



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



June 2, 2010

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

Administrative Order NSL-6207

Re: Cimarex Energy Co. of Colorado
Hydrus 10 Federal Well No. 9
API No. 30-015-37342
1133 feet FSL & 990 feet FEL
Unit P, Section 10-17S-30E
Eddy County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-15329643**) 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 June 1, 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 Yeso 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: 1133 feet from the South line and 990 feet from the East line
(Unit P) of Section 10, Township 17S, Range 30E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 990 feet from the South line and 2310 feet from the East line
(Unit O) of said section



The S/2 SE/4 of Section 10 will be dedicated to the proposed well to form a project area comprising two standard, 40-acre spacing units 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 unorthodox because a portion of the producing interval will be less than 330 feet from the northern boundary of the project area, and therefore outside the producing area.

Your application on behalf of Cimarex has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Cimarex is seeking this location because of sand dunes. It is further understood notice of this application to offsetting operators or owners is not required 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 Cimarex 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 stylized flourish at the end.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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