

DATE IN <u>6-17-10</u>	SUSPENSE	ENGINEER <u>[Signature]</u>	LOGGED IN <u>6-17-10</u>	TYPE <u>DHC</u>	APP NO. <u>1016856293</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



COG operating

ADMINISTRATIVE APPLICATION CHECKLIST

Eddy

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

4291

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 _____

Folk Federal #1
 30-015-35727

*F.L.L Fed #4
 30-015-35728*

[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.

<u>KANICIA CARRILLO</u> Print or Type Name	<u>[Signature]</u> Signature	<u>REGULATORY ANALYST</u> Title	<u>5/25/10</u> Date
		<u>kcarrillo@conchoresources.com</u> e-mail Address	



June 16, 2010

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

Re: Request for Down Hole Commingling and Measurement of Hydrocarbon Production for:

Folk Federal #1
Eddy County, NM
API # 30-015-35727

Folk Federal #4
Eddy County, NM
API # 30-015-35728

RECEIVED OCC
2010 JUN 17 AM 11:15

Pools:
(96610) Empire; Glorieta-Yeso
(28509) Grayburg Jackson SR; Queen Grayburg SA

Dear Mr. Jones,

COG Operating LLC as operator of the above mentioned wells respectfully requests approval for down hole commingling and measurement of production.

COG proposes to commingle production from the above mentioned pools. Production will be measured at the Folk Federal battery located in the SE/4 NE/4, Section 17, T17S, R29E. The lease has common interest in both pools. Testing will be conducted and allocation percentages will be sent to OCD after completion of this well. The percentages will be used to allocate production based on increased production from the Grayburg/San Andres formation.

Please contact me at 432-685-4332 or e-mail at kcarrillo@conchoresources.com if you need additional information.

Thank you for your attention in this matter.

Sincerely,

COG Operating LLC

Kanicia Carrillo
Regulatory Analyst

Attachments: Administrative Application, BLM Notification, C-107A's, and C-102's for both formations

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

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[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

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- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
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 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
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 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
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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

2010 MAY 7 11:15
 RECEIVED OGD
 Folk Federal #4
 30-015-35728

[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

5/25/10 _____
 Date

kcarrillo@conchoresources.com _____
 e-mail Address

Affidavit of Fact

STATE OF TEXAS §

COUNTY OF MIDLAND §

Affiant on Oath swears that the following statements are true:

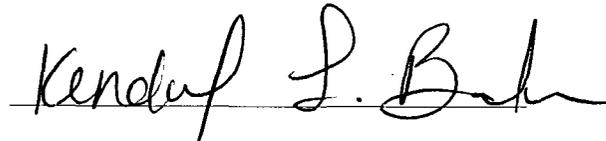
My name is Stuart Dirks. I am Senior Landman for COG Operating LLC. I am familiar with the ownership of the Folk Federal No. 1 (API 30-015-35727), Folk Federal No. 2 (API 30-015-20198), Folk Federal No. 3 (API 30-015-27295), Folk Federal No. 4(API 30-015-35728), Folk Federal No. 6 (API 30-015-36172), Folk Federal No. 7 (API 30-015-36171), Folk Federal No. 8 (API 30-015-36170), Folk Federal No. 9 (API 30-015-36169), Folk Federal No. 10 (API 30-015-36862), Folk Federal No. 11 (API 30-015-36890), Folk Federal No. 12 (API 30-015-36864), and Folk Federal No. 13 (API 30-015-36863), all of which are situated in Section 17, Township 17 South, Range 29 East, Eddy County, New Mexico. I hereby confirm that the working interests and royalty interests in these wells are common.

Affiant



Stuart A. Dirks

SUBSCRIBED AND SWORN TO before me on the 26th day of May, 2010.



Notary Public, State of Texas

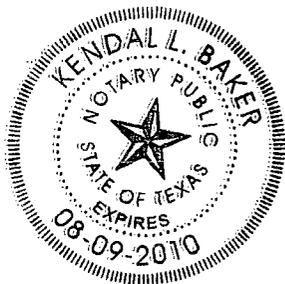
STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 26th day of May, 2010, by Stuart A. Dirks, Notary Public for the State of Texas.



Notary Public, State of Texas



State of New Mexico

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-35727	Pool Code 96610	Pool Name Empire Yeso, East
Property Code 302495	Property Name FOLK FEDERAL	Well Number 1
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3647'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	17	17-S	29-E		1650	SOUTH	990	WEST	EDDY

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

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 style="text-align: center;"> GEODETIC COORDINATES NAD 27 NME Y=666367.7 N X=571097.2 E LAT.=32.831717° N LONG.=104.101870° W </p>	<p>OPERATOR CERTIFICATION</p> <p><i>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 unleased 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.</i></p> <p><u>K.C. Carrillo</u> 5/27/10 Signature Date <u>Kanicia Carrillo</u> Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: center;"> </p> <p>Date Surveyed _____ JR Signature & Seal of Professional Surveyor <u>Gary G. Eidson</u> 5/27/10 07-13-0669</p>
	<p>Certificate No. GARY EIDSON 12641</p>

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-35727		² Pool Code 28509		³ Pool Name Grayburg Jackson SR; Queen Grayburg SA	
⁴ Property Code 302495		⁵ Property Name Folk Federal			⁶ Well Number 1
⁷ OGRID No. 229137		⁸ Operator Name COG OPERATING LLC			⁹ Elevation 3647

¹⁰ Surface Location

UL or lot no. L	Section 17	Township 17S	Range 29E	Lot Idn	Feet from the 1650	North/South line South	Feet from the 990	East/West line West	County Eddy
---------------------------	----------------------	------------------------	---------------------	---------	------------------------------	----------------------------------	-----------------------------	-------------------------------	-----------------------

¹¹ 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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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>¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>K. C.</i> Signature</p> <p>Kanicia Carrillo Printed Name</p> <p>Regulatory Analyst Title and E-mail Address</p> <p>5/25/10 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION <i>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.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

DISTRICT I
1626 N. FRENCH DR., BOBBS, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

DISTRICT III
1000 Rio Brason Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-35728	Pool Code 96610	Pool Name Empire Glorieta Yeso, East
Property Code	Property Name FOLK FEDERAL	Well Number 4
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3634'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	17	17-S	29-E		2310	NORTH	2110	WEST	EDDY

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

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>OPERATOR CERTIFICATION</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 unleased 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><i>K.C.</i> 5/27/10 Signature Date Kancica Carrillo Printed Name</p>
	<p>SURVEYOR CERTIFICATION</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>Date Surveyed: MAY 25, 2007 Signature: GARY SIDSON JR. Professional Surveyor No. 12641 07.11.0670</p> <p>Certificate No. GARY SIDSON 12641</p>

GEODETIC COORDINATES
NAD 27 NME
Y=667697.9 N
X=572214.2 E
LAT.=32.835367° N
LONG.=104.098224° W

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-35728		² Pool Code 28509		³ Pool Name Grayburg Jackson SR; Queen Grayburg SA	
⁴ Property Code 302495		⁵ Property Name Folk Federal			⁶ Well Number 4
⁷ OGRID No. 229137		⁸ Operator Name COG OPERATING LLC			⁹ Elevation 3634

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	17	17S	29E		2310	North	2110	West	Eddy

¹¹ 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
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	<p>Certificate Number</p>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM0397623

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

8. Well Name and No.
FOLK FEDERAL 4

9. API Well No.
30-015-35728

10. Field and Pool, or Exploratory
GRAYBURG JACKSON;SR-Q-G-S

11. County or Parish, and State
EDDY COUNTY, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
COG OPERATING LLC
Contact: KANICIA CARRILLO
E-Mail: kcarrillo@conchoresources.com

3a. Address
550 WEST TEXAS AVE STE 1300
MIDLAND, TX 79701
3b. Phone No. (include area code)
Ph: 432-685-4332

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 17 T17S R29E 2310FNL 2110FWL
32.83537 N Lat, 104.09822 W Lon

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

COG Operating LLC proposes to recomplete to the GB/SA as follows:

Folk Fed #4 San Andres / GB Add Pay Procedure

1. MI. Hold safety mtg. RU.
2. POOH w/ rods and pump.
3. NU BOP.
4. Release TAC and POOH w/ tbg.
5. RIH w/ CIBP and set at +/- 3800?. Do not cap with cement. COG plans to commingle with Yeso after separately production testing the San Andres and GB.
6. RIH and perforate lower San Andres from 3560? ? 3760? w/ 1 spf, 26 holes.
7. Frac lower San Andres with 128,250 gals of gel carrying 178,400# of 16/30 sand.

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #88034 verified by the BLM Well Information System For COG OPERATING LLC, sent to the Carlsbad

Name (Printed/Typed) KANICIA CARRILLO	Title PREPARER
Signature (Electronic Submission)	Date 06/16/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
-------------------	-------------	------------

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #88034 that would not fit on the form

32. Additional remarks, continued

8. RIH w/ perf gun and composite frac plug and set plug at +/- 3530?. Perforate middle San Andres from 3290? ? 3490? w/ 1 spf, 26 holes.
 9. Frac middle San Andres with 128,250 gals of gel carrying 178,400# of 16/30 sand.
 10. RIH w/ perf gun and composite frac plug and set plug at +/- 3250?. Perforate middle San Andres from 3020? ? 3220? w/ 1 spf, 26 holes.
 11. Frac middle San Andres with 128,250 gals of gel carrying 178,400# of 16/30 sand.
 12. RIH w/ perf gun and composite frac plug and set plug at +/- 2600?. Perforate Grayburg from 2346? ? 2354? w/ 2 spf, 6 holes and from 2280? ? 2300? w/ 2 spf, 12 holes and from 2180? ? 2190? w/ 2 spf, 6 holes.
 13. Acidize and swab test each Grayburg sand separately. Based on swab results, appropriate stimulation will be performed (acid only or frac).
 14. RIH w/ bit and drill out CFP at 2600?, 3250?, and 3500?. Clean out to CIBP at 3800?.
 15. POOH w/ bit and scraper.
 16. RIH w/ tbg and land EOT at +/- 3700?.
 17. ND BOP.
 18. RIH w/ rods and pump.
 19. HWOB
 20. RDMO.
- COG intends to test GB/SA separately from Yeso to determine its producing characteristics and evaluation. COG plans to commingle GB/SA/Yeso at a later date.

COG proposes to down hole commingle the Grayburg Jackson SR Queen Grayburg SA, (28509) with the Empire; Glorieta-Yeso, (96610).

Commingling will not reduce the value of the total remaining production.
The proposed intervals are as follows:
Grayburg Jackson SR Queen Grayburg SA 2396' - 3686'
Empire; Glorieta-Yeso 4960' - 5160'
Percentages to be determined after completion.
Ownership in all zones are the same.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM0397623

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

8. Well Name and No.
FOLK FEDERAL 1

9. API Well No.
30-015-35727

10. Field and Pool, or Exploratory
GRAYBURG JACKSON;SR-Q-G-S

11. County or Parish, and State
EDDY COUNTY, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
COG OPERATING LLC
Contact: KANICIA CARRILLO
E-Mail: kcarrillo@conchoresources.com

3a. Address
550 WEST TEXAS AVE STE 1300
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 432-685-4332

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 17 T17S R29E 1650FSL 990FWL
32.83172 N Lat, 104.10187 W Lon

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

COG Operating LLC proposes to recomplete to the GB/SA as follows:

Folk Fed #1 San Andres / GB Add Pay Procedure

1. MI. Hold safety mtg. RU.
2. POOH w/ rods and pump.
3. NU BOP.
4. Release TAC and POOH w/ tbg.
5. RIH w/ CIBP and set at +/- 3800?. Do not cap with cement. COG plans to commingle with Yeso after separately production testing the San Andres and GB.
6. RIH and perforate lower San Andres from 3600? ? 3700? w/ 1 spf, 16 holes.
7. Frac lower San Andres with 66,760 gals of gel carrying 89,200# of 16/30 sand.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #88035 verified by the BLM Well Information System
For COG OPERATING LLC, sent to the Carlsbad**

Name (Printed/Typed) KANICIA CARRILLO	Title PREPARER
Signature (Electronic Submission)	Date 06/16/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #88035 that would not fit on the form

32. Additional remarks, continued

8. RIH w/ perf gun and composite frac plug and set plug at +/- 3500?. Perforate middle San Andres from 3150? ? 3400? w/ 1 spf, 26 holes.
9. Frac middle San Andres with 128,250 gals of gel carrying 178,400# of 16/30 sand.
10. RIH w/ perf gun and composite frac plug and set plug at +/- 2600?. Perforate middle Grayburg from 2380? ? 2400? w/ 2 spf, 12 holes and from 2290? ? 2336? w/ 2 spf, 12 holes.
11. Acidize and swab test each Grayburg sand separately. Based on swab results, appropriate stimulation will be performed (acid only or frac).
12. RIH w/ bit and drill out CFP at 2600? and 3500?. Clean out to CIBP at 3800?.
13. POOH w/ bit and scraper.
14. RIH w/ tbg and land EOT at +/- 3700?.
15. ND BOP.
16. RIH w/ rods and pump.
17. HWOB
18. RDMO.

