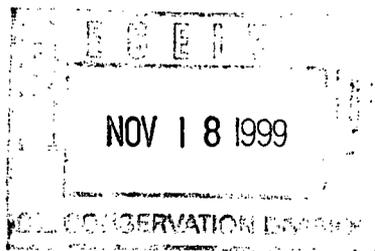


AMEND NSL 12/8/99
MACK ENERGY CORPORATION

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

November 17, 1999



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

Dear Mr. Stogner:

Mack Energy Corporation respectfully requests an amendment to NSL-4020-A to abandon the deeper Chaik Bluff Wolfcamp Pool and recompleate up-hole into the Und. Red Lake Yeso/Glorietta. After testing the Und. Red Lake Yeso/Glorietta, if it is decided to abandon and move up-hole and recompleate Mack Energy requests that the Red Lake Queen/Grayburg/San Andres pools be included in the amendment.

The well location and legal description is as follows:

Lucky Mack Federal #1
API #: 30-015-30265
1650 FSL & 1450 FEL
Sec. 6, T18S, R27E
Eddy County, New Mexico

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).

The location is unorthodox for a recompletion in the 40-acre oil proration unit. 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.

NSL-4020 (4-23-98) Red Lake - Pennsylvanian Gas Pool (E/2 eq. dedication)
NSL-4020-A (8-3-99) Wolfcamp oil NW/4 SE/4 (40-ac dedication)

Oil Conservation Division

November 17, 1999

Page 2

Also included is a term assignment from Devon Energy Corporation to Chase Oil Corporation for Mack Energy Corp. (Operator and affiliate of Chase Oil Corp) to complete the well in the Und. Red Lake Yeso/Glorietta.

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:***

*Devon Energy Corporation
20 N. Broadway #1500
Oklahoma City, OK 73102
Attn: Steve LaFollette*

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

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30265	Pool Code	Pool Name RED LAKE, - PENN Und Chalk Bluff Wolfcamp
Property Code	Property Name Lucky Mack Federal CHALK-BLUFF FEDERAL COM.	Well Number 1
OGRID No. 013837 14049	Operator Name MACK MARGO 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 herethn 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> <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</p> <p>Date Surveyed CGG</p> <p>Signature & Seal of Professional Surveyor <i>Ronald E. Edson</i> 3-30-98 88-11-0509</p> <p>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				

MACK ENERGY CORPORATION

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

November 17, 1999

VIA CERTIFIED MAIL Z 266 869 290
RETURN RECEIPT REQUESTED

Steve LaFollette
Devon Energy Corporation
20 N. Broadway Ste. 1500
Oklahoma City, OK 73102-8260

RE: Lucky Mack Federal Unorthodox Location

Dear Mr. LaFollette:

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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 above mentioned pools.

