



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

February 15, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

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

Attention: Jerry Sherrell
jerrys@mackenergycorp.com

Administrative Order NSL-5334

Dear Mr. Sherrell:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-534036143*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 5, 2005; (ii) the Division's initial response on December 7, 2005 from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, New Mexico by letter notifying you of inadequate notice; (iii) Mr. Stogner's reminder submitted through the postal system on December 29, 2005 for proper notice; (iv) your initial e-mail response of January 9, 2006 requesting additional time to submit the required proof of notice; (v) proof of notice submitted to the Division on January 17, 2006; (vi) your e-mail of February 6, 2006 checking on the status of this application; and (vii) the Division's records in Santa Fe and Artesia: all concerning Mack Energy Corporation's ("MEC") request for an exception to Rule 3 (a) of the "*Special Rules and Regulations for the West Kemnitz-Wolfcamp (Oil) Pool*," as promulgated by Division Order No. R-2559, as amended, for MEC's existing T-Rex State Well No. 1 (**API No. 30-025-36988**), recently drilled (spud date - February 23, 2005) to a total depth of 13,840 feet (reached on September 20, 2005) in order to test both the: (i) shallower Maljamar-Grayburg San Andres Pool (**43329**) for oil underlying a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 31, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico; and (ii) deeper Undesignated Maljamar-Morrow Gas Pool (**80945**) underlying a standard 320-acre lay-down gas spacing unit comprising the N/2 of Section 31, at a location considered standard for both zones, pursuant to Division Rules 104.B (1) and 104.C (2) (a), 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 31.

Your application has been duly filed under the provisions of: (i) Rule 3 (b) 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].

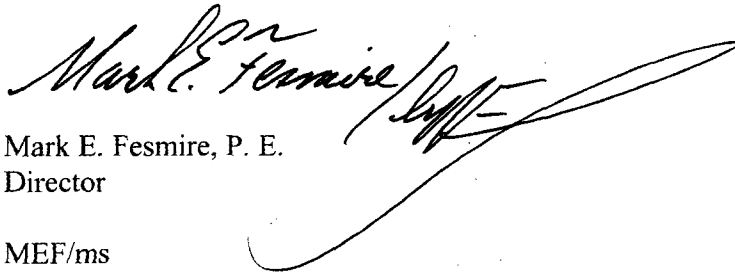
By the authority granted me under the applicable provisions of the special pool rules governing the West Kemnitz-Wolfcamp (Oil) Pool (**35600**) and Division Rule 104.F (2), MEC's proposed recompletion of its T-Rex State Well No. 1 at the above-described off-pattern unorthodox Wolfcamp oil well location within the E/2 NE/4 of Section 31, being a standard 80-acre stand-up oil spacing and proration unit for this pool, 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 black ink, appearing to read "Mark E. Fesmire", followed by a large, stylized flourish or scribble that extends to the right.

Mark E. Fesmire, P. E.
Director

MEF/ms

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