

8/2/05

DAC-3510

PWTJ 05222 38689

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
Operator

P.O. Box 960, Artesia, NM 88211-0960
Address

Jenkins B Federal
Lease

2
Well No.

D-20-17S-30E
Unit Letter-Section-Township-Range

Eddy
County

OGRID No. 013837 Property Code 6125 API No. 30-015-04215 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson SR Q G SA		Loco Hills Paddock
PoolCode	28509		96718
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2750-4186'		4282-4737'
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)	38.1		38.1
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: <u>5/31/2005</u> Rates: <u>16/78/20</u>
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 7/27/2005
 TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (505) 748-1288
 E-MAIL ADDRESS jerrys@mackenergycorp.com

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
EnerRy, Minerals & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 30-015-04215	'Pool Code 96718	'Pool Name Loco Hills Paddock
'Property Code 6125	'Property Name Jenkins B Federal	'Well Number 2
'OGRID No. 013837	'Operator Name Mack Energy Corporation	'Elevation

HI Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	17S	30E		990	North	330	West	Eddy

" 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 XL 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		
	Signature Jerry W. Sherrell Printed Name Production Clerk Title 7/28/2005 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.			
Date of Survey Signature and Seal of Professional Surveyor.			
Certificate Number			

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'Property Code 6125	'Property Name Jenkins B Federal	'Well Number 2
'OGRID No. 013837	'Operator Name Mack Energy Corporation	'Elevation

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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.			
Date of Survey			
Signature and Seal of Professional Surveyor.			
Certificate Number			



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

July 28, 2005

*Oil Conservation Division
Attn: David Catanach
1220 South St. Francis Dr.
Santa Fe, NM 87505*

*Re: Downhole Commingling, and measurement of
Hydrocarbon Production for:
Jenkins B Federal #1,2,3,4,7,8,9,10,11,12,13,14,15,16
Section 20, T17S, R30E
Eddy County, New Mexico*

Mack Energy Corporation as operator of the aforementioned (14) wells respectfully requests administrative approval for down hole commingling and measurement of production.

Mack Energy proposes to commingle Grayburg Jackson;SR-Q-G-SA(28509) and Loco Hills Paddock(96718) production in these Jenkins B Federal wells(Lease NMLC-054988B). Production of both pools will be measured at the Jenkins B Federal Tank Battery located in the SE/4 SW/4 Sec. 17 T17S R30E. 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". The signature is written in a cursive style.

*Jerry W. Sherrell
Production Clerk
jerrys@mackenergycorp.com*

JWS/

Enclosures