



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 25, 2006

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attention: Mr. Jerry W. Sherrell

Re: **Lea "KG" State Well No. 9**
API No. 30-025-36370
1395' FSL & 1255' FEL, Unit I,
Section 35, T-17 South, R-33 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5106-B

Dear Mr. Sherrell:

Reference is made to the following:

- (a) Mack Energy Corporation's ("Mack") application for a non-standard well location (*administrative application reference No. pTDS0629647148*) for the Lea "KG" State Well No. 9 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 20, 2006; and
- (b) the Division's records pertinent to your request.

Mack requests authority to recomplete its **existing** Lea "KG" State Well No. 9 (*formerly the KG "35" State Com Well No. 1*) in the **Vacuum Grayburg-San Andres Pool** (Oil – 62180) at an unorthodox oil well location 1395 feet from the South line and 1255 feet from the East line (Unit I) of Section 35, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico. The NE/4 SE/4 of Section 35 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. The Vacuum Grayburg-San Andres Pool is currently governed by Division Rule 19.15.3.104.B(1).

It is our understanding that the subject well has previously been permitted for a non-standard well location within the Wolfcamp and Abo formations by Division Orders No. NSL-5106 and NSL-5106-A dated September 8, 2004 and August 9, 2005.

Division records show that the Lea "KG" State Well No. 9 will be the second Vacuum Grayburg-San Andres Pool well within the NE/4 SE/4 of Section 35, the first being the Mack Energy

Corporation Lea "KG" State Well No. 6 (API No. 30-025-36938) located 2310 feet from the South line and 990 feet from the East line.

The SE/4 of Section 35 is a single state lease with common ownership throughout, therefore, there are no adversely affected offsets to the subject 40-acre tract. Accordingly, the applicant was not required, and did not provide notice to any offset operator and/or interest owner.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Vacuum Grayburg-San Andres Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MES/drc

cc: New Mexico Oil Conservation Division - Hobbs
State Land Office - Oil & Gas Division