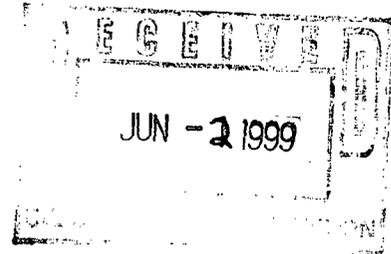


MACK ENERGY CORPORATION

NSL 6/22/99

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

June 1, 1999



Oil Conservation Division
Attn: Mike Stogner
2040 South Pacheco
Santa Fe, NM 87505

Dear Mr. Stogner:

Mack Energy Corporation respectfully requests an administrative approval without notice and hearing of the following unorthodox well location.

Because of our desire to recomplate this well in a timely manner, we also request your approval be expedited. The well location and legal description is as follows:

Lucky Mack Federal #1 (Previously named the Chalk Bluff Federal #1)
API #: 30-015-30265
1650 FSL & 1450 FEL
Sec. 6, T18S, R27E
Eddy County, New Mexico

The well will be completed in the Wolfcamp formation in the Und. Chalk Bluff Wolfcamp Pool.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) filed with the Artesia office of the Oil Conservation Division (Exhibit A).
- B.) A plat showing the proposed unorthodox location, the respective proration units, and the offsetting proration units (Exhibit B).

This well, previously called the Chalk Bluff Federal #1, originally drilled as a Deep Morrow Test and abandoned by Marbob Energy Corporation. Marbob conveyed the wellbore to Chase Oil Corporation, with Mack Energy as operator, and was renamed the Lucky Mack Federal #1. The location is unorthodox for a recompletion in the 40-acre oil proration unit.

Oil Conservation Division

June 1, 1999

Page 2

Please note that Mack Energy Corporation is the operator of the offsetting proration units in which we are encroaching upon in the Wolfcamp formation of the Und. Chalk Bluff Wolfcamp Pool, therefore, no other operators are required to be notified.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

Sincerely,

MACK ENERGY CORPORATION

Matt J. Brewer

*Matt J. Brewer
Geological Engineer*

MB/

Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name RED LAKE; PENN
Property Code	Property Name CHALK BLUFF FEDERAL COM.	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3430'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	6	18 S	27 E		1650	SOUTH	1450	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 39.32 ACRES	LOT 3 40.64 ACRES	LOT 2 40.91 ACRES	LOT 1 41.21 ACRES	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained hereth is true and complete to the best of my knowledge and belief.</p> <p><i>Rhonda Nelson</i> Signature RHONDA NELSON</p> <p>Printed Name PRODUCTION CLERK</p> <p>Title APRIL 14, 1998</p> <p>Date</p>
LOT 5 39.48 ACRES				
LOT 6 40.14 ACRES				<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 26, 1998</p> <p>Date Surveyed CDG</p> <p>Signature & Seal of Professional Surveyor <i>Bonnie A. Edson</i> 3-30-98 98-11-0509</p>
LOT 7 40.67 ACRES				

Certificate No. RONALD G. EDSON 3239
GARY EDSON 12641



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 3, 1999

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

Attention: Matt J. Brewer

Re: Administrative application dated June 1, 1999 for Mack Energy Corporation's Lucky Mack Federal Well No. 1 (API No. 30-015-30265) located at an unorthodox oil well location 1650' FSL & 1450' FEL (J) of Section 6, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, to test the Wolfcamp formation for oil production within a standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of Section 6.

Dear Mr. Brewer:

In reviewing the subject application clarification as to required notification is needed. Division Rules 104.F(3) and (4) require that, in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool as the proposed well be notified (see copy of Division Rule 104 attached). Was this done for those owners of mineral interests in the Wolfcamp formation underlying the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P) of Section 6?

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

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

- (i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;
 - (ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;
 - (iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and
 - (iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests. [5-25-64...2-1-96]
- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6) (a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]
- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

(3) Number of Wells Per Spacing Unit in Non-Prorated Gas Pools:

Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1) (a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

(a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]

(b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:

(i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;

(ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and

(iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is

From: Matt Brewer[SMTP:mbrewer@pvtnetworks.net]
Sent: Tuesday, June 22, 1999 2:27 PM
To: Stogner, Michael
Subject: Lucky Mack Federal #1

Mike:

I gave you some bad information on the Lucky Mack #1. The offsetting acreage is a Term Assignment from Altura, instead of a farmout from Exxon.

Sorry for the mix up.

Matt J. Brewer
Geological Engineer
Mack Energy Corporation
(505)748-1288
mbrewer@pvtnetworks.net

Stogner, Michael

From: Matt Brewer[SMTP:mbrewer@pvtnetworks.net]
Sent: Tuesday, June 22, 1999 1:59 PM
To: Stogner, Michael
Subject: Brigham H #3 & Lucky Mack Federal #1

Mike:

I received your letter dated June 3, 1999 on the Brigham H #3 & the Lucky Mack Federal #1 concerning unorthodox locations.

The Brigham H #3 is the well that is 40 feet off of the Lease Line. We have decided to directional drill to a legal location. The surface location is at (2600 FSL & 760 FWL) and the Bottom Hole Location will end up at (2290 FSL & 990 FWL). Is there any information that I need to provide you for this change?

The Lucky Mack Federal #1 was dry hole gas well that we are going to re-enter and will be unorthodox for an oil well. Our Land Department has told me that the acreage we are encroaching upon is a farmout from Exxon to Mack Energy. Does this make Mack Energy the Operator or is Exxon still the operator of this acreage?

I appreciate your help with these unorthodox applications. If you have any questions, please email or call.

Thanks,

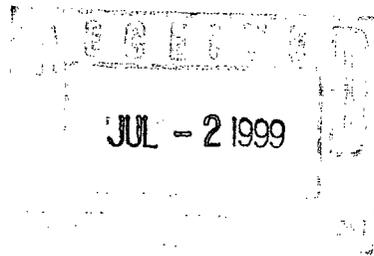
Matt J. Brewer
Geological Engineer
Mack Energy Corporation
(505)748-1288
mbrewer@pvtnetworks.net

*6-24-99
Tulheda/ Matt Brewer
today. Will send info.
in to all WI in
Unit I and
with.
MS,*

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

June 30, 1999



*Oil Conservation Division
Attn: Mike Stogner
2040 South Pacheco
Santa Fe, NM 87505*

Dear Mr. Stogner:

Please amend the previously submitted unorthodox application for administrative approval on the Lucky Mack Federal #1 to include the following:

- A.) An Ownership Take-Off provided by Federal Abstract Company on the NE/4 SE/4 of Sec. 6, T18S-R27E.*
- B.) Re-Assignment of Oil & Gas Leasehold interest between Atlantic Richfield Company and Exxon.*
- C.) Copies of letters sent to all parties.*

We are obtaining a term assignment with Exxon for these lands, therefore, I am not sending them notification of the unorthodox location. The abstract shows that Atlantic Richfield Company is Operator below the San Andres, but Atlantic Richfield Company re-assigned their interest to Exxon Corporation effective September 1, 1998.

Fred and Julia Brainard have a 12.5% overriding royalty in the lands described above, but they are deceased. Therefore, notification letters are being sent to their heirs listed below.

By copy of this letter including the exhibits to all parties, we are notifying them by certified mail return-receipt requested of the unorthodox location.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

*Oil Conservation Division
June 30, 1999
Page 2*

Sincerely,

MACK ENERGY CORPORATION

Matt J. Brewer

*Matt J. Brewer
Geological Engineer*

MB/

Enclosures

*cc: **CERTIFIED MAIL:***

*Susan Terry
612 N. Mesa
El Paso, TX 79912*

*Sandra Terry
P.O. Box 12617
El Paso, TX 79913*

*Barbara Frynkenfield
12 Laura Elizabeth Court
Mansfield, TX 76063*

1. LEASE NO: LC 049648-B

Lease Issued 04/16/1935

This lease is out of LC 026874-B and is held by production
 Renewal lease issued 11/1/1961
 Renewal lease issued 11/1/1971
 Renewal lease issued 11/1/1981
 Renewal lease issued 11/1/1991

LESSERS:

100% - Exxon Company USA, P.O. Box 1600, Midland, Texas 79702

OPERATING RIGHTS:

as to Section 6 - NESE - surface to base of the San Andres formation:

12.050% - Eugene Nearburg, 3303 Lee Parkway, Dallas, Texas 75219
 2.950% - Ben A. Copass, Jr., P.O. Box 357, Waxahachie, Texas
 1.667% - Joe A. Warren, P.O. Box 374, Waxahachie, Texas
 83.333% - PC Ltd., P.O. Box 911, Breckenridge, Texas 76024

as to Section 6 - SWSE - surface to base of San Andres formation:

18.075% - Eugene Nearburg
 2.500% - Joe A. Warren
 79.425% - Devon Energy Corporation, 20 N. Broadway #1500, Oklahoma City,
 Oklahoma 73102

Below base of San Andres formation:

100% - Atlantic Richfield Company, P.O. Box 1610, Midland, Texas 79702

Abstracters Note: The following assignments of Operating Rights have been approved by the BLM, however, the assignor does not appear to own an interest:

1. Dated 2/4/1997, approved effective 3/1/1997 from PC Ltd. to States, Inc., P.O. Box 911, Breckenridge, Texas 76424 - 86.283333% - as to Section 6 - NESE - surface to base of San Andres formation. (We show PC Ltd. to own 83.333%).
2. Dated 8/27/1997, approved effective 11/1/1997 from States, Inc. to Devon Energy Corporation, 20 N. Broadway #1500, Oklahoma City, Oklahoma 73102 - 86.283333% - as to Section 6 - NESE - surface to base of San Andres formation.
3. Dated 2/16/1998, approved effective 4/1/1998 from Gretchen B. Nearburg, a widow, to Nearburg Exploration Company L.L.C., 3300 North "A" Street, Bldg. 2-Suite 120, Midland, Texas 79705 - 13.71667% - as to Section 6 - NESE - less & except the wellbore of the Julia B. Federal No. 1 Well.
4. Dated 2/16/1998, approved effective 4/1/1998 from Gretchen B. Nearburg, a widow, to Nearburg Exploration Company, L.L.C. - 20.575% - as to Section 6 - SWSE - less & except the wellbore of the Compton Federal No. 1 Well.

OVERRIDING ROYALTY:

as to all lands:

12.5% - Fred & Julia Brainard, P.O. Box 368, Artesia, New Mexico

ROYALTY SCHEDULE: 12-1/2% - 33-1/3% from 4/16/1935 thru 10/31/1991
 12-1/2% from 11/1/1991 thru present

RE-ASSIGNMENT OF OIL AND GAS LEASEHOLD INTEREST

WHEREAS, ATLANTIC RICHFIELD COMPANY, a Delaware corporation, whose address is P. O. Box 1610, Midland, Texas 79702, hereinafter designated "Assignor", is the owner and holder of an interest in the oil and gas lease(s) described on Exhibit "A" attached hereto.

NOW, THEREFORE, for and in consideration of Ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby bargain, sell, transfer, assign and convey to EXXON CORPORATION, a New Jersey corporation, whose address is P. O. Box 2305, Houston, Texas, 79252, hereinafter designated "Assignee", all of their right, title and interest in and to the oil and gas lease(s) described on Exhibit "A" attached hereto.

THIS ASSIGNMENT is made subject to the following terms and conditions:

THE INTEREST HEREIN CONVEYED TO ASSIGNEES IS MADE WITHOUT WARRANTY OF TITLE, EITHER EXPRESSED OR IMPLIED, HOWEVER, THE ASSIGNOR COVENANTS THE INTEREST HEREIN CONVEYED IS FREE OF ANY LIENS OR ENCUMBRANCES CREATED BY, THROUGH OR UNDER ASSIGNORS.

IN WITNESS WHEREOF, the undersigned have executed or caused this instrument to be executed by their duly authorized officers this 8th day of September, 1998, but effective as of September 1, 1998.

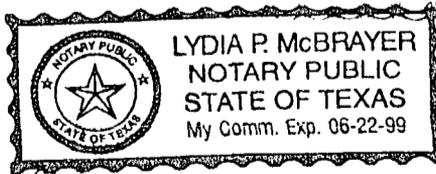
ATLANTIC RICHFIELD COMPANY

By: *T. L. Holland*
Name: T. L. Holland
Title: Attorney-in-Fact

STATE OF TEXAS §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 8th day of September, 1998, by T. L. Holland, as Attorney-in-Fact of ATLANTIC RICHFIELD COMPANY, a Delaware corporation, on behalf of said corporation.

Lydia P. McBrayer
Notary Public in and for the State of Texas



EXXON
TRADE 1024892

RECEPTION
994722

Jan Taylor
Exxon Co USA
POB 4697
Houston TX 77210-4697

ARCO LEASE NO.: 30-015-045251-000
PROPERTY NAME: None
SERIAL LEASE NO.: LC-069274
LESSOR: United States of America
LESSEE: Fred Brainard
LEASE DATE: July 1, 1949
DESCRIPTION: T18S, R27E, N.M.P.M.
 Section 6: Lots 3, 4, 5 and 6 (N/2 NW/4; SW/4 NW/4 and NW/4 SW/4), limited to depths below the base of the San Andres formation
 Eddy County, New Mexico

SUBJECT TO: Lease Operating Agreement effective March 1, 1997, between Exxon Corporation, Assignor, and Atlantic Richfield Company, Assignee, recorded in Book 283, Page 1112 of the Eddy County Records.

ARCO LEASE NO.: 30-015-045257-000
PROPERTY NAME: None
SERIAL LEASE NO.: LC-049648(b)
LESSOR: United States of America
LESSEE: Humble Oil and Refining Company
LEASE DATE: November 1, 1981
DESCRIPTION: T18S, R27E, N.M.P.M.
 Section 6: NE/4 SE/4 and SW/4 SE/4, limited to depths below the base of the San Andres formation
 Eddy County, New Mexico

SUBJECT TO: Lease Operating Agreement effective March 1, 1997, between Exxon Corporation, Assignor, and Atlantic Richfield Company, Assignee, recorded in Book 283, Page 1130 of the Eddy County Records.

ARCO LEASE NO.: 30-015-045258-000
PROPERTY NAME: None
SERIAL LEASE NO.: LC-049648(a)
LESSOR: United States of America
LESSEE: Fred Brainard
LEASE DATE: May 16, 1931
DESCRIPTION: T18S, R27E, N.M.P.M.
 Section 5: Lot 4 (NW/4 NW/4); SW/4 NW/4 and NW/4 SW/4, limited to depths below the base of the San Andres formation
 Eddy County, New Mexico

SUBJECT TO: Lease Operating Agreement effective March 1, 1997, between Exxon Corporation, Assignor, and Atlantic Richfield Company, Assignee, recorded in Book 283, Page 1139 of the Eddy County Records.

ARCO LEASE NO.: 30-015-045259-000
PROPERTY NAME: None
SERIAL LEASE NO.: LC-060894
LESSOR: United States of America
LESSEE: Fred Brainard
LEASE DATE: March 3, 1943
DESCRIPTION: T18S, R27E, N.M.P.M.
 Section 6: SE/4 NW/4 and E/2 SW/4, limited to depths below the base of the San Andres formation
 Eddy County, New Mexico

SUBJECT TO: Lease Operating Agreement effective March 1, 1997, between Exxon Corporation, Assignor, and Atlantic Richfield Company, Assignee, recorded in Book 283, Page 1148 of the Eddy County Records.

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

June 30, 1999

VIA CERTIFIED MAIL Z 266 869 345
RETURN RECEIPT REQUESTED

*Barbara Frynkenfield
12 Laura Elizabeth Court
Mansfield, TX 76063*

Dear Ms. Frynkenfield:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Lucky Mack Federal #1 under Rule 104.F. (3). The reason for the unorthodox application is due to completing the existing wellbore in the Wolfcamp for oil production. The location for this well is 1650 FSL & 1450 FEL in Section 6-T18S-R27E, Eddy County, New Mexico. The well is encroaching the NE/4 SE/4 of Sec. 6-T18S-R27E in the Undesignated Chalk Bluff Wolfcamp Pool.

Should you or your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.

Sincerely,

MACK ENERGY CORPORATION

Matt J. Brewer

*Matt J. Brewer
Geological Engineer*

MB

Enclosures

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

June 30, 1999

VIA CERTIFIED MAIL Z 266 869 344
RETURN RECEIPT REQUESTED

Sandra Terry
P.O. Box 12617
El Paso, TX 79913

Dear Ms. Terry:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Lucky Mack Federal #1 under Rule 104.F. (3). The reason for the unorthodox application is due to completing the existing wellbore in the Wolfcamp for oil production. The location for this well is 1650 FSL & 1450 FEL in Section 6-T18S-R27E, Eddy County, New Mexico. The well is encroaching the NE/4 SE/4 of Sec. 6-T18S-R27E in the Undesignated Chalk Bluff Wolfcamp Pool.

Should you or your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.

Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer
Geological Engineer

MB\

Enclosures

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

June 30, 1999

VIA CERTIFIED MAIL Z 266 869 343
RETURN RECEIPT REQUESTED

Susan Terry
612 N. Mesa
El Paso, TX 79912

Dear Ms. Terry:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Lucky Mack Federal #1 under Rule 104.F. (3). The reason for the unorthodox application is due to completing the existing wellbore in the Wolfcamp for oil production. The location for this well is 1650 FSL & 1450 FEL in Section 6-T18S-R27E, Eddy County, New Mexico. The well is encroaching the NE/4 SE/4 of Sec. 6-T18S-R27E in the Undesignated Chalk Bluff Wolfcamp Pool.

Should you or your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.

Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer
Geological Engineer

MB\

Enclosures

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, July 06, 1999 9:44 AM
To: Stogner, Michael
Subject: FW: Lucky Mack Federal #1

From: Stogner, Michael
Sent: Tuesday, July 06, 1999 9:44 AM
To: 'Matt Brewer'
Subject: Lucky Mack Federal #1

I am in receipt of your letter dated June 30, 1999 with attachments concerning the amendment of Division Administrative Order NSL-4020. Within this letter you stated that "*we are obtaining a term assignment with Exxon for these lands, therefore, I am not sending them notification of the unorthodox location.*"

What is the current status of this agreement between Exxon and Mack Energy?

Is Exxon aware of Mack's intent to test the Wolfcamp interval with this well?



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 28, 1998

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211-0227
Attention: Raye Miller

Administrative Order NSL-4020

Dear Mr. Miller:

Reference is made to your application dated April 20, 1998 for an unorthodox Morrow gas well location for the proposed Chalk Bluff Federal Com. Well No. 1 to be drilled 1650 feet from the South line and 1450 feet from the East line (Unit J) of Section 6, Township 18 South, Range 27 East, NMPM, Red Lake-Pennsylvanian Gas Pool, Eddy County, New Mexico. Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of said Section 6 being a standard 321.65-acre gas spacing and proration unit for said pool is to be dedicated to said well.

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 Order No. R-4611, issued in Case No. 5034 and dated August 13, 1973, and Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrottenberg".

Lori Wrottenberg
Director

LW/MES/kv

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/02/99 13:11:50
OGOMES -TPOR
PAGE NO: 1

Sec : 06 Twp : 18S Rng : 27E Section Type : NORMAL

4 39.08 Federal owned A A	3 40.41 Federal owned A A	2 40.69 Federal owned A A	1 40.96 Federal owned A A
5 39.44 Federal owned A A	F 40.00 Federal owned A A A	G 40.00 Federal owned A A	H 40.00 Federal owned A A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/02/99 13:11:58
OGOMES -TPOR
PAGE NO: 2

Sec : 06 Twp : 18S Rng : 27E Section Type : NORMAL

6 39.94	K 40.00	J 40.00	I 40.00
Federal owned	Federal owned	Federal owned	Federal owned
A A	A A	A A	A A
7 40.43	N 40.00	O 40.00	P 40.00
Fee owned	Federal owned	Federal owned	Federal owned
A A	A A	A A	A A A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil & Gas Division
311 S. 1st Street
Artesia, NM 88210-2884

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

Lease Designation and Serial No.
LC-026874B

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

MARBOB ENERGY CORPORATION

3. Address and Telephone No.

P. O. BOX 227, ARTESIA, NM 88210

505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1650 FSL 1450 FEL, SEC. 6-T18S-R27E UNIT J

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

CHALK BLUFF FEDERAL COM

9. API Well No.

10. Field and Pool, or Exploratory Area

RED LAKE; PENN

11. County or Parish, State

EDDY, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

- Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other AMEND A.P.D.
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

WE ARE AMENDING THE A.P.D. ON THE ABOVE MENTIONED WELL AS FOLLOWS:

NO. OF ACRES IN LEASE: 160.69

NO. OF ACRES ASSIGNED TO THIS WELL: 322.12

14. I hereby certify that the foregoing is true and correct

Signed Robin Cochran

Title PRODUCTION CLERK

Date 4/17/98

(This space for Federal or State official use)
(ORIG. SGD.) GARY GOURLEY

Approved by _____
Conditions of approval, if any:

Title PETROLEUM ENGINEER

Date APR 21 1998

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
311 S. 1st Street
Artesia, NM 88210-2034

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

9 F

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Lease Serial No.
LC-026874B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
CHALK BLUFF FED COM #1

9. API Well No.
30-015-30265

10. Field and Pool, or Exploratory Area
RED LAKE; PENN

11. County or Parish, State
EDDY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 MARBOB ENERGY CORPORATION

3a. Address
 P.O. BOX 227, ARTESIA, NM 88210

3b. Phone No. (include area code)
 505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1650 FSL 1450 FEL, SEC. 6-T18S-R27E UNIT J

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

TD WELL ON 7/30/98. DRLD 7 7/8" HOLE TO 9455'. SET CMT PLUGS AS FOLLOWS:

- 9150-9000' W/76 SX PREM NEAT
- 7535-7385' W/95 SX PREM NEAT
- 6180-6030' W/76 SX PREM NEAT
- 4825-4725' W/50 SX PREM NEAT
- 3000-3100' W/50 SX PREM NEAT

CUT OFF WELL HEAD & TACK ON 8 5/8" PLATE

Approved as to plugging of the well bore
Liability under bond is retained until
surface restoration is completed.

RECEIVED VERBAL APPROVAL FROM JOE LARA W/BLM

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) RHONDA NELSON	Title PRODUCTION ANALYST
Signature <i>Rhonda Nelson</i>	Date 8/4/98

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD.) LES BABYAK	Title PETROLEUM ENGINEER	Date AUG 14 1998
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

B.L.M. Oil Cons. Division
311 S. 1st Street
Artesia, NM 88210-2834
JUL 15 1998
FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. LC-026874B
2. Name of Operator MARBOB ENERGY CORPORATION	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P. O. BOX 227, ARTESIA, NM 88210 505-748-3303	7. If Unit or CA, Agreement Designation CHALK BLUFF FEDERAL COM
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650 FSL 1450 FEL SEC. 6-T18S-R27E UNIT J	8. Well Name and No. CHALK BLUFF FED. COM #1
	9. API Well No. 30-015-30265
	10. Field and Pool, or Exploratory Area RED LAKE; PENN
	11. County or Parish, State EDDY, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other SPUD, RUN CSG
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

SPUD WELL 7/5/98, DRILD 17 1/2" HOLE TO 390', RAN 9 JTS.
13 3/8" J-55 45# CSG TO 390', CMTD W/475 SX CLASS C,
PLUG DOWN @ 1:30 P.M. 7/6/98, CIRC 85 SX TO SURF,
WOC 18 HRS., TSTD CSG TO 600# F/20 MINUTES--HELD
OK.

ACCEPTED FOR RECORD
JUL 10 1998
BLM

(ORIG. SGD.) GARY GOURLEY

14. I hereby certify that the foregoing is true and correct

Signed Rhonda Nelson Title PRODUCTION CLERK Date 7/7/98

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

CONTACT RECEIVING
OFFICE FOR NUMBER
OF COPIES REQUIRED
(Other instructions on
reverse side)

BLM Roswell District
Modified Form No.
MDO60-3160-2

48

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Marbob Energy Corporation 14049

3a. Area Code & Phone No.
 505-748-3303

3. ADDRESS OF OPERATOR
 P. O. BOX 227 Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1650 FSL 1450 FEL UNIT J
 At proposed prod. zone
 SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 EAST OF ARTESIA ON U.S. 82 FOR 5.3 MILES

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 130'

16. NO. OF ACRES IN LEASED PROPERTY 320

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH 9760'

20. ROTARY OR CABLE TOOLS
 ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3430' GR

22. APPROX. DATE WORK WILL START*
 MAY 15, 1998

5. LEASE DESIGNATION AND SERIAL NO.
 LC-026874B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 30-015-30265

7. UNIT AGREEMENT NAME
 CHALK BLUFF FEDERAL COM.

8. FARM OR LEASE NAME
 23372

9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT
 RED LAKE; PENN

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC. 6-T18S-R27E

12. COUNTY OR PARISH 13. STATE
 EDDY NM

PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	J-55	LT&C	400'	415 SX, CIRC
12 1/4"	8 5/8"	24#	J-55	LT&C	2200'	1700 SX, CIRC
7 7/8"	5 1/2"	17#	J-55	LT&C	9760'	1750 SX, ATTEMPT TO CIRC

PAY ZONE WILL BE SELECTIVELY PERFORATION AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

- ATTACHED ARE:
1. ACREAGE DEDICATION PLAT
 2. SUPPLEMENTAL DRILLING DATA
 3. SURFACE USE PLAN

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Rhonda Nelson TITLE Production Clerk DATE 4/14/98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY (ORIG. SGL) JOHN S. GIMITZ TITLE Acting ADM. MINERALS DATE 5-20-98

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name RED LAKE; PENN
Property Code	Property Name CHALK BLUFF FEDERAL COM.	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3430'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	6	18 S	27 E		1650	SOUTH	1450	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 39.32 ACRES	LOT 3 40.64 ACRES	LOT 2 40.91 ACRES	LOT 1 41.21 ACRES	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Rhonda Nelson</i> Signature</p> <p><u>RHONDA NELSON</u> Printed Name</p> <p><u>PRODUCTION CLERK</u> Title</p> <p><u>APRIL 14, 1998</u> Date</p>
LOT 5 39.48 ACRES				
LOT 6 40.14 ACRES				
LOT 7 40.67 ACRES				<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 26, 1998 Date Surveyed CDG</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidsen</i> 3-30-98 98-11-0508</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>



marbob
energy corporation

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

LEASE NOS.: LC-049648B, LC-026874F, LC-026874B, LC-026874A

LEGAL DESCRIPTION OF LAND: NE/4SE/4, SW/4SE/4 SEC. 6-T18S-R27E
LC-049648B
LOT 1, SE/4NE/4 SEC.6-T18S-R27E
LC-026874F
LOT 2, SW/4NE/4, NW/4SE/4 SEC. 6-T18S-
R27E, LC-026874B
SE/4SE/4 SEC. 6-T18S-R27E
LC-026874A

FORMATION(s) (if applicable): RED LAKE; PENN

BOND COVERAGE: Statewide

BLM BOND FILE NO.: 585716

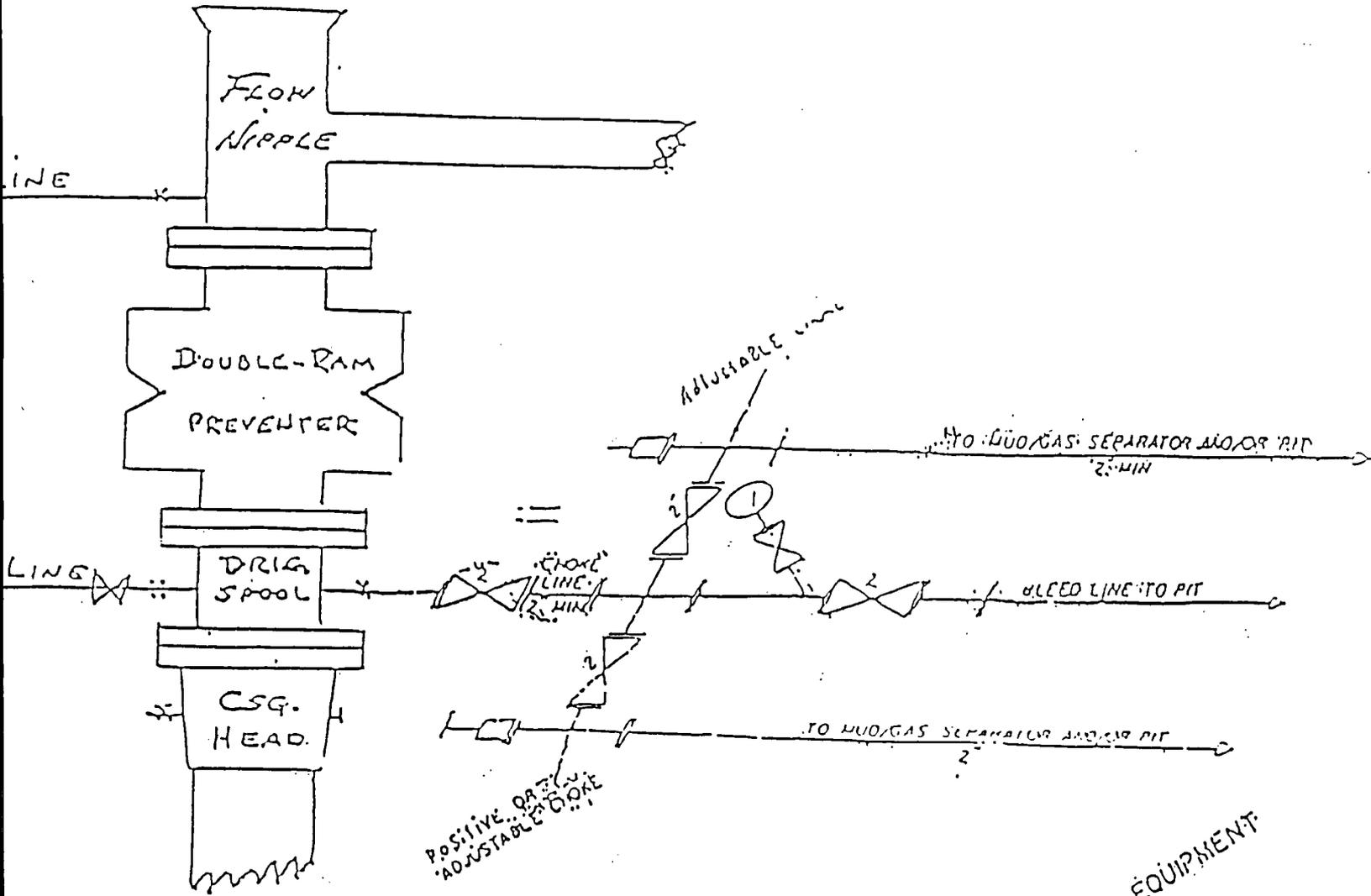
RHONDA NELSON
PRODUCTION CLERK

DATE: 4/15/98

EXHIBIT #1

B O P & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver
3000# Working Pressure
3,000# Working Pressure Choke Manifold



Marbob Energy Corporation
Chalk Bluff Federal No. 1
1650' FSL and 1450' FEL
Section 6-18S-27E
Eddy County, New Mexico
Exhibit #1

2 1/4" CHOKE MANIFOLD EQUIPMENT

**Attachment to Exhibit #1
NOTES REGARDING THE BLOWOUT PREVENTERS**

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 1000 psi W.P. minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 1000 psi W.P. minimum.
6. All choke and fill lines to be securely anchored, especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on kelly.
9. Extension wrenches and hand wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40 gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

DRILLING PROGRAM

Attached to Form 3160-3
Marbob Energy Corporation
Chalk Bluff Federal No. 1
1650' FSL and 1450' FEL
Section 6-18S-27E
Eddy County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Seven Rivers	Surface	Wolfcamp	5803'
Queen	603'	Penn Clastics	7385'
San Andres	1270'	Canyon	7910'
Glorietta	2610'	Strawn	8410'
Tubb	4143'	Atoka	8900'
Abo	4785'	Morrow Limestone	9035'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Seven Rivers	Surface	Fresh Water
Queen	603'	
San Andres	1270'	Oil
Glorietta	2610'	
Tubb	4143'	
Abo	4785'	Oil
Wolfcamp	5803'	
Penn Clastics	7385'	
Canyon	7910'	
Strawn	8410'	
Atoka	8900'	Gas
Morrow Limestone	9035'	Gas

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8 casing at 400' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across them by inserting a float shoe joint into the 5 1/2" production casing which will be run at TD. 8 5/8" intermediate casing at 2200' and circulating cement to surface or sufficient to tie into surface.

WRS COMPLETION REPORT

COMPLETIONS 30-T-0032 08/07/98 SEC 6 TWP 18S RGE 27E
30-015-30265-0000 PAGE 1

NMEX EDDY * 1650FSL 1450FEL SEC NW SE
STATE COUNTY FOOTAGE SPOT

MARBOB ENERGY D D
OPERATOR WELL CLASS INIT FIN

1 CHALK BLUFF FEDERAL COM
WELL NO. LEASE NAME

3442KB 3430GR RED LAKE
OPER ELEV FIELD/POOL/AREA

API 30-015-30265-0000
LEASE NO. PERMIT OR WELL I.D. NO.

07/05/1998 08/02/1998 ROTARY VERT D&A
SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS

9760 PNNSYLVN PETERSON DRLG 3 RIG SUB 11
PROJ. DEPTH PROJ. FORM CONTRACTOR

DTD 9455 FM/TD PNNSYLVN
DRILLERS T.D. LOG T.D. PLUG BACK TO OLD T.D. FORM T.D.

LOCATION DESCRIPTION

5 MI E ARTESIA, NM

CASING/LINER DATA

CSG 13 3/8 @ 390 W/ 475 SACKS
CSG 8 5/8 @ 2210 W/ 1100 SACKS

FORMATION TEST DATA

DST 1
NO DETAILS

DST 2
NO DETAILS

DST 3
NO DETAILS

DST 4
NO DETAILS

DRILLING MEDIA /TYPE,DEPTH/

1145 10.0 5160 9.0 8325 9.2 PPG

DRILLING PROGRESS DETAILS

CONTINUED IC# 300157023598



COMPLETIONS 30-T-0032 08/07/98 SEC 6 TWP 18S RGE 27E
30-015-30265-0000 PAGE 2

MARBOB ENERGY CHALK BLUFF FEDERAL COM D D
1

DRILLING PROGRESS DETAILS

MARBOB ENERGY
BOX 217
ARTESIA, NM 88210
505-746-2422
04/20 LOC/1998/
07/07 DRLG 1145 (MW 10, VIS 28)
07/14 DRLG 5160 (MW 9, VIS 28)
07/21 DRLG 8325 (MW 9.2, VIS 28)
07/27 DRLG 9240
08/05 RIG REL 08/02/98
9455 TD,
COMP 8/2/98, D&A
NO CORES, FOUR DSTS (TITE)

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

July 13, 1999

JUL 14 1999

*Oil Conservation Division
Attn: Mike Stogner
2040 South Pacheco
Santa Fe, NM 87505*

Dear Mr. Stogner:

Please amend the Division Administrative Order NSL-4020 to include Exxon as a notified party on the Lucky Mack Federal #1:

By copy of this letter including the exhibits to all parties, we are notifying them by certified mail return-receipt requested of the unorthodox location.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

Sincerely,

MACK ENERGY CORPORATION



*Matt J. Brewer
Geological Engineer*

MB/

Enclosures

cc: CERTIFIED MAIL:

*Exxon Corporation
Attn: Bob Mathew
P.O. Box 4697
Houston, TX 77210-4697*

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

July 13, 1999

VIA CERTIFIED MAIL Z 266 869 284
RETURN RECEIPT REQUESTED

Bob Mathew
Exxon Corporation
P.O. Box 4697
Houston, TX 77210-4697

RE: *Lucky Mack Federal Unorthodox Location*

Dear Mr. Mathew:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Lucky Mack Federal #1 under Rule 104.F. (3). The reason for the unorthodox application is due to completing the existing wellbore in the Wolfcamp for oil production. The location for this well is 1650 FSL & 1450 FEL in Section 6-T18S-R27E, Eddy County, New Mexico. The well is encroaching the NE/4 SE/4 of Sec. 6-T18S-R27E in the Undesignated Chalk Bluff Wolfcamp Pool.

Should you or your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.

Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer
Geological Engineer

MB\

Enclosures

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

June 1, 1999

*Oil Conservation Division
Attn: Mike Stogner
2040 South Pacheco
Santa Fe, NM 87505*

Dear Mr. Stogner:

Mack Energy Corporation respectfully requests an administrative approval without notice and hearing of the following unorthodox well location.

Because of our desire to recompleate this well in a timely manner, we also request your approval be expedited. The well location and legal description is as follows:

*Lucky Mack Federal #1 (Previously named the Chalk Bluff Federal #1)
API #: 30-015-30265
1650 FSL & 1450 FEL
Sec. 6, T18S, R27E
Eddy County, New Mexico*

The well will be completed in the Wolfcamp formation in the Und. Chalk Bluff Wolfcamp Pool.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) filed with the Artesia office of the Oil Conservation Division (Exhibit A).*
- B.) A plat showing the proposed unorthodox location, the respective proration units, and the offsetting proration units (Exhibit B).*

This well, previously called the Chalk Bluff Federal #1, originally drilled as a Deep Morrow Test and abandoned by Marbob Energy Corporation. Marbob conveyed the wellbore to Chase Oil Corporation, with Mack Energy as operator, and was renamed the Lucky Mack Federal #1. The location is unorthodox for a recompleation in the 40-acre oil proration unit.

*Oil Conservation Division
June 1, 1999
Page 2*

Please note that Mack Energy Corporation is the operator of the offsetting proration units in which we are encroaching upon in the Wolfcamp formation of the Und. Chalk Bluff Wolfcamp Pool, therefore, no other operators are required to be notified.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

Sincerely,

MACK ENERGY CORPORATION

Matt J. Brewer

*Matt J. Brewer
Geological Engineer*

MB/

Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name RED LAKE; PENN
Property Code	Property Name CHALK BLUFF FEDERAL COM.	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3430'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	6	18 S	27 E		1650	SOUTH	1450	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

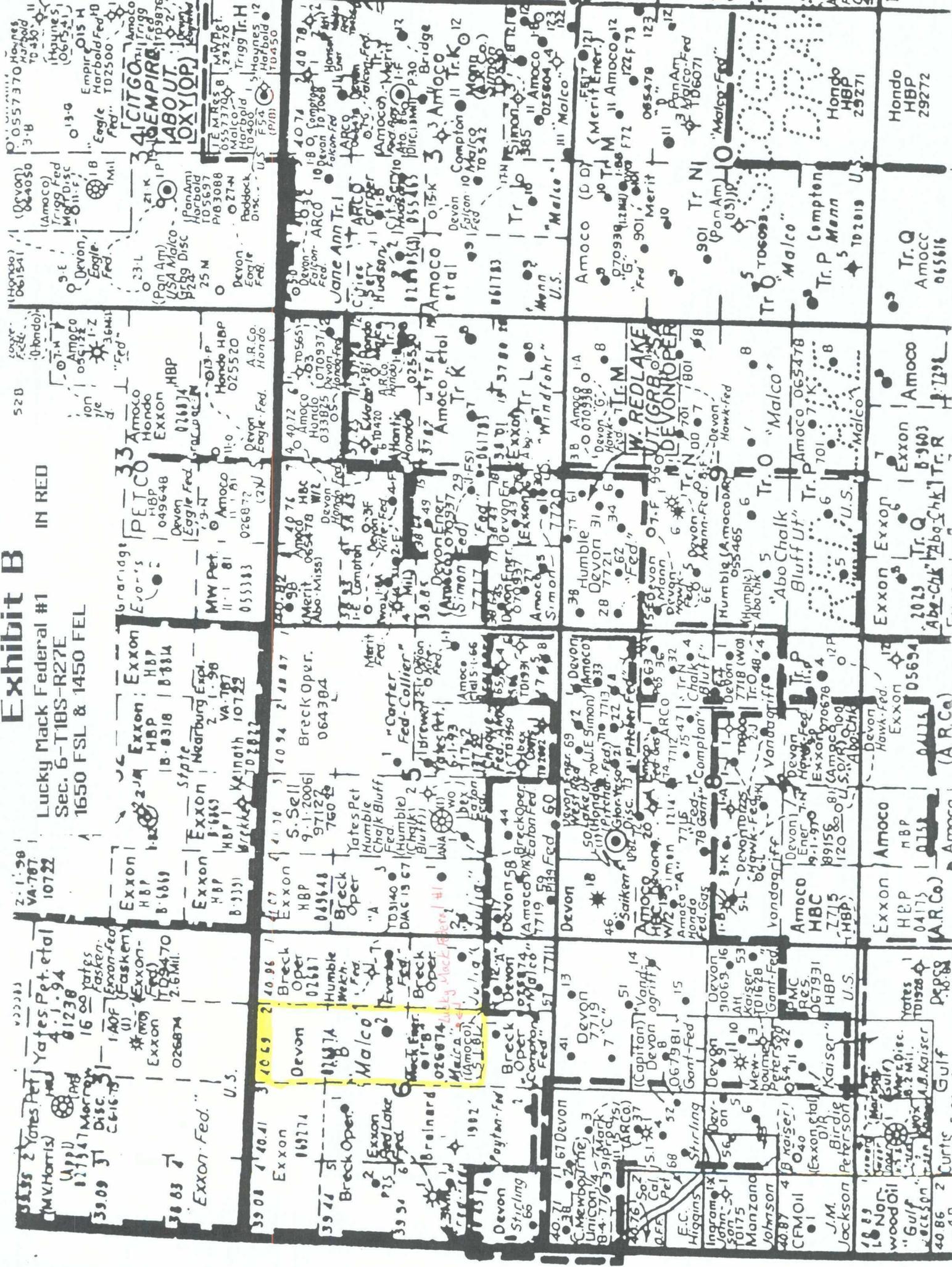
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 39.32 ACRES	LOT 3 40.64 ACRES	LOT 2 40.91 ACRES	LOT 1 41.21 ACRES	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Rhonda Nelson</i> Signature RHONDA NELSON Printed Name PRODUCTION CLERK Title APRIL 14, 1998 Date</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 26, 1998 Date Surveyed CDG Signature & Seal of Professional Surveyor <i>Bonnie E. Edson</i> Professional Surveyor NEW MEXICO 3-30-98 88-17-0509 Certificate No. RONALD E. EDSON 3239 GARY EDSON 12641</p>
LOT 5 39.48 ACRES				
LOT 6 40.14 ACRES				
LOT 7 40.67 ACRES				

Exhibit B

Lucky Mack Federal #1
Sec. 6-T1BS-R27E
1650 FSL & 1450 FEL



520

IN RED

Grariage

Exxon

HBP

Exxon

HBP

Exxon

HBP

Exxon

HBP

Exxon

HBP

Exxon

HBP

HBP