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July 8, 2014

Hand delivered

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

Case 15181

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 August 7, 2014 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Mack Energy Corporation

Parties Being Notified

COG Operating LLC
One Concho Center
600 West Illinois Avenue
Midland, Texas 79701

PROPOSED ADVERTISEMENT

Case No. 15181:

Application of Mack Energy Corporation for compulsory pooling, Eddy County, New Mexico.
Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the Third Bone Spring zone of the Bone Spring formation underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 23 South, Range 27 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Lava Fee Well No. 1, to be drilled from a surface location 1150 feet from the south and east lines of Section 3 to an orthodox bottomhole location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles northwest of Loving, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 15781

APPLICATION

Mack Energy Corporation applies for an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Lava Fee Well No. 1, to a depth sufficient to test the Bone Spring formation, at a surface location 1150 feet from the south and east lines of Section 3 to an orthodox bottomhole location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, and dedicate the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3 from the surface to the base of the Bone Spring 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
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Attorney for Mack Energy Corporation