



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 11, 2010

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

Administrative Order NSL-6196

Re: MC Federal Well No. 15
API No. 30-025-38835
430 feet FNL and 600 feet FWL
Unit D, Section 21-17S-32E
Lea County, New Mexico

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-10940835**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 9, 2010, and

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

COG Operating, LLC [OGRID 229137] (COG) has requested to complete and produce the above-referenced well as a directional well in the Yeso formation, at a bottom hole location that will be unorthodox under Division Rule 16.14.B. The proposed surface location and terminus of the well are as follows:

Surface Location: 430 feet from the North line and 600 feet from the West line
(Unit D) of Section 21, Township 17-S, Range 32-E, NMPM,
Lea County, New Mexico

Terminus 281 feet from the North line and 380 feet from the West line
(Unit D) of said Section 21.



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The NW/4 NW/4 of Section 21 will be dedicated to the proposed well to form a standard 40-acre, oil spacing and proration unit in the West Maljamar Yeso Pool (229137). This pool is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because the bottom hole location is less than 330 feet from the northern unit boundary.

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 approval of this location because a drilling error caused the well to stray outside the prescribed setback distance. It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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 'M.E. Fesmire', with a long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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