



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

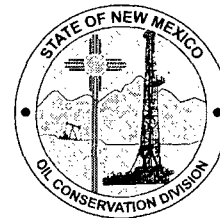
Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



September 13, 2010

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

Administrative Order NSL-6259
Administrative Order NSP-1945

Re: State S-19 Well No. 34
API No. 30-015-37869
1700 feet FSL & 700 feet FWL
Lot 3, Section 19-17S-29E
Eddy County, New Mexico

Dear Ms. Odom:

Reference is made to the following:

(a) your non-standard location (NSL) application (**administrative application reference No. pTGW10-16651264**) and your non-standard proration unit (NSP) application (**administrative application reference No. pTGW10-23145432**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 15 and August 19, 2010, respectively, and

(b) the Division's records pertinent to these requests.

COG Operating, LLC [OGRID 229137] (COG) has requested to drill the above-referenced well to the Empire; Glorieta-Yeso Pool, at an unorthodox oil well location described above in the caption of this letter. In addition, COG has requested approval of a non-standard oil spacing units in said pool.

Lot 3 (NW/4 SW/4 equivalent) of Section 19 will be dedicated to this well in order to form a non-standard, 27.4-acre, more or less, oil spacing and proration unit in the Empire; Glorieta-Yeso Pool (96210). Spacing in this pool is governed by Rule 15.9, which provides for 40-acre units with wells to be located at least 330 feet from the unit outer boundary.

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD

The proposed location is unorthodox because it is less than 330 feet from the eastern unit boundary.

The proposed non-standard unit is necessitated by irregularities in the official survey. No part of the quarter-quarter section is excluded from the proposed unit.

Your applications have been duly filed under the provisions of Division Rules 15.13, 15.11.B(3) and 4.12.A(2).

It is our understanding that you are seeking this location in order to avoid interference with existing utility installations.

It is also understood that, pursuant to the Division's directive as applied to these applications, you have given due notice to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining spacing units surrounding the proposed non-standard spacing unit.

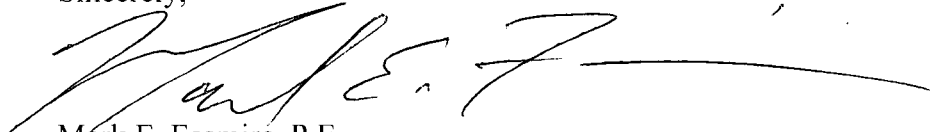
Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved. Pursuant to the authority conferred by Division Rule 15.11.B(2), the following non-standard oil spacing and proration unit is hereby approved:

**Empire; Glorieta-Yeso Pool – Lot 3 (NW/4 SW/4 equivalent) of Section 19-17S-29E
(27.4 acres, more or less)**

These approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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 line extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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