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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

		WDIMINIS	RATIVE AP	PLICATION	CHECKLIST	
TH	IIS CHECKLIST IS M	IANDATORY FOR AL WHICH	L ADMINISTRATIVE APPL REQUIRE PROCESSING	ICATIONS FOR EXCEPTAT THE DIVISION LEVEL	TIONS TO DIVISION RULES AN . IN SANTA FE	D REGULATIONS
Applic	[DHC-Dowi [PC-Po	s: ndard Location] nhole Comming ool Commingling [WFX-Waterfloo [SWD-Salt	[NSP-Non-Standar ling]	rd Proration Unit] Commingling] [e Storage] [OLM MX-Pressure Maint [IPI-Injection Pres	[SD-Simultaneous Dedion PLC-Pool/Lease Comminus M-Off-Lease Measureme Denance Expansion]	ngling] nt]
[1]	[A]	Location - Span NSL NSL Commingling DHC		ment .	_	ng E
			PMX SW			
	[D]	Other: Specify	/			
[2]	NOTIFICAT: [A]		ED TO: - Check Tho Royalty or Overridi		or Does Not Apply Owners	
	[B]	Offset O	perators, Leaseholde	rs or Surface Owne	er e	
	[C]	Applicati	on is One Which Re	equires Published L	egal Notice	
	[D]	Notificati	on and/or Concurred	nt Approval by BLI sioner of Public Lands, State	M or SLO Land Office	
	[E]	For all of	the above, Proof of	Notification or Pub	olication is Attached, and	l/or,
	[F]	☐ Waivers	are Attached			
[3]			COMPLETE INF ATED ABOVE.	ORMATION RE	QUIRED TO PROCES	S THE TYPE
	CERTIFICAT all is accurate an tion until the requirement.	TION: I hereby and complete to the quired information	he best of my knowl on and notifications	edge. I also unders are submitted to the		
	Note:	Statement must be	e completed by an indiv	idual with managerial	and/or supervisory capacity.	
	a Castillo Type Name	Sign	ature	Lead Title	Regulatory Analyst	6 <u>/07/12</u> Date

kcastillo@concho.com E-mail Address CTB- 548

<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240 <u>District II</u> 811 S. First St., Artesia, NM 88210

<u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION I	FOR SURFACE (COMMINGLING	(DIVERSE	OWNERSHIP)	
OPERATOR NAME: COG C	perating LLC				
OPERATOR ADDRESS: 550 We	est Texas Suite 1	00, Midland, Tex	as 79701		,
APPLICATION TYPE:					•
☐ Pool Commingling ☐ Lease Comminglin	g Pool and Lease Cor	inmingling Off-Lease	Storage and Measur	ement (Only if not Surface	Commingled)
LEASE TYPE: ☐ Fee	State	ral			٠
Is this an Amendment to existing Order Have the Bureau of Land Management Yes No					ngling
	• •	L COMMINGLINGS with the following in			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
·	5				
	· · · · · · · · · · · · · · · · · · ·				
· · · · · · · · · · · · · · · · · · ·		·			
(2) Are any wells producing at top allowal	No. DVas. DNo.			<u> </u>	
 (3) Has all interest owners been notified by (4) Measurement type: Metering [(5) Will commingling decrease the value of 	Other (Specify)		☐Yes ☐No. be why commingli	ng should be approved	
	` '	SE COMMINGLINGS with the following in			
 Pool Name and Code. Is all production from same source of s 	upply? 🛛 Yes 🗍 N				
(3) Has all interest owners been notified by			⊠Yes □Ne	· ·	
(4) Measurement type: ☐Metering ☒	Other (Specify) Test M	ethod .		•	
		LEASE COMMIN s with the following in		•	
(1) Complete Sections A and E.	riease attach sheet	s with the following in	normation		
(I)		ORAGE and MEA ts with the following			,
(1) Is all production from same source of s	upply? Yes N				
(2) Include proof of notice to all interest o	wners.				
(F) AF	DITIONAL INFO	RMATION (for all	annlication to	mes)	<u> </u>
(E) AL	· ·	s with the following in		pesj	
(1) A schematic diagram of facility, include	ling legal location.				
(2) A plat with lease boundaries showing a(3) Lease Names, Lease and Well Number		ons. Include lease numbe	ers if Federal or Sta	te lands are involved.	
Therefore a first transfer to the state of t		1 . 6 1 11	11 11 6	· 	
I hereby certify that the information above is	- '			_,	
SIGNATURE:	TI	TLE:_ <u>Lead Regulatory A</u>	nalyst	DATE:_ <u>05/08/</u>	12
TYPE OR PRINT NAME Kanicia Castillo	TELEPHONE NO	0.:_432-685-4332	E-MAIL ADDI	RESS: <u>kcastillo@conch</u>	io.com



