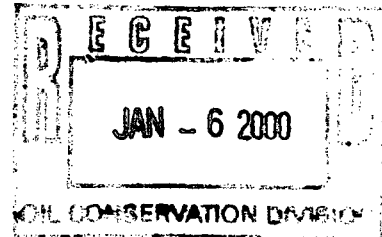


NSL 1/26/00

MACK ENERGY CORPORATION

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

January 5, 2000



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. This well is encroaching the SW/4 SW/4 & SE/4 SW/4 Sec. 20-T17S-R29E.

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

White Star Federal #12
230 FNL & 1650 FWL
Sec. 29, T17S, R29E
Eddy County, New Mexico

The well will be completed in the Yeso formation in the East Empire Yeso 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 locations, the respective proration units, and the offsetting proration units (Exhibit B).
- C.) A map showing the reason for the unorthodox location, the original location would have fallen to close to US Hwy 82. (Exhibit C).

Moving the location 100' north is the only possibility due to US Hwy 82 and OK Hot Oil Services facility, which is located on the south side of US Hwy 82. East option would still be unorthodox due to US Hwy 82. A due west offset to the White Star #8 will fall on top of OK Hot Oil Services facility.

*Oil Conservation Division
January 5, 2000
Page 2*

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

Please find the attached Oil & Gas Conveyance covering the SE/4 SW/4 and also a drilling Title Opinion covering the SW/4 SW/4 Sec. 20-T17S-R32E showing all working interest owners. Also, please find the attached signature page stating all working interest owners, in the adjoining proration units, approval to drill at 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

*Matt J. Brewer
Geological Engineer*

/mb

Enclosures

DISTRICT I
P.O. Box 1920, 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., Artec, 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 96610	Pool Name East Empire Yeso
Property Code 022546	Property Name WHITE STAR FEDERAL	Well Number 12
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3620

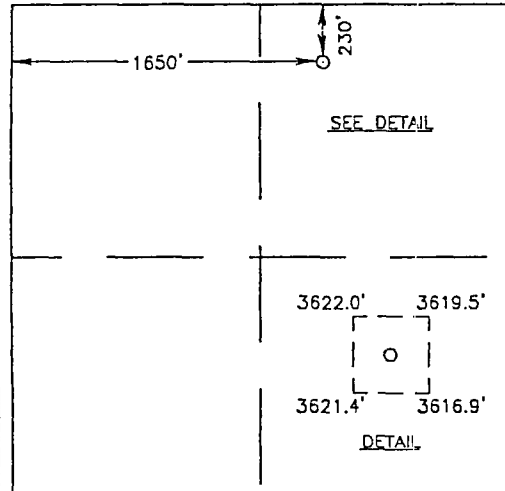
Surface Location

UL or lot No. C	Section 29	Township 17 S	Range 29 E	Lot Idn	Feet from the 230	North/South line NORTH	Feet from the 1650	East/West line WEST	County 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

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Crissa D. Carter
Signature
Crissa D. Carter
Printed Name
Production Analyst
Title
12-20-99
Date

