

PAUL BACA PROFESSIONAL COURT REPORTERS

# **OIL CONSERVATION DIVISION**

## **CASE # 14203**

## **EXHIBIT 20**



**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

---

October 15, 2008

**Certified Mail Return Receipt Requested**

Chase Oil Company  
P. O. Box 1767  
Artesia, NM 88211-1767  
Attn.: Ronald W. Lanning

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for Designation of a Non-Standard Spacing Unit and Compulsory Pooling, Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Mr. Lanning:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 10, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Wolfcamp formation underlying the S/2 S/2 of said Section 10 to be dedicated to its Taurus Federal Well No. 1 to be drilled horizontally from a surface location 330' from the South line and 330' from the West line to a bottom hole location 330' from the South line and 330' from the East line of Section 10 to a depth sufficient to test the Wolfcamp formation. 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. The proposed well and lands are located approximately 12 miles northeast of Loco Hills, New Mexico.

---

**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

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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

A copy of the Application is enclosed.

This application will be set for hearing before a Division Examiner on October 30, 2008, 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 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 1211.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall

Attorneys for COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to: Chase Oil Corporation P. O. Box 1767 Artesia, NM 88211-1767 Attn.: Ronald W. Lanning</p>		<p>A. Signature <i>J. Scott Hall</i> Agent <input checked="" type="checkbox"/> Addressee <input type="checkbox"/></p> <p>B. Restricted Delivery <input type="checkbox"/></p> <p>C. Is delivery restricted to addressee only? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>D. If YES, enter delivery address below: OCT 27 2008</p> <p>3. MONTGOMERY &amp; ANDREWS, P.A.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
2. Article Number (Transfer from service label) 7002 0510 0003 4612 7583		Domestic Return Receipt PS Form 3811, February 2004	

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SANTA FE NM  
OCT 19 2008  
USPO 87504



**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

---

October 15, 2008

**Certified Mail Return Receipt Requested**

Chesapeake Energy Corporation  
6100 N. Western Avenue  
Oklahoma City, OK 73119

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for Designation of a Non-Standard Spacing Unit and Compulsory Pooling, Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Sir or Madam:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 10, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Wolfcamp formation underlying the S/2 S/2 of said Section 10 to be dedicated to its Taurus Federal Well No. 1 to be drilled horizontally from a surface location 330' from the South line and 330' from the West line to a bottom hole location 330' from the South line and 330' from the East line of Section 10 to a depth sufficient to test the Wolfcamp formation. 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. The proposed well and lands are located approximately 12 miles northeast of Loco Hills, New Mexico.

---

**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

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall

Attorneys for COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Chesapeake Energy Corp. 6100 N. Western Avenue Oklahoma City, OK 73118</p>		<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><i>xmm</i></p> <p>B. Received by (Printed Name) <input type="checkbox"/> Date of Delivery</p> <p>C. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>D. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
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See Reverse for Instructions	



**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

---

October 15, 2008

**Certified Mail Return Receipt Requested**

Chesapeake Exploration LP  
6100 N. Western Avenue  
Oklahoma City, OK 73118  
Attn.: Jared Boren

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for  
Designation of a Non-Standard Spacing Unit and Compulsory Pooling,  
Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Mr. Boren:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 10, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Wolfcamp formation underlying the S/2 S/2 of said Section 10 to be dedicated to its Taurus Federal Well No. 1 to be drilled horizontally from a surface location 330' from the South line and 330' from the West line to a bottom hole location 330' from the South line and 330' from the East line of Section 10 to a depth sufficient to test the Wolfcamp formation. 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. The proposed well and lands are located approximately 12 miles northeast of Loco Hills, New Mexico.

---

**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

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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

Chesapeake Exploration LP  
October 15, 2008  
Page 2

A copy of the Application is enclosed.

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall

Attorneys for COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Chesapeake Exploration LP 6100 N. Western Avenue Oklahoma City, OK 73118 Attn.: Jared Boren</p>		<p>A. Signature <i>x JAM</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? If YES, enter delivery address below: 2008</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
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SANTA FE NM  
Postmark  
OCT 15 2008  
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**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

---

October 15, 2008

**Certified Mail Return Receipt Requested**

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701  
Attn.: Hayden Tresner

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for  
Designation of a Non-Standard Spacing Unit and Compulsory Pooling,  
Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Tresner:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 10, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Wolfcamp formation underlying the S/2 S/2 of said Section 10 to be dedicated to its Taurus Federal Well No. 1 to be drilled horizontally from a surface location 330' from the South line and 330' from the West line to a bottom hole location 330' from the South line and 330' from the East line of Section 10 to a depth sufficient to test the Wolfcamp formation. 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. The proposed well and lands are located approximately 12 miles northeast of Loco Hills, New Mexico.

---

**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



A copy of the Application is enclosed.

