



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 3, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Cimarex Energy Company
15 East 5th Street – Suite 1000
Tulsa, Oklahoma 74103-4346

Attention: Michelle Farrell
Mfarrell@cimarex.com

Administrative Order NSL-5129 (BHL)

Dear Ms. Farrell:

Reference is made to the following: (i) your application filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on October 18, 2004 (***administrative application reference No. pSEM0-429436955***); (ii) your voice mail message for Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe on Tuesday morning, November 2, 2004; (iii) yours and Mr. Stogner's telephone conversation Wednesday morning, November 3, 2004; (iv) your e-mail to the Division with supplemental data on Wednesday, November 3, 2004; and (v) the Division's records in Santa Fe: all concerning Cimarex Energy, Company's ("Cimarex") request for an exception to the provisions of Division Rule 104.C (2) (b) for an infill gas well to be drilled to an unorthodox subsurface deep gas well location within an existing standard 320-acre stand-up gas spacing unit in the Southwest Indian Basin-Morrow Gas Pool (**79030**) comprising the W/2 of Section 13, Township 22 South, Range 22 East, NMPM, Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

This 320-acre unit is currently dedicated to Cimarex's Wagon Wheel "13" Federal Well No. 1 (**API No. 30-015-33260**) located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 13.

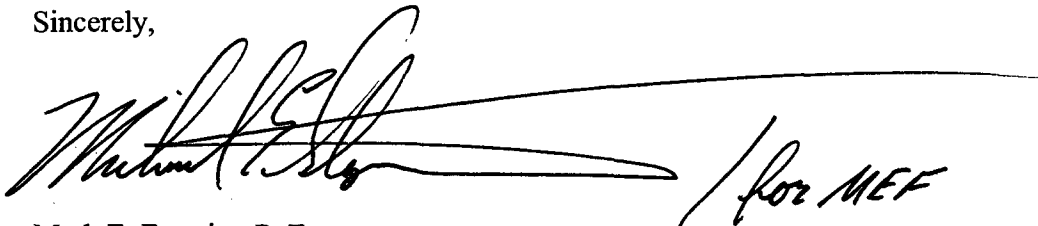
It is the Division's understanding that Cimarex recently drilled its Wagon Wheel "13" Federal Well No. 2 (**API No. 30-015-33483**) vertically from a surface location 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 13 to an approximate depth of 9,975 feet into the Morrow formation, which evidently tested dry and was subsequently plugged off. Further, Cimarex now intends to recomplete this wellbore by kicking-off to the northwest at a depth of approximately 5,200 feet, and drill directionally to a targeted unorthodox bottomhole infill gas well location at an approximate depth of 10,138 feet (MD) that is 750 feet from the North line and 2500 feet from the West line (Unit C) of Section 13.

The geologic interpretation submitted with this application indicates that directionally drilling this well to the proposed unorthodox infill bottomhole gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard within the NW/4 of Section 13.

It is further understood all of Section 13 comprises a single federal lease (*U. S. Government lease No. NM-100586*) with common mineral interests (working, royalty, and overriding royalty) in which Cimarex is the leasehold operator; therefore, there are no adversely affected interests to the proposed 320-acre Morrow gas spacing.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described non-standard deep subsurface infill Morrow gas well location within the W/2 of Section 13 for your Wagon Wheel "13" Federal Well No. 2 is hereby approved. Further, Cimarex shall comply with all provisions of Division Rule 111 applicable in this matter.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad