



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Cabinet Secretary

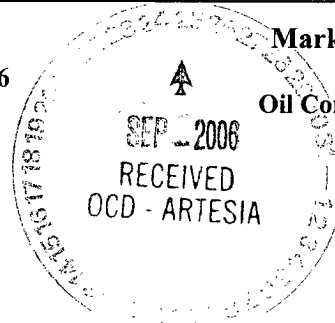
September 18, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COG Operating, L.L.C.
c/o Mack Energy Corporation (Contract Operator)
P. O. Box 960
Artesia, New Mexico 88211-0960



Attention: Jerry Sherrell

RE: Administrative application filed with the New Mexico Oil Conservation Division ("Division") on behalf of the operator, COG Operating, L.L.C., on August 7, 2006 (**administrative application reference No. pMES0-626132591**) for its proposed Harvard Federal Well No. 7 (**API No. 30-015-35055**) to be drilled within a standard 40-acre oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 12, Township 17 South, Range 30 East, NMPM, Undesignated Loco Hills-Paddock Pool (**96718**), Eddy County, New Mexico, at an unorthodox location 1090 feet from the North line and 330 feet from the West line of Section 12.

Dear Mr. Sherrell:

Reference is made to my e-mail correspondence on Wednesday, August 30, 2006; without any further explanation or support data to supplement your administrative application, this matter will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for October 26, 2006. In order to expatiate this matter, I have taken the liberty and prepared the following advertisement:

"Application of COG Operating, L.L.C. for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks to drill its proposed Harvard Federal Well No. 7 (**API No. 30-015-35055**) at an unorthodox Paddock oil well location 1090 feet from the North line and 330 feet from the West line (Unit D) of Section 12, Township 17 South, Range 30 East, which is located approximately four (4) miles northeast of Loco Hills, New Mexico. The NW/4 NW/4 of Section 12 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Undesignated Loco Hills-Paddock Pool (**96718**)."

Should you have any questions, please contact your legal counsel, whoever that maybe in this particular case. Thank you.

Sincerely,

Michael E. Stogner
Engineering Assistant to the Division Director

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
Mr. James Bruce, Legal Counsel of record for COG Operating, L.L.C. in Division Case No. 13376 – Santa Fe
Mr. Michael. H. Feldewert, Legal Counsel of record for COG Operating, L.L.C. in Division Case No. 13407 – Holland & Hart LLP, Santa Fe