



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 12, 2006

Cimarex Energy Co. of Colorado
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Attention: Mr. James Bruce, Attorney

Re: **Shifting Sands Federal Com Well No. 1 - 30-015-35386**
API No. N/A
2260' FNL & 2150' FWL, Unit F,
Section 15, T-16 South, R-30 East, NMPM;

Shifting Sands Federal Com Well No. 2
API No. N/A
1980' FSL & 2080' FWL, Unit K
Section 15, T-16 South, R-30 East, NMPM;

Both in Eddy County, New Mexico

Administrative Order NSL-5525

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Cimarex Energy Co. of Colorado ("Cimarex") for two non-standard well locations (*administrative application referenece No. pTDS0634232268*) for the Shifting Sands Federal Com Wells No. 1 and 2 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 5, 2006; and
- (b) the Division's records pertinent to your request.

Cimarex requests approval of an unorthodox gas well location for its: i) Shifting Sands Federal Com Well No. 1 to be drilled 2260 feet from the North line and 2150 feet from the West line (Unit F) of Section 15; and its ii) Shifting Sands Federal Com Well No. 2 to be drilled 1980 feet from the South line and 2080 feet from the West line (Unit K) of Section 15; both wells located in Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico. Both wells are to be completed in the Undesignated Henshaw-Morrow Gas Pool (Gas - 96826), and are to be dedicated to a standard 320-acre

gas spacing and proration unit comprising the W/2 of Section 15. The Henshaw-Morrow Gas Pool is currently governed by Division Rule 19.15.3.104.C(2).

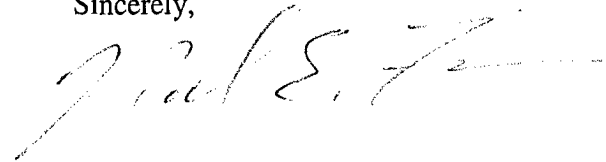
The applicant presented evidence to demonstrate that the proposed unorthodox gas well locations are necessitated by topographic factors within the W/2 of Section 15.

Division records show that the Shifting Sands Federal Com Wells No. 1 and 2 will be the only two wells producing from the Undesignated Henshaw-Morrow Gas Pool within the W/2 of Section 15.

The affected offset acreage is the E/2 of Section 15. The applicant stated in its application that the interest owners in the E/2 of Section 15 also own an interest in the proposed wells, therefore, there are no adversely affected parties. Consequently, the applicant 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 gas well locations in the Undesignated Henshaw-Morrow Gas Pool are hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

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