



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 28, 2006

Cimarex Energy Co. of Colorado
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5540

Re: Pipeline Deep 7 Fed Com
Well No. 2
I-7-19S-34E
Lea County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS06-33531984**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 30, 2006, on behalf of Cimarex Energy Co. of Colorado (Cimarex), and

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

Cimarex has requested to complete its Pipeline Deep 7 Fed. Com. Well No. 2 (API No. 30-025-37113) at an unorthodox Bone Spring location, 1480 feet from the South line and 1215 feet from the East line (Unit I) of Section 7, Township 19 South, Range 34 East, N.M.P.M., in Lea County, New Mexico. The NE/4 of the SE/4 of Section 7 will be dedicated to this well in order to form a standard 80-acre Bone Spring spacing and proration unit. This request is governed by statewide Rule 104.C(1), which provides that wells may be located no closer than 330 feet to a unit boundary. The proposed location is approximately 160 feet and 105 feet respectively from the southern and western boundaries of the proposed unit.

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

It is our understanding that this well was drilled as a Morrow gas well at an orthodox Morrow location, and that Cimarex now seeks to re-complete the well in the Bone Spring. Additionally, we understand that the location was selected to conform to United States Bureau of Land Management siting requirements.

We also understand that the entire SE/4 of Section 7 is covered by the same federal lease, and working interest ownership is uniform throughout the quarter section. Accordingly, there are no "affected persons" who must be notified of this application.

By the authority granted me under the provisions of Division Rule 104.F(2) the above-described non-standard location is hereby approved.

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

for Mark E. Fesmire, P.E.
Director

MEF/db

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