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall

Attorneys for COG Operating LLC

COMPLETE THIS SECTION ON DELIVERY	
A. Signature <i>Montgomery &amp; Andrews</i>	<input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name) <i>Sadie Garcia</i>	C. Date of Delivery <i>10/18</i>
D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:	
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4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Article Number (Transfer from service label) 7002 0510 0003 4612 7552	
PS Form 3811, February 2004	

102595-02-M-1540

Domestic Return Receipt

1. Article Addressed to:  
  
Cimarex Energy Company  
600 N. Marientfeld, Suite 600  
Midland, TX 79701  
Attn.: Hayden Tresner

7002 0510 0003 4612 7552

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PS Form 3800, January 2001	

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**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

October 15, 2008

**Certified Mail Return Receipt Requested**

Marbob Energy Corporation  
P.O. Box 227  
Artesia, NM 88211-0227  
Attn.: Ray Miller

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for  
Designation of a Non-Standard Spacing Unit and Compulsory Pooling,  
Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Mr. Miller:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 10, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre  $\pm$  non-standard oil spacing and proration unit in the Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Wolfcamp formation underlying the S/2 S/2 of said Section 10 to be dedicated to its Taurus Federal Well No. 1 to be drilled horizontally from a surface location 330' from the South line and 330' from the West line to a bottom hole location 330' from the South line and 330' from the East line of Section 10 to a depth sufficient to test the Wolfcamp formation. 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. The proposed well and lands are located approximately 12 miles northeast of Loco Hills, New Mexico.

**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

Marbob Energy Corporation  
October 15, 2008  
Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

J. Scott Hall

Attorneys for COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Restricted Delivery (Printed Name) <input checked="" type="checkbox"/> Date of Delivery <u>10-16-08</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
1. Article Addressed to:		3. Service Type	
Marbob Energy Corporation		<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail	
P. O. Box 227		<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise	
Artesia, NM 88211		<input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
Attn.: Ray Miller		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Article Number (Transfer from service label)		102595-02-M-1540	
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**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

October 15, 2008

**Certified Mail Return Receipt Requested**

Penroc Oil Corporation  
P. O. Box 2769  
Hobbs, NM 88241  
Attn.: M.Y. Merchant

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for Designation of a Non-Standard Spacing Unit and Compulsory Pooling, Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Mr. Merchant:

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**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

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MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall

Attorneys for COG Operating LLC

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<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>10/15/08</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
1. Article Addressed to:		3. Service Type	
Penroc Oil Corporation		<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail	
P. O. Box 2769		<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise	
Hobbs, NM 88241		<input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
Attn.: M.Y. Merchant		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number		102595-02-M-1540	
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PS Form 3811, February 2004			

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Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001 See Reverse for Instructions	



**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

October 15, 2008

**Certified Mail Return Receipt Requested**

Yates Drilling Company, Inc.  
Yates Petroleum, Inc.  
Abo Petroleum, Inc.  
Myco Industries, Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210

**Re: NMOCD Case No. 14203; Application of COG Operating LLC for Designation of a Non-Standard Spacing Unit and Compulsory Pooling, Chaves County, New Mexico (Taurus Federal Well No. 1)**

Dear Sir or Madam:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 10, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Wolfcamp formation underlying the S/2 S/2 of said Section 10 to be dedicated to its Taurus Federal Well No. 1 to be drilled horizontally from a surface location 330' from the South line and 330' from the West line to a bottom hole location 330' from the South line and 330' from the East line of Section 10 to a depth sufficient to test the Wolfcamp formation. 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. The proposed well and lands are located approximately 12 miles northeast of Loco Hills, New Mexico.

**REPLY TO:**

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# **NMOCD CASE #14203-14216**

**C.O.G. OPERATING LLC**

**TAURUS FEDERAL #1H**

**NOVEMBER 12, 2008**

**JESSE K. LAWSON  
SENIOR RESERVOIR ENGINEER**

Based on the BAKER HUGHES-INTEQ-Planned Wellpath Report for the directional drilling of the Taurus Federal #1H, the following supplemental data is presented to the NMOCD in Case #14203-14216. This data is based upon anticipated directional drilling practices, directional azimuths and inclinations.

**SHL  
LEGAL**

**DESCRIPTION:** 330' FSL & 330' FWL, UNIT M, SEC.10, T-15-S, R-31-E, NMPM  
CHAVES COUNTY, NM

**WLFCP  
PENETRATION  
POINT:**

**TVD:** 8,655'

**MD:** 8,808'

**LEGAL DESCRIPTION:** 336' FSL & 668' FWL, UNIT M, SEC.10, T-15-S, R-31-E, NMPM  
CHAVES COUNTY, NM

**BHL  
LEGAL  
DESCRIPTION**

**TVD:** 8,745'

**MD:** 13,102'

**LEGAL DESCRIPTION:** 330' FSL & 330' FEL, UNIT P, SEC.10, T-15-S, R-31-E, NMPM  
CHAVES COUNTY, NM

NMOCD Case Nos. 14203 and 14204

COG Operating LLC

Exhibit No. 20