

DATE IN <u>9/25/06</u>	SUSPENSE	DAVID BROOKS ENGINEER	LOGGED IN <u>9/25/06</u>	TYPE <u>NSL</u>	APP NO. <u>PTD50626850025</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Mack Energy
Leak State #9
5475

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [21] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached
- [31] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**
- [41] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

2006 SEP 25 PM 1 30

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jerry W. Sherrell
Print or Type Name

Jerry W. Sherrell
Signature

Production Clerk
Title

9/20/06
Date

jerrys@mackenergycorp.com
e-mail Address



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

September 20, 2006

Oil Conservation Division
Attn: Mike Stogner
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: Application for NSL-Mescalero Escarpe; Bone Spring
Lea KG State #9, API 30-025-36370
1395 FSL & 1255 FEL
Sec. 35 T17S R33E

Dear Mr. Stogner:

Mack Energy Corp is requesting approval for a NSL for the Lea KG State #9 (Formerly KG 35 State #1) as Bone Spring completion. This well was originally staked by MEC at a standard location and then moved at the request of interest owners COPC based on seismic data. MEC believes there is potential to produce this well in the Bone Spring formation, based on data from wells in this area. This location is encroaching upon the NW/4 SE/4, SW/4 SE/4 and these/4 SE/4, that is also owned by MEC. There is an existing NSL for this well in the Wolfcamp & Abo formations (NSL-5106).

Mack Energy Corp owns 100% working and royalty interest in the Bone Spring formation.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

Sincerely,

MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36370	Pool Code 45793	Pool Name Mescalero Escarpe; Bone Spring
Property Code 17335	Property Name Lea KG State	Well Number 9
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4120'

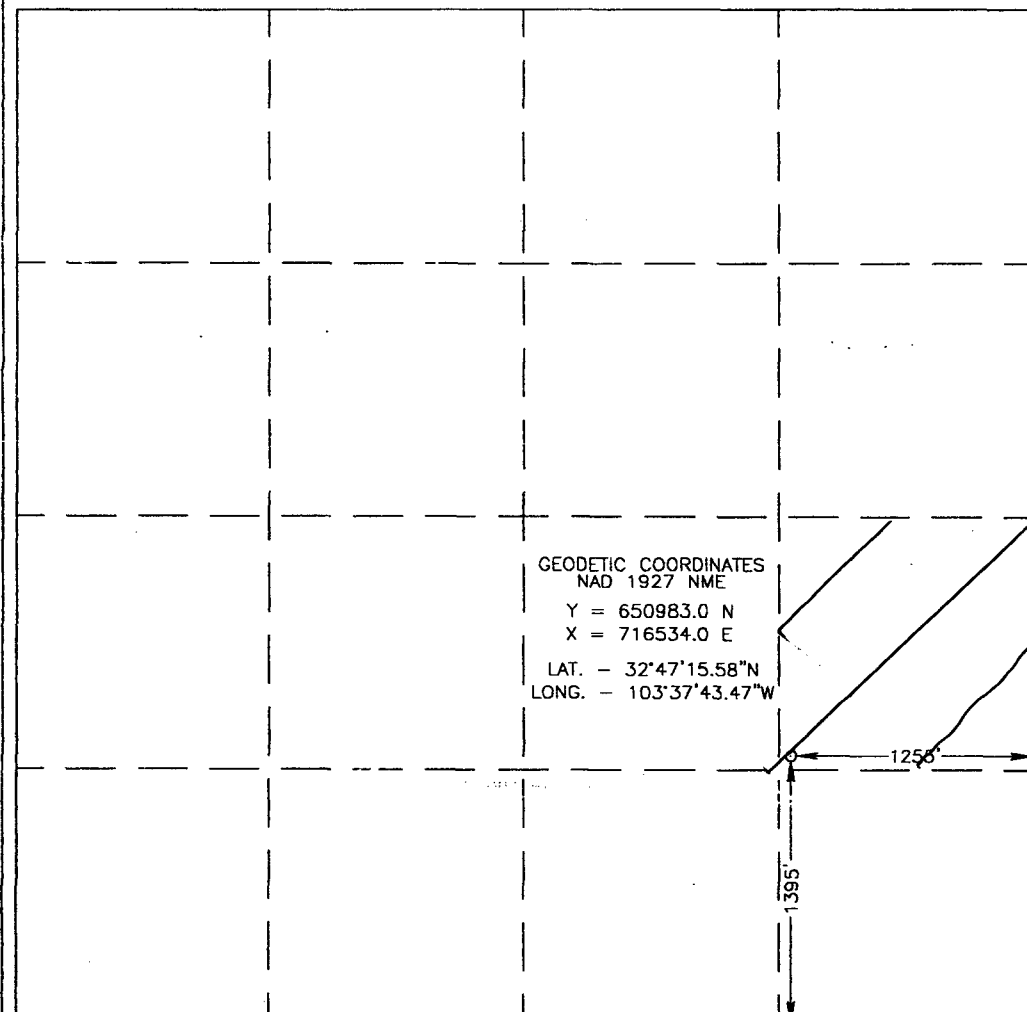
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	35	17-S	33-E		1395	SOUTH	1255	EAST	LEA

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

 <p>GEODETIC COORDINATES NAD 1927 NME Y = 650983.0 N X = 716534.0 E LAT. - 32°47'15.58"N LONG. - 103°37'43.47"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry W. Sherrell</i> Signature Jerry W. Sherrell Printed Name Production Clerk Title 9/20/2006 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>OCTOBER 20, 2003</p> <p>Date Surveyed LA</p> <p>Signature & Seal of Professional Surveyor <i>Gary E. Edson</i> 10/23/03 03.11/1127</p> <p>Certificate No. GARY EDSON 12641</p>



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 26, 2006

RECEIVED
SEP 28 2006

2006 OCT 6 PM 1 39

Mr. Jerry W. Sherrell
Mack Energy
P.O. Box 960
Artesia, NM 88211-0960

Re: Administrative Application 626535043 - Lea KG State #9

Dear Mr. Sherrell:

Your application correctly observes that the proposed location encroaches toward the NW4/SE4, SW4/SE4 and SE4/SE4 of Section 35, "that is also owner by Mack."

Please specifically confirm that Mack owns 100% of the working and royalty interests in each of the named units, or that Mack operates each of the units, and ownership of all working and royalty interests in each of the units are identical with ownership interests in the NE4/SE4 where the well is located.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
Assistant General Counsel

MACK ENERGY CORPORATION

MEMO

DATE: October 4, 2006

TO: David K. Brooks
NMOCD

FROM: Ronald W. Lanning
Land Manager
Mack Energy Corporation

SUBJECT: Application 626535043 – Lea KG State #9

Our Lea KG State Lease encompasses the NE/4NE/4 and SE/4 of Section 35, T17S, R33E, Lea County, New Mexico. The working interest and royalty ownerships are common at all depths throughout the lease.



RWL: