

**GALLAGHER & KENNEDY**

**P.A.  
LAW OFFICES**

GERMAINE R. CHAPPELLE  
OF COUNSEL  
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1233 PASEO DE PERALTA  
SANTA FE, NEW MEXICO 87501  
PHONE: (505) 982-9523  
FAX: (505) 983-8160  
WWW.GKNET.COM

June 28, 2013

Attention: Ms. Jamie Bailey

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

*Case 15035*

**Re: Designation of a Non-Standard Project Areas by COG Operating LLC;  
Issues with Gunner 8 Federal 5H, 6H, 7H and 8H wells located in portions of  
Section 5 and Section 8, T26S-R34E, Lea Co. NM**

Ladies and Gentlemen:

Inland Title, LLC (Inland) is an oil and gas leasehold owner of a certain amount of undivided interest under the N/2NW, NW/4NE/4 of Section 5, T26S-R34E, Lea County, NM. Please note that Inland is mistakenly identified as Southwest Petroleum Land Services, LLC in the notice regarding the above-described designation of a Non-Standard Project Areas by COG Operating LLC (COG).

Inland is concerned that the request by COG for the above-described designation of a Non-Standard Project Area will cause waste to Inland, and other mineral and oil and gas interest owner's correlative rights. Additionally, Inland needs more information from COG to evaluate the propriety of the Non-Standard Project Area that they propose.

Therefore, including, but not limited to these reasons, on behalf of our client, we submit this letter joining in the objection and concerns stated by letter dated June 24, 2013, from Jim Ball, Landman, Yates Holdings, regarding the above-described designation of a Non-Standard Project Area by COG. Inland also intends on joining Yates Holdings in filing an application for hearing to protect the correlative rights of Inland under the Gunner 8 Federal 5H, 6H, and 7H wells. Inland is evaluating the issues disclosed by Yates Holdings regarding the Gunner 8 Federal 8H well and may also join Yates Holdings in filing an application for hearing to protect correlative rights and other appropriate remedies.

Please contact the undersigned with any questions at the contact information provided above.

Attention: Ms. Jamie Bailey  
June 28, 2013  
Page 2

Very truly yours,

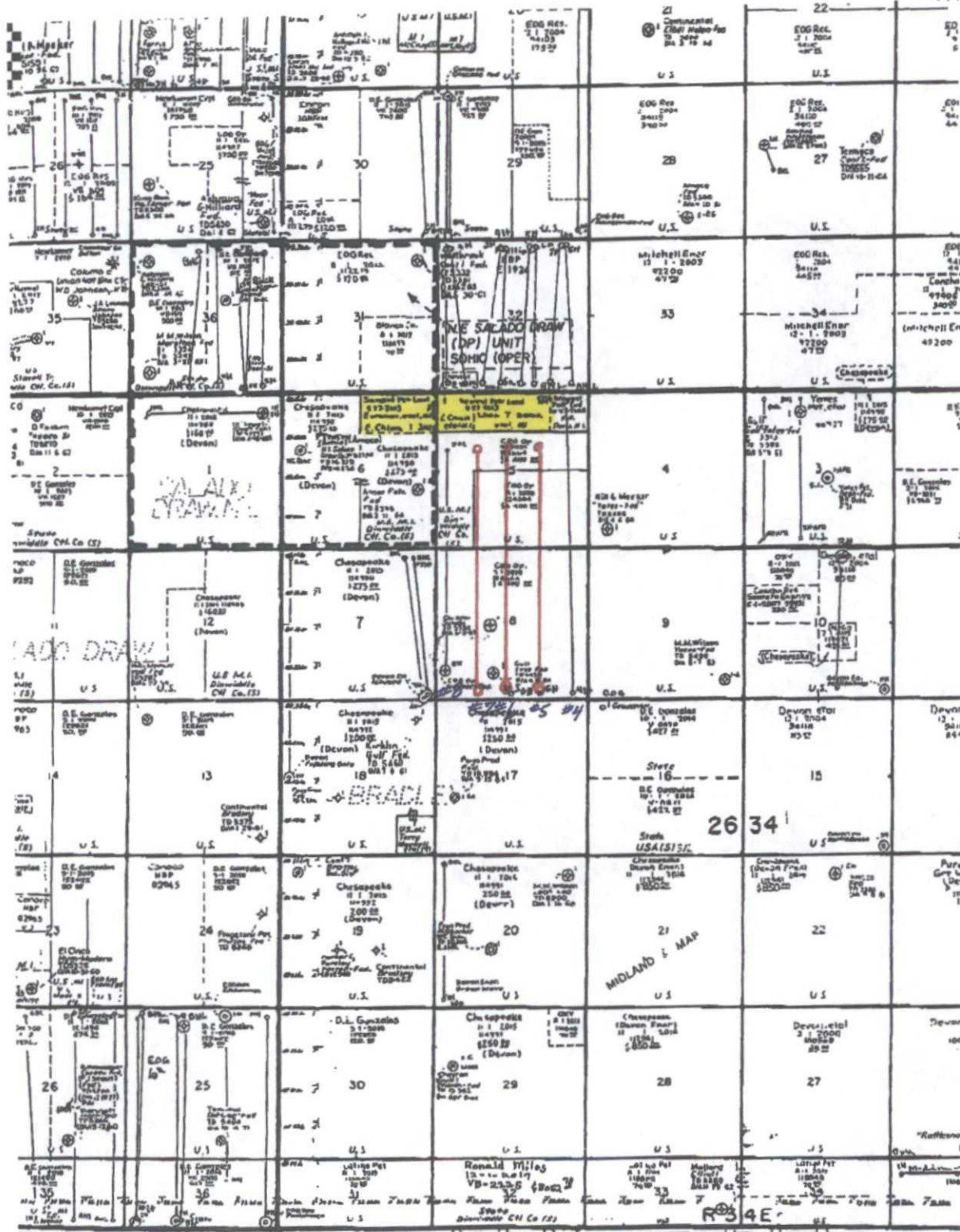
GALLAGHER & KENNEDY, P.A.

