



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 7, 2007

COG Operating LLC
Attn: Ms. Phyllis Edwards
510 W. Texas AV, Suite 1300
Midland, TX 79701

Administrative Order NSL-5636

**Re: Cheyene Federal Well No. 4
API No. 30-015-35022
O-30-17S-29E
Eddy County**

Dear Ms. Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-13031751**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 9, 2007, and

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

COG Operating LLC (COG) has requested to drill its Cheyene Federal Well No. 4 (API No. 30-015-35022) at an unorthodox oil well location, 790 feet from the South line and 1550 feet from the East line (Unit O) of Section 30, Township 17 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The SW/4 SE/4 of Section 30 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Empire-Glorieta/Yeso Pool (96210). This pool is governed by statewide Rule 104.B(1), which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. The proposed location is less than 330 feet from the eastern unit boundary.

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

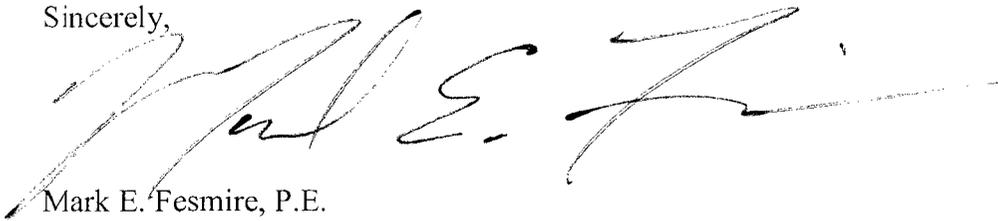
It is our understanding that COG is seeking this location to avoid interference with existing surface improvements.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because COG owns 100% of the working interest in the offsetting spacing unit towards which the proposed location encroaches.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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 - Artesia
United States Bureau of Land Management - Carlsbad