



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



July 11, 2011

Kanicia Castillo
Lead Regulatory Analyst
Concho Resources
550 West Texas Avenue
Midland, Texas 79701

Re: Request for an Extension of Commencement of Injection Operations into the Texaco BE state Well No. 8 (API No. 30-015-35253), and Mesquite State Well No. 15 (API No. 30-015-34496) Pursuant to Order No. R-13281.

Dear Ms Castillo:

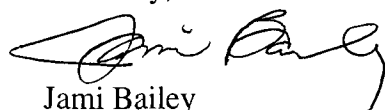
On July 11, 2011, the Oil Conservation Division (OCD) received your letter of July 8, 2011, regarding the above referenced wells.

It is our understanding that the wells in the area of review (AOR) for these wells have not changed since the order was issued. It is also our understanding that the down-hole equipment for proper construction of these two injection wells was not readily available. Based on these facts, the authority to inject into these wells is hereby extended to January 10, 2012 to enable Concho Resources to properly construct the wells and put them to injection operations. This authority shall expire *ipso facto* if injection operations are not commenced by this date.

Please note that any extensions should be requested within the expiry of the prevailing order. Extensions are not normally granted after an order has expired.

If you have any questions, please contact Richard Ezeanyim at (505)-476-3467.

Sincerely,



Jami Bailey
Division Director

JB/re

Cc: Oil Conservation Division District Office - Artesia





July 8, 2011

New Mexico Oil Conservation Division
Attn: Richard Ezeanyim
1220 South Saint Francis Drive
Santa Fe, NM 87505

FedEx Tracking Number: 7949 5482 8436

Re: Extension on Pilot Waterflood permit, Order No. R-13281

Mr. Ezeanyim,

COG Operating, LLC would like to request an extension on our pilot waterflood permit, Order No. R-13281. We have completed two of the four wells that are included in this order. The completed wells are the Continental A State #11 and the Continental A State #12. Their first injection day was on April 14, 2011. Due to injectivity rate issues on these first two wells, a design change was required in downhole tools for the Mesquite State #15 and Texaco BE State #8 wells. After being told by one service company that their product could regulate flowrate downhole, we rigged up and were ready to run tools only to be told (1) day prior to delivery that they "were not completely confident" that their tools would perform as desired. Downhole tools for this application were not readily available due to several factors including, the specialty machine shop being located in California and that this type of work had extremely long lead times due to extremely high activity level in the oil field. Downhole tool availability was even scarcer due to casing size and weight (smaller mandrel & regulator size required). Our Vendor initially told us it will take 4-6 weeks for delivery but in reality it was 8 weeks. Once we received the parts, we moved onto the Texaco BE State #8 well on Friday, July 1, 2011, we then shut down for the holiday. When we rigged up after the holiday, is when we realized our waterflood permit expired on June 28, 2011. We are aware that we are to request extensions before the expiration date of the permit but honestly lost track of the expiration date. The completion delays on these two wells are strictly because we were waiting on parts. We are very regretful for this oversight and would like to ask for an exception to extend this permit. If granted, the Texaco BE State #8 will be ready to inject as soon as we have a successful MIT. We then would like to immediately move onto the Mesquite State #15 and have it completed and ready for its MIT. With your extension approval, we can have all wells injecting by late next week.

We assure you that we have learned from this and we will be very aware of our expiration dates in the future.

Thank you for your consideration in this matter.

Sincerely,

COG Operating, LLC
Kanicia Castillo
Lead Regulatory Analyst

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