



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 22, 1999

**Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960
Attention: Matt Brewer**

Telefax No. (505) 746-2362

Administrative Order NSL-4361

Dear Mr. Brewer:

Reference is made to the following: (i) your application dated September 1, 1999; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division in Santa Fe ("Division") on Tuesday, September 7, 1999; and (iii) the records of the Division: all concerning Mack Energy Corporation's request for an unorthodox Paddock oil well location for the proposed MC Federal "20" Well No. 1 to be drilled 330 feet from the North line and 1575 feet from the West line (Unit C) of Section 20, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. The NE/4 NW/4 of Section 20 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Maljamar-Paddock Pool.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that the N/2 of Section 20 is a portion of a single Federal lease issued by the U. S. Bureau of Land Management in which Conoco, Inc. is lessee; however, under farmout agreement Mack Energy Corporation is the leasehold operator of certain oil and gas rights below the base of the San Andres formation to the top of the Wolfcamp formation.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely

Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad