



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



December 13, 2010

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

Administrative Order NSL-6307

Re: Burch Keely Unit Well No. 636
API No. 30-015
10 feet FSL & 2299 feet FEL
Unit O, Section 24-17S-29E
Eddy County, New Mexico

Dear Ms. Holly:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-34452928**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 10, 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 as a directional well to the Grayburg-Jackson; Seven Rivers-Queen-Grayburg-San Andres Pool. The well will be drilled from the surface location described in the caption of this letter to an unorthodox bottom hole location, 10 feet from the South line and 2640 feet from the East line (Unit O) of Section 24. The SW/4 SE/4 of Section 24 will be dedicated to this well in order to form a standard 40-acre, more or less, spacing unit in the -Jackson; Seven Rivers-Queen-Grayburg-San Andres Pool (28509).

Spacing in this pool is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The proposed bottom hole location for this well is less than 330 feet from the southern and eastern unit boundaries.

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



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

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

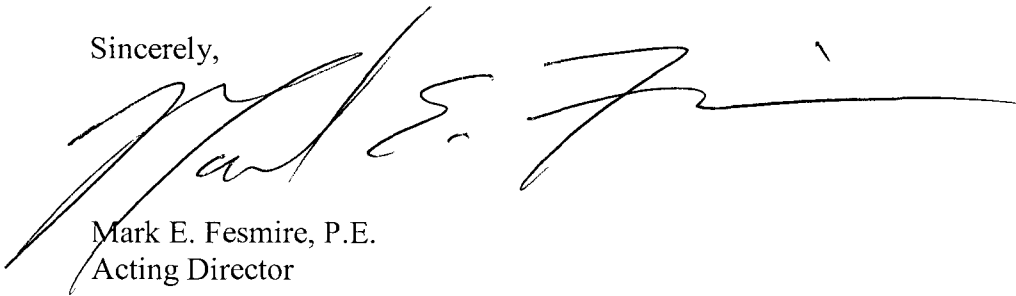
It is also understood that notice to offsetting operators or owners is unnecessary due to common ownership.

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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db