



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 22, 2006

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

**Administrative Order NSL-5440
NSP-1900**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-622153372**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 9, 2006, on behalf of Cimarex Energy Co. of Colorado (Cimarex); and

(d) the Division's records pertinent to Cimarex's request.

Cimarex has requested to drill its Pipeline B-5 Fed. Well No. 1 at an unorthodox Bone Spring location, 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 5, Township 19 South, Range 34 East, N.M.P.M., in Lea County, New Mexico. Lots 1 and 2 of Section 5 will be dedicated to this well in order to form a non-standard 89.68-acre spacing and proration unit in the EK-Bone Spring Pool (**21650**). Cimarex also requests approval of this non-standard unit. This pool is governed by special pool rules provided in Order No. R-4981, issued in Case No. 5422, which provide that:

(a) a unit shall consist of 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; and

(b) a well shall be located within 150 feet of the center of a quarter/quarter section.

Your application on behalf of Cimarex has been duly filed under the provisions of Division Rules 104.D, 104.F and 1210.A(2) and Order No. R-4981.

The proposed unit consists of the geographical N/2 of a governmental quarter/quarter section. However, it is our understanding that, due to irregularities of the governmental survey, the proposed unit contains 89.68 acres.

The proposed location is approximately 330 feet east of the center of Lot 2 (NW/4 of the NE/4) of Section 5. It is our understanding that the location was selected to conform to United States Bureau of Land Management siting requirements.

The proposed location is unorthodox only by reason of proximity to an internal quarter section line and does not encroach towards any adjoining unit. Therefore, no notice is required.

By the authority granted me under the provisions of Division Rules 104.D(2)(b) and 104.F(2) and Order No. R-4981, the above-described non-standard 89.68-acre Bone Spring spacing and proration unit, and the above-described unorthodox Bone Spring location for Cimarex's Pipeline B-5 Fed. Well No. 1 are hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



M Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs