



RECEIVED

2007 SEP 17 PM 12:37

September 14, 2007

COG Operating, LLC  
Kanicia Carrillo  
550 W. Texas Ave., Suite 1300  
Midland, TX 79701

New Mexico Oil Conservation Division  
David Catanach  
1220 S St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Catanach,

COG Operating LLC respectfully requests approval for an Off-Lease Storage facility on the following well:

USP Fee #2  
Eddy County, NM  
API # 30-015-34438  
Surface: 319 FNL & 946 FWL Sec 16, T23S, R29E, Unit D  
BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N ✓

This well is producing from the Harroun Ranch; Delaware, NE (Oil - 96878) Pool. The Off-Lease Storage facility will be located, at the USP Fee #2 surface location, on the NW Corner of Devon Energy's Spud 16 Lease. This facility will consist of two (2) 500 bbl oil tanks, one (1) 500 bbl water tank, one (1) 30" x 10' Separator, and one (1) 4' x 20' Heater. Our purchaser will transport all oil from this location. Currently, this well is shut in until battery is built.

COG Operating originally drilled the surface location of the USP Fee #2 on the NW Corner of Devon Energy's Spud 16 lease, because our USP Fee lease is located under a lake. Building an Off-Lease Storage facility at the USP Fee #2 surface location is our best option.

I have attached proof of notice to all of our working interest owners, a diagram of our proposed facility, and a map with lease boundaries showing all well and facility locations, a list of lease names, well numbers and API numbers.

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

Sincerely,

COG Operating LLC  
Kanicia Carrillo  
Regulatory Analyst

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.**

Kancia Carrillo		REGULATORY ANALYST	09/14/07
Print or Type Name	Signature	Title	Date
		<u>kcarrillo@conchoresources.com</u>	
		e-mail Address	

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, Artesia, NM 88210  
District III  
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 June 10, 2003

**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 FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: COG Operating LLC  
OPERATOR ADDRESS: 550 W. Texas Ave., Suite 1300, Midland, TX 79701  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

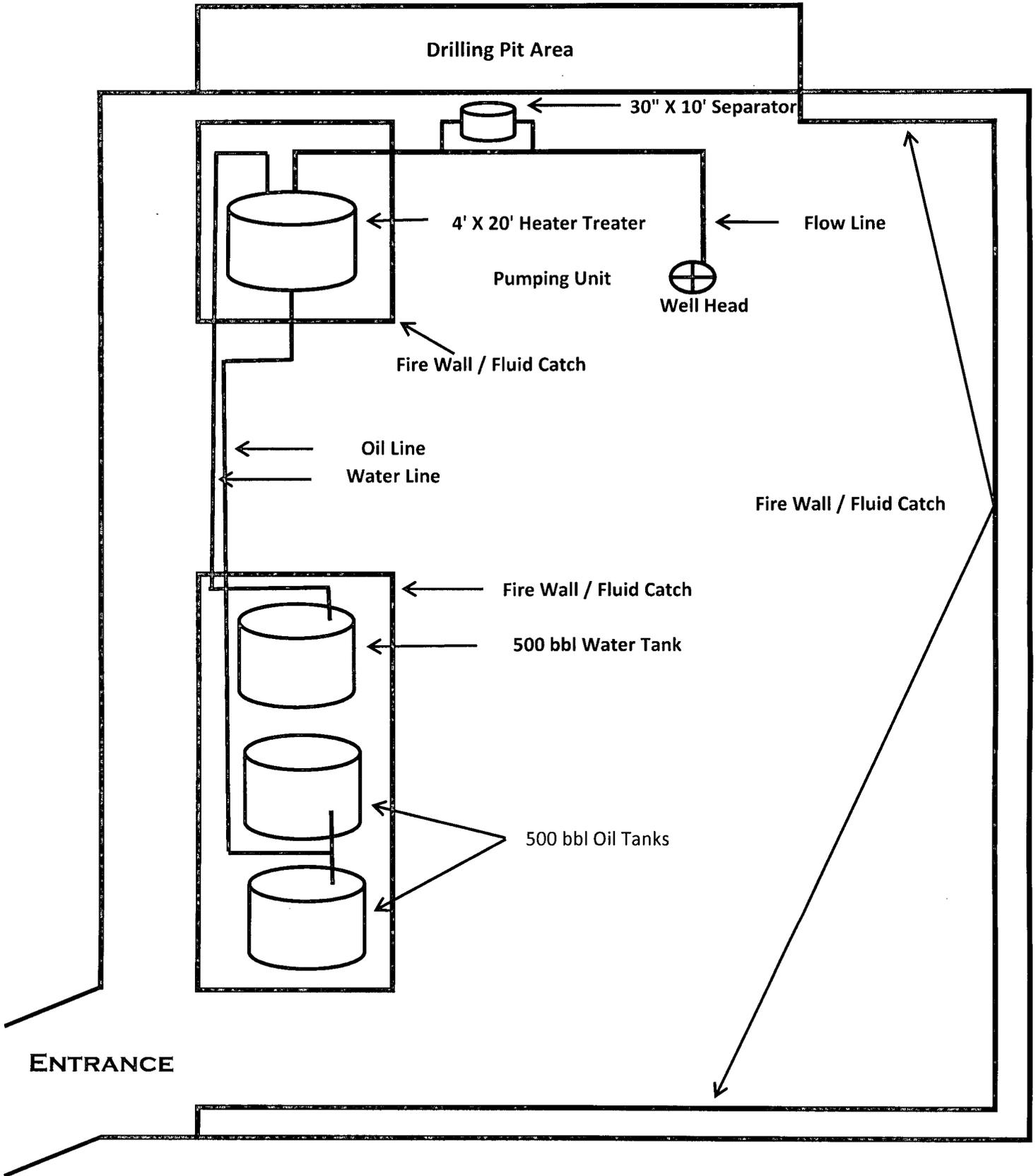
(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE:  TITLE: Regulatory Analyst DATE: 09/14/07

TYPE OR PRINT NAME Kancica Carrillo TELEPHONE NO.: 432-685-4332

E-MAIL ADDRESS: kcarrillo@conchoresources.com



## USP Fee #2 - Off-Lease Storage Facility

319 FNL & 946 FWL Unit D, Section 16, Township 29E, Range 29E

Eddy County, New Mexico



9/12/2007

COG Operating, LLC  
Kanicia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Strata Production Company  
PO Box 1030  
Roswell, NM 88202-1030

7005 0390 0000 6042 6142

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<b>OFFICIAL USE</b>	
Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.21</b>

MIDLAND TX DOWNTOWN  
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2007  
USPS

Sent To	Strata Production Company
Street, Apt. No., or PO Box No.	PO Box 1030
City, State, ZIP+4	Roswell, NM 88202-1030

PS Form 3800, June 2002 See Reverse for Instructions

**Dear Sir or Madam:**

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

**USP Fee #2  
Eddy County, NM  
API # 30-015-34438  
Surface: 319 FNL & 946 FWL Sec 16, T23S, R29E, Unit D  
BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N**

This well is producing from the Harroun Ranch; Delaware, NE (Oil - 96878) Pool. The Off-Lease Storage facility will be located, at the USP Fee #2 surface location, on the NW Corner of Devon Energy's, Spud 16 Lease. This facility will consist of two (2) 500 bbl oil tanks and one (1) 500 bbl water tank. Our purchaser will transport all oil from this location.

Should you or your company have any objection, it must be filed, in writing, within twenty (20) days from the date of this notice. The Division Director may approve the Off-Lease Storage facility if no objection has been made within the twenty (20) days after the application has been received.