New Mexico Oil Conservation Division Richard Ezeanyim 1220 S St. Francis Drive Santa Fe, New Mexico 87505 RECEIVED OCD

7117 JUN -8 P 1:44

Re: Surface Commingle and Off Lease Measurement on our Pinto 36 State Com Lease

Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Surface Commingle and Off Lease Measurement on our Pinto 36 State Com Lease. This lease will have two battery locations needing Surface Commingling and Off Lease Measurement approvals.

The A Battery consists of the following wells:

Pinto 36 State Com 1H (Battery A Location)

Eddy County, NM API # 30-015-39781

Communitization Agreement # Pending

Surface: 150 FSL & 380 FWL, Sec 36, T18S, R25E, Unit M

Pinto 36 State Com 5H Eddy County, NM API #: 30-015-39970

Communitization Agreement # Pending

Surface: 150 FSL & 1040 FWL Sec 36, T18S, R25E, Unit M

Pinto 36 State Com 2H Eddy County, NM API # 30-015-39969

Communitization Agreement # Pending / Surface: 150 FSL & 1700 FWL, Sec 36, T18S, R25E, Unit N

anado. 100 1 02 a 1700 1 772, 000 00, 1700, 1120

Pinto 36 State Com 6H Eddy County, NM API #: 30-015-39971

Communitization Agreement # Pending

Surface: 150 FSL & 2230 FWL Sec 36, T18S, R25E, Unit N

Pinto 36 State Com 3H Eddy County, NM API # 30-015-39782

Communitization Agreement # Pending

Surface: 150 FNL & 2260 FEL Sec 36, T18S, R25E, Unit B

The B Battery consists of the following wells:

Pinto 36 State Com 4H (Battery B Location)

Eddy County, NM API # Pending

Communitization Agreement # Pending

Surface: 150 FSL & 1040 FEL Sec 36, T18S, R25E, Unit P

Pinto 36 State Com 7H Eddy County, NM API #: 30-015-39973

Communitization Agreement # Pending

Surface: 150 FSL & 1700 FEL Sec 36, T18S, R25E, Unit O

Pinto 36 State Com 8H Eddy County, NM API #: Pending

Communitization Agreement # Pending

Surface: 150 FSL & 380 FEL Sec 36, T18S, R25E, Unit P

Consolidating our battery facilities to two will extend the economic life for these wells and lessen surface disturbance. We will allocate production using the well test method for both battery facilities. Commingling will not reduce the value of production.

The A Battery has diverse ownership for all wells going into that facility. These wells will be producing from the Penasco Draw; SA-Yeso Associated, 50270. Thave attached a diagram of the battery facility, and a map showing all well and facility locations, admin-checklist, and notice to all interest owners.

