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44822-0007

December 30, 2003

Case 13206

VIA HAND DELIVERY

RECEIVED

DEC 30 2003

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals & Natural Resources Dept.
1220 South St. Francis Drive
Santa Fe, NM 87505

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: **Application of Mack Energy Corporation to amend compulsory pooling
Order R-12006 to include additional oil wells for existing 40-acre spacing and
proration units, Lea 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 January 22, 2004, examiner hearings.

Sincerely,

Michael H. Feldewert

Enclosures

cc: Ronald W. Lanning
Mack Energy Corporation

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

DEC 30 2003
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

APPLICATION MACK ENERGY CORPORATION TO AMEND
COMPULSORY POOLING ORDER R-12006 TO
INCLUDE ADDITIONAL OIL WELLS FOR EXISTING
40-ACRE SPACING AND PRORATION UNITS,
LEA COUNTY, NEW MEXICO.

CASE NO. 13206

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), to amend pooling Order R-12006 to include additional oil wells for NW/4 SW/4 (Unit L) and the NE/4 SW/4 (Unit K) of Section 31, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico which include but are not necessarily limited to the Undesignated Yates-Maljamar, Undesignated Pearsall-Seven Rivers, Undesignated Pearsall-Queen and the Maljamar Grayburg-San Andres Pools. In support of this application Mack Energy states:

1. Division Order R-12006 pooled the mineral interests in the SW/4 of said Section 31 to form the following standard 40-acre spacing and proration units:

The NW/4 SW/4 (Unit L), which is dedicated to the Panther Federal Well No. 1 located 1650 FSL and 330 FWL;

The NE/4 SW/4 (Unit K), which is dedicated to the Panther Federal Well No. 3 located 1650 FSL and 1650 FWL;

The SW/4 SW/4 (Unit M), which is dedicated to the Panther Federal Well No. 5 to be located 990 FSL and 990 FWL; and

The SE/4 SW/4 (Unit N), which is dedicated to the Panther Federal Well No. 6 to be located 990 FSL and 2310 FWL.

2. Mack Energy is the designated operator of the four standard 40-acre spacing units in the SW/4 of Section 34 created under Division Order R-12006.

3. Mack Energy proposes to drill the following additional wells in the referenced spacing units:

The Panther Federal Well No. 2 in the NW/4 SW/4 (Unit L) at a standard location 2310 FSL and 990 FWL; and

The Panther Federal Well No. 4 in the NE/4 SW/4 (Unit K) at a standard location 2310 FSL and 2310 FWL.

4. Mack Energy has sought and been unable to obtain a voluntary agreement for the development of these lands from the Brooks Moleen Trust, c/o Branch Bank and Trust, P.O. Box 687, Columbia, South Carolina 29202-0687, attn. Jerry Lane.

5. Amending pooling Order R-12006 to include the proposed Panther Federal Well Nos. 2 and 4 will prevent waste and will protect correlative rights.

6. In order to permit Mack Energy to obtain its just and fair share of the oil and gas underlying the subject lands, pooling Order R-12006 should be amended to include the Panther Federal Well Nos. 2 and 4.

WHEREFORE, Mack Energy requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 22, 2004 and that after notice and hearing as required by law the Division enter its order:

- A. amending Division Order R-12006 to include the drilling of the Panther Federal Well Nos. 2 and 4,
- B. designating Mack Energy operator of these additional wells,
- C. authorizing Mack Energy to recover its costs of drilling, equipping and completing these additional wells,

- 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 the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in the drilling of these additional wells.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert

P.O. Box 2208

Santa Fe, NM 87504

Telephone: (505) 988-4421

ATTORNEYS FOR MACK ENERGY CORPORATION

CASE 13206:

Application of Mack Energy Corporation to amend compulsory pooling Order R-12006 to include additional oil wells for existing 40-acre spacing and proration units, Lea County, New Mexico. Applicant in the above-styled cause seeks to amend pooling Order R-12006 to include additional oil wells for NW/4 SW/4 (Unit L) and the NE/4 SW/4 (Unit K) of Section 31, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Applicant proposes to drill the Panther Federal Well No. 2 in the NW/4 SW/4 and the Panther Federal Well No. 4 in the NE/4 SW/4 of said Section 31 to test any and all formations from the surface to a depth of 5000 feet that are developed on 40-acre spacing, which include but are not necessarily limited to the Undesignated Yates-Maljamar, Undesignated Pearsall-Seven Rivers, Undesignated Pearsall-Queen and the Maljamar Grayburg-San Andres Pools. Also to be considered will be the cost of drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, the designation of Mack Energy Corporation as operator of the wells, and the imposition of the 200% risk penalty provided by Division Rule 19.15.1.35. Said area is located approximately 5 miles Southwest of Maljamar, New Mexico.