



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 21, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COG Operating, L.L.C.

c/o **Mack Energy Corporation**

P. O. Box 960

Artesia, New Mexico 88211-0960

Attention: Jerry Sherrell

jerrys@mackenergycorp.com

Administrative Order NSL-5401 (SD)

Dear Mr. Sherrell:

Reference is made to the following: (i) your application filed as contract operator for COG Operating, L.L.C. ("COG"), with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 30, 2006 (*administrative application reference No. pTDS0-615059846*); and (ii) the Division's records in Artesia and Santa Fe: all concerning COG's request for an unorthodox "infill" Yeso oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 20, Township 17 South, Range 29 East, NMPM, East Empire-Yeso Pool (**96610**), Eddy County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

This 40-acre unit is currently simultaneously dedicated to the two following describe COG operated wells:

- (1) Mesquite State Well No. 9 (**API No. 30-015-30941**) located at a standard oil well location 890 feet from the North line and 480 feet from the West line of Section 20; and
- (2) Mesquite State Well No. 10 (**API No. 30-015-30942**) located at a standard oil well location 330 feet from the North line and 990 feet from the West line of Section 20.

By the authority granted me under the provisions of Division Rule 104.F (2), COG's following described well to be drilled as the third well within the NW/4 NW/4 (Unit D) of Section 20 at an unorthodox "infill" Yeso oil well location is hereby approved:

Mesquite State Well No. 19
1035' FNL & 1115' FWL
(API No. 30-015-34820).

COG Operating, L.L.C. c/o Mack Energy Corporation (Contract Operator)
Division Administrative Order NSL-5401 (SD)

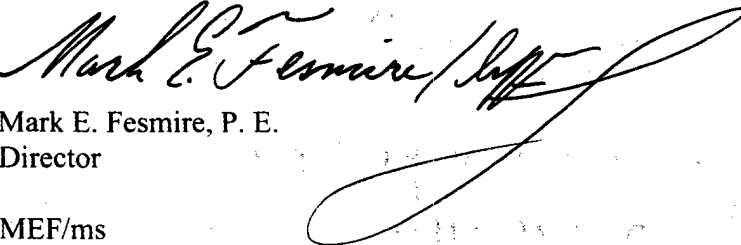
June 19, 2006

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Further, both the existing Mesquite State Wells No. 9 and 10 and the proposed Mesquite State Well No. 19 are to be simultaneously dedicated to the subject 40-acre unit.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe