



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joaquin Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 12, 2007

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

Administrative Order NSL-5583

Re: Scout 17 Fed. Well No. 1
L-17-19S-34E
Lea County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-05038036**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 15, 2007, on behalf of Cimarex Energy Co. of Colorado (Cimarex), and

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

Cimarex has requested to drill its Scout 17 Fed. Well No. 1 to the Seven Rivers formation at an unorthodox oil well location, 1460 feet from the South line and 590 feet from the West line (Unit L) of Section 17, Township 19 South, Range 34 East, N.M.P.M., in Lea County, New Mexico. The NW/4 of the SW/4 of Section 17 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the undesignated Tonto-Seven Rivers Pool (59470). This request is governed by statewide Rule 104.B(1), which provides that wells may be located no closer than 330 feet to a unit boundary. The proposed location is less than 330 feet from the southern boundary 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 location was selected to conform to United States Bureau of Land Management siting requirements.

We also understand that the entire W/2 SW/4 of Section 17 is covered by the same federal lease, and working interest ownership is uniform as between the NW/4 SW/4 and the SW/4 SW/4. Accordingly, there are no "affected persons" who must be notified of this application.

Pursuant to 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,

Mark E. Fesmire, P.E.
Director

MEF/db

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