SURVEYOR CERTIFICATION

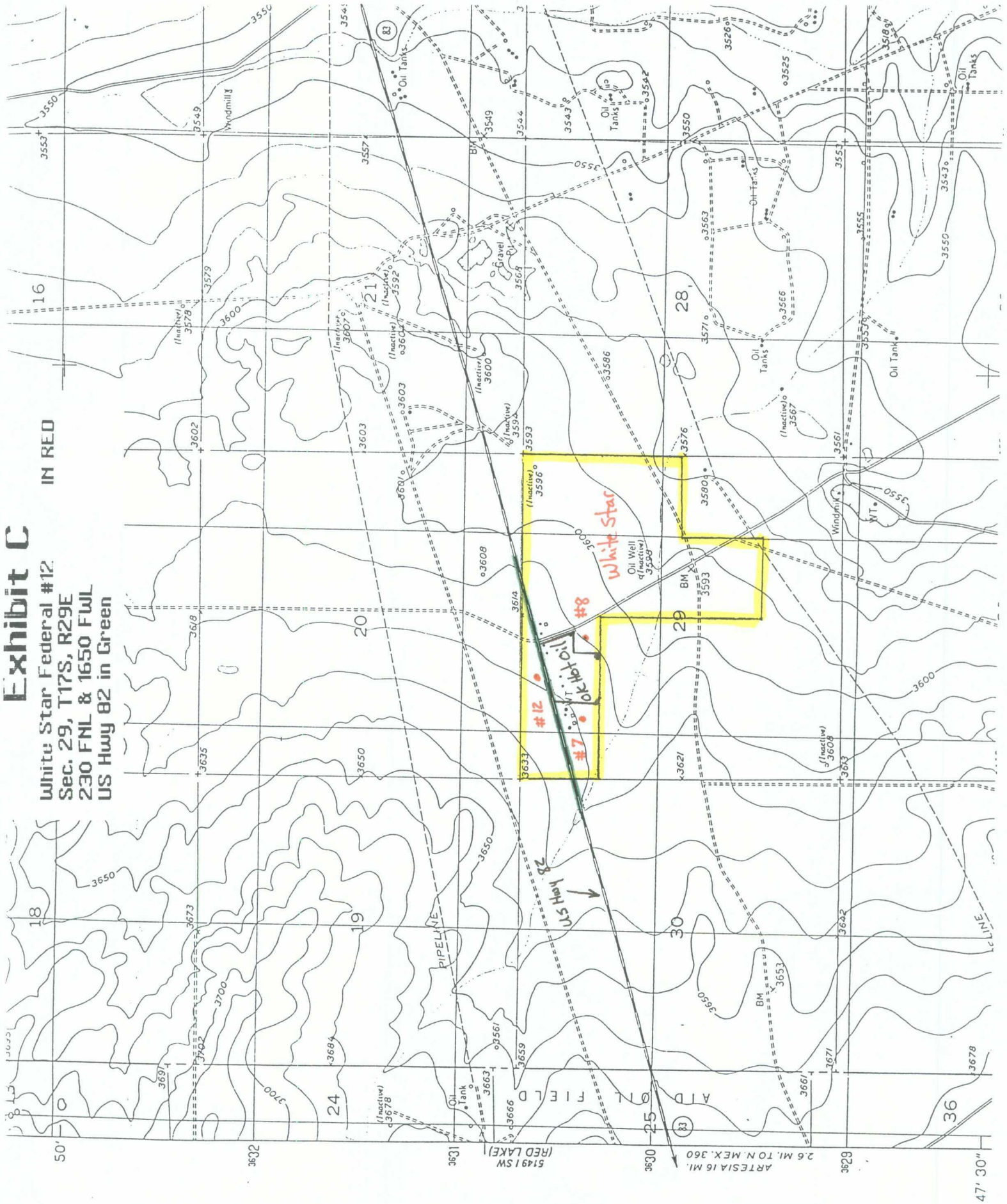
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

DECEMBER 1, 1999
Date Surveyed LMP
Signature & Seal of Professional Surveyor
RONALD E. EDSON
12-07-99
65-11-1006
Certificate No. RONALD E. EDSON 3239
CARY EDSON 12641
MAGNUS McDONALD 12185

Exhibit C

IN RED

White Star Federal #12
Sec. 29, T17S, R29E
230 FNL & 1650 FWL
US Hwy 82 in Green



CONVEYANCE OF OIL AND GAS LEASES

THIS CONVEYANCE, between CHASE OIL CORPORATION, a New Mexico corporation ("Assignor"), and the parties hereinafter set out (collectively referred to as "Assignees"),

W I T N E S S E T H:

1. Assignor, for valuable consideration paid to Assignor by Assignees, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell, convey and assign, set over and deliver, effective August 1, 1998 at 8:00 A.M., unto the following described Assignees, their heirs, successors and assigns, in the interests in the lands, leases and interests described in Exhibit "A" and as further described below:

Chase Oil Corporation	65.0%
P. O. Box 1767	
Artesia, New Mexico 88211-1767	

Mack C. Chase and Marilyn Y. Chase Trust	
u/t/a dated November 21, 1983	25.0%
P. O. Box 693	
Artesia, New Mexico 88211-0693	

Robert C. Chase	5.0%
P. O. Box 960	
Artesia, New Mexico 88211-0960	

Richard L. Chase	3.0%
P. O. Box 960	
Artesia, New Mexico 88211-0960	

Gerene Dianne Chase Crouch, as her sole and separate property	2.0%
P. O. Box 693	
Artesia, New Mexico 88211-0693	

