

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 21, 2008

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

SEP - 5 2008
OCD-ARTESIA

Administrative Order NSL-5898

Re: Cimarex Energy Co. of Colorado
Tank 29 Federal Well No. 2
API No. 30-015-35690
Unit B, Section 29-25S-26E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-20751952**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado (Cimarex), on July 25, 2008, and

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

Cimarex has requested to drill the above-referenced well as a horizontal gas well in the Wolfcamp formation, at a location that will be unorthodox under Division Rule 111. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 660 feet from the North line and 2480 feet from the East line
(Unit B) of Section 29, Township 25S, Range 26E, NMPM
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 660 feet from the North line and 660 feet from the West line of
said section



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The N/2 of Section 29 will be dedicated to the proposed well to form a standard 320-acre wildcat Wolfcamp spacing unit and project area. Wildcat spacing in the Wolfcamp is governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from any quarter section line. This location is unorthodox because a portion of the producing interval will be less than 660 feet from the western boundary of the NE/4 of Section 29.

Your application on behalf of Cimarex has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

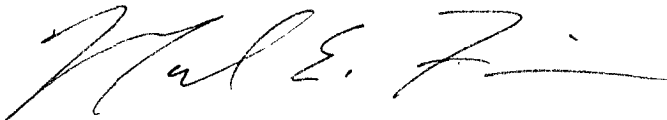
It is our understanding that you are seeking this location to comply with United States Bureau of Land Management surface location requirements. It is further understood notice of this application to offsetting operators or owners is not required because the encroachment is internal to the spacing unit.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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.
Director

MEF/db

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