



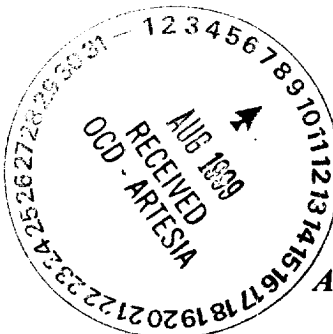
NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

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

August 3, 1999

Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960
Attention: Matt Brewer

Telefax No. (505) 746-2362



Administrative Order NSL-4020-A

Dear Mr. Brewer:

Reference is made to the following: (i) your original application submitted to the New Mexico Oil Conservation Division ("Division") on June 2, 1999 to amend Division Administrative Order NSL-4020, dated April 28, 1998; (ii) the Division's initial response by letter dated June 3, 1999 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe; (iii) your two e-mail messages to the Division on June 22, 1999; (iv) your telephone conversation with Mr. Stogner on Thursday, June 24, 1999; (v) your letter dated June 30, 1999 with supplemental data attached; (vi) a second written response by Mr. Stogner e-mailed to you on July 6, 1999; and (vii) your letter dated July 13, 1999 with supplemental data attached: all concerning Mack Energy Corporation's request for a non-standard Wolfcamp oil well location for the existing Marbob Energy Corporation Chalk Bluff Federal Com. Well No. 1 (**API No. 30-015-30265**), located 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, Eddy County, New Mexico. According to the Division's well records this well was initially drilled last summer by Marbob Energy Corporation to test the Red Lake Pennsylvanian Gas Pool at an unorthodox gas well location (approved by Division Administrative Order NSL-4020, dated April 28, 1998) within a standard 321.65-acre gas spacing and proration unit comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 6.

It is our understanding that Mack Energy Corporation, as the current operator of this well, to be renamed the Lucky Mack Federal Well No. 1, intends to abandon the deeper Pennsylvanian interval and recomplete up-hole into the Wolfcamp formation in order to test for oil production. The location of this well is also considered to be unorthodox pursuant Division Rule 104.B(1)(b). Further, the NW/4 SE/4 of Section 6 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for Wolfcamp oil production.

The subject request has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2) the above-described unorthodox Wolfcamp oil well location for the existing Chalk Bluff Federal Com.