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

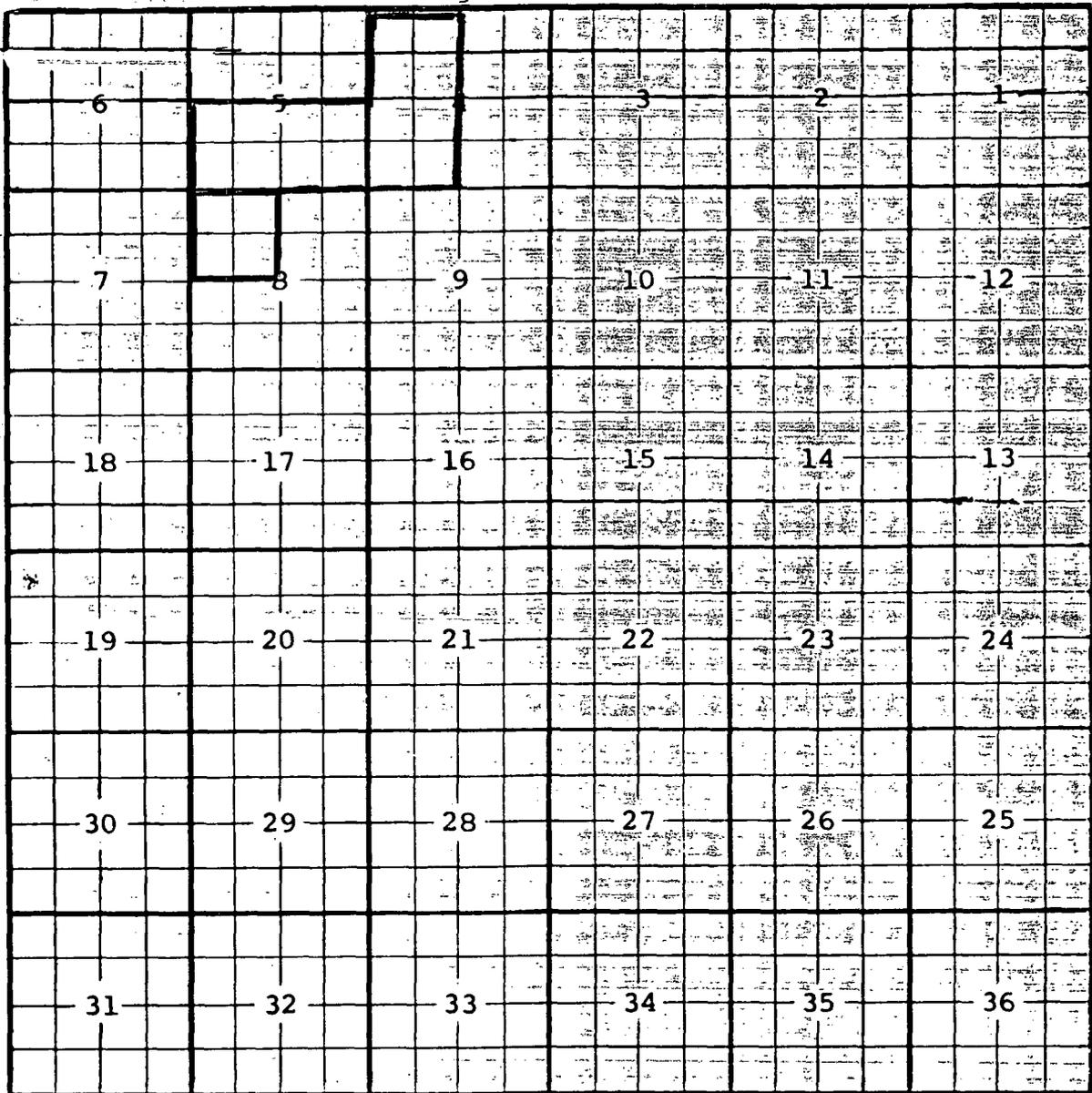
county EDDY

Pool RED LAKE GLORIETA-YESO

TOWNSHIP 18 S

Range 27 E

NMPM



Desc: nw/4 Sec 8 (R-9418, 2-1-91) Ext. ^W/2 Sec 4, ^S/2 Sec 5 (R-11067, 10-20-85)

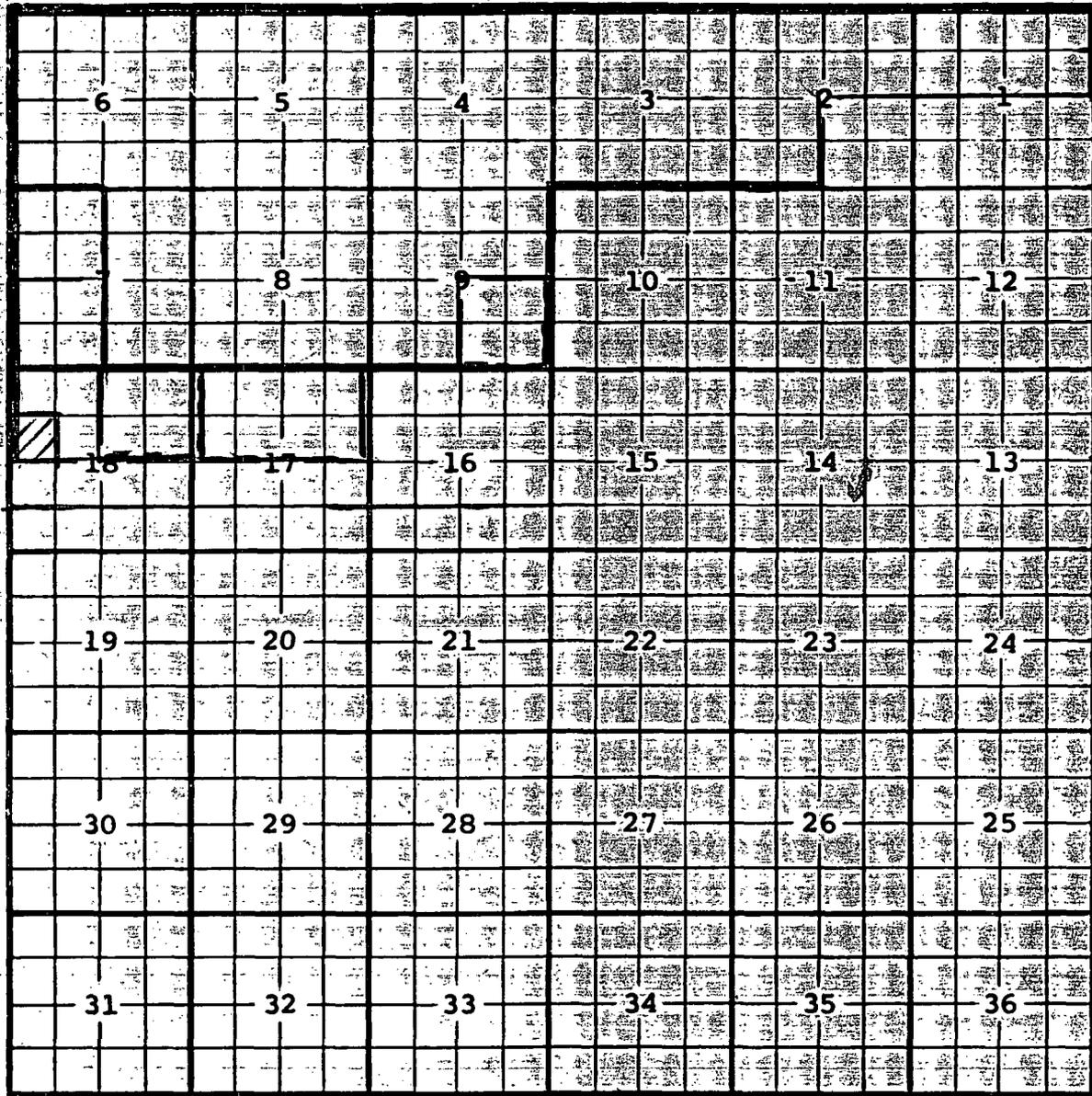
COUNTY *Eddy*

POOL *Red Lake Queen - Grayburg - San Andres*

TOWNSHIP *18 South*

RANGE *27 East*

NMPM



Description: $\frac{N}{2}$ Sec. 1; $\frac{N}{2}$ & $\frac{SW}{4}$ Sec. 2; All Sec. 3 thru 6; $\frac{E}{2}$ Sec. 7; All Sec. 8;
 $\frac{W}{2}$ & $\frac{NE}{4}$ Sec. 9.

Ext: $\frac{NW}{4}$ Sec. 7 (R-1059, 9-3-57) - $\frac{SW}{4}$ Sec. 7 (R-1143, 3-25-58) - $\frac{NW}{4}$ Sec. 18 (R-1424, 7-1-59)

Extend vertical limits to include Queen formation and
 redesignate Red Lake Queen - Grayburg - San Andres (R-3280, 8-1-67)

Reletion: $\frac{SW}{4}$ & $\frac{NW}{4}$ Sec. 18 (R-4167, 8-1-71) Ext: $\frac{SE}{4}$ Sec. 9 (R-10938, 1-9-98)

Ext: $\frac{N}{2}$ Sec. 17 (R-10951, 2-4-98) Ext: $\frac{NE}{4}$ Sec. 18 (R-11005, 7-24-98)

CMD : ONGARD 11/30/99 10:20:47
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPFW

API Well No : 30 15 795 Eff Date : 01-01-1900 WC Status : A
Pool Idn : 51300 RED LAKE;QUEEN-GRAYBURG-SA
OGRID Idn : 13837 MACK ENERGY CORP
Prop Idn : 6140 MALCO B FEDERAL

Well No : 001
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: J	6	18S	27E	FTG 999 F S	FTG 999 F E	P

Lot Identifier:

Dedicated Acre: 40.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC



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,


Lori Wrotenberg
Director

LW/MES/kv

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



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 30, 1999

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

Attention: Matt J. Brewer

Re: *Administrative application dated November 17, 1999 for Mack Energy Corporation's Lucky Mack Federal Well No. 1 (API No. 30-015-30265) located at an unorthodox oil well location in both the Red Lake-Queen-Grayburg-San Andres Pool and the Undesignated Red Lake-Glorieta-Yeso Pool 1650' FSL & 1450' FEL (J) of Section 6, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, 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. The current Division Rules 104.F (3), 104.F (4), and 1207.A (2) require that, in the absence of an operator, any lessees of diagonal or adjoining leases owning interests in the same pool as the proposed well be notified (see copy of applicable rules attached). Was this done for those owners of mineral interests in the Glorieta/Yeso interval underlying the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P) of Section 6?

Sincerely,

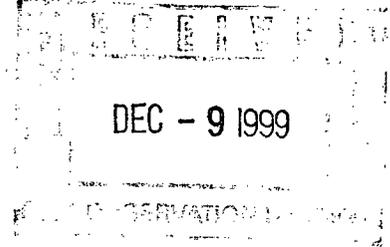
Michael E. Stogner
Chief Hearing Officer/Engineer

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

MACK ENERGY CORPORATION

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

December 7, 1999



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

Dear Mr. Stogner:

Pursuant to your letter dated 11/30/1999, Mack Energy Corporation respectfully requests an amendment to NSL-4020-A. Please add the following interest owners in the SE/4 SE/4 & NE/4 SE/4 of Sec. 6-T18S-R27E for notification of the unorthodox location administrative request for the Lucky Mack Federal #1 in the Red Lake Glorieta/Yeso and the Red Lake Queen/Grayburg/San Andres pools.

By copy of the 1st request to amend NSL-4020-A dated 11/17/1999, including the exhibits to all parties, we are notifying them by certified mail return-receipt requested of the unorthodox location.

Please find the attached documents from Federal Abstract describing the interest owners in the SE/4 SE/4 & NE/4 SE/4 of Sec. 6-T18S-R27E.

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

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in cursive script that reads "Matt J. Brewer".

