

OLS 7/2/97
180

MAC ENERGY CORPORATION

10000 Santa Fe Avenue, Santa Fe, NM 87505
Telephone: (505) 425-2362
Telex: 505 2362

JUN 30 1997

June 26, 1997

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

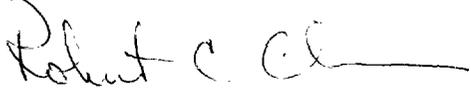
Re: Off lease storage for:
Berry A Federal
NE/4 NW/4, S/2 NW/4 Sec 21, T17S, R30E
Eddy County, New Mexico

Mack Energy Corporation as operator of the aforementioned lease respectfully requests administrative approval for off lease storage and measurement of hydrocarbons from the Loco Hills Paddock Pool for the above mentioned lease.

The storage facility will be located at our Wichita State Lease, NE/4 SW/4 of Section 16, T17S, R30E, state of NM lease number B-2209. The two leases will not be surface commingling. List of attachments includes a Surface Owner Map, Topo Map, Site Facility Diagram and the BLM approved sundry for off lease storage.

We have submitted applications for Right-of-Way approvals to the BLM's Realty Section and to the State Land Office. The proposed application will not result in reduced royalty or improper measurement of production.

Mack Energy Corporation is respectfully requesting administrative approval of this application for off lease storage. 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

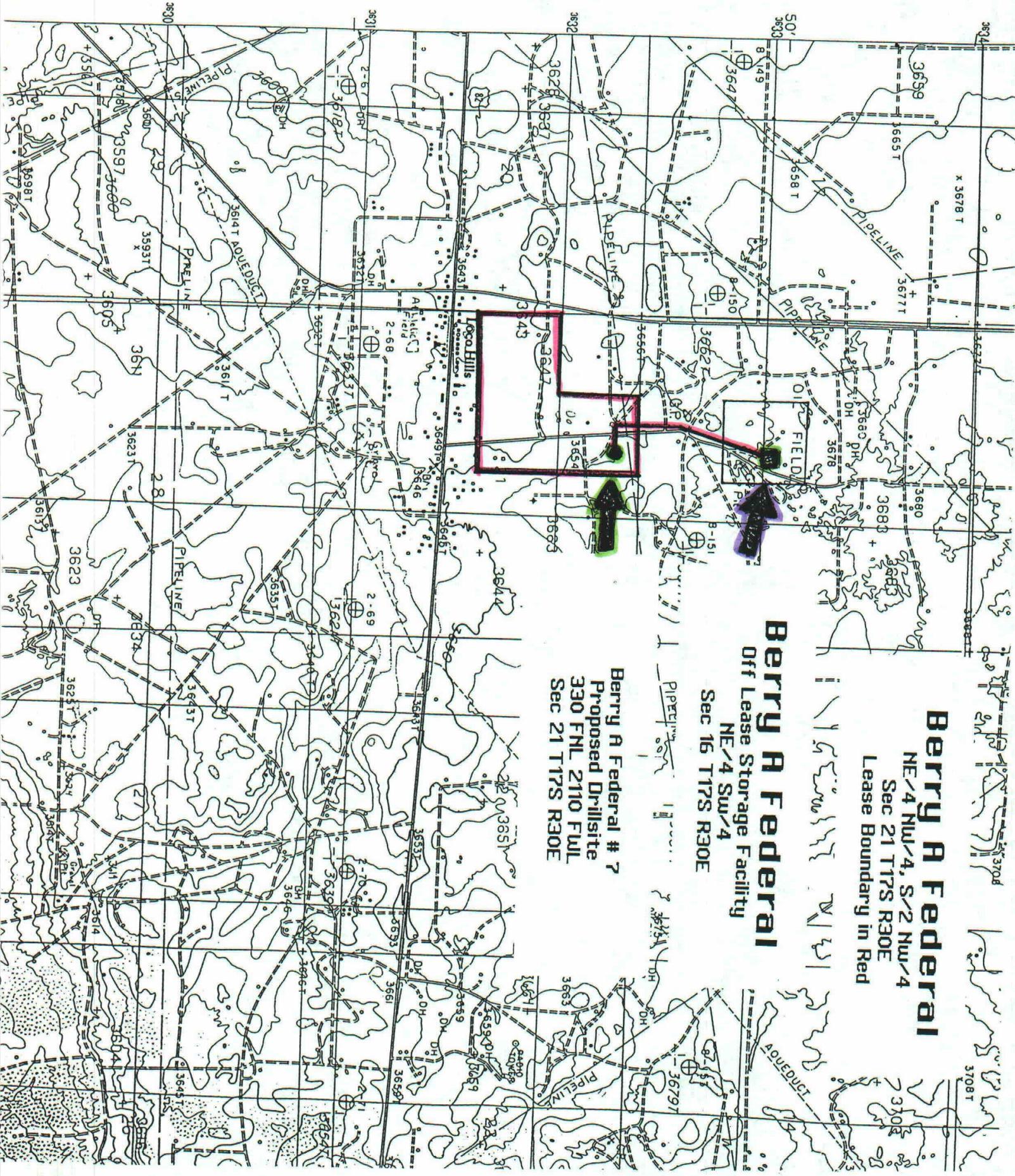
RCC/cc

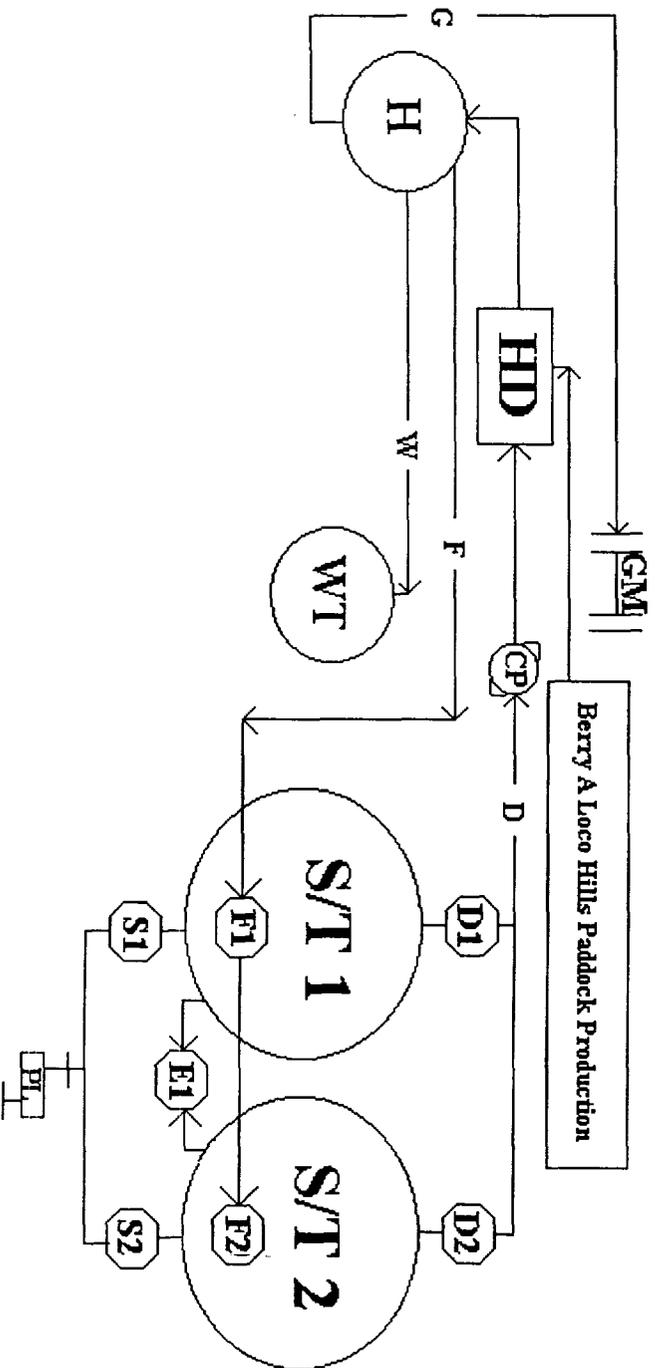
Enclosures

Berry A Federal
NE 1/4 NW 1/4, S 2 NW 1/4
Sec 21 T17S R30E
Lease Boundary in Red

Berry A Federal
Off Lease Storage Facility
NE 1/4 SW 1/4
Sec 16 T17S R30E

Berry A Federal # 7
Proposed Drillsite
330 FNL 2110 FUL
Sec 21 T17S R30E



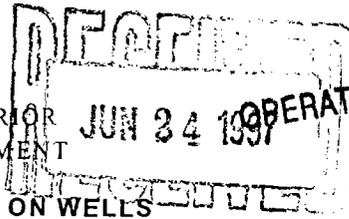


Mack Energy Coporation

Berry A Federal
 Off Lease Storage Facility
 NE/4 SW/4
 Sec 16 T17S R30E
 LC-054988-A

This Lease is subject to the site security plan for southeast New Mexico operations. The plan is located at:
 Mack Energy Coporation
 P.O. Box 960
 Artesia NM 88211-0960

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. LC-054988A
2. Name of Operator Mack Energy Corporation		6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P.O. Box 960, Artesia, NM 88211-0960 (505)748-1288		7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T. R., M. or Survey Description) NE/4 NW/4, S/2 NW/4 Sec. 21-T17S-R30E		8. Well Name and No. Berry A Federal
		9. API Well No.
		10. Field and Pool, or Exploratory Area Loco Hills Paddock
		11. County or Parish, State Eddy, NM

12. CHECK APPROPRIATE BOX(S) 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"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
SUBJECT TO LIKE APPROVAL BY STATE	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Off Lease Storage</u>
	<input type="checkbox"/> Change of Plans
	<input checked="" type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 proposes off lease storage and measurement of hydrocarbons from the Loco Hills Paddock Pool of the Berry A Lease. The Storage Facility will be located at ^{NE SW} ~~SE/4 NW/4~~, Section 16, T17S, R30E, which is our Wichita State Lease. The two leases will not be surface commingling. List of Attachments includes Surface Owner Map, Topo Map, Site Diagram of the Facility. We have submitted an application for a right-of-way approval to the BLM's Realty Section. The proposed application will not result in reduced royalty or improper measurement of production.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

*also appropriate signage to
identify Federal facility.*

RECEIVED
 1997 JUN 11 A 10:42
 BUREAU OF LAND MGMT.
 ROSWELL OFFICE

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

Signed *Alexis C. Swoboda* Title Vice President Date 6/10/97

(This space for Federal or State office use)
 Approved by (ORIG. SGD.) ALEXIS C. SWOBODA Title PETROLEUM ENGINEER Date JUN 23 1997
 Conditions of approval, if any:

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.

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.