

MAC K ENERGY CORPORATION

Post Office Box 1359
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August 15, 1994

*Put in
well Feb.*

Mr. Jerry T. Sexton
Oil Conservation Division
1000 West Broadway
Hobbs, New Mexico 88240

RE: Bate Federal #1
Gem Yates, East Field
Unit N, Section 26
T19S R33E
Lea County, New Mexico

Dear Mr. Sexton:

Confirming Mack Chase's recent conversation with you, we are testing the referenced well with a rental submersible pump. Initially the oil production rate is fluctuating and water production is approximately 3000 barrels per day.

If tests justify it we will install our own submersible pump on or about September 1, 1994.

We respectfully request that we be permitted to produce the maximum oil rate which can be achieved with our equipment for a period ending September 30, 1994.

If you have any questions, please give us a call.

Sincerely,

Mack Energy Corporation


James D. Brown, Jr.

JDBJ/ss