

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



April 24, 2014

Mack Energy Corp
Attn: Mr. Jerry Sherrell

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL7058
Administrative Application Reference No. pMAM1407360542

Mack Energy Corp
OGRID 13837
Calgary Federal Well No. 8
API No. 30-005-64196

Proposed Location:

Footages	Unit	Section	Township	Range	County
1900 FSL & 1500 FWL	K	24	15S	28E	Chaves

Proposed Unit:

Description	Acres	Pool	Pool Code
NE/4 SW/4 of Section 24	40	Round Tank; San Andres	52770

Reference is made to your application received on March 14, 2014.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit outer boundary.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location at the request of Bureau of Land Management (BLM) to avoid a cave feature.

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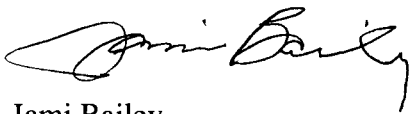
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on April 29, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management - Roswell