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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF COG OPERATING LLC FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 14866

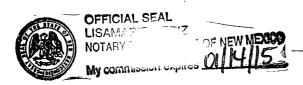
AFFIDAVIT

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

Adam G. Rankin, attorney in fact and authorized representative of COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and proof of receipt attached hereto.

SUBSCRIBED AND SWORN to before me this 22nd day of June 2012 by Adam

G. Rankin.



Notary Public

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by:

COG OPERATING LLC
Hearing Date: June 25, 2012



Adam G. Rankin Associate Phone 505-954-7294 Fax 505-983-6043 AGRankin@hollandhart.com

June 5, 2012

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.

Grant 2 Fee 3H Well

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application has been set for hearing before a Division Examiner at 8:15 a.m. on June 25, 2012. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Questions concerning this application should be directed to Sean Johnson at (432) 818-2230.

micciery.

Adam G. Rankin

Associate

EXHIBIT A COG OPERATING LLC GRANT 2 FEE 3H WELL

Yates Petroleum Corporation 105 South 4th Street Artesia, New Mexico 88210 Cimarex 600 N. Marienfeld St., #600 Midland, Texas 79701 Miller Energy, LP Post Office Box 3003 Midland, Texas 79702

Floyd Energy, Ltd. Post Office Box 52107 Midland, Texas 79710

Edward H. Judson 400 West Illinois, Suite 1100 Midland, Texas 79701 Vera Jean Howell 902 West Avenue G Lovington, New Mexico 88260

Byron S. Griffith, Jr. 203 Pine Leaf Lane Greenville, AL 36037 Sharbro Oil Ltd. Co. Post Office Box 840 Artesia, New Mexico 88211 B and G Royalties, a partnership between William J. McCaw and Mary G. Riddle Post Office Box 376 Artesia, New Mexico 88211

John A. Gates 5280 Bainbridge Drive Boise, Idaho 73703 John A. Gates 5280 Bainbridge Drive Boise, ID 83703 DMD LLC Post Office Box 300 Artesia, New Mexico 88210

B & G Royalties Post Office Box 376 Artesia, New Mexico 88211 Margaret J. Gates Trustee of the John W. Gates & Jean M. Gates Rev. Trust, Benefit of Isaiah Lee Gates & Amanda Jean Gates
706 West Grand Ave.
Artesia, New Mexico 2210

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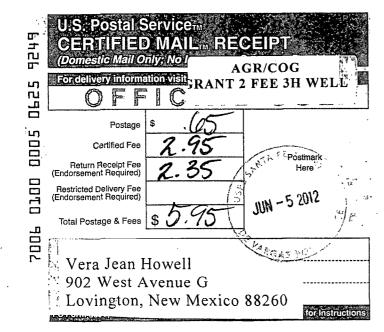
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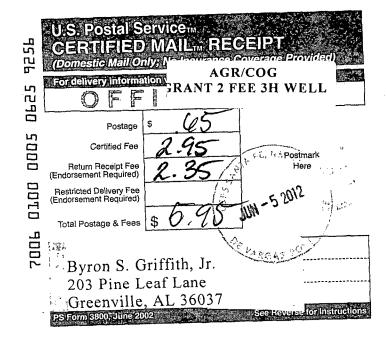
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Domestic Return Receipt

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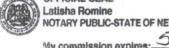
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PS Form 3811, February 2004

Affidavit of Publication				
NO. 22196				
STATE OF NEW MEXICO				
County of Eddy:				
Danny Scott /1/amy / cov				
being duly sworn, says that he is the Publisher				
of the Artesia Daily Press, a daily newspaper of general				
circulation, published in English at Artesia, said county				
and state, and that the hereto attached				
Legal Notice				
was published in a regular and entire issue of the said				
Artesia Daily Press, a daily newspaper duly qualified				
for that purpose within the meaning of Chapter 167 of				
the 1937 Session Laws of the state of New Mexico for				
1 Consecutive weeks/days on the same				
day as follows:				
First Publication June 20, 2012				
Second Publication				
Third Publication				
Fourth Publication				
Fifth Publication				
Subscribed and sworn to before me this				
20th day of June 2012				
OFFICIAL SEAL Latisha Romine NOTARY PUBLIC-STATE OF NEW MEXICO				



My commission expires: 5/12/2015

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on June 25, 2012, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by June 18, 2012. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

> STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

Mary Ayers or their successors, heirs and devisees.

Application of COG Operating LLC for a non-standard Case No. 14866: spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre spacing and proration unit comprised of the W/2 E/2 of Section 2, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico and (2) pooling all mineral interests in the Yeso formation underlying this acroage. Said non-standard unit is to be dedicated to applicant's proposed Grant 2 Fee 3H well (API #30-015-39587), to be horizontally drilled from a surface location 330 feet from the South line and 1910 feet from the East line (Unit O) to a bottom hole location 330 feet from the North line and 2260 feet from the East line (Lot 2) of Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual constitution and shows a feet the cost thereof as well as actual constitution of the cost thereof as well as actual constitution and shows a feet the cost thereof as well as actual constitution and shows a feet thereof as well as actual constitution and shows a feet thereof as well as actual constitution and shows a feet from the cost thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as actual constitution and the same feet thereof as well as a same feet the constitution and the same feet thereof as well as a same feet the constitution and the same feet thereof as well as a same feet thereof as well as a same feet the constitution and the same fee allocation of the cost thereof as well as actual operating costs and charges for su-pervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately four miles north of Lakewood, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 18th day of June 2012.

> STATE OF NEW MEXICO **OIL CONSERVATION DIVISION**

Jami Bailey, Division Director. Published in the Artesia Daily Press, Artesia, N.M., June 20 2012. Legal No 22196.