



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 19, 1998

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

Administrative Order NSL-1214-A(SD)

Dear Mr. Brewer:

Reference is made to the following: (i) your application, dated July 27, 1998; and, (ii) the records of the Division in Santa Fe: all concerning Mack Energy Corporation's request for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 (Unit J) of Section 20, Township 17 South, Range 30 East, NMPM, Loco Hills-Paddock Pool, Eddy County, New Mexico. The 40-acre unit is currently dedicated to Mack Energy Corporation's McIntyre "A" Federal Well No. 3 (API No. 30-015-04221) located at an unorthodox oil well location (approved by Division Administrative Order NSL-3787, dated April 16, 1997) 2365 feet from the South line and 2310 feet from the East line of Section 20.

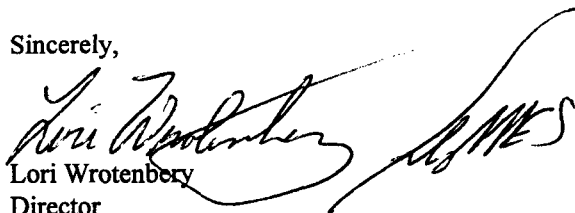
The subject well to be considered in this application, the existing McIntyre "A" Federal Well No. 9 (API No. 30-015-23407), was drilled in 1980 by Holly Energy, Inc. to a total depth of 4715 feet and completed in the Grayburg-Jackson Pool at an unorthodox oil well location (approved by Division Administrative Order NSL-1214, dated July 1, 1980) 2400 feet from the South line and 1600 feet from the East line (Unit J) of Section 20, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. It is our understanding at this time that Mack Energy Corporation intends to abandon the Grayburg-Jackson interval and recomplete up-hole into the Loco Hills-Paddock Pool and, pursuant to Division General Rule 104.C(1)(a), well location is also considered to be unorthodox for the existing 40-acre Paddock oil spacing and proration unit.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox infill Paddock oil well location for the McIntyre "A" Federal Well No. 9 is hereby approved.

Further, the original Division Order NSL-1214 issued in 1980 shall be placed in abeyance until further notice.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Files: NSL-1214
NSL-3787