

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

David R. Catanach, Division Director
Oil Conservation Division



July 2, 2015

COG PRODUCTION, LLC
Attn: Ms. Melanie Wilson

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7317
Administrative Application Reference No. pMAM1516240874

COG Production, LLC
OGRID 217955
Macho Nacho State Com. Well No. 9H
API No. 30-025-42518

Proposed Location:

| | <u>Footages</u> | <u>Unit/lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|----------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 190' FSL & 1840' FWL | N | 7 | 24S | 33E | Lea |
| Penetration Point | 330' FSL & 1220' FWL | M | 7 | 24S | 33E | Lea |
| Final perforation | 330' FNL & 1220' FWL | 1 | 7 | 24S | 33E | Lea |
| Terminus | 230' FNL & 1220' FWL | 1 | 7 | 24S | 33E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|----------------------|--------------|-----------------------------|------------------|
| W/2 W/2 of Section 7 | 153.4 | Triple X; Bone Spring, West | 96674 |

Reference is made to your application received on June 11, 2015.

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 surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. 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 enhance hydrocarbon recovery between existing wells.

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 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (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 July 2, 2015.



DAVID R. CATANACH
Director

DRC/mam

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