



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



November 9, 2010

Mack Energy Corporation

Attn: Jerry W. Sherrell

P.O. Box 960

Artesia, NM 88211-0960

Administrative Order NSL-6296

**Re: Ohio State Well No. 4
API No. 30-025
2580 feet FSL & 1350 feet FWL
Unit K, Section 7-18S-35E
Lea County, New Mexico**

Dear Mr. Sherrell:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-30931624**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 5, 2010, and

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

Mack Energy Corporation [OGRID 13837] (Mack) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SW/4 of Section 7 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the undesignated Vacuum Blinbry Pool (61850). 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).

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



It is our understanding that you are seeking this location due to proximity to an existing, plugged well.

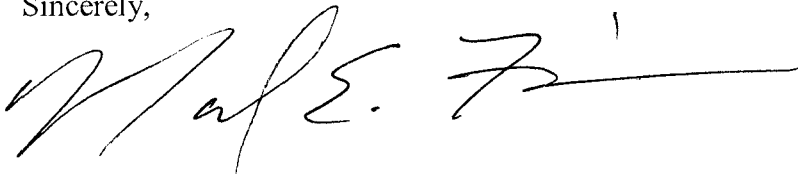
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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 stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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