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2013 JUN 27 P 2: 16

June 24, 2013

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

Case 15035

Attention: Ms. Jami Bailey

Re: Designation of a Non-Standard Project Areas by COG Operating LLC
Issues with Gunner 8 Federal 5H, 6H, 7H and 8H wells
Portions of Section 5 and Section 8, T26S-R34E, Lea Co., NM

Ladies and Gentlemen,

Yates Brothers, (a Partnership) ("Yates Brothers"), is a mineral owner of a certain amount of undivided minerals under the N/2NW, NW/4NE/4 of section 5, T26S-R34E, Lea County NM and other mineral tracts in the area.

Yates Brothers on June 12, 2013 received by certified mail the captioned notice which I have attached for your convenience. Yates Brothers takes objection to the project areas development pattern as described in the attached COG Operating LLC ("COG") proposal for the immediate area and believes that the project areas proposed by COG will cause additional waste to Yates Brothers and all the other mineral owner's correlative rights. The project area pattern COG proposes to establish for its Gunner 8 Federal 5H and Gunner 8 Federal 6H further prevents Yates Brothers and all other mineral owners from properly developing and producing its minerals in this section. Yates Brothers plans to file an application for hearing to protect its correlative rights under the said COG Gunner 8 Federal 5H, Gunner 8 Federal 6H well and another apparent planned well named herein below identified as COG's Gunner 8 Federal 7H.

Yates Brothers has discovered that COG's Gunner 8 Federal 8H well was drilled under a flawed C-104 as no notice was mailed to the affected mineral owners for its non-standard location. This Gunner 8 Federal 8H well had been drilled in late 2011 and then completed in early 2012 and the mineral owners are being drained based on an improper permit procedure. Yates Brothers plans to file an application for hearing to protect its correlative rights and seek additional solutions and/or restitution for its financial loss of correlative rights under the said Gunner 8 Federal 8H well.

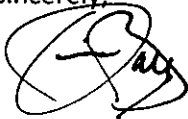
Yates Brothers discovered an additional well posted late last week on the NMOCD web site that COG plans a similar well named the Gunner 8 Federal 7H. Although no notice has yet to be given on this well, Yates Brothers also takes objection to this Gunner 8 Federal 7H well for the same reasons as stated

above for COG's Gunner 8 Federal 5H well, Gunner 8 Federal 6H well and again for the pre-existing Gunner 8 Federal 8H well.

I have enclosed a current plat along with the permitted summary of wells from the NMOCD web site showing the development and/or planned development of the immediate area. The Yates Brothers etal. mineral tract is shown in yellow. One can easily see the Yates Brothers etal. tract is being isolated beginning with the completion of the Gunner 8 Federal 8H. Even in the unlikely event that COG would change its mind and drill an east/west horizontal well, Yates Brothers and other owner's rights have been and will continue to be subject to waste due to the smaller project area being left. Furthermore, there would be additional waste based on the known fracturing direction of east/west in this area. These area wells are clearly permitted by multiple operators and/or drilled on the preferred method of north/south since it is best to be drilled in a perpendicular alignment with the east/west fracturing direction.

If you have any question please contact the undersigned at the information indicated below. My direct phone number is (585) 736-8572.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Ball', written over a circular scribble.

Jim Ball
Landman

Enclosures

Copy to:

Mike Wallace/COG Operating LLC

Sue Raby/Sugarberry Oil & Gas Corp.

Jim Shultz/Southwestern Petroleum Land Services, LLC

Jim Bruce/ Attorney



RECEIVED

JUN 12 2013

IFC &
MAIL ROOM

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

June 10, 2013

TO: AFFECTED PARTIES LISTED ON EXHIBIT "A"

Re: DESIGNATION OF A NON-STANDARD PROJECT AREA BY COG OPERATING LLC
LEA COUNTY, NEW MEXICO

Ladies and Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed Well Dedication and Acreage Plat (C-102) with the New Mexico Oil Conservation Division seeking to designate a non-standard project area in Sections 5 and 8; Township 26 South, Range 34 East, NMPM, Lea County, New Mexico.

