

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



July 2, 2008

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

JUL 10 2008  
OCD-ARTESIA

**Administrative Order NSL-5861**

**Re: Cimarex Energy Co. of Colorado**  
**Estill AD Federal Well No. 2**  
~~API No. 30-015-33336~~  
**Unit H, Section 19-24S-26E**  
**Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-15533979**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado (Cimarex) on June 3, 2008, and

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

Cimarex has requested to recomplete the above-referenced well as a directional well in the Pennsylvanian formation, at a location that will be unorthodox under applicable special pool rules. The proposed surface location, point of penetration of the Delaware and bottomhole location in the Pennsylvanian (point of intersection of the wellbore with the base of the Pennsylvanian formation) are as follows:

Surface Location: 2270 feet from the North line and 380 feet from the East line (Unit H) of Section 19, Township 24S, Range 26E, NMPM Eddy County, New Mexico

Point of Penetration: 2098 feet from the North line and 511 feet from the East line (Unit H) of said Section 19.



July 2, 2008

Page 2

Bottomhole: 1989 feet from the North line and 612 feet from the East line  
(Unit H) of said Section 19.

All of Section 19 will be dedicated to the proposed well to form a standard 640-acre spacing unit and in the White City-Pennsylvanian Gas Pool (87280). Spacing in this pool is governed by Rules 2 and 4 of the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool, as amended by Order R-2429-E, issued in Case 12873 on October 8, 2002, which provide for 640-acre units, with wells located no closer than 660 feet to a section or quarter-section line. This location is unorthodox because the producing interval in the Pennsylvanian will be less than 660 feet from the eastern boundary of Section 19.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled to test a deeper formation at an orthodox location.

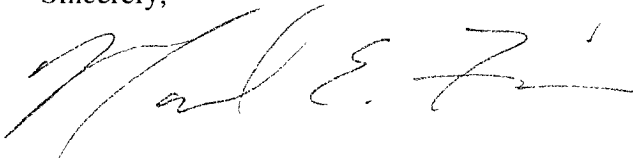
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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

Sincerely,



Mark E. Fesmire, P.E.  
Director

MEF/db

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