



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

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Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



November 18, 2010

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

Administrative Order NSL-6303

**Re: Burch Keely Unit Well No. 697
API No. 30-015
1137 feet FSL & 2532 feet FWL
Unit C, Section 25-17S-29E
Eddy County, New Mexico**

Dear Ms. Odom:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-32132288**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 17, 2010, and

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

COG Operating, LLC [OGRID 229137] (COG) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 NW/4 of Section 25 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Grayburg-Jackson; Seven Rivers-Queen-Grayburg-San Andres Pool (28509). 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 and eastern unit boundaries.

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

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD

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

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', is written over the typed name and title.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division – Artesia
United States Bureau of Land Management