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Case No. 14,700

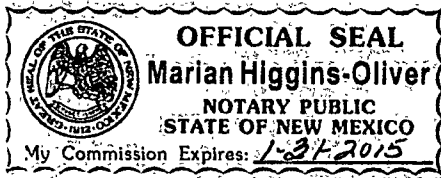
Case No. 14,699

Carol Leach
CAROL LEACH

OCD
COG EXHIBIT 4
CASE NOS. 14699 AND 14700

Subscribed and sworn to before me by Carol Leach on this 2nd day of August, 2011.

My commission expires: 1-31-2015



Marian Higgins-Oliver
Notary Public

EXHIBIT "A"

Leland Price, Inc.
Attention: Betty A. Price
1511 Northgate Place
Artesia, NM 88210

First American Bank
Attention: Thomas Mitchell, Account Manager
303 W. Main Street
Artesia, NM 88210

EXHIBIT "B"

1. Correspondence from COG Operating LLC to First American Bank dated April 19, 2011 regarding request for term assignment/well proposal – Kiowa State #1 Well
2. Correspondence from COG Operating LLC to Leland Price, Inc. dated April 19, 2011 regarding request for term assignment/well proposal – Kiowa State #1 Well
3. Correspondence from COG Operating LLC to First American Bank dated April 19, 2011 regarding request for term assignment/well proposal – Kiowa State #3 Well
4. Correspondence from COG Operating LLC to Leland Price, Inc. dated April 19, 2011 regarding request for term assignment/well proposal – Kiowa State #3 Well
5. Correspondence from COG Operating LLC to First American Bank dated June 30, 2011 transmitting Application of COG Operating LLC for Compulsory Pooling – NMOCD Case No. 14,699
6. Correspondence from COG Operating LLC to Leland Price, Inc. dated June 30, 2011 transmitting Application of COG Operating LLC for Compulsory Pooling – NMOCD Case No. 14,699
7. Correspondence from COG Operating LLC to First American Bank dated June 30, 2011 transmitting Application of COG Operating LLC for Compulsory Pooling – NMOCD Case No. 14,700
8. Correspondence from COG Operating LLC to Leland Price Inc. dated June 30, 2011 transmitting Application of COG Operating LLC for Compulsory Pooling – NMOCD Case No. 14,700
9. Correspondence from COG Operating LLC to First American Bank dated July 1, 2011 updating contact information
10. Correspondence from COG Operating LLC to Leland Price, Inc. dated July 1, 2011 updating contact information



April 19, 2011

First American Bank
303 W. Main St.
Artesia, NM 88210

Special Agent for:

Richard W. Wheatley and Sarah Wheatley, Co-Trustees of Wheatley Family Trust
Fred O. McDowell and Bertha McDowell, Co-Trustees of McDowell Family Trust
Abbe Kanner
Claire Jeanne Carter, Trustee of Claire Jeanne Carter Trust
Richard W. Bentwood and Jean Bentwood, Co-Trustees of Bentwood Revocable Trust
Dr. John N. Bentwood
Barbara Bentwood McCahan

Attn: Thomas Mitchell, Account Manager

Re: Request for Term Assignment/ Well Proposal - Kiowa State #1 Well
T17S, R27E, Section 36: SENW, SWNE
1,865' FNL & 2,205' FWL or in a Legal Location within Unit F (SENW)
Eddy County, New Mexico

Dear Mr. Mitchell:

COG Operating LLC (COG) respectfully requests a term assignment from Richard W. Wheatley and Sarah Wheatley, Co-Trustees of Wheatley Family Trust, Fred O. McDowell and Bertha McDowell, Co-Trustees of McDowell Family Trust, Abbe Kanner, Claire Jeanne Carter, Trustee of Claire Jeanne Carter Trust, Richard W. Bentwood and Jean Bentwood, Co-Trustees of Bentwood Revocable Trust, Dr. John N. Bentwood and Barbara Bentwood McCahan ("the Wheatley devisees") covering the Wheatley devisees' interest in the SENW and SWNE of Section 36, T17S, R27E, Eddy County, NM, in those depths from 2,000' below the surface of the earth to 5,000' below the surface of the earth.

COG offers the following general terms:

- Three year term.
- \$400.00 per net acre cash consideration.
- Wheatley devisees to deliver a 75% NRI, proportionately reduced.

This Term Assignment offer will terminate 90 days from today's date and is subject to the approval of COG's management. A check of the records indicated that the Wheatley devisees have a 3/48 interest.

In the event that the Wheatley devisees do not wish to assign the subject lands, COG, as Operator, proposes to drill the Kiowa State # 1 well at the above-captioned location, or a legal location within Unit F of Section 36, T-17-S, R-27-E, to a depth of approximately 4,850' to test the Blinberry/Paddock Formation ("Operation"). The total cost of the Operation is estimated to be \$1,300,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

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 <i>Phillip Lawrence</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Phillip Lawrence</i> C. Date of Delivery <i>4-21-11</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
1. Article Addressed to: First American Bank Attn: Thomas Mitchell, Account Manager 303 W. Main St. Artesia, NM 88210		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from en)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

91 7199 9991 7030 0517 3822

tel 432.683.7443 fax 432.683.7441




I also would like to advise you that title into the Wheatley devisees is somewhat unclear and requires curative. I am attaching an excerpt from our title opinion explaining the nature of the title issue.

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0308.

Yours Truly,

COG Operating LLC


Brandon K. Gaynor
Landman

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This requirement will affect the interest beginning with Richard W. Wheatley and Sarah Wheatley, Co-Trustees, down through the interest of Barbara Bentwood McCahan. Rex Wheatley and wife, Florence Wheatley, were the owners at one time of 3/48 of the leasehold estate. While I am reasonably certain that the ownership of these parties is as set forth, there are some difficulties with family leasehold title conveyances which should be cleared up.

First, there is a Conveyance from Rex and Florence Wheatley to Barbara W. McDowell dated January 19, 1978, recorded Volume 160, Page 386, which indicates an intention to convey everything in the E/2NW/4 of Section 36 to the grantee although there is an indication that it may be intended only to be an overriding royalty conveyance.

On August 20, 1978, the same Rex Wheatley and wife conveyed to their daughter, Barbara W. McDowell, by Deed recorded Volume 161, Page 701, all of their interest in captioned lands, although the document is entitled "Assignment of Overriding Royalty". The Deed contained this statement "meaning and intending to convey to said Barbara W. McDowell all right, title and interest that we may have in and to the lands and the oil and gas and hydrocarbon substances in and under the lands herein described". Again, this document was entitled "Assignment of Overriding Royalty" and referred to a decimal of .00082008 although it is not clear what the parties really intended to do.

I believe that the Wheatleys actually thought they owned only some overriding royalties at that time while they really owned the 3/48 interest in depths between 2,000 and 5,000 feet.

Then, the Estate of Rex Wheatley devised all of his interest to the First National Bank of Artesia as Trustee for the benefit of his four children and any children of deceased child. The wife's Will was not probated which would leave her predeceasing her husband and dying intestate which would mean the entire estate would be passed to Rex Wheatley so that his Will would govern.

There are many subsequent conveyances by the Bank as Trustee to devisees of this estate but taken together, they do not all convey the interest in captioned lands as to the depths covered by this opinion so that it is necessary to have title come out of the bank as Trustee.

There is also the problem of the Deeds to the daughter, Barbara W. McDowell, which may have covered the entire interest although it was not intended to do so.

Also, the Wheatley devisees all signed Special Agency Agreements in 2007 with First National Bank of Artesia, Artesia, New Mexico, to collect runs and to have broad powers to deal with these interests which I would assume would include signing an operating agreement as well as make conveyances. These Agency Agreements have not been cancelled of record and may, therefore, be in full force and effect.

T17S-R27E-Section 36

TA to cover the
Wheatley devisees'
6.25% WI & 5.078% NRI
From 2,000' to 5,000'

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: KIOWA STATE #1

PROSPECT NAME: LOGAN DRAW

LOCATION: SEC36-T17S-R27E UL - F

COUNTY & STATE: EDDY COUNTY, NM

FOOTAGE: 1885' FNL & 2205' FWL

OBJECTIVE: Ver. Blinberry Paddock (4 fracs) 4850'

INTANGIBLE COSTS

		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	3,800	302	3,800
Damages/Right of Way	203		303	0
Survey/Stake Location	204	2,500	304	2,500
Location/Pit/Road Expense	205	30,000	305	35,000
Drilling / Completion Overhead	206	2,500	306	4,500
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract	209	77,000	309	77,000
Directional Drilling Services	210		310	0
Fuel & Power	211	18,500	311	19,500
Water	212	22,000	312	64,000
Bits	213	25,000	313	25,600
Mud & Chemicals	214	10,000	314	10,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	14,000		14,000
Cement Intermediate #1	218	12,000		12,000
Cement Intermediate #2				0
Cement Production			318	28,500
Cement Squeeze	220		320	0
Float Equipment & Centralizers	221	2,500	321	4,500
Casing Crews & Equipment	222	6,000	322	10,800
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	1,000	324	1,000
Contract Labor	225	3,000	325	18,000
Company Supervision	226		326	0
Contract Supervision	227	10,500	327	18,500
Testing Casing/Tubing	228	3,000	328	4,800
Mud Logging Unit	229	3,000	329	3,000
Logging	230	15,000	330	15,000
Perforating/Wireline Services	231		331	22,000
Stimulation/Treating (4 fracs)			332	358,000
Completion Unit			333	20,000
Swabbing Unit			334	0
Rentals-Surface	235	7,000	335	43,000
Rentals-Subsurface	236	24,000	336	31,000
Trucking/Forklift/Rig Mobilization	237	30,000	337	34,000
Wellbore Services	238	3,000	338	4,000
Water Disposal	239		339	3,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	60,000
Miscellaneous	242		342	0
Contingency 5%	243	20,700	343	49,100
TOTAL INTANGIBLES		408,000	577,000	\$983,000

TANGIBLE COSTS

Surface Casing	401	11,000		11,000
Intermediate Casing #1	402	14,000		14,000
Intermediate Casing #2				0
Production Casing/Inner			503	52,000
Tubing			504	28,000
Wellhead Equipment	405	6,000	505	8,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	22,000
Pumps			509	4,500
Tanks			510	4,000
Flowlines			511	15,000
Heater Treater/Separator			512	6,000
Electrical System			513	20,000
Packers/Anchors/Hangers	414		514	900
Couplings/Fittings/Valves	415	500	515	15,000
Gas Compressors/Meters			516	0
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	418	500	519	1,000
Contingency 5%	420	2,000	520	16,100
TOTAL TANGIBLES		34,000	283,000	317,000
TOTAL WELL COSTS		440,000	860,000	1,300,000

