



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 8, 2008

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

Administrative Order NSL-5752

**Re: Polaris B Federal Well No. 17
API No. 30-015-35932
Unit K, Section 9-17S-30E
Eddy County**

Dear Ms Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-33135322**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 27, 2007, and

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

COG Operating LLC (COG) has requested to drill the above-referenced well at an unorthodox Yeso oil well location, 1600 feet from the South line and 1659 feet from the West line (Unit K) of Section 9, Township 17 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The NE/4 SW/4 of Section 9 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated Loco Hills-Glorieta/Yeso Pool (96718). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

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

It is our understanding that you are seeking this location due to topographic considerations.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because working interest ownership of the entire SW/4 of Section 9, including both the principal unit and the units towards which this location encroaches, is identical.

Pursuant to the authority conferred by 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,



MEF Mark E. Fesmire, P.E.
Director

MEF/db

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