



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



December 18, 2008

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

Administrative Order NSL-5975

Re: Folk Federal Well No. 12
API No. 30-015-
Unit D, Section 17-17S-29E
Eddy County

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-32451033**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 19, 2008,

(b) supplemental information furnished with you email communication dated December 18, 2008, and

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

COG Operating, LLC (COG) has requested to drill the above-referenced well as a directional well to the Yeso formation, at a location that will be unorthodox under Division Rule 16.14.B. The proposed surface location, point of penetration of the Yeso, and terminus of the well are as follows:

Surface Location: 1160 feet from the North line and 990 feet from the West line
(Unit D) of Section 17, Township 17S, Range 29E, NMPM
Eddy County, New Mexico



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Point of Penetration: 1632 feet from the North line and 991 feet from the West line
(Unit E) of said Section.

Terminus 1650 feet from the North line and 990 feet from the West line
(Unit E) of said Section.

The SW/4 NW/4 of Section 17 will be dedicated to the proposed well to form a standard 40-acre spacing unit in the undesignated East Empire-Glorieta Yeso Pool (96610). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the northern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location to avoid interference with an existing pipeline. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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.
Director

MEF/db

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