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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.

ry truly yours,

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. ___/3898______

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: NW1/4

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

- 3. The NW¼ 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)	Initial number of producing wells:	8	\vee
(b)	Initial number of injection wells:	8	<u> </u>
(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 ₂ injection commencement date:	June 2007	
(g)	Type of injected fluid:	Produced water	

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

Anticipated injection volumes:

(h)

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,

500 BWPD

lames Bruce

Post Office Box 1056

\$anta Fe, New Mexico 87504

(505) 982-2043

Attorney for COG Operating LLC

VERIFICATION

STATE OF TEXAS)	
COUNTY OF MIDLAND) ss.	
Gail Burleson, being duly sworn upon his oath petroleum engineer for COG Operating, LLC; he is authobehalf; he has read the foregoing application, and knows true and correct to the best of his knowledge, information, and the state of the best of his knowledge, information, and the state of the best of his knowledge, information, and the state of the best of his knowledge, information, and the state of the	prized to make this verification on its the contents thereof; and the same is
	Gail Burleson
SUBSCRIBED AND SWORN TO before me this Burleson.	day of March, 2007 by Gai
My Commission Expires:	
-	Notary Public

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LEGEND

Paddock Producer

Blinebry Producer

~ CONCHO

Project: SENN AOI: KP_Longhorn
Eddy Co..NN
JENKINS '8' LEASE

Production Map

Author Scale. Date Et Day Fit to Page 22 January, 2007 MAP FILE PATH: SEMEMKE, LONGHOPHIMAP FILES. KP JEHKINS B LEASE PRODUCTION, amp