



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 22, 2007

COG Operating, LLC
Attn: Ms. Phyllis Edwards
550 W. Texas AV, Suite 1300
Midland, TX 79701

Administrative Order NSL-5672

Re: State S-19 Well No. 32
API No. 30-015-35743
N-19-17S-29E
Eddy County

Dear Ms Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-22051675**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 8, 2007, and

(b) the Division's records pertinent to this request.

COG Operating, LLC (COG) has requested to drill its State S-19 Well No. 32 (API No. 30-015-35743) at an unorthodox oil well location, 330 feet from the South line and 2070 feet from the West line (Unit N) of Section 19, Township 17 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The SE/4 SW/4 of Section 19 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Empire-Glorieta/Yeso Pool (96210). This pool is governed by statewide Rule 104.B(1), which provides for 40-acres units, with wells located at least 40 feet from a unit outer boundary. This location is less than 330 feet from the eastern 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 COG is seeking this location to avoid interference with existing pipelines that cross this unit.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because COG owns 100% of the working interest in the entire S/2 of Section 19, including the subject unit and the offsetting unit to the east.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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