

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER OLS -196

October 29, 2007

COG Operating, LLC
Kania Carrillo
550 W. Texas Avenue, Suite 1300
Midland, Texas 79701

Attention: Ms. Carrillo

As an exception to the requirements of Rule 19.15.5.303.A(2) of the Division Rules and Regulations, and pursuant to the provisions of Rule 19.15.5.303.D, the above-named company is hereby authorized off-lease storage and measurement for the Undesignated Northeast Harroun Ranch-Delaware (Oil—96878) Pool production from the following lease:

Lease: USP Fee #2 Lease
Description: NW/4NW/4 of Section 16, T-23-S, R-29-E
NMPM, Eddy County, New Mexico

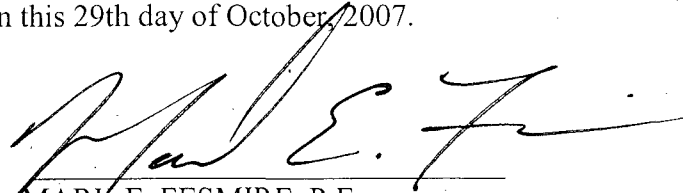
Well USP Fee Well No. 2 (API No. 30-015-34438)
Surface Location: 319 FNL & 946 FWL, Sec. 16, T-23-S, R-29-E (Unit D)
Bottom-hole Loc. 226FSL & 1362 FWL Sec. 9, T-23-S, R-29-E (Unit N)

It is our understanding that the unorthodox bottom-hole location of this well was approved by Division Administrative order NSL-5639

The production from the USP Fee Well No. 2 is to be transported, prior to measurement and storage, to the off-lease storage facility located at the USP Fee #2 surface location in the NW/4 NW/4 of Section 16, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and there shall be no intercommunication of the handling, separating, treating or storage facilities designated to the above lease.

DONE at Santa Fe, New Mexico, on this 29th day of October, 2007.



MARK E. FESMIRE, P.E.
Director

MEF/re

cc: Oil Conservation Division Artesia