

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 18, 2008
Administrative Order NSL-5847

30-015-36453

James Bruce, Esq. agent for
Cimarex Energy Company
PO Box 1056
Santa Fe, NM 87504

Dear Mr. Bruce:

Cimarex's NSL Application: Chosa Draw "27" Fed. Com. Well No. 2

130 feet FNL, 990 feet FEL, Unit A (surface location)
144 feet FNL, 988 feet FEL, Unit A (penetration point)
2310 feet FNL, 660 feet FEL, Unit H (bottom hole location)
Section 27, Township 25 South, Range 26 East, NMPM, Eddy County
E/2 NE/4 (40 Acres) Section 27 Dedication

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR0811551804 for non-standard location [NSL]**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 24, 2008, on behalf of Cimarex Energy Company, OGRD 215099 ("Cimarex"); and

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

Cimarex proposes to drill the above referenced horizontal wellbore at the above referenced unorthodox oil well location within Section 27 and requests to produce from the Delaware formation within a 40-acre, more or less, spacing unit within the North Cottonwood Draw Pool (96720) consisting of the NW/4 NE/4 Section 27. The proposed well will penetrate the Delaware (while building curve) at the unorthodox location 144 feet FNL and 988 feet FEL. However, applicant will only produce the well at the end of the lateral, which is orthodox at 357 feet FNL and 958 feet FEL.



The North Cottonwood Draw Pool is governed by Division Rule 104.B, which requires oil wells to be located no closer than 330 feet from the boundary of a 40 acre spacing and proration unit.

Your application states the SE/4 of Section 22 and the W/2NE/4 of Section 27 are covered by Federal Leases NM 94839 and NM 92160 respectively. The sole lessee of both tracts is Chevron USA Production Company, and notice of this application has been sent to both lessor and lessee of the offsetting acreage.

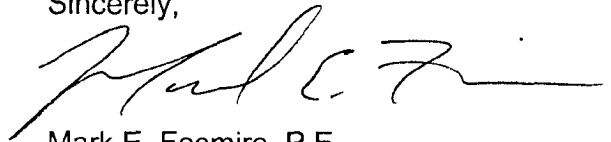
Cimarex proposes to drill this well at this location in order to have the best chance of encountering a productive Delaware oil reservoir. It is understood that, although the wellbore penetrates the top of the Delaware while building curve the only interval that will be completed is at the end of the curve. The only interval that will be perforated is the Delaware formation and all perforations will be located within this producing area.

Pursuant to the authority conferred by Division Rules 104.F and 1210.A, the above-described non-standard Delaware oil well location within the North Cottonwood Draw Pool 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 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/tw

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management-Carlsbad