As an owner of an interest that may be affected by this application, you are advised that if you have an objection to this application, it must be mailed to COG Operating LLC within twenty (20) days from the date COG Operating LLC mailed this notice. If no interest owner has filed an objection within the 20-day period, then the Division may approve the application.

If you have any questions or concerns, please feel free to contact me at (432) 221-0465. Thank you for your time and attention to this matter.

Sincerely,

Mike Wallace

Mike Wallace
Senior Landman
NM Delaware Basin Team

by st

Enclosures

EXHIBIT "A"

Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, OK 73154

Devon Energy Production Company LP
20 N. Broadway
Oklahoma City, OK 73102

Chevron U.S.A. Inc.
1400 Smith Street, Room #43028
Houston, TX 77002

EOG Resources, Inc.
4000 N. Big Spring, Suite 500
Midland, TX 79705

Southwest Petroleum Land Services, LLC
100 N. Pennsylvania Ave.
Roswell, NM 88203

Yates Brothers
105 S. 4th St.
Artesia, NM 88210

Warren J. Bates
P.O. Box 1387
Ada, OK 74820

Peder Monsen
515 Houston Ave.
Houston, TX 77007-7706

Peder Monsen
5623 Indian Circle
Houston, TX 77056-1006

Fay Bel Monsen
515 Houston Ave.
Houston, TX 77007-7706

Sugarberry Oil & Gas Corp.
5950 Cedar Springs Rd., Suite 230
Dallas, TX 75235-6803

Marc T. Wray
4 Serpentine Court
Savenoaka, Kent TN 113XR
United Kingdom

Andrew Wray
3406 Shadow Springs Ct.
Houston, TX 77082-8302

DISTRICT I
1688 N. FRANKLIN DR., HOBBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2010
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	97892	Wildcat G-06 S263407P; Bone Spring
Property Code	Property Name	Well Number
38865	GUNNER 8 FEDERAL	5H
GRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	3342.4'

Surface Location


UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	26-S	34-E		190	SOUTH	1520	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	5	26-S	34-E		1650	NORTH	1520	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
280			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>NAD 27 PROPOSED BOTTOM HOLE LOCATION Y=392062.4 N X=761889.7 E LAT.=32.075074° N LONG.=103.487837° W</p> <p>SECTION 5 SECTION 8</p> <p>NAD 27 SURFACE LOCATION Y=383339.1 N X=761964.6 E LAT.=32.051094° N LONG.=103.487816° W</p> <p>Estimated completed interval 342' SL 1521' FEL 190'</p>	<p>1/16 CORNER Y=392393.7 N X=762085.1 E</p> <p>1/16 CORNER Y=391075.2 N X=762097.5 E</p> <p>1/16 CORNER Y=384472.3 N X=762154.1 E</p> <p>1/16 CORNER Y=383150.3 N X=762164.8 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Brian Maiorino</u> 6/10/13 Signature Date</p> <p>Brian Maiorino Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>NOVEMBER 19, 2012 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p> Chad Harcrow 11/2/13</p> <p>Certificate No. CHAD HARCROW 17777 W.O. # 12-217 2012-037</p>
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DISTRICT I
1625 N. FRENCH DR., ROSAR, NM 88245

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2010
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DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	97892	Wildcat G-06 S263407P; Bone Spring
Property Code	Property Name	Well Number
38865	GUNNER 8 FEDERAL	6H
OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	3351.3'

Surface Location

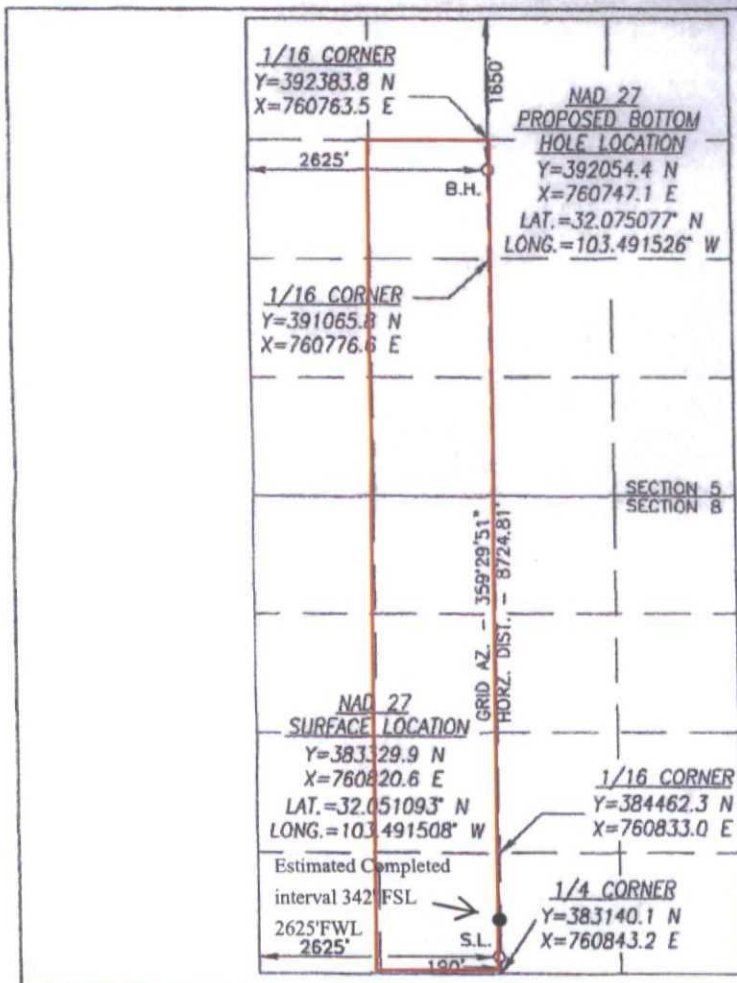
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	8	26-S	34-E		190	SOUTH	2625	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	5	26-S	34-E		1650	NORTH	2625	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
280			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *B. L.* Date: 6/10/13
Brian Maiorino
Printed Name

