



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire
Division Director

Oil Conservation Division



September 27, 2010

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

Administrative Order NSL-6271

**Re: High Lonesome 26 Federal Com. Well No. 3
API No. 30-015
2410 feet FSL and 430 feet FEL
Unit I, Section 26-16S-29E
Eddy County, New Mexico**

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-24632532**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 3, 2010, 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 horizontal well in the Wolfcamp 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: 2410 feet from the South line and 430 feet from the East line
(Unit I) of Section 26, Township 16S, Range 29E, NMPM
Eddy County, New Mexico

Point of Penetration: 2376 feet from the South line and 784 feet from the East line
(Unit I) of said section

Oil Conservation Division

1220 South St. Francis Drive ▪ Santa Fe, New Mexico 87505
Phone (505) 476-3440 ▪ Fax (505) 476-3462 ▪ www.emnrd.state.nm.us/OCD



Terminus 1980 feet from the South line and 330 feet from the West line
(Unit L) of said section

The N/2 S/2 of Section 26 will be dedicated to the proposed well to form a project area comprising four standard, 40-acre oil spacing units in the Wolfcamp formation. Spacing 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).

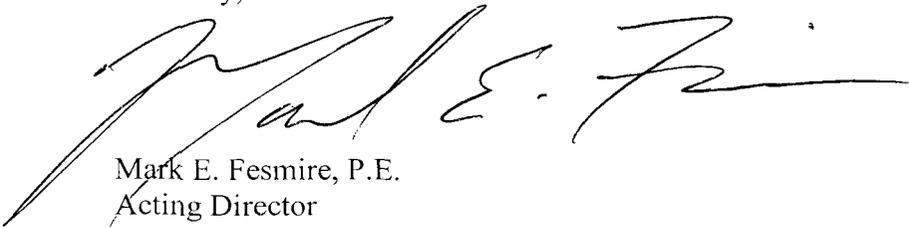
It is our understanding that you are seeking this location because of a playa lake. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

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,

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.
Acting Director

MEF/db

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