



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



January 20, 2010

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

Administrative Order NSL-6135

**Re: Cimarex Energy Co. of Colorado
Mallon 34 Federal Com. Well No. 18
API No. 30-025
640 feet FSL and 300 feet FWL
Unit M, Section 34-19S-34E
Lea County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-0936236474**) 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 December 28, 2009, and

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

Cimarex has requested to drill the above-referenced well as a horizontal well in the Bone Spring 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: 640 feet from the South line and 300 feet from the West line
(Unit M) of Section 34, Township 19-S, Range 34E, NMPM
Lea County, New Mexico

Point of Penetration: same as surface location

Terminus 330 feet from the South and East lines
(Unit P) of said section



The S/2 S/2 of Section 34 will be dedicated to the proposed well to form a project area comprising four standard 40-acre oil spacing and proration units in the South Quail Ridge-Bone Spring Pool (50461). 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 for topographic reasons.

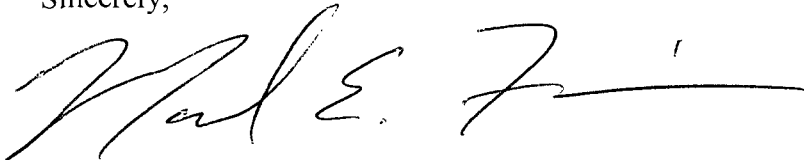
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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