



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 2, 2001

Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960
Attention: Jerry W. Sherrell

Telefax No. (505) 746-9539

Administrative Order NSL-4620

Dear Mr. Sherrell:

Reference is made to the following: (i) your original application (*application reference No. pKRV0-120139664*) that was submitted to the New Mexico Oil Conservation Division ("Division") on July 18, 2001; (ii) the Division's initial response by letter dated July 23, 2001 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) your telephone conversations with Mr. Stogner during the week of July 23-27, 2001; and (iv) your re-submittal of this application to the Division on July 30, 2001 (*application reference No. pKRV0-121233065*); and (v) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-4361, dated September 22, 1999: all concerning Mack Energy Corporation's request for an unorthodox Paddock oil well location for the proposed BC Federal Well No. 6 to be drilled 1595 feet from the North line and 1040 feet from the East line (Unit H) of Section 19, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. The SE/4 NE/4 of Section 19 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Maljamar-Paddock Pool.

This 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 that the N/2 of Sections 19 and 20 is a portion of a single Federal lease issued by the U. S. Bureau of Land Management in which Conoco, Inc. is lessee; however, under farmout agreement Mack Energy Corporation is the leasehold operator of certain oil and gas rights below the base of the San Andres formation to the top of the Wolfcamp formation.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely

Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad