

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

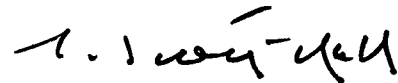
IN THE MATTER OF THE APPLICATION
OF COG OPERATING LLC FOR
DESIGNATION OF A NONSTANDARD
SPACING AND PRORATION UNIT AND
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO

Case No. 14965

AFFIDAVIT

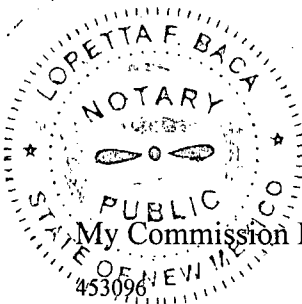
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

J. SCOTT HALL, attorney and authorized representative of COG Operating LLC,
the Applicant herein, being first duly sworn, upon oath, states that he sent copies of this
Application to the parties as specified on the attached Exhibit A.



J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 20 day of March, 2013.



My Commission Expires: 1-11-15

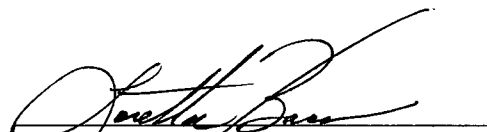

Notary Public

EXHIBIT 11

EXHIBIT A

Attn: Mr. Charles Moran
Yates Petroleum Corp.
105 South 4th Street
Artesia, NM 88210-2177

Attn: Mr. Christopher Gertson Oxy
USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

Attn: Mr. Charles Moran
Sharbro Oil, Ltd. Co.
105 South 4th Street
Artesia, NM 88210-2177

Attn: Ms. Kahlina Valadez
DHA, L.L.C.
500 West Wall St., Suite 300
Midland, TX 79701

Attn: Mr. Charles Moran
Abo Petroleum Corp.
105 South 4th Street
Artesia, NM 88210-2177

Attn: Mr. Charles Moran
Sharbro Energy LLC
105 South 4th Street
Artesia, NM 88210-2177

Attn: Mr. Charles Moran
Myco Industries Inc.
105 South 4th Street
Artesia, NM 88210-2177

Attn: Mr. Corey Mitchell
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

Attn: Mr. Christopher Gertson Oxy Y-1
Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

Devon SFS Operating Inc.
333 W. Sheridan Avenue
Oklahoma City, OK 73102



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall

Office: (505) 982-3873

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

February 26, 2013

Attn: Mr. Charles Moran
Yates Petroleum Corp.
105 South 4th Street
Artesia, NM 88210-2177

**Via Certified Mail
Return Receipt Requested**

**Re: NMOCD Case No. 14965: Application of COG Operating LLC for
Designation of a Non-Standard Spacing and Proration Unit and for Compulsory
Pooling, Eddy County, New Mexico**

Dear Mr. Moran:

This will advise that COG Operating LLC has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the consolidating the 40-acre spacing units within the W/2 W/2 of Section 9, Township 19 South Range 26 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Yeso formation for Applicant's horizontal drilling project area. COG further seeks the compulsory pooling of all interests in the Yeso formation underlying the W/2 W/2 of Section 9 to be dedicated to its Stonewall 9 Fee No. 1-H Well to be drilled horizontally from a surface location in the SW/4 SW/4 of Section 9 to a standard bottom hole location in the NW/4 NW/4 of Section 9 to a depth sufficient to test the Yeso formation, Atoka Glorieta-Yeso Pool (3250). Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on March 21, 2013, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

Yates Petroleum Corp.
February 25, 2013
Page 2

from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH:dh

Attorneys for COG Operating LLC

Enclosure

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

IN THE MATTER OF THE APPLICATION
OF COG OPERATING LLC FOR
DESIGNATION OF A NON-STANDARD OIL
SPACING AND PRORATION UNIT AND
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 14965

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rules 19.15.16.14 and 19.15.16.15 NMAC of the Division's Rules and regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the W/2 W/2 of Section 9 Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico and designating the consolidated units as a 160-acre \pm non-standard oil spacing and proration unit in the Yeso formation, Atoka Glorieta-Yeso Pool (3250) for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Yeso formation underlying the W/2 W/2 of Section 9.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 9, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Stonewall 9 Fee No. 1H Well to be drilled horizontally from a surface location in the SW/4 SW/4 of Section 9 (Unit M) to a standard bottom hole location in the NW/4 NW/4 of Section 9 (Unit D), to a depth sufficient to test the Yeso formation underlying the proposed project area in Section 9.

The Completed Interval of the well will be located within the Producing Area of the proposed Project Area.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard spacing and proration unit and non-standard project area will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on March 21, 2013 and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the wells, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the wells, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

J. Scott Hall

Seth C. McMillan

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 – Telephone

(505) 982-4289 – Fax

shall@montand.com

smemillan@montand.com

Attorneys for COG Operating LLC

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Corey Mitchell
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, TX 79701

2. Article Number
(Transfer from service label)

7012 2210 0001 2087 9183

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Charles Moran
Sharbro Energy LLC
105 South 4th Street
Artesia, NM 88210-2177

2. Article Number
(Transfer from service label)

7012 2210 0001 2087 9176

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Charles Moran
Abo Petroleum Corp.
105 South 4th Street
Artesia, NM 88210-2177

2. Article Number
(Transfer from service label)

7012 2210 0001 2087 9152

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Charles Moran
Yates Petroleum Corp.
105 South 4th Street
Artesia, NM 88210-2177

2. Article Number

(Transfer from service label)

7012 2210 0001 2087 9145

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Charles Moran*☐ Agent☐ Addressee

B. Received by (Printed Name)

Charles Moran

C. Date of Delivery

2-27-13

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon SFS Operating Inc.
333 W. Sheridan Avenue
Oklahoma City, OK 73102

2. Article Number

(Transfer from service label)

7012 2210 0001 2087 9190

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Stirling Albright*☐ Agent☐ Addressee

B. Received by (Printed Name)

Stirling Albright

C. Date of Delivery

2-27-13

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Ms. Kahlina Valadez
DHA, L.L.C.
500 West Wall St., Suite 300
Midland, TX 79701

2. Article Number

(Transfer from service label)

7012 2210 0001 2087 9305

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Lyndi Shack*☐ Agent☐ Addressee

B. Received by (Printed Name)

Lyndi Shack

C. Date of Delivery

10/28/13

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Christopher Gertson
Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

2. Article Number

(Transfer from service label)

7012 2210 0001 2087 9329

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

3/1/13

- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Christopher Gertson
Oxy Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

2. Article Number

(Transfer from service label)

7012 2210 0001 2087 9312

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☒ Addressee

B. Received by (Printed Name)

C. Date of Delivery

- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Charles Moran
Sharbro Oil, Ltd. Co.
105 South 4th Street
Artesia, NM 88210-2177

2. Article Number

(Transfer from service label)

7012 2210 0001 2087 9169

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

3-27-13

- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Attn: Mr. Charles Moran
Myco Industries Inc.
105 South 4th Street
Artesia, NM 88210-2177

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X*Chanderwani*☐ Agent☐ Addressee

B. Received by (Printed Name)

Chanderwani

C. Date of Delivery

*2-27-13*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7012 2210 0000 2087 9206