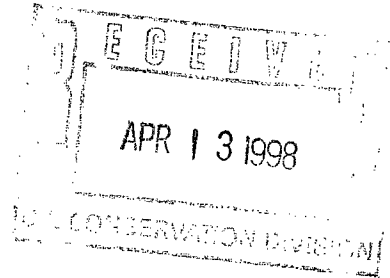


NSL 5/4/98
MACK ENERGY CORPORATION

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

April 10, 1998

NSL-DIL, N37



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:

*Woolley Federal #5
1550 FSL & 2310 FWL (K)
Sec. 21, T17S, R30E
Eddy County, New Mexico*

The Well will be completed in the Paddock formation of the Loco Hills Paddock 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 location, the respective proration units, and the offsetting proration units (Exhibit C).*
- C.) A map showing the reason for the unorthodox location, the original location would have fallen on the top of an existing well.*

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

*Oil Conservation Division
April 10, 1998
Page 2*

Thank you for your assistance in this matter. If you have any question, please feel free to call me at (505) 748-1288.

Sincerely,

Mack Energy Corporation

A handwritten signature in cursive script that reads "Matt Brewer". The signature is fluid and elegant, with a long horizontal flourish at the end.

*Matt Brewer
Engineer*

MB/

Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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

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

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 96718	Pool Name Loco Hills Paddock
Property Code 017381	Property Name WOOLLEY FEDERAL	Well Number 5
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3641'

Surface Location

UL or lot No. K	Section 21	Township 17 S	Range 30 E	Lot Idn	Feet from the 1550	North/South line SOUTH	Feet from the 2310	East/West line WEST	County EDDY
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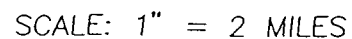
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Crissa D. Carter</u> Signature</p> <p><u>Crissa D. Carter</u> Printed Name</p> <p><u>Production Clerk</u> Title</p> <p><u>4/7/98</u> Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 10, 1998</p> <p>Date Surveyed Signature & Seal of Professional Surveyor Professional Surveyor NEW MEXICO 3239 98-1-0412 3-16-98</p> <p>Certification No. 3239 Professional Surveyor 12641</p>

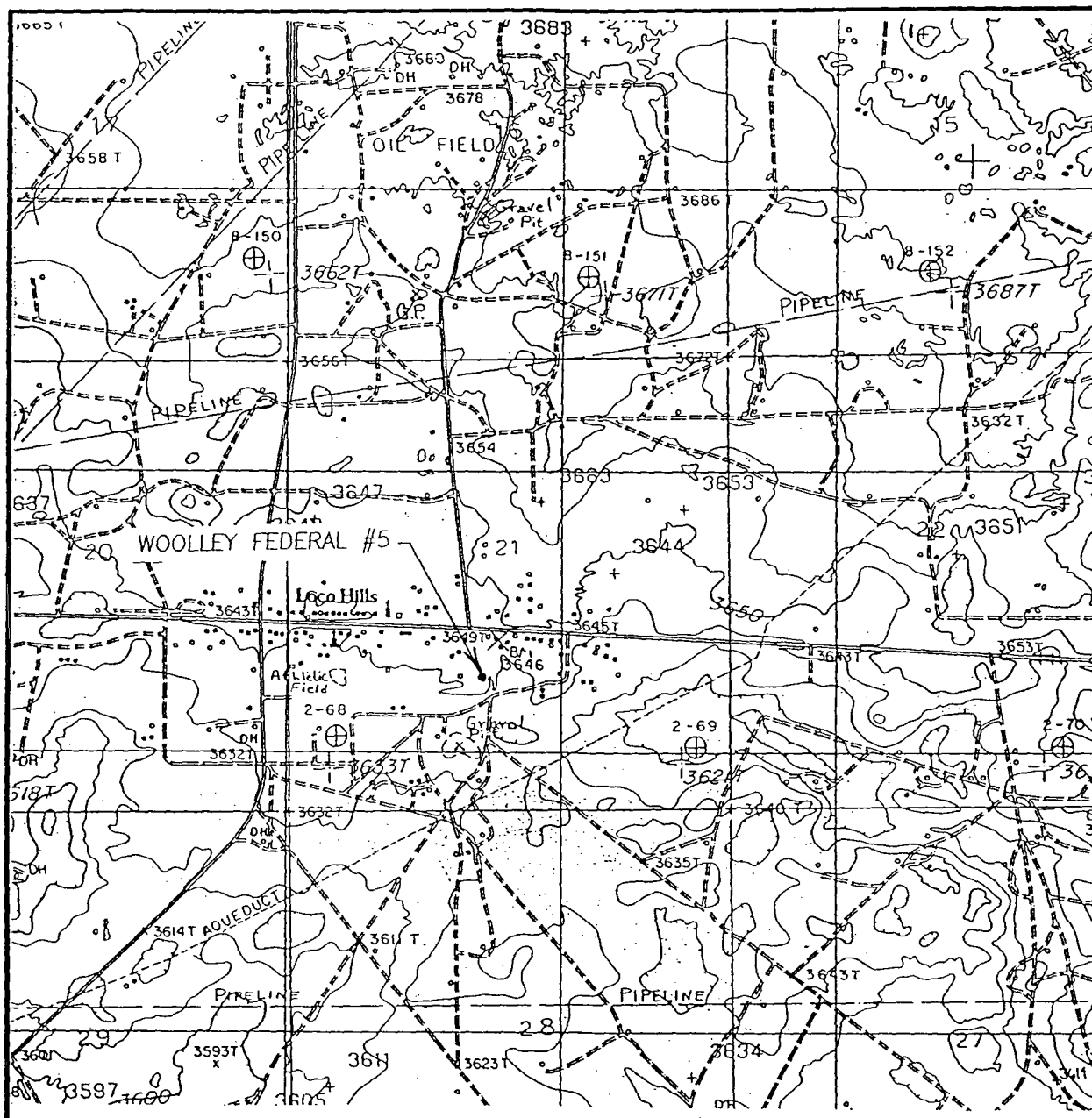
FROM



LEASE WOOLLEY FEDERAL

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117**

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 21 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1550' FSL & 2310' FWL

ELEVATION 3641'

OPERATOR MACK ENERGY CORPORATION

LEASE WOOLLEY FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

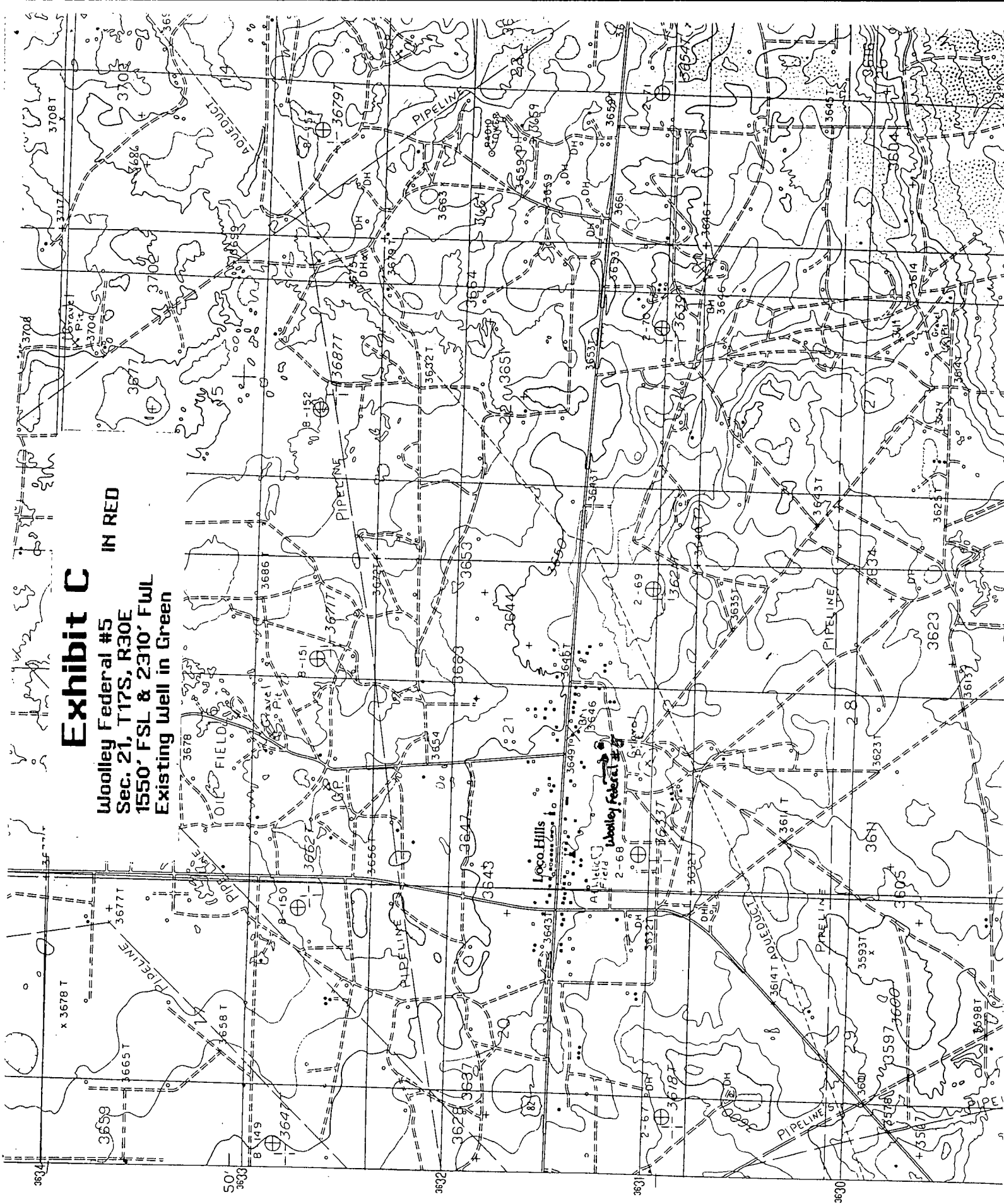
LOCO HILLS, NM

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO

(505) 393-3117

Map of the Gulf of Mexico showing the location of Exhibit B. The map includes the Gulf of Mexico, Texas, and the Gulf of Mexico. A red line indicates the location of Exhibit B. The map also shows the location of the Woolley Federal #5 Sec. 21, T17S, R30E, 1550' FSL & 2310' FWL. The map includes a scale bar and a north arrow.

