



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



September 22, 2011

Cimarex Energy Co. of Colorado
Attn: Mr. James Bruce, Attorney

Administrative Order NSL-6480
Administrative Application Reference No. pTWG11-24233790

Cimarex Energy Co. of Colorado
OGRID 21762
State DR Com. Well No. 8
API No. 30-025-39795

Proposed Location:

	Footages	Unit	Sec.	Township	Range	County
Surface	330 FNL & 1630 FEL	B	16	19S	32E	Lea
Penetration Point	same as surface location					
Terminus	330 FSL & 1980 FEL	O	16	19S	32E	Lea

Proposed Project Area:

Description	Acres	Pool	Pool Code
E/2 Section 16	320	East Lusk Bone Spring	41442

Reference is made to your application received on August 30, 2011.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Spacing in this pool is governed by the Special Rules and Regulations for the East Lusk – Bone Spring Oil Pool, as adopted by No. Order R-4994, issued on April 1, 1975, and made permanent by Order No. R-4994-B, issued on May 18, 1976, which provide for 160-acre oil spacing units with wells to be located at least 660 feet from a unit outer boundary and at least 330 feet from a quarter-quarter section line.

This location is unorthodox because portions of the proposed producing interval are less than 660 feet from an outer boundary of the project area.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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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 engineering reasons, in order to maximize the portion of the target zone within the producing area that will be penetrated by the wellbore lateral.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office