



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 21, 2008

Phyllis Edwards
Regulatory Analyst
COG Operating, LLC
550 W. Texas Avenue, Suite 1300
Midland, Texas 79701

RE: **Skelly Unit Well No. 605**
2460 feet FSL & 2410 feet FEL (Unit J) (Unorthodox)
NW/4SE/4 of Section 14, T-17 -S, R-31-E,
NMPM, Eddy County, New Mexico

Administrative Order NSL-5939

Dear Ms Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR0825236404**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 8, 2008; and

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

COG Operating, LLC, requests to drill its Skelly Unit Well No. 605 at an unorthodox Fren; Glorieta Yeso oil well location as referenced above in Section 14, Township 17 South, Range 31 East, N.M.P.M., in Eddy County, New Mexico.

The NW/4SE/4 of Section 14 will be dedicated to this well to form a standard 40-acre oil spacing and proration unit. COG Operating, LLC, intends to test the Fren; Glorieta Yeso Oil Pool. This pool is governed by the Division's Statewide Rules and Regulations which provide for wells on 40-acre spacing units to be located no closer than 330 feet to a quarter-quarter section line.

The location of the well is due to the presence of sand Dunes in the area and COG does not wish to drill a directional well to cut drilling costs.

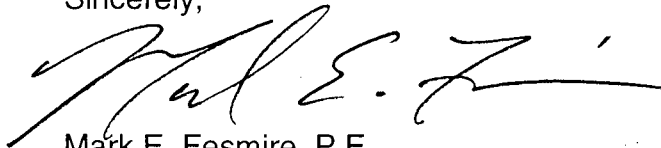


Your application has been duly filed under the provisions of Division Rules 104.F. It is our understanding that the offsetting acreage has interest ownership identical in all respects, therefore no notice of this application is required.

Pursuant to the authority granted under the provisions of Division Rules 104. F(2), the above-described unorthodox Fren; Glorieta Yeso oil pool 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', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division – Artesia