



SEP 17 2007  
OCD-ARTESIA

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

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
---------	----------	----------	-----------	------	--------

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.**

Kanicia Carrillo  
 Print or Type Name

Signature

REGULATORY ANALYST  
 Title

09/14/07  
 Date

kcarrillo@conchoresources.com  
 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

SEP 17 2007  
OCD-ARTESIA

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

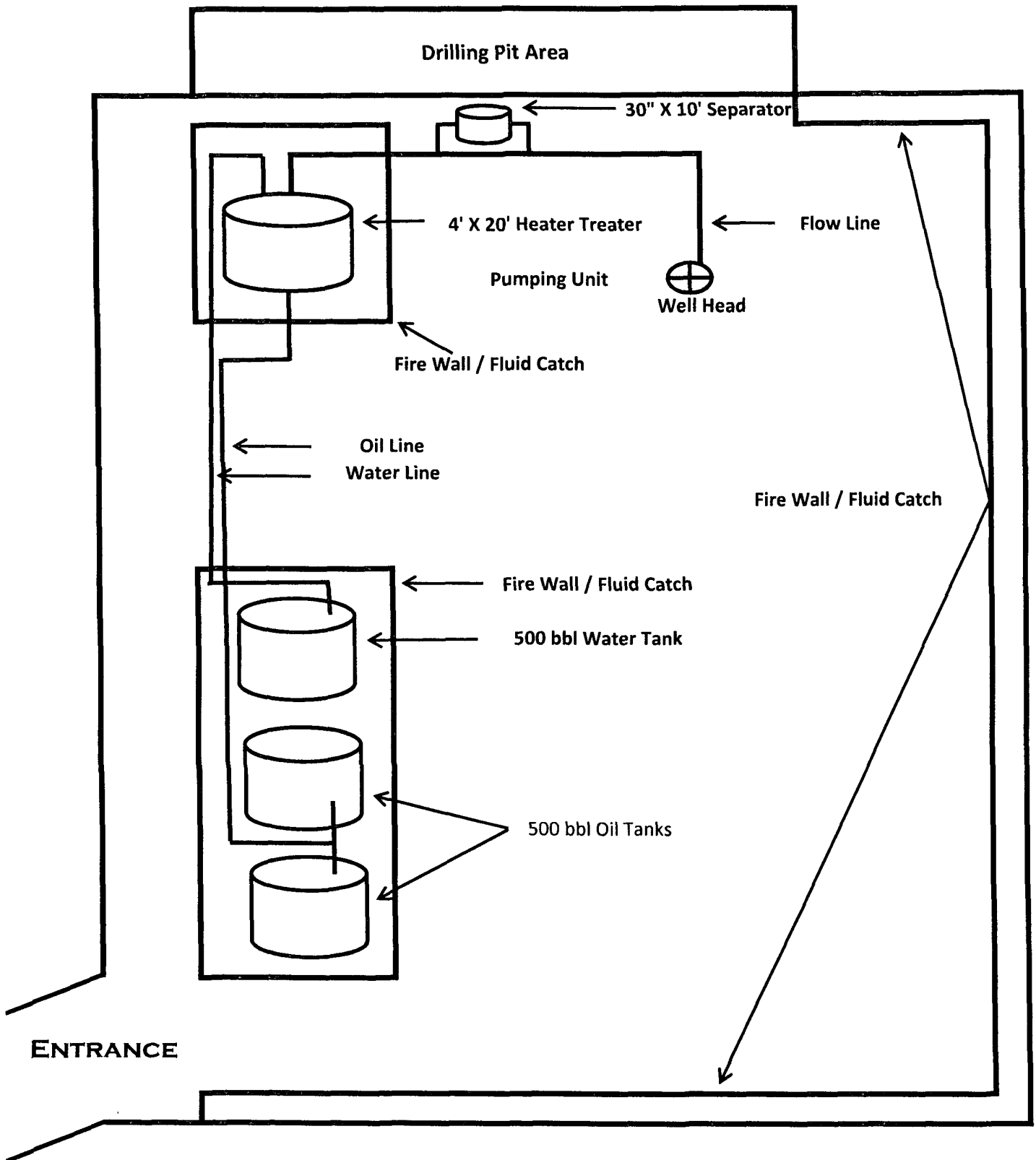
- (1) A schematic diagram of facility, including legal location  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

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

TYPE OR PRINT NAME Kancija 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  
Kania Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

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

7005 0390 0000 6041 6142

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
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

MIDLAND, TX DOWNTOWN  
SEP  
Postmark  
Here  
2007  
USPS

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**  
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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  
Kania Carrillo  
Regulatory Analyst

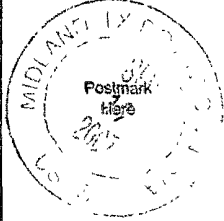


9/12/2007

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 6041 6159

U.S. Postal Service	
<b>CERTIFIED MAIL RECEIPT</b>	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
COGAL 035	
Postage	\$ 41
Certified Fee	205
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:

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Sincerely,



COG Operating, LLC  
Kancia Carrillo  
Regulatory Analyst



9/12/2007

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

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

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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)	
Total Postage & Fees	\$ 5.21
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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Sincerely,

COG Operating, LLC  
Kania Carrillo  
Regulatory Analyst



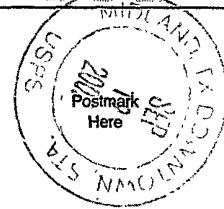
9/12/2007

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

Wade Carrigan  
PO Box 1908  
Gilbert, AZ 85299-1908

7005 0390 0000 6041 6128

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For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage	\$ .41
Certified Fee	2.05
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To Wade Carrigan	
Street, Apt. No., PO Box 1908	
or PO Box No. Gilbert, AZ 85299-1908	
City, State, ZIP+4	
PS Form 3800, June 2002 See Reverse for Instructions	



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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Sincerely,

COG Operating, LLC  
Kania Carrillo  
Regulatory Analyst





9/12/2007

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

Hutchings Oil Company  
PO Box 1216  
Albuquerque, NM 87103

1119 6047 0000 0960 5007

U.S. Postal Service	
<b>CERTIFIED MAIL RECEIPT</b>	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ .41
Certified Fee	2.105
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
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 See Reverse for Instructions

Postmark Here  
SEP 12 2007  
MIDLAND, TX

Dear Sir or Madam:

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Sincerely,

COG Operating, LLC  
Kanicia Carrillo  
Regulatory Analyst



9/12/2007

COG Operating, LLC  
Kanicia 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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<b>OFFICIAL USE</b>	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521

Postmark Here  
12  
2007  
MIDLAND, TX DOWNTOWN STA  
USPS

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

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Sincerely,

COG Operating, LLC  
Kanicia Carrillo  
Regulatory Analyst



9/12/2007

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

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

7005 0390 0000 6041 6098

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

TX DOWNTOWN STA  
SEP 17 2007  
USPS

Sent To	Cliff Blaugrund
Street, Apt. No., or PO Box No.	Sea Bee LLC
City, State, ZIP+4	7513 La Madera NE Albuquerque, NM 87109-3860

PS Form 3800, June 2002 See Reverse for Instructions

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  
Kanicia Carrillo  
Regulatory Analyst



9/12/2007

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

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

1909 T409 0000 6041 6081

U.S. Postal Service™  
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For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

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

Postmark Here  
SEP 12 2007  
MIDLAND TX DOWNTOWN STA

Sent To	Jane Brann
Street, Apt. No., or PO Box No.	Two-B Investments LTD 11621 Joan of Arc Drive
City, State, ZIP+4	Houston, TX 77024

PS Form 3800, June 2002 See Reverse for Instructions

Dear Jane,

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Sincerely,

COG Operating, LLC  
Kania Carrillo  
Regulatory Analyst



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

4209 1409 0000 0600 5002

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521
Sent To John Warren	
Street, Apt. No., or PO Box No. Warren Inc	
City, State, ZIP+4 PO Box 10400	
Albuquerque, NM 87184	

PS Form 3800, June 2002 See Reverse for Instructions

Postmark Here  
SEP 12 2007  
MIDLAND TX DOWNTOWN STA  
USPS

Dear John,

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**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  
Kanicia Carrillo  
550 W. Texas, Suite 1300  
Midland, TX 79701

Wade Petroleum Corporation  
2406 Northwood Court NW  
Albuquerque, NM 87107

7005 0390 0000 6042 6067

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage	\$ 41
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 521

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

SEP 19 2007  
MIDLAND TX DOWNTOWN STA.  
USPS

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**

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Kanicia Carrillo  
Regulatory Analyst



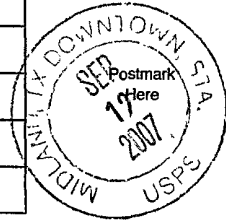
9/12/2007

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

McCully-Chapman Inc  
PO Box 421  
Sealy, TX 77474

0509 1409 0000 0600 5000

<b>U.S. Postal Service™</b>	
<b>CERTIFIED MAIL™ RECEIPT</b>	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ .41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To	
Street, Apt. No., or PO Box No.	McCully-Chapman Inc PO Box 421
City, State, ZIP+4	Sealy, TX 77474
PS Form 3800, June 2002	
See Reverse for Instructions	



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Sincerely,

COG Operating, LLC  
Kania 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

