



P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

CERTIFIED MAIL

August 29, 2003

To: Address List Attached

Re: Diamondbacks State No. 1 Well
N/2 Section 28, T17S, R29E
Eddy County, New Mexico

Ladies and Gentlemen:

We are making this last attempt to contact you prior to drilling the captioned well. A copy of our November 13, 2001 correspondence to you is attached for your review.

If you wish to join, please return an approved AFE as soon as possible. If you do not wish to join, please contact me immediately so that we may discuss a purchase of your interest.

Please give me a call if you have any questions.

Sincerely,

Ronald W. Lanning

RWL:

Enclosures

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13155 Exhibit No. 2
Submitted by:
MACK ENERGY CORPORATION
Hearing Date: October 9, 2003

ADDRESS LIST

W.E.S. Griswold
132 Griswold Pt.
Old Lyme, CT 06371

David L. Shepard
3542 Westminster Avenue
Norfolk, VA 23502

Constance B. Cartwright
One East End Avenue
New York, NY 10021

Kent F. Warner
42 Samis Lane
White Plains, NY 10605

Blanche S. Noble
3 Ronarm Drive
Mountain Lakes, NJ 07026

Alvan B. Fehn
11 Macspar Drive
Dover, NJ 07869

Olivia W. Switz
PO Box 732
Red Bank, NJ 07701

Leo R. Laflamme
2765 NE 35th Court
Ft. Lauderdale, FL 33308

Mel M. Burns
2009 Long Beach Blvd.
Long Beach, CA 90806

Richard P. Kratz
15225 Vanowen St.
Van Nuys, CA 91405

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-9539

CERTIFIED MAIL

November 13, 2001

David L. Shepard
3542 Westminster Avenue
Norfolk, Virginia 23502

Re: Diamondbacks State No. 1 Well
N/2 Section 28, T17S, R29E
Eddy County, New Mexico

Dear Mr. Shepard:

You own a 0.176724% interest in the oil and gas lease covering the captioned lands. We invite you to join us in the drilling of the captioned well to approximately 11,000 feet to test the Morrow formation. Duplicate AFE's are enclosed setting our estimation of the costs.

If you wish to join, please return an approved AFE to me at your earliest convenience. If you do not wish to join, please give me a call and we will discuss a purchase of your interest.

Give me a call if you have any questions.

Sincerely,



Ronald W. Lanning

RWL:

Enclosures

MACK ENERGY CORPORATION
AUTHORIZATION FOR EXPENDITURE
Diamondbacks State Well #1
11000
1980FNL 1980FEL SEC 28 T17S R29E
Eddy County, New Mexico

Drilling Intangible			Dry Hole	Completed	Actual
			Without Pipe	Well	Cost
Location, Roads, Pits, Damages			\$78,000.00	\$0.00	\$78,000.00
Footage	0	\$18.00	\$0.00	\$0.00	\$0.00
Daywork--28 Hours	33	\$9,000.00	\$313,000.00	\$0.00	\$313,000.00
Cement and Services			\$9,000.00	\$0.00	\$9,000.00
Testing and Coring			\$0.00	\$0.00	\$0.00
Open Hole Logs/Wireline			\$110,000.00	\$0.00	\$110,000.00
Professional Services			\$0.00	\$0.00	\$0.00
Mud Materials, Fuel, Water			\$26,000.00	\$0.00	\$26,000.00
Turnkey, Directional, Full Core			\$0.00	\$0.00	\$0.00
Bits, Corehead and Rentals			\$34,000.00	\$0.00	\$34,000.00
Miscellaneous and Contingency			\$57,000.00	\$0.00	\$57,000.00
Administrative, General Expense			\$0.00	\$0.00	\$0.00

Total Drilling Intangibles			\$627,000.00	\$0.00	\$627,000.00
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Completion Intangibles					
Completion Unit			\$0.00	\$21,000.00	\$21,000.00
Cement and Cementing			\$0.00	\$69,000.00	\$69,000.00
Perforating and Logging			\$0.00	\$8,000.00	\$8,000.00
Frac and/or Acid Treatment			\$0.00	\$128,000.00	\$128,000.00
Fuel, Water, Power			\$0.00	\$1,000.00	\$1,000.00
Battery Construction-Dirt Work, Etc			\$0.00	\$7,000.00	\$7,000.00
Completion Tools And Equipment-Rental			\$0.00	\$80,000.00	\$80,000.00
Professional Services			\$0.00	\$18,000.00	\$18,000.00
Miscellaneous Services			\$0.00	\$1,000.00	\$1,000.00
Contingency			\$0.00	\$33,000.00	\$33,000.00

Total Completion Intangibles			\$0.00	\$366,000.00	\$366,000.00
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Total Intangibles			\$627,000.00	\$366,000.00	\$993,000.00
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Drilling and Completion Tangibles					
Surface Casing	300	13 3/8	\$5,000.00	\$0.00	\$5,000.00
Intermediate Casing	900	8 5/8	\$11,000.00	\$0.00	\$11,000.00
Production Casing	11000	5 1/2	\$0.00	\$98,000.00	\$98,000.00
Production Tubing	11000	2 7/8	\$0.00	\$40,000.00	\$40,000.00
Wellhead Equipment			\$5,000.00	\$4,000.00	\$9,000.00
Floating Equipment			\$3,500.00	\$5,000.00	\$8,500.00
Rods			\$0.00	\$0.00	\$0.00
Subsurfaces Equipment			\$0.00	\$16,000.00	\$16,000.00
Linepipe			\$0.00	\$6,000.00	\$6,000.00
Tanks, Treater, Separators			\$0.00	\$26,000.00	\$26,000.00
Pumping Unit And Engine			\$0.00	\$0.00	\$0.00
Other Miscellaneous Equipment			\$0.00	\$3,000.00	\$3,000.00
Contingency			\$2,000.00	\$19,000.00	\$21,000.00

Total Tangible			\$26,500.00	\$217,000.00	\$243,500.00
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TOTAL WELL COSTS			\$653,500.00	\$583,000.00	\$1,236,500.00
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Approved By _____

Date _____