



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

September 11, 2003

Lori Wrotenbery

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-4945

Dear Mr. Sherrell:

Reference is made to the following: (i) your application dated August 28, 2003 (***administrative application reference No. pMES0-325253288***), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on September 2, 2003; and (ii) the Division's records in Santa Fe: all concerning Mack Energy Corporation's ("Mack Energy") request for an unorthodox oil well location Grayburg/San Andres oil well location for its proposed Weasel Federal Well No. 1 to be drilled 1550 feet from the South line and 990 feet from the East line (Unit I) of Section 31, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. The NE/4 SE/4 of Section 31 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Maljamar-Grayburg San Andres Pool (43329).

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 the Division's understanding that E/2 SE/4 of Section 31 is within a single federal lease (U. S. Government lease No. LC-069105) with common mineral interest in which Mack Energy is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Grayburg/San Andres interval.

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

Sincerely

Lori Wrotenbery
Director

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