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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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July 22, 2008

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attn: Mr. Jerry W. Sherrell

Re: Downhole Commingling Application and Measurement of Production
B Lee State Well No. 3 (API # 30-025-03094)
Unit Letter E, Section 07-18S-35E
Vacuum; Blinbry and Vacuum; Abo Reef Pools
Lea County, New Mexico

Dear Mr. Sherrell:

Thank you for your application to downhole commingle the Vacuum; Blinbry and Vacuum; Abo Reef pools in Lea County, New Mexico.

It is our understanding that the production of all pools will be measured at the B Lee State TB located in the SE4NW4, of Sec. 7-18S-35E.

Since it appears that all the New Mexico Oil Conservation's (OCD) rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

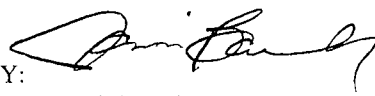
Please submit a filing fee in the amount of \$30.00.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:


JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/jm
Enclosure

xc: Reader File

OCD—Ed Martin, State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University