



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

## ADMINISTRATIVE ORDER DHC-3580

Mack Energy Corporation  
PO Box 960  
Artesia, NM 88211-0960

Attention: Jerry Sherrell

*Mesquite State Wells No. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13  
Section 20, Township 17 South, Range 29 East, NMPM,  
Eddy County, New Mexico  
Grayburg Jackson-SR Q G SA (28509) Pool, and the  
East Empire-Yeso Pool (96610) Pool*

Dear Mr. Sherrell:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the following-described wells to commingle production from the subject pools in the wellbores.

### Mesquite State lease (E-742)

#### Section 20, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico

Lease	Well		Spacing		Pool1	Pool2
	Num	API Number	Unit			
Mesquite State	1	30-015-30037	Unit L		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	2	30-015-30912	Unit L		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	3	30-015-30726	Unit N		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	4	30-015-30913	Unit N		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	5	30-015-30727	Unit K		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	6	30-015-30914	Unit K		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	7	30-015-30866	Unit E		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	8	30-015-30940	Unit E		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	9	30-015-30941	Unit D		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	10	30-015-30942	Unit D		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	11	30-015-31799	Unit N		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	12	30-015-32159	Unit N		Grayburg Jackson;SR-Q-G-SA	Empire; Yeso, East
Mesquite State	13	30-015-33692	Unit K		Empire; Yeso, East	Grayburg Jackson;SR-Q-G-SA

It appearing that the subject wells qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Orders which authorized the dual completions or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within these wells shall not exceed the allowable applicable to that pool.

It is our understanding that within this lease, interests are identical within each of these two pools but not identical between pools. The operator shall use the subtraction method to allocate production by pool for the lease. The lease production from the Yeso shall be declined at an annual rate of 24 percent. The total lease production minus the calculated Yeso production shall be allocated to the San Andres every month. Each well shall be allocated production based on the procedure as specified in the surface commingling permit PC-1154. **Each revenue interest owner within this lease shall be notified of the allocation method being used to segregate production by pool and by well.** Thereafter, additional changes to the allocation method or percentages shall be done only with permission of the Division and after notification to all revenue interest owners.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on October 27, 2005.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.  
Director

cc: Oil Conservation Division – Artesia  
State Land Office – Oil, Gas, and Minerals Division