

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 3, 2008

COG Operating LLC
Attn: Ms. Phyllis A. Edwards
Fasken Center, Tower II
550 West Texas Ave., Suite 1300
Midland, TX 79701

Administrative Order NSL-5840

Re: JC Federal Well No. 21
API No. 30-025-
Unit K, Section 22-17S-32E
Lea County

Dear Ms Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-12160419**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 30, 2008, and

(b) the Division's records pertinent to this request.

COG Operating LLC (COG) has requested to drill the above-referenced well at an unorthodox oil location, 2385 feet from the South line and 2358 feet from the West line (Unit K) of Section 22, Township 17 South, Range 32 East, N.M.P.M., in Lea County, New Mexico. The NE/4 SW/4 of Section 22 will be dedicated to this well in order to form a standard 40-acre spacing unit in the West Maljamar-Yeso Pool (44500). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the northern and eastern unit boundaries.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location to avoid interference with existing pipelines.



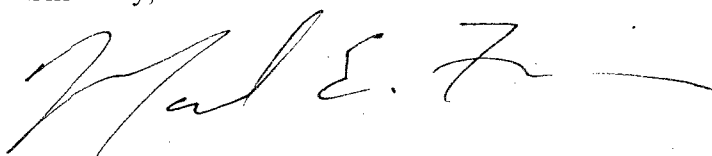
It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management - Carlsbad