COG Operating LLC

By: C. Bird / J. Colman

Date Prepared: 4/15/11

We approve: _____
% Before Tanks / _____ % After Tanks

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



April 19, 2011

Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

Attn: Betty A. Price

Re: Request for Term Assignment/ Well Proposal - Kiowa State #1 Well
T17S, R27E, Section 36: SENW, SWNE
SHL 1,425' FNL & 1,520' FEL or in a Legal Location within Unit G (SWNE)
BHL 1,650' FNL & 1,650' FEL or in a Legal Location within Unit G (SWNE)
Eddy County, New Mexico

Dear Ms. Price:

COG Operating LLC (COG) respectfully requests a term assignment from Leland Price Inc. covering Leland Price Inc.'s interest in the SENW and SWNE of Section 36, T17S, R27E, Eddy County, NM, in those depths from 2,000' below the surface of the earth to 5,000' below the surface of the earth.

COG offers the following general terms:

- Three year term.
- \$400.00 per net acre cash consideration.
- Leland Price Inc. to deliver a 75% NRI, proportionately reduced.

This Term Assignment offer will terminate 90 days from today's date and is subject to the approval of COG's management. A check of the records indicated that Leland Price Inc. has a 1/24 interest.

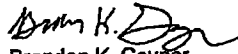
In the event that Leland Price Inc. does not wish to assign the subject lands, COG, as Operator, proposes to drill the Kiowa State # 3 well at the above-captioned location, or a legal location within Unit G of Section 36, T-17-S, R-27-E, to a depth of approximately 4,850' to test the Blinberry/Paddock Formation ("Operation"). The total cost of the Operation is estimated to be \$1,417,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0308.

Yours Truly,

COG Operating LLC


Brandon K. Gaynor
Landman


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:

Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

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

APR 22 2011

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)

91 7199 9991 7030 0517 3846

T17S-R27E-Section 36

TA to cover
Leland Price Inc.'s
4.166% WI &
3.385% NRI
From 2,000' to 5,000'

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: KIOWA STATE #3	PROSPECT NAME: LOGAN DRAW
LOCATION: SEC38-T17S-R27E	COUNTY & STATE: EDDY COUNTY, NM
SHL: 1426' FNL & 1620' FEL UL - G	OBJECTIVE: Dir. Blinbry Paddock (4 fracs) 4850'
BHL: 1650' FNL & 1650' FEL UL - G	

INTANGIBLE COSTS		BCP	ACP	TOTAL
Tide/Curative/Permit	201	10,000		10,000
Insurance	202	3,800	302	3,800
Damages/Right of Way	203		303	0
Survey/Stake Location	204	2,600	304	2,500
Location/Pits/Road Expense	205	30,000	305	35,000
Drilling / Completion Overhead	206	2,500	306	4,600
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract	209	88,000	309	88,000
Directional Drilling Services	210	100,000	310	100,000
Fuel & Power	211	20,000	311	21,000
Water	212	22,000	312	64,000
Bits	213	25,000	313	25,500
Mud & Chemicals	214	10,000	314	10,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	14,000		14,000
Cement Intermediate #1	218	12,000		12,000
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Cement Production			318	28,500
Cement Squeezes	220		320	0
Float Equipment & Centralizers	221	2,500	321	4,500
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Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	60,000
Miscellaneous	242		342	0
Contingency 6%	243	25,200	343	63,600
TOTAL INTANGIBLES		623,000	577,000	1,100,000
TANGIBLE COSTS				
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Intermediate Casing #1	402	14,000		14,000
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Production Casing/Liner			603	62,000
Tubing			604	29,000
Wellhead Equipment	405	6,000	605	9,000
Pumping Unit			606	97,000
Prime Mover			607	0
Rods			608	22,000
Pumps			609	4,500
Tanks			610	4,000
Flowlines			611	16,000
Heater Treater/Separator			612	6,000
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Dehydrator			617	0
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Miscellaneous	419	600	619	1,000
Contingency 5%	420	2,000	620	14,100
TOTAL TANGIBLES		34,000	283,000	317,000
TOTAL WELL COSTS		657,000	860,000	1,417,000

COG Operating LLC

By: C. Bird / J. Coffman

Date Prepared: 4/15/11

We approve:
_____% Before Tanks / _____% After Tanks

Company: _____
By: _____

Printed Name: _____
Title: _____
Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

COPY



April 19, 2011

First American Bank
303 W. Main St.
Artesia, NM 88210
Special Agent for:

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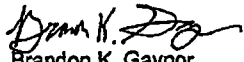


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T17S-R27E-Section 36

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**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: KIOWA STATE #3	PROSPECT NAME: LOGAN DRAW
LOCATION: SEC38-T17S-R27E	COUNTY & STATE: EDDY COUNTY, NM
SHL: 1425' FNL & 1520' FEL UL - G	OBJECTIVE: Dir. Blinbry Paddock (4 fracs) 4850'
BHL: 1650' FNL & 1650' FEL UL - G	

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	3,800	302	3,800
Damages/Right of Way	203		303	0
Survey/Stake Location	204	2,500	304	2,500
Location/Pits/Road Expense	205	30,000	305	30,000
Drilling / Completion Overhead	206	2,500	306	4,500
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract	209	88,000	309	88,000
Directional Drilling Services	210	100,000	310	100,000
Fuel & Power	211	20,000	311	21,000
Water	212	22,000	312	54,000
Bits	213	25,000	313	25,500
Mud & Chemicals	214	10,000	314	10,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	14,000		14,000
Cement Intermediate #1	218	12,000		12,000
Cement Intermediate #2				0
Cement Production			319	28,500
Cement Squeeze	220		320	0
Float Equipment & Centralizers	221	2,500	321	4,500
Casing Crews & Equipment	222	6,000	322	10,800
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	1,000	324	1,000
Contract Labor	225	3,000	325	18,000
Company Supervision	226		326	0
Contract Supervision	227	10,500	327	15,500
Testing Casing/Tubing	228	3,000	328	4,800
Mud Logging Unit	229	3,000	329	3,000
Logging	230	15,000	330	16,000
Perforating/Wireline Services	231		331	22,000
Stimulation/Treating (4 fracs)			332	358,000
Completion Unit			333	20,000
Swabbing Unit			334	0
Rentals-Surface	235	7,000	335	38,000
Rentals-Subsurface	236	24,000	336	31,000
Trucking/Forklift/Rig Mobilization	237	30,000	337	34,000
Welding Services	238	3,000	338	4,000
Water Disposal	239		339	3,000
Plug to Abandon	240		340	0
Satellite Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242		342	0
Contingency 5%	243	25,200	343	63,500
TOTAL INTANGIBLES		623,000	677,000	1,100,000

TANGIBLE COSTS				
Surface Casing	401	11,000		11,000
Intermediate Casing #1	402	14,000		14,000
Intermediate Casing #2				0
Production Casing/Liner			503	52,000
Tubing			504	29,000
Wellhead Equipment	405	6,000	505	8,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	22,000
Pumps			509	4,500
Tanks			510	4,000
Flowlines			511	18,000
Heater Treater/Separator			512	6,000
Electrical System			513	20,000
Packers/Anchors/Hangers	414		514	800
Couplings/Fittings/Valves	415	500	515	15,500
Gas Compressors/Motors			516	0
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	500	519	1,000
Contingency 5%	420	2,000	520	18,100
TOTAL TANGIBLES		34,000	283,000	317,000
TOTAL WELL COSTS		657,000	860,000	1,417,000

COG Operating LLC

By: C. Bird / J. Coffman

Date Prepared: 4/15/11

We approve:
_____% Before Tanks / _____% After Tanks

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

Copley



April 19, 2011

Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

Attn: Betty A. Price

Re: Request for Term Assignment/ Well Proposal – Kiowa State #3 Well
T17S, R27E, Section 36: SENW, SWNE
SHL 1,425' FNL & 1,520' FEL or in a Legal Location within Unit G (SWNE)
BHL 1,650' FNL & 1,650' FEL or in a Legal Location within Unit G (SWNE)
Eddy County, New Mexico

Dear Ms. Price:

COG Operating LLC (COG) respectfully requests a term assignment from Leland Price Inc. covering Leland Price Inc.'s interest in the SENW and SWNE of Section 36, T17S, R27E, Eddy County, NM, in those depths from 2,000' below the surface of the earth to 5,000' below the surface of the earth.

COG offers the following general terms:

- Three year term.
- \$400.00 per net acre cash consideration.
- Leland Price Inc. to deliver a 75% NRI, proportionately reduced.

This Term Assignment offer will terminate 90 days from today's date and is subject to the approval of COG's management. A check of the records indicated that Leland Price Inc. has a 1/24 interest.

In the event that Leland Price Inc. does not wish to assign the subject lands, COG, as Operator, proposes to drill the Kiowa State # 3 well at the above-captioned location, or a legal location within Unit G of Section 36, T-17-S, R-27-E, to a depth of approximately 4,850' to test the Blinberry/Paddock Formation ("Operation"). The total cost of the Operation is estimated to be \$1,417,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0308.

Yours Truly,

COG Operating LLC

Brandon K. Gaynor
Landman

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 </p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>APR 22 2011</p>	
<p>Article Addressed to:</p> <p>Leland Price Inc. 1511 Northgate Place Artesia, NM 88210</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express-Mail <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> O.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>Article Number (Transfer from service label)</p> <p>91 7199 9991 7030 0517 3839</p>			

Form 3811, February 2004 Domestic Return Receipt 10259-02-M-1540

T17S-R27E-Section 36

TA to cover
Leland Price Inc.'s
4.166% WI &
3.385% NRI
From 2,000' to 5,000'

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: KIOWA STATE #3	PROSPECT NAME: LOGAN DRAW
LOCATION: SEC38-T17S-R27E	COUNTY & STATE: EDDY COUNTY, NM
SHL: 1425' FNL & 1520' FEL UL - G	OBJECTIVE: Dir. Blinebry Paddock (4 fracs) 4850'
BHL: 1650' FNL & 1650' FEL UL - G	

