

MILLER STRATVERT

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May 25, 2006

HAND-DELIVERED

Mr. David Brooks
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87504

Re: **NMOCD CASE NO. 13608**; Application of Mack Energy Corporation for contraction of the East Empire-Yeso Pool and extension of the horizontal boundaries and the vertical limits of a portion of the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool, Eddy County, New Mexico.

NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Mr. Brooks:

Enclosed is a copy of the New Mexico State Land Office's May 24, 2006 letter granting preliminary approval to the amendment of the Grayburg-Jackson West Cooperative Unit Agreement extending the vertical limits of the unitized formations.

On behalf of the Applicant, Mack Energy Corporation, we request that the NMSLO preliminary approval letter be included in the record for the above-consolidated cases.

Thank you.

Very truly yours,

MILLER STRATVERT P.A.

J. Scott Hall

J. Scott Hall

JSH/glb

cc: Ron Lanning

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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

May 24, 2006

Miller Stratvert P.A.
P. O. Box 1986
Santa Fe, NM 87504-1986

Attention: Mr. J. Scott Hall

Re: Application of Mack Energy Corporation to Expand the
Vertical Limits of the Unitized Formation for the
Grayburg-Jackson West Cooperative Unit Agreement
Lea County, New Mexico

Dear Mr. Hall:

We are in receipt of your letter of May 10, 2006 requesting preliminary approval of an amendment to the terms of the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation.

The Commissioner of Public Lands hereby grants preliminary approval to your request to amend the Grayburg-Jackson West Cooperative Unit Agreement.

When submitting your application for final approval please include the following:

1. Application for final approval together with the amended agreement form.
2. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Amended Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
4. A copy of your 2006 Plan of Development.
5. A re-designation of well names and numbers or a listing of all wells in the unit..
6. On Exhibit "B", please update the correct lessees of record as noted in the enclosed copy.

-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

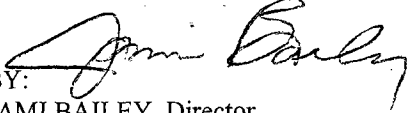
Miller Stratvert P.A.
May 24, 2006
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Your \$180.00 filing fee has been received.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File,
NMOCD – Attn: Mr. Roy Johnson

GRAYBURG-JACKSON, WEST COOPERATIVE UNIT

Tract	Lessor	Lessee	Date	Lands	Acres	Current Lessee	WI	ORI
1	Midwest Investment Company	Leonard Oil Company	6/16/1948	Sec. 22: NW/4NW/4	40.00	COG Oil & Gas LP	1,000,000,000	None
2	ST NM B-255 - 11	E. Ruth Platt	9/10/1931	Sec. 15: SW/4SW/4	440.00	COG Oil & Gas LP	1,000,000,000	None
				Sec. 16: NW/4NW/4, S/2SW/4, NE/4SE/4, NW/4SW/4				
				Sec. 28: SE/4, SE/4SW/4				
3	ST NM B-514 - 10	Leonard and Levers, Inc.	12/14/1931	Sec. 28: N/2, N/2SW/4, SW/4SW/4	440.00	COG Oil & Gas LP	1,000,000,000	None
4	ST NM B-1266-8	Leonard and Levers, Inc.	10/14/1932	Sec. 22: SW/4SW/4, N/2SW/4, E/2NW/4	200.00	COG Oil & Gas LP	1,000,000,000	None
5	ST NM B-1266-9	Leonard and Levers, Inc.	10/14/1932	Sec. 21: S/2NE/4, E/2W/2, SE/4	400.00	COG Oil & Gas LP	1,000,000,000	None
6	ST NM B-9563 - 8	Ed W. Owen	3/10/1942	Sec. 21: N/2NE/4, W/2W/2	240.00	COG Oil & Gas LP	1,000,000,000	None
7	ST NM B-10714-8	Leonard and Levers, Inc.	10/11/1943	Sec. 22: SW/4NW/4, NW/4NE/4	80.00	COG Oil & Gas LP	1,000,000,000	None
8	ST NM B-10714-9	Leonard and Levers, Inc.	10/11/1943	Sec. 15: NW/4SW/4	480.00	COG Oil & Gas LP	1,000,000,000	None
				Sec. 16: NE/4, NE/4NW/4, SW/4NW/4, W/2SE/4, SE/4SE/4				
				Sec. 27: W/2SW/4				
9	ST NM K-3790 - 4	Leonard Oil Company	12/17/1963	Sec. 16: SE/4NW/4	40.00	COG Oil & Gas LP	1,000,000,000	None
10	ST NM B-2023 - 17	Snowden & McSweeney Co.	7/10/1933	Sec. 16: NE/4SW/4	40.00	COG Oil & Gas LP	1,000,000,000	None
					Total Acreage	2400.00		

Note: All lands are in T17S, R29E, Eddy County, New Mexico.