



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

May 14, 2003

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

Attention: Mr. Jerry W. Sherrell

Re: Surface Commingling
Coyote State V-6248-1
Section 36-17S-31E
Eddy County, New Mexico

Dear Mr. Sherrell:

We are in receipt of your letter of April 21, 2003 requesting our approval to surface commingle the Maljamar GB SA (43329) and the Undesignated Delaware production from the following wells:

Coyote State #1, API 30-015-32419, Maljamar GB SA
Coyote State #2, API 30-015-32534, Maljamar GB SA
Coyote State #3, API 30-015-32550, Maljamar GB SA
Coyote State #4, API 30-015-32562, Maljamar GB SA
Coyote State #5, API 30-015-32563, Undesignated Delaware
Coyote State #7, API 30-015-32565, Maljamar GB SA
Coyote State #10, API 30-015-32568, Maljamar GB SA

It is our understanding that the central battery will be located in the SE/4NW/4 of Section 36, Township 17 South, Range 31 East and all the necessary right-of-ways have been acquired. The production will be measured at the battery and well tests will be conducted for proper allocation of production.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico, as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division. Please submit a copy of the NMOCD's approval order to this office.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File, OCD-Attention: David Catanach