

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



August 13, 2014

COG PRODUCTION, LLC
Attn: Ms. Melanie Parker

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7135
Administrative Application Reference No. pMAM1422455262

COG Production, LLC
OGRID 217955
Cabo Blanco State Well No. 3H
API No. 30-025-42000

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	490 FNL & 1265 FEL	1	5	24S	33E	Lea
Penetration Point	798 FNL & 1266 FEL	1	5	24S	33E	Lea
Terminus	330 FSL & 1315 FEL	P	5	24S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 5	159.72	Triple X; Bone Spring, West	96674

Reference is made to your application received on August 12, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location to test infill drilling in a lower target within the 2nd Bone Spring Sand to enhance hydrocarbon recoveries.

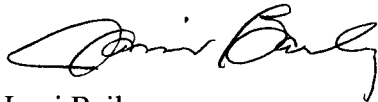
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on August 13, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals