



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

July 18, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

COG Operating, L.L.C.
c/o Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960

Attention: Jerry Sherrell
jerrys@mackenergycorp.com

Administrative Order NSL-5426 (SD)

Dear Mr. Sherrell:

Reference is made to the following: (i) your application filed as contract operator for COG Operating, L.L.C. ("COG"), with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 28, 2006 (*administrative application reference No. pTDS0-618440239*); (ii) your telephone conversation with Mr. Michael E. Stogner, Staff Engineer with the Division in Santa Fe on Tuesday, July 18, 2006; (iii) Mr. Ron Lanning's telefax memorandum with supplemental information to support your application submitted to Mr. Stogner on Tuesday afternoon, July 18, 2006; and (iv) the Division's records in Artesia and Santa Fe, including the files in Division Cases No. 234, 3468, 3728, 4926, and 13609: all concerning COG Operating, L.L.C.'s ("COG") request for a non-standard infill oil well location within its Robinson-Jackson ["RJ"] Unit Waterflood Project Area, established by Division Order No. R-4502, issued in Case No. 4926 and dated April 10, 1973, for its proposed RJ Unit Well No. 141 (*API No. 30-015-34978*) to be drilled 1090 feet from the South line and 1573 feet from the West line (Unit N) of Section 27, Township 17 South, Range 29 East, NMPM, Grayburg-Jackson Pool (**28509**), Eddy County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The SE/4 SW/4 of Section 27, being a standard 40-acre oil spacing and proration unit within this pool, is currently dedicated to COG's RJ Unit Well No. 118 (*API No. 30-015-03156*), located at an unorthodox oil well location (approved by Division Order No. R-29, issued in Case No. 234 on September 5, 1950) 1295 feet from the South line and 2615 feet from the West line of Section 27.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox infill oil well location for COG's proposed RJ Unit Well No. 151 is hereby approved.

COG Operating, L.L.C. c/o Mack Energy Corporation (Contract Operator)
Division Administrative Order NSL-5426

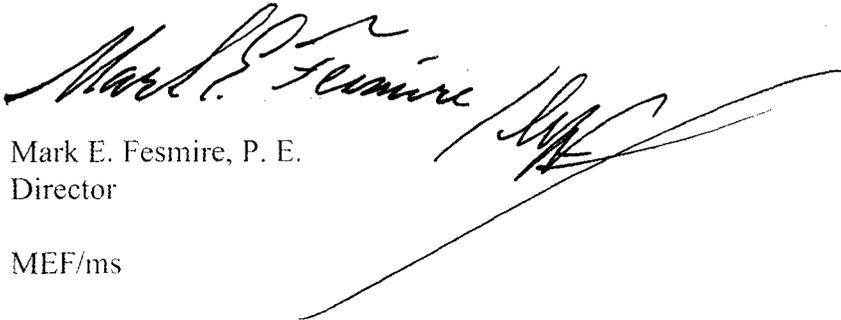
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Further, both the existing RJ Unit Well No. 118 and proposed RJ Unit Well No. 151 are to be simultaneously dedicated to the subject 40-acre unit.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
Case No. 234
