

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 |
| 4. Property Code 302505 | | 3. API Number 30-015-35767 |
| 5. Property Name HOUMA STATE | | 6. Well No. 004 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| E | 16 | 17S | 30E | E | 2310 | N | 990 | W | EDDY |

8. Pool Information

| | |
|---------------------------|-------|
| LOCO HILLS; GLORIETA-YESO | 96718 |
|---------------------------|-------|

Additional Well Information

| | | | | |
|--|----------------------------|--|-------------------------|---|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3680 |
| 14. Multiple N | 15. Proposed Depth 5900 | 16. Formation Yeso Formation | 17. Contractor | 18. Spud Date 10/20/2007 |
| Depth to Ground water 150 | | 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: 5000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" 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 | 425 | 450 | 0 |
| Int1 | 12.25 | 8.625 | 32 | 1225 | 850 | 0 |
| Prod | 7.875 | 5.5 | 17 | 5900 | 1000 | 0 |

Casing/Cement Program: Additional Comments

COG proposes to drill 17-1/2 hole to 425' w/fresh water mud system, wt 8.5, vis 28. Run 13-3/8 csg & cmt. Drill 12-1/4 hole to 1225 w/brine mud system, wt 10, vis 30. Run 8-5/8 csg & cmt. Drill 7-7/8 hole to 5900' w/cut brine mud system, wt 9.1, vis 29-32. Test Yeso formation. Run 5-1/2 csg & cmt. Note: On production string, a caliper will be run, & COG will attempt to circulate cmt.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 2000 | 2000 | |

| | | |
|---|----------------------------------|---------------------------------|
| 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 <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION | |
| Printed Name: Electronically filed by Diane Kuykendall | Approved By: Bryan Arrant | |
| Title: Regulatory Analyst | Title: Geologist | |
| Email Address: dkuykendall@conchoresources.com | Approved Date: 8/22/2007 | Expiration Date: 8/22/2008 |
| Date: 8/21/2007 | 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 59620

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---------------------------------------|---|
| 1. API Number 30-015-35767 | 2. Pool Code 96718 | 3. Pool Name LOCO HILLS; GLORIETA-YESO |
| 4. Property Code 302505 | 5. Property Name HOUMA STATE | 6. Well No. 004 |
| 7. OGRID No. 229137 | 8. Operator Name COG OPERATING LLC | 9. Elevation 3680 |

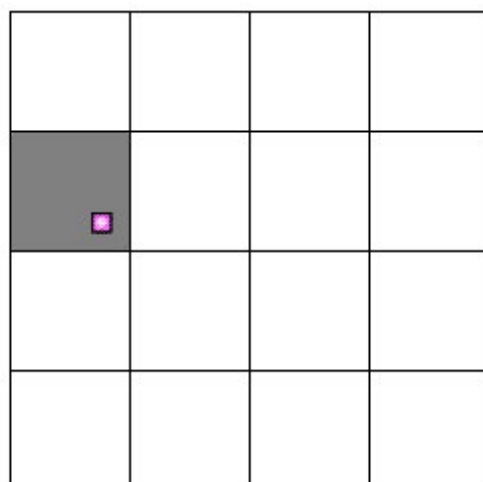
10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
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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 40.00 | 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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Diane Kuykendall
 Title: Regulatory Analyst
 Date: 8/21/2007

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: Ronald Eidson
 Date of Survey: 8/1/2007
 Certificate Number: 3239

Permit Comments

Operator: COG OPERATING LLC , 229137

Well: HOUMA STATE #004

API: 30-015-35767

| Created By | Comment | Comment Date |
|------------|--|--------------|
| PEDWARDS | H2S concentraions of wells in this area from surface to TD are low enough that a contingency plan is not required. | 8/21/2007 |

Permit Conditions of Approval

Operator: COG OPERATING LLC , 229137

Well: HOUMA STATE #004

API: 30-015-35767

| OCD Reviewer | Condition |
|-----------------|---|
| BArrant | Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines |
| BArrant | As noted,operator to drill surface hole w/fresh water mud. |