SURVEYOR CERTIFICATION

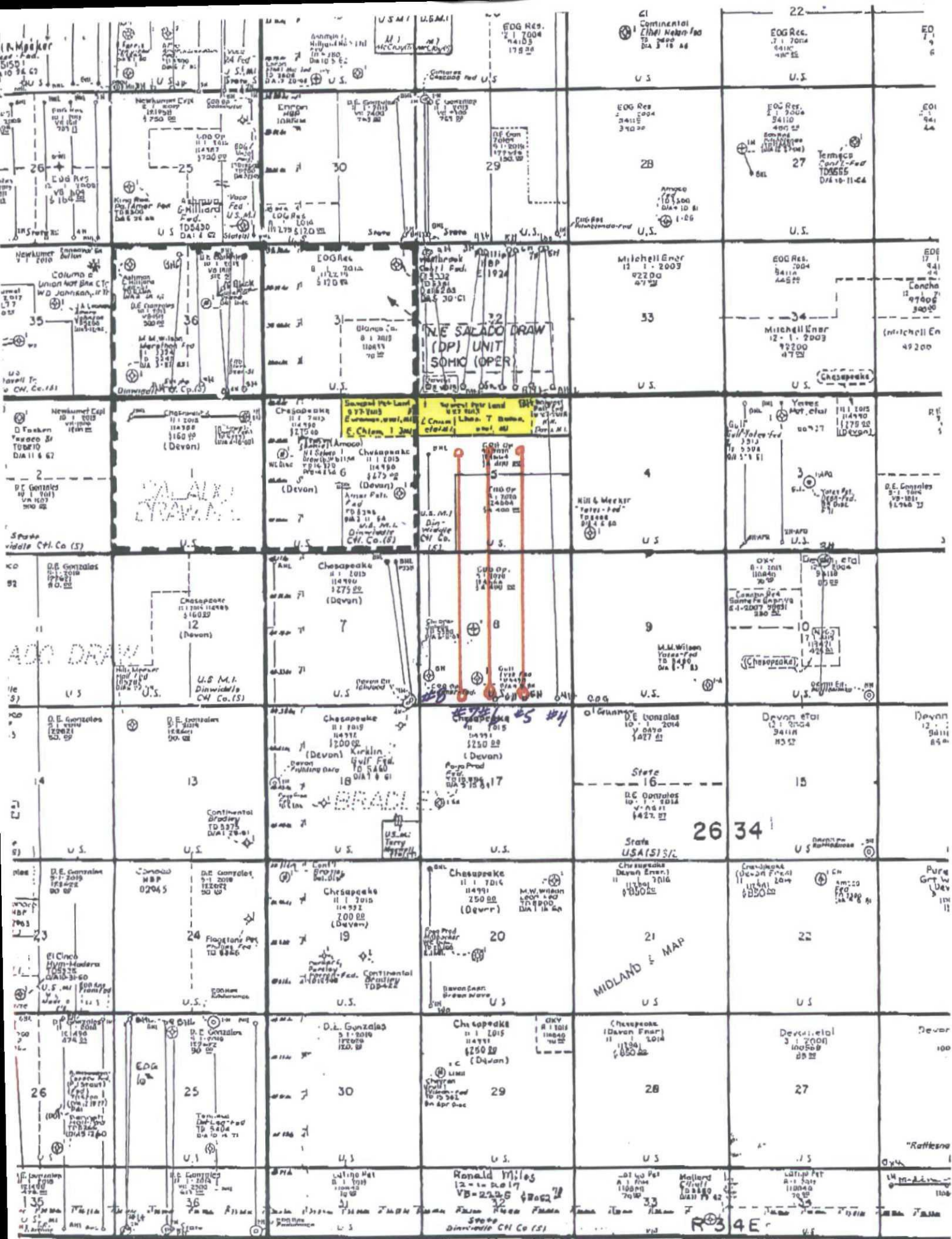
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 19, 2012

Date Surveyed
Signature & Seal of Professional Surveyor



Certificate No. CHAD HARCROW 17777
W.O. # 12-218 2012-037



API Number	Well Name	Operator	Location
3002528650	PRE-ONGARD Well No. 001	PRE-ONGARD WELL OPERATOR	N-8-26S-34E (925 FSL & 1850 FWL)
3002538402	SALADO FEDERAL No. 001	CHI OPERATING INC	K-8-26S-34E (2310 FSL & 1850 FWL)
3002540309	GUNNER 8 FEDERAL No. 008H	COG OPERATING LLC	M-8-26S-34E (990 FSL & 330 FWL)
3002541180	GUNNER 8 FEDERAL No. 005H	COG OPERATING LLC	O-8-26S-34E (190 FSL & 1520 FEL)
3002541181	GUNNER 8 FEDERAL No. 006H	COG OPERATING LLC	N-8-26S-34E (190 FSL & 2625 FWL)
3002541187	GUNNER 8 FEDERAL COM No. 004H	COG OPERATING LLC	P-8-26S-34E (190 FSL & 380 FEL)
3002541211	GUNNER 8 FEDERAL No. 007H	COG OPERATING LLC	N-8-26S-34E (190 FSL & 1350 FWL)

ATTACHED TO THAT CERTAIN LETTER DATED JUNE 24, 2013 BETWEEN YATES HOLDINGS LLP ON BEHALF OF YATES BROTHERS AND THE NMOC D PERTAINING TO COG OPERATING LLC'S DEVELOPMENT OF SECTIONS 5 and 8 of T26S-R34E, LEA COUNTY, NM