*Matt J. Brewer
Geological Engineer*

MB/

Enclosures

Page 2
Oil Conservation Division
12/07/1999

cc: **CERTIFIED MAIL:**

Susan Terry
6112 N. Mesa
No. 216
El Paso, TX 79912

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

Ben Copass, Jr.
P.O. Box 357
Waxahachie, TX 75165

Eugene Nearburg
3303 Lee Parkway
Dallas, TX 75219

Joe A. Warren
P.O. Box 374
Waxahachie, TX 75165

Barbara Frynkenfield
12 Laura Elizabeth Court
Mansfield, TX 76063

Mildred Crane Hudson Trust
c/o Jane Ann Hudson
6770 Wolf Creek
Rio Rancho, NM 87124

MACK ENERGY CORPORATION

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

December 7, 1999

VIA CERTIFIED MAIL Z 266 869 399
RETURN RECEIPT REQUESTED

Eugene Nearburg
3303 Lee Parkway
Dallas, TX 75219

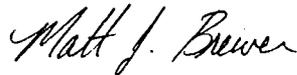
Dear Mr. Nearburg:

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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

December 7, 1999

VIA CERTIFIED MAIL Z 266 869 400
RETURN RECEIPT REQUESTED

Joe A. Warren
P.O. Box 374
Waxahachie, TX 75165

Dear Mr. Warren:

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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 & SE/4 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

December 7, 1999

VIA CERTIFIED MAIL Z 266 869 402
RETURN RECEIPT REQUESTED

Susan Terry
6112 N. Mesa
No. 216
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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 & SE/4 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

December 7, 1999

VIA CERTIFIED MAIL Z-266 869 401
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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 & SE/4 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

December 7, 1999

VIA CERTIFIED MAIL Z 266 869 403
RETURN RECEIPT REQUESTED

Barbara Frynkenfield
12 Laura Elizabeth Court
Mansfield, TX 76063

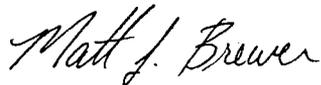
Dear Ms. Frynkenfield:

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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 & SE/4 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

December 7, 1999

VIA CERTIFIED MAIL Z 266 869 398
RETURN RECEIPT REQUESTED

Ben Copass, Jr.
P.O. Box 357
Waxahachie, TX 75165

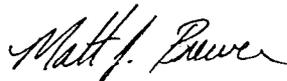
Dear Mr. Copass:

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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 & SE/4 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

December 7, 1999

VIA CERTIFIED MAIL Z 266 869 404
RETURN RECEIPT REQUESTED

Mildred Crane Hudson Trust
c/o Jane Ann Hudson
6770 Wolf Creek
Rio Rancho, NM 87124

Dear Ms. Hudson:

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 abandoning the Chalk Bluff Wolfcamp and moving up-hole to the Und. Red Lake Yeso/Glorieta and also the Red Lake Queen/Grayburg/San Andres if the Und. Red Lake Yeso/Glorieta is non-productive. 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 & SE/4 SE/4 of Sec. 6-T18S-R27E in the above mentioned pools.

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

FEDERAL ABSTRACT COMPANY

P.O. BOX 2288

SANTA FE, N.M. 87504-2288

FEDERAL ABSTRACT COMPANY

P. O. BOX 2288

SANTA FE, NEW MEXICO 87501

RED - STATE LAND

BLUE - FEE LAND

TWP., 18 S. RGE 27 E. N.M.P.M.

Eddy COUNTY

DATE June 28, 1999

A 6x6 grid of numbered sections, likely representing land parcels. The sections are numbered 1 through 36, arranged in a 6x6 pattern. The top row contains sections 6, 5, 4, 3, 2, 1. The second row contains sections 7, 8, 9, 10, 11, 12. The third row contains sections 18, 17, 16, 15, 14, 13. The fourth row contains sections 19, 20, 21, 22, 23, 24. The fifth row contains sections 30, 29, 28, 27, 26, 25. The bottom row contains sections 31, 32, 33, 34, 35, 36. Each section is further divided into a 2x2 grid of smaller sections by dashed lines.

See Attached

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

LESSEES:

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: *Devon is Operator*
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 *Devon has obtained operating Rights*

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 - *Devon has obtained Operating Rights*

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 - 86.28333% - 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 - 86.28333% - 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:

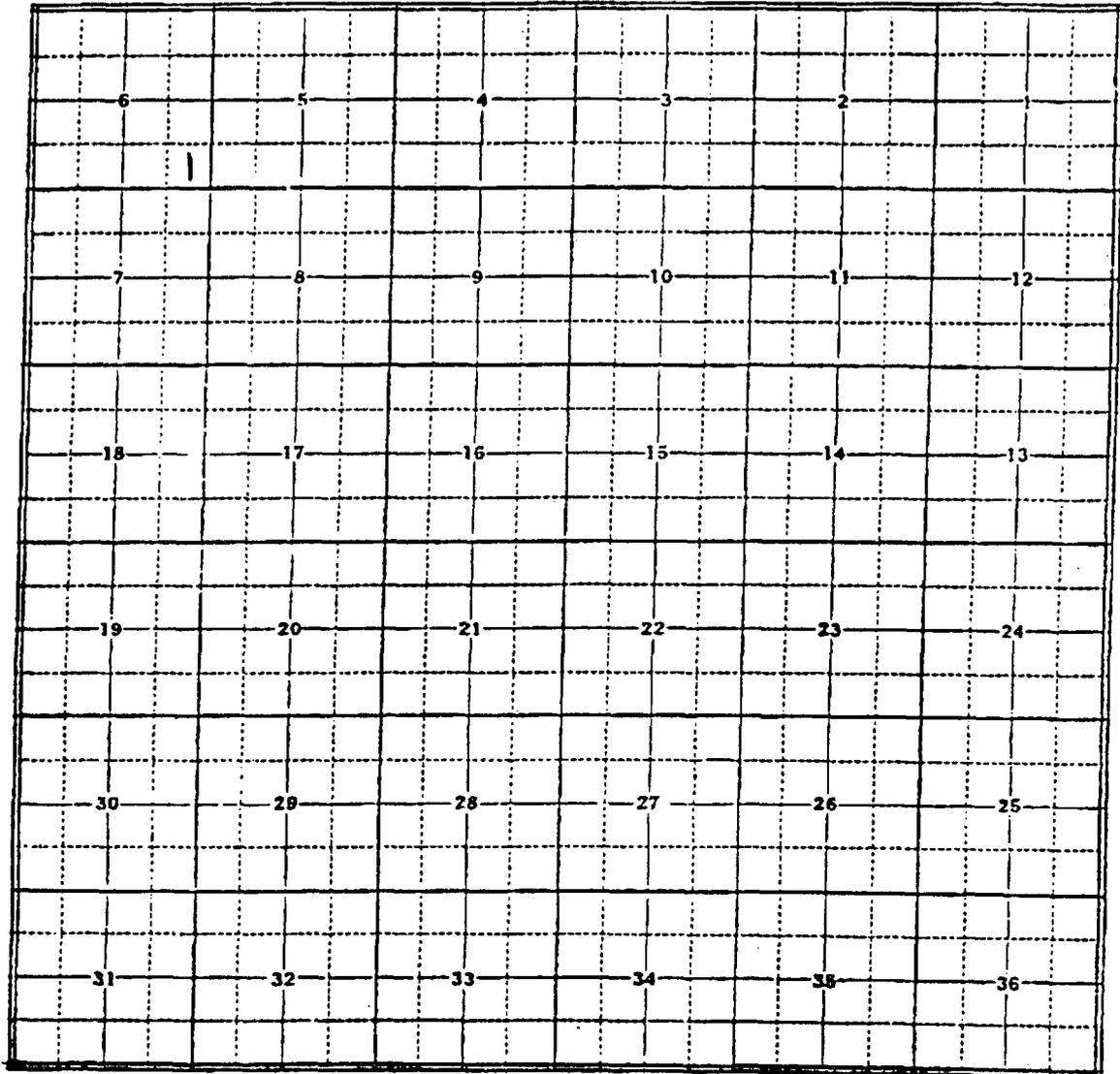
as to all lands:

12.5% - Fred & Julia Brainard, P.O. Box 368, Artesia, New Mexico *Deceased. Heirs: Susan Terry, Sandra Terry, Barbara Frynkenfield*

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

FEDERAL ABSTRACT COMPANY
P. O. BOX 2288
SANTA FE, NEW MEXICO 87801
RED . STATE LAND
BLUE . FEE LAND

TWP. 18 S. REC 27 E. N.M.P.M.
Eddy COUNTY
DATE December 6, 1999



See Attached

1. LEASE NO: LC 026874-A

Lease Issued 05/13/1931

This lease is held by production
Renewal Lease issued 5/1/1951
Renewal Lease issued 5/1/1961

LESSORS:

Lease No. NMLC 026874-A:
as to the Stratigraphic interval between the top of the Grayburg
formation & a correlative point in the San Andres formation:
100% - Devon Energy Corporation (Nevada), 20 N. Broadway #1500,
Oklahoma City, Oklahoma 73102

Lease No. MNM 7711:
as to all formations except the Stratigraphic interval between the top
of the Grayburg formation & a correlative point in the San Andres
formation:
100% - Altura Energy Ltd., P.O. Box 4294, Houston, Texas 77210

OPERATING RIGHTS:

From 100' above the top of the Abo formation to the top of the
Mississippian formation:
100% - Altura Energy Ltd.

As to all depths below 2,500' except from 100' above the top of the Abo
formation to the top of the Mississippian formation:
100% - Devon Energy Corporation (Nevada)

All other depths:
100% - Devon Energy Corporation (Nevada)

OVERRIDING ROYALTY:

as to all lands:
7.50% - Fred Brainard, Artesia, New Mexico - Deceased: Heirs: Susan Terry
Sandra Terry
Barbara Fryakerfield
.50% - Mildred Crane Hudson, Artesia, New Mexico - Deceased: Heir: Jane Ann Hudson

Production payment of \$2000.00 out of 5% - Walter H. & Eva Gant

as to 100' above the top of the Abo formation down to the top of the
Mississippian formation:
100% - Hopan Corporation

ROYALTY SCHEDULE:12.5-25%

PARTIAL TERM ASSIGNMENT OF OIL, GAS AND MINERAL LEASE

This Partial Term Assignment of Oil, Gas and Mineral Lease ("Assignment"), made and entered into this 14th day of September, 1999, by and between Devon Energy Corporation (Nevada), a Nevada corporation with a mailing address at 20 North Broadway, Suite 1500, Oklahoma City, Oklahoma 73102 ("Assignor") and Chase Oil Corporation, with a mailing address at P.O. Box 1767, Artesia, New Mexico 88211-1767 ("Assignee").