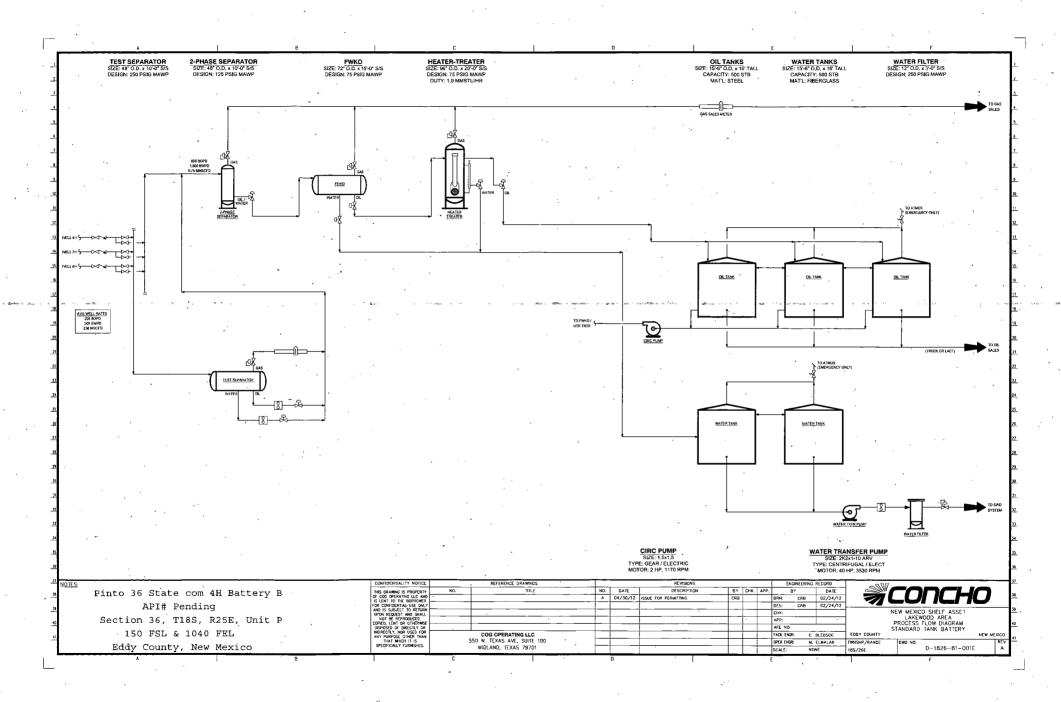
The B Battery has diverse ownership for all wells going into that facility. These wells will be producing from the Penasco Draw; SA-Yeso Associated, 50270. I have attached a diagram of the battery facility, and a map showing all well and facility locations, admin checklist, and notice-to-all interest owners.

Please contact me at 432-685-4332 should you have any questions.

