

DATE IN 4/17/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 4/17/08	TYPE DHC 4035	APP NO. 7KURO810853252
--------------------	----------	---------------------	----------------------	---------------------	---------------------------

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]

RECEIVED
2008 APR 17 PM 2:03

- [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		Regulatory Analyst	04/15/08
Print or Type Name	Signature	Title	Date
		kcarrillo@conchoresources.com	
		e-mail Address	



April 15, 2008

New Mexico Oil Conservation Division
Attn: Will Jones
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Request for Down Hole Commingling and Measurement of Hydrocarbon Production for:

Texaco BE #7
Eddy County, NM
API # 30-015-34539

Pools:
(96718) Loco Hills; Glorieta-Yeso
(28509) Grayburg Jackson SR; Queen Grayburg SA

Dear Mr. Jones,

COG Operating LLC as operator of the above mentioned wells respectfully requests approval for down hole commingling and measurement of production.

COG proposes to commingle production from the above mentioned pools. Production will be measured at the Texaco BE battery located in the NE/4 NW/4, Section 16, T17S, R30E. The lease has common interest in both pools. Testing will be conducted and allocation percentages will be sent to OCD after completion of this well. The percentages will be used to allocate production based on increased production from the Grayburg/San Andres formation.

Please contact me at 432-685-4332 or e-mail at kcarrillo@conchoresources.com if you need additional information.

Thank you for your attention in this matter.

Sincerely,

COG Operating LLC

A handwritten signature in black ink, appearing to read "K. Carrillo", written over a horizontal line.

Kanicia Carrillo
Regulatory Analyst

Attachments: C-107A and C-102's for both formations

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34539		² Pool Code 28509		³ Pool Name Grayburg JacksonSR; Queen Grayburg SA	
⁴ Property Code 302572		⁵ Property Name Texaco BE			⁶ Well Number 7
⁷ OGRID No. 229137		⁸ Operator Name COG OPERATING LLC			⁹ Elevation 3681

¹⁰ Surface Location

UL or lot no. A	Section 16	Township 17S	Range 30E	Lot Idn	Feet from the 330	North/South line North	Feet from the 990	East/West line East	County Eddy
--------------------	---------------	-----------------	--------------	---------	----------------------	---------------------------	----------------------	------------------------	----------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Kanicia Carrillo Printed Name Regulatory Analyst Title and E-mail Address 04/09/08 Date	
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Referred Original Plat Date of Survey Signature and Seal of Professional Surveyor:	
	Certificate Number	

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34539		² Pool Code 96718		³ Pool Name Loco Hills; Glorieta-Yeso	
⁴ Property Code 302572		⁵ Property Name Texaco BE			⁶ Well Number 7
⁷ OGRID No. 229137		⁸ Operator Name COG OPERATING LLC			⁹ Elevation 3681

¹⁰ Surface Location

UL or lot no. A	Section 16	Township 17S	Range 30E	Lot Idn	Feet from the 330	North/South line North	Feet from the 990	East/West line East	County Eddy
--------------------	---------------	-----------------	--------------	---------	----------------------	---------------------------	----------------------	------------------------	----------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Kanicia Carrillo Printed Name Regulatory Analyst Title and E-mail Address 04/09/08 Date
				¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Referred Original Plat Date of Survey Signature and Seal of Professional Surveyor:
				Certificate Number

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
____ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-4035

COG OPERATING LLC 550 W. Texas, Suite 550 Midland, TX 79701
Operator Address

Texaco BE 7 Unit A, Sec 16, T-17S, R-30E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 229137 Property Code 302572 API No. 30-015-34539 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson SR; Queen Grayburg SA (Oil)	Loco Hills; Glorieta-Yeso (Oil)	
Pool Code	28509	96718	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2725 - 4200	4396 - 5161.5	
Method of Production (Flowing or Artificial Lift)		Pump	
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone	Producing	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: 04/12/07 Oil/ Gas /Water Rates: 18/ 70 /69	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Percentages to be determined after completion.	Oil Gas Percentages to be determined after completion.	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes ☐ No ☒

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE Kanicia Carrillo TITLE Regulatory Analyst DATE 04/14/08
TYPE OR PRINT NAME Kanicia Carrillo TELEPHONE NO. (432) 685-4332
E-MAIL ADDRESS kcarrillo@conchoresources.com

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-015-34539
Indicate Type of Lease
STATE ☒ FEE ☐
State Oil & Gas Lease No.
B-1565

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		7. Lease Name or Unit Agreement Name Texaco BE
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		8. Well Number 7
2. Name of Operator COG Operating LLC		9. OGRID Number 229137
3. Address of Operator 550 W. Texas Ave., Suite 1300 Midland, TX 79701		10. Pool name or Wildcat Loco Hills; Glorieta Yeso
Well Location Unit Letter <u>A</u> : <u>330</u> feet from the <u>North</u> line and <u>990</u> feet from the <u>East</u> line Section <u>16</u> Township <u>17S</u> Range <u>30E</u> NMPM County <u>Eddy</u>		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3681' GR		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Recomplete and DHC Grayburg/San Andres ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

COG Operating LLC proposes to recomplete to the GB/SA as follows:

MIRU pulling unit. POOH w/ rods and stand all rods back. NU BOP. POOH w/tbg. Set RBP and RIH on tbg. Set RBP at +/-3800'. POOH w/ tbg. MIRU WLU. RIH and perforate Grayburg and San Andres zones. RDMO WLU. MIRU frac crew. Frac GB/SA perfs with 100,000# of sand in 22# cross link gel. RDMO Frac crew. RIH w/ tbg and circ well clean to top of RBP. Latch onto RBP and POOH. RIH w/ same tbg configuration as previously in well. ND BOP. RIH w/ same rod string and pump configuration as previously in well. Hang well on beam. RDMO pulling unit.

COG proposes to down hole commingle the Grayburg Jackson SR Queen Grayburg SA, (28509) with the Loco Hills; Glorieta-Yeso, (96718).

Commingling will not reduce the value of the total remaining production.

The proposed intervals are as follows:

Grayburg Jackson SR Queen Grayburg SA 2725' - 4200'
Loco Hills; Glorieta-Yeso 4396' - 5161.5'

Percentages to be determined after completion.

Ownership in all zones is the same.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE K. Carrillo TITLE Regulatory Analyst DATE 04/14/2008

Type or print name Kanicia Carrillo E-mail address: kcarrillo@conchoresources.com Telephone No. 432-685-4332
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____