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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/enci.

RECEIVED COG
2012 MAY 22 PM 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.

2012 MAY 22 P 1:09
RECEIVED OGD
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 N½S½ of Section 2 (Case No. 14,849) and the S½S½ 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.

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.

Case No. 14,849

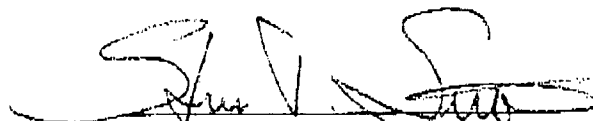
APPLICATION OF COG OPERATING LLC FOR A
NON-STANDARD SPACING AND PRORATION UNIT
AND COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

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.

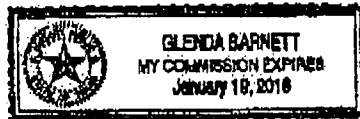

Steven J. Smith

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 9,866' to test the Yaso 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").

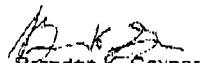
COG's proposes to use the same form of Operating Agreement ("OA") as enclosed in the proposal for the Hogan State Com #4H well. The Operating Agreement covers the entire S/2 of Section 2, T17S, R29E.

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

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME: HOGAN STATE CON #2H PROSPECT NAME: EMPIRE
 SHL: 1556' FSL & 330' FEL Sec 2 UL-1 STATE & COUNTY: New Mexico, Eddy
 SHL: 1556' FSL & 330' FWL Sec 2 UL-1 OBJECTIVE: SH30 3.660' MD (5,250' TVD) NO PH
 FORMATION: Lower Blinberry/Gloria Yaso Formation
 LEGAL: SEC 2 T.17S. R.29E. UL-1-L

INTANGIBLE COSTS		SCP	ACP	TOTAL
Trap/Crusher/Permit	201	10,000		10,000
Insurance	202	22,000	0	22,000
Damaged/Right of Way	203	16,000	0	16,000
Burrow/Steak Location	204	3,000	0	3,000
Location/Title/Record Expense	205	80,000	15,000	95,000
Drilling / Completion Overhead	206	5,000	1,000	6,000
Turnkey Contract	207	0	0	0
Footage Contract	208	0	0	0
Daywork Contract (2 days @ \$30)	209	250,000	66,000	316,000
Directional Drilling Services (20 dir days @ \$30)	210	175,000	0	175,000
Fuel & Power	211	80,000	12,000	92,000
Water	212	30,000	30,000	60,000
Bits	213	30,000	5,000	35,000
Mud & Chemicals	214	50,000	0	50,000
Drill Stem Test	215	0	0	0
Coring & Analysis	216	0	0	0
Cement Surface	217	10,000	0	10,000
Cement Intermediate	218	24,000	0	24,000
Cement 2nd Intermediate 7"	219	0	33,133	33,133
Cement Squeeze & Other (Kickoff Plug)	220	0	0	0
Rig Equipment & Components	221	4,000	28,000	32,000
Casing Crews & Equipment	222	12,000	15,000	27,000
Flaring Tools & Service	223	0	0	0
Geologic/Engineering	224	10,000	1,000	11,000
Contract Labor	225	20,000	21,000	41,000
Company Supervision	226	2,000	2,000	4,000
Contract Supervision	227	12,000	4,400	16,400
Testing Casing/Tubing	228	6,000	12,000	18,000
Mud Logging Unit (Logging 624 days)	229	25,000	0	25,000
Logging	230	25,000	0	25,000
Perforating/Wellbore Services	231	3,000	0	3,000
Stimulation/Treatment	232	0	1,300,000	1,300,000
Completion Unit	233	0	24,000	24,000
Swapping Unit	234	0	0	0
Ramming Surface	235	34,000	76,000	110,000
Ramming Subsurface	236	52,000	10,000	62,000
Trucking/Portals/Rig Mobilization	237	40,000	20,000	60,000
Welding Services	238	6,000	2,400	8,400
Water Disposal	239	0	18,000	18,000
Plug in Abandon	240	0	0	0
Seismic Analysis	241	0	0	0
Closed Loop & Environmental	242	38,000	0	38,000
Miscellaneous	243	5,000	1,000	6,000
Contingency	244	119,000	172,000	291,000
TOTAL INTANGIBLES		1,329,000	1,886,360	3,194,000
TANGIBLE COSTS				
Surface Casing (800' 13 5/8" 54.5# J55 STC)	401	20,000	0	20,000
Intermediate Casing (4050' 8 5/8" 36.4# J55 BUTT)	402	30,000	0	30,000
Production Casing (13,450' 8 1/2" 17# N80P11C)	403	0	234,000	234,000
Tubing	404	0	35,000	35,000
Wellhead Equipment	405	0	16,000	16,000
Pumping Unit	406	0	40,000	40,000
Prime Mover	407	0	20,000	20,000
Rods	408	0	24,000	24,000
Pumps	409	0	10,000	10,000
Tools	410	0	21,000	21,000
Flowlines	411	0	8,000	8,000
Heater Treating/Separator	412	0	30,000	30,000
Electrical System	413	0	11,000	11,000
Process/Anchor/Hangers	414	0	398,000	398,000
Couplings/Plugs/Valves	415	2,000	45,000	47,000
Gas Control/Support/Manifolds	416	0	14,000	14,000
Dehydrator	417	0	0	0
Injection Plant/CO2 Equipment	418	0	0	0
Vacuum/Inert Gas	419	1,000	20,000	21,000
Contingency	420	3,500	87,000	90,500
TOTAL TANGIBLES		63,500	778,000	841,500
TOTAL WELL COSTS		1,392,500	2,664,360	4,056,860

COG Operating LLC

Date Prepared: 4/17/12 JJ

COG Operating LLC

By: Chad Elliott

We approve:
% Working Interest

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.

