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May 22, 2012

David Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case Nos. 14849 and 14850/COG Operating LLC and Mewbourne Oil Company

Dear Mr. Brooks:

Enclosed is a motion to dismiss/continue the above cases, filed on behalf of Mewbourne. Mewbourne has contacted COG to meet with its representatives, but that meeting has not yet occurred. If the parties come to an agreement Mewbourne will withdraw the motion.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

cc: Michael Feldewert w/encl.

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2012 MAY 22 P 1:09

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

**IN THE MATTER OF THE HEARINGS 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.**

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Case No. 14,849

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

Case No. 14,850

**MOTION TO DISMISS
OR, IN THE ALTERNATIVE, FOR A CONTINUANCE**

Mewbourne Oil Company ("Mewbourne") moves the Division for an order dismissing the above compulsory pooling applications, or in the alternative continuing them for a minimum of four weeks, and in support thereof, states:

1. COG Operating LLC ("COG") filed the above applications seeking to force pool the Yeso formation underlying the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 2 (Case No. 14,849) and the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 2 (Case No. 14,850), in Township 17 South, Range 29 East, N.M.P.M.
2. Mewbourne and other Mewbourne-related entities own working interests in both well units. Affidavit of Steven J. Smith, attached hereto as Exhibit A.
3. These applications were filed no later than April 24, 2012, in order to meet the Division's filing requirements.
4. The proposal letter sent by COG in Case No. 14849 was dated April 23, 2012, and was received by Mewbourne on or about April 25, 2012. Id.

5. The proposal letter sent by COG in Case No. 14850 was dated April 19, 2012, and was received by Mewbourne on April 23, 2012. *Id.*

6. The Division requires pooling applicants to send proposal letters to parties being pooled at least thirty days before an application is filed. Order No. R-13165. Clearly, that was not done in the present case. Thus, the cases must be dismissed or continued to satisfy Division pooling requirements.

WHEREFORE, Mewbourne requests that these cases be dismissed. In the alternative, Mewbourne requests that the cases be continued to at least the hearing scheduled for June 25, 2012.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 22nd day of May, 2012 by facsimile transmission and United States Mail:

Michael Feldewert
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 983-6043



James Bruce

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

**IN THE MATTER OF THE HEARINGS CALLED
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**APPLICATION OF COG OPERATING LLC FOR A
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NEW MEXICO.**

Case No. 14,849

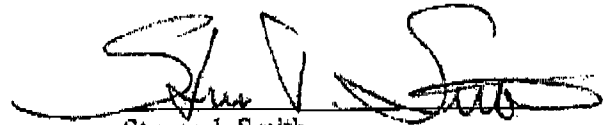
**APPLICATION OF COG OPERATING LLC FOR A
NON-STANDARD SPACING AND PRORATION UNIT
AND COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 14,850

AFFIDAVIT OF STEVEN J. SMITH

Steven J. Smith, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am a landman for Mewbourne Oil Company ("Mewbourne").
3. The proposal letter sent by COG Operating LLC ("COG") in Case No. 14849 was dated April 23, 2012. **Attachment 1.** It was received by Mewbourne on or about April 25, 2012.
4. The proposal letter sent by COG in Case No. 14850 was dated April 19, 2012. **Attachment 1.** It was received by Mewbourne on April 23, 2012.
5. Mewbourne and the other entities listed in the proposal letters own working interests in the lands covered by the above two applications.

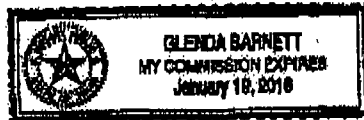

Steven J. Smith

EXHIBIT

A

SUBSCRIBED AND SWORN TO before me this 22nd day of May, 2012 by Steven J. Smith.

My Commission Expires: 1-19-2016



Glenda Barnett
Notary Public



April 23, 2012

Mewbourne Oil Company
Mewbourne Development Corporation
3MG Corporation
CWM 2000-B, Ltd.
Mewbourne Energy Partners 07-A, LP

500 W. Texas, Suite 1020
Midland, TX 79701

Attn: Steve Smith

Re: Well Proposal - Hogan State Com #2H Well

T17S, R29E, Section 2: N/2S/2

SHL: 1650' FSL & 330' FEL, or a legal location in Unit I

BHL: 1650' FSL & 330' FWL, or a legal location in Unit L

Eddy County, New Mexico

Dear Mr. Smith:

COG Operating LLC (COG), as Operator, proposes to drill the Hogan State Com #2H well as a horizontal well at the above-captioned location to a TVD of approximately 5,250' and a MD of 9,666' to test the Yesso Formation ("Operation"). The total cost of the Operation is estimated to be \$4,229,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG's proposes to use the same form of Operating Agreement ("OA") as enclosed in the proposal for the Hogan State Com #4H well. The Operating Agreement covers the entire S/2 of Section 2, T17S, R29E.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 1 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$1,000 per net acre bonus consideration

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

Respectfully,


Brandon K. Gaynor
Senior Landman

Corporate Address: Pavilion Center Tower II 660 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.669.7443 FAX 432.669.7441

Attachment 1

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: HOGAN STATE CON #2H PROSPECT NAME: EMPIRE
 SHL: 1850' FSL & 330' FEL Sec 2 UL-L STATE & COUNTY: New Mexico, Eddy
 SHL: 1850' FSL & 330' FWL Sec 2 UL-L OBJECTIVE: SH38 9.888" MD (5,250' TVD) N3 PH
 FORMATION: Lower Blinberry, Glorieta Yaso Formation
 LEGAL: SEC2 T17S-R29E UL-L

INTANGIBLE COSTS		BCP	ACP	TOTAL
201	Title/Curtive/Permit	10,000		10,000
202	Insurance	22,000	0	22,000
203	Damages/Right of Way	15,000	0	15,000
204	Survey/State Location	3,000	0	3,000
205	Location/Map/Read Expense	80,000	15,000	95,000
206	Coring / Completion Overhead	5,000	1,000	6,000
207	Turnkey Contract	0	0	0
208	Footage Contract	0	0	0
209	Daywork Contract (2 days @ \$30)	280,000	08,000	318,000
210	Directional Drilling Services (0 dir days @ \$50)	175,000	0	175,000
211	Fuel & Power	60,000	12,000	72,000
212	Water	50,000	50,000	100,000
213	Bits	60,000	5,000	65,000
214	Mud & Chemicals	50,000	0	50,000
215	Drill Stem Test	0	0	0
216	Coring & Analysis	0		0
217	Cement Surface	40,000		40,000
218	Cement Intermediate	24,000		24,000
219	Cement 2nd Intermediate 7'	0	33,150	33,150
220	Cement Squeeze & Other (Kickoff Plug)	0	0	0
221	Float Equipment & Components	4,000	25,000	29,000
222	Casing Cams & Equipment	12,000	16,000	28,000
223	Flaring Tools & Service	0	0	0
224	Geologic/Engineering	10,000	1,000	11,000
225	Contract Labor	30,000	21,500	51,500
226	Company Supervision	2,000	2,000	4,000
227	Contract Supervision	32,000	6,400	38,400
228	Testing Casing/Tubing	5,000	12,000	17,000
229	Mud Logging Unit (Logging 124 days)	25,000	0	25,000
230	Logging	25,000	0	25,000
231	Perforating/Wireline Services	9,000	0	9,000
232	Stimulation/Tracing		1,900,000	1,900,000
233	Completion Unit		24,000	24,000
234	Swabbing Unit		0	0
235	Remble Surface	34,000	74,000	108,000
236	Remble Subsurface	52,000	10,000	62,000
237	Trucking/Fuel/Wing Mobilization	45,000	20,000	65,000
238	Welding Services	6,000	2,800	8,800
239	Water Disposal	0	15,000	15,000
240	Plug in Abandon	0	0	0
241	Solvents Analysis	0	0	0
242	Closed Loop & Environmental	58,000	0	58,000
243	Miscellaneous	5,000	1,000	6,000
244	Contingency	119,600	172,085	291,685
245	TOTAL INTANGIBLES	1,308,000	1,585,000	2,893,000
TANGIBLE COSTS				
401	Surface Casing (1850' 13 5/8" 54.54 J55 STC)	20,000		20,000
402	Intermediate Casing (4500' 9 5/8" 36W408 J55 BUTT)	36,000	0	36,000
	Production Casing (13,450' 6 1/2" 17W N80/P110)		234,000	234,000
	Tubing		36,000	36,000
403	Wellhead Equipment	6,000	16,000	22,000
	Pumping Unit		40,000	40,000
	Prime Movers		20,000	20,000
	Rods		24,000	24,000
	Pumps		10,000	10,000
	Tools		21,000	21,000
	Motors		6,000	6,000
	Heater Tracing/Depositor		30,000	30,000
	Electrical System		11,250	11,250
	Protest/Anchor/Hangers		396,000	396,000
414	Coupling/Fittings/Valves	0	45,000	45,000
415	Gas Compressor/Motors	2,500	14,000	16,500
	Dewaterer		0	0
	Injection Plant/CO2 Equipment		0	0
419	Miscellaneous	1,000	20,000	21,000
420	Contingency	8,500	87,250	95,750
	TOTAL TANGIBLES	88,000	678,000	766,000
	TOTAL WELL COSTS	1,396,000	2,263,000	4,259,000

COG Operating LLC

Date Prepared: 4/17/12 JJ

COG Operating LLC

We approve:
_____% Working Interest

By: Greg Elliott

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, 2012

Mawbourn Oil Company
Mawbourn Development Corporation
3MG Corporation
CWM 2000-B, Ltd.
Mawbourn Energy Partners 07-A, LP

500 W. Texas, Suite 1020
Midland, TX 79701

Attn: Corey Mitchell

Re: Well Proposal - Hogan State Com #4H Well

T17S, R29E, Section 2: S/2S/2

SHL: 330' FSL & 330' FEL, or a legal location in Unit P

BHL: 330' FSL & 330' FWL, or a legal location in Unit M

Eddy County, New Mexico

Dear Mr. Mitchell:

COG Operating LLC (COG), as Operator, proposes to drill the Hogan State Com #4H well as a horizontal well at the above-captioned location to a TVD of approximately 5,250' and a MD of 9,666' to test the Yezo Formation ("Operation"). The total cost of the Operation is estimated to be \$4,229,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

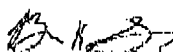
Also enclosed is COG's proposed form of Operating Agreement ("OA"). The Operating Agreement covers the entire S/2 of Section 2, T17S, R29E.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 1 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$1,000 per net acre bonus consideration

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

Respectfully,


Brandon K. Gaynor
Landman

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: HOGAN STATE COM #4H	PROSPECT NAME: EMPIRE
SHL: 330' FSL & 330' FEL Sec 2-UL-P	STATE & COUNTY: New Mexico, Eddy
BHL: 330' FSL & 330' FWL Sec 2-UL-M	OBJECTIVE: SH39 9.666" MD (6,250' TVD) NO FM
FORMATION: Lower Blinberry, Glorieta Yegor Formation	
LEGAL: SEC2 T17S-R2BE UL-P-M	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Total/Quota/Permit	201 10,000		10,000
Insurance	202 25,000	302 0	25,000
Damages/Right of Way	203 15,000	303 0	15,000
Survey/State Location	204 3,000	304 0	3,000
Location/Pit/Road Expenses	205 50,000	305 15,000	65,000
Drilling / Completion Overhead	206 3,000	306 1,000	4,000
Turnkey Contract	207 0	607 0	0
Fee/Log Contract	208 0	308 0	0
Daywork Contract (0 days / up to 14 @ 80)	209 280,000	309 55,000	335,000
Directional Drilling Services (0 dr days @ 30)	210 175,000	610 0	175,000
Fuel & Power	211 80,000	311 12,000	92,000
Water	212 30,000	312 80,000	110,000
Bits	213 60,000	313 5,000	65,000
Mud & Chemicals	214 60,000	314 0	60,000
Drill Stem Test	215 0	315 0	0
Coring & Analysis	216 0		0
Cement Surface	217 40,000		40,000
Cement Intermediate	218 24,000		24,000
Cement and Intermediate 7"	219 0	319 33,136	33,136
Cement Squeeze & Other (Kickoff Plug)	220 0	320 0	0
Final Equipment & Centralizers	221 4,000	321 25,000	29,000
Casing Crown & Equipment	222 12,000	322 15,000	27,000
Fishing Tools & Service	223 0	323 0	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 20,000	325 21,000	41,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 32,000	327 8,400	40,400
Testing Casing/Tubing	228 8,000	328 12,000	20,000
Mud Logging Unit (logging / 24 days)	229 25,000	329 0	25,000
Logging	230 25,000	330 0	25,000
Perforating/Wireline Services	231 3,500	331 0	3,500
Stimulation/Treating		332 1,300,000	1,300,000
Completion Unit		333 24,000	24,000
Swabbing Unit		334 0	0
Rentals-Surface	235 24,000	335 75,000	99,000
Rentals-Subsurface	236 24,000	336 10,000	34,000
Trucking/Portable/Rig Mobilization	237 48,000	337 20,000	68,000
Welding Services	238 5,000	338 2,500	7,500
Waste Disposal	239 0	339 15,000	15,000
Plug to Abandon	240 0	340 0	0
Seismic Analysis	241 0	341 0	0
Closed Loop & Environmental	242 96,000	342 0	96,000
Miscellaneous	243 5,000	343 1,000	6,000
Contingency	244 114,000	344 172,960	286,960
TOTAL INTANGIBLES	1,308,000	1,585,000	2,893,000

TANGIBLE COSTS	BCP	ACP	TOTAL
Surface Casing (855' 12 3/8" 54.55 J55 BTC)	401 25,000		25,000
Intermediate Casing (4350' 9 5/8" 30#/40R J55 BUTT)	402 86,000	503 0	86,000
Production Casing (13,450' 5 1/2" 17# N80/P110)		504 254,000	254,000
Tubing		505 35,000	35,000
Wellhead Equipment	406 8,000	506 18,000	26,000
Pumping Unit		507 45,000	45,000
Prime Mover		508 20,000	20,000
Rods		509 24,000	24,000
Pumps		510 10,000	10,000
Tanks		511 21,000	21,000
Flowlines		512 8,000	8,000
Hooper/Traction/Operator		513 30,000	30,000
Electric System		514 11,250	11,250
Packers/Anchors/Hangers	414 0	515 335,000	335,000
Controlled/Flange/Valves	415 2,500	516 48,000	50,500
Gas Compressor/Reducers		517 14,500	14,500
Dehydrator		518 0	0
Injection Plant/DCP Equipment		519 0	0
Miscellaneous	416 1,000	520 20,000	21,000
Contingency	420 5,000	521 87,280	92,280
TOTAL TANGIBLES	66,000	850,000	916,000
TOTAL WELL COSTS	1,374,000	2,435,000	3,809,000

COG Operating LLC

Date Prepared: 4/17/12 JJ

We approve:
_____% Working Interest

COG Operating LLC

By: Chad Elton

Company:
By:

Printed Name:
Title:
Date:

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