



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 6, 2010

Permits West, Inc.
Attn: Mr. Brian Wood
37 Verano Loop
Santa Fe, NM 87508

Administrative Order NSL-6194

Re: Cimarex Energy Co.
Atlantic Avenue 10 Well No. 1
API No. 30-031-21108
2508 feet FSL and 547 feet FEL
Unit I, Section 10-17N-9W
McKinley County, New Mexico

Dear Mr. Wood:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-12338674**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. [OGRID 215099] (Cimarex), on May 3, 2010, and

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

Cimarex has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SE/4 of Section 10 will be dedicated to this well in order to form a standard, 40-acre wildcat oil spacing unit in the Gallup and Dakota formations. This location is governed in both formations 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 less than 330 feet from the northern unit boundary.

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 because seismic data indicates that the location provides the highest probability of an economic well in this unit.



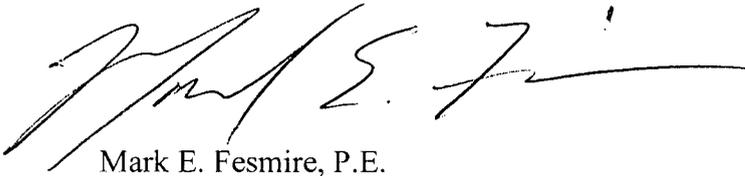
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec