



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 05, 2009

Robyn Odom
Regulatory Analyst
COG Operating, LLC
550 W. Texas Avenue, Suite 1300
Midland, Texas 79701

RE: **G C Federal Well No. 39**
2410 feet FSL & 255 feet FEL (Unit I) (Unorthodox)
NE/4SE/4 of Section 20, T-17 -S, R-32-E,
NMPM, Lea County, New Mexico

Administrative Order NSL-6063

Dear Ms Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW0919756182**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 16, 2009 and

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

COG Operating, LLC, requests to drill its G C Federal Well No. 39 at an unorthodox Maljamar; Yeso oil well location as referenced above in Section 20, Township 17 South, Range 32 East, N.M.P.M., in Lea County, New Mexico.

The NE/4SE/4 of Section 20 will be dedicated to this well to form a standard 40-acre oil spacing and proration unit. COG Operating, LLC, intends to test the Maljamar; 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.

It is our understanding that the location of the well is due to the presence of electrical lines in the area and COG does not wish to drill a directional well to cut drilling costs.



August 5, 2009

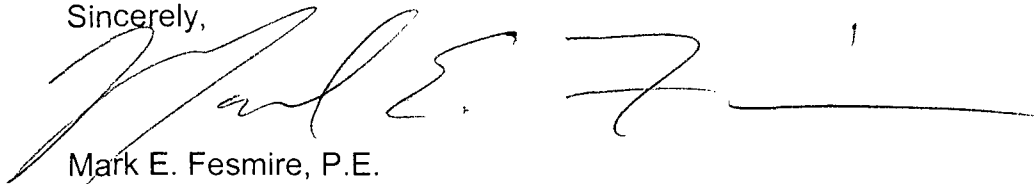
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Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC. It is our understanding that the offsetting acreage has interest ownership identical in all respects, therefore no notice of this application is required.

Pursuant to the authority granted under the provisions of Division Rules 19.15.15.13 NMAC, the above-described unorthodox Maljamar; 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', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management (BLM) - Carlsbad