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	3,800		3,800
Damages/Right of Way	203			0
Survey/Slate Location	204	2,500		2,500
Location/Pits/Road Expense	205	30,000	5,000	35,000
Drilling / Completion Overhead	208	2,500	2,000	4,500
Turnkey Contract	207			0
Footage Contract	208			0
Daywork Contract	209	88,000		88,000
Directional Drilling Services	210	100,000		100,000
Fuel & Power	211	20,000	1,000	21,000
Water	212	22,000	32,000	54,000
Bits	213	25,000	600	25,600
Mud & Chemicals	214	10,000		10,000
Drill Stem Test	215			0
Coring & Analysis	216			0
Cement Surface	217	14,000		14,000
Cement Intermediate #1	218	12,000		12,000
Cement Intermediate #2				0
Cement Production			28,500	28,500
Cement Squeeze	220			0
Float Equipment & Centralizers	221	2,500	2,000	4,500
Casing Crews & Equipment	222	6,000	4,800	10,800
Fishing Tools & Service	223			0
Geologic/Engineering	224	1,000		1,000
Contract Labor	225	3,000	15,000	18,000
Company Supervision	226			0
Contract Supervision	227	10,500	5,000	15,500
Testing Casing/Tubing	228	3,000	1,800	4,800
Mud Logging Unit	229	3,000		3,000
Logging	230	15,000		15,000
Perforating/Wireline Services	231		22,000	22,000
Stimulation/Treating (4 fracs)			358,000	358,000
Completion Unit			20,000	20,000
Swabbing Unit				0
Rentals-Surface	235	7,000	36,000	43,000
Rentals-Subsurface	236	24,000	7,000	31,000
Trucking/Forklift/Rig Mobilization	237	30,000	4,000	34,000
Welding Services	238	3,000	1,000	4,000
Water Disposal	239		3,000	3,000
Plug to Abandon	240			0
Seismic Analysis	241			0
Closed Loop & Environmental	244	50,000		50,000
Miscellaneous	242			0
Contingency 5%	243	25,200	28,400	53,600
TOTAL INTANGIBLES		623,000	577,000	1,100,000
TANGIBLE COSTS				
Surface Casing	401	11,000		11,000
Intermediate Casing #1	402	14,000		14,000
Intermediate Casing #2				0
Production Casing/Liner			62,000	62,000
Tubing			29,000	29,000
Wellhead Equipment	405	6,000	3,000	9,000
Pumping Unit			97,000	97,000
Prime Mover				0
Rods			22,000	22,000
Pumps			4,500	4,500
Tanks			4,000	4,000
Flowlines			15,000	15,000
Heater Treater/Separator			6,000	6,000
Electrical System			20,000	20,000
Packers/Anchors/Hangers	414		900	900
Couplings/Fittings/Valves	415	500	15,000	15,500
Gas Compressors/Meters				0
Dehydrator				0
Injection Plan/CO2 Equipment				0
Miscellaneous	418	500	500	1,000
Contingency 5%	420	2,000	14,100	16,100
TOTAL TANGIBLES		34,000	283,000	317,000
TOTAL WELL COSTS		557,000	860,000	1,417,000

COG Operating LLC

By: C. Bird / J. Coffman

Date Prepared: 4/16/11

We approve: _____
% Before Tanks / _____ % After Tanks

Company: _____
By: _____

Printed Name: _____
Title: _____
Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
126 E. DEVARGAS
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 842-1800
FACSIMILE (505) 842-0043
www.bwenergyllaw.com

ALBUQUERQUE

CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA FE

CAROL LEACH

June 30, 2011

Via Certified Mail
Return Receipt Requested

First American Bank
303 W. Main St.
Artesia, NM 88210
Special Agent for:

Richard W. Wheatley and Sarah Wheatley, Co-Trustees of Wheatley Family Trust
Fred O. McDowell and Bertha McDowell, Co-Trustees of McDowell Family Trust
Abbe Kanner
Claire Jeanne Carter, Trustee of Claire Jeanne Carter Trust
Richard W. Bentwood and Jean Bentwood, Co-Trustees of Bentwood Revocable Trust
Dr. John N. Bentwood
Barbara Bentwood McCahan

Attn: Thomas Mitchell, Account Manager

**Re: NMOCD Case No 14699: Application of COG Operating LLC for Compulsory
Pooling, Eddy County, New Mexico**

Dear Ms. Price:

This letter advises you that COG Operating LLC (COG) has filed an application with the New Mexico Oil Conservation Division (OCD) for an order providing for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E. COG proposes to drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area.

Also to be considered will be the designation of COG as the operator and provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

The Application is enclosed for your convenience.

This application will be set for hearing before a Division Hearing Examiner on August 4, 2010, beginning at 8:15 a.m. at the Porter Hall Hearing Room, New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department, 1220 South St, Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing. As an owner of an interest that may be affected by the outcome you may appear and present testimony and evidence in accord with OCD Rules. If you intend to present testimony or evidence, you must enter your appearance and serve the Division, counsel for COG, and other parties who have entered an appearance with a pre-hearing statement at least four business days before the scheduled hearing. The specific requirements for pre-hearing statements may be found in OCD Rule 19.15.4.13.

Very truly yours,

BEATTY & WOZNIAK, P.C.


Carol Leach
Attorneys for COG Operating LLC

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

RECEIVED OCD

2011 JUN 29 P 2:47

IN THE MATTER OF THE APPLICATION OF
COG OPERATING LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 14699

APPLICATION

COG OPERATING LLC (COG), by and through its counsel, Beatty & Wozniak, P.C., hereby makes application pursuant to the OCD Rules and NMSA 1978 Section 70-2-17 (1995) for an order providing the following:

Pooling all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E.

In support of the Application COG states:

1. COG owns certain working interests in and under the approximately 40-acre spacing unit in Section 36 as described above and has the right to drill there.

2. COG proposes to drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area.

3. COG does not have leases or agreements for voluntary pooling or farmouts from certain other interests owners in the above referenced depths below Unit G located as described above.

