

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 10, 2008
Administrative Order NSL-5845

COG Operating, LLC
Attn: **Ms. Phyllis Edwards**
550 W. Texas Av, Suite 1300
Midland, TX 79701

Dear Ms. Phyllis Edwards

COG's NSL Application: MC Federal Well No. 34

1530' FSL, 990' FEL, Unit I
Section 21 T17S, R32E, NMPM, Lea County, New Mexico
Maljamar Yeso West Oil Pool (44500)

Reference is made to the following:

- (a) your application (*administrative application reference No. pKVR0813030093*) for a non-standard well location for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 8, 2008, and
- (b) the Division's records pertinent to this request.

COG Operating LLC (COG) has requested authority to drill and complete its MC Federal Well No. 34 at an unorthodox Maljamar; Yeso West oil well location, 1530 feet from the South line and 990 feet from the East line (Unit I) of Section 21, Township 17 South Range 32 East, N.M.P.M., in Lea County, New Mexico. The NE/4 SE/4 of Section 21 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Maljamar; Yeso West Pool (44500). The pool is governed by statewide Rule 104.B (1), which provides for 40-acre units, with well located at least 330 feet from a unit outer boundary. The requested location is less than 330 feet from the unit boundary due to pipeline constrictions.



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

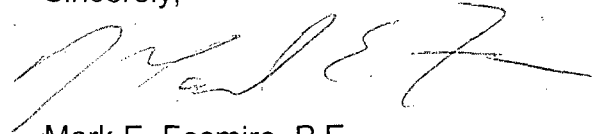
It is also our understanding that COG is seeking this location due to pipeline constrictions.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because COG owns 100% of the working interest in the proposed unit and in the offsetting unit towards which this location encroaches.

Pursuant to the authority granted under the provisions of Division Rule 104.F(2), the above-described unorthodox Maljamar, Yeso West oil well location within the above-described 40-acre standard oil spacing for the proposed MC Federal Well No. 34 is hereby approved.

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', written in a cursive style.

Mark E. Fesmire, P.E.
Division Director

MEF/tw

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