

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 12, 2007

COG Operating, L.L.C.
550 W. Texas
Suite 1300
Midland, Texas 79701

Attention: Ms. Phyllis A. Edwards

Re: **USP Fee Well No. 2**
API No. 30-015-34438
Surface Location: 319' FNL & 946' FWL, Unit D, Section 16
Bottomhole Location (Delaware): 226' FSL & 1362' FWL, Unit N, Section 9
Both in T-23 South, R-29 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5639

Dear Ms. Edwards:

Reference is made to the following:

- (a) COG Operating, L.L.C.'s ("COG") application for a non-standard well location (*administrative application reference No. pCLP0716235979*) for the USP Fee Well No. 2 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 11, 2007; and
- (b) the Division's records pertinent to your request.

COG requests approval of an unorthodox oil well location for its existing USP Fee Well No. 2 which is located at a surface location 319 feet from the North line and 946 feet from the West line (Unit D) of Section 16, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and which is located at an unorthodox bottomhole location in the Delaware formation 226 feet from the South line and 1362 feet from the West line (Unit N) of Section 9, Township 23 South, Range 29 East, NMPM. The well is to be completed in the Undesignated Northeast Harroun Ranch-Delaware Pool (Oil - 96878) and is to be dedicated to a standard 40-acre oil spacing and proration unit comprising the SE/4 SW/4 of Section 9.

The Northeast Harroun Ranch-Delaware Pool is currently governed by Division Rule 19.15.3.104.B.

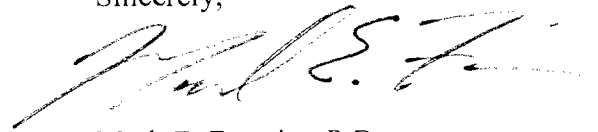
It is our understanding that the well was originally directionally drilled as an Atoka test, and that the well is now uneconomic to produce in the Laguna Salado-Atoka Gas Pool. COG now proposes to complete the well up-hole in the Delaware interval.

The well is to be perforated in the Delaware formation at a depth of 5546'-5562' and 5565'-5567'. According to the directional survey, the bottomhole location in the Delaware formation at the perforation point is 226 feet from the South line and 1362 feet from the West line (Unit N) of Section 9.

The affected offset acreage is the SW/4 SW/4 of Section 9, and the N/2 NW/4 of Section 16. The applicant provided notice of this application to Devon Energy Corporation, the only affected offset operator and/or interest owner. By letter dated June 6, 2007, Devon Energy Corporation waived objection to the proposed unorthodox oil well location.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Undesignated Northeast Harroun Ranch-Delaware Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Artesia