



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 8, 2010

Administrative Order DHC-4291
Application Reference Number: pTGW1016856293

COG Operating, LLC
Attn: Ms. Kanicia Carrillo
550 W. Texas Ave, Suite 1300
Midland, TX 79701

Re: Folk Federal Well No. 1
API No. 30-015-35727

Folk Federal Well No. 4
API No. 30-015-35728

Pools: undesignated Grayburg Jackson; Seven Rivers-Queen-Grayburg-San
Andres (28509)
undesignated East Empire Glorieta-Yeso (96610)

Dear Ms. Carrillo:

Reference is made to your application for an exception to Division Rule 12.9.A to permit down hole commingling of production from the subject pools within the above-described wellbores.

It appearing that the subject wells qualify for approval for such exception pursuant to the provisions of Rule 12.11.A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described.

In accordance with Division Rule 12.11.A(6), the production attributed to any commingled pool within each well shall not exceed the allowable applicable to that pool.



Assignment of allowable and allocation of production from the well shall be as follows:

Pool: Grayburg Jackson; Seven Rivers-Queen-Grayburg-San Andres	Pct Gas: To be supplied	Pct Oil: To be supplied
Pool: East Empire Glorieta-Yeso	Pct Gas: To be supplied	Pct Oil: To be supplied

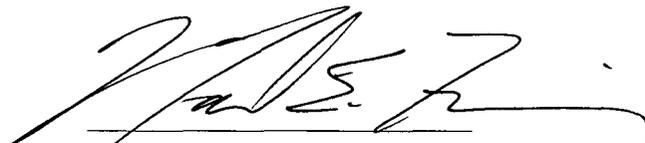
It is our understanding that allocation percentages will be determined from well tests after the wells have been re-completed in the Grayburg Jackson. The production allocation percentages of oil and gas between these pools for each well shall be reported to the Division's Santa Fe office within 60 days following completion of the workover of such well.

It is also understood that ownership of all interest in the pools from which production is being commingled is identical.

This approval is conditional upon approval by the United States Bureau of Land Management prior to commencement of commingling.

The operator shall notify the Division's Artesia district office upon implementation of commingling operations.

Pursuant to Rule 12.11B, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



MARK E. FESMIRE, P.E.
Acting Director

MEF/db

cc: Oil Conservation Division – Artesia
United States Bureau of Land Management