



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



October 30, 2008

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

Administrative Order NSL-5952

**Re: SC Federal Well No. 3
API No. 30-025
1000 feet FSL and 1650 feet FEL
Unit O, Section 22-17S-32E
Lea County, New Mexico**

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-26634582**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 22, 2008,

(b) your supplemental email communications of October 30, 2008, and

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

COG Operating, LLC (COG) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SW/4 SE/4 of Section 22 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated 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 unit boundary.

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



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It is our understanding that you are seeking this location because of an existing pipeline that crosses the unit.

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', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

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