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MACK ENERGY CORPORATION

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

February 19, 1998

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:
McIntyre B Federal
Section 20, T17S, R30E
Eddy County, New Mexico

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

Mack Energy proposes to surface commingle Loco Hills Paddock and Grayburg Jackson SR QN GB SA production from the McIntyre B (State of NM Lease LC-060999) at a central battery located at SE/4 SW/4, Sec. 20, T17S, R30E. We will conduct 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,



Crissa D. Carter
Production Clerk

CDC/

Enclosures

W/2 SW/4

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

☒ 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)

W/2 SW/4 Sec. 20-T17S-R30E

5. Lease Designation and Serial No.

LC-060999

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

McIntyre B Federal

9. API Well No.

10. Field and Pool, or Exploratory Area

GB Jksn SR QN GB SA & 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

☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other **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 proposes Surface Commingling and off lease storage and measurement of hydrocarbons from the Loco Hills Paddock Pool and the Grayburg Jackson Queen Grayburg San Andres Pool of the McIntyre B Lease LC-060999 . The Storage Facility will be located at SE/4 SW/4, Section 20, T17S, R30E, which is our W D McIntyre E Lease. List of Attachments includes a Surface Owner Map and a Site Diagram of the Facility. We have submitted an application for right of way and have approval from the BLM's Realty Section. The proposed application will not result in reduced royalty or improper measurement of production.

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

Signed

Crispin D. Carter

Title

Production Clerk

Date

1/21/98

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

Date

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-060999 ; Lease Name: McIntyre B Federal

<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>20</u>	<u>17S</u>	<u>30E</u>	<u>Loco Hills Paddock</u>
<u>2</u>	<u>M</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Loco Hills Paddock</u>
<u>5</u>	<u>L</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Loco Hills Paddock</u>
<u>6</u>	<u>M</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Loco Hills Paddock</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. LC-060999 ; Lease Name: McIntyre B Federal

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>3</u>	<u>L</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Grayburg, San Andres</u>
<u>4</u>	<u>M</u>	<u>20</u>	<u>17S</u>	<u>30E</u>	<u>Grayburg, San Andres</u>
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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 B Federal #1</u>	<u>*</u>	<u>38.3 @ 60 Degree</u>	<u> </u>
<u>McIntyre B Federal #2</u>	<u>*</u>	<u>38.3 @ 60 Degree</u>	<u> </u>
<u>McIntyre B Federal #3</u>	<u>2</u>	<u>34.9 @60 Degree</u>	<u>20</u>
<u>McIntyre B Federal #4</u>	<u>1</u>	<u>34.9 @60 Degree</u>	<u>10</u>
<u>McIntyre B Federal #5</u>	<u>**</u>	<u>38.3 @ 60 Degree</u>	<u> </u>
<u>McIntyre B Federal #6</u>	<u>**</u>	<u>38.3 @ 60 Degree</u>	<u> </u>
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Note * Deepened Not Completed ** Drilled Not Completed

Continued ...

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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 SE/SW-1/4, Sec. 20 T 17 S, R 30 E, on lease No. NM-0467932 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 has added a test facility and 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: Crissa D. Carter

Name: Crissa D. Carter

Title: Production Clerk

Date: 1/21/98

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Welch
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Seely Oil
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