



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 9, 1997

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

Administrative Order NSL-3882

Dear Mr. Brewer:

Reference is made to the following: (i) Mack Energy Corporation's ("Mack Energy") original application to the Division, dated July 18, 1997; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner misdated July 16, 1997; (iii) your response by letter dated August 12, 1997; and, (vi) the records of the Division in Santa Fe: all concerning Mack Energy's request for an unorthodox oil well location in the both the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres and Loco Hills-Paddock Pools for the proposed Jenkins "B" Federal Well No. 7 (API No. 30-015-29451) to be drilled 1650 feet from the North line and 1090 feet from the West line (Unit E) of Section 20, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, whereby the SW/4 NW/4 of said Section 20 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for both pools.

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").

Further, the NW/4 of said Section 20 is a single Federal lease (LC-054988-B) in which Mack Energy Corporation is the lessee; therefore, there are no effected offsets to the subject 40-acre tract other than Mack Energy.

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

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a large, stylized flourish.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad