

New Mexico Energy, Minerals and Natural Resources Department

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Jami Bailey
Division Director
Oil Conservation Division



May 31, 2011

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6028-A

**Re: Cimarex Energy Co. of Colorado
Chosa Draw 27 Federal Com. Well No. 3
API No. 30-015-37180
2480 feet FSL & 850 feet FEL
Unit I, Section 27-25S-26E
Eddy County, New Mexico**

Dear Mr. Bruce:

This order supersedes Administrative Order NSL-6028, issued on April 30, 2009, in its entirety.

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-12429753**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado (Cimarex) [OGRID 162683], on May 29, 2011, and

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

Cimarex has requested to drill the above-referenced well as a horizontal gas well in the Wolfcamp formation, at a location that will be unorthodox under Division Rule 16.14.B(2) [19.15.16.14.B(2) NMAC]. The proposed surface location, point of penetration and terminus of the well are as follows:

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Surface Location: 2480 feet from the South line and 850 feet from the East line
(Unit I) of Section 27, Township 25 South, Range 26 East, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 1980 feet from the South line and 660 feet from the West line
(Unit L) of said section

The S/2 of Section 27 will be dedicated to the proposed well to form a standard 320-acre wildcat gas spacing unit and project area in the Wolfcamp formation. This pool is governed by statewide Rule 15.10.B [19.15.15.10.B NMAC], which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 660 feet from the northern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

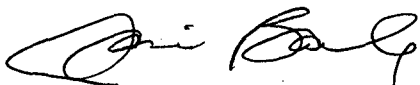
It is our understanding that you are seeking this location for topographic reasons. It is further understood that notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

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 "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/db

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