100.0%

a) All of Assignor's right, title and interest (including all of Assignor's interests in royalties, overriding royalties, production payments and other payments payable out of production) in the oil and gas leases specifically described in Exhibit "A" attached hereto and made a part hereof; subject, however, to the restrictions, exceptions, reservations, conditions, limitations and other matters, if any, heretofore created and validly shown of record;

b) All of Assignor's right, title and interest in, to and under, or derived from:

i) All of the presently existing and valid unitization agreements and unit operating agreements and the properties and interests credited thereby;

ii) All of the presently existing and valid oil, casinghead gas and gas sales purchase agreements; and

iii) All other contracts, agreements and instruments,

EXHIBIT "A"

Attached to and made a part of that certain Conveyance of Oil and Gas Leases
from Chase Oil Corporation to Mack C. Chase Trust, et al

The following lands are located in Eddy County, New Mexico

A. State of New Mexico Leases

1. Mesquite State. State of New Mexico Lease E-742, underlying the following lands:

Township 17 South, Range 29 East, N.M.P.M.

a) Section 20: W/2 NW/4, NE/4 SW/4

LIMITED IN DEPTH from a depth of 3,100 feet beneath the surface down to but not below the top of the Abo formation.*

b) Section 20: SE/4 SW/4

LIMITED IN DEPTH from a depth of 3,100 feet beneath the surface down to but not below the base of the Abo formation.

c) Section 20: NW/4 SW/4

LIMITED IN DEPTH from a depth of 3,200 feet beneath the surface down to but not below the top of the Abo formation.*

2. Kanza State. State of New Mexico Lease E-4201, underlying the following lands:

Township 17 South, Range 29 East, N.M.P.M.

Section 20: NE/4 NW/4

LIMITED IN DEPTH from a depth of 5,000 feet beneath the surface down to but not below the top of the Abo formation.*

*(For the purposes hereof the top of the Abo formation or the stratigraphic equivalent thereof is identified at 5,908 feet and the base of the Abo formation or the stratigraphic equivalent thereof is identified at 7,201 feet, in the Spectral Density Dual Spaced Neutron Log dated 10/27/92 in the Mewbourne Oil Company Empire "20" State No. 1 well located 2,180 feet FNL and 1,980 feet FWL of Section 20, T17S-R29E, Eddy County, New Mexico.

3. Mimosa State. State of New Mexico Lease OG-181, underlying the following lands:

Township 17 South, Range 29 East, N.M.P.M.

Section 30: NE/4 SW/4

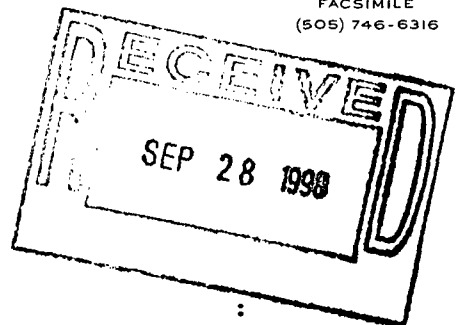
LIMITED IN DEPTH to depths between 2,563 feet and the top of unitized Abo formation, which is that continuous stratigraphic interval occurring between the base of the Drinkard formation and the top of the Wolfcamp (limestone) formation, and which is the same formation that was encountered between the logged depths of 5,325 feet (subsea elevation of -1,784 feet) and 6,533 feet (subsea elevation of -2,992 feet) in Amoco Production Company's State of New Mexico "AU" Well No. 1, as shown on the Wellex Radioactive log of said well dated December 21, 1958, which well is

MARY LYNN BOGLE
ERNEST L. CARROLL
JOEL M. CARSON
DEAN B. CROSS
JAMES E. HAAS
—
DIANNA L. LUCE
—
OF COUNSEL
A. J. LOSEE

LAW OFFICES
LOSEE, CARSON, HAAS & CARROLL, P. A.
311 WEST QUAY AVENUE
P. O. BOX 1720
ARTESIA, NEW MEXICO 88211-1720

TELEPHONE
(505) 746-3505
FACSIMILE
(505) 746-6316

4 September 1998



IN RE DRILLING OPINION OF TITLE TO:
State of New Mexico Lease E-7640, underlying:

Township 17 South, Range 29 East, N.M.P.M.

No. 6990

Section 20: SW/4 SW/4

containing 40 acres, more or less,

Eddy County, New Mexico.

Tenneco State Lease

Chase Oil Corporation
P. O. Box 1767
Artesia, New Mexico 88211-1767

Gentlemen:

In connection with the title to the oil and gas lease covering the lands described in the caption hereof, for drilling purposes, we have examined the following:

1. Abstracts of Title Nos. 5690 and 7358 compiled by E. Ruth Piatt, Santa Fe, New Mexico, and Nos. 39010 and 48979 compiled by Federal Abstract Company, Santa Fe, New Mexico, containing a total of 76 pages and tracing title to the above lease and lands in the Office of the Commissioner of Public Lands of the State of New Mexico from inception of the records to February 25, 1998 at 8:00 A.M.
2. Abstracts of Title Nos. 10491, 16556, 84469 and 98062 compiled by Currier Abstract Company, Artesia, New Mexico, containing a total of 422 pages and tracing title to the mineral estate only from the records in the Offices of the County Clerk and Clerk of the District Court of Eddy County, New Mexico, from inception of the records to March 31, 1998 at 8:00 A.M.

From our examination of the foregoing, we report as follows:

I. TITLE:

A. Minerals

State of New Mexico. All

B. Oil and Gas Leasehold Estate.

1) Surface to 3,600 feet beneath the surface:

State of New Mexico (.125 of 8/8) . . . . .	.1250000 RI
Buckhorn Enterprises Corporation (.0133333 of .75 of .875 + .001457 of .875) . . . . .	.0100249 WI
Bill W. Chase (.0133333 of .75 of .875 + .001457 of .875) . . . . .	.0100249 WI
Robert C. Chase (.0666667 of .75 of .875 + .005496 of .875) . . . . .	.0485590 WI
Richard L. Chase (.0266667 of .75 of .875 + .004868 of .875) . . . . .	.0217595 WI
Gerene Dianne Chase Crouch, as her sole and separate property (.0133333 of .75 of .875 + .004562 of .875) . . . . .	.0127417 WI
Mack C. Chase, Trustee of the Mack C. Chase and Marilyn Y. Chase Trust u/t/a dated November 21, 1983 (.5333334 of .75 of .875) .	.3500000 WI
Chase Oil Corporation (.3066667 of .75 of .875 + .25216 of .875) . . . . .	.4218900 WI

2) From 3,600 feet beneath the surface to 5,000 feet beneath the surface:

State of New Mexico. . . . .	.1250000 RI
Buckhorn Enterprises Corporation (.01 of .125 + .001457) . . . . .	.0027070 ORI
Bill W. Chase (.01 of .125 + .001457) . . . . .	.0027070 ORI
Robert C. Chase (.05 of .125 + .005496) . . . . .	.0117460 ORI
Richard L. Chase (.02 of .125 + .004868) . . . . .	.0073680 ORI
Gerene Dianne Chase Crouch, as her sole and separate property (.01 of .125 + .004562) . .	.0058120 ORI
Mack C. Chase, Trustee of the Mack C. Chase and Marilyn Y. Chase Trust u/t/a dated November 21, 1983 (.40 of .125) . . . . .	.0500000 ORI
Chase Oil Corporation (.34 of .125 + .00216) . . . . .	.0446600 ORI
Buckhorn Enterprises Corporation (.0133333 of .75 of .75 + .001457 of .75) . . . . .	.0085927 WI
Bill W. Chase (.0133333 of .75 of .75 + .001457 of .75) . . . . .	.0085928 WI
Robert C. Chase (.0666667 of .75 of .75 + .005496 of .75) . . . . .	.0416220 WI
Richard L. Chase (.0266667 of .75 of .75 + .004868 of .75) . . . . .	.0186510 WI
Gerene Dianne Chase Crouch, as her sole and separate property (.0133333 of .75 of .75 + .004562 of .75) . . . . .	.0109215 WI
Mack C. Chase, Trustee of the Mack C. Chase and Marilyn Y. Chase Trust u/t/a dated November 21, 1983 (.5333334 of .75 of .75) .	.3000000 WI

Chase Oil Corporation (.3066667 of .75 of .75
+ .25216 of .75)3616200 WI

3) 5,000 feet beneath the surface to the top of the Abo formation:

