

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 _____

- [21] **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

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

[41] **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

9/13/06
 Date

jerrys@mackenergycorp.com
 e-mail Address

SEP 18 PM 2 12

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

DHC-3800

Mack Energy Corporation P.O. Box 960, Artesia, NM 88211-0960
Operator Address

Gar State 3 A-23-T16S-R33E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 013837 Property Code 34770 API No. 30-025-37337 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Hume Queen West		West Hume Grayburg
PoolCode	33560		97444
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3936-3958		4388-4408
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: <u>8/4/2006</u> Rates: <u>50/48/204</u>	Date: _____ Rates: _____	Date: <u>8/4/2006</u> Rates: <u>13/12/51</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 80 % Gas 80 %	Oil % Gas %	Oil 20 % Gas 20 %

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: PLC-268

- 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 9/13/06

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

E-MAIL ADDRESS jerrys@mackenergycorp.com

DISTRICT I
1626 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

State of New Mexico
Energy, Minerals and Natural Resources Department

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 30-025-37337	Pool Code 33560	Pool Name Hume Queen West
Property Code 34770	Property Name GAR STATE	Well Number 3
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4179'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	23	16-S	33-E		330	NORTH	990	EAST	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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=696788.3 N X=716470.6 E</p> <p>LAT.=32°54'48.81" N LONG.=103°37'40.63" W</p>		<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>9/13/06 Date</p>
		<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>JUNE 29, 2005</p> <p>Date Surveyed</p>
		<p>G. EIDSON DEL</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Gary Eidson</i></p> <p>NEW MEXICO 12661 05.11.1004 CERTIFICATE OF PROFESSIONAL SURVEYOR 12641</p>

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., BOBBS, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

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 30-025-37337	Pool Code 97444	Pool Name West Hume Grayburg
Property Code 34770	Property Name GAR STATE	Well Number 3
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4179'

Surface Location

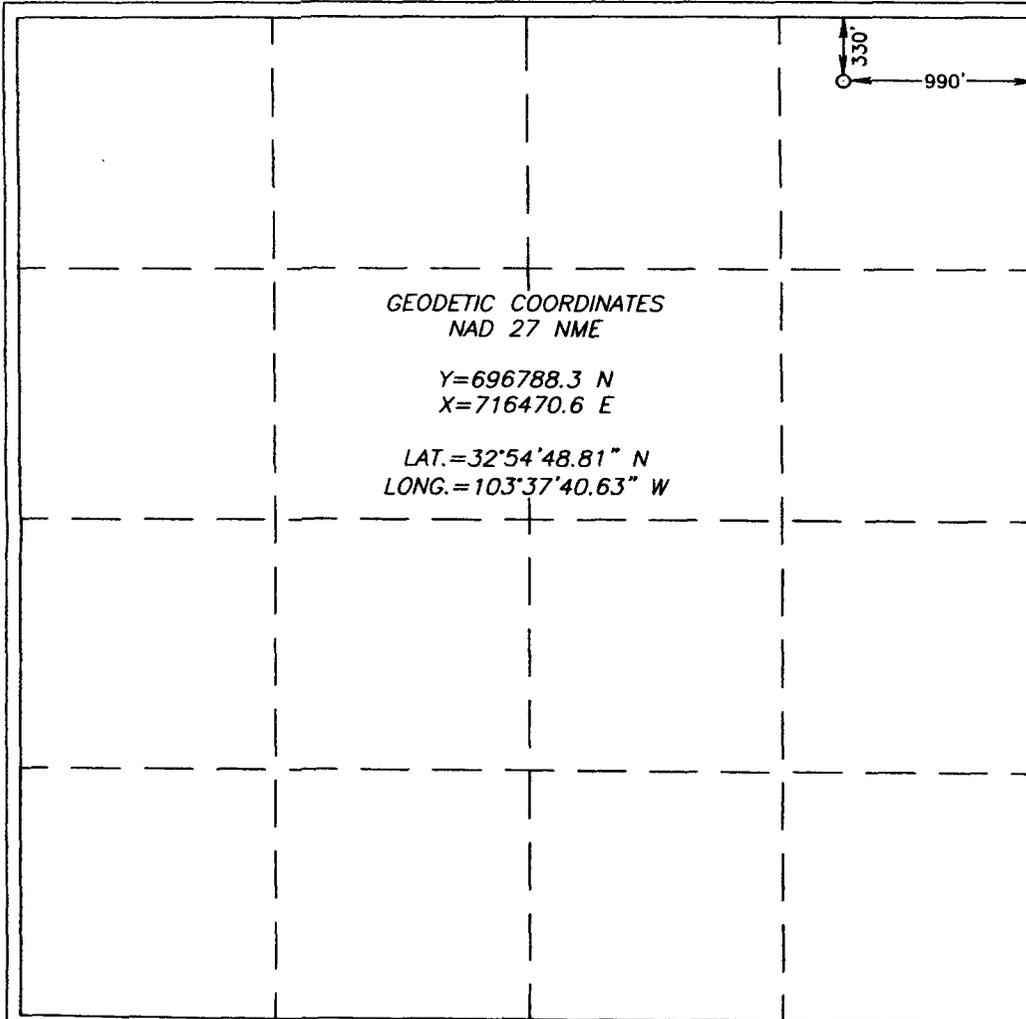
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	23	16-S	33-E		330	NORTH	990	EAST	LEA

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



OPERATOR CERTIFICATION

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

Jerry W. Sherrell
Signature

Jerry W. Sherrell
Printed Name

Production Clerk
Title

9/13/06
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.

JUNE 29, 2005
Date Surveyed

G. EIDSON DEL
Signature & Seal of Professional Surveyor

Gary Eidson
Signature

05.11.1004
Date

Certificate No. GARY EIDSON 12841

Submitt 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-37337	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. VB-638	
7. Lease Name or Unit Agreement Name Gar State	
8. Well Number 3	
9. OGRID Number 013837	
10. Pool name or Wildcat Hume Grayburg West	

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Mack Energy Corporation

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

4. Well Location
 Unit Letter A 330 feet from the North line and 990 feet from the East line
 Section 23 Township 16S Range 33E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4179' GR

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: <u>Completion</u> <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

6/28/2006 Perforated from 4867-5105' 50 holes. Acidized w/2500 gals 15% HCL.
 6/29/2006 Perforated from 4388-4408' 32 holes. Acidized w/2000 gals 15% HCL.
 6/30/2006 Frac w/8000# LiteProp, 89,980# 16/30 sand, 96,852 gals 30 & 40# gel.
 7/1/2006 RIH w/141 joints 2 3/8" J-55 tubing SN @ 4420', RIH w/2 x 1 1/2" x 16' pump.
 7/4/2006 Set CIBP @ 4800' w/35' cement cap. Perforated from 3936-3958', acidized w/1500 gals 15% HCL.
 7/5/2006 Frac w/28,540# 16/30 sand, 35,614 gals 40# gel. RIH w/141 joints 2 3/8" J-55 tubing SN @ 4420', RIH w/2 x 1 1/2" x 16' pump.

Mack Energy will use allocation percentages as follows: Total test O/G/W, 63/60/255

Grayburg test 20%	Queen test 80%
Wildcat Grayburg 13-Oil, 12-Gas	Hume Queen West 50-Oil, 48-Gas

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

SIGNATURE Jerry W. Sherrell TITLE Production Clerk DATE 8/31/2006
 Type or print name Jerry W. Sherrell E-mail address: jerrys@mackenergycorp.com Telephone No. (505)748-1288
 For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____