

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700
Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-5765
Fax (505) 827-5766



COMMERCIAL RESOURCES

Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793
Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

August 2, 1999

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

Attn: Ms. Crissa D. Carter

Re: **Surface Commingling Application**
Juniper State Well No. 1 (V-4381)
Unit Letter M, Section 16-17S-30E
Wichita State Well No. 1 (B-2209)
Unit Letter L, Section 16-17S-30E
Loco Hills-Paddock Pool
Eddy County, New Mexico

Dear Ms. Carter:

We have received your letter of July 29, 1999, wherein you requested our approval for surface commingling of production from the above-captioned wells.

We understand that production from the subject wells will be commingled at the Juniper State Well No. 1 tank battery located in the SW/4SW/4 of Section 16-17S-30E.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 filing fee has been received.

Please notify Ms. Debbie Padilla of our Right-of-Way Section at 827-5729 regarding a right-of-way through the SW/4SW/4 of Section 16-17S-30E. Our approval will be contingent upon Mack Energy Corporation securing the appropriate right-of-way.

Mack Energy Corporation
August 2, 1998
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL , M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: *Anthony H. Nash*
FOX JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

xc: Reader File

OCD--Mr. David Catanach, Mr. Ben Stone

Debbie Padilla

COMMISSIONER'S OFFICE

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Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

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Fax (505) 827-5711

July 22, 1999

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

Attn: Ms. Crissa D. Carter

Re: Application for Surface Commingling
Juniper State Well No. 1
State Lease V-4381
Unit Letters M, Section 16-17S-30E
Wichita State Well No. 1
State Lease B-2209
Unit Letters L, Section 16-17S-30E
Loco Hills-Paddock Pool
Eddy County, New Mexico

Dear Ms. Carter:

We have received a copy of the New Mexico Oil Conservation Division's Order #CTB-487 which notifies this office of your application to surface commingle the production from the above-captioned wells.

Pursuant to State Land Office Rule Nos. 1.053, 1.054 and 1.055, please submit a copy of your commingling request to this office. Enclosed is a copy of our commingling rules and regulations. The filing fee for a commingling application is thirty (\$30.00) dollars.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:


JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

OCD

CTB
7/21/99
487

MACK ENERGY CORPORATION

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

June 30, 1999

JUL - 1

Oil Conservation Division
State Land Office Building
2040 South Pacheco
Santa Fe, NM 87505

Re: *Surface Commingling, Off lease storage and measurement of
Hydrocarbon Production for:
Wichita State and Juniper State
Section 16, T17S, R30E
Eddy County, New Mexico*

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

It is requested that surface commingling of "Loco Hills Paddock" production be approved for the following leases:

<i>Juniper State #1 SW/4 SW/4</i>	<i>Sec 16, T17S, R30E</i>	<i>State of NM Lease V-4381</i>
<i>Wichita State #1 NW/4 SW/4</i>	<i>Sec 16, T17S, R30E</i>	<i>State of NM Lease B-2209</i>

Mack Energy proposes to surface commingle Loco Hills Paddock production at a central battery located at SW/4 SW/4, Sec 16, T17S, R30E. Proper allocation for production will be measured at the battery. 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 OCD.

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 or myself at the above number. Thank you for your consideration of this request.

Sincerely,



*Crissa D. Carter
Production Analyst*

CDC/

Enclosures

MACK ENERGY CORPORATION

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

June 30, 1999

Fasken Foundation
500 West Texas, Suite 1160
Midland, TX 79701-4234

VIA CERTIFIED MAIL Z 266 869 341
RETURN RECEIPT REQUESTED

Re: *Surface Commingling, Off Lease Storage and Measurement of
Hydrocarbon Production for:
Juniper State V-4381; Wichita State B-2209
Section 16, T17S, R30E
Eddy County, New Mexico*

Please consider this letter as official notification of Mack Energy Corporation's intent to surface commingle the Loco Hills Paddock production from the Juniper State #1 (State of NM Lease V-4381) and the Wichita State #1 (State of NM Lease B-2209) at a central battery located in the SW/4 SW/4 of Sec. 16, T17S, R30E. Proper allocation for production will be measured at the battery. Enclosed with this notice you will find copies of all documentation Mack Energy sent to the Oil Conservation Division for approval.

If you have any objections to this intent, please notify the Oil Conservation Division within twenty (20) days of receiving this notification.

Sincerely,

MACK ENERGY CORPORATION



Crissa D. Carter
Production Analyst

CDC/

Enclosures

MACK ENERGY CORPORATION

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

June 30, 1999

Midland College Foundation, Inc.
P.O. Box 201595
Houston, TX 77216-1595

VIA CERTIFIED MAIL Z 266 869 339
RETURN RECEIPT REQUESTED

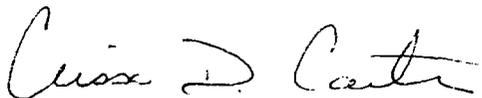
Re: Surface Commingling, Off Lease Storage and Measurement of
Hydrocarbon Production for:
Juniper State V-4381; Wichita State B-2209
Section 16, T17S, R30E
Eddy County, New Mexico

Please consider this letter as official notification of Mack Energy Corporation's intent to surface commingle the Loco Hills Paddock production from the Juniper State #1 (State of NM Lease V-4381) and the Wichita State #1 (State of NM Lease B-2209) at a central battery located in the SW/4 SW/4 of Sec. 16, T17S, R30E. Proper allocation for production will be measured at the battery. Enclosed with this notice you will find copies of all documentation Mack Energy sent to the Oil Conservation Division for approval.

If you have any objections to this intent, please notify the Oil Conservation Division within twenty (20) days of receiving this notification.

Sincerely,

MACK ENERGY CORPORATION



Crissa D. Carter
Production Analyst

CDC/

Enclosures

MACK ENERGY CORPORATION

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

June 30, 1999

*Texaco Exploration & Production Inc.
P.O. Box North Loraine
Midland, TX 79702
Attn: Mike Cervantes*

VIA CERTIFIED MAIL Z 266 869 342
RETURN RECEIPT REQUESTED

Re: *Surface Commingling, Off Lease Storage and Measurement of
Hydrocarbon Production for:
Juniper State V-4381; Wichita State B-2209
Section 16, T17S, R30E
Eddy County, New Mexico*

Please consider this letter as official notification of Mack Energy Corporation's intent to surface commingle the Loco Hills Paddock production from the Juniper State #1 (State of NM Lease V-4381) and the Wichita State #1 (State of NM Lease B-2209) at a central battery located in the SW/4 SW/4 of Sec. 16, T17S, R30E. Proper allocation for production will be measured at the battery. Enclosed with this notice you will find copies of all documentation Mack Energy sent to the Oil Conservation Division for approval.

If you have any objections to this intent, please notify the Oil Conservation Division within twenty (20) days of receiving this notification.

Sincerely,

MACK ENERGY CORPORATION



*Crissa D. Carter
Production Analyst*

CDC/

Enclosures

MACK ENERGY CORPORATION

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

June 30, 1999

Bright, Schiff & Kennedy
2911 Turtle Creek Boulv.
Suite 700
Dallas, TX 75219-6251

VIA CERTIFIED MAIL Z 266 869 340
RETURN RECEIPT REQUESTED

Re: *Surface Commingling, Off Lease Storage and Measurement of
Hydrocarbon Production for:
Juniper State V-4381; Wichita State B-2209
Section 16, T17S, R30E
Eddy County, New Mexico*

Please consider this letter as official notification of Mack Energy Corporation's intent to surface commingle the Loco Hills Paddock production from the Juniper State #1 (State of NM Lease V-4381) and the Wichita State #1 (State of NM Lease B-2209) at a central battery located in the SW/4 SW/4 of Sec. 16, T17S, R30E. Proper allocation for production will be measured at the battery. Enclosed with this notice you will find copies of all documentation Mack Energy sent to the Oil Conservation Division for approval.

If you have any objections to this intent, please notify the Oil Conservation Division within twenty (20) days of receiving this notification.

Sincerely,

MACK ENERGY CORPORATION


Crissa D. Carter
Production Analyst

CDC/

Enclosures

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs NM 88240

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

WELL API NO.
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-4381 & B-2209

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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	7. Lease Name or Unit Agreement Name Juniper State & Wichita State
2. Name of Operator Mack Energy Corporation	8. Well No.
3. Address of Operator P.O. Box 960, Artesia, NM 88211-0960	9. Pool name or Wildcat Loco Hills Paddock
4. Well Location Unit Letter <u>M</u> : _____ Feet From The _____ Line and _____ Feet From The _____ Line Section <u>16</u> Township <u>17S</u> Range <u>30E</u> NMPM <u>Eddy, NM</u> County	
10. Elevation (Show whether DF, RKB, RT, GR, etc.)	

11. 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"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Surface Commingle <input checked="" type="checkbox"/>		OTHER <input type="checkbox"/>	

12. 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.

Mack Energy Corporation as operator respectfully requests administrative approval for a CTB permit for surface commingling, off lease storage and measurement of production. It is requested that surface commingling of "Loco Hills Paddock" production be approved for the following leases:

- Juniper State #1 SW/4 SW/4 Sec 16, T17S, R30E State of NM Lease V-4381
- Wichita State #1 NW/4 SW/4 Sec 16, T17S, R30E State of NM Lease B-2209

A central battery will be located at SW/4 SW/4, Sec 16, T17S, R30E. Proper allocation for production will be measured at the battery. 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.

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

SIGNATURE Crissa D. Carter TITLE Production Analyst DATE 6/30/99

TYPE OR PRINT NAME Crissa D. Carter TELEPHONE NO (505)748-1288

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY

**APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

To: **Oil Conservation Division**
2040 S. Pacheco
Santa Fe, New Mexico 87505-0000

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 State Lease No. V-4381 ; Lease Name: Juniper State

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>M</u>	<u>16</u>	<u>17S</u>	<u>30E</u>	<u>Loco Hills Paddock</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 State lease No. B-2209 ; Lease Name: Wichita State

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>L</u>	<u>16</u>	<u>17S</u>	<u>30E</u>	<u>Loco Hills Paddock</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>Juniper State#1</u>	<u>12.5</u>	<u>55.2 @ 60 degrees</u>	<u>38</u>
<u>Wichita State #1</u>	<u> </u>	<u>@ 60 degrees</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>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>

The storage and measuring facility is located at SW/4 SW/4-1/4, Sec. 16
T 17 S, R 30 E, on lease No. V-4381 Eddy County, New Mexico. OCD
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:

Proper allocation for production will be measured at the battery.

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 SWSW-1/4, Sec. 16 T 17 S, R 30 E, on lease No. V-4381 EDDY County, New Mexico. **OCD 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:

Proper allocation for production will be measured at the battery.

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 State 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 OCD's Realty Section in your office if we have not already done so.

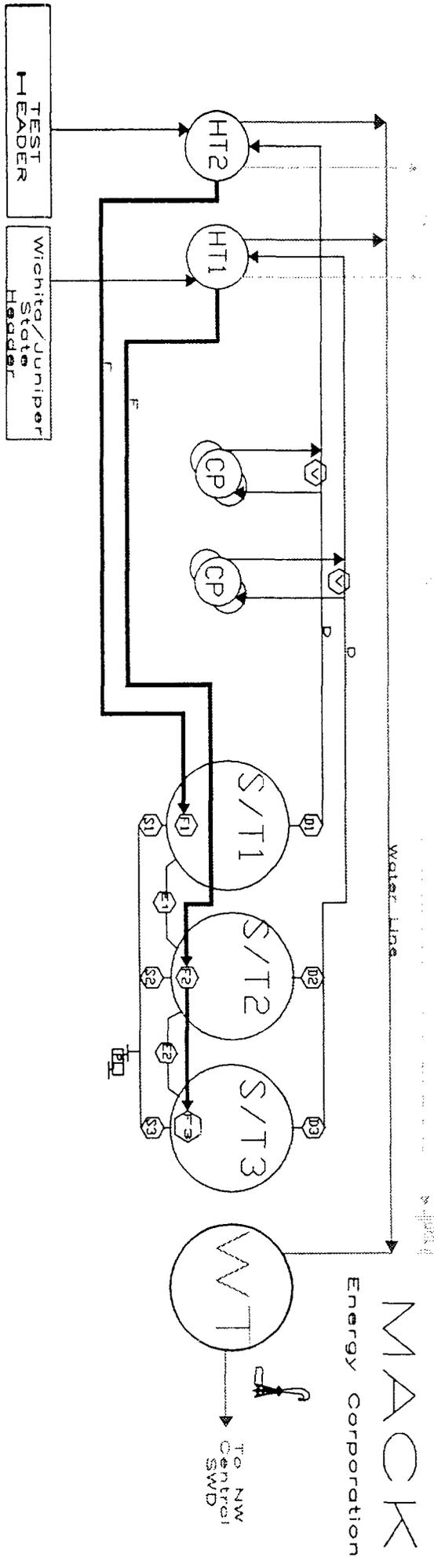
Additional wells require additional commingling approvals.

Signature: Crissa D. Carter

Name: Crissa D. Carter

Title: Production Analyst

Date: 6/30/99



Production Phase

Wichita/Juniper State Battery		Test Battery	
S/T 1	S/T 2	S/T 1	S/T 3
Open	Closed	Open	Open
Open	Closed	Open	Open
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed

Sales Phase

Wichita/Juniper State Battery		Test Battery	
S/T 1	S/T 2	S/T 1	S/T 3
Open	Closed	Open	Open
Open	Closed	Open	Open
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed
Closed	Open	Closed	Closed

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

Mack Energy Corporation
 Wichita/Juniper State Tank Battery
 SW/4 SW/4
 Sec. 16, T17S-R30E

Wichita/Juniper State Leases
 Test Facility

Orbrie L. Lujan
PO Box 1
Tulameas, NM
88125



NM O.C.D.
1220 S. ST FRANCIS DRIVE
SANTO FE, NM
87505

87505#4000

