

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



May 30, 2012

COG Operating, LLC
Attn: Ms. Kelly J. Holly

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6631
Administrative Application Reference No. pTWG12-13050144

COG Operating, LLC
OGRID 229137
BR-549 State Well No. 5
API No. 30-015-40254

Proposed Location:

| <u>Footages</u> | <u>Unit</u> | <u>Section</u> | <u>Township</u> | <u>Range</u> | <u>County</u> |
|-------------------|-------------|----------------|-----------------|--------------|---------------|
| 205 FNL & 180 FWL | D | 27 | 17S | 29E | Eddy |

Proposed Unit:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-------------------------|--------------|----------------------------|------------------|
| NW/4 NW/4 of Section 27 | 40 | East Empire; Glorieta-Yeso | 96610 |

Reference is made to your application received on May 9, 2012.

You have requested to drill or re-complete this 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. This location is less than 330 feet from a unit boundary.

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 pipelines.

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
New Mexico State Land Office