

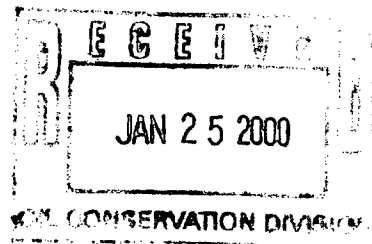
NSL

2/14/00

# MACK ENERGY CORPORATION

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

January 24, 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.

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:

Navaho Federal #2  
1550 FSL & 1500 FEL  
Sec. 30, T17S, R29E  
Eddy County, New Mexico

The well will be completed in the Paddock formation in the 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 on top of or too close to existing pipelines and Power Lines (Exhibit C).
- D.) A lease & well location map showing that there are 2 wells staked and 2 other possible locations for effective 10-acre spacing on this particular 40-acre tract (Exhibit D).

Oil Conservation Division  
January 24, 2000  
Page 2

*Moving the location 100' south and 150' east will give the distance needed to build a location away from the power lines and pipeline. The location would have to be moved approximately 600 feet west, northwest, or north to get away from all power lines and pipelines to make it orthodox. This will interfere with the other 2 locations that will be staked in the future. There are no other possible orthodox locations for this well due to future locations being located on 10-acre spacing.*

*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. Please find the attached list of parties in which this unorthodox location encroaches. Also, please find the attached Signature Page in which some of the parties have approved 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  
Geological Engineer

MB/

Enclosures

cc: **CERTIFIED MAIL:**

Marathon Oil Company  
125 W. Missouri  
Midland, TX 79701  
Attn: Steve Boyd

Louis Dreyfus Natural Gas Corp.  
14000 Quail Springs Parkway, Suite 600  
Oklahoma City, OK 73134-2600  
Attn: Rusty Waters

*Oil Conservation Division  
January 24, 2000  
Page 3*

*cc: **CERTIFIED MAIL:***

*Concho Resources  
Attn: Van Rodgers  
110 W. Louisiana Ave., Ste. 410  
Midland, TX 79701*

*Central Resources  
Attn: Rick Hodges  
1775 Sherman St., Ste. 2600  
Denver, Co 80203*

*RKC, Inc.  
c/o Anthony Kochever  
7029 E. Brairwood Circle  
Englewood, CO 80112*

