



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

May 3, 2007

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

Attention: Mr. James Bruce, Attorney

Re: **Pipeline Deep 5 Federal Well No. 3**
API No. 30-025-37196
1650' FNL & 1340' FEL, Unit G,
Section 5, T-19 South, R-34 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5613

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Cimarex Energy Company of Colorado ("Cimarex" or "applicant") for a non-standard well location (*administrative application reference No. pCLP0711652183*) for the Pipeline Deep 5 Federal Well No. 3 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 25, 2007; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil well location for its **existing** Pipeline Deep 5 Federal Well No. 3 in the Undesignated EK-Bone Springs Pool (Oil – 21650) and the Undesignated La Rica-Wolfcamp Pool (Oil – 37316) which has been drilled 1650 feet from the North line and 1340 feet from the East line (Unit G) of Section 5, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. The S/2 NE/4 of Section 5 is to be dedicated to the well in the Undesignated EK-Bone Springs Pool forming a standard 80-acre oil spacing and proration unit for that pool, and the SW/4 NE/4 of Section 5 is to be dedicated to the well in the Undesignated La Rica-Wolfcamp Pool forming a standard 40-acre oil spacing and proration unit for that pool.

Division records show that the subject well was drilled in 2005 to test the Morrow formation at a standard gas well location. The well was completed in the North Quail Ridge-Morrow Gas Pool (Gas – 83320) in 2006, and has produced from that pool until recently. It is our understanding that the well will now be recompleted to the Wolfcamp and Bone Springs formations.

The EK-Bone Springs Pool is currently governed by special pool rules as established by Division Order No. R-4981, as amended, that require 80-acre spacing and proration units with wells to be located within 150 feet of a governmental quarter-quarter section.

The La Rica-Wolfcamp Pool is currently governed by Division Rule 19.15.3.104(B).

The applicant stated that the NE/4 of Section 5 is comprised of a single Federal lease (Lease No. NM-4314), and that the interest ownership within the NE/4 of Section 5 in the Bone Springs and Wolfcamp formations is common. Consequently, there are no adversely affected interest owners and the applicant was not required, and did not provide notice of this application to any party.

Division records show that there are no other wells producing from the EK-Bone Springs Pool within the S/2 NE/4 at this time, and that there are no other wells producing from the La Rica-Wolfcamp Pool within the SW/4 NE/4 at this time.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Undesignated EK-Bone Springs Pool and the Undesignated La Rica-Wolfcamp Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: Bureau of Land Management-Carlsbad
OCD-Hobbs