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February 2, 1996

VIA FACSIMILE AND FIRST CLASS MAIL

Mr. Ben Stone
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504

Re: Application of Mack Energy Corporation for
Water Disposal Well/Big George Well No. 3,
Section 12, Township 17 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico/Order No.
SWD 611

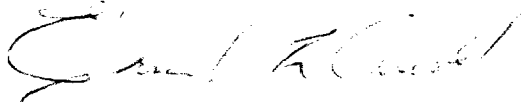
Dear Mr. Stone:

Pursuant to our conversation concerning the captioned matter, I am enclosing herewith a copy of the letter agreement between Mack Energy Corporation and Blazer Oil and Gas, Inc., whereby Blazer withdraws its objection. It is our understanding that the OCD may now reapprove administratively Mack Energy's application and reinstate SWD Order 611.

Please notify me as soon as Mack Energy Corporation may proceed accordingly. Thank you for your assistance.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth
Encl.

xc w/enc: Mr. Jim Brown, Mack Energy Corporation

MACK ENERGY CORPORATION

Post Office Box 1359
Artesia, New Mexico 88211-1359
(505) 748-1288 / FAX (505) 746-2362

February 1, 1996

Mr. Clark A. Glenn, President
Blazer Oil and Gas Inc.
P.O. Box 692
Tatum, New Mexico 88267-0692

RE: Big George Salt Water Disposal Well #3 Located
1650' FSL and 1650' FEL, Section 12, Township
17 South, Range 28 East, NMPM, Eddy County,
New Mexico

Dear Mr. Glenn:

This letter is to memorialize the agreement that has recently been reached between Blazer Oil and Gas Inc. and Mack Energy Corporation concerning Mack Energy's application to drill and complete the above-referenced well as a salt water disposal well. You have advised us that you no longer have any objection to the drilling and completing of said salt water disposal well. Furthermore, you have authorized us to notify the Oil Conservation Division on your behalf and furnish them a copy of this letter indicating that your company no longer has an objection to the drilling and completion of the above-referenced salt water disposal well.

Your assistance in this matter is appreciated, and if you would promptly sign this letter in the space provided for below and return a copy of this letter to us we will proceed with notifying the OCD.

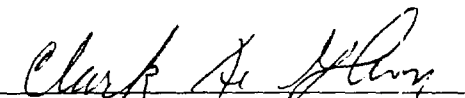
Sincerely,

Mack Energy Corporation


James D. Brown, Jr.

AGREED TO AND ACCEPTED this 2nd day of FEBRUARY, 1996.

Blazer Oil and Gas Inc.

BY: 
Clark A. Glenn, President

ELC/JDBJ/ss

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

February 6, 1996

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

Attn: Mr. Jim Brown

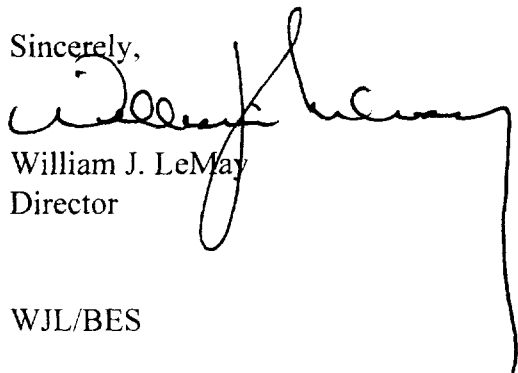
Re: Activation of Division Order SWD 611

Dear Mr. Brown:

Referenced is made to Division Order SWD-611 which authorized the use of your Big George Well No.3 for purposes of salt water disposal. It was discovered that my staff released the permit prematurely when an objection to the application was filed, at which time, we were informed that public notice had been delayed. The objection was therefore considered valid and Order SWD-611 was placed in suspension pending settlement of the objection. Your attorney has furnished the Division with satisfactory documentation that such objection has been satisfied.

The suspended status of Division Order SWD-611 is hereby lifted, and as of February 2, 1996, the permit shall be in full force and effect.

Sincerely,


William J. LeMay
Director

WJL/BES

cc: Ernest L. Carroll, Esq. - Losee, Carson, Haas & Carroll, P.A.
Oil Conservation Division - Artesia
SWD-611



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 25, 1996

James E. Haas, Esq.
Losee, Carson, Haas & Carroll, P.A.
P.O. Box 1720
Artesia, New Mexico 88211-1720

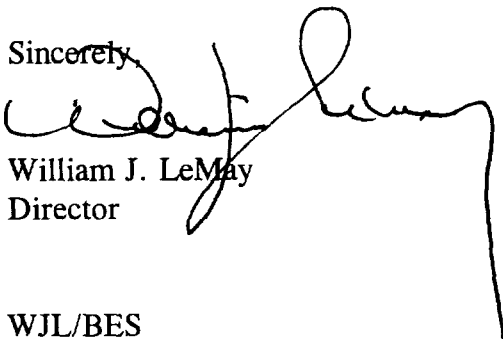
RE: Mack Energy Corporation - Extension of Division Order SWD-611.

Dear Mr. Haas,

Reference is made to your recent request, on behalf of Mack Energy Corporation, for an extension period in which to implement operations as permitted by Division Order SWD-611. My staff has considered the request and we feel an extension is justified at this time.

Division Order SWD-611 is hereby extended for a period of six months. The permit will expire on April 30, 1997. If injection has not been implemented by this date, the authority for injection shall terminate ipso facto. If this occurs, your client may be required to submit additional data and other justification to have Division Order SWD-611 reinstated.

Sincerely,


William J. LeMay
Director

WJL/BES

cc: Oil Conservation Division - Artesia
File: SWD-611

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MARY LYNN BOGLE
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OF COUNSEL
A. J. LOSEE

October 10, 1996

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Re: Request for Extension Under Administrative
Order SWD-611

Gentlemen:

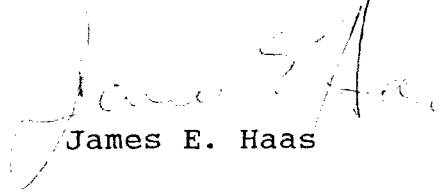
We would like to request on behalf of Mack Energy Corporation, applicant under the above-captioned administrative order, an extension of time to commence injection operations thereunder for the following reason:

Commencement of drilling operations for this well were planned to commence in the fall of 1996. However, due to an increase in oil and gas prices, demand for drilling rigs has exceeded supply, making it difficult to obtain a rig for the drilling of this salt water disposal well.

Therefore, the undersigned requests an extension of 120 days for good cause shown pursuant to the Administrative Order of the Division dated November 27, 1995.

Sincerely yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



James E. Haas

JEH:kth

cc: Mr. Jim Brown, Mack Energy Corporation