

DAC-3530

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
Trout State 1 M-18-T16S-R32E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 013837 Property Code 34710 API No. 30-025-37156 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Mesa Queen ASSOCIATED		Anderson Ranch Grayburg West
Pool Code	45703 45709		1568
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3600-3700'		4050-4150'
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)	36.8		36.8
Producing, Shut-In or New Zone	New Zone		New Zone
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: _____ Rates: _____
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 _____ Gas _____ % %

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: _____

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 7/20/2005
TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (505) 748-1288
E-MAIL ADDRESS jerrys@mackenergycorp.com

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37156	Pool Code 1560	Pool Name Anderson Ranch Grayburg West
Property Code 34710	Property Name TROUT STATE	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4372'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	18	16-S	32-E		330	SOUTH	990	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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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

LOT 1 40.42 AC	<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=697092.5 N X=660348.3 E</p> <p>LAT.=32°54'55.05" N LONG.=103°48'38.94" W</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Jerry W. Sherrell</i> Signature</p> <p>Jerry W. Sherrell Printed Name</p> <p>Production Clerk Title</p> <p>7/20/2005 Date</p>
LOT 2 40.43 AC		
LOT 3 40.43 AC		
LOT 4 40.44 AC		
		<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>MARCH 18, 2005 Date Surveyed</p> <p><i>Barry G. Edson</i> Signature & Seal of Professional Surveyor</p> <p>NEW MEXICO Professional Surveyor 85-110432 Certificate No. CABP 819308 12841</p>

State of New Mexico

Energy, Minerals and Natural Resources Department

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1301 W. GRAND AVENUE, ARTESIA, NM 88210

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1000 Rio Brazos Ed., Aztec, NM 87410

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1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37156	Pool Code 45703	Pool Name Mesa Queen
Property Code 34710	Property Name TROUT STATE	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4372'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	18	16-S	32-E		330	SOUTH	990	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

LOT 1 40.42 AC LOT 2	GEODETIC COORDINATES NAD 27 NME Y=697092.5 N X=660348.3 E LAT.=32°54'55.05" N LONG.=103°48'38.94" W	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry W. Sherrell</i> Signature</p> <p>Jerry W. Sherrell Printed Name</p> <p>Production Clerk Title</p> <p>7/20/2005 Date</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 18, 2005 Date Surveyed</p> <p><i>Gary E. Edson</i> Signature & Seal of Professional Surveyor</p> <p>05.11.0432 Professional Surveyor No.</p> <p>12841</p>
40.43 AC LOT 3 40.43 AC LOT 4		
990' 330' 40.44 AC		

ABOVE THIS LINE FOR DIVISION USE ONLY

3530

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



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]

[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.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____



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

July 20, 2005

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

Re: Downhole Commingling, and measurement of
Hydrocarbon Production for:
Trout State #1,2,3,4
Section 18, T16S, R32E
Lea County, New Mexico

RECEIVED
JUL 25 2005
OIL CONSERVATION
DIVISION

Mack Energy Corporation as operator of the aforementioned (4) wells respectfully requests administrative approval for down hole commingling and measurement of production.

Mack Energy proposes to commingle Mesa Queen and Anderson Ranch Grayburg West production in the Trout State wells (State of NM Lease E-4199). Production of both pools will be measured at the Trout State Tank Battery located in the NE/4 NE/4 Sec. 18 T16S R32E. This lease has common interest in both pools. Notification has been made to all parties owning an interest in this lease, including the oil purchaser, of the intent to commingle. Testing will be conducted and allocation percentages will be sent to OCD after completion of these wells.

Should you require any additional information concerning this application, please call Jerry W. Sherrell at the above number. Thank you for your consideration of this request.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in black ink that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk
jerrys@mackenergycorp.com

JWS/

Enclosures