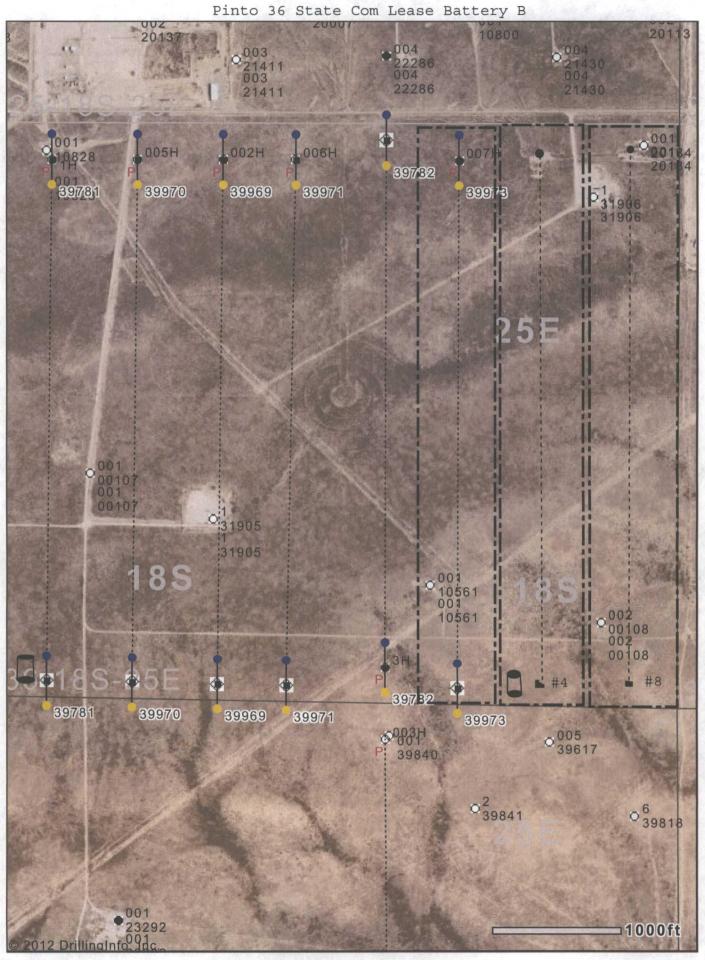
Sincerely,

Kanicia Castillo

Lead Regulatory Analyst COG Operating, LLC



COG Operating LLC



Pinto 36 State Com Lease



DISTRICT 1
1625 N. French Dr., Hobbs, NM 88240
Phone: (375) 393-6161 Faz: (375) 393-0720
DISTRICT II
811 S. Phant St., Axtuala, NM 88210
Phone: (575) 748-1283 Faz: (575) 748-9720
DISTRICT III
1000 Rio Brusse Road, Aztec, NM 87410
Fhone: (505) 334-6178 Faz: (\$05) 334-6170
DISTRICT IV
1220 S. St. Francia Dr., Santa Pe, NM 87505
Phone: (505) 476-3460 Faz: (505) 476-3462

A PF Number

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

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

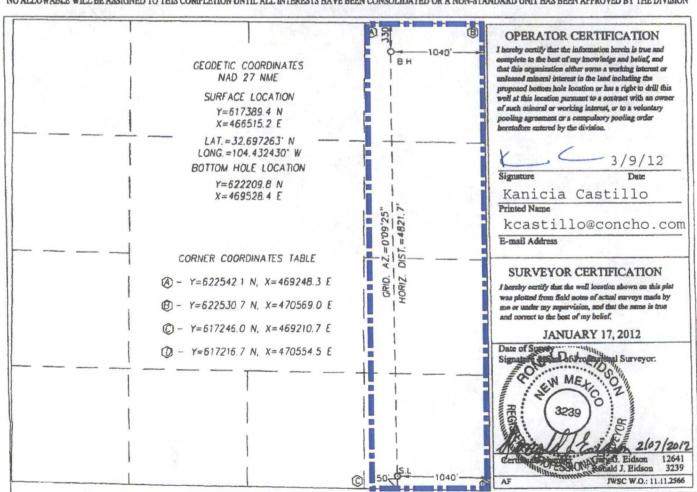
DAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Pending				50270		Penasco D	leso Asso	Associated		
Property Code 38979			Property Name PINTO 36 STATE COM							
OGRID No. 229137			Operator Name COG OPERATING, LLC						Elevation 3456'	
					Surface Locat	ion			1	
UL or lot No.	Section 36	Township 18-S	Range 25-E	Lot Idn	Feet from the 150	North/South line SOUTH	Feet from the 1040	East/West line EAST	County EDDY	
				Bottom Hol	e Location If Diff	erent From Surface	1			

UL or lat No. Section Township Feet from the North/South line Feet from the East/West line Range County 25-E A 36 330 18-S NORTH 1040 EAST **EDDY** Dedicated Acres Joint or Infill Consolidation Code Order No. 160

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



French Dr., Hobbs, NM 88240 (575) 393-6161 Fax: (575) 393-0720 rusia, NM 88210 -1283 Fax: (575) 743-9720 **TUCT IV** DS. St. Francia Dr., Santa Pe, NM 87505 DE: (505) 476-3460 Pax: (505) 476-3462

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

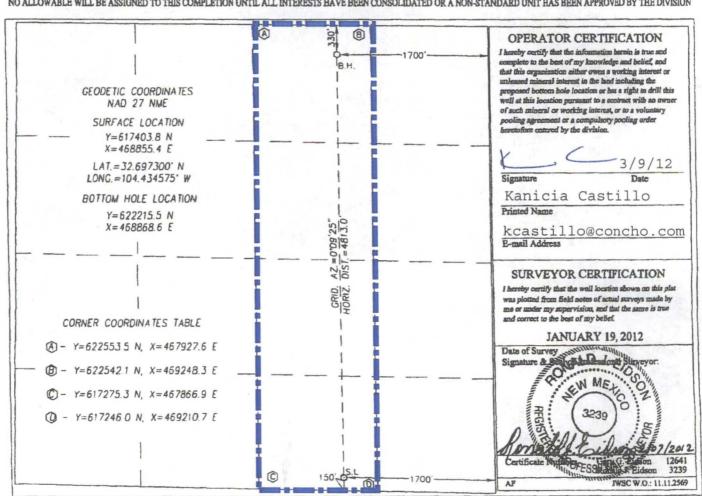
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-015-	39973			Pool Code 0270		Penasco Draw; SA-Yeso Associated				
Property C			Property Name PINTO 36 STATE COM					T	Well Number 7H	
OGRID N 22913				COG OPERATING, LLC					Elevation 3473	
	49.74	. 62			Surface Locat	ion		1.70		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line EAST		County
0	36	18-S	25-E		150	SOUTH	1700			EDDY
				Bottom Hole	Location If Diff	erent From Surface				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/\	West line	County
В	36	18-S	25-E		330	NORTH	1700	E	AST	EDDY
Dedicated Acres	Joint or	Infill Co	onsolidation C	ode Ord	et 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





Lakewood Area

Tank Battery Operational Description Test Method Allocation

Summary

The following is a description of the facility operations at a standard tank battery installed in the Lakewood area. The plan of development for this area includes the installation of one tank battery per half section. Each battery will be equipped to handle 4 producing wells from that half section.

Operational Description

1. Flowlines from producing wells terminate into the test/production header which serves as the inlet to the tank battery. From the header, one well can be put in test while the remaining wells are combined in the production header for separation and storage of produced fluids. The test/production header is illustrated in Figure 1 below. In this diagram, the shaded valves indicate a closed position. Therefore, this illustration shows well "1H" to be in test while the remaining wells are routed to the 2-Phase Separator. Using the valves in the header, any single well can be isolated from the remaining wells and placed into test.

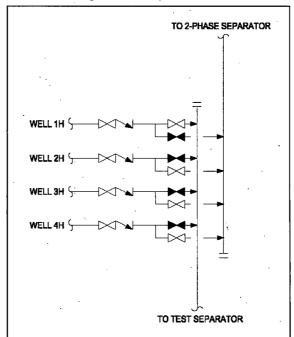


Figure 1: Test/Production Header Diagram

2. The test separator is a 3-phase horizontal separator used for measuring produced fluids from a given well. Separate meters are used for measuring oil, water, and gas from the production well. Turbine meters are used for measuring oil and water flow while an orifice meter is used

Updated: 3/5/12 1



for measuring gas flow. Once the produced fluids have been metered, all three phases are recombined and routed to the 2-phase separator where the well is tied in with the bulk fluids from other wells. A diagram of the test separator is shown in Figure 2 below.

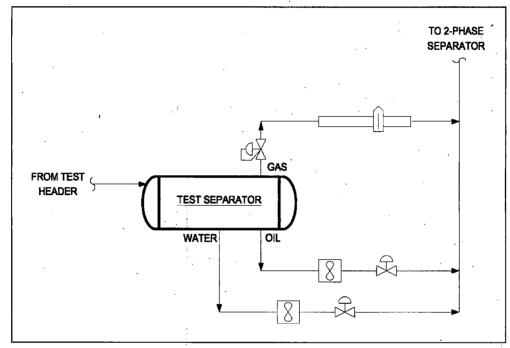


Figure 2: Test Separator with 3-Phase Metering

- 3. The test separator and associated metering devices have been sized for the expected range of fluid rates from the production wells. The sizing and calibration of this equipment ensures accurate measurement of produced fluids from a well in test. When a well is placed in test, it will remain in test for a minimum of 3 days. This allows adequate time for the well to level out and accurate daily production rates to be measured. Each well will be placed in test once a month at a minimum. Given the number of wells and the duration of well tests, it is likely that each well could be tested as often as 2-3 times per month. Allocation of co-mingled production will be based on average well tests taken during the previous month.
- 4. Fluids from the production header are routed to the 2-Phase Separator where gas and liquids are separated. Gas is sent directly to the gas sales system and liquids are sent to the FWKO for further separation. In addition to providing a means of bulk gas/liquid separation, this vessel also helps to alleviate slugs of fluid which enter the system and would otherwise disrupt the separation process.
- 5. Liquids from the 2-Phase Separator are sent to the Free Water Knock Out (FWKO). The primary function of this vessel is to provide sufficient retention time for oil and water to separate. Water from the FWKO is sent to water storage tanks. Oil from the FWKO is sent to the Heater-Treater for a final stage of polishing and water removal. Any gas that flashes off in this stage of separation is tied directly into the gas sales system.
- 6. Oil from the FWKO is routed to the Heater-Treater wherein heat is applied to help break any remaining emulsions and remove water from the oil stream. Oil from the Heater-Treater is sent