*William J. & Rosalyn Graham  
3612 Pennsylvania Lane  
Plano, TX 75075*

*Timothy T. Leonard  
P.O. Box 2625  
Eagle Pass, TX 78853*

*Molly Azopardi  
P.O. Box 620  
Wimberly, TX 78626*

*Robert J. & Marion Leonard  
P.O. Box 400  
Roswell, NM 88202*

*Heirs of Harry F. Leonard  
P.O. Box 400  
Roswell, NM 88202*

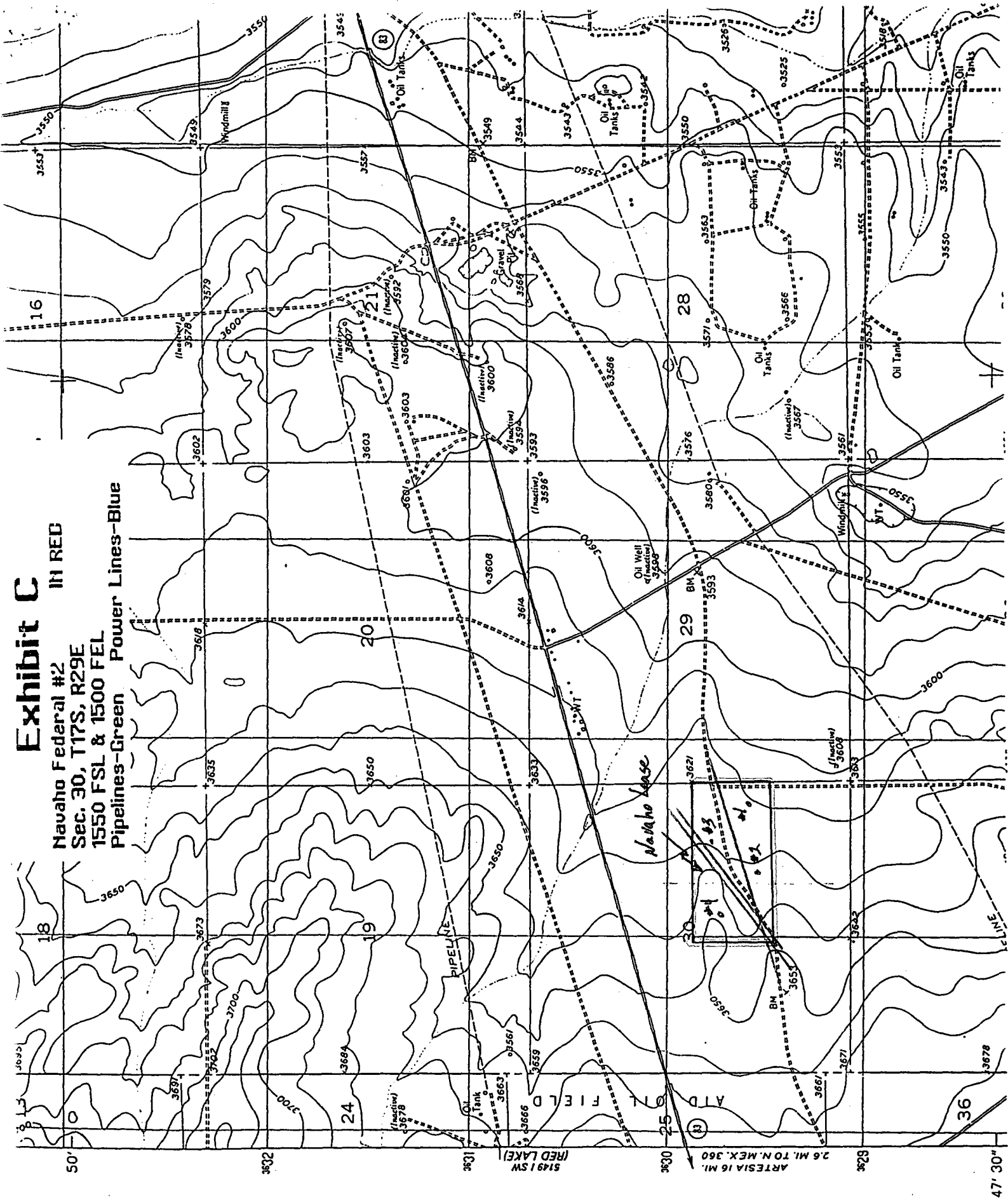


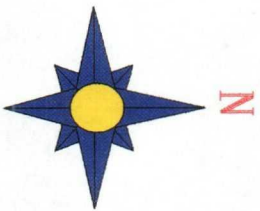




# Exhibit C

Navaho Federal #2  
Sec. 30, T17S, R29E  
1550 FSL & 1500 FEL  
Pipelines-Green Power Lines-Blue



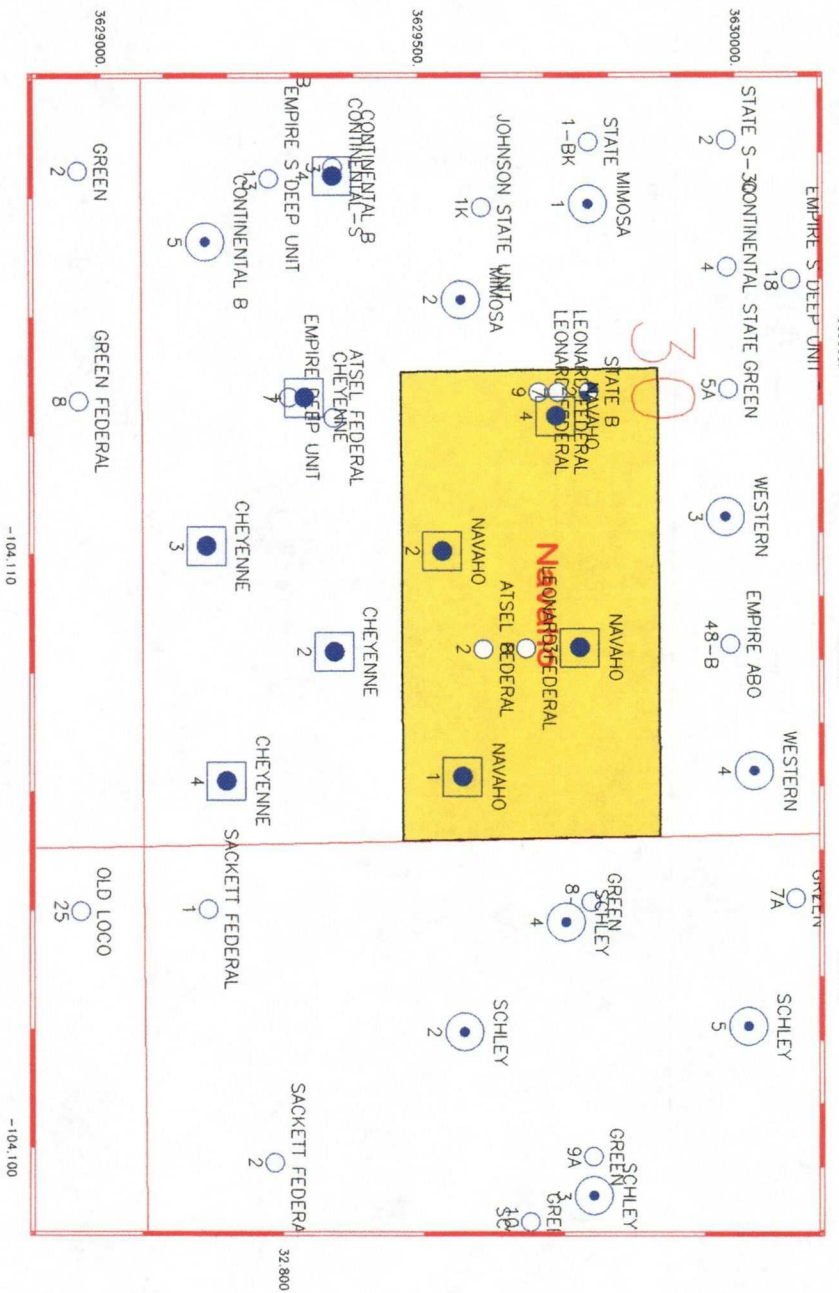


LEGEND	
	Wells Staked
	Wells Previously Drilled
	Oil Wells



Scale 1:12000.

Mock Energy Corp.		
Navaho Lease Map		
Sec. 30-1175-R29E		
EXHIBIT D		
Well Drawn	Scale 1:12000.	1/21/00



LAW OFFICES  
**LOSEE, CARSON, HAAS & CARROLL, P.A.**

Ernest L. Carroll  
Joel M. Carson  
James E. Haas  
R. Tracy Sprouls, LL.M. (Tax.)

311 W. QUAY AVE.  
P.O. BOX 1720  
ARTESIA, NM 88211-1720  
PHONE (505) 746-3505  
FAX 505.746.6316

ROSWELL OFFICE  
400 N. Penn., Ste. 870  
Roswell, NM 88201  
Phone (505) 623-5154

Of Counsel  
A.J. Losee

PLEASE DIRECT ALL CORRESPONDENCE  
TO OUR ARTESIA OFFICE

14 January 2000

IN RE DRILLING OPINION OF TITLE TO: United :  
States Oil and Gas Lease LC 062407, limited in :  
depth from the surface to the top of the :  
Abo formation, underlying: :  
:  
Township 17 South, Range 29 East, N.M.P.M. : No. 7032  
:  
Section 30: S/2 SE/4 :  
:  
containing 80 acres, more or less, :  
:  
in Eddy County, New Mexico :  
:  
Cheyenne Federal 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 and depths described in the caption hereof, for drilling purposes we have examined the following:

1. Abstract of Title No. 48943 compiled by Federal Abstract Company, Santa Fe, New Mexico, containing 296 pages and tracing title to the above lease and lands from the Plat Book Records, Historical Index Records, Serial Record and Case File in the United States Land Office, Santa Fe, New Mexico, from inception of the records to July 28, 1998 at 9:00 A.M.
2. Abstract of Title No. 98029 (eight volumes), compiled by Currier Abstract Company, Artesia, New Mexico, containing 1,496 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 May 20, 1998 at 8:00 A.M.
3. Materials from our files on the estate of Hugh L. Johnston, Sr., deceased.

