

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 21, 2007

**AUG 27 2007
OCD-ARTESIA**

COG Operating, LLC
Attn: Ms. Phyllis Edwards
550 W. Texas AV, Suite 1300
Midland, TX 79701

Administrative Order NSL-5671

**Re: Polaris B Federal Well No. 14
API No. 30-015-35701
C-17-17S-30E
Eddy County**

Dear Ms. Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-21836406**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 3, 2007, and

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

COG Operating, LLC (COG) has requested to drill its Polaris B Federal Well No. 14 (API No. 30-015-35701) at an unorthodox oil well location, 1175 feet from the North line and 1630 feet from the West line (Unit C) of Section 17, Township 17 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The NE/4 NW/4 of Section 17 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Loco Hills-Glorieta/Yeso Pool (96718). This pool is governed by statewide Rule 104.B(1), 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 southern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

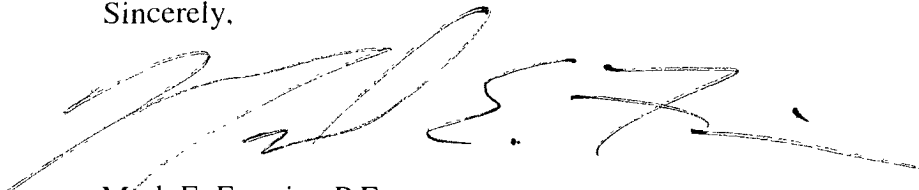
It is our understanding that COG is seeking this location to avoid interference with existing surface improvements.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because COG owns 100% of the working interest in the entire NW/4 of Section 17, including both the subject spacing unit and the units toward which this location encroaches.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox 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/db

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