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) and other consideration paid, and upon the terms, conditions and covenants hereinafter stated, Assignor and Assignee agree as follows:

1. Assignor does hereby assign, convey and transfer unto Assignee, all of Assignor's right, title and interest in and to the following described lease(s) INsofar AND ONLY INsofar as said lease(s) cover(s) the following described lands, except as otherwise specifically set forth below, to-wit:

United States Oil and Gas Lease dated November 1, 1991 bearing Serial Number LC-026874 (b), is recorded at Oil and Gas Book 21, page 317, covering the NW/4 SE/4 of Section 6-T18S-R27E, Eddy County, New Mexico, limited in depth from the base of the San Andres Formation to 100 feet above the top of the Abo Formation.

2. Subject to Paragraph 18. hereof, the term of this Assignment shall be for a period of one(1) year (the "Initial Term") and so long thereafter as oil and/or gas is produced in paying quantities from the interval under the lease(s) and land(s) assigned herein. Said interest in the lease(s) and land(s) assigned herein is sometimes hereinafter referred to as "land(s)" or "lease(s)".

3. Assignor excepts and reserves from the lease(s) and lands assigned herein (1) all rights granted by said lease(s) above and below the depth interval to which this Assignment is made, together with all the rights appropriate to the drilling of wells for and to produce and market any and all minerals appearing in said lands above and below said depth interval and (2) an overriding royalty equal to the difference between present lease burdens as reflected in the County Records for Eddy County, New Mexico on the date first set forth above and twenty-one and one-half percent (21.5%) of all oil, gas, casinghead gas, distillate and/or condensate and other minerals produced and saved from the lands and horizons assigned herein under the said lease(s), however, in no event shall Assignor's overriding royalty reserved herein be less than five percent (5%). Therefore, in no event shall Assignor be required to make up any deficiency in net revenue and there shall be no offset against another lease assigned herein with regard to any lease yielding a net revenue to working interest ratio that is less than seventy-eight and one-half percent (78.5%).

4. Insofar as it is necessary to allow the drilling of a well or an additional well and secure a full production allowable therefore, Assignor grants Assignee, insofar as Assignor has the right to do so and subject always to the terms and conditions of the lease(s) herein assigned, the right to pool or combine said lease(s) either in whole or in part with other leases or lands. In the event any lease assigned herein is pooled or unitized with other leases or lands for production, the overriding royalty reserved herein shall, as to the lands covered by this Assignment and so unitized, be paid to Assignor in the proportion that the number of acres assigned herein and so unitized bears to the total number of acres in such unit.

5. If a lease described herein covers less than a full oil and gas leasehold estate in any lands described herein under such lease, or if Assignor's interest in such lease covering any lands described herein under such lease is less than the full oil and gas leasehold estate (excluding and disregarding any applicable royalty, overriding royalty, production payment or other burden to which such leasehold estate is subject), then the overriding royalty reserved out of the production from the lands in which Assignor's interest is less than the full oil and gas leasehold estate in such lands herein described under such lease shall be payable in the proportion that Assignor's interest in the oil and gas lease bears to the full oil and gas leasehold estate in such lands.

6. Each extension of any of the said lease(s), in whole or in part, shall maintain and continue in effect the rights and interests reserved by Assignor in each of said lease(s) so extended and in the said lands covered thereby. Should a renewal or new lease or leases covering the said lands, or a part of or interest in the said lands, or a part of or interest in such a lease, be acquired by Assignee, or by a third party wholly or partly for Assignee or Assignee's benefit, within two (2) years from either the date of the expiration of the primary term of the lease(s) having the latest date, for the lease(s) remaining in their primary term; or from the date of this Assignment, for the lease(s) which are beyond their primary term, the rights and interest herein reserved by Assignor shall attach and apply to each such renewal or new

RECEPTION
9910613

Allen Staci Sanders
Chase Oil Corp
PO Box 1767
Artesia NM 88211-1767

lease, the land described therein and the estate created thereby with the same result and effect as such reserved rights and interests attach and apply to the said lease(s), the said lands or the estates created by the said lease(s).

7. (a) If Assignee should elect to abandon any well either drilled on the lands assigned hereunder or on a unit for production which includes any part of the said lands, or if any well either on the said lands or on a unit including any of the said lands ceases to produce in paying quantities and if actual drilling operations for a well or reworking operations are not commenced within thirty (30) days thereafter, Assignee shall immediately notify Assignor in writing of such fact and Assignor, in addition to its right to a reassignment of the land(s) and lease(s) attributed to the unit for production for such well, shall have the option, to be exercised within thirty (30) days, to acquire such well, together with the material in and around such well then on said lands and necessary in the operation of such well at a price equal to the reasonable salvage value of said materials. If Assignor does not elect to acquire such well, Assignee shall promptly plug and abandon the same.

(b) As to each well that Assignee drills on the said lands, or on lands within a unit for production which includes any lands described herein, Assignee shall provide all the information required in the Geological Requirements attached hereto as Exhibit "A" and notify Assignor in writing of the following items:

- (1) The exact legal description of the location.
- (2) The date actual drilling is commenced.
- (3) The total depth drilled.
- (4) The date of completion.
- (5) Whether completed as a producer of oil and/or gas, or as a dry hole.
- (6) The date any production commences.
- (7) The date the well is shut-in.
- (8) The date and amount of payment of any shut-in royalty.

