



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 28, 2010

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

Administrative Order NSL-6274

**Re: Skelly Unit Well No. 669
API No. 30-015
1730 feet FSL and 244 feet FEL
Unit I, Section 14-17S-31E
Eddy County, New Mexico**

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-26459332**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 3, 2010, and

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

COG Operating, LLC [OGRID 229137] (COG) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SE/4 of Section 14 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Fren; Glorieta-Yeso Pool (26770). This pool is governed by statewide Rule 15.9.A, 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 15.13 and 4.12.A(2).

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



It is our understanding that you are seeking this location to avoid interference with existing pipelines.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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.
Acting Director

MEF/db

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