

ECUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS****Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.****SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM0397623
2. Name of Operator COG OPERATING LLC Contact: KANICIA CARRILLO E-Mail: kcarrillo@conchoresources.com		6. If Indian, Allottee or Tribe Name
3a. Address 550 WEST TEXAS AVE STE 1300 MIDLAND, TX 79701	3b. Phone No. (include area code) Ph: 432-685-4332	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 17 T17S R29E 1650FSL 990FWL 32.83172 N Lat, 104.10187 W Lon		8. Well Name and No. FOLK FEDERAL 1
		9. API Well No. 30-015-35727
		10. Field and Pool, or Exploratory GRAYBURG JACKSON;SR-Q-G-S
		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Administrative Order DHC-4291

COG proposes to down hole commingle the Grayburg Jackson SR Queen Grayburg SA, (28509) with the Empire; Glorieta-Yeso, (96610).

Commingleing will not reduce the value of the total remaining production.

The proposed intervals are as follows:

Grayburg Jackson SR Queen Grayburg SA 2396' - 3686'

Empire; Glorieta-Yeso 4370' - 4950'

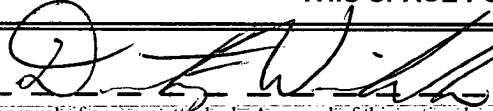
Percentages to be determined after completion.

Ownership in all zones are the same.


**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****SUBJECT TO LIKE
APPROVAL BY STATE****RECEIVED**
SEP 13 2010
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct. Electronic Submission #90793 verified by the BLM Well Information System For COG OPERATING LLC, sent to the Carlsbad	
Name (Printed/Typed) KANICIA CARRILLO	Title PREPARER
Signature (Electronic Submission)	Date 08/03/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Title	APPROVED	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	SEP 8 2010 /s/ Dustin Winkler	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any statement or representation which is false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.			

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 8, 2010

Administrative Order DHC-4291
Application Reference Number: pTGW1016856293

COG Operating, LLC
Attn: Ms. Kanicia Carrillo
550 W. Texas Ave, Suite 1300
Midland, TX 79701

Re: Folk Federal Well No. 1
API No. 30-015-35727

Folk Federal Well No. 4
API No. 30-015-35728

Pools: undesignated Grayburg Jackson; Seven Rivers-Queen-Grayburg-San
Andres (28509)
undesignated East Empire Glorieta-Yeso (96610)

Dear Ms. Carrillo:

Reference is made to your application for an exception to Division Rule 12.9.A to permit down hole commingling of production from the subject pools within the above-described wellbores.

It appearing that the subject wells qualify for approval for such exception pursuant to the provisions of Rule 12.11.A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described.

In accordance with Division Rule 12.11.A(6), the production attributed to any commingled pool within each well shall not exceed the allowable applicable to that pool.

dm



Assignment of allowable and allocation of production from the well shall be as follows:

Pool: Grayburg Jackson; Seven Rivers-Queen-Grayburg-San Andres	Pct Gas: To be supplied	Pct Oil: To be supplied
Pool: East Empire Glorieta-Yeso	Pct Gas: To be supplied	Pct Oil: To be supplied

It is our understanding that allocation percentages will be determined from well tests after the wells have been re-completed in the Grayburg Jackson. The production allocation percentages of oil and gas between these pools for each well shall be reported to the Division's Santa Fe office within 60 days following completion of the workover of such well.

It is also understood that ownership of all interest in the pools from which production is being commingled is identical.

This approval is conditional upon approval by the United States Bureau of Land Management prior to commencement of commingling.

The operator shall notify the Division's Artesia district office upon implementation of commingling operations.

Pursuant to Rule 12.11B, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

MARK E. FESMIRE, P.E.
Acting Director

MEF/db

cc: Oil Conservation Division – Artesia
United States Bureau of Land Management

COG Operating LLC
NM-0397623: Folk Federal #1
API: 30-015-35727
Eddy County, New Mexico

RE: Down Hole Commingle – Conditions of Approval

There is to be no surface disturbance beyond the originally approved pad. A closed loop system is to be used. H2S monitoring and protection equipment is to be on site.

2M BOP is to be used for this well. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

Submit subsequent report and completion report once work is completed.

DHW 090210