



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 10, 2003

Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960
Attention: Jerry Sherrell
jerrys@mackenergycorp.com

Telefax No. (505) 746-2362

Administrative Order NSL-4897 (SD)

Dear Mr. Sherrell:

Reference is made to the following: (i) your application dated May 26, 2003 (***administrative application reference No. pKRV0-315427061***), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on May 29, 2003; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe, New Mexico on Tuesday afternoon, June 10, 2003; and (iii) 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 40.96-acre oil spacing and proration unit comprising Lot 1 (NW/4 NW/4 equivalent – Unit D) of Section 31, Township 17 South, Range 32 East, NMPM, Maljamar-Grayburg San Andres Pool (43329), Lea County, New Mexico.

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.

This 40.96-acre unit is currently dedicated to Mack Energy's Brown Federal Well No. 1 (API No. 30-025-30199) located at a standard oil well location 330 feet from the North and West lines of Section 31.

It is our understanding that Lots 1 and 2, the NE/4, SE/4 NW/4, and W/2 SE/4 of Section 31 is within a single federal lease (U. S. Government lease No. LC-029410-B) with common mineral interest in which Mack Energy is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40.96-acre tract within the Grayburg/San Andres 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 Lot 1 (Unit D) of Section 31 is hereby approved:

Administrative Order NSL-4897 (SD)
Mack Energy Corporation
June 10, 2003
Page 2

**Brown Federal Well No. 4
1040' FNL & 330' FWL**

Further, both the existing Brown Federal Well No. 1 and the proposed Brown Federal Well No. 4 are to be simultaneously dedicated to the subject 40.96-acre unit.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", is written over a diagonal line that extends from the signature area towards the bottom right of the page.

Lori Wrotenbery
Director

LW/MES/kv

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