0000 6041 6135

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Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

MIDLAND TX
Postmark
Here
SEP 12 2007

Sent To	Jan Browning
Street, Apt. No., or PO Box No.	Browning Investment Company PO Box 20849
City, State, ZIP+4	Albuquerque, NM 87154-0849

PS Form 3800, June 2002 See Reverse for Instructions

Dear Jan,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC
Kania Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kania Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Wade Carrigan
PO Box 1908
Gilbert, AZ 85299-1908

Dear Wade,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC
Kania Carrillo
Regulatory Analyst

2005 0390 0000 6041 6128

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OFFICIAL USE	
Postage	\$ 41
Certified Fee	2.05
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To Wade Carrigan	
Street, Apt. No.; PO Box 1908	
or PO Box No. Gilbert, AZ 85299-1908	
City, State, ZIP+4	
PS Form 3800, June 2002 See Reverse for Instructions	

Postmark Here



9/12/2007

COG Operating, LLC
Kanicia Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Hutchings Oil Company
PO Box 1216
Albuquerque, NM 87103

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$.41
Certified Fee	2.105
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To Hutchings Oil Company Street, Apt. No., or PO Box No. PO Box 1216 City, State, ZIP+4 Albuquerque, NM 87103	
PS Form 3800, June 2002 See Reverse for Instructions	

Dear Sir or Madam:

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Sincerely,

COG Operating, LLC
Kanicia Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kancia Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Hat Mesa Oil Company
PO Box 1216
Albuquerque, NM 87103

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Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
Sent To	
Street, Apt. No.; PO Box No. Hat Mesa Oil Company	
City, State, ZIP+4 PO Box 1216	
Albuquerque, NM 87103	
PS Form 3800, June 2002 See Reverse for Instructions	

7005 0390 0000 6041 6104

MIDLAND TX DOWNTOWN ST 9
Postmark Here
12
2007
USPS

Dear Sir or Madam:

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Sincerely,

COG Operating, LLC
Kancia Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kanicia Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Cliff Blaugrund
Sea Bee LLC
7513 La Madera NE
Albuquerque, NM 87109-3860

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Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
Sent To Cliff Blaugrund	
Street, Apt. No., or PO Box No. Sea Bee LLC	
City, State, ZIP+4 Albuquerque, NM 87109-3860	
PS Form 3800, June 2002 See Reverse for Instructions	

Dear Cliff,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC
Kanicia Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kania Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Jane Brann
Two-B Investments LTD
11621 Joan of Arc Drive
Houston, TX 77024

7005 7409 0000 6041 6081

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OFFICIAL USE	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
Sent To Jane Brann	
Two-B Investments LTD	
11621 Joan of Arc Drive	
Houston, TX 77024	
PS Form 3800, June 2002	

Postmark Here
SEP 19 2007
MIDLAND TX

Dear Jane,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC
Kania Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kanicia Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

John Warren
Warren Inc
PO Box 10400
Albuquerque, NM 87184

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
Sent To John Warren	
Street, Apt. No., or PO Box No. Warren Inc	
City, State, ZIP+4 PO Box 10400	
Albuquerque, NM 87184	
PS Form 3800, June 2002 See Reverse for Instructions	

Dear John,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC
Kanicia Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kania Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

Wade Petroleum Corporation
2406 Northwood Court NW
Albuquerque, NM 87107

7005 0390 0000 6041 6067

U.S. Postal Service [™] CERTIFIED MAIL[™] RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
Sent To Street, Apt. No., or PO Box No. Wade Petroleum Corporation City, State, ZIP+4 2406 Northwood Court NW Albuquerque, NM 87107	
PS Form 3800, June 2002 See Reverse for Instructions	

SEP 12 2007
MIDLAND TX DOWNTOWN STA
USPS

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BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N

This well is producing from the Harroun Ranch; Delaware, NE (Oil - 96878) Pool. The Off-Lease Storage facility will be located, at the USP Fee #2 surface location, on the NW Corner of Devon Energy's, Spud 16 Lease. This facility will consist of two (2) 500 bbl oil tanks and one (1) 500 bbl water tank. Our purchaser will transport all oil from this location.

Should you or your company have any objection, it must be filed, in writing, within twenty (20) days from the date of this notice. The Division Director may approve the Off-Lease Storage facility if no objection has been made within the twenty (20) days after the application has been received.

Sincerely,

COG Operating, LLC
Kania Carrillo
Regulatory Analyst



9/12/2007

COG Operating, LLC
Kanicia Carrillo
550 W. Texas, Suite 1300
Midland, TX 79701

McCully-Chapman Inc
PO Box 421
Sealy, TX 77474

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Street, Apt. No.; or PO Box No.	McCully-Chapman Inc PO Box 421
City, State, ZIP+4	Sealy, TX 77474
PS Form 3800, June 2002 See Reverse for Instructions	

Dear Sir or Madam:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

USP Fee #2
Eddy County, NM
API # 30-015-34438
Surface: 319 FNL & 946 FWL Sec 16, T23S, R29E, Unit D
BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N

This well is producing from the Harroun Ranch; Delaware, NE (Oil – 96878) Pool. The Off-Lease Storage facility will be located, at the USP Fee #2 surface location, on the NW Corner of Devon Energy's, Spud 16 Lease. This facility will consist of two (2) 500 bbl oil tanks and one (1) 500 bbl water tank. Our purchaser will transport all oil from this location.

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Sincerely,

COG Operating, LLC
Kanicia Carrillo
Regulatory Analyst

COG Operating LLC

USP Fee Lease

USP Fee #2

Eddy County, NM

API#: 30-015-34438

Devon Energy Production Company, LP

Spud 16 Lease

Spud 16 State #1 API # 30-015-29691

Spud 16 State #2 API # 30-015-33924

Spud 16 State #4 API # 30-015-33923

Spud 16 State #5 API # 30-015-34222

Spud 16 State #6 API # 30-015-34575

