

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 2, 2008

COG Operating LLC
Attn: Ms. Phyllis A. Edwards
Fasken Center, Tower II
550 West Texas Ave., Suite 1300
Midland, TX 79701

Administrative Order NSL-5733-A

Re: BC Federal Well No. 20
Unit C, Section 19-17S-32E
Lea County

Dear Ms. Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-09528337**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 3, 2008, and

(b) the Division's records pertinent to this request, including the Division's records in connection with Administrative Order NSL-5733..

COG Operating LLC (COG) has requested to drill the above-referenced well at an unorthodox well location, 915 feet from the North line and 2560 feet from the West line (Unit C) of Section 19, Township 17 South, Range 32 East, N.M.P.M., in Lea County, New Mexico. This well was originally approved for an unorthodox location 990 feet from the North line and 2560 feet from the West line of said section in Administrative Order NSL-5733, and you are now requesting that the location be changed to 915 feet from the North line.

The NE/4 NW/4 of Section 19 will be dedicated to this well in order to form a standard 40-acre spacing unit in the West Maljamar-Yeso Pool (44500). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 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 you are seeking this location to comply with United States Bureau of Land Management surface siting requirements.

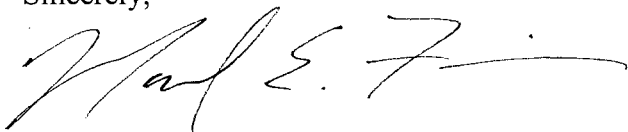
It is also understood that notice of this application to offsetting operators or owners is unnecessary because this application only seeks to change a previously-approved unorthodox location, and the location sought in this application does not encroach any further toward any offsetting spacing unit than did the previously approved location.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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 stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management - Roswell