

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Mack Energy Corp.  
 Bay State #1*

**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.

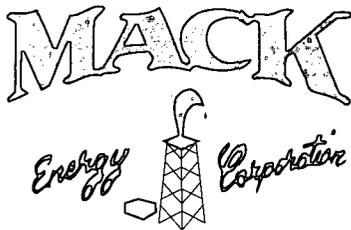
*30-025-37055*

2008 JUN 23 PM 2 57  
 RECEIVED

*NSL  
 5870*

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jerry W. Sherrell	<i>Jerry W. Sherrell</i>	Production Clerk	6/19/08
Print or Type Name	Signature	Title	Date
		jerrys@mackenergycorp.com	
		e-mail Address	



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

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June 19, 2008

Oil Conservation Division  
Attn: Will Jones  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Dear Mr. Jones:

Mack Energy Corporation respectfully requests an administrative approval without notice and hearing of the following unorthodox well location.

The well location and legal description is as follows:

Bay State #1(formerly Big Sky 13 State #1) 30-025-37055  
1680 FSL & 1980 FWL  
Sec. 13, T18S R34E  
Lea County, New Mexico

*undesignated*

The well is currently shut-in. It was originally drilled as a Wolfcamp completion.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) filed with the Hobbs office of the Oil Conservation Division (Exhibit A).

Mack Energy acquired this wellbore per an agreement with Echo Production, Inc. The lease(VB-1296-1), covering the W/2NE/4 and S/2 of Sec. 13, T18S, R34E was acquired effective December 1, 2007. At this time we would like to complete this well in the Airstrip;Bone Spring, North formation. Upon reviewing the special pool rules for this formation the well is to be located 150' from the center of the QQ. This well is 150' unorthodox to the south. The acreage we are encroaching on is part of this lease and part of the dedicated 80 acres. Due to the desire to produce this well, we do request that approval be expedited.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

Oil Conservation Division  
June 19 2008  
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Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in black ink that reads "Jerry W. Sherrell". The signature is written in a cursive style with a large initial "J".

Jerry W. Sherrell  
Production Clerk

JWS/

Enclosures

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  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

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

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <i>30-025-37055</i>	Pool Code <i>962</i>	Pool Name <i>Airstrip; Bone Springs North</i>
Property Code <i>305408</i>	Property Name <i>Bay State</i>	Well Number <i>1</i>
OGRID No. <i>013837</i>	Operator Name <i>Mack Energy Corporation</i>	Elevation <i>3976'</i>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<i>K</i>	<i>13</i>	<i>18 S</i>	<i>34 E</i>		<i>1680</i>	<i>SOUTH</i>	<i>1980</i>	<i>WEST</i>	<i>LEA</i>

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 <i>80</i>	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 align="center"><b>OPERATOR CERTIFICATION</b></p> <p align="center"><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="center"><i>Jerry W. Sherrell</i> Signature</p> <p align="center"><i>Jerry W. Sherrell</i> Printed Name</p> <p align="center"><i>Production Clerk</i> Title</p> <p align="center"><i>6-18-08</i> Date</p>
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p align="center"><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 align="center"><b>December 28, 2004</b></p> <p>Date Surveyed</p> <p><i>L. JONES</i> Signature &amp; Seal of Professional Surveyor</p> <p align="center"> </p> <p>Certificate No. <i>Gary L. Jones 7977</i></p> <p align="center">JLP <b>BASIN SURVEYS</b></p>

District I  
1625 N. French Dr., 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

Form C-101  
May 27, 2004

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

Submit to appropriate District Office

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Mack Energy Corporation P.O. Box 960 Artesia, NM 88211-0960		OGRID Number 013837
Property Code 305408		LAPI Number 30-025-37055
Property Name Bay State	Well No. 1	
Proposed Pool 1 Airstrip Bone Spring North	Proposed Pool 2	

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	13	18S	34E		1680	South	1980	West	Lea

Proposed 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

Additional Well Information

Work Type Code EP	Well Type Code O	Cable/Rotary	Lease Type Code S	Ground Level Elevation 3976'
Multiple No	Proposed Depth 9200'	Formation Bone Spring	Contractor	Spud Date 6/19/08
Depth to Groundwater 85'		Distance from nearest fresh water well 1000'		Distance from nearest surface water 1000'
Pit Liner Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____ Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2	13 3/8	48	370'	390sx	Surface
11	8 5/8	32	3250'	1200sx	Surface
7 7/8	5 1/2	17	9943'	835sx	

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.  
Mack Energy Corporation proposes to Re-enter the Bay State #1 (formerly Big Sky 13 State #1) well to a depth of 9200', perforate the Bone Spring formation and produce this well.

Note: Workover operations will be done without a pit.

**Permit Expires 2 Years From Approval Date Unless Drilling Underway Plugback**

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan. <input type="checkbox"/>		OIL CONSERVATION DIVISION	
Signature: <i>Jerry W. Sherrell</i>		Approved by: <i>[Signature]</i>	
Printed name: Jerry W. Sherrell		Title: PETROLEUM ENGINEER	
Title: Production Clerk		Approval Date: JUN 19 2008	
E-mail Address: jerrys@mackenergycorp.com		Expiration Date:	
Date: 6/18/08	Phone: (575)748-1288	CONDITIONS OF APPROVAL: Intent to drill ONLY -- CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office	

**Mull, Donna, EMNRD**

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**From:** Mull, Donna, EMNRD  
**To:** Sherrell, Jerry  
**Cc:**  
**Subject:** Bay State #1  
**Attachments:**

**Sent:** Thu 6/19/2008 6:02 AM

Jerry,

I have your intent (C-101) for this well. The Airstrip Bone Spring North (962) requires 80 acres. Standard Location for this pool is within 150' from the center of the 4/4.

We need the plat with the 80 acres.

You need to apply for Non-Standard Location. Please send application to Santa Fe and copy to the Hobbs OCD office.

We can approve this intent after we receive the plat with Conditions of Approval: You cannot produce this until you received the Non-Standard Location approval form OCD Santa Fe.

Please send us the C-102. Thanks and have a nice day. Donna

