

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



May 20, 2008

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

MAY 27 2008
OCD-ARTESIA

Administrative Order NSL-5824

Re: Willow State Well No. 9
API No. 30-015- 36351
Unit O, Section 16-17S-31E
Eddy County

Dear Ms Edwards:

Reference is made to the following:

- (a) your application (**administrative application reference No. pKVR08-09159104**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 31, 2008, and
- (b) the Division's records pertinent to this request.

COG Operating, LLC (COG) has requested to drill the above-referenced well at an unorthodox oil well location, 740 feet from the South line and 2350 feet from the East line (Unit O) of Section 16, Township 17 South, Range 31 East, N.M.P.M., in Eddy County, New Mexico. The SW/4 SE/4 of Section 16 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Fren-Glorieta/Yeso Pool (26770). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

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

It is our understanding that you are seeking this location to avoid interference with existing pipelines that cross the unit.



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 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



R Mark E. Fesmire, P.E.
Director

MEF/db

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