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William F. Carr

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September 16, 2003

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis
Santa Fe, New Mexico 87505

Case 13155

RECEIVED

SEP 16 2003

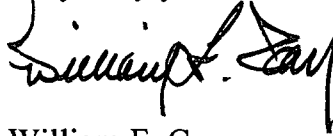
Oil Conservation Division

Re: Application of Mack Energy Corporation for compulsory pooling, Eddy
County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in duplicate is the application of Mack Energy Corporation. in the above-referenced case as well as a copy of a legal advertisement. Mack Energy Corporation requests that this matter be placed on the docket for the October 9, 2003 examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Ronald R. Lanning
Mack Energy Corporation

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

RECEIVED

**IN THE MATTER OF THE APPLICATION
MACK ENERGY CORPORATION
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

SEP 10 2003

CASE NO. 13155 Oil Conservation Division

APPLICATION

MACK ENERGY CORPORATION ("Mack Energy"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N. M. Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from a depth of 5000 feet to the base of the Ellenberger formation, under the following acreage in Section 28, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico:

- A. the N/2 to form a standard gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent that includes but is not limited to the Grayburg-Morrow Gas Pool and the Undesignated Grayburg-Atoka Gas Pool;
- B. the NE/4 to form a standard gas spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent;
- C. the W/2 NE/4 to form a standard 80-acre spacing and proration unit for formations and/or pools developed on 80-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated South-Wolfcamp Pool; and

- D. the SW/4 NE/4 to form a standard 40-acre spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Empire Abo Pool and the Undesignated Grayberg-Upper Pennsylvanian Pool.

These spacing and proration units are to be dedicated to the Mack Energy Corporation Diamondbacks State Well No. 1 which it proposes to drilled at a standard location in the N/2 of Section 28, and in support of its application states:

1. Mack Energy is a working interest owner in the N/2 of said Section 34 and has the right to drill thereon.
2. Mack Energy proposes to dedicate the above-referenced spacing or proration units to its Diamondbacks State Well No. 1 to be drilled at a standard location 1980 feet from the North and East lines of said Section 28 to a depth sufficient to test any and all formations to the base of the Ellenberger formation.
3. Mack Energy has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the N/2 of said Section 28 that are identified on Exhibit A to this application.
4. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mack Energy Corporation should be designated the operator of the well to be drilled.

WHEREFORE, Mack Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 9, 2003 and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating Mack Energy Corporation operator of the unit and the well to be drilled thereon,
- C. authorizing Mack Energy Corporation to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Mack Energy Corporation in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR MACK ENERGY CORPORATION

EXHIBIT A

**APPLICATION OF MACK ENERGY CORPORATION
FOR COMPULSORY POOLING,
N/2, SECTION 28, TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM,
EDDY COUNTY, NEW MEXICO.**

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CASE 13155:

Application of Mack Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the following described spacing and proration units in Section 28, Township 17 South, Range 29 East as follows: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Grayburg-Morrow Gas Pool and the Undesignated Grayburg-Atoka Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; the W/2 NE/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated South Empire-Wolfcamp Pool; and the SW/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Empire Abo Pool and the Undesignated Grayburg-Upper Pennsylvanian Pool. Said units are to be dedicated to applicant's Diamondbacks State Well No. 1 to be drilled at a standard location 1980 feet from the North and East lines of said Section 28 to test all formations and/or pools from a depth of 5000 feet to the base of the Ellenberger formation. Also to be considered will the cost of drilling and completing said 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 charge for risk involved in drilling said well. Said area is located approximately 6 miles west of Loco Hills, New Mexico.