4. In order for COG to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and COG should be designated by the Oil Conservation Division as the operator of the well.

5. The pooling of mineral interests will provide the opportunity for COG to produce its just and fair share of the oil or gas, or both, avoid the drilling on unnecessary wells, protect correlative rights and prevent waste.

WHEREFORE, COG requests that this application be set for hearing on August 4, 2011, or as it may be continued, before the OCD Hearing Examiners, or at a special hearing date to be

determined, and that after notice and hearing as required by law and OCD Rules, the Division enter its Order approving the pooling of the lands described above into one spacing or proration unit, including provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

Respectfully submitted this 29th day of June, 2011.

Beatty & Wozniak, P.C.



Carol Leach
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505-2626
Telephone (505) 983-8901
cleach@bwenergyllaw.com

COUNSEL FOR COG OPERATING LLC

Case No. ____: *Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E. The Applicant proposes to directionally drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.

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:

First American Bank
303 W. Main St.
Artesia, NM 88210
Attn: Thomas Mitchell

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Phillip Lawson*

☒ Agent
☐ Addressee

B. Received by (Printed Name)

Phillip Lawson

C. Date of Delivery

7-1-11

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.

Delivery? (Extra Fee) ☐ Yes

2. A

7772 9898 0000 0297 0702

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

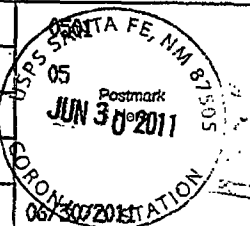
102595-02-M-1540

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com

ARTESIA, NM 88210 OFFICIAL USE

Postage	\$	\$0.64
Certified Fee		\$2.85
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$5.79



Sent To
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4
PS Form 3800, August 20

First American Bank
303 W. Main St.
Artesia, NM 88210
Attn: Thomas Mitchell

Instructions

7010 1670 0000 8686 7111

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
126 E. DE VARGAS
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 842-1800
FACSIMILE (505) 842-0043
www.bwenergylaw.com

ALBUQUERQUE

CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA FE

CAROL LEACH

June 30, 2011

Via Certified Mail
Return Receipt Requested

Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

Attn: Betty A. Price

Re: NMOCD Case No 14699: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Price:

This letter advises you that COG Operating LLC (COG) has filed an application with the New Mexico Oil Conservation Division (OCD) for an order providing for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E. COG proposes to drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area.

Also to be considered will be the designation of COG as the operator and provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

The Application is enclosed for your convenience.

This application will be set for hearing before a Division Hearing Examiner on August 4, 2010, beginning at 8:15 a.m. at the Porter Hall Hearing Room, New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department, 1220 South St, Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing. As an owner of an interest that may be affected by the outcome you may appear and present testimony and evidence in accord with OCD Rules. If you intend to present testimony or evidence, you must enter your appearance and serve the Division, counsel for COG, and other parties who have entered an appearance with a pre-hearing statement at least four business days before the scheduled hearing. The specific requirements for pre-hearing statements may be found in OCD Rule 19.15.4.13.

Very truly yours,

BEATTY & WOZNIAK, P.C.



Carol Leach
Attorneys for COG Operating LLC

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

RECEIVED OCD
2011 JUN 29 P 2:47

IN THE MATTER OF THE APPLICATION OF
COG OPERATING LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 14689

APPLICATION

COG OPERATING LLC (COG), by and through its counsel, Beatty & Wozniak, P.C., hereby makes application pursuant to the OCD Rules and NMSA 1978 Section 70-2-17 (1995) for an order providing the following:

Pooling all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E.

In support of the Application COG states:

1. COG owns certain working interests in and under the approximately 40-acre spacing unit in Section 36 as described above and has the right to drill there.
2. COG proposes to drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area.
3. COG does not have leases or agreements for voluntary pooling or farmouts from certain other interests owners in the above referenced depths below Unit G located as described above.
4. In order for COG to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and COG should be designated by the Oil Conservation Division as the operator of the well.
5. The pooling of mineral interests will provide the opportunity for COG to produce its just and fair share of the oil or gas, or both, avoid the drilling on unnecessary wells, protect correlative rights and prevent waste.

WHEREFORE, COG requests that this application be set for hearing on August 4, 2011, or as it may be continued, before the OCD Hearing Examiners, or at a special hearing date to be

determined, and that after notice and hearing as required by law and OCD Rules, the Division enter its Order approving the pooling of the lands described above into one spacing or proration unit, including provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

Respectfully submitted this 29th day of June, 2011.

Beatty & Wozniak, P.C.



Carol Leach
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505-2626
Telephone (505) 983-8901
cleach@bwenergylaw.com

COUNSEL FOR COG OPERATING LLC

Case No. _____: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E. The Applicant proposes to directionally drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 		A. Signature X <u>Julee Price</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Leland Price Inc. 1511 Northgate Place Artesia, NM 88210 Attn: Betty A. Price		B. Received by (Printed Name) <u>JULEE PRICE</u>	
		C. Date of Delivery 	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, print delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" 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.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		E022 9898 0000 029T 0T02	

U.S. Postal Service		
CERTIFIED MAIL RECEIPT		
(Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OFFICIAL USE		
Postage	\$	\$0.64
Certified Fee		\$2.85
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$5.79
Sent To		0501
Leland Price Inc.		05
Street, Apt. No., or PO Box No.		Postmark
1511 Northgate Place		Here
City, State, ZIP+4		JUN 30 2011
Artesia, NM 88210		06/30/2011
Attn: Betty A. Price		ADO STATION

7010 1670 0000 8686 7203

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
126 E. DeVargas
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 842-1800
FACSIMILE (505) 842-0043
www.bwenergylaw.com

ALBUQUERQUE

CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA FE

CAROL LEACH

June 30, 2011

Via Certified Mail
Return Receipt Requested

Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

Attn: Betty A. Price

Re: NMOCD Case No 14700: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Price:

This letter advises you that COG Operating LLC (COG) has filed an application with the New Mexico Oil Conservation Division (OCD) for an order providing for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E. COG proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. Also to be considered will be the designation of COG as the operator and provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

The Application is enclosed for your convenience.

This application will be set for hearing before a Division Hearing Examiner on August 4, 2010, beginning at 8:15 a.m. at the Porter Hall Hearing Room, New Mexico Oil Conservation

Division of the Energy, Minerals and Natural Resources Department, 1220 South St, Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing. As an owner of an interest that may be affected by the outcome you may appear and present testimony and evidence in accord with OCD Rules. If you intend to present testimony or evidence, you must enter your appearance and serve the Division, counsel for COG, and other parties who have entered an appearance with a pre-hearing statement at least four business days before the scheduled hearing. The specific requirements for pre-hearing statements may be found in OCD Rule 19.15.4.13.

Very truly yours,

BEATTY & WOZNIAK, P.C.

A handwritten signature in cursive script, appearing to read "Carol Leach".

Carol Leach

Attorneys for COG Operating LLC

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

**IN THE MATTER OF THE APPLICATION OF
COG OPERATING LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

CASE NO. 14100

RECEIVED OCD
JUN 29 P 2 46

APPLICATION

COG OPERATING LLC (COG), by and through its counsel, Beatty & Wozniak, P.C., hereby makes application pursuant to the OCD Rules and NMSA 1978 Section 70-2-17 (1995) for an order providing the following:

Pooling all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E.

In support of the Application COG states:

1. COG owns certain working interests in and under the approximately 40-acre spacing unit in Section 36 as described above and has the right to drill there.
2. COG proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations.
3. COG does not have leases or agreements for voluntary pooling or farmouts from certain other interests owners in the above referenced depths below Unit F located as described above.
4. In order for COG to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and COG should be designated by the Oil Conservation Division as the operator of the well.
5. The pooling of mineral interests will provide the opportunity for COG to produce its just and fair share of the oil or gas, or both, avoid the drilling on unnecessary wells, protect correlative rights and prevent waste.

WHEREFORE, COG requests that this application be set for hearing on August 4, 2011, or as it may be continued, before the OCD Hearing Examiners, or at a special hearing date to be determined, and that after notice and hearing as required by law and OCD Rules, the Division enter its Order approving the pooling of the lands described above into one spacing or proration

unit, including provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

Respectfully submitted this 29th day of June, 2011.

Beatty & Wozniak, P.C.



Carol Leach
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505-2626
Telephone (505) 983-8901
cleach@bwenergyllaw.com

COUNSEL FOR COG OPERATING LLC

Case No. _____: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E. The Applicant proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SEnw) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.

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:

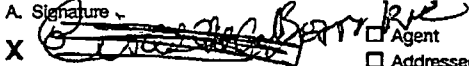
Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

Attn: Betty A. Price

2. Article Number
(Transfer from sa)

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☒ 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

7010 1670 0000 8686 7104

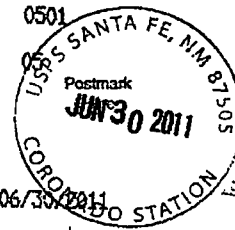
102595-02-M-1540

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

ARTESIA, NM 88210
OFFICIAL USE

Postage	\$	\$0.44
Certified Fee		\$2.85
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$5.59



Sent To Leland Price Inc.
Street, Apt. No., or PO Box No. 1511 Northgate Place
City, State, ZIP+4 Artesia, NM 88210
Attn: Betty A. Price

PS Form 3800, August

(see for instructions)

7010 1670 0000 8686 7104

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
126 E. DEVARGAS
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 842-1800
FACSIMILE (505) 842-0043
www.bwenergylaw.com

ALBUQUERQUE

CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA FE

CAROL LEACH

June 30, 2011

Via Certified Mail
Return Receipt Requested

First American Bank

303 W. Main St.

Artesia, NM 88210

Special Agent for:

Richard W. Wheatley and Sarah Wheatley, Co-Trustees of Wheatley Family Trust

Fred O. McDowell and Bertha McDowell, Co-Trustees of McDowell Family Trust

Abbe Kanner

Claire Jeanne Carter, Trustee of Claire Jeanne Carter Trust

Richard W. Bentwood and Jean Bentwood, Co-Trustees of Bentwood Revocable Trust

Dr. John N. Bentwood

Barbara Bentwood McCahan

Attn: Thomas Mitchell, Account Manager

**Re: NMOCD Case No 14700: Application of COG Operating LLC for Compulsory
Pooling, Eddy County, New Mexico**

Dear Mr. Mitchell:

This letter advises you that COG Operating LLC (COG) has filed an application with the New Mexico Oil Conservation Division (OCD) for an order providing for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E. COG proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. Also to be considered will be the designation of COG as the operator and provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

The Application is enclosed for your convenience.

This application will be set for hearing before a Division Hearing Examiner on August 4, 2010, beginning at 8:15 a.m. at the Porter Hall Hearing Room, New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department, 1220 South St, Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing. As an owner of an interest that may be affected by the outcome you may appear and present testimony and evidence in accord with OCD Rules. If you intend to present testimony or evidence, you must enter your appearance and serve the Division, counsel for COG, and other parties who have entered an appearance with a pre-hearing statement at least four business days before the scheduled hearing. The specific requirements for pre-hearing statements may be found in OCD Rule 19.15.4.13.

Very truly yours,

BEATTY & WOZNIAK, P.C.

A handwritten signature in black ink, appearing to read "Carol Leach", is written over the typed name.

Carol Leach
Attorneys for COG Operating LLC

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

**IN THE MATTER OF THE APPLICATION OF
COG OPERATING LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

CASE NO. 19100

RECEIVED OCD
JUN 29 P 2:46

APPLICATION

COG OPERATING LLC (COG), by and through its counsel, Beatty & Wozniak, P.C., hereby makes application pursuant to the OCD Rules and NMSA 1978 Section 70-2-17 (1995) for an order providing the following:

Pooling all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E.

In support of the Application COG states:

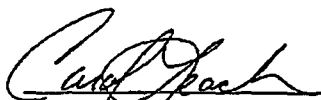
1. COG owns certain working interests in and under the approximately 40-acre spacing unit in Section 36 as described above and has the right to drill there.
2. COG proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations.
3. COG does not have leases or agreements for voluntary pooling or farmouts from certain other interests owners in the above referenced depths below Unit F located as described above.
4. In order for COG to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and COG should be designated by the Oil Conservation Division as the operator of the well.
5. The pooling of mineral interests will provide the opportunity for COG to produce its just and fair share of the oil or gas, or both, avoid the drilling on unnecessary wells, protect correlative rights and prevent waste.

WHEREFORE, COG requests that this application be set for hearing on August 4, 2011, or as it may be continued, before the OCD Hearing Examiners, or at a special hearing date to be determined, and that after notice and hearing as required by law and OCD Rules, the Division enter its Order approving the pooling of the lands described above into one spacing or proration

unit, including provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

Respectfully submitted this 29th day of June, 2011.

Beatty & Wozniak, P.C.



Carol Leach
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505-2626
Telephone (505) 983-8901
cleach@bwenergyllaw.com

COUNSEL FOR COG OPERATING LLC

Case No. ____: *Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E. The Applicant proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.

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:

First American Bank
303 W. Main St.
Artesia, NM 88210
Attn: Thomas Mitchell

2. Article Number
(Transfer from service label)

0122 9898 0000 029T 0102

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Phillip Lawson

☒ Agent

☐ Addressee

B. Received by (Printed Name)

Phillip Lawson

C. Date of Delivery

7-1-11

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

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

ARTESIA, NM 88210

Postage \$ 0.64

0501

Certified Fee \$2.85

05

Return Receipt Fee (Endorsement Required) \$2.30

Postmark
Here

Restricted Delivery Fee (Endorsement Required) \$0.00

Total Postage & Fees \$ 5.79

SANTA FE, NM 87
JUN 30 2011

Sent To

First American Bank

Street, Apt. No.,
or PO Box No.

303 W. Main St

City, State, ZIP+4

Artesia, NM 88210

Attn: Thomas Mitchell

PS Form 3800, Aug

for Instructions

7010 1670 0000 8686 7210

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 DON GASPAR AVENUE
SANTA FE, NEW MEXICO 87505-2626
TELEPHONE (505) 983-8545
FACSIMILE (505) 983-8547
www.bwenergylaw.com

CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA FE

CAROL LEACH

DIRECT: (505) 983-8901

E-MAIL: CLEACH@BWENERGYLAW.COM

July 1, 2011

First American Bank

303 W. Main St.

Artesia, NM 88210

Special Agent for:

Richard W. Wheatley and Sarah Wheatley, Co-Trustees of Wheatley Family Trust

Fred O. McDowell and Bertha McDowell, Co-Trustees of McDowell Family Trust

Abbe Kanner

Claire Jeanne Carter, Trustee of Claire Jeanne Carter Trust

Richard W. Bentwood and Jean Bentwood, Co-Trustees of Bentwood Revocable Trust

Dr. John N. Bentwood

Barbara Bentwood McCahan

Attn: Thomas Mitchell, Account Manager

Dear Mr. Mitchell:

Yesterday this office sent you a certified letter and we mistakenly used letterhead with a former address for the firm. Should there be a need to contact this office, the address above is correct.

I regret any confusion this may have caused.

Sincerely,


Carol Leach

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW
500 DON GASPAR AVENUE
SANTA FE, NEW MEXICO 87505-2626
TELEPHONE (505) 983-8545
FACSIMILE (505) 983-8547
www.bwenergylaw.com

CASPER
CHEYENNE
DENVER
SALT LAKE CITY
SANTA FE

CAROL LEACH

DIRECT: (505) 983-8901
E-MAIL: CLEACH@BWENERGYLAW.COM

July 1, 2011

Leland Price Inc.
1511 Northgate Place
Artesia, NM 88210

Attn: Betty A. Price

Dear Ms. Price:

Yesterday this office sent you a certified letter and we mistakenly used letterhead with a former address for the firm. Should there be a need to contact this office, the address above is correct.

I regret any confusion this may have caused.

Sincerely,



Carol Leach