

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 12, 2012

COG Operating, LLC
Attn: Ms. Kelly Holly

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6592
Administrative Application Reference No. pTWG12-08156815

COG Operating, LLC
OGRID 229137
Spruce Federal Well No. 3
API No. 30-015

Proposed Location:

| | Footages | Unit | Sec. | Township | Range | County |
|-------------------|---------------------|-------------|-------------|-----------------|--------------|---------------|
| Surface | 1328 FSL & 1501 FWL | K | 25 | 17S | 27E | Eddy |
| Penetration Point | 1520 FSL & 1593 FWL | K | 25 | 17S | 27E | Eddy |
| Terminus | 1650 FSL & 1650 FWL | K | 25 | 17S | 27E | Eddy |

Proposed Project Area:

| Description | Acres | Pool | Pool Code |
|-------------------------|--------------|-----------------------------------|------------------|
| NE/4 SW/4 of Section 25 | 40 | Northeast Red Lake; Glorieta-Yeso | 96836 |

Reference is made to your application received on March 21, 2012.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to avoid interference with existing pipe lines and electric power lines.

April 12, 2012

Page 2

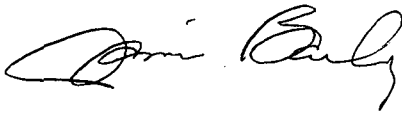
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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 [19.15.15.9 NMAC].

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 "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/db

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