



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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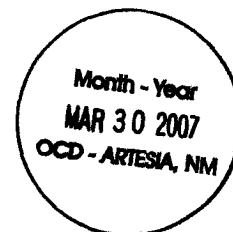
Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 19, 2007

COG Operating, L.L.C.
550 W. Texas
Suite 1300
Midland, Texas 79701



Attention: Ms. Phyllis A. Edwards

Re: **Reindeer Federal Well No. 1**
API No. 30-015-33746
Surface Location: 660' FSL & 1680' FWL, Unit N
Bottomhole Location: 662' FSL & 290' FEL, Unit P
Section 21, T-16 South, R-28 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5588

Dear Ms. Edwards:

Reference is made to the following:

- (a) COG Operating, L.L.C.'s ("COG") application for a non-standard well location (*administrative application reference No. pDRC0706534804*) for the Reindeer Federal Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on March 5, 2007; and
- (b) the Division's records pertinent to your request.

COG requests approval of an unorthodox bottomhole well location for its exiting Reindeer Federal Well No. 1 in the **Crow Flats-Wolfcamp Pool** (Oil – 97102), which has been horizontally drilled from a surface location 660 feet from the South line and 1680 feet from the West line (Unit N), to an unorthodox bottomhole location 662 feet from the South line and 290 feet from the East line (Unit P) of Section 21, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico. The well is to be dedicated to an existing 120-acre "Project Area" comprising the SE/4 SW/4 and the S/2 SE/4 of Section 21.

It is our understanding that the lowermost Wolfcamp perforations in the Reindeer Federal Well No. 1 (at a depth of 9,438 feet) are located at a surface location that is approximately 667 feet from the South line and 556 feet from the East line (Unit P) of Section 21. While this location is standard, the actual bottomhole location (at T.D.) of the well is non-standard.

The Crow Flats-Wolfcamp Pool is currently governed by Division Rule 19.15.3.104(B).

Pursuant to Division Rule 19.15.3.111, COG has formed a 120-acre "Project Area" comprising the SE/4 SW/4 and the S/2 SE/4 of Section 21. The Reindeer Federal Well No. 1 will be the only well producing from the Wolfcamp formation within the Project Area.

It is our understanding that the subject well was originally drilled in February, 2005 at a standard gas well location in order to test the Morrow formation. The Morrow formation tested uneconomic and the well was subsequently horizontally drilled to test the Wolfcamp formation.

COG stated that the affected offset acreage, being the SW/4 SW/4 of Section 22, Township 16 South, Range 28 East, NMPM, is operated by COG, and that the interest ownership between the Project Area and the affected offset acreage is identical. Pursuant to Division Rule 19.15.3.104(F), there are no affected offset operators and/or interest owners, and consequently, COG was not required, and did not provide notice of this application to any party.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox bottomhole well location in the Crow Flats-Wolfcamp Pool is hereby approved.

Sincerely,

Mark E. Fesmire, P.E.
Division Director

MEF/drc

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