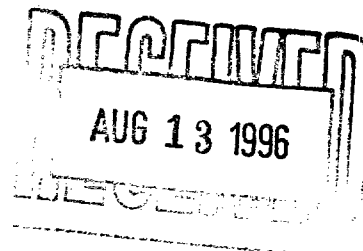


ATION

P.O. Box 960

Ogletree, NM 88211-0960

August 7, 1996



NM Energy and Minerals Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Surface Commingling, Off lease storage and measurement of
Hydrocarbon Production for:
McIntyre A #1, #3 & #9
Section 20, T17S, R30E
Eddy County, New Mexico

Mack Energy Corporation as operator of the aforementioned leases respectfully requests administrative approval for surface commingling, off lease storage and measurement of production. 28500

It is requested that surface commingling of "Grayburg Jackson SR QN GB SA" production be approved for the McIntyre A #1 in the NE/4 SE/4 Section 20, T17S, R30E (State of NM Lease NMLC054280), McIntyre A #3 in the NW/4 SE/4 Section 20, T17S, R30E (State of NM Lease NMLC057634), and the McIntyre A #9 in the NW/4 SE/4 Section 20, T17S, R30E (State of NM Lease NMLC057634).

Mack Energy proposes to surface commingle Grayburg Jackson SR QN GB SA production at a central battery. We will conduct monthly well tests to determine production. The attached site facility diagram illustrates the typical separation equipment and the proposed production battery.

Mack Energy has made notification to all parties owning an interest in these leases, including the oil purchaser, of the intent to commingle. Attached as part of this application is a copy of the sundry notice to the BLM.

Mack Energy Corporation is respectfully requesting administrative approval of this application for surface commingling. Should you require any additional information concerning this application, please call Robert C. Chase at the above number. Thank you for your consideration of this request.

Sincerely,

Robert C. Chase
Vice President

RCC/cc

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Mack Energy Corporation

3. Address and Telephone No.

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

4. Location of Well (Footage, Sec., T. R., M. or Survey Description)

NW/4 SE 1/4, SEC 20 T17S R30E

5. Lease Designation and Serial No.

LC-057634 & LC-054280

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

McIntyre A 1,3,9

9. API Well No.

10. Field and Pool, or Exploratory Area

Grayburg Jackson-SR-QN-GB-SA

11. County or Parish, State

Eddy, New Mexico

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other Surface Commingling
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)*

Mack Energy Corporation requests approval for Surface Commingling, Off Lease Storage and Measure Approval for the following:

McIntyre A #9 being the common battery for Wells, (McIntyre A#9, LC-057634), (McIntyre A #3, LC-057634) and (McIntyre A #1, LC-054280). Mack Energy Corporation has permission from all working interest owners of the two leases. A map is attached showing lease numbers and locations of all leases and wells that will contribute production to the proposed common storage facility. Also, a site diagram of the proposed storage facility is attached.

14. I hereby certify that the foregoing is true and correct

Signed Robert C. Chan

Title Field supervisor

Date 3/7/96

(This space for Federal or State office use)

Approved by Shannon J. Shaw

Title PETROLEUM ENGINEER

Date 4/10/96

Conditions of approval, if any:

Attached

Title 18 U.S.C. Section 1001, makes it a crime for any 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.

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Mack Energy Corporation (Operators Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. LC-057634 ; Lease Name: McIntyre A

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp</u>	<u>Rng</u>	<u>Formation</u>
<u>3</u>	<u>J</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Grayburg, San Andres</u>
<u>9</u>	<u>J</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Grayburg, San Andres</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. LC-054280 ; Lease Name: McIntyre A

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>I</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Grayburg, San Andres</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>McIntyre A # 1</u>	<u>3</u>	<u>35 @ 60 degrees</u>	<u>7</u>
<u>McIntyre A # 3</u>	<u>3</u>	<u>35 @ 60 degrees</u>	<u>2</u>
<u>McIntyre A # 9</u>	<u>1.5</u>	<u>35 @ 60 degrees</u>	<u>2</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

**The storage and measuring facility is located at NW/SE -1/4, Sec. 20
T 17 S, R 30 E, on lease No. LC-057634 EDDY County, New Mexico. BLM
will be notified if there is any future change in the facility
location.**

**Details of the proposed method for allocating production to
contributing sources is as follows:**

Mack Energy will conduct well tests to make sure allocation is correct

The working interest owners have been notified of the proposal.

**The proposed commingling of production is in the interest of
conservation and will not result in reduced royalty or improper
measurement of production.**

**The proposed commingling is necessary for continued operation of
the above referenced Federal leases.**

**We understand that the requested approval will not constitute the
granting of any right-of-way or construction rights not granted by
the lease instrument. And, we will submit within 30 days an
application for right-of-way approval to the BLM's Realty Section
in your office if we have not already done so.**

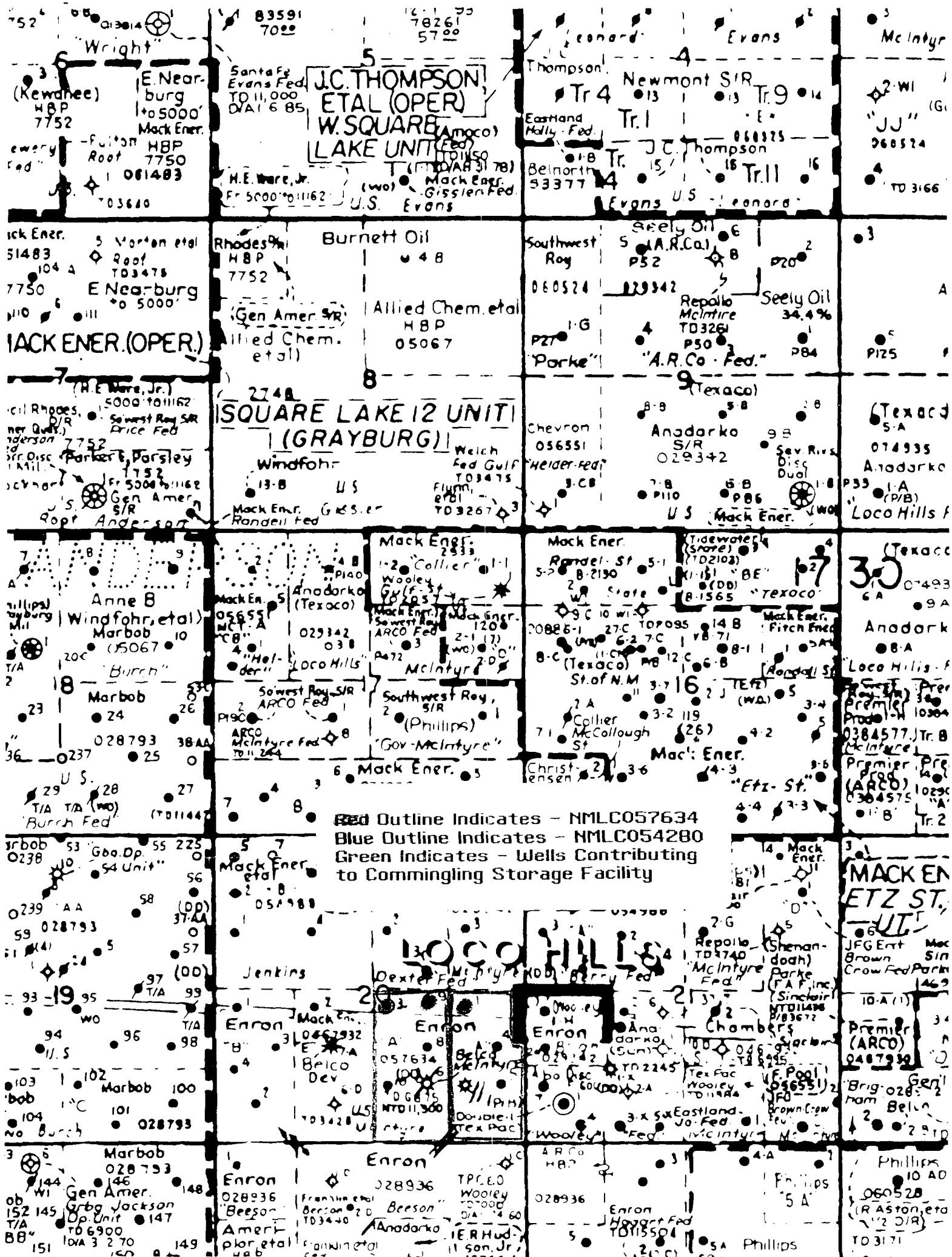
Additional wells require additional commingling approvals.

Signature: Robert C. Chase

Name: Robert C. Chase

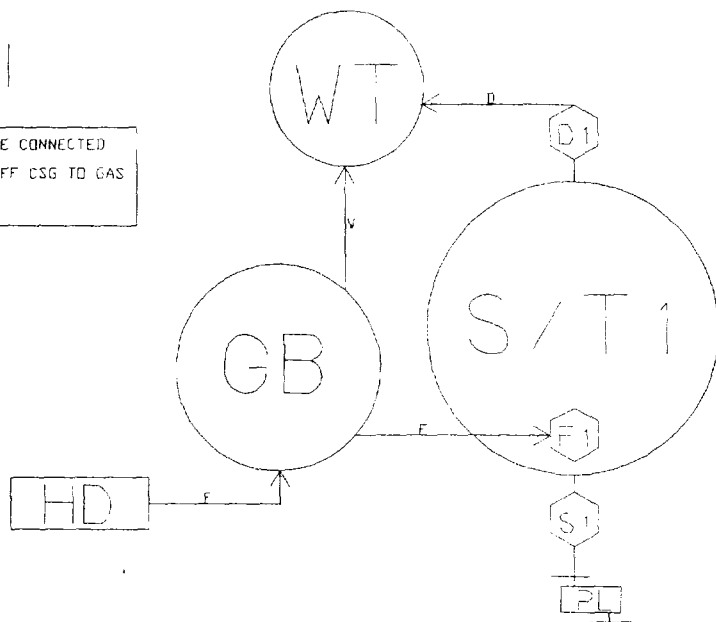
Title: Field Supervisor

Date: 3/7/96



|| GM ||

GAS WILL BE CONNECTED
STRAIGHT OFF CSG TO GAS
METER



MACK
Energy Corporation

PRODUCTION PHASE SALES PHASE

S/T1

S/T1

VALVE F1 OPEN

VALVE F1 OPEN

VALVE D1 CLOSED

VALVE D1 CLOSED

VALVE S1 CLOSED

VALVE S1 OPEN

MACK ENERGY CORP

McIntyre A Battery

NW/4 SE/4

SEC 20 T17S R30E

LC-057634

This lease is subject to the site security plan
for southeast New Mexico operations.

The plan is located at:

MACK ENERGY CORPORATION

P.O. BOX 960

ARTESIA NM 88211-0960

(rev. 2/25/93)

BUREAU OF LAND MANAGEMENT
CARLSBAD RESOURCE AREA

Off Lease Storage/Measurement

Conditions of Approval

Approval of off lease storage/measurement and sales is subject to the following conditions of approval:

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off lease activities. You need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.