

DATE 4/10/06	SUSPENSE 5-1-2006	ENGINEER MIKE STOGNER	LOGGED IN NSL	TYPE 4/10/06	APP NO. PTD50610054174
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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.

James Bruce
 Print or Type Name

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

2006 APR 10 PM 2 52

4/10/06



March 31, 2006

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), COG Operating LLC applies for approval of an unorthodox gas well location for the following well:

<u>Well Name:</u>	Osudo "7" State Well No. 1 (API #30-025-37557)
<u>Well Location:</u>	660 feet FNL & 1980 feet FEL
<u>Well Unit:</u>	All of Section 7, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico (637.58 acres)

The well will be drilled to a depth sufficient to test the Morrow formation (North Osudo-Morrow Gas Pool). Under Commission Order No. R-3055, as amended, the pool is spaced on 640 acres, with wells to be located no closer than 1650 feet to the outer boundary of a section and no closer than 330 feet to a quarter-quarter section line. An APD for the well, with a Form C-102, is attached as Exhibit A.

The location is based on geographic reasons. Attached as Exhibit B is an isopach of the Morrow, which shows that the well's location will test the thickest part of the Morrow trend. Also attached as Exhibit C is a land plat and well data sheet which shows that (i) most spacing units in the pool have more than one well drilled thereon, and (ii) the majority of wells drilled in the pool to date have been drilled at unorthodox locations.

The land plat attached as Exhibit C shows that the well is encroaching on Section 6 to the north, which is also in the North Osudo-Morrow Gas Pool. Notice has been given to all lessees and working interest owners in that section. A copy of the notice letter is attached as Exhibit D.

Please contact me at 432-685-4352 or by email at jspradlin@conchoresources.com if you need any further information on this application.

Very truly yours,

COG Operating LLC

A handwritten signature in cursive script that reads "Jan Preston Spradlin".

Jan Preston Spradlin, CPL
Senior Landman

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

Form C-101
Permit 18343

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address COG OPERATING LLC 550 W Texas Midland, TX 79701		2. OGRID Number 229137
		3. API Number 30-025-37557
4. Property Code 35218	5. Property Name OSUDO "7" STATE	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	7	20S	36E	B	660	N	1980	E	LEA

8. Pool Information

OSUDO;MORROW, NORTH (GAS)	82160
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3637
14. Multiple N	15. Proposed Depth 12700	16. Formation Morrow	17. Contractor	18. Spud Date 11/20/2005
Depth to Ground water 50		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 25000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	600	500	0
Intl	12.25	9.625	40	5200	1400	0
Prod	8.75	5.5	17	12700	900	7500

Casing/Cement Program: Additional Comments

Dr 17-1/2" w/ fr wtr mud system to 600'. Run & set 13-3/8" 48# H40 csg @ 600' & cmt w/ 500 sx Cl C + add. Circ cmt to surf. Dr 12-1/4" w/ fr/brine wtr to 5200'. Run & set 9-5/8" 40# J55/HCK55 csg @ 5200'. Cmt w/ 1400 sx Cl C + add. Circ cmt to surf. Dr 8-3/4" hole w/ fr/brine wtr to 12,700'. Run & set 5-1/2" 17# N80/P110 csg @ 12,700'. Cmt w/ 900 sx Cl H + add. Circ cmt to +/- 7500'.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1250	
DoubleRam	5000	5000	
Annular	5000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed Name: Electronically filed by Diane Kuykendall

Title: Regulatory Analyst

Email Address: dkuykendall@conchoresources.com

OIL CONSERVATION DIVISION

Approved By: Paul Kautz

Title: Geologist

Approved Date: 11/16/2005

Expiration Date: 11/16/2006

Date: 11/9/2005

Phone: 432-685-4372

Conditions of Approval Attached

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 18343

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37557	2. Pool Code 82160	3. Pool Name OSUDO;MORROW, NORTH (GAS)
4. Property Code 35218	5. Property Name OSUDO "7" STATE	6. Well No. 001
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 3637

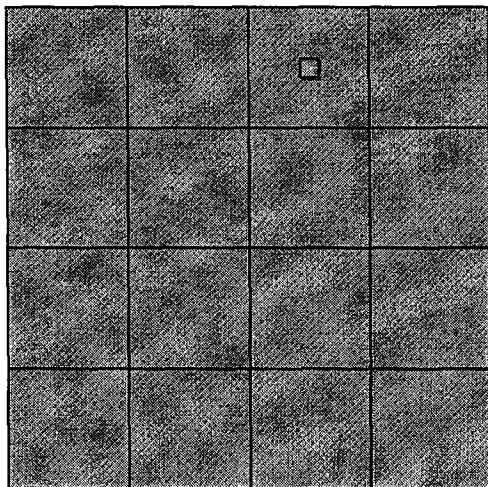
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	7	20S	36E		660	N	1980	E	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 637.54		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

**OPERATOR CERTIFICATION**

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

E-Signed By: Diane Kuykendall

Title: Regulatory Analyst

Date: 11/9/2005

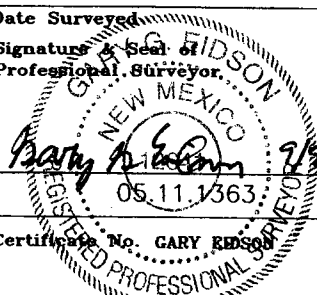
SURVEYOR CERTIFICATION

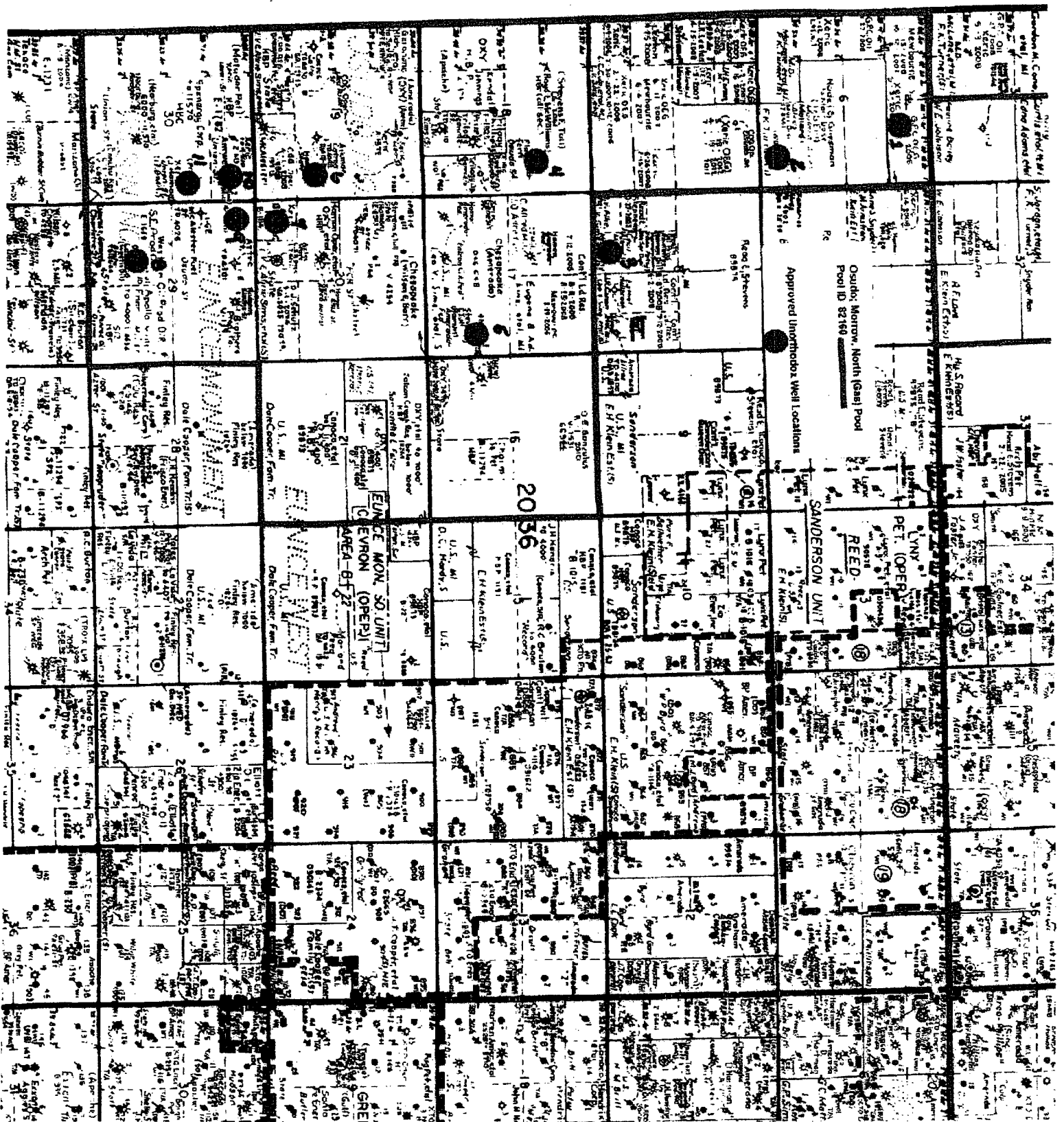
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Eidson