Such information shall be given to Assignor within fifteen (15) days after the occurrence of each of said items.

8. In the event Assignor does not elect to take its share of production in kind then Assignee shall deliver to Assignor in the pipeline to which Assignee's wells may be connected the fraction of the minerals reserved herein, all free and clear of cost and expense, and Assignee shall execute any contract or division order which may be necessary in connection with payment or proceeds of said reserved minerals to Assignor or appropriate to effectuate such payments.

9. (a) Assignor reserves the right to take in kind or separately dispose of the share of oil production applicable to its reserved and/or retained interest.

(b) Assignor reserves the right to take in kind or separately dispose of the share of gas, casinghead gas and other minerals applicable to its reserved and/or retained interest.

10. Within one hundred twenty (120) days following the first sale of oil and/or gas from the lands or leases described herein or lands pooled therewith, Assignee shall pay, or cause to be paid, to Assignor such sums as shall have accrued to Assignor as overriding royalties under this lease and thereafter such payments shall be made monthly without the necessity of the execution by Assignor, or any other party, of a division or transfer order. Notwithstanding anything herein to the contrary, in the event such amounts accruing to Assignor as overriding royalty total less than twenty-five dollars (\$25.00) such amounts may be remitted the earlier or annually or when such amounts shall exceed twenty-five dollars (\$25.00). All sums not paid timely shall bear interest at the highest lawful rate from the date they are due until the date payment is received by the Assignor. Assignee shall reimburse Assignor for all reasonable attorneys' fees and other costs or expenses incurred in connection with any legal action or other collection effort initiated by Assignor due to Assignee's failure to pay overriding royalties hereunder in a timely manner in which Assignor is found to be entitled to recover any overriding royalties or interest. In the event of a conflict between the terms and conditions of any division or transfer order as Assignor may execute and this Assignment the latter shall prevail and shall not be amended thereby.

11. This Assignment is made subject to, and Assignee shall comply with, all applicable rules, regulations, laws and orders issued or promulgated by any court or governmental agency having jurisdiction over operation, production or marketing on and from the lands covered hereby.

12. Assignor agrees upon written request to furnish Assignee copies of the said lease(s) and all material title information in its possession. Assignor shall neither be liable for any inaccuracy or incompleteness of any title information furnished to Assignee nor does Assignor warrant title, either express or implied, to the said lease(s). Assignee agrees upon request to provide Assignor a copy of any title opinions or other title information in its possession without cost or expense to Assignor.

13. All notices authorized or required between Assignee and Assignor by any of the provisions of this Assignment shall, unless otherwise specifically provided, be given in writing by United States mail, commercial overnight delivery service, or electronic facsimile transmission, properly addressed with postage or charges prepaid, and addressed to Assignor, unless otherwise specifically provided, to the attention of the Land Manager, for Devon Energy Corporation (Nevada), 20 North Broadway, Suite 1500, Oklahoma City, Oklahoma 73102, and to Assignee at the address first set forth above unless Assignee, or any successor in interest to Assignee, has designated or notified Assignor in writing of another address. The originating notice to be given under any provision of this Assignment shall be deemed given only when received by the party to whom such notice is directed. The time for such receiving party to give any notice in response thereto shall begin to run on the day following the date the originating notice is received, and responsive notice shall be deemed given when transmitted, when deposited in the United States mail or with a commercial overnight delivery service, properly addressed and with postage or charges prepaid. Any notice delivered by electronic facsimile transmission shall be effective upon receipt by the addressee.

14. During the initial term of this Assignment, including any extension thereof, the Assignee shall keep the said lease(s) free and clear from all liens. Assignee shall defend, indemnify and save Assignor harmless from all loss, cost, or expense (including attorneys' fees) for Assignee's failure to do so.

15. All operations pursuant to this Assignment shall be conducted at the sole expense of Assignee in a proper and workmanlike manner and in accordance with all applicable laws and regulations of the constituted authorities, and Assignee shall defend, indemnify and hold Assignor and its officers, directors, agents, employees and invitees harmless from all liability for damage (including attorneys' fees) to the person (including death) and/or property (including the contamination or pollution thereof or other environmental damage thereto) of all persons arising from the performance or non-performance of Assignee's operations conducted hereunder.

16. While operations are being conducted hereunder on any leasehold interest covered hereby, Assignee agrees to acquire and/or maintain insurance coverage.

17. In the event Assignee fails to comply with the express or implied covenants and conditions of said lease(s), Assignee shall, at Assignor's option, reassign the acreage remaining undrilled to Assignor, retaining around each producing well, if any, the lands attributed to the unit for production for such well under any valid well spacing rule or regulation of any governmental authority or attributed to such well for allowable purposes by any governmental authority.

18. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, at the end of the initial term hereof all of the lands described above that are not attributed to a spacing unit for production for a well which has been completed as a well capable of producing oil and/or gas in paying quantities shall automatically revert to Assignor, together with all zones or horizons more than one hundred (100) feet below the greatest depth drilled hereunder in each unit for production surrounding a well completed as a well capable of producing oil and/or gas in paying quantities, provided, however, in the event that Lessee shall then be engaged in actual drilling operations for a well located on the said lands or on lands pooled therewith, or shall have completed a well on the said lands or on lands pooled therewith within one hundred twenty (120) days prior to the end of the initial term, this Assignment shall not terminate as to any of the said lands or horizons so long as Assignee shall continue to drill on the said lands or lands pooled therewith with no cessation of operations more than one hundred twenty (120) days from the completion of one well and the commencement of actual drilling operations for the next succeeding well on the said lands or lands pooled therewith. Failure to commence actual drilling operations within one hundred twenty (120) days of the completion date for any well shall terminate this Assignment as to all of the said lands which shall not then be attributable to the spacing unit for production for a well completed as capable of producing oil and/or gas in paying quantities and all formations or horizons more than one hundred (100) feet below the deepest drilled in any spacing unit for production. In the case of such termination of all such lands, horizons, and formations shall revert to Assignor automatically and without the necessity of action on the part of a person or entity. For the purposes of this paragraph, the completion date for any well shall be the earlier of thirty (30) days following the release of the drilling rig from the location, or the date the official completion report is filed with the appropriate state or federal agency having jurisdiction thereof. Notwithstanding, the automatic character of this reversion, Assignee shall promptly prepare a recordable reassignment both in a form suitable for recording in the county and a form designated by the BLM for presentation to the BLM covering such reversionary lands and horizons and provide it promptly to Assignor. Said reassignments shall contain a special warranty of title to the effect that said interest shall be free and clear of any agreements, easements, liens, mortgages, pledges, security interests or other encumbrances, whether similar or dissimilar claimed by any person or entity by, through, or under Assignee herein, but not otherwise. Assignor's right to receive such reassignment shall be enforceable in equity.

19. For the purposes of this instrument, the following definitions and/or interpretations shall apply.

(a) A completion has occurred when a well has been fully equipped for the taking of production, through and including the tanks for an oil well and through and including the christmas tree for a gas well, or plugged and abandoned after being drilled to contract depth, if a dry hole.

(b) Paying quantities mean a quantity (in the judgement of a reasonable and prudent operator) of oil (including any gaseous hydrocarbons produced with oil) and/or gas (including any liquid hydrocarbons produced with gas) sufficient (not considering the cost of drilling) to repay, with a reasonable profit, the cost and expense of testing, completing and equipping a well, together with the cost of operations.

20. The terms and conditions of this Assignment are founded on factors personal and unique to the Assignee, therefore, during the initial term of this Assignment Assignee may not assign any part of its rights hereunder without the prior written consent of Assignor. Such consent shall not be unreasonably withheld. Should Assignee, any successor or assign, fail to secure such prior consent the attempted transfer shall wholly fail and this Assignment shall terminate without further act required by Assignor.

21. Notwithstanding anything herein to the contrary, no assignment of the said lease(s) or any portion thereof by Assignee, shall be effective to relieve Assignee or any subsequent Assignee, their heirs, successors and assigns, of any liability hereunder until Assignor shall have received a copy of the recorded instrument of transfer showing the recording information therefor. Assignee shall remain jointly and severally liable with its Assignee, their heirs, successors and assigns for the faithful discharge of all obligations and duties hereunder until Assignor shall have received a copy of such instrument.

TO HAVE AND TO HOLD the same unto the said Assignee, its successors and assigns, subject to and according to the terms and conditions hereof and of said lease(s), the said Assignee to perform all of such terms, conditions and covenants thereof as to the portion of lands herein assigned. This Assignment is made without warranty of title either express or implied.

The reservations herein made and the provisions and covenants contained herein shall attach to and run with the lease(s) assigned and the land(s) herein described or referred to and shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument this 24th day of September, 1999.

ASSIGNOR:

DEVON ENERGY CORPORATION (NEVADA)

By: [Signature]
R. D. Clark, Vice President

[Handwritten initials]
[Handwritten initials]

ASSIGNEE:

CHASE OIL CORPORATION

By: [Signature]
Mack C. Chase
Title: Vice President

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

The foregoing instrument was acknowledged before me this 24th day of September, 1999, by R. D. Clark as Vice President of Devon Energy Corporation (Nevada), a Nevada corporation.

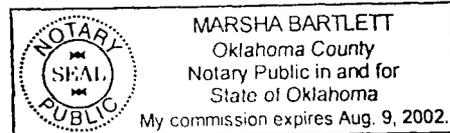
Witness my hand and official seal.

My Commission expires:

8-9-2002

Marsha Bartlett

Notary Public



STATE OF NEW MEXICO)
) ss:
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 27th day of September, 1999, by Mack C. Chase, Vice President of Chase Oil Corporation, a New Mexico corporation.

Witness my hand and official seal.

My Commission expires:

February 15, 2001

Staci D. Sanders

Notary Public



OFFICIAL SEAL
STACI D. SANDERS
NOTARY PUBLIC - STATE OF NEW MEXICO
My commission expires: 2-15-2001