COG intends to test GB/SA separately from Yeso to determine its producing characteristics and evaluation. COG plans to commingle GB/SA/Yeso at a later date.

COG proposes to down hole commingle the Grayburg Jackson SR Queen Grayburg SA, (28509) with the Empire; Glorieta-Yeso, (96610).

Commingling will not reduce the value of the total remaining production.

The proposed intervals are as follows:

Grayburg Jackson SR Queen Grayburg SA	2396' - 3686'
Empire; Glorieta-Yeso	4370' - 4950'

Percentages to be determined after completion.

Ownership in all zones are the same.

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

____ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

COG OPERATING LLC **550 W. Texas, Suite 550** **Midland, TX 79701**
Operator Address

Folk Federal #1 L. 17, 17S 29E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 229137 Property Code 302495 API No. 30-015-35727 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>under</i> Grayburg Jackson, Sr-Q-G-SA		<i>under</i> Empire; Glorieta-Yeso, East
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2396-3686		4370-4950
Method of Production (Flowing or Artificial Lift)			
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			39.4
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: 4/10/10 Rates: O G W 17 4 120
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No ____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ____ No ____

Are all produced fluids from all commingled zones compatible with each other? Yes No ____

Will commingling decrease the value of production? Yes ____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No ____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *K. Carrillo* TITLE Regulatory Analyst DATE 5/25/10

TYPE OR PRINT NAME Kancia Carrillo TELEPHONE NO. (432) 685-4332

E-MAIL ADDRESS kcarrillo@conchoresources.com

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

____ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

COG OPERATING LLC 550 W. Texas, Suite 550 Midland, TX 79701
Operator Address

Folk Federal #4 F. 17, 17S 29E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 229137 Property Code 302495 API No. 30-015-35728 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson; SR-Q-G-SA		Empire; Glorieta-Yeso, East
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2396-3686		4960-5160
Method of Production (Flowing or Artificial Lift)			
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			39.4
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: 2/3/10 Rates: O G W 5 12 25
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

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- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE  TITLE Regulatory Analyst DATE 5/25/10

TYPE OR PRINT NAME Kanicia Carrillo TELEPHONE NO. (432) 685-4332

E-MAIL ADDRESS kcarrillo@conchoresources.com

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, June 28, 2010 10:36 AM
To: 'kcarillo@conchoresources.com'
Subject: Folk Fed #1 and #4; DHC applications

Dear Ms. Carrillo

The Forms C-107-A for these applications do not indicate the bottomhole pressure in the respective zones to be commingled.

Because the depth of the lowest perf is greater than 150% of the highest per depth, that information is required.

Sincerely
David K. Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Kanicia Castillo [KCarrillo@conchoresources.com]
Sent: Tuesday, July 06, 2010 11:58 AM
To: Brooks, David K., EMNRD
Subject: RE: Folk Fed #1 and #4; DHC applications

David,

Here is the information you requested.

Let me know if you need anything else.

Thank you,

Folk Fed #1
297 psi after a 1 week SI period
Fluid level shot

Folk Fed #4
267 psi after a 1 week SI period
Fluid level shot

Kanicia Castillo

Regulatory Analyst
COG OPERATING LLC
550 W. Texas Avenue, Suite 100
Midland, Texas 79701
p.432.685.4332
f.432.685.4396



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From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Monday, June 28, 2010 11:54 AM
To: Kanicia Castillo
Subject: FW: Folk Fed #1 and #4; DHC applications

From: Brooks, David K., EMNRD
Sent: Monday, June 28, 2010 10:36 AM
To: 'kcarrillo@conchoresources.com'
Subject: Folk Fed #1 and #4; DHC applications

Dear Ms. Carrillo

The Forms C-107-A for these applications do not indicate the bottomhole pressure in the respective zones to be commingled.

Because the depth of the lowest perf is greater than 150% of the highest per depth, that information is required.

Sincerely
David K. Brooks
Legal Examiner
505-476-3450

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