



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

October 21, 2003

Lori Wrotenbery
Director

Oil Conservation Division

Mr. William F. Carr
Holland & Hart L.L.P.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Re: Form C-108 Application
Mack Energy Corporation
Federal "18" Well No. 2
Section 18, T-19S, R-33E,
Lea County, New Mexico

Dear Mr. Carr:

I have reviewed your application dated August 29, 2003 on behalf of Mack Energy Corporation to convert the Federal "18" Well No. 2 to a disposal well in the Yates-Seven Rivers formation. As you know, this well is in the area where the Capitan Reef is present. As such, the Division takes extra care in examining these types of applications to assure that the reef is protected from contamination. I have been advised by the Division's Hobbs district geologist that the Federal "18" Well No. 2 does not penetrate the Seven Rivers formation, or the reef. He has estimated the top of the Seven Rivers in this well to be approximately 3,350 feet. The Division's concern is with regards to the two following-described plugged and abandoned "area of review" wells:

Mustang Federal Well No. 1 (API No. 30-025-33289) Section 18, T-19S, R-33E
Federal "AC" Well No. 2 (API No. 30-025-01675) Section 18, T-19S, R-33E

From the data submitted, it appears that 4 ½ inch casing annulus is open from a depth of 4,400 feet to 3,195 feet in the Mustang Federal Well No. 1, and that the 9 5/8 inch casing annulus is open from a depth of 3,600 feet to 2,290 feet in the Federal "AC" Well No. 2. As a result, these wellbores may provide an avenue whereby injected fluid may escape to the Seven Rivers and Capitan Reef intervals.

We will provide you the opportunity to present additional geologic and/or engineering data to demonstrate that these wellbores will not pose a problem should the injection authority be granted. Otherwise, if no additional data is submitted, the Division will issue a permit containing re-plugging provisions for both of these wells.

Please advise me at your earliest convenience whether additional data will be submitted to support your request. If the Division does not receive a response within 10 days from the date of this letter, we will go forward and issue the permit.

If you should have any questions, please contact me at (505) 476-3466.

Sincerely,



David Catanach
Engineer

Xc: OCD-Hobbs
 Mack Energy Corporation