



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



October 29, 2010

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

Administrative Order NSL-6289

**Re: Cimarex Energy Co. of Colorado
Poseidon 3 Federal Well No. 20
API No. 30-015
330 feet FSL & 1180 feet FWL
Unit M, Section 3-17S-30E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-28435433**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado [OGRID 162683](Cimarex) on October 8, 2010, and

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

Cimarex has requested to drill the above-referenced well as a directional well in the Yeso formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 330 feet from the South line and 1180 feet from the West line
(Unit M) of Section 3, Township 17S, Range 30E, NMPM,
Eddy County, New Mexico

Point of Penetration: 330 feet from the South line and 1020 feet from the West line
(Unit M) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

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Terminus 330 feet from the South line and 990 feet from the West line
 (Unit M) of said section

The SW/4 SW/4 of Section 3 will be dedicated to the proposed well to form a standard 40-acre oil spacing and proration unit and project area in the undesignated Loco Hills; Glorieta-Yeso Pool (96718). This pool is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the western boundary of the project area, and therefore outside the producing area.

Your application 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 in order to comply with United States Bureau of Land Management surface siting requirements.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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,



Mark E. Fesmire, P.E.
Director

MEF/db

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