



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 20, 2005

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

Attention: Jerry Sherrell
jerrys@mackenergycorp.com

Administrative Order NSL-5314

Dear Mr. Sherrell:

Reference is made to the following: (i) your application (***administrative application reference No. pMES0-535431507***) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 15, 2005; (ii) your telephone conversations with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, New Mexico on December 13 and 16, 2005; and (iii) the Division's records in Santa Fe and Artesia: all concerning Mack Energy Corporation's ("MEC") request for an exception to Rule 4 of the "*Special Rules and Regulations for the North Vacuum-Lower Wolfcamp Pool*," as promulgated by Division Order No. R-3206, as amended, for MEC's proposed Miller "BW" State Well No. 3 (**API No. 30-025-36932**), to be drilled at an unorthodox oil well location 1840 feet from the South line and 2120 feet from the West line (Unit K) of Section 3, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

The N/2 SW/4 (Units "K" and "L") of Section 3 is to be dedicated to this well to form a standard 80-acre lay-down oil spacing and proration unit for the Undesignated North Vacuum-Lower Wolfcamp Pool (**62380**).

Your application has been duly filed under the provisions of: (i) Rule 5 of the "*Special Rules and Regulations for the North Vacuum-Lower Wolfcamp Pool*"; (ii) Division Rule 104.F; and (iii) Rule 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

By the authority granted me under the applicable provisions of the special pool rules governing the North Vacuum-Lower Wolfcamp Pool and Division Rule 104.F (2), the proposed unorthodox oil well location for MEC's above-described Miller "BW" State Well No. 3 is hereby approved.

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

Sincerely,

A handwritten signature in cursive script that reads "Mark E. Fesmire, P. E." with a large, stylized flourish at the end.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office – Santa Fe