



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 13, 2007

COG Operating, LLC
Attn: Mr. David Kuykendall
550 W. Texas AV, Suite 1300
Midland, TX 79701

Administrative Order NSL-5643

**Re: MC Federal Well No. 11
API No. 30-025-38387
J-21-17S-32E
Lea County**

Dear Mr. Kuykendall:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-13730447**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 14, 2007, and

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

COG Operating LLC (COG) has requested to complete its MC Federal Well No. 11 (API No. 30-025-38387) at an unorthodox Paddock oil well location, 2460 feet from the South line and 2210 feet from the East line (Unit J) of Section 21, Township 17 South, Range 32 East, N.M.P.M., in Lea County, New Mexico. The NW/4 SE/4 of Section 11 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the undesignated Maljamar Paddock Pool (44500). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The requested location is less than 330 feet from the northern unit boundary.

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

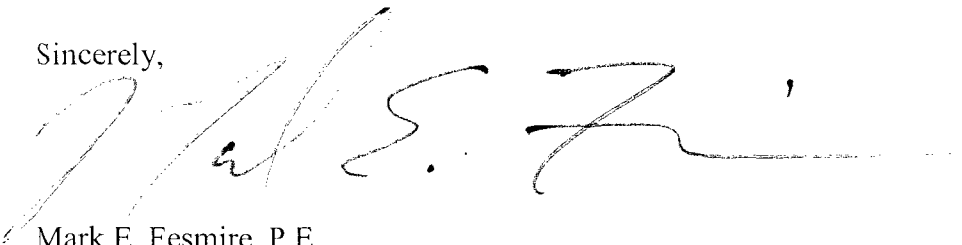
It is our understanding that COG is seeking this location in order to shorten distance to a pipeline connection.

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 me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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', written over a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

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