

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
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Cabinet Secretary
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JUL 14 2008
OCD-ARTESIA

Mark Fesmire
Division Director
Oil Conservation Division



July 14, 2008

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

Re: COG Operating LLC, OGRID 229137
RJ Unit No. 121; 30-015-03142
RJ Unit No. 131; 30-015-03775
Sivley Federal No. 001; 30-015-23369
Tyler Federal No. 001; 30-015-24392
Tyler Federal No. 002; 30-015-03789

Dear Operator:

Rule 19.15.1.40.F.2 NMAC (Rule 40) provides that the listing of a well on the Oil Conservation Division's (OCD's) inactive well list as a well inactive for more than one year plus 90 days creates a rebuttable presumption that the well is out of compliance with Rule 19.15.4.201 NMAC (Rule 201).

An operator may rebut that presumption by providing evidence that the well is in compliance with Rule 201.

The five wells identified above currently appear on the OCD's inactive well list as wells inactive for more than one year plus 90 days. However, COG Operating LLC (COG) has provided sundry notices showing that the five wells have been worked over and returned to production.

COG has rebutted the presumption created by Rule 40.F.2 as to the five wells identified above.

Although these five wells still appear on the inactive well list, the OCD should not consider them as out of compliance with 201 or include them in calculating COG's compliance with Rule 40.

If COG does not file C-115 production reports for these five wells by the time limits specified in OCD Rule 19.15.13.1115.B NMAC (Rule 1115), then the presumption that



the five wells are inactive will return and the wells will be inactive wells for purposes of Rule 40 application.

Sincerely,

Daniel Sanchez, Compliance and Enforcement Manager

Ec: Chris Williams, District I
Tim Gum, District II
Charlie Perrin, District III
Dorothy Phillips, Financial Assurance Administrator
Sonny Swazo, OCD Attorney