



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 24, 2009

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

Administrative Order NSL-6055-A

Re: Skelly Unit Well No. 660
API No. 30-015
Unit P, Section 14-17S-31E
Eddy County, New Mexico

Dear Ms. Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-22228139**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 5, 2009, and

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

COG Operating, LLC [OGRID 229137] (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(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 1265 feet from the South line and 1173 feet from the East line
(Unit P) of Section 14, Township 17S, Range 31E, NMPM
Eddy County, New Mexico

Point of Penetration: 1001 feet from the South line and 998 feet from the East line
(Unit P) of said Section 14.

Terminus 990 feet from the South line and 990 feet from the East line
(Unit P) of said Section 14.



August 24, 2009

Page 2

The SE/4 SE/4 of Section 14 will be dedicated to the proposed well to form a standard 40-acre spacing unit and project area in the Fren Glorieta-Yeso Pool (26770). 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 and western boundaries 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 because of sand dunes. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

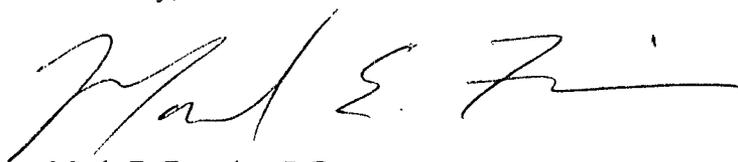
Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

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

This order replaces and supersedes original Order NSL-6055.

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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.

Director

MEF/db

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