



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 1, 2009

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

Administrative Order NSL-6093

**Re: Cimarex Energy Co. of Colorado
West Shugart 31 Federal Com. Well No. 1
API No. 30-015-31647
Unit K, Section 31-18S-31E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pWVJ09-26630265**) 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 September 23, 2009, and

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

Cimarex has requested to drill the above-referenced well as a horizontal well in the Bone Spring 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: 1780 feet from the South line and 1650 feet from the West line
(Unit K) of Section 31, Township 18S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 352 feet from the South line and 837 feet from the East line
(Unit P) of said section

The E/2 SW/4 and S/2 SE/4 of Section 31 will be dedicated to the proposed well to form a project area comprising four standard 40-acre, more or less, spacing units in the undesignated

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North Shugart-Bone Spring Pool (56405). 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 closer to the outer boundary of the project area than permitted by Rules 16.7.G and 16.14.B(2), and therefore outside the producing area.

Your application 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 engineering reasons, in order to maximize drainage of the formation within the project area. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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