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

Marathon Oil Company (1/2 of .875 less 1/2 of .05) . . . . .	.4125000 WI**
Louis Dreyfus Gas Holdings, Inc. (1/2 of .875 less 1/2 of .05) . . . . .	.4125000 WI**

\*\*For depths from 4,000 feet beneath the surface to 4,200 feet beneath the surface, the working interests are held as follows:

Marathon Oil Company (1/4 of .875 less 1/4 of .05)	
Louis Dreyfus Gas Holdings, Inc. (1/4 of .875 less 1/4 of .05)	
Concho Resources, Inc. (1/2 of .875 less 1/2 of .05)	

iv) S/2 SE/4, limited in depth from 4,200 feet beneath the surface to the top of the Abo formation:

United States of America . . . . .	.1250000 RI
Heirs and Devisees of Harry F. Leonard, Deceased (1/2 of .05) . . . . .	.0250000 ORI*
Robert J. Leonard and Marion Leonard, Trustees of the Leonard Trust (1/3 of .025) .	.0083334 ORI*
Molly Azopardi (1/3 of .025) . . . . .	.0083333 ORI*
Timothy T. Leonard (1/3 of .025) . . . . .	.0083333 ORI*
William J. Graham and wife, Rosalyn Graham (.015 of .025) . . . . .	.0003750 ORI
RKC, Inc. (.085 of .025) . . . . .	.0021250 ORI
Central Resources, Inc. (.40 of .025) . . . . .	.0100000 ORI
Marathon Oil Company (1/4 of .875 less 1/4 of .05) . . . . .	.2062500 WI
Louis Dreyfus Gas Holdings, Inc. (1/4 of .875 less 1/4 of .05) . . . . .	.2062500 WI
Chase Oil Corporation (.65 of .5 of .875 less .65 of .5 of .075) . . . . .	.2600000 WI
Mack C. Chase, Trustee of the Mack C. Chase and Marilyn Y. Chase Trust u/t/a dated November 21, 1983 (.25 of .5 of .875 less .25 of .5 of .075) . . . . .	.1000000 WI
Robert C. Chase (.05 of .5 of .875 less .05 of .5 of .075) . . . . .	.0200000 WI
Richard L. Chase (.03 of .5 of .875 less .03 of .5 of .075) . . . . .	.0120000 WI
Gerene Dianne Chase Crouch (.02 of .5 of .875 less .02 of .5 of .075) . . . . .	.0080000 WI

\*The interests as shown are held as to those depths above 5,000 feet beneath the surface. These interests are owned as follows as to depths below 5,000 feet:

Robert J. Leonard and Marion Leonard, Trustees of the Leonard Trust	1/3 of .05
Molly Azopardi	1/3 of .05
Timothy T. Leonard	1/3 of .05



SIGNATURE PAGE

The undersigned approves of Mack Energy Corporation's request to drill the following unorthodox location. This well encroaches the SE/4 SE/4 & SW/4 SE/4 Sec. 30-T17S-R29E:

Navaho Federal #2  
1550 FSL & 1500 FEL  
Sec. 30-T17S-R29E

CHASE OIL CORPORATION

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

Date: 01/24/2000

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

By: Mack C. Chase  
Mack C. Chase, Trustee

Date: 01/24/2000

ROBERT C. CHASE

By: Robert C. Chase  
Robert C. Chase

Date: 01/24/2000

RICHARD L. CHASE

By: Richard L. Chase  
Richard L. Chase

Date: 01/21/2000

GERENE DIANNE CHASE CROUCH  
Dealing in her sole and separate property

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

Date: 01/21/2000

DISTRICT I  
P.O. Box 1980, 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., Aztec, 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 96210	Pool Name Empire Yeso
Property Code	Property Name NAVAHO FEDERAL	Well Number 2
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3630

Surface Location

UL or lot No. J	Section 30	Township 17 S	Range 29 E	Lot Idn	Feet from the 1550	North/South line SOUTH	Feet from the 1500	East/West line EAST	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

		<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature  Matt J. Brewer Printed Name  Geological Engineer Title 9/22/99 Date	
		<b>SURVEYOR CERTIFICATION</b>  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.  SEPTEMBER 10, 1999 Date Surveyed Signature of Gary E. Edson Professional Surveyor NEW MEXICO 3239 9-16-99 9-11-072 Cert. No. RONALD EDSON 3239 GARY EDSON 12641 MACK EDSON 12185	

# MACK ENERGY CORPORATION

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

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 687**  
**RETURNRECEIPTREQUESTED**

*William J. & Rosalyn Graham  
3612 Pennsylvania Lane  
Plano, TX 75075*

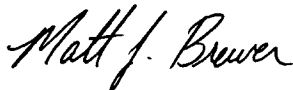
*Dear Mr. & Mrs. Graham:*

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

*Should 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*

*MJBjyp*

*Enclosures*

# MACK ENERGY CORPORATION

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

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 650**  
**RETURN RECEIPT REQUESTED**

Attn: Rick Hodges  
Central Resources, Inc.  
1775 Sherman St., Ste. 2600  
Denver, CO 80203

Dear Mr. Hodges:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer  
Geological Engineer

MJB\jp

Enclosures



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

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 648**  
**RETURN RECEIPT REQUESTED**

Timothy T. Leonard  
P.O. Box 2625  
Eagle Pass, TX 78853

Dear Mr. Leonard:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer  
Geological Engineer

MJB\jp

Enclosures

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January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 649**  
**RETURN RECEIPT REQUESTED**

Molly Azopardi  
P.O. Box 620  
Wimberly, TX 78626


Dear Mrs. Azopardi:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer  
Geological Engineer

MJB\jp

Enclosures

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(505) 748-1288 / FAX (505) 746-2362

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 689**  
**RETURN RECEIPT REQUESTED**

KRC, Inc.  
c/o Anthony Kochever  
7029 E. Brairwood Circle  
Englewood, CO 80112

Dear Mr. Kochever:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer  
Geological Engineer

MJB\jp

Enclosures

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

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 646**  
**RETURN RECEIPT REQUESTED**

*Heirs and Devisees of Harry F. Leonard  
Robert J. Leonard, Trustee  
P. O. Box 400  
Roswell, NM 88202*

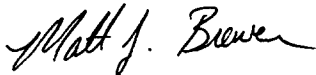
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*Sincerely,*

MACK ENERGY CORPORATION



*Matt J. Brewer  
Geological Engineer*

*MJB\jp*

*Enclosures*



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

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 647**  
**RETURN RECEIPT REQUESTED**

*Robert J. Leonard & Marion Leonard,  
Trustees of the Leonard Trust  
P. O. Box 400  
Roswell, NM 88202*

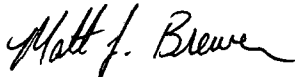
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*Sincerely,*

**MACK ENERGY CORPORATION**



*Matt J. Brewer  
Geological Engineer*

*MJB\jp*

*Enclosures*

# MACK ENERGY CORPORATION

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(505) 748-1288 / FAX (505) 746-2362

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 686**  
**RETURN RECEIPT REQUESTED**

Attn: Van Rodgers  
Concho Resources, Inc.  
110 W. Louisiana Ave, Ste 410  
Midland, TX 79701

Dear Mr. Rodgers:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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Sincerely,

MACK ENERGY CORPORATION



Matt J. Brewer  
Geological Engineer

MJB\jp

Enclosures

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

January 24, 2000

**VIA CERTIFIED MAIL Z 378 879 691**  
**RETURN RECEIPT REQUESTED**

Attn: Rusty Waters  
Louis Dreyfus Natural Gas Corp.  
14000 Quail Springs Parkway, Suite 600  
Oklahoma City, OK 73134-2600

Dear Mr. Waters:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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MACK ENERGY CORPORATION



Matt J. Brewer  
Geological Engineer

MB\

Enclosures

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

*January 24, 2000*

**VIA CERTIFIED MAIL Z 378 879 690**  
**RETURN RECEIPT REQUESTED**

*Attn: Steve Boyd  
Marathon Oil Company  
125 W. Missouri  
Midland, TX 79701*

*Dear Mr. Boyd:*

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for unorthodox location for the Navaho Federal #2 under Rule 104.F. (3), due to the existing pipelines and power lines. The location for this well is 1550 FSL & 1500 FEL in Section 30-T17S-R29E, Eddy County, New Mexico. The well is encroaching the S/2 SE/4 and the NE/4 SE/4 of Sec. 30-T17S-R29E in the Empire Yeso Pool.*

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*Sincerely,*

**MACK ENERGY CORPORATION**



*Matt J. Brewer  
Geological Engineer*

*MB\*

*Enclosures*