

GALLAGHER & KENNEDY

P.A.
LAW OFFICES

GERMAINE R. CHAPPELLE
OF COUNSEL
DIRECT DIAL: (505) 989-7338
E-MAIL: GERMAINE.CHAPPELLE@GKNET.COM

RECEIVED OGD

2013 JUL -1 P 2: 20

1233 PASEO DE PERALTA
SANTA FE, NEW MEXICO 87501
PHONE: (505) 982-9523
FAX: (505) 983-8160
WWW.GKNET.COM

June 28, 2013

Attention: Ms. Jamie Bailey

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

Case 15035

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

Ladies and Gentlemen:

Inland Title, LLC (Inland) is an oil and gas leasehold owner of a certain amount of undivided interest under the N/2NW, NW/4NE/4 of Section 5, T26S-R34E, Lea County, NM. Please note that Inland is mistakenly identified as Southwest Petroleum Land Services, LLC in the notice regarding the above-described designation of a Non-Standard Project Areas by COG Operating LLC (COG).

Inland is concerned that the request by COG for the above-described designation of a Non-Standard Project Area will cause waste to Inland, and other mineral and oil and gas interest owner's correlative rights. Additionally, Inland needs more information from COG to evaluate the propriety of the Non-Standard Project Area that they propose.

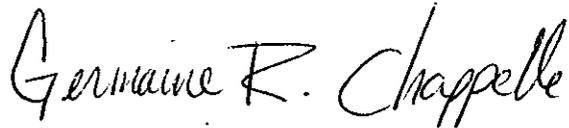
Therefore, including, but not limited to these reasons, on behalf of our client, we submit this letter joining in the objection and concerns stated by letter dated June 24, 2013, from Jim Ball, Landman, Yates Holdings, regarding the above-described designation of a Non-Standard Project Area by COG. Inland also intends on joining Yates Holdings in filing an application for hearing to protect the correlative rights of Inland under the Gunner 8 Federal 5H, 6H, and 7H wells. Inland is evaluating the issues disclosed by Yates Holdings regarding the Gunner 8 Federal 8H well and may also join Yates Holdings in filing an application for hearing to protect correlative rights and other appropriate remedies.

Please contact the undersigned with any questions at the contact information provided above.

Attention: Ms. Jamie Bailey
June 28, 2013
Page 2

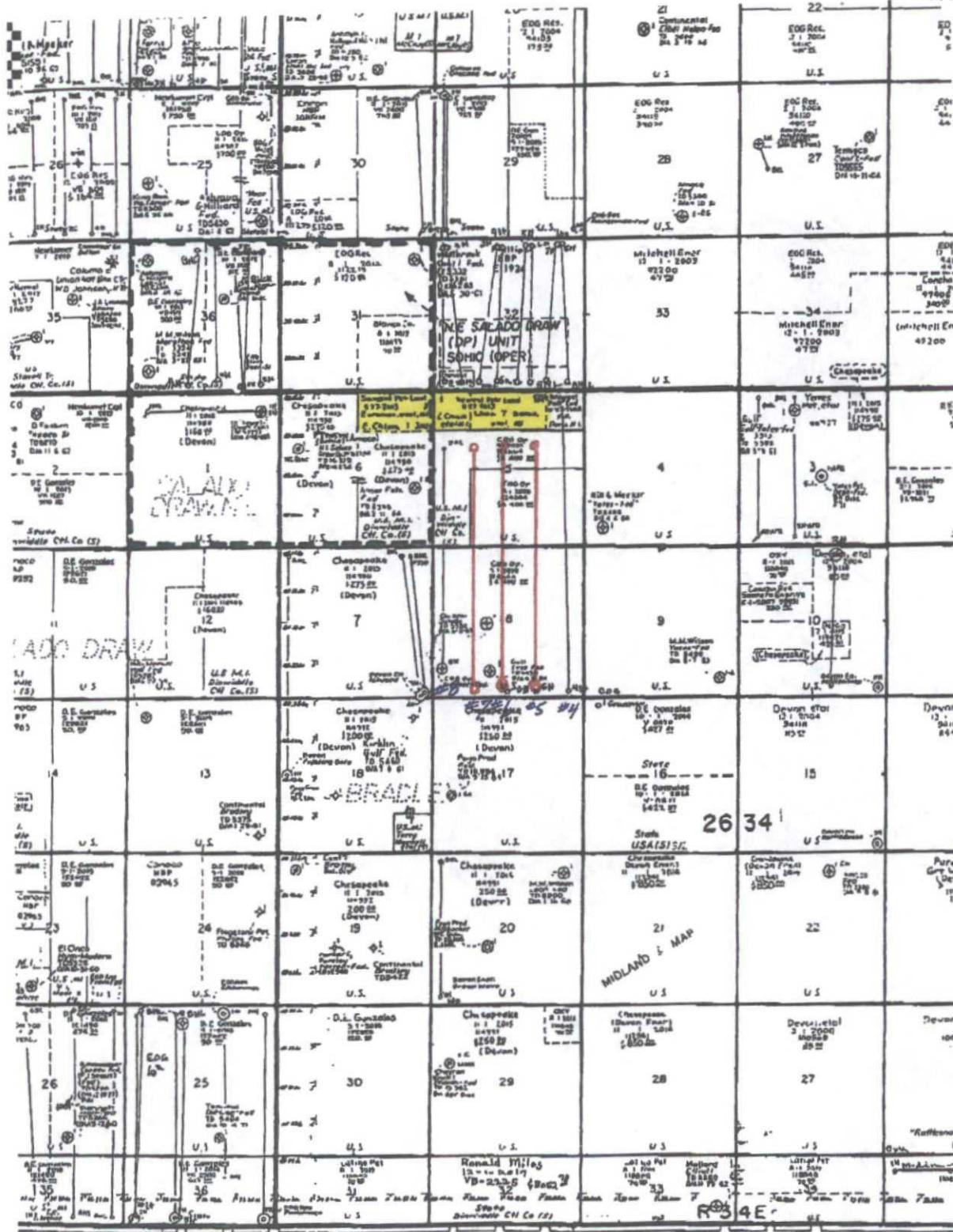
Very truly yours,

GALLAGHER & KENNEDY, P.A.

By: 
Germaine R. Chappelle

Enclosures

cc: Mike Wallace/COG Operating LLC
Sue Raby/Sugarberry Oil & Gas Corp.
Jim Shultz/Inland Title, LLC
Jim Bruce/Attorney, Yates Holdings



| API Number | Well Name | Operator | Location |
|------------|-------------------------------|--------------------------|-----------------------------------|
| 3002528650 | PRE-ONGARD WELL No. 001 | PRE-ONGARD WELL OPERATOR | N-8-26S-34E (925 FSL & 1980 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



RECEIVED

JUN 12 2013

MAIL ROOM

June 10, 2013

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

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
1425 N. FRENCH BL., ROSA, NM 88248

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1304 E. GRAND AVENUE, ALBUQU, 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 EMB 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 |
| OGRID No. | Operator Name | Elevation |
| 229137 | COG OPERATING, LLC | 3342.4' |

Surface Location

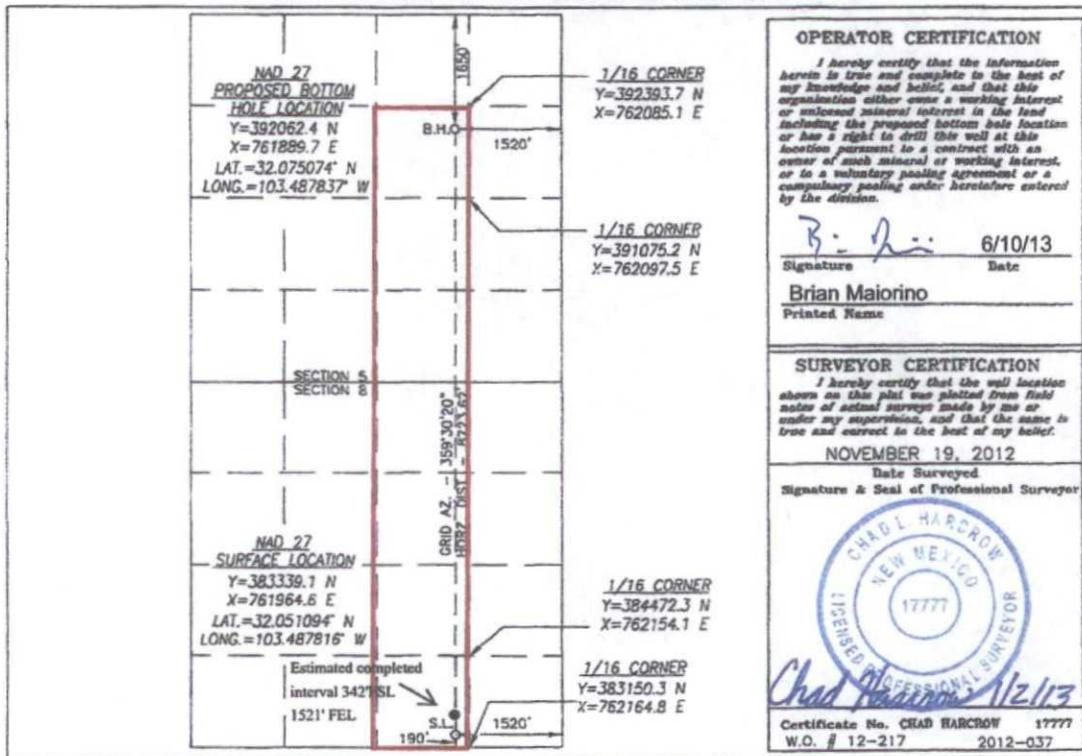
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0 | 8 | 26-S | 34-E | | 190 | SOUTH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



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 enclosed 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 under heretofore entered by the division.

Signature: *Brian Maiorino* 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

CHAD HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR
Chad Harcrow 11/2/13
Certificate No. CHAD HARCROW 17777
W.O. # 12-217 2012-037

DISTRICT I
1025 N. FRENCH BL., ROSA, NM 87248

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2010
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
1901 W. GRAND AVENUE, ARTISIA, NM 87010

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

DISTRICT III
1000 ESD BEAZOS RD., AZTEC, NM 87418

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 |
| OGBD 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