Sincerely,

COG Operating, LLC  
Kanicia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Duane Brown  
Modrall Law Firm  
500 Fourth Street  
Suite 1000  
Albuquerque, NM 87102

7005 0390 0000 641 6759

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Postage	\$ 41	
Certified Fee	265	
Return Receipt Fee (Endorsement Required)	215	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.21	
Sent To	Duane Brown	
	Modrall Law Firm	
Street, Apt. No., or PO Box No.	500 Fourth Street	
City, State, ZIP+4	Suite 1000 Albuquerque, NM 87102	
PS Form 3800, June 2002		See Reverse for Instructions

Dear Duane,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

**USP Fee #2**  
**Eddy County, NM**  
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Sincerely,

COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Jan Browning  
Browning Investment Company  
PO Box 20849  
Albuquerque, NM 87154-0849

7005 0390 0000 6041 6135

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Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.21</b>

MIDLAND, TX  
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SEP 12 2007  
DOWNTOWN STA

Sent To	Jan Browning
Street, Apt. No., or PO Box No.	Browning Investment Company
City, State, ZIP+4	PO Box 20849 Albuquerque, NM 87154-0849

PS Form 3800, June 2002 See Reverse for Instructions

Dear Jan,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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**Eddy County, NM**  
**API # 30-015-34438**  
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Sincerely,

COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kanicia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Wade Carrigan  
PO Box 1908  
Gilbert, AZ 85299-1908

Dear Wade,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Eddy County, NM  
API # 30-015-34438  
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Sincerely,

COG Operating, LLC  
Kanicia Carrillo  
Regulatory Analyst

7005 0390 0000 6041 6128

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Certified Fee	2.05
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.21</b>

Sent To	Wade Carrigan
Street, Apt. No.; or PO Box No.	PO Box 1908
City, State, ZIP+4	Gilbert, AZ 85299-1908

PS Form 3800, June 2002 See Reverse for Instructions



9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Hutchings Oil Company  
PO Box 1216  
Albuquerque, NM 87103

Dear Sir or Madam:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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**API # 30-015-34438**  
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Sincerely,

COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst

7005 0390 0000 0000 0000 0000 0000 0000

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Certified Fee	2.105
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.21</b>
Sent To: Hutchings Oil Company Street, Apt. No., or PO Box No.: PO Box 1216 City, State, ZIP+4: Albuquerque, NM 87103	
PS Form 3800, June 2002 <span style="float: right;">See Reverse for Instructions</span>	

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9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Hat Mesa Oil Company  
PO Box 1216  
Albuquerque, NM 87103

7005 0390 0000 6041 6104

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521

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Sent To	
Street, Apt. No.; or PO Box No.	Hat Mesa Oil Company PO Box 1216
City, State, ZIP+4	Albuquerque, NM 87103

PS Form 3800, June 2002 See Reverse for Instructions

Dear Sir or Madam:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Cliff Blaugrund  
Sea Bee LLC  
7513 La Madera NE  
Albuquerque, NM 87109-3860

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Certified Fee	265							
Return Receipt Fee (Endorsement Required)	215							
Restricted Delivery Fee (Endorsement Required)								
Total Postage & Fees	\$ 521							
<table border="1"> <tr> <td>Sent To</td> <td>Cliff Blaugrund</td> </tr> <tr> <td>Street, Apt. No., or PO Box No.</td> <td>Sea Bee LLC 7513 La Madera NE</td> </tr> <tr> <td>City, State, ZIP+4</td> <td>Albuquerque, NM 87109-3860</td> </tr> </table>			Sent To	Cliff Blaugrund	Street, Apt. No., or PO Box No.	Sea Bee LLC 7513 La Madera NE	City, State, ZIP+4	Albuquerque, NM 87109-3860
Sent To	Cliff Blaugrund							
Street, Apt. No., or PO Box No.	Sea Bee LLC 7513 La Madera NE							
City, State, ZIP+4	Albuquerque, NM 87109-3860							
PS Form 3800, June 2002		See Reverse for Instructions						

9609 6409 0000 0600 5000

Dear Cliff,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

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Sincerely,

COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Jane Brann  
Two-B Investments LTD  
11621 Joan of Arc Drive  
Houston, TX 77024

Dear Jane,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

**USP Fee #2**  
**Eddy County, NM**  
**API # 30-015-34438**  
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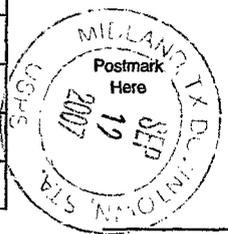
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Sincerely,

COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst

7005 0390 0000 6041 6081

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<b>OFFICIAL USE</b>	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
	
Sent To	Jane Brann
Street, Apt. No.; or PO Box No.	Two-B Investments LTD
City, State, ZIP+4	11621 Joan of Arc Drive Houston, TX 77024
PS Form 3800, June 2002 <span style="float: right;">See Reverse for Instructions</span>	



9/12/2007

COG Operating, LLC  
Kanicia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

John Warren  
Warren Inc  
PO Box 10400  
Albuquerque, NM 87184

7005 0390 0000 6041 6074

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Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521

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19  
2007  
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Sent To	John Warren
Street, Apt. No., or PO Box No.	Warren Inc PO Box 10400
City, State, ZIP+4	Albuquerque, NM 87184

PS Form 3800, June 2002 See Reverse for Instructions

Dear John,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage facility on the following well:

**USP Fee #2**  
**Eddy County, NM**  
**API # 30-015-34438**  
**Surface: 319 FNL & 946 FWL Sec 16, T23S, R29E, Unit D**  
**BHL: 226 FSL & 1362 FWL sec 9, T23S, R29E, Unit N**

This well is producing from the Harroun Ranch; Delaware, NE (Oil - 96878) Pool. The Off-Lease Storage facility will be located, at the USP Fee #2 surface location, on the NW Corner of Devon Energy's, Spud 16 Lease. This facility will consist of two (2) 500 bbl oil tanks and one (1) 500 bbl water tank. Our purchaser will transport all oil from this location.

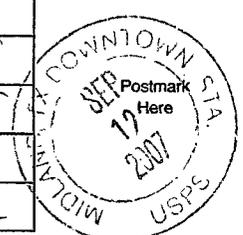
Should you or your company have any objection, it must be filed, in writing, within twenty (20) days from the date of this notice. The Division Director may approve the Off-Lease Storage facility if no objection has been made within the twenty (20) days after the application has been received.

Sincerely,

COG Operating, LLC  
Kanicia Carrillo  
Regulatory Analyst



7005 0390 0000 6041 6067

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Sent To	
Street, Apt. No., or PO Box No.	Wade Petroleum Corporation 2406 Northwood Court NW
City, State, ZIP+4	Albuquerque, NM 87107
PS Form 3800, June 2002 See Reverse for Instructions	

9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Wade Petroleum Corporation  
2406 Northwood Court NW  
Albuquerque, NM 87107

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COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kancia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

McCully-Chapman Inc  
PO Box 421  
Sealy, TX 77474

7005 7409 0000 0600 5000

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Restricted Delivery Fee (Endorsement Required)	
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Sent To	
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City, State, ZIP+4	Sealy, TX 77474

PS Form 3800, June 2002 See Reverse for Instructions

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COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst

**COG Operating LLC**

**USP Fee Lease**

**USP Fee #2**

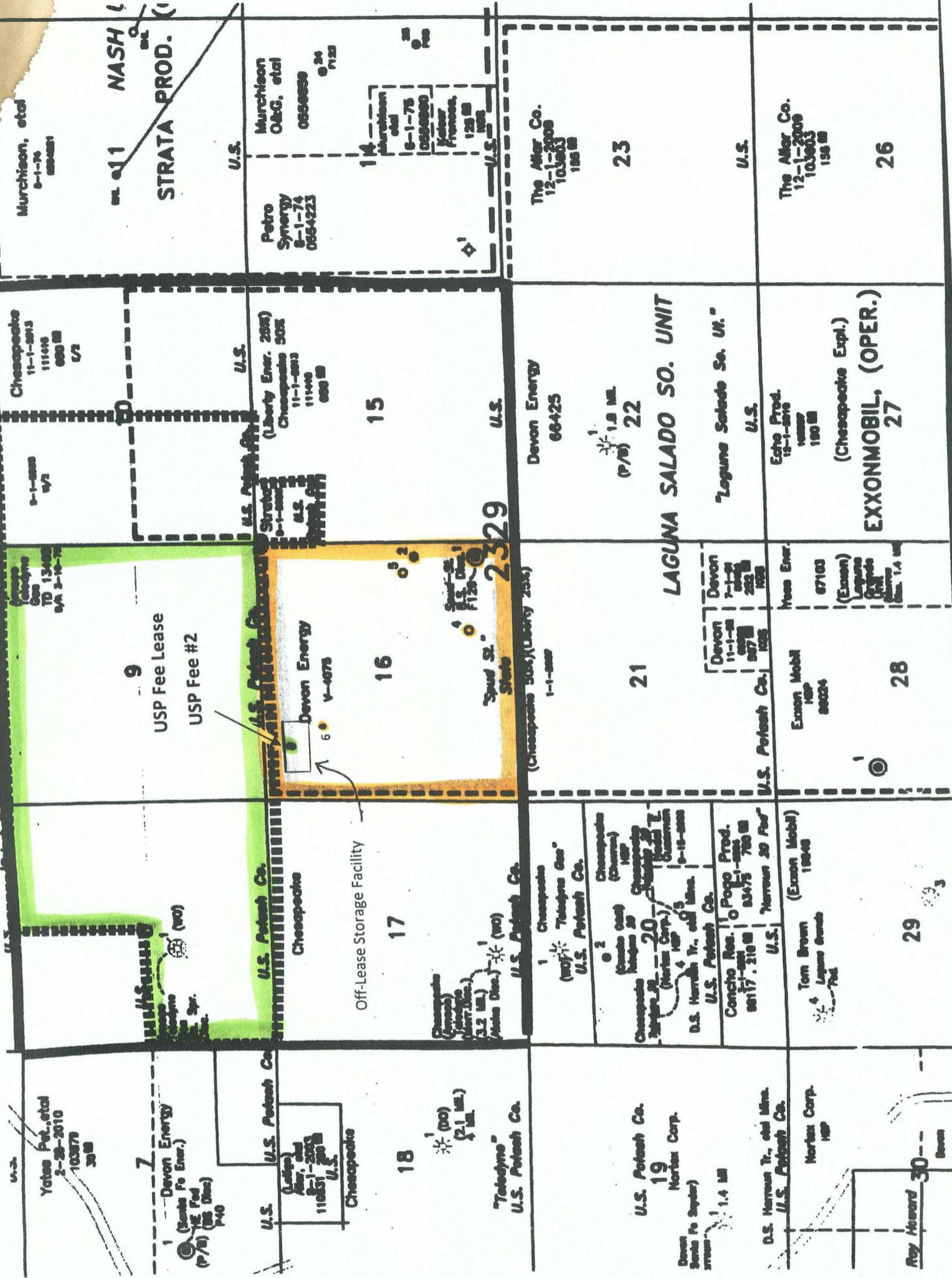
**Eddy County, NM**

**API#: 30-015-34438**

**Devon Energy Production Company, LP**

**Spud 16 Lease**

- Spud 16 State #1 API # 30-015-29691
- Spud 16 State #2 API # 30-015-33924
- Spud 16 State #4 API # 30-015-33923
- Spud 16 State #5 API # 30-015-34222
- Spud 16 State #6 API # 30-015-34575



Ray Howard