

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



October 28, 2008
Administrative Order NSL-5938

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

Dear Ms Edwards:

COG's NSL Application: Folk Federal Well No. 5

API No. 30-015-.....

Surface Location: 1250' FNL & 330' FWL, Unit D, Section 17

Penetration Point (Glorieta): 1552' FNL & 331' FWL, Unit E, Section 17

Bottomhole Location (Empire): 1650' FNL & 330' FWL, Unit E, Section 17

Both in T-17 South, R-29 East, NMPM,

Eddy County, New Mexico

East Empire-Glorieta-Yeso Oil Pool (96610)

Reference is made to the following:

- (a) your application (*administrative application reference No. pKVR0824857059*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on September 4, 2008, and
- (b) the Division's records pertinent to this request.

COG Operating LLC (COG) has requested authority to drill and complete its horizontal well the Folk Federal Well No. 5 at an unorthodox Empire; Yeso, East oil well location, 1250 feet from the North line and 330 feet from the West line (Unit D) of Section 17, Township 17 South Range 29 East, N.M.P.M., in Eddy County, New Mexico. The SW/4 NW/4 of Section 17 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the East Empire-Glorieta-Yeso Pool. The pool is



governed by statewide Rule 104.B (1), which provides for 40-acre units, with well located at least 330 feet from a unit outer boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2)

It is also our understanding that COG (OGRID **229137**) is seeking this non-standard location at the Bureau of Land Management's request due to archeology.

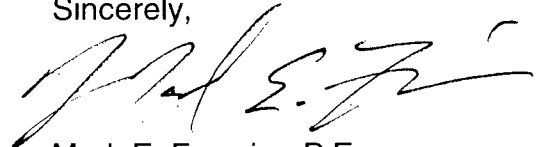
It is also understood that notice of this application to offsetting operators or owners is unnecessary because COG owns 100% of the working interest in the proposed unit and in the offsetting unit towards which this location encroaches.

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

This approval is subject to your being in compliance with all the 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,



Mark E. Fesmire, P.E.
Division Director

MEF/tw

cc: New Mexico Oil Conservation Division – Artesia
United States Bureau of Land Management - Carlsbad