



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 06, 2007

Phyllis Edwards

Regulatory Analyst

COG Operating, LLC

550 W. Texas Avenue, Suite 1300

Midland, Texas 79701

RE: **M C Federal Well No. 27**
400 feet FNL & 1090 feet FEL (Unit A) (Unorthodox)
NE/4NE/4 of Section 20, T-17 -S, R-32-E,
NMPM, Lea County, New Mexico

Administrative Order NSL-5735

Dear Ms Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR0731328937**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 6, 2007; and

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

COG Operating, LLC, requests to drill its B C Federal Well No. 27 at an unorthodox Maljamar; Yeso oil well location as referenced above in Section 20, Township 17 South, Range 32 East, N.M.P.M., in Lea County, New Mexico.

The NE/4NE/4 of Section 20 will be dedicated to this well to form a standard 40-acre oil spacing and proration unit. COG Operating, LLC, intends to test the Maljamar; Yeso Oil Pool. This pool is governed by the Division's Statewide Rules and Regulations which provide for wells on 40-acre spacing units to be located no closer than 330 feet to a quarter-quarter section line.

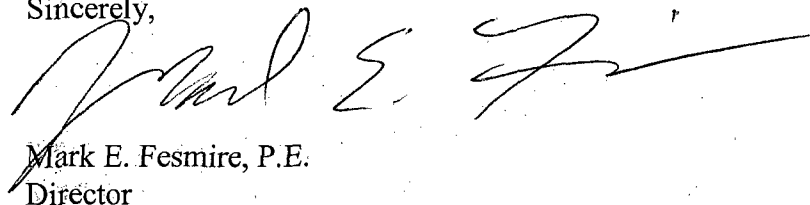
The location of the well is due to the presence of sand dunes in the area and COG does not wish to drill a directional well to cut drilling costs.

Your application has been duly filed under the provisions of Division Rules 104. F. It is our understanding that the offsetting acreage has interest ownership identical in all respects, therefore no notice of this application is required.

Pursuant to the authority granted under the provisions of Division Rules 104. F(2), the above-described unorthodox Maljamar; Yeso oil pool 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", is written over the typed name and title.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management (BLM) - Carlsbad