



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



January 29, 2009

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

Administrative Order NSL-5985

Re: Cimarex Energy Co. of Colorado
Hydrus 10 Federal Well No. 8
API No. 30-015-36546
1175 feet FSL and 1650 feet FEL
Unit O, Section 10-17S-30E
Eddy County, New Mexico

Dear M:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-00743439**) 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 7, 2009; and

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

Cimarex has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SW/4 SE/4 of Section 10 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated Loco Hills-Glorieta/Yeso Pool (96718). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the northern unit boundary.

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 for engineering reasons, in order to optimize drainage of this unit.



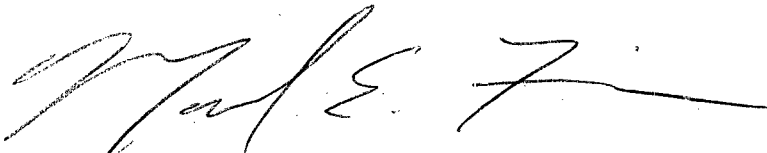
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', followed by a long horizontal flourish.

Mark E. Fesmire, P.E.
Director

MEF/db

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