



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

January 25, 2005

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

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

**Attention: Jerry Sherrell**  
*jerrys@mackenergycorp.com*

*Administrative Order NSL-5160*

Dear Mr. Sherrell:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 7, 2005 (*administrative application reference No. pMES0-501850085*); and (ii) the Division's records in Santa Fe and Artesia: all concerning Mack Energy Corporation's ("Mack") request for an unorthodox Strawn gas well location within a proposed 320-acre standard lay-down gas spacing unit comprising the S/2 of Section 16, Township 16 South, Range 27 East, NMPM, Eddy County, New Mexico, for either the Undesignated Duffield-Strawn Gas Pool (96348), the Undesignated North Duffield-Strawn Gas Pool (96621), or the Undesignated Southwest Diamond Mound-Strawn Gas Pool (97254).

The S/2 of Section 16 is a single state lease issued by the New Mexico State Land Office (State Lease No. V-05752).

This 320-acre unit is to be dedicated to the plugged and abandoned Southland Royalty Company ("Southland") Duffield "16" State Com. Well No. 1 (API No. 30-015-25072), to be redesignated the Oryx State Well No. 1, located 990 feet from the South line and 2180 feet from the West line (Unit N) of Section 16.

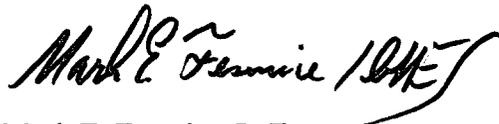
Your application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding this well was originally drilled by Southland in September, 1985 to a total depth of 8,800 feet in order to test the deeper Atoka and Morrow formation for gas within a standard 320-acre lay-down gas spacing unit also comprising the S/2 of Section 16. At that time, this location was considered to be standard for a lay-down 320-acre unit. According to the Division's records, this well tested dry and was subsequently plugged and abandoned in October, 1985.

It is further understood that Mack now intends to reenter this well and attempt a completion in the shallower Strawn formation.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Strawn gas well location for Mack's Oryx State Well No. 1 within the S/2 of Section 16 is hereby approved.

Sincerely,

A handwritten signature in black ink that reads "Mark E. Fesmire" followed by a stylized flourish.

Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe