

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 1, 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-5761-A

Re: Texaco BE Well No. 9
API No. 30-015-
Unit B, Section 16-17S-30E
Eddy County

Dear Ms. Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pDKB08-12754282**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 6, 2008, 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 oil well location, 890 feet from the North line and 2510 feet from the West line (Unit B) of Section 16, Township 17 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 NE/4 of Section 16 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Loco Hills-Glorieta/Yeso Pool (96718). This pool is governed by statewide Rule 104.B(2), 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 western 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 you are seeking this location to avoid interference with an existing pipeline.



It is also understood that notice of this application to offsetting operators or owners is unnecessary because a well at this location was approved in original Order R-5761 with no objection.

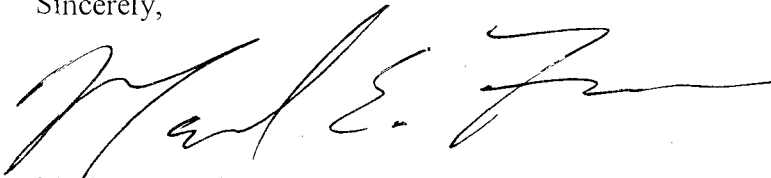
Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Order R-5761 approved the drilling of a well of the same name at the same surface location as a horizontal well. It is understood that this well will be drilled as a vertical well, and not as a horizontal, as described in original Order R-5761.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe