

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



July 11, 2012

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

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6655
Administrative Application Reference No. pTWG12-14630247

COG Operating LLC
OGRID 229137
Hatfield State Well No. 6H
API No. 30-015-40430

Proposed Location:

| | Footages | Unit | Sec. | Twsp | Range | County |
|-------------------|---------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 2310 FSL & 2560 FEL | J | 8 | 17S | 29E | Eddy |
| Penetration Point | 2260 FSL & 2390 FWL | K | 8 | 17S | 29E | Eddy |
| Terminus | 2310 FSL & 330 FWL | L | 8 | 17S | 29E | Eddy |

Proposed Project Area:

| Description | Acres | Pool | Pool Code |
|--------------------|--------------|----------------------------|------------------|
| N/2 SW/4 of Sec. 8 | 160 | East Empire; Glorieta-Yeso | 96610 |

Reference is made to your application received on May 24, 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 producing area 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 pipelines.

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 [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