By:   
Germaine R. Chappelle

Enclosures

cc: Mike Wallace/COG Operating LLC  
Sue Raby/Sugarberry Oil & Gas Corp.  
Jim Shultz/Inland Title, LLC  
Jim Bruce/Attorney, Yates Holdings

CLERK



API Number	Well Name	Operator	Location
3002528650	PRE-ONGARD WELL No. 001	PRE-ONGARD WELL OPERATOR	N-8-26S-34E (925 FSL & 1980 FWL)
3002538402	SALADO FEDERAL No. 001	CHI OPERATING INC	K-8-26S-34E (2310 FSL & 1850 FWL)
3002540309	GUNNER 8 FEDERAL No. 008H	COG OPERATING LLC	M-8-26S-34E (990 FSL & 330 FWL)
3002541180	GUNNER 8 FEDERAL No. 005H	COG OPERATING LLC	O-8-26S-34E (190 FSL & 1520 FEL)
3002541181	GUNNER 8 FEDERAL No. 006H	COG OPERATING LLC	N-8-26S-34E (190 FSL & 2625 FWL)
3002541187	GUNNER 8 FEDERAL COM No. 004H	COG OPERATING LLC	P-8-26S-34E (190 FSL & 380 FEL)
3002541211	GUNNER 8 FEDERAL No. 007H	COG OPERATING LLC	N-8-26S-34E (190 FSL & 1350 FWL)

ATTACHED TO THAT CERTAIN LETTER DATED JUNE 24, 2013 BETWEEN YATES HOLDINGS LLP ON BEHALF OF YATES BROTHERS AND THE NMOCD PERTAINING TO COG OPERATING LLC'S DEVELOPMENT OF SECTIONS 5 and 8 of T26S-R34E, LEA COUNTY, NM



RECEIVED

JUN 12 2013

MAIL ROOM

June 10, 2013

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES LISTED ON EXHIBIT "A"

Re: DESIGNATION OF A NON-STANDARD PROJECT AREA BY COG OPERATING LLC  
LEA COUNTY, NEW MEXICO

Ladies and Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed Well Dedication and Acreage Plat (C-102) with the New Mexico Oil Conservation Division seeking to designate a non-standard project area in Sections 5 and 8, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico.

As an owner of an interest that may be affected by this application, you are advised that if you have an objection to this application, it must be mailed to COG Operating LLC within twenty (20) days from the date COG Operating LLC mailed this notice. If no interest owner has filed an objection within the 20-day period, then the Division may approve the application.

If you have any questions or concerns, please feel free to contact me at (432) 221-0465. Thank you for your time and attention to this matter.

Sincerely,

*Mike Wallace*  
Mike Wallace  
Senior Landman  
NM Delaware Basin Team

Enclosures

**EXHIBIT "A"**

**Chesapeake Exploration, LLC**  
P.O. Box 18496  
Oklahoma City, OK 73154

**Devon Energy Production Company LP**  
20 N. Broadway  
Oklahoma City, OK 73102

**Chevron U.S.A. Inc.**  
1400 Smith Street, Room #43028  
Houston, TX 77002

**EOG Resources, Inc.**  
4000 N. Big Spring, Suite 500  
Midland, TX 79705

**Southwest Petroleum Land Services, LLC**  
100 N. Pennsylvania Ave.  
Roswell, NM 88203

**Yates Brothers**  
105 S. 4<sup>th</sup> St.  
Artesia, NM 88210

**Warren J. Bates**  
P.O. Box 1387  
Ada, OK 74820

**Peder Monsen**  
515 Houston Ave.  
Houston, TX 77007-7706

**Peder Monsen**  
5623 Indian Circle  
Houston, TX 77056-1006

**Fay Bel Monsen**  
515 Houston Ave.  
Houston, TX 77007-7706

**Sugarberry Oil & Gas Corp.**  
5950 Cedar Springs Rd., Suite 230  
Dallas, TX 75235-6803

**Marc T. Wray**  
4 Serpentine Court  
Savenoaka, Kent TN 113XR  
United Kingdom

**Andrew Wray**  
3406 Shadow Springs Ct.  
Houston, TX 77082-8302

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DISTRICT I  
1425 N. PUEBLO BL., NORMAN, NM 86406

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II  
1301 E. GRAND AVENUE, ALBUQUERQUE, NM 86210

OIL CONSERVATION DIVISION  
11885 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Revised October 12, 2010  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT III  
1000 KING BRADSHAW RD., AZTEC, NM 87410

DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	97892	Wildcat G-06 S263407P; Bone Spring
Property Code	Property Name	Well Number
38865	GUNNER 8 FEDERAL	5H
OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	3342.4'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	26-S	34-E		190	SOUTH	1520	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	5	26-S	34-E		1650	NORTH	1520	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
280			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

NAD 27  
PROPOSED BOTTOM  
HOLE LOCATION  
Y=392062.4 N  
X=761889.7 E  
LAT.=32.075074° N  
LONG.=103.487837° W

1/16 CORNER  
Y=392393.7 N  
X=762085.1 E

1/16 CORNER  
Y=391075.2 N  
X=762097.5 E

1/16 CORNER  
Y=384472.3 N  
X=762154.1 E

1/16 CORNER  
Y=383150.3 N  
X=762164.8 E

Estimated completed  
interval 342' SL  
1521' FEL  
190'

SECTION 5  
SECTION 8

GRID A2  
359'30"70"  
103'32"16"

1520'

1520'

190'

**OPERATOR CERTIFICATION**

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or enclosed mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling under heretofore entered by the division.

B. J. 6/10/13  
Signature Date  
Brian Maiorino  
Printed Name

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 19, 2012  
Date Surveyed  
Signature & Seal of Professional Surveyor

CHAD HARCROW  
NEW MEXICO  
17777  
LICENSED PROFESSIONAL SURVEYOR

Chad Harcrow 11/2/13

Certificate No. CHAD HARCROW 17777  
W.O. # 12-217 2012-037



DISTRICT I  
1025 N. FRENCH BL., ROSAR, NM 87045

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2010  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
1301 W. GRAND AVENUE, ARIZONA, NM 87026

OIL CONSERVATION DIVISION  
11885 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

DISTRICT III  
1000 ESO BEAZOS RD., AZTEC, NM 87418

DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
		97892	Wildcat G-06 S263407P; Bone Spring
Property Code	Property Name		Well Number
38865	GUNNER 8 FEDERAL		6H
OGBD No.	Operator Name		Elevation
229137	COG OPERATING, LLC		3351.3'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	26-S	34-E		190	SOUTH	2625	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	5	26-S	34-E		1650	NORTH	2625	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
280			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>1/16 CORNER Y=392383.8 N X=760763.5 E</p> <p>NAD 27 PROPOSED BOTTOM HOLE LOCATION Y=392054.4 N X=760747.1 E LAT.=32.075077° N LONG.=103.491526° W</p> <p>1/16 CORNER Y=391065.8 N X=760776.6 E</p> <p>NAD 27 SURFACE LOCATION Y=383329.9 N X=760820.6 E LAT.=32.051093° N LONG.=103.491508° W</p> <p>1/16 CORNER Y=384462.3 N X=760833.0 E</p> <p>1/4 CORNER Y=383140.1 N X=760843.2 E</p> <p>Estimated Completed interval 342' FSL 2625' FWL 2625'</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>3-2- 6/10/13 Signature Date Brian Maiorino Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>NOVEMBER 19, 2012 Date Surveyed Signature &amp; Seal of Professional Surveyor</p> <p>CHAD L. HARCHOW NEW MEXICO 17777 LICENSED PROFESSIONAL SURVEYOR Chad Harchow 11/21/13 Certificate No. CHAD HARCHOW 17777 W.O. # 12-215 2012-037</p>
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