

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



3289

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

RECEIVED

MAY 7 2004

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

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jerry W. Sherrell
 Print or Type Name

Jerry W. Sherrell
 Signature

Production Clerk
 Title

5/5/2004
 Date

jerrys@mackenergycorp.com
 e-mail Address

District I
1621 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Mack Energy Corporation P.O. Box 960, Artesia, NM 88211-0960
Operator Address
Panther Federal 3 K-31-T17S-R32E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 013837 Property Code 32507 API No. 30-025-36324 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Maljamar GB SA		Tamano Delaware
PoolCode	43329		97270
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3814-4316'		4316-4486'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	39.7		40.3
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: _____ Rates: _____	Date: _____ Rates: _____	Date: 3/31/2004 Rates: 11/20/36
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or put production, supporting data or explanation will be required.)	Oil _____ Gas _____ % %	Oil _____ Gas _____ % %	Oil 100 _____ Gas 100 _____ % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____
Are all produced fluids from all commingled zones compatible with each other? Yes No _____
Will commingling decrease the value of production? Yes _____ No
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: R-12006

- Attachments:
- C- 1 02 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Jerry W. Sherrell TITLE Production Clerk DATE 5/4/2004

TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (505) 748-1288

E-MAIL ADDRESS jerrys@mackenergycorp.com



P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

May 4, 2004

Oil Conservation Division
Attn: Will Jones
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mr. Jones:

This is a list of attachments or explanations:

1. C-102 for both formations
2. Monthly Total Production for Tamano Delaware, Panther Federal #3

	Oil-Gas
09/2003	1287-1448
10/2003	1063-2311
11/2003	551-1349
12/2003	403-948
01/2004	402-799
02/2004	311-573
03/2004	347-613

Note: No production available for Maljamar GB SA on this well.

3. N/A
4. We will allocate using increased production from GB SA formation.
5. Interests are common.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in black ink that reads "Jerry W. Sherrell". The signature is written in a cursive, flowing style.

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 43329	Pool Name Maljamar GB SA
Property Code	Property Name PANTHER FEDERAL	Well Number 3
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3861'

Surface Location

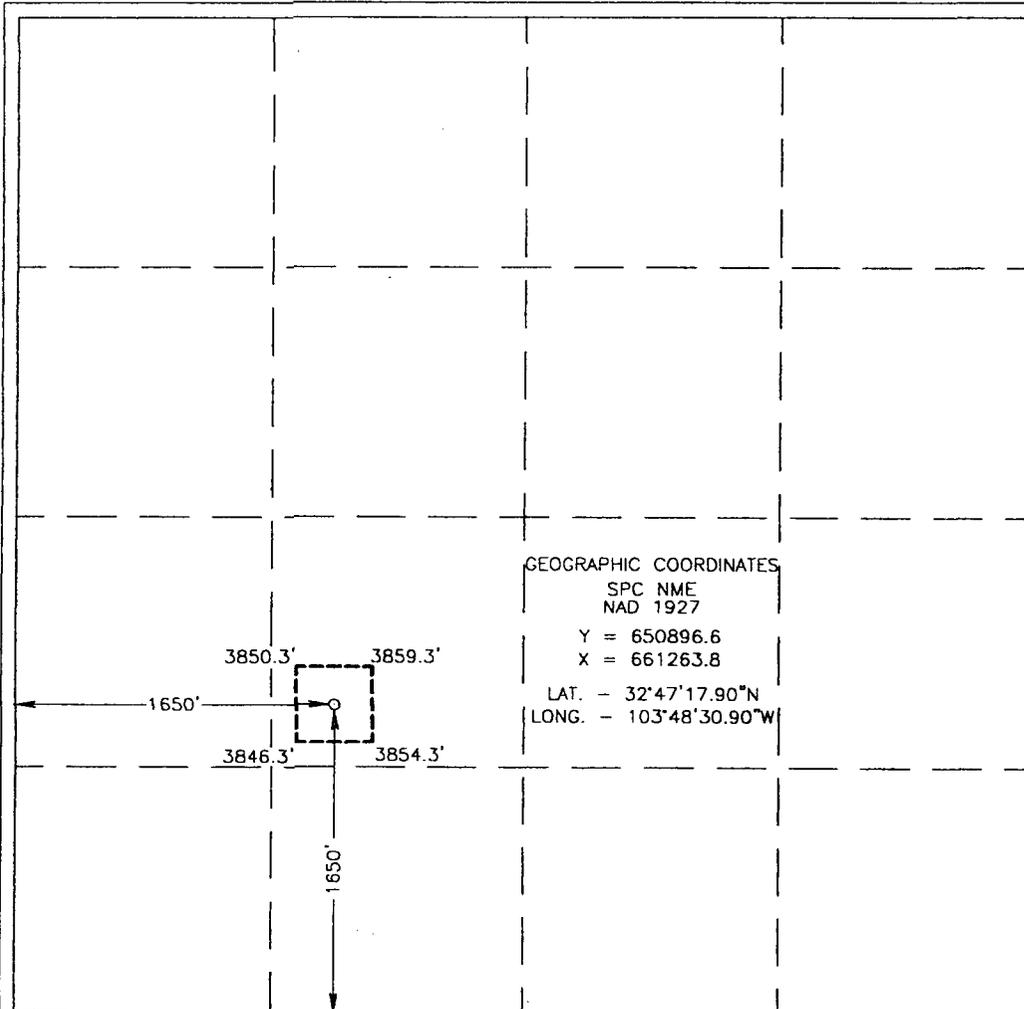
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	17-S	32-E		1650	SOUTH	1650	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Crissa D. Carter
Signature

Crissa D. Carter
Printed Name

Production Analyst
Title

2/12/2003
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 21, 2003
Date Surveyed

LA

Signature & Seal of Professional Surveyor
Ronald J. Eidsen 1/28/03
03.11.0041

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

DISTRICT I
P.O. Box 1986, Hobbs, NM 88241-1986

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 8D, Artesia, NM 86211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2086, SANTA FE, N.M. 87504-2086

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-36324	Pool Code 97270	Pool Name Tamano Delaware
Property Code 32507	Property Name PANTHER FEDERAL	Well Number 3
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3861'

Surface Location

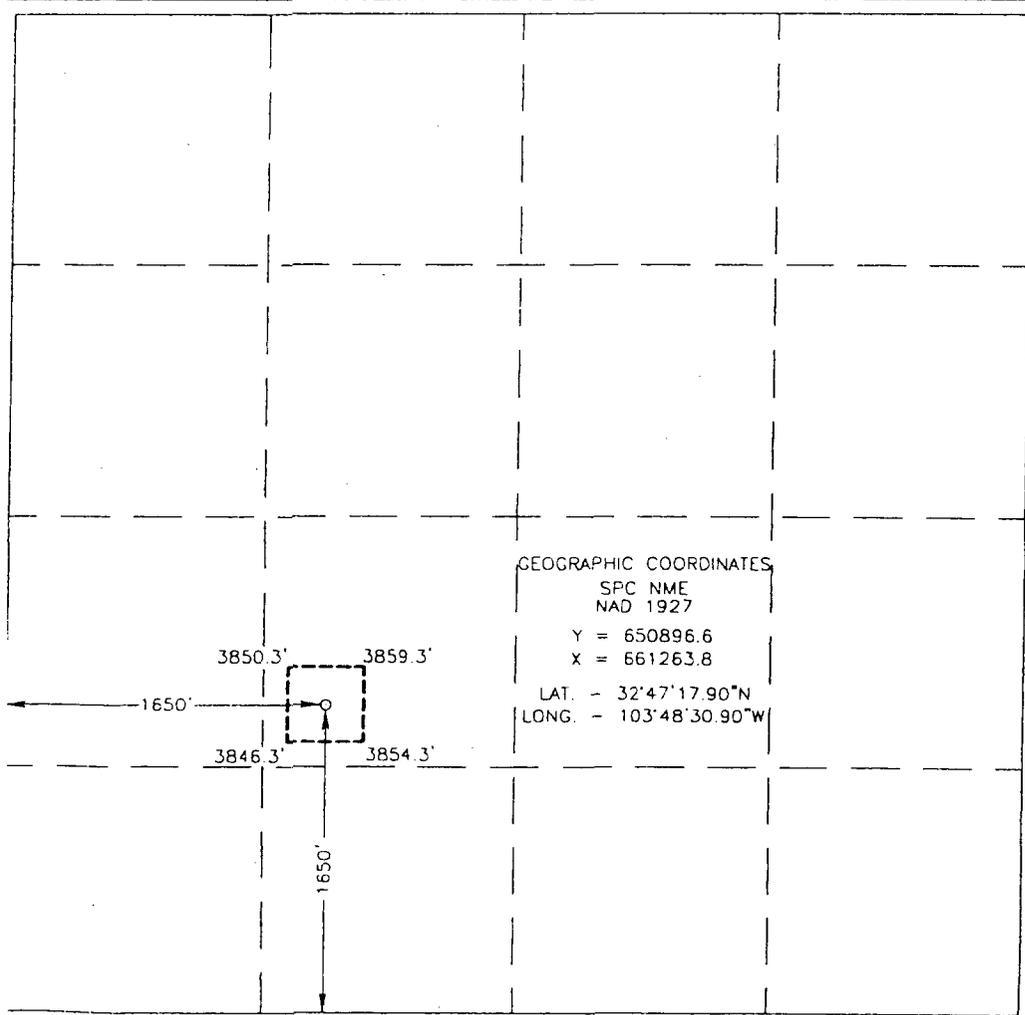
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	17-S	32-E		1650	SOUTH	1650	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Crissa D. Carter
Signature

