



December 21, 2010

HAND DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14592

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Re: Application of Mack Energy Corporation for Compulsory Pooling, Chaves County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Mack Energy Corporation in the above-referenced case as well as a copy of the legal advertisement. Mack Energy Corporation requests that this matter be placed on the docket for the January 20, 2011 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Ms. Staci Sanders
Mack Energy Corporation
Post Office Box 960
Artesia, New Mexico 88211-0960

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

IN THE MATTER OF THE APPLICATION OF MACK ENERGY CORPORATION FOR A NON-STANDARD SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 14592

APPLICATION

MACK ENERGY CORPORATION, ("Mack Energy") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order (1) creating a non-standard spacing unit comprised of the N/2 S/2 of Section 32, Township 14 South, Range 32 East, NMPM, which will be a the Project Area for the Kite State Com Well No. 1 (API No. 30-025-39815) to be horizontally drilled from a surface location 2310 feet from the South line and 335 feet from the West line and then in a easterly direction as a wildcat well in the Lower Abo/Upper Wolfcamp formation (approximate depth from 8885 feet through 8965 feet) to a bottom hole terminus at a location 2285 feet from the South line and 335 feet from the East line of said Section 32 and (2) pooling all mineral interests in the Lower Abo/Upper Wolfcamp formation in this non-standard spacing and proration unit, and in support of its application states:

1. Mack Energy is the working interest owner in the W /2 of said Section 32 and has the right to drill thereon.
2. Mack Energy proposes to dedicate the above-referenced spacing and proration unit to its Kite State Com Well No. #1 (API No. 30-025-39815) to be drilled as an oil well from a standard a surface location 2310 feet from the South line and 335 feet from the West line (Unit L) and then in a easterly direction as a wildcat well in the Lower Abo/Upper Wolfcamp formation to a bottom hole terminus at a location 2285 feet from the South line and 335 feet from the East line of said Section 23 (Unit I) of said Section 32.
3. Mack Energy has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the Mack Energy Corporation 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 this non-standard spacing unit and the well to be drilled thereon.

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WHEREFORE, Mack Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 20, 2011, and, after notice and hearing as required by law, the Division enter its order:

- A. creating a non-standard spacing and proration unit in the Lower Abo/Upper Wolfcamp formation comprised of the N/2 S/2 of Section 32, Township 14 South, Range 32 East, NMPM;
- B. pooling all mineral interests in the subject spacing and proration units;
- C. designating Mack Energy Corporation operator of this unit and the well to be drilled thereon;
- D. authorizing Mack Energy Corporation to recover its costs of drilling, equipping and completing the well;
- E. 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
- F. 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 A NON-STANDARD SPACING AND PRORATION UNIT AND
COMPULSORY POOLING
N/2 S/2 OF SECTION 32, TOWNSHIP 14 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.**

NOTIFICATION LIST

Manzano Energy Partners, LLC
121 West Third Street
Roswell, New Mexico 88201

COG Operating LLC
Fasken Center, Tower II
550 West Texas Avenue, Suite 1300
Midland, Texas 79701

CASE 14592: **Application of Mack Energy Corporation for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard spacing unit comprised of the N/2 S/2 of Section 32, Township 14 South, Range 32 East, NMPM, and (2) pooling all mineral interests in the Lower Abo/Upper Wolfcamp formation (approximate depth from 8885 feet through 8965 feet) in this non-standard spacing and proration unit which spacing unit will be the project area for the Kite State Com Well No. 1 (**API No. 30-025-39815**) to be horizontally drilled from a surface location 2310 feet from the South line and 335 feet from the West line and then in a easterly direction as a wildcat well in the Lower Abo/Upper Wolfcamp formation to a bottom hole terminus at a location 2285 feet from the South line and 335 feet from the East line of said Section 32. Also to be considered will be 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 Mack Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 14 miles north of Maljamar, New Mexico.