

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



August 21, 2008

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

Administrative Order NSL-5899

Re: Cimarex Energy Co.
Muddy Waters State Com. Well No. 1
API No. 30-025-39011
660 feet FSL and 2275 feet FWL
Unit N, Section 1-10S-36E
Lea County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-20752244**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. (Cimarex) on July 25, 2008, and

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

Cimarex has requested to drill the above-referenced well at an unorthodox gas well location as described above in the caption of this letter. The W/2 of Section 1 will be dedicated to this well in order to form a standard 320-acre, more or less, wildcat Morrow gas spacing unit. Wildcat Morrow spacing is governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the eastern unit boundary.

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 you are seeking this location for geologic reasons, in order to place the well where the pay zone is anticipated to be thickest. It is further understood that



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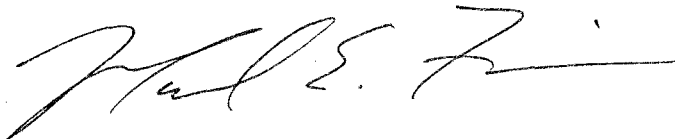
notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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,

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

Mark E. Fesmire, P.E.
Director

MEF/db

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