State of New Mexico.1250000 RI
Chase Oil Corporation (.482160 of .875). . . .4218900 WI
Mack C. Chase and Marilyn Y. Chase Trust
u/t/a dated November 21, 1983
.40 of .875)3500000 WI
Robert C. Chase (.055496 of .875).0485590 WI
Richard L. Chase (.024868 of .875)0217595 WI
Gerene Dianne Chase Crouch, as her sole and
separate property (.014562 of .875).0127418 WI
Bill W. Chase (.011457 of .875).0100248 WI
Buckhorn Enterprises Corporation
(.011457 of .875).0100249 WI

4) Top of the Abo formation to 10,950 feet beneath the surface:

State of New Mexico.1250000 RI
Chase Oil Corporation (.482160 of .40 of
.875).1687560 WI
Mack C. Chase and Marilyn Y. Chase Trust
u/t/a dated November 21, 1983 (.40 of
.40 of .875)1400000 WI
Robert C. Chase (.055496 of .40 of .875) . . .0194236 WI
Richard L. Chase (.024868 of .40 of .875). . .0087038 WI
Gerene Dianne Chase Crouch, as her sole and
separate property (.014562 of .40 of .875) . .0050967 WI
Bill W. Chase (.011457 of .40 of .875) . . .0040099 WI
Buckhorn Enterprises Corporation
(.011457 of .40 of .875)0040100 WI
Mewbourne Oil Company (.60 of .875).5250000 WI

5) Below 10,950 feet beneath the surface:

State of New Mexico.1250000 RI
Chase Oil Corporation (.482160 of .875). . . .4218900 WI
Mack C. Chase and Marilyn Y. Chase Trust
u/t/a dated November 21, 1983 (.40 of .875). .3500000 WI
Robert C. Chase (.055496 of .875).0485590 WI
Richard L. Chase (.024868 of .875)0217595 WI
Gerene Dianne Chase Crouch, as her sole and
separate property (.014562 of .875).0127417 WI
Bill W. Chase (.011457 of .875).0100249 WI
Buckhorn Enterprises Corporation
(.011457 of .875).0100249 WI

II. EFFECTIVE OIL AND GAS LEASE: The principal features of the oil and gas lease covering the lands described in the caption hereof are as follows:

CORRECTION ASSIGNMENT AND QUITCLAIM

THIS CORRECTION ASSIGNMENT AND QUITCLAIM is between CHASE OIL 1999 CORPORATION ("Chase"), a New Mexico Corporation, and the undersigned;

WITNESSETH:

By Conveyance of Oil and Gas Lease effective May 1, 1999, recorded Book 353, Page 375, Eddy County Records, Chase purported to assign operating rights in the SW/4 SW/4 of Section 20, Township 17 South, Range 30 East, N.M.P.M., Eddy County New Mexico; and the description of the lands contained in the Conveyance were erroneous in that the lands intended to be conveyed are located in Range 29 East, N.M.P.M., and it is desire of the undersigned to correct the scrivener's error of record.

NOW, THEREFORE, in consideration of \$10.00 other good and valuable consideration Chase does hereby assign, grant and convey to the following described parties the leases, interests and lands described in Exhibit "A" attached hereto and made a part hereof:

Chase Oil Corporation P.O. Box 1767 Artesia, NM 88211-1767	38.216%
Brad Bartek P.O. Box 100625 Fort Worth, TX 76185	1.000%
Matt J. Brewer 56 S. Ranchero Rd. Lake Arthur, NM 88253	1.000%
Mark T. Brewer 2002 Briscoe Ave. Artesia, NM 88210	1.000%
Crissa D. Carter 1508 Briscoe Ave. Artesia, NM 88210	1.000%
Merle L. Ericson and Rebecca S. Ericson Revocable Trust, dated April 23, 1996 2102 Briscoe Ave. Artesia, NM 88210	1.000%
Stephen L. George P.O. Box 434 Artesia, NM 88211-0434	1.000%
Charlotte Gleghorn 1606 N. 26 th Street Artesia, NM 88210	1.000%
Henry Anthony Hall 2304 Runyan Artesia, NM 88210	1.000%
Johnny King 46 Colbert Rd. Artesia, NM 88210	1.000%

hp:JEH\Chase\Correction Assignment

RECEPTION
998055

Attn Staci Sanders
Mack Energy Corp
P O Box 960
Artesia NM 88211-0960

Staci Sanders
610 S. Roselawn
Artesia, NM 88210

1.000%

48.216%

For a like consideration, the undersigned hereby quitclaim, assign, and convey all their right, title, and interest in and to the following described lands located in Eddy County, New Mexico, to-wit:

Township 17 South, Range 30 East, N.M.P.M.

Section 20: SW/4 SW/4

LIMITED IN DEPTH from the surface to 5,000 feet

to the owners of record as set out in the records of Eddy County.

This Correction Assignment and Quitclaim may be executed in counterparts, each of which shall be deemed an original for all purposes.

The undersigned ratify and confirm the Conveyance of Oil and Gas Leases in all other things.

Executed the date of each of the acknowledgments of the signatory parties hereto, but effective May 1, 1999, at 7:00 a.m.

CHASE OIL CORPORATION

By: Robert C. Chase
Its: Robert C. Chase, President

Brad Bartek
BRAD BARTEK

Melissa Bartek
MELISSA BARTEK

Matt J. Brewer
MATT J. BREWER

Kellie Brewer
KELLIE BREWER

Mark T. Brewer
MARK T. BREWER

Rodney D. Carter
RODNEY D. CARTER

Crisa D. Carter
CRISSA D. CARTER

MERLE L. ERICSON AND REBECCA S. ERICSON
REVOCABLE TRUST, dated April 23, 1996

By: Rebecca S. Ericson Trustee
Stephen L. George
STEPHEN L. GEORGE

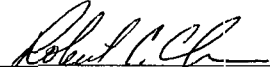
Barbara George
BARBARA GEORGE

SIGNATURE PAGE

The undersigned approves of Mack Energy Corporation's request to drill the following unorthodox location. This well encroaches the SW/4 SW/4 & SE/4 SW/4 Sec. 20-T17S-R29E:

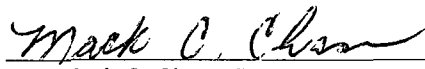
White Star Federal #12
230 FNL & 1650 FWL
Sec. 29-T17S-R29E

CHASE OIL CORPORATION

By: 
Robert C. Chase, President


Date: 01/03/2000

MACK C. AND MARILYN Y. CHASE
TRUST, U/T/A DATED 11/21/83

By: 
Mack C. Chase, Trustee

Date: 01/03/2000

ROBERT C. CHASE

By: 
Robert C. Chase

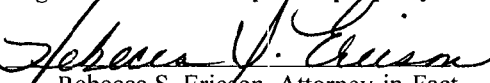
Date: 01/03/2000

RICHARD L. CHASE

By: 
Richard L. Chase

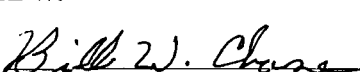
Date: 01/03/2000

GERENE DIANNE CHASE CROUCH
Dealing in her sole and separate property

By: 
Rebecca S. Ericson, Attorney-in-Fact


Date: 12/30/99

BILL W. CHASE

By: 
Bill W. Chase

Date: 12/30/99

BUCKHORN ENTERPRISES CORPORATION

By: 
J. Thomas Brewer

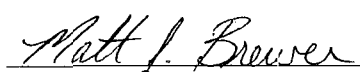
Date: 12/30/99

Brad Bartek

By: 
Brad Bartek

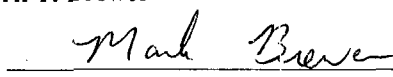
Date: 1/5/00

Matt J. Brewer

By: 
Matt Brewer


Date: 12/30/1999

Mark T. Brewer

By: 
Mark Brewer

Date: 12-31-99

Crissa D. Carter

By: 
Crissa D. Carter

Date: 12-30-99

Merle L. Ericson and Rebecca S. Ericson
Revocable Trust, Dated April 23, 1996

By:

Rebecca S. Ericson

Date:

12/30/99

Stephen L. George

By:

Steve L. George

Date:

12/30/99

Charlotte Gleghorn

By:

Charlotte Gleghorn

Date:

12/30/99

Henry Anthony Hall

By:

Tony Hall

Date:

12/31/99

Johnny King

By:

Johnny King

Date:

1/4/2000

Staci Sanders

By:

Staci Sanders

Date:

12/31/99