

June 21, 2002

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

Telefax No. (505) 746-2362

Attention: Crissa D. Carter
ccarter@pvtnetworks.net

Administrative Order NSL-4752 (SD)

Dear Ms. Carter:

Reference is made to the following: (i) your application dated June 17, 2002 (*application reference No. pKRV0-217150580*), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on June 20, 2002; and (ii) the Division's records in Santa Fe: all concerning Mack Energy Corporation's ("Mack Energy") request for an unorthodox infill oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 (Unit C) of Section 20, Township 17 South, Range 30 East, NMPM, Loco Hills-Paddock Pool (**96718**), Eddy County, New Mexico.

This 40-acre unit is currently dedicated to the following described Mack Energy operated wells:

- (i) Jenkins "B" Federal Well No. 3 (**API No. 30-015-04216**), located at a standard oil well location 330 feet from the North line and 2310 feet from the West line of Section 20; and
- (ii) Jenkins "B" Federal Well No. 10 (**API No. 30-015-30668**), located at a standard oil well location 850 feet from the North line and 2310 feet from the West line of Section 20.

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 further understood that the NW/4 of Section 20 is a single federal lease (U. S. Government lease No. LC-054988-B) with common ownership in which Mack Energy is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Paddock interval.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill oil well location within the subject unit is hereby approved:

Jenkins "B" Federal Well No. 17
330' FNL & 1525' FWL.