

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



1007553740
MACK Energy

Monopoly Fed. #1

ADMINISTRATIVE APPLICATION CHECKLIST *30-005-63007*

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

2010 MAR 16

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]

changes

- [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.

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

Jerry W. Sherrell	<i>Jerry W. Sherrell</i>	Production Clerk	3/15/10
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

March 15, 2010

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:

Monopoly Federal #1(formerly Seagull Fed #1) 30-005-63007
2428 FSL & 1154 FEL
Sec. 6, T13S R29E
Chaves County, New Mexico

The well was originally drilled as a Devonian completion.

Attached to this application are the following exhibits.

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

Mack Energy re-entered this wellbor to complete as a Devonian well. This has proven to be unproductive and at this time we are proposing to complete this well within the San Andres formation. This well is located in the NE/4 of the SE/4 of Sec. 6 T13S R29E and is encroaching the NW/4 of the SE/4, SE/4 & SW/4 of the NE/4 of Sec. 6 T13S R29E, all of which is owned by Chase Oil. 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
March 15 2010
Page 2

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in black ink that reads "Jerry W. Sherrell". The signature is written in a cursive, flowing style.

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

MEMO

DATE: March 15, 2010

TO: NMOCD

FROM: Ron Lanning
Land Manager
Mack Energy Corporation

SUBJECT: Monopoly Federal Well

The Monopoly Federal Well is on Federal Lease NMNM-120891. The lease covers Lots 1, 2 and 3, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 of Section 6, T13S, R29E, Chaves County, NM, containing 480.19 acres, to all depths.

Ownership of all working interest and royalty interest is common to all depths. There are no overriding royalty interests.

A handwritten signature in black ink, appearing to read 'Ron Lanning', is positioned above the typed name 'RWL:'. The signature is fluid and cursive.

RWL:

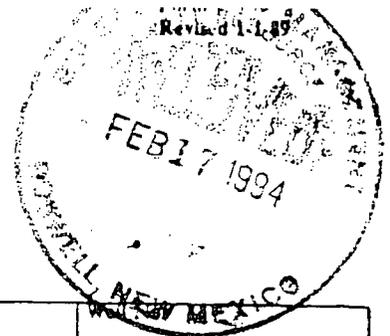
OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Hobbs, NM 88240

Artesia, NM 88210



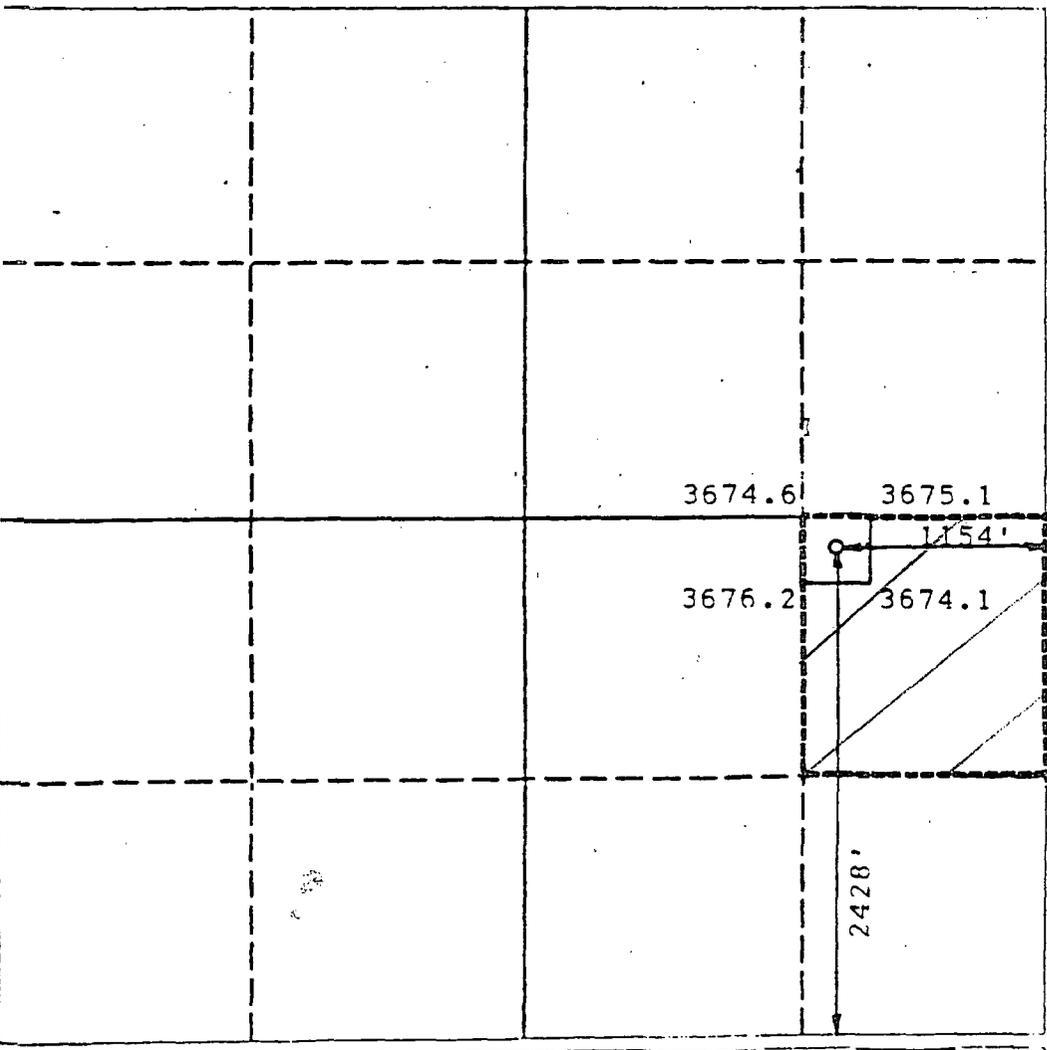
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

STRICTLY PROHIBITED
10 Rio Brazos Rd., Aztec, NM 87410

Operator Mack Energy Corporation		Lease Monopoly Federal		Well No. 1	
Section Letter I	Section 6	Township 13 South	Range 29 East	County NM/M Chaves	
Well Footage Location of Well: 2428 feet from the South line and 1154 feet from the East line					
Ground level Elev. 3674	Producing Formation San Andres	Pool Wildcat	Dedicated Acreage: 40 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation _____
 - If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
 - No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Jerry W. Sherrell
Signature

Jerry W. Sherrell
Printed Name

Production Clerk
Position

Mack Energy Corporation
Company

3/16/2009
Date

SURVEYOR CERTIFICATION

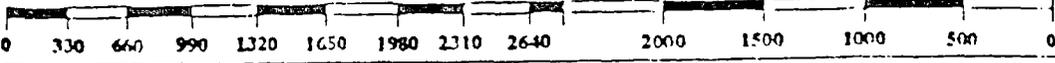
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

January 28, 1994
Date Surveyed

[Signature]
Signature & Seal of Professional Surveyor

P.R. [Seal]
Professional Land Surveyor

Certificate No. 8112



SCANNED

<p>Ener 2012 287 12</p> <p>36 [Crystal Ener. 7-10-2012]</p> <p>Crystal Ener. 7-10-2012</p> <p>2012 1299 50</p>	<p>Yates Pet. etal 3-1-2004 92762 27 00</p> <p>J.L. McClellan 3-1-2003 9052F 200</p> <p>U.S.</p> <p>Crystal Ener 3-1-2013 V. 822 400</p>	<p>EOG Res. 5-1-2013 V. 822 312.50</p>	<p>D.E. Gonzales 3-1-2013 V. 8212 251.13</p>	<p>Yates Pet. 3-1-20 92763 28 00</p> <p>33</p>
<p>37.80</p> <p>Ramos Ld.E. Chl.(S)</p> <p>38.22</p> <p>Ramos Ld.E. Chl.(S)</p>	<p>Chase Oil 8-1-2018 120691 1,000.00</p> <p>Crystal Ener. 7-10-2012</p> <p>Thornton Oper. Seagull-Fed. TD 9250 D/A 4-24-94</p> <p>U.S.</p>	<p>Chase Oil 8-1-2018 120890 1,000.00</p> <p>U.S.</p>	<p>Chase Oil 10-1-2013 V. 8357 287.30</p> <p>Chase Oil 8-1-2018 120830 1,070.00</p> <p>State</p> <p>U.S.</p>	<p>Yates Pet. 7-1-200 93201 22 00</p> <p>4</p>
<p>38.41</p> <p>Chase Oil 2-21-2012 V. 8163 10325</p> <p>38.45</p> <p>38.47</p> <p>State</p>	<p>30 Expl. 1-1-98 VA. 772 11.11</p> <p>Chase Oil 5-1-2019 122613 330.00</p> <p>J. Deric Littlefield TD 9006 D/A 11-8-58</p> <p>U.S.</p>	<p>Chase Oil 5-1-2019 122613 330.00</p> <p>U.S.</p>	<p>Chase Oil 8-1-2018 120892 1,400.00</p> <p>U.S.</p>	<p>Yates Pet. etal 3-1-2007 98164 5.00</p> <p>EP Oper Fed TD 960 D/A 11-6-15</p> <p>Yates Pet. etal 3-1-2007 98165 5.00</p> <p>LaRue E. Muncy 10 No. King Camp Unit TD 1595 D/A 7-10-74</p> <p>U.S.</p>
<p>Chase Oil 12-1-2012 V. 8155 10021</p> <p>38.53</p> <p>38.55</p> <p>State</p>	<p>Yates Pet. etal 1-1-2004 VA 2064 3796</p> <p>Chase Oil 5-1-2019 122613 330.00</p> <p>J.L. McClellan No King Camp Unit TD 1497 D/A 12-5-72</p> <p>U.S.</p>	<p>Chase Oil 5-1-2019 122613 330.00</p> <p>U.S.</p>	<p>McClellan No King Camp 6 TD 1630 D/A 3-28-72</p> <p>U.S.</p>	<p>Chase Oil 3-1-2013 V. 8213 175.31</p> <p>U.S.</p>
<p>38.85</p> <p>Slash Exp. etal 5-7-2012 V. 8009 2595</p> <p>38.87</p> <p>State</p>	<p>Slash Exp. etal 5-7-2012 118109 70.00</p> <p>Elk Oil Nitschke 88 Fed 989397 D/A 12-23-99</p> <p>U.S.</p>	<p>Slash Exp. etal 5-1-2017 118111 70.00</p> <p>U.S.</p>	<p>Yates Pet. etal 6-1-2007 98818 2.00</p> <p>U.S.</p>	<p>Marathon 8-15-97 96570</p> <p>Nadel E, Gu HBP 2824</p> <p>21</p>
	<p>39</p> <p>Slash Exp. etal 5-1-2017 118111</p> <p>U.S.</p>	<p>Elk Oil 6-1-2007 98817 25.00</p> <p>U.S.</p>	<p>Blanch Co 5-1-2017 118112 20.00</p> <p>U.S.</p>	<p>SO. LONE WO ELK OIL</p>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM-120891

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

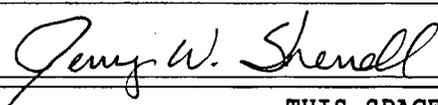
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator Mack Energy Corporation		8. Well Name and No. Monopoly Federal #1
3a. Address P.O. Box 960 Artesia, NM 88210-0960	3b. Phone No. (include area code) (575) 748-1288	9. API Well No.
4. Location of Well (Footage, Sec., T,R,M, or Survey Description) 2428 FSL & 1154 FEL, Sec. 6 T13S R29E		10. Field and Pool or Exploratory Area Wildcat San Andres
		11. Country or Parish, State Chaves, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other NSL application
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Mack Energy Corporation is requesting approval to produce the Monopoly Federal #1 in the San Andres formation, at a non standard location. Attached is a copy of the NSL application sent to the OCD.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)	
Jerry W. Sherrell	Title Production Clerk
Signature 	Date 3/15/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for my person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

MACK

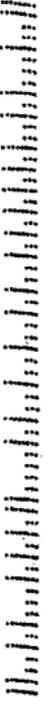


Post Office Box 960
Artesia, New Mexico 88211-0960



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

8750534225 0011



Brooks, David K., EMNRD

From: Ron Lanning [rlanning@mackenergycorp.com]
Sent: Wednesday, March 17, 2010 10:28 AM
To: Jerry Sherrell; Brooks, David K., EMNRD
Subject: RE: Monopoly Fed. #1; NSL application

Mack Energy Corporation is an affiliate of Chase Oil Corporation and is the Operator for Chase Oil Corporation. Chase Oil Corporation does not operate any wells in New Mexico.

From: Jerry Sherrell
Sent: Wednesday, March 17, 2010 10:23 AM
To: Ron Lanning
Subject: FW: Monopoly Fed. #1; NSL application

Could you help me explain this?

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, March 17, 2010 10:14 AM
To: Jerry Sherrell
Subject: Monopoly Fed. #1; NSL application

Dear Mr. Sherrell

I have reviewed the referenced application which has been prepared as a "no notice" application.

Your letter states that the offsetting units toward which you are encroaching are owner by Chase Oil. Why is notice to Chase Oil not required?

Sincerely

David K. Brooks
Legal Examiner

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