

**JAMES BRUCE**  
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[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

May 22, 2012

David Brooks  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case Nos. 14849 and 14850/COG Operating LLC and Mewbourne Oil Company

Dear Mr. Brooks:

Enclosed is a motion to dismiss/continue the above cases, filed on behalf of Mewbourne. Mewbourne has contacted COG to meet with its representatives, but that meeting has not yet occurred. If the parties come to an agreement Mewbourne will withdraw the motion.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

cc: Michael Feldewert w/encl.

RECEIVED OCD  
2012 MAY 22 P 1:09

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARINGS CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF COG OPERATING LLC FOR A  
NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**

**RECEIVED OOD  
2012 MAY 22 P. 1: 09  
Case No. 14,849**

**APPLICATION OF COG OPERATING LLC FOR A  
NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 14,850**

**MOTION TO DISMISS  
OR, IN THE ALTERNATIVE, FOR A CONTINUANCE**

Mewbourne Oil Company ("Mewbourne") moves the Division for an order dismissing the above compulsory pooling applications, or in the alternative continuing them for a minimum of four weeks, and in support thereof, states:

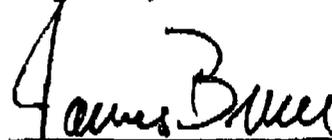
1. COG Operating LLC ("COG") filed the above applications seeking to force pool the Yeso formation underlying the N½S½ of Section 2 (Case No. 14,849) and the S½S½ of Section 2 (Case No. 14,850), in Township 17 South, Range 29 East, N.M.P.M.
2. Mewbourne and other Mewbourne-related entities own working interests in both well units. **Affidavit of Steven J. Smith, attached hereto as Exhibit A.**
3. These applications were filed no later than April 24, 2012, in order to meet the Division's filing requirements.
4. The proposal letter sent by COG in Case No. 14849 was dated April 23, 2012, and was received by Mewbourne on or about April 25, 2012. **Id.**

5. The proposal letter sent by COG in Case No. 14850 was dated April 19, 2012, and was received by Mewbourne on April 23, 2012. Id.

6. The Division requires pooling applicants to send proposal letters to parties being pooled at least thirty days before an application is filed. Order No. R-13165. Clearly, that was not done in the present case. Thus, the cases must be dismissed or continued to satisfy Division pooling requirements.

WHEREFORE, Mewbourne requests that these cases be dismissed. In the alternative, Mewbourne requests that the cases be continued to at least the hearing scheduled for June 25, 2012.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 22nd day of May, 2012 by facsimile transmission and United States Mail:

Michael Feldewert  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504  
(505) 983-6043

  
James Bruce

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

RECEIVED OGD  
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IN THE MATTER OF THE HEARINGS CALLED  
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THE PURPOSE OF CONSIDERING:

APPLICATION OF COG OPERATING LLC FOR A  
NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

Case No. 14,849

APPLICATION OF COG OPERATING LLC FOR A  
NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

Case No. 14,850

AFFIDAVIT OF STEVEN J. SMITH

Steven J. Smith, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am a landman for Mewbourne Oil Company ("Mewbourne").
3. The proposal letter sent by COG Operating LLC ("COG") in Case No. 14849 was dated April 23, 2012. **Attachment 1.** It was received by Mewbourne on or about April 25, 2012.
4. The proposal letter sent by COG in Case No. 14850 was dated April 19, 2012. **Attachment 1.** It was received by Mewbourne on April 23, 2012.
5. Mewbourne and the other entities listed in the proposal letters own working interests in the lands covered by the above two applications.

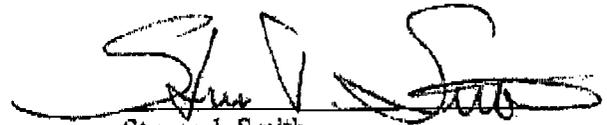
  
Steven J. Smith

EXHIBIT A

SUBSCRIBED AND SWORN TO before me this 22<sup>nd</sup> day of May, 2012 by Steven J. Smith.

My Commission Expires: 1-19-2016



Glenda Barnett  
Notary Public



April 23, 2012

Mewbourne Oil Company  
Mewbourne Development Corporation  
3MG Corporation  
CWM 2000-B, Ltd.  
Mewbourne Energy Partners 07-A, LP

500 W. Texas, Suite 1020  
Midland, TX 79701

Attn: Steve Smith

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2012 MAY 22 P 1:10

Re: **Well Proposal - Hogan State Com #2H Well**  
T17S, R29E, Section 2: N/2S/2  
SHL: 1650' FSL & 330' FEL, or a legal location in Unit I  
BHL: 1650' FSL & 330' FWL, or a legal location in Unit L  
Eddy County, New Mexico

Dear Mr. Smith:

COG Operating LLC (COG), as Operator, proposes to drill the Hogan State Com #2H well as a horizontal well at the above-captioned location to a TVD of approximately 5,250' and a MD of 9,666' to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$4,220,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

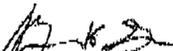
COG's proposes to use the same form of Operating Agreement ("OA") as enclosed in the proposal for the Hogan State Com #4H well. The Operating Agreement covers the entire S/2 of Section 2, T17S, R29E.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 1 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$1,000 per net acre bonus consideration

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0308.

Respectfully,

  
Brandon K. Gaynor  
Senior Landman

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: HOGAN STATE OOM #2H PROSPECT NAME: EMPIRE  
 SHL: 1850' FSL & 330' FEL Sec 2 UL-L STATE & COUNTY: New Mexico, Eddy  
 BHL: 1850' FSL & 330' FWL Sec 2 UL-L OBJECTIVE: SR38 9 888" MD (6,250' TVD) NCJ PH  
 FORMATION: Lower Blinberry, Glorieta Yaso Formation  
 LEGAL: SEC 2 T17S R29E UL-J-L

	BCP	ACP	TOTAL
<b>INTANGIBLE COSTS</b>			
Title/Cursive/Permit	201 10,000		10,000
Insurance	202 22,000	902 0	22,000
Damages/Right of Way	203 16,000	303 0	16,000
Survey/State Location	204 3,000	304 0	3,000
Location/Map/Read Expense	205 80,000	305 15,000	95,000
Coring / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207 0	307 0	0
Footage Contract	208 0	308 0	0
Daywork Contract (2 days @ \$100/day @ 30)	209 280,000	309 08,000	318,000
Directional Drilling Service (0 dir days @ 50)	210 170,000	310 0	170,000
Fuel & Power	211 60,000	311 12,000	72,000
Water	212 30,000	312 30,000	60,000
Bits	213 80,000	313 5,000	85,000
Mud & Chemicals	214 50,000	314 0	50,000
Drill Stem Test	215 0	315 0	0
Coring & Analysis	216 0		0
Cement Surface	217 40,000		40,000
Cement Intermediate	218 24,000		24,000
Cement 2nd Intermediate 7'	218 0	319 33,150	33,150
Cement Squeeze & Other (Kickoff Plug)	220 0	320 0	0
Float Equipment & Components	221 4,000	321 25,000	29,000
Casing Cams & Equipment	222 12,000	322 16,000	28,000
Rigging Tools & Service	223 0	323 0	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 30,000	325 21,500	41,500
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 32,000	327 0,400	32,400
Testing Casing/Tubing	228 6,000	328 12,000	18,000
Mud Logging Unit (Logging 24 days)	229 25,000	329 0	25,000
Logging	230 25,000	330 0	25,000
Perforating/Wireline Services	231 9,000	331 0	9,000
Simulation/Tracing	232 0	332 1,900,000	1,900,000
Completion Unit	233 0	333 24,000	24,000
Swabbing Unit	234 0	334 0	0
Remedial Surface	235 34,000	335 70,000	104,000
Remedial Subsurface	236 62,000	336 10,000	72,000
Trucking/Fuel/Wtg Mobilization	237 48,000	337 20,000	68,000
Welding Services	238 6,000	338 2,000	8,000
Water Disposal	239 0	339 16,000	16,000
Plug in Abandon	240 0	340 0	0
Selenic Analysis	241 0	341 0	0
Closed Loop & Environmental	242 88,000	342 0	88,000
Miscellaneous	243 5,000	343 1,000	6,000
Contingency	244 119,600	344 172,085	291,685
<b>TOTAL INTANGIBLES</b>	<b>1,308,000</b>	<b>1,656,000</b>	<b>2,964,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing (1800' 13 5/8" 64.54 J55 STC)	401 20,000		20,000
Intermediate Casing (4000' 9 5/8" 36W40R J55 BUTT)	402 30,000	503 0	30,000
Production Casing (13,450' 8 1/2" 17W N80/P10)	403 234,000	503 234,000	468,000
Tubing	404 36,000	504 36,000	72,000
Wellhead Equipment	405 16,000	505 16,000	32,000
Pumping Unit	406 40,000	506 40,000	80,000
Prime Movers	407 20,000	507 20,000	40,000
Rods	408 24,000	508 24,000	48,000
Pumps	409 10,000	509 10,000	20,000
Tools	410 21,000	510 21,000	42,000
Motors	411 8,000	511 8,000	16,000
Header Tractor/Generator	412 30,000	512 30,000	60,000
Electrical System	413 11,250	513 11,250	22,500
Propped Anchors/Hangers	414 396,000	514 396,000	792,000
Couplings/Fittings/Valves	415 46,000	515 46,000	92,000
Gas Compressor/Manifolds	416 14,000	516 14,000	28,000
Dehydrator	417 0	517 0	0
Injection Plant/CDI Equipment	418 0	518 0	0
Miscellaneous	419 20,000	519 20,000	40,000
Contingency	420 87,250	520 87,250	174,500
<b>TOTAL TANGIBLES</b>	<b>818,000</b>	<b>818,000</b>	<b>1,636,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,396,000</b>	<b>2,874,000</b>	<b>4,270,000</b>

COG Operating LLC

Date Prepared: 4/17/12 JJ

We approve:  
 \_\_\_\_\_  
 % Working Interest

COG Operating LLC

By: Chad Elliott

Company:

By:

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



April 19, 2012

Mewbourne Oil Company  
Mewbourne Development Corporation  
SMG Corporation  
CWM 2000-B, Ltd.  
Mewbourne Energy Partners 07-A, LP

500 W. Texas, Suite 1020  
Midland, TX 79701

Attn: Corey Mitchell

Re: Well Proposal - Hogan State Com #4H Well  
T17S, R29E, Section 2: S/2S/2  
SHL: 330' FSL & 330' FWL, or a legal location in Unit P  
BHL: 330' FSL & 330' FWL, or a legal location in Unit M  
Eddy County, New Mexico

Dear Mr. Mitchell:

COG Operating LLC (COG), as Operator, proposes to drill the Hogan State Com #4H well as a horizontal well at the above-captioned location to a TVD of approximately 5,250' and a MD of 9,666' to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$4,229,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

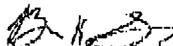
Also enclosed is COG's proposed form of Operating Agreement ("OA"). The Operating Agreement covers the entire S/2 of Section 2, T17S, R29E.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 1 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$1,000 per net acre bonus consideration

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0308.

