



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 11, 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 B5 Federal Well No. 3**
API No. (N/A)
1980' FNL & 2180' FWL, Unit F,
Section 5, T-19 South, R-34 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5653

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 referenece No. pCLP0717152225*) for the Pipeline B5 Federal Well No. 3 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 18, 2007; and

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

The applicant requests approval of an unorthodox oil well location for its Pipeline B5 Federal Well No. 3 in the Undesignated EK-Bone Springs Pool (Oil – 21650) which is to be drilled 1980 feet from the North line and 2180 feet from the West line (Unit F) of Section 5, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. The S/2 NW/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.

The EK-Bone Springs Pool is currently governed by special pool rules established by Division Order No. R-4981, which require standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

Evidence submitted by the applicant demonstrates that the proposed unorthodox location is necessitated by topographic and geologic conditions within the S/2 NW/4 of Section 5.

The applicant stated that all of Section 5, except the SW/4 SW/4, is subject to Federal Lease No. NM-4314, and that the interest ownership within this area is common. Consequently, there are no adversely affected offset operators and/or interest owners.

Division records show that there are no other wells producing from the EK-Bone Springs Pool within the S/2 NW/4 of Section 5.

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 EK-Bone Springs Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: OCD-Hobbs
Bureau of Land Management-Carlsbad