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|--------------------|---------------------|----------------|-----------------|-------------|------------------------------|
| DATE IN 3/11/02 | DATE OUT 3/31/02 | ENGINEER DC | LOGGED IN KW | TYPE CTB | PKRV APP NO 0207132405 |
|--------------------|---------------------|----------------|-----------------|-------------|------------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

MAR 11 2002

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Crissa D. Carter
 Print or Type Name

Crissa D. Carter
 Signature

Production Analyst
 Title

3/7/02
 Date

ccarter@pvtnetworks.net
 e-mail Address

MACK ENERGY CORPORATION

Post Office Box 960

March 6, 2002

Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-9539

Oil Conservation Division
State Land Office Building
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Surface Commingling, Off lease storage and measurement of
Hydrocarbon production for:
State S-19 Leases
Section 19 T17S, R29E
Eddy County, New Mexico

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

It is requested that surface commingling of "Empire Yeso" production be approved for the following leases.

| | | |
|------------|---------------------|--------------------------|
| State S-19 | Sec. 19, T17S, R29E | State of NM Lease B-7677 |
| State S-19 | Sec. 19, T17S, R29E | State of NM Lease E-742 |
| State S-19 | Sec. 19, T17S, R29E | State of NM Lease E-4201 |

Mack Energy proposes to surface commingle Empire Yeso production at a central battery located in the NW/4 SE/4, Sec. 19, T17S, R29E. 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 interest in these leases, including the oil purchaser, of the intent to surface commingle. All of the leases mentioned have common interests. 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 the above number. Thank you for your consideration of this request.

Sincerely,

MACK ENERGY CORPORATION



Crissa D. Carter
Production Analyst

CDC/jws

Enclosures

MACK ENERGY CORPORATION

Post Office Box 960
Artesia, New Mexico 88211-0960
(505) 748-1288 / FAX (505) 746-9539

March 7, 2002

VIA CERTIFIED MAIL 7001 0320 0003 0573 8348

Bonneville fuels Corporation
Attn: Chuck Burrows
1700 Broadway Suite 1150
Denver, Colorado 80290

RETURN RECEIPT REQUESTED

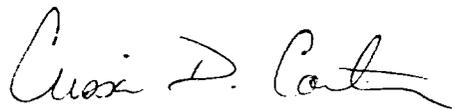
Re: Surface Commingling, Off Lease Storage and Measurement of
Hydrocarbon Production for:
State S-19 Leases
Section 19, T17S, R29E
Eddy County, New Mexico

Please consider this letter as official notification of Mack Energy Corporation's intent to surface commingle production from the State S-19 leases E-4201, E-742 and B-7677, all leases with common interest at a central battery located in the NW/4 SE/4 of Sec. 19, T17S, R29E. This application will cover all current "Empire Yeso" production and any future wells on these leases producing from the same formation. Well tests will be conducted for proper allocation of production.

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/jws

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

DISTRICT II
811 South First, Artesia, NM 88210

Santa Fe, New Mexico 87505

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. B-7677, E-742, E-4201 |
| 7. Lease Name or Unit Agreement Name State S-19 |
| 8. Well No. all wells |
| 9. Pool name or Wildcat Empire Yeso |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) |

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 |
| 2. Name of Operator Mack Energy Corporation |
| 3. Address of Operator P.O. Box 960, Artesia, NM 88211-0960 |
| 4. Well Location Unit Letter _____ Feet From The _____ Line and _____ Feet From The _____ Line Section 19 Township 17S Range 29E NMPM Eddy 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: <u>Surface commingle & off lease storage</u> <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 to surface commingle, off lease storage and measurement of production. It is requested that surface commingling of Empire Yeso pool be approved for the following leases:
State S-19 Sec. 19, T17S, R29E State of NM Lease B-7677
State S-19 Sec. 19, T17S, R29E State of NM Lease E-742
State S-19 Sec. 19, T17S, R29E State of NM Lease E-4201

A central tank battery will be located in the NW/4 SE/4, Sec. 19 T17S R29E. 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 Corporation 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 3/6/02
TYPE OR PRINT NAME Crissa D. Carter TELEPHONE NO. 748-1288

(This space for State Use)
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

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) 827-1245
Fax (505) 827-5766



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

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

April 26, 2002

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

Attn: Ms. Crissa D. Carter

Re: Application for Surface Commingling
State S-19 – State of New Mexico
Leases B-7677, E-742 and E-4201
S/2, Section 19-17S-29E
Empire-Yeso Pool
Lea County, New Mexico

Dear Ms. Carter:

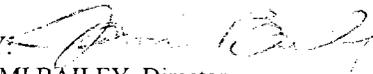
We have received a copy of the New Mexico Oil Conservation Division's Order No. CTB-523 which notifies this office of your application to surface commingle the production from the above-captioned well.

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--Dave Catanach

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

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

April 26, 2002

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

Attn: Ms. Crissa D. Carter

Re: Application for Surface Commingling
State S-19 – State of New Mexico
Leases B-7677, E-742 and E-4201
S/2, Section 19-17S-29E
Empire-Yeso Pool
Lea County, New Mexico

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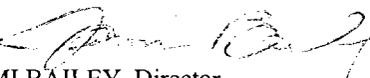
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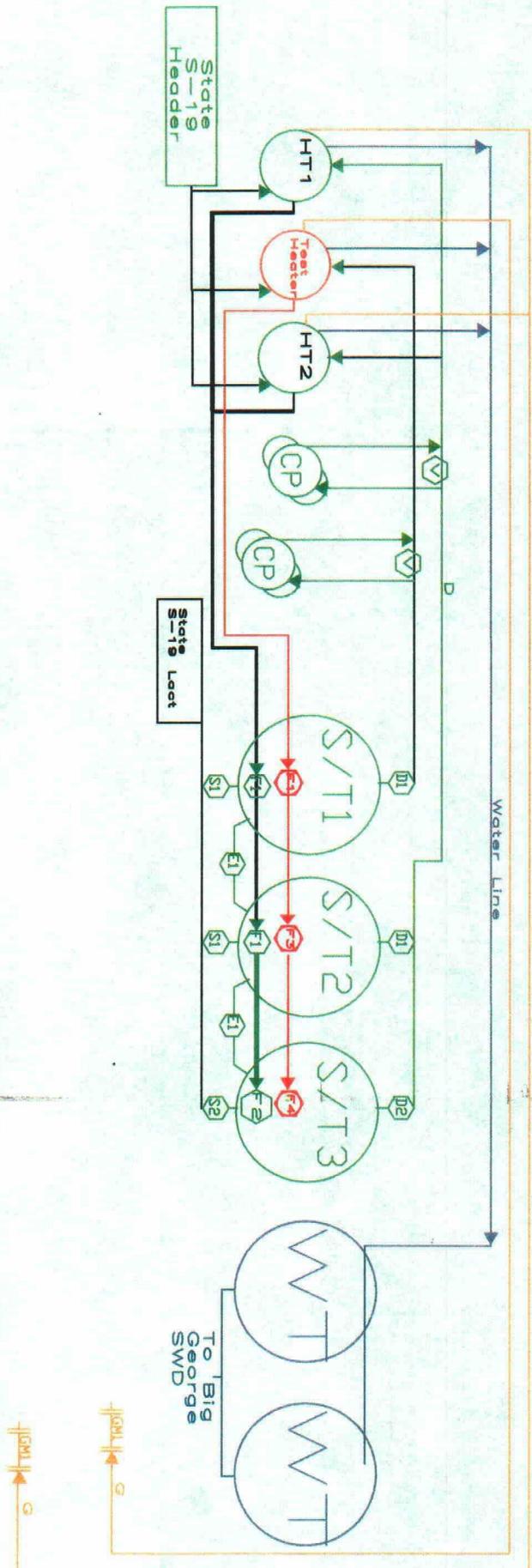
Very truly yours,

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--Dave Catanach



MACK
Energy Corporation



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
State S-19 Tank Battery
NW/4 SE/4
Section 19 T17S R29E

State S-19 Lease