



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



February 14, 2012

Cimarex Energy Co. of Colorado
c/o James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6554
Administrative Application Reference No. pTWG12-01859460

Cimarex Energy Co. of Colorado
OGRID 162683
Southeast Lusk 33 Federal Well No. 3H
API No. 30-025-40256

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Township</u> | <u>Range</u> | <u>County</u> |
|-------------------|--------------------|-------------|-------------|-----------------|--------------|---------------|
| Surface | 25 FNL & 2460 FEL | B | 33 | 19S | 32E | Lea |
| Penetration Point | 310 FNL & 2431 FEL | B | 33 | 19S | 32E | Lea |
| Terminus | 330 FSL & 1980 FEL | O | 33 | 19S | 32E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|-------------------------|------------------|
| W/2 E/2 of Section 33 | 160 | South Lusk; Bone Spring | 41460 |

Reference is made to your application received on January 18, 2012.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed producing interval are less than 330 feet from an outer boundary of the project area.

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



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 due to sand dunes.

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 [19.15.15.9 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
United States Bureau of Land Management