

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 10, 2009

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

Administrative Order NSL-6057

**Re: Good Hands 15 State Well No. 1H
API No. 30-025
Unit A, Section 15-14S-32E
Lea County, New Mexico**

Dear Ms Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-18931558**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 7, 2009, and

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

COG Operating, LLC [OGRID 229137] (COG) has requested to drill the above-referenced well as a horizontal well in the Abo formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 1190 feet from the North line and 430 feet from the East line
(Unit A) of Section 15, Township 14S, Range 32E, NMPM,
Lea County, New Mexico

Point of Penetration: same as surface location

Terminus 1190 feet from the North line and 330 feet from the West line
•(Unit D) of said section



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The N/2 N/2 of Section 15 will be dedicated to the proposed well to form a project area comprising four contiguous, standard oil spacing units in the North Tulk Abo Pool (60265). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because the entire producing interval will be less than 330 feet from the southern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

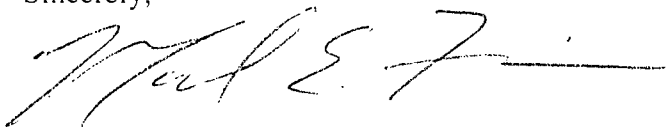
It is our understanding that you are seeking this location because of sand dunes. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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', with a long horizontal line extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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