

ABOVE THIS LINE FOR DIVISION USE ONLY

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 _____

- DHC 4758
 - MACK ENERGY CORPORATION
 13837
 - WELL
 HEPICU K 22 51
 30-015-42350
 POU
 - CLASS DRAW; BONE
 SPRING
 - WL-015 G-06
 52327044;
 9999 WORKAMP
 98125

- [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.

Deana Weaver _____ Deana Weaver _____ Production Clerk _____ May 6, 2015 _____
 Print or Type Name Signature Title Date

dweaver@mec.com
 e-mail Address



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

RECEIVED OGD

2015 MAY -8 P 3: 09

May 6, 2015

Oil Conservation Division
Attn: Phillip R Goetze
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Down Hole Commingling, and measurement of
Hydrocarbon Production for:
Hepler Fee #1
Section 34, T22S, R27E
Eddy County, New Mexico

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

Mack Energy proposes to commingle Bone Spring and Upper Wolfcamp production in the Hepler Fee #1. Production of both pools will be measured at the TB located in the NE/4 NW/4, Sec. 34 T22S R27E. 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. Allocation will be done using the fixed allocation percentage.

Should you require any additional information concerning this application, please call Deana Weaver at 575-748-1288. Thank you for your consideration of this request.

Sincerely,

MACK ENERGY CORPORATION

Deana Weaver
Production Clerk
dweaver@mec.com

DW/
Enclosures

District I
1621 N French Drive, Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION FOR DOWNHOLE COMMINGLING

Mack Energy Corporation

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

Operator

Address

Hepler Fee

1

C-34-22S-27E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 40514 API No. 30-015-42350 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name		Cass Draw; Bone Spring	WC-015 G-06 S232704H; Upper Wolfcamp
Pool Code		10380	98125
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		6653-9035'	9035-9126'
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)		42.8	42.8
Producing, Shut-In or New Zone		Producing	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: <u>3/1/2015</u> Rates: <u>1074/4189/2561</u>	Date: <u>3/1/2015</u> Rates: <u>45/175/107</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 _____ 96 % 96 %	Oil _____ Gas _____ 4 % 4 %

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 Deana Weaver TITLE Production Clerk DATE May 6 2015

TYPE OR PRINT NAME Deana Weaver TELEPHONE NO. (575) 748-1288

E-MAIL ADDRESS dweaver@mec.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-4283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42350		² Pool Code 10380		³ Pool Name Cass Draw; Bone Spring	
⁴ Property Code 40514		⁵ Property Name HEPLER FEE			⁶ Well Number 1
⁷ OGRID No. 13837		⁸ Operator Name MACK ENERGY CORPORATION			⁹ Elevation 3111.5

¹⁰ Surface Location

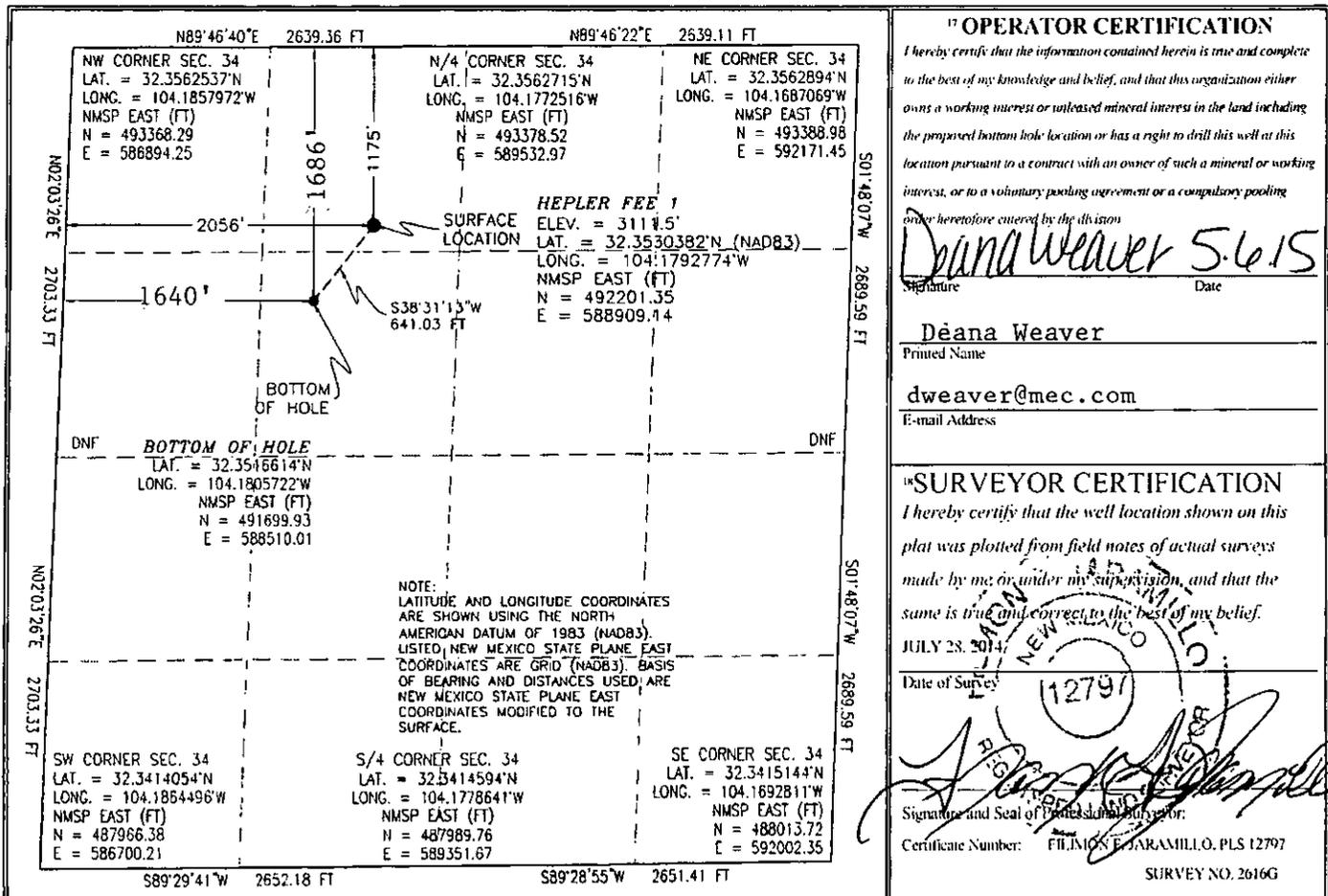
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	34	22 S	27 E		1175	NORTH	2056	WEST	EDDY

¹¹ 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
F	34	22 S	27 E		1686	NORTH	1640	WEST	EDDY

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
511 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
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1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42350		² Pool Code 98125		³ Pool Name WC-015 G-06 S232704H; Upper Wolfcamp	
⁴ Property Code 40514		⁵ Property Name HEPLER FEE			⁶ Well Number 1
⁷ GRID No. 13837		⁸ Operator Name MACK ENERGY CORPORATION			⁹ Elevation 3111.5

¹⁰ Surface Location

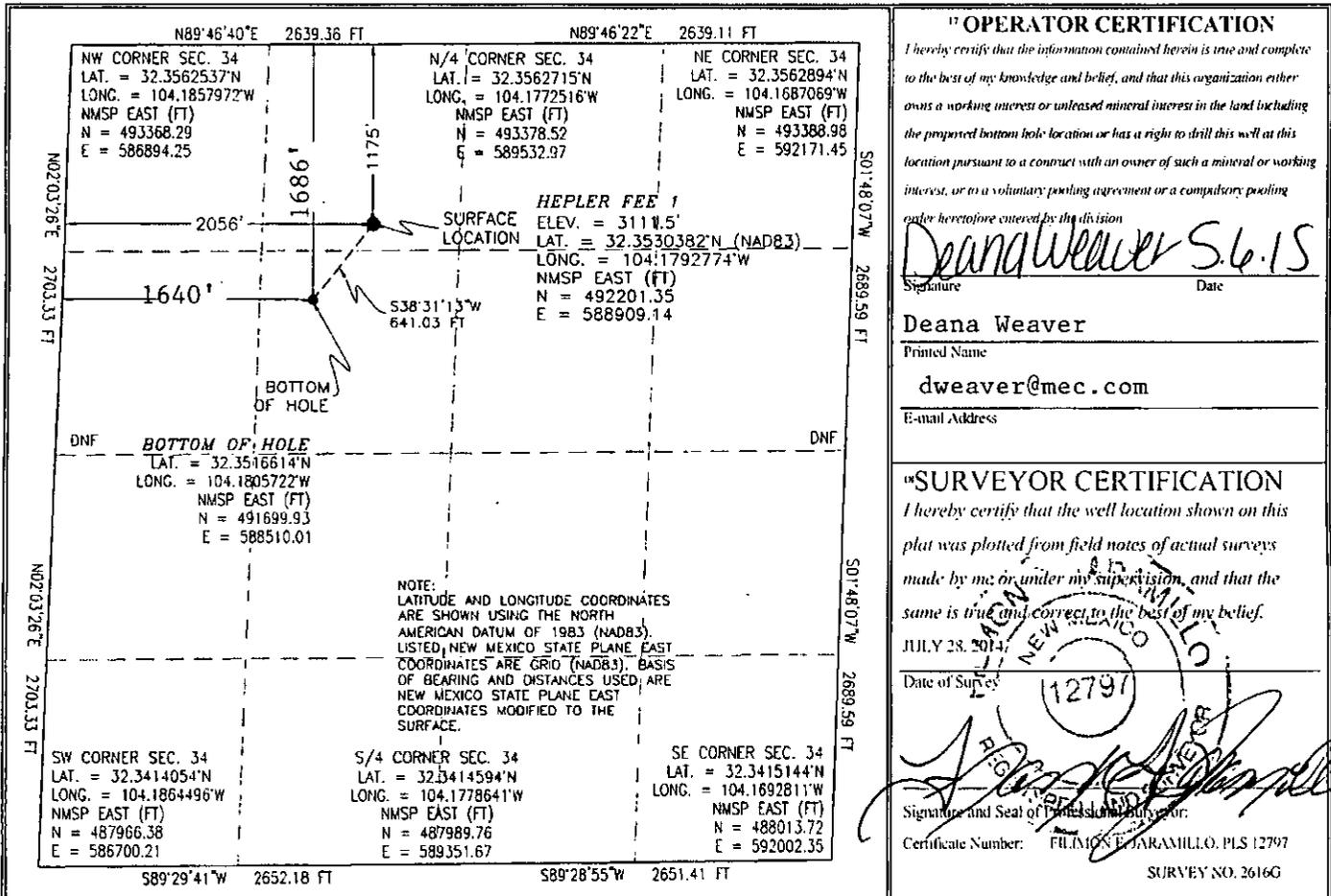
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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.



MEMO

DATE: April 2, 2015

TO: NMOCD

FROM: Travis K. Lanning

RE: Hepler Fee #1
T22S, R27E, NMPM
Section 34: SE/4NW/4,
Eddy County, New Mexico

Mack Energy Corporation respectfully requests approval to downhole commingle production from the Bone Spring and Wolfcamp formations in our Hepler Fee No. 1.

All formations have identical working and revenue interests.

Please do not hesitate to contact me should you require any further information.

Sincerely,
Mack Energy Corporation


Travis K. Lanning
Land Manager

Division Order Attachment

Owner Code	Owner Name	Addr Sub #	Net Revenue Interest	Interest Type	Susp Code	Tax Id
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Deck: 16487 Description: HEPLER FEE - REV DISTR Inactive: No

Property: 3238 Hepler Fee

County, State: Eddy County, NM

Map Reference: Township: 022-S Range: 027-E Section: 34 Qtr/Qtr: SE/4NW/4

Effective Date: 10/01/2014 Payor: Mack Energy Corporation

Owner Code	Owner Name	Addr Sub #	Net Revenue Interest	Interest Type	Susp Code	Tax Id
016112	B&G Royalties	00001	0.00625000	ORRI	MIN	85-0418113
	<div style="border: 1px solid black; padding: 2px;"> P O Box 376 Artesia, NM 88211-0376 US 575-746-1706 </div>					
016114	Xplor Resources, LLC	00001	0.01875000	ORRI	MIN	45-2633139
	<div style="border: 1px solid black; padding: 2px;"> 1104 North Shore Drive Mike Hyden Carlsbad, NM 88220 US 575-302-6678 </div>					
016764	Panhandle Properties, LLC	00001	0.02500000	ORRI	MIN	45-3530132
	<div style="border: 1px solid black; padding: 2px;"> P O Box 647 Artesia, NM 88211-0647 US 575-613-2544 </div>					
016767	Mabell V. Geer Revocable Trust	00001	0.10000000	RI	MIN	85-6093065
	<div style="border: 1px solid black; padding: 2px;"> Carlsbad National Bank, Trustee P O Box 1359 Carlsbad, NM 88221 US 575-234-2541 </div>					
017864	John H. Williams	00001	0.10000000	RI	MIN	498-34-4198
	<div style="border: 1px solid black; padding: 2px;"> 18212 Jackson Road Boonville, MO 65233 US 573-330-4192 </div>					
101	Chase Oil Corporation	00001	0.63750000	WI	MIN	85-0403681
	<div style="border: 1px solid black; padding: 2px;"> P.O. Box 1767 Artesia, NM 88211-1767 US (575) 746-9853 </div>					
110	Robert C. Chase	00001	0.03750000	WI	MIN	585-80-7468
	<div style="border: 1px solid black; padding: 2px;"> P.O. Box 297 Artesia, NM 88211-0297 US 505-748-1288 </div>					
185	Ventana Minerals LLC	00001	0.03750000	WI	MIN	27-1251162
	<div style="border: 1px solid black; padding: 2px;"> P. O. Box 359 Artesia, NM 88211 US </div>					
195	DiaKan Minerals LLC	00001	0.03750000	WI	MIN	27-1243802
	<div style="border: 1px solid black; padding: 2px;"> P. O. Box 693 Artesia, NM 88211-0693 US </div>					



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

May 6, 2015

B&G Royalties
P.O. Box 376
Artesia, NM 88211-0376

VIA CERTIFIED MAIL 7014 1820 0001 6619 1722
CERTIFIED RETURN RECEIPT MAIL

Dear Sir:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down Hole Commingle production from the Bone Spring and Upper Wolfcamp in the Hepler Fee #1 located in Sec. 34 T22S R27E, 1175 FNL & 2056 FWL, Eddy County, New Mexico.

Should you have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the DHC application if no objection has been made within the 20 days after the application has been received.

Sincerely,

A handwritten signature in cursive script that reads "Deana Weaver".

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

May 6, 2015

Xplor Resources LLC
1104 North Shore Drive
Carlsbad, NM 88220

VIA CERTIFIED MAIL 7014 1820 0001 6619 1739
CERTIFIED RETURN RECEIPT MAIL

Dear Sir:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down Hole Commingle production from the Bone Spring and Upper Wolfcamp in the Hepler Fee #1 located in Sec. 34 T22S R27E, 1175 FNL & 2056 FWL, Eddy County, New Mexico.

Should you have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the DHC application if no objection has been made within the 20 days after the application has been received.

Sincerely,

A handwritten signature in cursive script that reads "Deana Weaver".

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

May 6, 2015

Panhandle Properties, LLC
P.O. Box 647
Artesia, NM 88211-0647

VIA CERTIFIED MAIL 7014 1820 0001 6619 1746
CERTIFIED RETURN RECEIPT MAIL

Dear Sir:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down Hole Commingle production from the Bone Spring and Upper Wolfcamp in the Hepler Fee #1 located in Sec. 34 T22S R27E, 1175 FNL & 2056 FWL, Eddy County, New Mexico.

Should you have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the DHC application if no objection has been made within the 20 days after the application has been received.

Sincerely,

A handwritten signature in cursive script that reads "Deana Weaver".

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

May 6, 2015

Mabell V. Geer Revocable Trust
Carlsbad National Bank, Trustee
P.O. Box 1359
Carlsbad, NM 88221

VIA CERTIFIED MAIL 7014 1820 0001 6619 1753
CERTIFIED RETURN RECEIPT MAIL

Dear Sir:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down Hole Commingle production from the Bone Spring and Upper Wolfcamp in the Hepler Fee #1 located in Sec. 34 T22S R27E, 1175 FNL & 2056 FWL, Eddy County, New Mexico.

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Sincerely,

A handwritten signature in cursive script that reads "Deana Weaver".

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

May 6, 2015

John H. Williams
18212 Jackson Road
Boonville, MO 65233

VIA CERTIFIED MAIL 7014 1820 0001 6619 1760
CERTIFIED RETURN RECEIPT MAIL

Dear Sir:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down Hole Commingle production from the Bone Spring and Upper Wolfcamp in the Hepler Fee #1 located in Sec. 34 T22S R27E, 1175 FNL & 2056 FWL, Eddy County, New Mexico.

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Sincerely,

Deana Weaver

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures

McMillan, Michael, EMNRD

From: Deana Weaver <dweaver@mec.com>
Sent: Monday, May 11, 2015 10:13 AM
To: McMillan, Michael, EMNRD
Cc: Jerry Sherrell
Subject: FW: Derrick Fee #1 Bone Spring/Wolfcamp Split Data
Attachments: Den Spoon Water (2).pdf

Michael,

Mack Energy has perforated and produced some of our wells in the Carlsbad area. It was discovered that the bottom section of perforations were actually in the Wolfcamp formation. After meeting with Paul Kautz and Randy Dade to discuss this issue, we agreed to test one of the wells(Derrick Fee #1) and use this data for all wells within this area.

The water analysis for the Den SWD #1 and Spoon SWD #1 is attached.

Isolated Wolfcamp perms, Bone Spring Production Only

Date:	Oil	Gas	Water
3/22/2015	22	154	87
3/23/2015	25	152	127
3/24/2015	25	152	117
3/25/2015	22	161	119
3/26/2015	25	134	111
3/27/2015	22	140	141
3/28/2015	25	152	85

Commingled Wolfcamp and Bone Spring

Date:	Oil	Gas	Water
4/30/2015	28	153	146
5/1/2015	22	153	162
5/2/2015	25	161	236
5/3/2015	25	159	150

Commingled Bone Spring and Wolfcamp Avg:

Avg: 25 Oil, 157 MCF, 173 Water

Bone Spring Only Avg:

Avg: 24 Oil, 149 MCF, 112 Water

Avg: 96% Oil

Wolfcamp Only Avg:

Avg: 1 Oil, 8 MCF, 61 Water
Avg: 4% Oil