Updated: 3/5/12 2

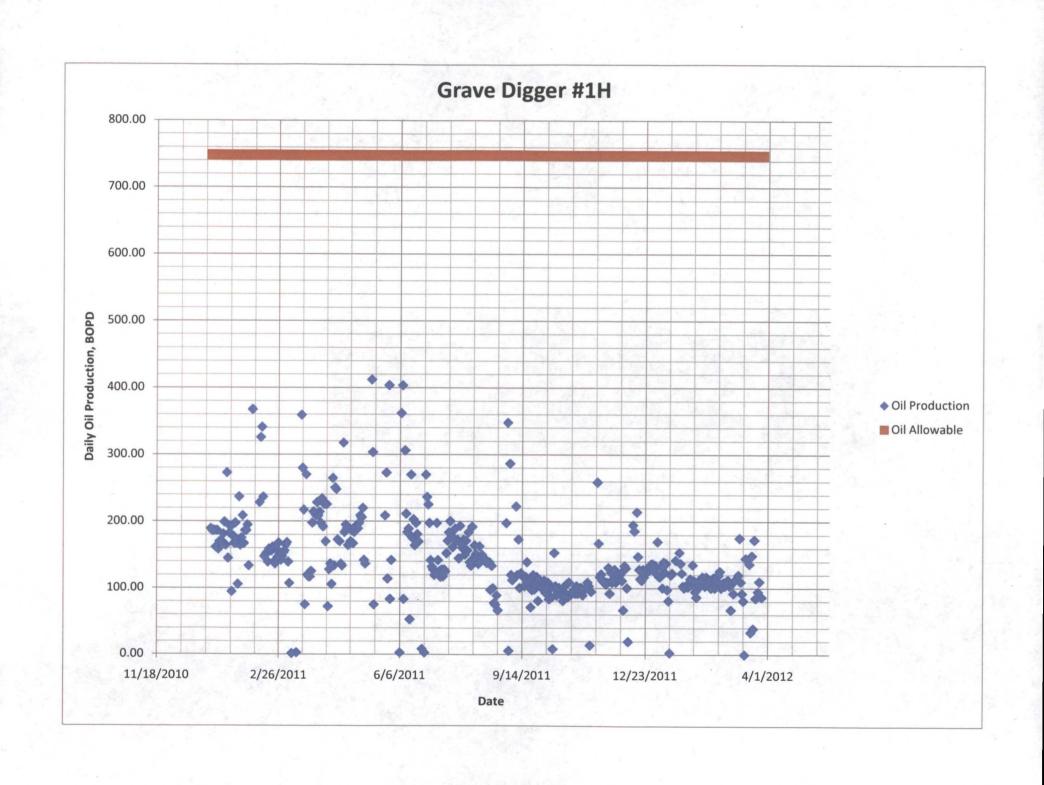


- to the oil storage tanks. Water from the Heater-Treater is tied into the water line from the FWKO going to the storage tanks. Any gas that flashes off in this stage of separation is tied directly into the gas sales system.
- 7. Oil from the Heater-Treater is sent to 500 BBL oil tanks located on site. These tanks allow for storage of oil prior to sales through a pipeline LACT or trucking. Valves are installed on each tank to provide the ability to isolate a tank for sales or to further treat the fluids by circulating back through the separation process. Oil tanks are connected together with a common overflow line that serves to prevent spills caused by over running a single tank.
- 8. Water from the FWKO and Heater Treater is sent to 500 BBL water tanks located on site. These tanks provide water storage prior to being pumped into the salt water disposal (SWD) system. One water tank is used as the primary tank for water handling while the second tank provides overflow protection and operational flexibility. A transfer pump is connected to the water tanks and is operated automatically by the facility PLC based on the level of water in the tanks. This pump discharges into the SWD system which gathers and disposes of produced water.

Attachments

Process Flow Diagram: Lakewood Area Standard Tank Battery

Updated: 3/5/12 3



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	i	Processed through USPS Sort Facility	May 19, 2012, 12:50 am	ALBUQUERQUE, NM 87101	;
•	:	Electronic Shipping Info Received	May 18, 2012	•	
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