

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

2007 MAR 13 PM 3 00

March 13, 2007

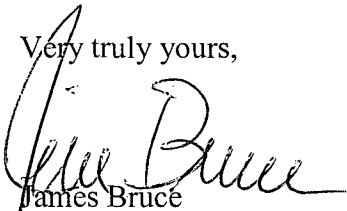
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 13898*

Dear Florene:

Enclosed for filing, on behalf of COG Operating LLC, are an original and one copy of an application for approval of a waterflood project together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the April 12, 2007 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for COG Operating LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF COG OPERATING LLC FOR  
APPROVAL OF A WATERFLOOD PROJECT AND  
TO QUALIFY THE PROJECT FOR THE RECOVERED  
OIL TAX RATE, EDDY COUNTY, NEW MEXICO.

2007 MAR 13 PM 3 00

Case No. 13898

APPLICATION

COG Operating LLC ("COG"), whose address is Suite 1300, 550 West Texas, Midland, Texas 79701, applies for an order approving a lease waterflood project, and qualifying the project for the recovered oil tax rate. In support thereof, COG states:

1. The lands involved in this application are as follows:

Township 17 South, Range 30 East, N.M.P.M.  
Section 20: NW $\frac{1}{4}$

Eddy County, New Mexico, containing 160.00 acres of federal lands.

3. The NW $\frac{1}{4}$  of Section 20 is covered by the "Jenkins B Federal Lease" (United States Oil and Gas Lease LC 054988-B).

4. COG is the operator in the Paddock member of the Yeso formation in the Jenkins B Federal Lease.

5. The above-described lands are in the Loco Hills-Paddock Pool. Under Division regulations, the pool is developed on statewide rules, with 40 acre well spacing, and wells to be located no closer than 330 feet to a quarter-quarter section line.

6. COG proposes to institute a waterflood (secondary recovery) project on the above-described lands.

9. COG proposes to inject water into the Paddock member of the Yeso formation from approximately 8 existing wells located on the above-described lands. The initial project

area will comprise the above-described lands. A plat outlining the project area is attached hereto as Exhibit A.

10. Pogo requests that the Jenkins B Federal Lease Waterflood Project be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act (L. 1992, ch. 38) and Division regulations. Project data includes:

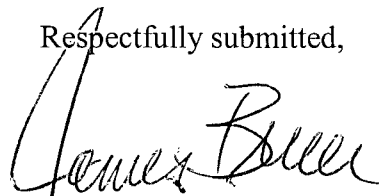
- |     |  |                 |   |
|-----|--|-----------------|---|
| (a) | <u>Initial number of producing wells:</u>              | 8               | ✓ |
| (b) | <u>Initial number of injection wells:</u>              | 8               | ✓ |
| (c) | Capital cost of additional facilities:                 | \$4,000,000.00  |   |
| (d) | Estimated total project cost:                          | \$10,000,000.00 |   |
| (e) | Estimated value of incremental production:             | \$30,000,000.00 |   |
| (f) | Estimated CO <sub>2</sub> injection commencement date: | June 2007       |   |
| (g) | Type of injected fluid:                                | Produced water  |   |
| (h) | Anticipated injection volumes:                         | 500 BWPD        |   |

11. The Form C-108 for the project is attached hereto as Exhibit B.

12. Approval of this application will prevent waste and protect correlative rights.

**WHEREFORE,** cog requests that, after notice and hearing, the Division enter its order approving the injection application and the Jenkins B Federal Lease Waterflood Project, and qualifying the project as an Enhanced Oil Recovery Project.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for COG Operating LLC

VERIFICATION

STATE OF TEXAS            )  
                                      ) ss.  
COUNTY OF MIDLAND    )

Gail Burleson, being duly sworn upon his oath, deposes and states that: He is a petroleum engineer for COG Operating, LLC; he is authorized to make this verification on its behalf; he has read the foregoing application, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

\_\_\_\_\_  
Gail Burleson

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of March, 2007 by Gail Burleson.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

