



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

February 27, 2008

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

Administrative Order NSL-5791

**Re: Cimarex Energy Co. of Colorado
Penzoil 36 State Com Well No. 2
API No. 30-025-35971
Unit A, Section 36-19S-33E
Lea County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-02931972**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado (Cimarex), on January 29, 2008, and

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

Cimarex has requested to re-complete the above-referenced well at an unorthodox Bone Spring and Strawn oil well location, 1050 feet from the North line and 1210 feet from the East line (Unit A) of Section 36, Township 19 South, Range 33 East, N.M.P.M., in Lea County, New Mexico. The NE/4 NE/4 of Section 36 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the undesignated Apache Ridge-Bone Spring Pool (2260) and the undesignated East Gem-Strawn Pool (96244). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

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 in order to utilize an existing wellbore which was drilled to a different formation at a location that was standard in that formation.

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 1210.A(2), in all adjoining units towards which the proposed location encroaches.

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', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe