

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

June 5, 2007

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

Attention: Mr. Jerry W. Sherrell

Re: White Fang State Well No. 1
API No. 30-025-38522
Surface Location: 990' FSL & 990' FEL, Unit P,
Bottomhole Location (Wolfcamp): 1014' FSL & 1080' FEL, Unit P,
Section 10, T-13 South, R-32 East, NMPM;
Lea County, New Mexico

Administrative Order NSL-5632

Dear Mr. Sherrell:

Reference is made to the following:

- (a) Mack Energy Corporation's ("Mack") application for a non-standard well location (*administrative application reference No. pCLP0715630661*) for the White Fang State Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 4, 2007; and
- (b) the Division's records pertinent to your request.

Mack requests approval of an unorthodox oil well location for its existing White Fang State Well No. 1 which is located at a surface location 990 feet from the South and East lines (Unit P) of Section 10, Township 13 South, Range 32 East, NMPM, Lea County, New Mexico, and which is located at an unorthodox bottomhole location in the Wolfcamp formation 1014 feet from the South line and 1080 feet from the East line (Unit P) of Section 10. The well is to be completed in the Wildcat-Wolfcamp Pool (Oil -N/A) and is to be dedicated to a standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of Section 10.

The Wildcat-Wolfcamp Pool is currently governed by Division Rule 19.15.3.104.B.

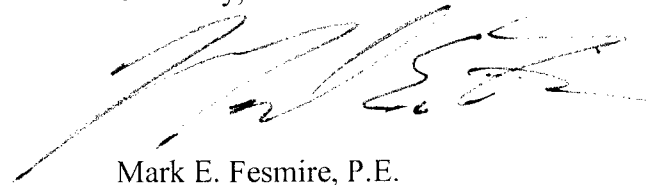
It is our understanding that the well was originally drilled as a Morrow test, and that the well deviated during drilling operations. It is further our understanding that the well was then directionally drilled to correct the deviation, and that the Morrow formation ultimately proved to be non-commercial. Mack now proposes to complete the well up-hole in the Wolfcamp interval.

According to the directional survey, the bottomhole location at the Wolfcamp horizon is 1014 feet from the South line and 1080 feet from the East line (Unit P), or 24 feet unorthodox to the north and 90 feet unorthodox to the west.

The affected offset acreage is the N/2 SE/4 and the SW/4 SE/4 of Section 10. The applicant stated in its application that the SE/4 of Section 10 is a single State of New Mexico lease (Lease No. V-7720-1) and that the interest ownership within the SE/4 of Section 10 is identical. Consequently, the applicant was not required, and did not provide notice of this application to any party.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Wildcat-Wolfcamp Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written over a horizontal line.

Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Hobbs
State Land Office-Oil & Gas Division