

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

April 17, 1997

*Oil Conservation Division
State Land Office Building
Attn: Benjamin E. Stone
P.O. Box 2088
Santa Fe, NM 87504-2088*

SEP 21 1997

Re: Application for Surface Commingling


Dear Mr. Stone:

In regards to your letter dated April 10, 1997(copy attached), please find enclosed the requested attachments. Sorry for any inconvenience this may have caused. If we can be of any further assistance, please feel free to call.

Thank you for your prompt attention to this matter.

Sincerely,

MACK ENERGY CORPORATION



*Crissa D. Carter
Production Clerk*

/CC

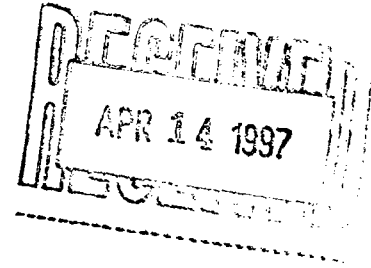
Enclosures



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 10, 1997



Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211-0960

Attn: Mr. Robert C. Chase

Re: Recent Application for Surface Commingling.

Dear Mr. Chase:

We are returning the above referenced document due to being incomplete. In reading the cover letter, apparently there were to be some attached documents, however, none ever showed up. Also, I have included a copy of the Division's Administrative Application Coversheet which is required for processing of all administrative applications. Please make copies of this sheet for your future use.

As soon as the complete application package is received, I will expedite the processing pending any required notification.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ben Stone".

Benjamin E. Stone

Petroleum Engineering Specialist

/BES

Enclosures

CTB 4/15/97

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-2362

March 13, 1997

16

Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Surface Commingling, Off lease storage and measurement of
Hydrocarbon Production for:
Atsel Federal #1 and Leonard Federal #9
Section 30, T17S, R29E
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.

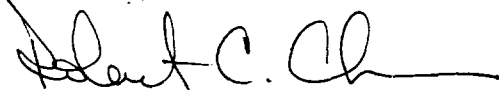
It is requested that surface commingling of "Artesia QN GB SA" production be approved for the Atsel Federal #1 in the SW/4 SE/4 Section 30, T17S, R29E (State of NM Lease NMLC062407) and the Leonard Federal #9 in the NW/4 SE/4 Section 30, T17S, R29E (State of NM Lease NMNM29269).

Mack Energy proposes to surface commingle Artesia 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

RECEIVED OPERATOR'S COPY

RECEIVED
MAR 14 1997
BLM
ROSWELL, NM

FORM APPROVED
Budget Bureau No. 1004-0135
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 (505)748-1288

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

SW/4 SE/4, SEC 30 T17S R29E

5. Lease Designation and Serial No.

LC-062407 & NM-29269

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Atsel Fed #1 & Leonard Fed #9

9. API Well No.

10. Field and Pool, or Exploratory Area

Artesia Queen Grayburg 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:

Atsel Federal #1 being the common battery for wells; (Atsel Federal #1, LC-062407) and (Leonard Federal #9, NM-29269). 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 J. C. Ch

Title

Field Supervisor

Date

3-13-97

(This space for Federal or State office use)

Approved by

David A. Glass

Title

PETROLEUM ENGINEER

Date

MAR 17 1997

Conditions of Approval, if any:

SEE ATTACHED FOR

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-062407 ; Lease Name: Atsel Federal

<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>O</u>	<u>30</u>	<u>17S</u>	<u>29E</u>	<u>Queen Grayburg SA</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>
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with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. NM-29269 ; Lease Name: Leonard Federal

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>9</u>	<u>J</u>	<u>30</u>	<u>17S</u>	<u>29E</u>	<u>Queen Grayburg SA</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>Atsel Federal #1</u>	<u>2</u>	<u>36.5 @ 60 degrees</u>	<u>3</u>
<u>Leonard Federal #9</u>	<u>2</u>	<u>36.5 @ 60 degrees</u>	<u>4</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
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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/community 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 SW/SE-1/4, Sec. 30 T 17 S, R 29 E, on lease No. LC-062407 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 allocations are 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: 3-13-97

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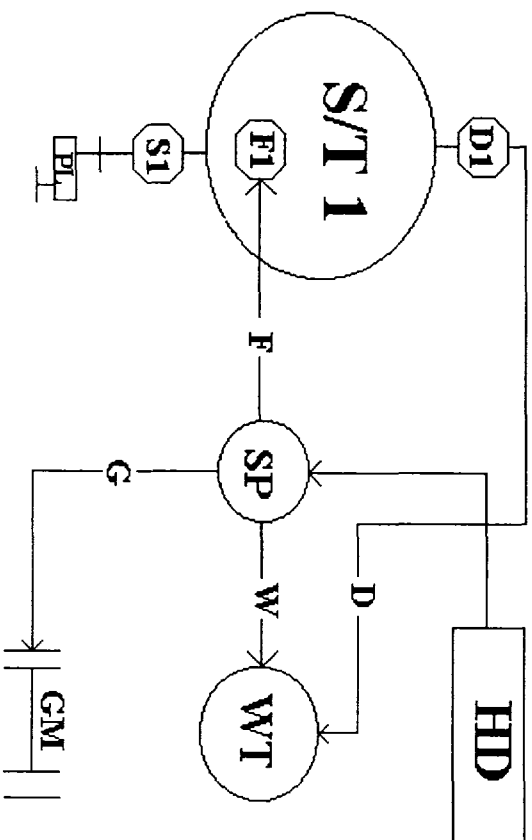
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LEGEND

U.S. NUMBERED HIGHWAY

STATE HIGHWAY

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Mack Energy Coporation
 Atsel Leonard Conmingling Battery
 SW/4 SE/4 Sec 30 T17S R29E
 LC-062407 (Atsel Federal #1)
 NM-29269 (Leonard Federal #9)

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 1359
 Artesia NM 88211-0960

Bureau of Land Management
Roswell District
2909 West Second Street
Roswell, New Mexico 88201
505-627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions of Approval**

Approval of surface commingling and off-lease storage and/or measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the facility.
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 is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.