



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

November 29, 2010

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

Administrative Order NSL-6304

Re: Hatfield State Well No. 9
API No. 30-015-37770
2310 FSL and 330 FWL
Unit L, Section 8-17S-29E
Eddy County, New Mexico

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-31250841**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 8, 2010, and

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

COG Operating, LLC [OGRID 229137] (COG) has requested approval to produce the above-referenced well which has been drilled as a horizontal well in the Glorieta-Yeso formation at a location that is unorthodox under Division Rule 16.14.B(2). The surface location, point of penetration and terminus of the well are as follows:

Surface Location: 2310 feet from the South line and 330 feet from the West line
(Unit L) of Section 8, Township 17S, Range 29E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 2318 feet from the South line and 2301 feet from the West line
(Unit K) 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



The N/2 SW/4 of Section 8 will be dedicated to this well to form a project area comprising two standard 40-acre spacing units in the undesignated Empire; Glorieta-Yeso Pool (96610). This pool is governed by statewide Rule 15.9, 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 due to unintentional deviation in the horizontal drilling process.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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.
Acting Director

MEF/db

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