



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 30, 2009

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

Administrative Order NSL-6028

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

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-09228599**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado [OGRID 162683] (Cimarex), on April 2, 2009, and

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

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

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

Point of Penetration: same as surface location

Terminus 330 feet from the South line and 850 feet from the East line
(Unit P) of said section



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The E/2 SE/4 of Section 27 will be dedicated to the proposed well to form a project area consisting of two standard 40-acre spacing units in the undesignated North Cottonwood Draw Delaware Pool (96720). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the northern boundary of the project area, and therefore outside the producing area.

Your application on behalf of Cimarex has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for topographic reasons.

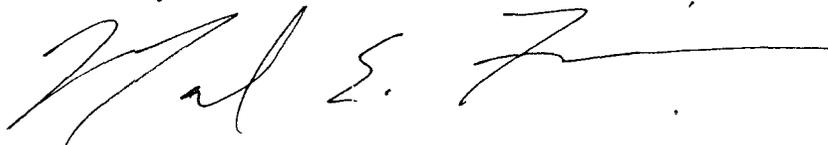
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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.

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 'Mark E. Fesmire', with a long horizontal line extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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