Respectfully,

  
Brandon K. Gaynor  
Landman

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**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: HOGAN STATE COM #4H PROSPECT NAME: EMPIRE  
 SHL: 330' FSL & 330' FEL Sec 2-UL-P STATE & COUNTY: New Mexico, Eddy  
 BHL: 330' FSL & 330' FWL Sec 2-UL-M OBJECTIVE: SH39 9.666" MD (6,250' TVD) NO FM  
 FORMATION: Lower Blinberry, Glorieta Yegor Formation  
 LEGAL: SEC 2 T17S-R2BE UL-P - M

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curtive/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	15,000	15,000
Survey/State Location	204	3,000	3,000
Location/Pithead Expense	205	50,000	50,000
Drilling / Completion Overhead	206	5,000	5,000
Turkey Contract	207	0	0
Fee/Log Contract	208	0	0
Daywork Contract (0 days / paid via @ 80)	209	280,000	280,000
Operational Drilling Services (0 dr days @ 30)	210	175,000	175,000
Fuel & Power	211	00,000	00,000
Water	212	30,000	30,000
Oil	213	00,000	00,000
Mud & Chemicals	214	00,000	00,000
Drill Stem Test	215	0	0
Logging & Analyst	216	0	0
Cement Surface	217	40,000	40,000
Cement Intermediate	218	24,000	24,000
Cement and Intermediate 7"	219	0	0
Cement Squeeze & Other (Kickoff Plug)	220	0	0
Rigal Equipment & Centralizer	221	4,000	4,000
Casing Crown & Equipment	222	12,000	12,000
Fishing Tools & Service	223	0	0
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	20,000	20,000
Company Supervision	226	2,000	2,000
Contract Supervision	227	32,000	32,000
Testing Casing/Tubing	228	8,000	8,000
Mud Logging Unit (logging / 24 days)	229	25,000	25,000
Logging	230	25,000	25,000
Perforating/Wireline Services	231	5,000	5,000
Simulation/Testing	232	1,300,000	1,300,000
Completion Unit	233	24,000	24,000
Swabbing Unit	234	0	0
Rentals-Surface	235	75,000	75,000
Rentals-Subsurface	236	10,000	10,000
Trucking/Perforating/Mobilization	237	48,000	48,000
Welding Service	238	5,000	5,000
Waste Disposal	239	0	0
Plug to Abandon	240	0	0
Seismic Analysis	241	0	0
Closed Loop & Environmental	242	96,000	96,000
Miscellaneous	243	5,000	5,000
Contingency	243	114,000	114,000
<b>TOTAL INTANGIBLES</b>		<b>1,808,000</b>	<b>1,808,000</b>

TANGIBLE COSTS	BCP	ACP	TOTAL
Surface Casing (65' 1 3/8" 54.55 J55 BTC)	401	26,000	26,000
Intermediate Casing (460' 9 5/8" 30#/RUC J55 BLTT)	402	66,000	66,000
Production Casing (13,450' 5-1/2" 17# N80/P110)	403	254,000	254,000
Tubing	404	36,000	36,000
Wellhead Equipment	405	14,000	14,000
Pumping Unit	406	40,000	40,000
Prime Mover	407	20,000	20,000
Rods	408	24,000	24,000
Pumps	409	10,000	10,000
Tanks	410	21,000	21,000
Flowlines	411	8,000	8,000
Heater Treater/Operator	412	30,000	30,000
Electric System	413	11,250	11,250
Packers/Anchors/Hangers	414	335,000	335,000
Conditioning/Fluoride/Allyls	415	48,000	48,000
Gas Compressors/Valves	416	14,500	14,500
Dehydrator	417	0	0
Injection Plant/OCB Equipment	418	0	0
Miscellaneous	419	21,000	21,000
Contingency	420	87,280	87,280
<b>TOTAL TANGIBLES</b>		<b>850,000</b>	<b>850,000</b>
<b>TOTAL WELL COSTS</b>		<b>2,658,000</b>	<b>2,658,000</b>

COG Operating LLC

Date Prepared: 4/17/12 JJ

We approve:  
\_\_\_\_\_% Working Interest

COG Operating LLC

By: Chad Elton

Company:  
By:

Printed Name:  
Title:  
Date:

This AFS is only an estimate. By signing you agree to pay your share of the actual costs incurred.