Date of Survey: 9/1/2005

Certificate Number: 12641

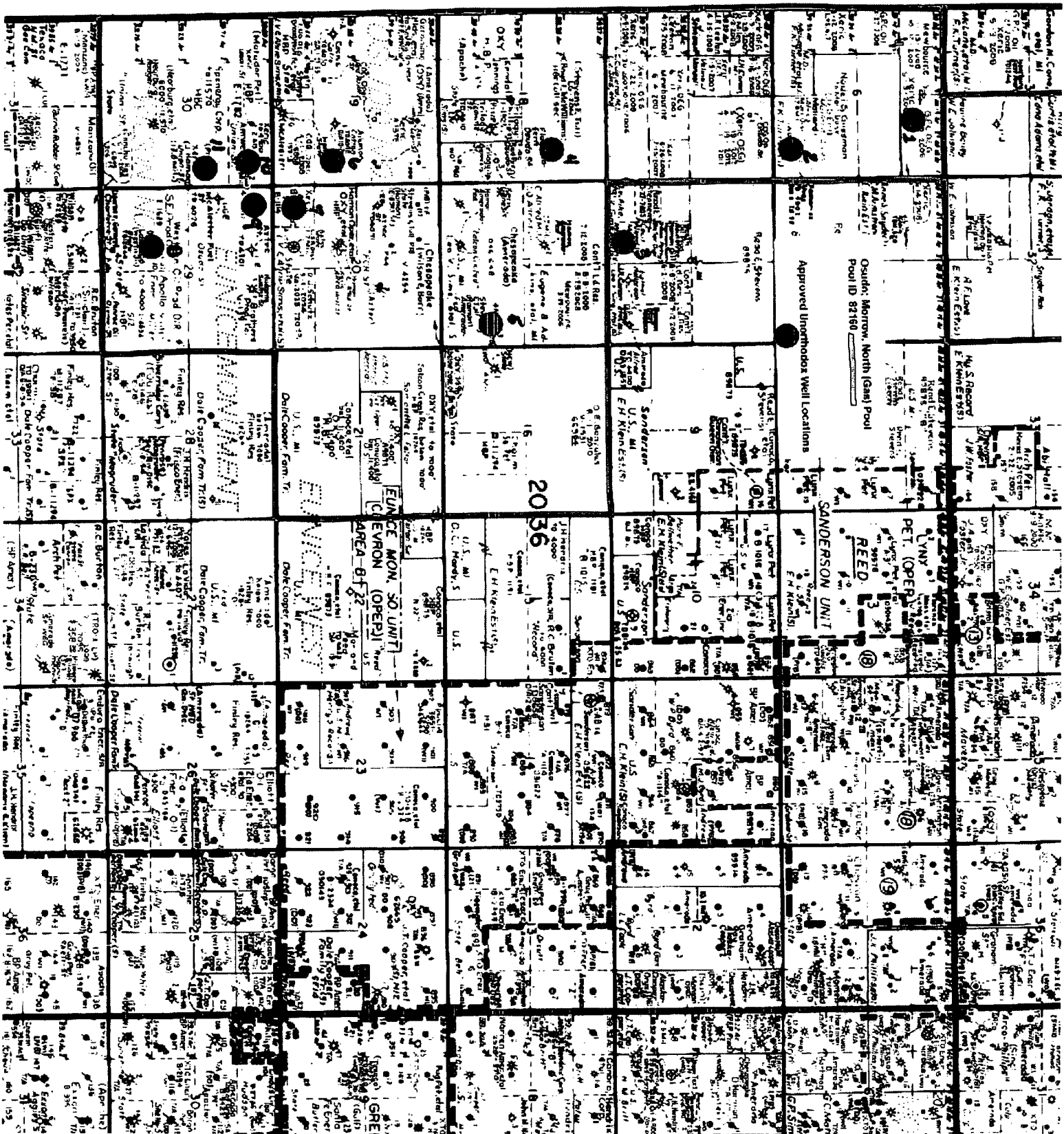
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> </div> <div style="width: 50%; text-align: center;"> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=580762.6 N X=790234.0 E</p> <p>LAT.=32°35'35.11" N LONG.=103°23'27.53" W</p> </div> </div> <div style="position: relative; height: 150px; margin-top: 20px;"> <div style="position: absolute; top: 0; left: 50%; transform: translate(-50%, -50%);"> <div style="display: flex; align-items: center;"> <div style="text-align: center; margin-right: 5px;"> 660' ↑ </div> <div style="flex-grow: 1; border-bottom: 1px solid black; position: relative;"> <div style="position: absolute; left: 0; top: -5px;">○</div> <div style="position: absolute; right: 0; top: -5px;">→</div> </div> <div style="text-align: center; margin-left: 5px;"> 1980' </div> </div> </div> </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</p> <p style="font-size: small; margin: 5px 0;">I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="margin-top: 10px;"> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> </div> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</p> <p style="font-size: small; margin: 5px 0;">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.</p> <p style="text-align: center; margin: 10px 0; font-size: large;">SEPTEMBER 1, 2005</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <p>Date Surveyed _____</p> <p>JR</p> </div> <div style="margin-top: 10px;"> <p>Signature & Seal of Professional Surveyor</p> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <p>Certificate No. GARY EDSON</p> <p>12641</p> </div> </div>
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COG Operating LLC

