

July 29, 2005
COG Operating, LLC.
Fasken Center, Tower 11
550 W. Texas Ave, Suite 1400
Midland, TX 79701
Attn: Mr. Erick W. Nelson

RE: APPLICATION FOR PERMIT TO DRILL
COG Operating LLC
Mosley Canyon 32 State # 1
SECTION 32, T-23-S, R-25-E,
990' FNL & 660' FWL
Eddy County, New Mexico

Dear Mr. Erick Nelson,

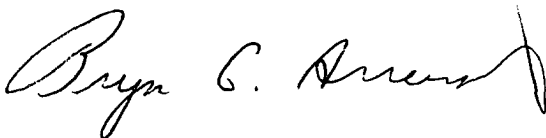
The above permit to drill identified above will need to have the following stipulations (in part) for approval:

COG Operating, LLC., is to catch drilling mud samples from the flow line in order to determine the chloride levels of the drilling mud. Samples are to be taken out from under surface casing @ 400' down to the intermediate casing setting depth of @ 2600'.

Test results are to be submitted to our office.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan G. Arrant", with a stylized flourish at the end.

Bryan G. Arrant
PES, District II Artesia NMOCD