Existing Well in Green



(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

(a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]

(b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:

(i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;

(ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and

(iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is

county Eddy

pool Loco Hills-Paddock

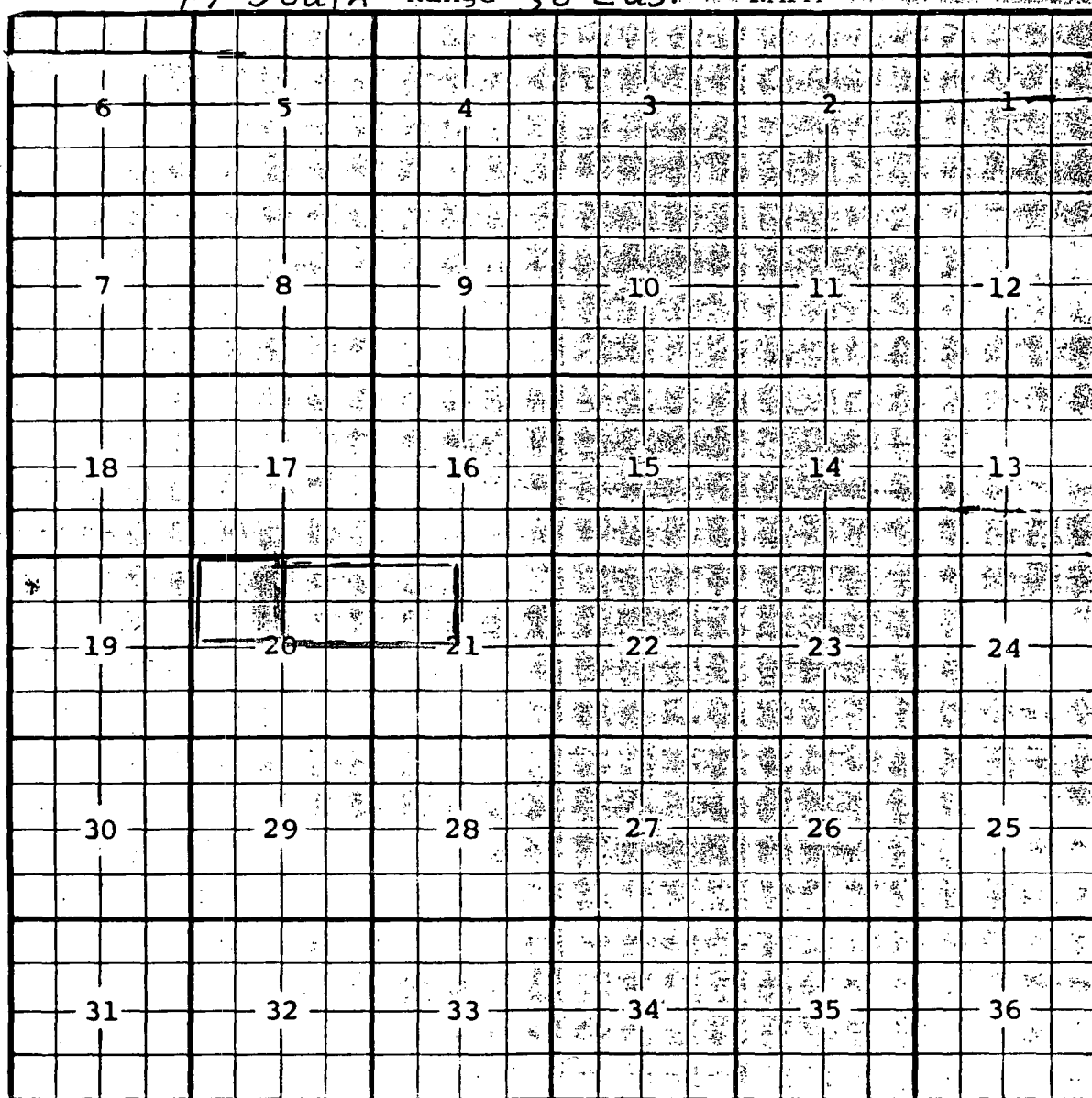
TOWNSHIP

17 South

Range

30 East

NMPM



Description: NE 1/4 Sec. 20 (R-10822, 6-17-97)

Ext: NE 1/4 Sec. 20, NW 1/4 Sec. 21 (R-10951, 2-4-98)