Approved Unorthodox Location Osudo, North Morrow Pool





COG Operating LLC

Approved Unorthodox Location
Osudo, North Morrow Pool

Osudo, North Morrow Pool

Operator Name	Lease Name	Well Num	Sec	Twp	Rng	Sec	Sur	County Name	State	Field Name	Prod Zone Name	Gas Cum	Oil Cum	Wtr Cum	Gas Latest Mo	Oil Latest Mo	Status Code	First Prod Date	Last Prod Date
NEARBURG PRODUCING COMPANY	LEO 30 FEDERAL COM	1	30	19	36	J		LEA	NM	OSUDO NORTH	MORROW	294113	3792	170			INA	1981001	19860930
HAMON OPERATING COMPANY	CHILDERS	1	32	19	36	K		LEA	NM	OSUDO NORTH	MORROW	277334	3308	668			INA	19810301	19870731
READ & STEVENS INCORPORATED	CIBERTY 4	1	4	20	36	L		LEA	NM	OSUDO NORTH	BEVONIAN	191560	191560	22155			200	20044801	20051130
READ & STEVENS INCORPORATED	KLEIN 5	1	5	20	36	L		LEA	NM	OSUDO NORTH	BEVONIAN	191560	191560	12896			41	20026701	20051130
MADELL AND GUSMAN PERMIAN LLC	MALLARD ALVES	1	6	20	36	P		LEA	NM	OSUDO NORTH	MORROW	805588	4544				INA	19851001	20020331
MALLARD EXPLORATION INCORPORATED	ALVES COM	1	6	20	36	P		LEA	NM	OSUDO NORTH	MORROW	884354	37877				INA	19851001	19741130
HAMON OPERATING COMPANY	HAMON-SAMEBMAN-PETTY 4	1	8	20	36	N		LEA	NM	OSUDO NORTH	BONE SPRING	596992	94969	122792			INA	19840401	19860731
HOW EXPLORATION INCORPORATED	STATE 16	1	16	20	36	L		LEA	NM	OSUDO NORTH	MORROW	263097	1664				INA	19810101	19840229
HAMON JAKE L	AMERADA FEDERAL	1	17	20	36	N		LEA	NM	OSUDO NORTH	MORROW	5545343	75089				INA	19860801	19810430
HAMON OPERATING COMPANY	AMERADA FEDERAL	2	17	20	36	F		LEA	NM	OSUDO NORTH	MORROW	4152085	32217	36			INA	19800401	19850131
HAMON OPERATING COMPANY	AMERADA FEDERAL	3	17	20	36	I		LEA	NM	OSUDO NORTH	MORROW	1978005	5448	46			INA	19810601	19861130
COG OPERATING LIMITED LIABILITY CORP	OSUDO STATE COM	1	18	20	36	J		LEA	NM	OSUDO NORTH	MORROW	747890	1320	4780	1131		3	19770101	20051130
FLAG-REDFERN OIL COMPANY	RED RAIDER STATE	2	18	20	36	H		LEA	NM	OSUDO NORTH	MORROW	4304					INA	19821101	19850830
COG OPERATING LIMITED LIABILITY CORP	OSUDO STATE COM	1	19	20	36	K		LEA	NM	OSUDO NORTH	MORROW	71472	4905	28			3072	19700401	20050831
MORAN EXPLORATION INCORPORATED	STATE E 8913 COM	1	19	20	36	I		LEA	NM	OSUDO NORTH	MORROW	2615495	25960				INA	19850501	19810731
HAMON OPERATING COMPANY	STATE E 8913 COM	2	20	20	36	K		LEA	NM	OSUDO NORTH	MORROW	8940475	74978	15			INA	19800101	19860731
LANEXCO INCORPORATED	STATE J D COM	1	29	20	36	K		LEA	NM	OSUDO NORTH	MORROW	553185	3351	799	1168		3	19800901	20051031
BROTHERS PRODUCTION COMPANY INC	OSUDO STATE COM	1	29	20	36	D		LEA	NM	OSUDO NORTH	MORROW	8608839	17915	4658	15710		2	19790301	20051130
HAMON JAKE L	UNION STATE	1	30	20	36	H		LEA	NM	OSUDO NORTH	MORROW	5938296	29950				INA	19860801	19791031
NEARBURG PRODUCING COMPANY	BADGER 30 STATE	1	30	20	36	J		LEA	NM	OSUDO NORTH	MORROW	1280371	5979	758	10777		30	19870901	20051130
SPENERGY CORPORATION	UNION STATE	2	30	20	36	A		LEA	NM	OSUDO NORTH	MORROW	2808037	3437	1414			INA	19791001	19860930
												46549355	552159	171155					

18 Total Morrow Wells

-10 are unorthodox locations

* 55% of all the wells completed
in the Osudo, North Morrow Pool
were drilled at unorthodox locations

March 16, 2006

} Mailed 4/4/06 gB

To: Lessees, Unleased Mineral Owners and Working Interest Owners in Section 6-T20S-R36E, Lea County, New Mexico

Ladies and Gentlemen:

COG Operating LLC has filed an application with the New Mexico Oil Conservation Division seeking an unorthodox gas well location in the Morrow formation in Section 7, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a latter date. However, should you not oppose our application for an unorthodox location, please so indicate in the space provided below and fax to the undersigned at 432-685-4398.

Very truly yours,

COG Operating LLC

Jan Preston Spradlin, CPL
Senior Landman

_____ has no objection to COG Operating LLC's request for an unorthodox location.

By: _____
Printed Name: _____
Its: _____

Enclosures

Exhibit D