



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 31, 2011

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

Administrative Order NSL-6378

**Re: Cimarex Energy Co. of Colorado
Intrepid Federal Com. Well No. 1
API No. 30-015-38979
250 feet FNL & 990 feet FWL
Unit D, Section 3-19S-30E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-12430009**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado (Cimarex) [OGRID 162683], on April 29, 2011, 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) [19.15.16.14.B(2) NMAC]. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 250 feet from the North line and 990 feet from the West line
(Unit D) of Section 3, Township 19 South, Range 30 East, NMPM,
Eddy County, New Mexico

Point of Penetration: 262 feet from the North line and 943 feet from the West line
(Unit D) of said Section 3

Oil Conservation Division

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Terminus 660 feet from the North line and 1650 feet from the West line
(Unit C) of Section 4 of said township and range

Lot 4 (NW/4 NW/4 equivalent) of Section 3 and Lots 1 through 3 (N/2 NE/4 and NE/4 NW/4 equivalent) of Section 4 will be dedicated to the proposed well to form a project area comprising four standard 40-acre, more or less, oil spacing units in the South Leo Bone Spring Pool (37920). This pool is governed by statewide Rule 15.9 [19.15.15.9 NMAC], 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 has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to avoid interference with an existing pipeline.

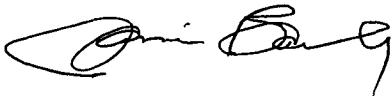
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2)], in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], 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 [19.15.5.9 NMAC].

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 "Jami Bailey", with a stylized flourish at the end.

Jami Bailey
Director

JB/db

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