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DELIVER TO: Richard Ezeanyim

COMPANY: Oil Conservation Division

CITY: Santa Fe, New Mexico

FAX NUMBER: (505) 476-3462

PAGES: 3 (including cover sheet)

DATE: 4/23/07

MEMO: Richard: Regarding Case No. 13897 (the Cimarex pool rules case), enclosed is the unorthodox location order for the discovery well.

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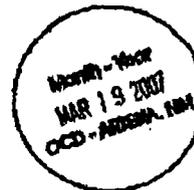
NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joan W. Prukop
 Chief Secretary

Mark E. Fesmire, P.E.
 Director
 Oil Conservation Division

March 9, 2007



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

Administrative Order NSL-5578

Re: Keely 26 Fed. Well No. 1
API No. 30-015-35025
G-26-17S-29E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (administrative application reference No. pCLP07-04643146) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 13, 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 complete its Keely 26 Fed. Well No. 1 (API No. 30-015-35025) in the Wolfcamp formation at an unorthodox oil well location, 1980 feet from the North line and 1550 feet from the East line (Unit G) of Section 26, Township 17 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The SW/4 of the NE/4 of Section 26 will be dedicated to this well in order to form a standard 40-acre wildcat Wolfcamp oil spacing and production unit. 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 eastern 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 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 Wolfcamp. 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 S/2 NE/4 of Section 26 is covered by the same federal lease, and working interest ownership is uniform as between the SW/4 and the SE/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 - Artesia
United States Bureau of Land Management - Carlsbad