



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 5, 2010

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

Administrative Order NSL-6192

Re: Cimarex Energy Co. of Colorado
West Shugart 31 Federal Com. Well No. 3
API No. 30-015-37350
660 FNL and 280 FWL
Unit D, Section 31-18S-31E
Eddy County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pWVJ10-10556665**) 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 April 14, 2010, 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: 660 feet from the North line and 280 feet from the West line
(Unit D) of Section 31, Township 18S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration same as surface location

Terminus 990 feet from the North line and 330 feet from the East line
(Unit A) of said section



The N/2 N/2 of Section 31 will be dedicated to the proposed well to form a project area comprising four standard, 40-acre spacing units in the undesignated North Shugart Bone Spring Pool (56405). 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 engineering reasons, in order to maximize the portion of the target zone within the producing area that the horizontal wellbore will penetrate.

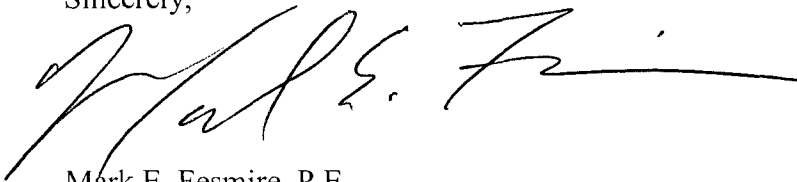
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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.
Acting Director

MEF/db

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