



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 17, 2010

Mack Energy Corporation
Attn: Mr. Jerry W. Sherrell
P.O. Box 960
Artesia, NM 88211-0960

Administrative Order NSL-6163

Re: Monopoly Federal Well No. 1
API No. 30-005-63007
2428 feet FSL and 1154 feet FEL
Unit I, Section 6-16S-29E
Chaves County, New Mexico

Dear Mr Sherrell:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-07553740**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 16, 2010, and

(b) the Division's records pertinent to this request.

Mack Energy Corporation (Mack) has requested to re-complete the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SE/4 of Section 6 will be dedicated to this well in order to form a standard 40-acre wildcat spacing unit in the San Andres formation. This pool is governed by statewide Rule 15.9.A, 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 the northern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled to test a different formation.



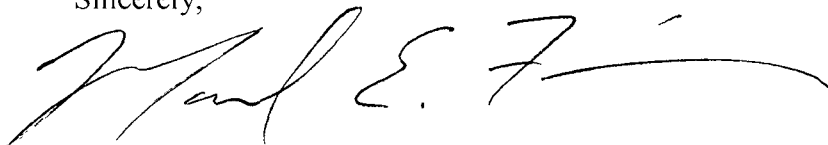
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

Jurisdiction of this case 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", with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management