

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

John Bemis  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey  
Division Director  
Oil Conservation Division



November 5, 2012

COG Operating, LLC  
Attn: Ms. Kelly J. Holly

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6702  
Administrative Application Reference No. pDKB12289561112

COG Operating, LLC  
OGRID 229137  
Skelly Unit Well No. 739H  
API No. 30-015-38343

**Proposed Location:**

|                   | <u>Footages</u>    | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|--------------------|-------------|-------------|-------------|--------------|---------------|
| Surface           | 1237 FSL & 330 FWL | M           | 22          | 17S         | 31E          | Eddy          |
| Penetration Point | 1237 FSL & 330 FWL | M           | 22          | 17S         | 31E          | Eddy          |
| Terminus          | 1215 FSL & 330 FEL | P           | 22          | 17S         | 31E          | Eddy          |

**Proposed Project Area:**

| <u>Description</u>    | <u>Acres</u> | <u>Pool</u>         | <u>Pool Code</u> |
|-----------------------|--------------|---------------------|------------------|
| S/2 S/2 of Section 22 | 160          | Fren: Glorieta-Yeso | 26770            |

Reference is made to your application received on October 15, 2012

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed producing area are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to avoid interference with a public highway south of the proposed location.

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 [19.15.15.9 NMAC].

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 "Jami Bailey", written in a cursive style.

Jami Bailey  
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia  
United States Bureau of Land Management