



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



July 18, 2008
Administrative Order NSL-5877

COG Operating, LLC
Attn: **Ms. Phyllis A. Edwards**
550 W. Texas Av, Suite 1300
Midland, TX 79701

Dear Ms Edwards:

COG's NSL Application: JC Federal Well No. 25

1090' FSL, 1650' FEL, Unit O
Section 21 T17S, R32E, N.M.P.M., Lea County, New Mexico
West Maljamar; Yeso Oil Pool (44500)

Reference is made to the following:

- (a) your application (*administrative application reference No. pKVR0816953183*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 17, 2008, and
- (b) the Division's records pertinent to this request.

COG Operating LLC (COG) has requested authority to drill and complete its JC Federal Well No. 25 at an unorthodox West Maljamar; Yeso oil well location, 1090 feet from the South line and 1650 feet from the East line (Unit O) of Section 21, Township 17 South Range 32 East, N.M.P.M., in Lea County, New Mexico. The SW/4 SE/4 of Section 10 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Maljamar; Yeso Pool. The pool is governed by statewide Rule 104.B (1), which provides for 40-acre units, with well located at least 330 feet from a unit outer boundary.

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



Administrative Application: NSL-5877
COG Operating, LLC
July 18, 2008
Page 2 of 2

It is also our understanding that COG (OGRID **229137**) is seeking this non-standard location due to pipelines and sand dune constrictions.

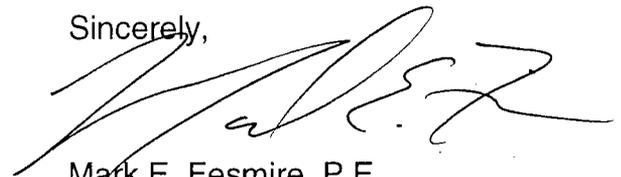
It is also understood that notice of this application to offsetting operators or owners is unnecessary because COG owns 100% of the working interest in the proposed unit and in the offsetting unit towards which this location encroaches.

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

This approval is subject to your being in compliance with all the 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,



Mark E. Fesmire, P.E.
Division Director

MEF/tw

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