

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.

<u>Kanicia Carrillo</u> Print or Type Name	 Signature	<u>Regulatory Analyst</u> Title	<u>06/02/08</u> Date
		<u>kcarrillo@conchoresources.com</u> e-mail Address	

2008 JUL 17 PM 1 57 RECEIVED



June 02, 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 #8
Eddy County, NM
API # 30-015-35253

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 subtraction method 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-C", with a horizontal line extending to the right.

Kanicia Carrillo
Regulatory Analyst

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

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. 30-015-35253
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Texaco BE
8. Well Number 8
9. OGRID Number 229137
10. Pool name or Wildcat LOCO HILLS; Glorieta Yeso

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.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
COG Operating LLC

3. Address of Operator
550 W. Texas Ave., Suite 1300 Midland, TX 79701

4. Well Location
 Unit Letter **B** : **330'** feet from the **North** line and **2310'** feet from the **East** line
 Section **16** Township **17S** Range **30E** NMPM County **EDDY**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3680' GR

Pit or Below-grade Tank Application or Closure

Pit type **DRILLING** Depth to Groundwater **150'** Distance from nearest fresh water well **1000'** Distance from nearest surface water **1000'**

Pit Liner Thickness: **12 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: **Recompletion**

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 perms 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.

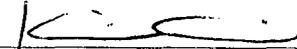
The proposed intervals are as follows:

Grayburg Jackson SR Queen Grayburg SA 2725' - 4200'
 Loco Hills; Glorieta-Yeso 4367' - 5721'

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  TITLE Regulatory Analyst DATE 6-02-08

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): _____

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-35253		² Pool Code 96718		³ Pool Name Loco Hills; Glorieta-Yeso	
⁴ Property Code 302572		⁵ Property Name Texaco BE			⁶ Well Number 8
⁷ OGRID No. 229137		⁸ Operator Name COG OPERATING LLC			⁹ Elevation 3680

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	17S	30E		330	North	2310	East	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.
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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

16				¹⁷ OPERATOR CERTIFICATION
				<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
				Signature
				Printed Name Kanicia Carrillo
				Title and E-mail Address Regulatory Analyst
				Date 06/02/08
				¹⁸ SURVEYOR CERTIFICATION
				<i>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.</i>
				Date of Survey
				Signature and Seal of Professional Surveyor:
				Certificate Number

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Form C-102
 Revised June 10, 2003
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-35253	² Pool Code 28509	³ Pool Name Grayburg Jackson SR; Queen Grayburg SA
⁴ Property Code 302572	⁵ Property Name Texaco BE	
⁷ OGRID No. 229137	⁸ Operator Name COG OPERATING LLC	
		⁶ Well Number 8
		⁹ Elevation 3680

¹⁰ Surface Location

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

16		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Kanicia Carrillo Printed Name Regulatory Analyst Title and E-mail Address 06/02/08 Date
		¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District III
1000 Rio Bravos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

COG OPERATING LLC 550 W. Texas, Suite 550 Midland, TX 79701
Operator Address
Texaco BE 8 Unit B, Sec 16, T-17S, R-30E
Lease Well No. Unit Letter-Section-Township-Range **DHC-4069**
Eddy County
OGRID No. 229137 Property Code 302572 API No. 30-015-35253 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE <input checked="" type="checkbox"/>	INTERMEDIATE ZONE <input checked="" type="checkbox"/>	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	4367 - 5721	
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: 05/06/08 Oil/ Gas /Water Rates: 50/ 109/ 156	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 06/02/08
TYPE OR PRINT NAME Kanicia Carrillo TELEPHONE NO. (432) 685-4332
E-MAIL ADDRESS kcarrillo@conchoresources.com