New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Jim Noel Cabinet Secretary

Karen W. Garcia Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



August 9, 2010

COG Operating, LLC Attn: Ms. Robyn Odom Fasken Center, Tower II 550 West Texas Ave., Suite 1300 Midland, TX 79701

Administrative Order NSL-6239

Re: White Oak State Well No. 12 API No. 30-015-1060 feet FSL & 1650 feet FEL Unit O, Section 23-17S-28E Eddy County, New Mexico

Dear Ms. Odom:

Reference is made to the following:

(a) your application (administrative application reference No. pTGW10-20252663) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 21, 2010, and

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

COG Operating, LLC [OGRID 229137] (COG) has requested to drill the abovereferenced well at an unorthodox oil well location, described above in the caption of this letter. The SW/4 SE/4 of Section 23 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Empire; Glorieta-Yeso Pool (96210). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the northern unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location to avoid interference with an existing buried pipeline.

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

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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

Sincerely, Mark E. Fesmire, P.E.

Mark E. Fesmire, P.E Acting Director

MEF/tw

cc: New Mexico Oil Conservation Division – Artesia New Mexico State Land Office – Santa Fe