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: HOGAN STATE COM #4H	PROSPECT NAME: EMPIRE
SHL: 330' F&L & 330' FEL Sec 2-UL-P	STATE & COUNTY: New Mexico, Eddy
SHL: 330' F&L & 330' FWL Sec 2-UL-M	OBJECTIVE: SH 39 9 666" MD (5,250' TVD) NO PH
FORMATION: Lower Blinberry, Glorieta Yeso Formation	
LEGAL: SEC 2 T17S-R29E UL-P-M	

INTANGIBLE COSTS

		BCP	ACP	TOTAL
Title/Cursive/Permit	201	10,000		10,000
Insurance	202	20,000		20,000
Damages/Rent of Way	203	15,000		15,000
Survey/State Location	204	5,000		5,000
Location/Road Expense	205	50,000	15,000	65,000
Drilling / Completion Overhead	206	5,000	1,000	6,000
Turnkey Contract	207	0	0	0
Footage Contract	208	0	0	0
Daywork Contract (0 days / 1500 ft. @)	209	280,000	55,000	335,000
Directional Drilling Services (0 dr days @ 30)	210	175,000	0	175,000
Fuel & Power	211	80,000	12,000	92,000
Water	212	30,000	80,000	110,000
Bits	213	80,000	0	80,000
Mud & Chemicals	214	60,000	0	60,000
Drill Stem Test	215	0	0	0
Coring & Analysis	216	0	0	0
Cement Surface	217	40,000	0	40,000
Cement Intermediate	218	24,000	0	24,000
Cement and Intermediate 7"	219	0	33,135	33,135
Cement Squeeze & Other (Kickoff Plug)	220	0	0	0
Riser Equipment & Centralizers	221	4,000	25,000	29,000
Casing Crew & Equipment	222	12,000	15,000	27,000
Piping Tools & Service	223	0	0	0
Geologic/Engineering	224	10,000	1,000	11,000
Contract Labor	225	40,000	21,000	61,000
Company Supervision	226	1,000	2,000	3,000
Contract Supervision	227	32,000	8,400	40,400
Testing Casing/Tubing	228	5,000	12,000	17,000
Mud Logging Unit (logging 721 days)	229	25,000	0	25,000
Logging	230	25,000	0	25,000
Perforating/Wireline Services	231	9,500	0	9,500
Stimulation/Testing	232	0	1,300,000	1,300,000
Completion Unit	233	0	24,000	24,000
Swabbing Unit	234	0	0	0
Rentals-Surface	235	45,000	75,000	120,000
Rentals-Subsurface	236	50,000	10,000	60,000
Trucking/Forlift/Rig Modification	237	48,000	20,000	68,000
Welding Services	238	5,000	2,000	7,000
Water Disposal	239	0	15,000	15,000
Plug to Abandon	240	0	0	0
Ballistic Analysis	241	0	0	0
Closed Loop & Environmental	242	90,000	0	90,000
Miscellaneous	243	5,000	1,000	6,000
Contingency	244	15,000	172,880	187,880
TOTAL INTANGIBLES		1,305,000	1,885,500	3,190,500

TANGIBLE COSTS

Surface Casing (95' 13 3/4" 54.5# J55 STC)	401	20,000		20,000
Intermediate Casing (620' 9 5/8" SCH40 J55 BLWT)	402	30,000	0	30,000
Production Casing (13,450' 5 1/2" 17# N80 P110)	403	234,000		234,000
Tubing	404	35,000		35,000
Wellhead Equipment	405	8,000	10,000	18,000
Pumping Unit	406	40,000		40,000
Prime Mover	407	20,000		20,000
Roads	408	24,000		24,000
Pumps	409	10,000		10,000
Tanks	410	21,000		21,000
Pipelines	411	8,000		8,000
Header/Treater/Generator	412	30,000		30,000
Electric System	413	11,250		11,250
Packers/Anchors/Hangers	414	0	205,000	205,000
Couplings/ fittings/Valves	415	2,250	48,000	50,250
Gas Compressors/Meters	416	0	14,000	14,000
Dehydrator	417	0	0	0
Injection Pumps/CO2 Equipment	418	0	0	0
Miscellaneous	419	1,000	20,000	21,000
Contingency	420	8,000	87,250	95,250
TOTAL TANGIBLES		605,000	530,000	1,135,000
TOTAL WELL COSTS		1,910,000	2,415,500	4,325,500

COG Operating LLC

Date Prepared: 4/17/12 JJ

COG Operating LLC

We approve:
_____% Working Interest

By: Chad Elton

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.