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May 25, 2012

Hand delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14872*

Dear Florene:

Enclosed for filing, on behalf of Mack Energy Corporation, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the June 25, 2012 Examiner hearing.

Very truly yours,

  
James Bruce

Attorney for Mack Energy Corporation



Parties Being Notified

ConocoPhillips Company  
P.O. Box 2197  
Houston, Texas 77252

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MACK ENERGY  
CORPORATION FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

RECEIVED

Case No. 64972

JUL 25 2012

APPLICATION

Oil Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, N.M. 87505

Mack Energy Corporation applies for an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, and has the right to drill a well thereon.
2. Applicant proposes to drill its Pintail Fed. Well No. 3 at an orthodox location to a depth sufficient to test the San Andres formation, and seeks to dedicate the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 care spacing in that vertical extent.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 from the surface to the base of the San Andres formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mack Energy Corporation