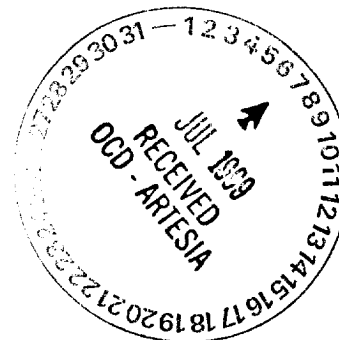




NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

July 6, 1999



Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-2362

Attention: Matt J. Brewer

Re: Application dated July 1, 1999 for the Mack Energy Corporation to directionally drill its proposed Brigham "H" Well No. 3 from a surface location 2600' FSL & 760' FWL (L) of Section 21, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico into the Undesignated Loco Hills-Paddock Pool at a standard subsurface oil well location 2290' FSL & 990' FWL (L) of Section 21.

Dear Mr. Brewer:

The subject filing was received in this office on July 2, 1999. My review of this application indicates that it can be administered at the District level since it involves a well that is being directionally drilled and the targeted subsurface location is within the set back requirements from the outer boundary of the applicable spacing and proration unit of the proposed interval to be completed [see Division Rules 111.A(6) and (7) and 111.C(1) and (2), which rules streamlined the directional drilling procedures]. Your application for directional drilling will be forwarded to the Artesia District office of the Division for processing.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia