



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 21, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COG Operating, L.L.C.

c/o **Mack Energy Corporation**

P. O. Box 960

Artesia, New Mexico 88211-0960

Attention: Jerry Sherrell

jerrys@mackenergycorp.com

Administrative Order NSL-5402

Dear Mr. Sherrell:

Reference is made to the following: (i) your application filed as contract operator for COG Operating, L.L.C. ("COG"), with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 19, 2006 (*administrative application reference No. pTDS0-617134512*); and (ii) the Division's records in Artesia and Santa Fe, including the file on Division Administrative Order NSL-5317: all concerning COG's request for an exception to Rule 4 of the "*Special Rules and Regulations for the Baish-Wolfcamp Pool*," as promulgated by Division Order No. R-2765, as promulgated by Division Order No. R-2765, issued in Case No. 3097 on September 8, 1964, for an unorthodox Wolfcamp oil well location within a standard 80-acre stand-up oil spacing and proration unit comprising the E/2 SW/4 of Section 22, Township 17 South, Range 32 East, NMPM, Undesignated Baish-Wolfcamp Pool (**4480**), Lea County, New Mexico.

Your application has been duly filed under the provisions of: (i) Rule 5 of the "*Special Rules and Regulations for the Baish-Wolfcamp Pool*"; (ii) Division Rule 104.F; and (iii) Division Rule 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The Division's review of its records also indicate that the S/2 SE/4 of Section 21, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, and the NE/4, E/2 NW/4, SW/4, and the NW/4 SE/4 of Section 22 comprise a single federal lease (*United States Government lease No. LC-029509-B*) in which mineral interests within the Wolfcamp interval is common throughout.

By authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special pool rules governing the Baish-Wolfcamp Pool, the following described well to be drilled within this 80-acre Wolfcamp oil spacing and proration unit at an unorthodox oil well location is hereby approved:

COG Operating, L.L.C. c/o Mack Energy Corporation (Contract Operator)
Division Administrative Order NSL-5402

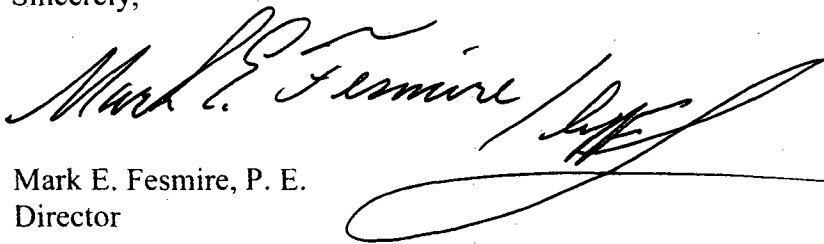
June 19, 2006

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J. C. Federal Well No. 6
2490' FSL & 1980' FWL (Unit K).

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

A handwritten signature in cursive script, reading "Mark E. Fesmire", followed by a large, stylized flourish that extends below the line of the signature.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