Crissa D. Carter
Printed Name

Production Analyst
Title

2/12/2003
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 21, 2003

Date Surveyed LA

Signature & Seal of Professional Surveyor
Ronald J. Eidson 1/28/03
03.11.0041

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641



P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

May 5, 2004

Bureau of Land Management
2909 W. 2nd Street.
Roswell, NM 88201

Re: *BLM Approval to Downhole Commingle
Panther Federal #3 NM-03428*

Dear Sir or Madam:

Mack Energy Corp. has submitted an application to Downhole Commingle production for our Panther Federal #3 NM-03428 1650 FSL 1650 FWL Section 31 T17S R32E. Mack Energy intends to commingle production from the Maljamar Grayburg San Andres-43329 and the Tamano Delaware-97270 Pools. Proper allocation of production will be measured using increased production from the GB SA formation. Attached to this letter is a courtesy copy of the application submitted the OCD.

If you have any questions, please feel free to call. Thank you for your prompt attention to this matter.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in black ink that reads "Jerry W. Sherrell". The signature is written in a cursive style with a large, prominent "J" and "S".

*Jerry W. Sherrell
Production Clerk*

JWS/

Enclosure(s)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 1, 2004

Mark Fesmire, P.E.

Director

Oil Conservation Division

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attention: Mr. Jerry W. Sherrell

Re: Form C-107-A
Panther Federal No. 3
API No. 30-025-36324
Unit K, Section 31, T-17S, R-32E
Lea County, New Mexico

Dear Mr. Sherrell:

I have reviewed your recent application to downhole commingle Maljamar Grayburg-San Andres and Tamano-Delaware Pool production within the Panther Federal Well No. 3. It is my understanding that since production data from the Maljamar Grayburg-San Andres Pool is not available, you propose to allocate any increased production from the well to this zone. While this method of production allocation is acceptable, additional data will be required. Please provide to the Division a monthly production forecast for the Tamano-Delaware Pool. This production forecast should: (i) contain both oil and gas volumes; (ii) take into account the decline rate for this pool; and (iii) extend through the producing life of the well. Once this forecast is generated, Delaware production may be reported based upon this forecast, and any additional production from the well may be attributed to the Grayburg-San Andres zone.

Your application to commingle will be processed upon receipt of the requested production forecast. If you should have any questions, please contact me at (505) 476-3466.

Sincerely,

David Catanach
Engineer/Examiner

xc: OCD-Hobbs

June 4, 2004

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

*Re: Downhole Commingling, and measurement of
Hydrocarbon Production for:
Panther Federal #3
Section 31, T17S, R32E
Lea County, New Mexico*

Dear Mr. Catanach

I received your letter asking for a monthly production forecast for the Tamano-Delaware Pool. The attachment to the application that was submitted May 5, 2004 shows production of this well from completion to most recent. This pool declined rapidly over four months and is consistently producing 10 BOPD and 20 MCFPD. Based on this we can expect a 10% reduction in these figures annually for the life of this well. Any production above this will be allocated to the Maljamar; Grayburg-San Andres.

Sincerely,

*Jerry W. Sherrell
Production Clerk*

JWS/

Panther Federal #3 Tamano-Delaware Production Forecast
10% Decline in production annually

Year	Oil per month	Gas per month
4/2004-12/2004	300	600
2005	270	540
2006	243	486
2007	219	437
2008	197	394
2009	177	354
2010	159	319
2011	143	287
2012	129	258
2013	116	232
2014	105	209
2015	94	188
2016	85	169
2017	76	153
2018	69	137
2019	62	124
2020	56	111
2021	50	100
2022	45	90
2023	41	81
2024	36	73