

Santa Fe Main Office  
Phone: (505) 476-3441  
General Information  
Phone: (505) 629-6116

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

### OIL CONSERVATION DIVISION

1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Online Phone Directory Visit:  
<https://www.emnrd.nm.gov/ocd/contact-us/>

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

#### APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: MACK ENERGY CORPORATION

OPERATOR ADDRESS: PO BOX 960 ARTESIA, NM 88211-0960

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☒ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

#### (A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

#### (B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. ROUND TANK;SAN ANDRES (52770)

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☐ Metering ☒ Other (Specify) TANK GAUGING

#### (C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

#### (D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

#### (E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Jerry W Sherrell

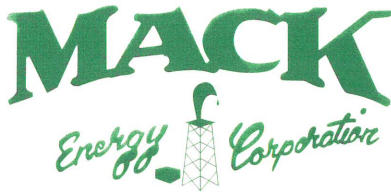
TITLE: REGULATORY SUPERVISOR

DATE: 5/19/2025

TYPE OR PRINT NAME JERRY W SHERRELL

TELEPHONE NO.: 575-748-1288

E-MAIL ADDRESS: jerrys@mec.com



P.O. Box 960  
Artesia, NM 88211-0960  
Office (575) 748-1288  
Fax (575) 746-9539

May 19, 2025

Oil Conservation Division  
Attn: Ward Rikala  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

**Re: Hudson Bay State Com 1H**  
**API No. 30-015-54967**  
**Surface Location: 933' FSL & 795' FEL (Unit P) (Sec. 1)**  
**Proposed First Perf: 990' FSL & 1650' FEL (Unit O) (Sec. 1)**  
**Bottomhole Location: 1' FNL & 2310' FWL (Lot 3) (Sec. 1)**  
**Proposed Last Perf: 100' FNL & 2310' FWL (Lot 3) (Sec. 1)**  
**Section 1, T-16-S, R-28-E, Units O, M, K, Lots 14, 11, 6, 3**  
**NMPM Eddy County, New Mexico**

Dear Mr. Rikala:

Mack Energy Corporation (Mack) respectfully requests administrative approval for Lease Commingling for its proposed Hudson Bay State Com 1H. Leases involved VB16660001(Lots 3, 6, 11, 14 and Unit K), Private Lease Unit N and Unit O all of Section 1 T16S R28E. Mack is simultaneously requesting administrative approval for Off Lease Measurement. This well will produce in the Round Tank; San Andres Pool (52770). The surface location was moved Off-Lease due to Jahrie Lake.

The Lease Commingling is necessary in order to maximize the recovery of oil and gas reserves from the San Andres formation underlying all of Section 1, T-16-S, R-28-E, Eddy County, New Mexico. The Hudson Bay State Com 1H will not be encroaching any offset acreage of Section 1, T16S-R28E, Eddy County, New Mexico. This notice of this application is being provided to all parties owning interest in this proposed spacing unit, shown on the attached list of affected parties.

Attached are the Form C-102 for the Hudson Bay State Com 1H, a map showing the affected acreage, a horizontal well plan, notice list and affected party notice letter. Mack has received approval from the NMSLO for **Business Lease BL-3111**. Mack is seeking approval of this application to produce these leases. Therefore, reducing waste while protecting correlative rights within the referenced horizontal spacing unit. Notice by certified mail, return receipt requested, has been given to the affected parties listed in the notification list attached. Thank you for your consideration of this application. Should you have any questions regarding the above, please email me at [jerrys@mec.com](mailto:jerrys@mec.com) or call me at (575) 748-1288.

Sincerely,

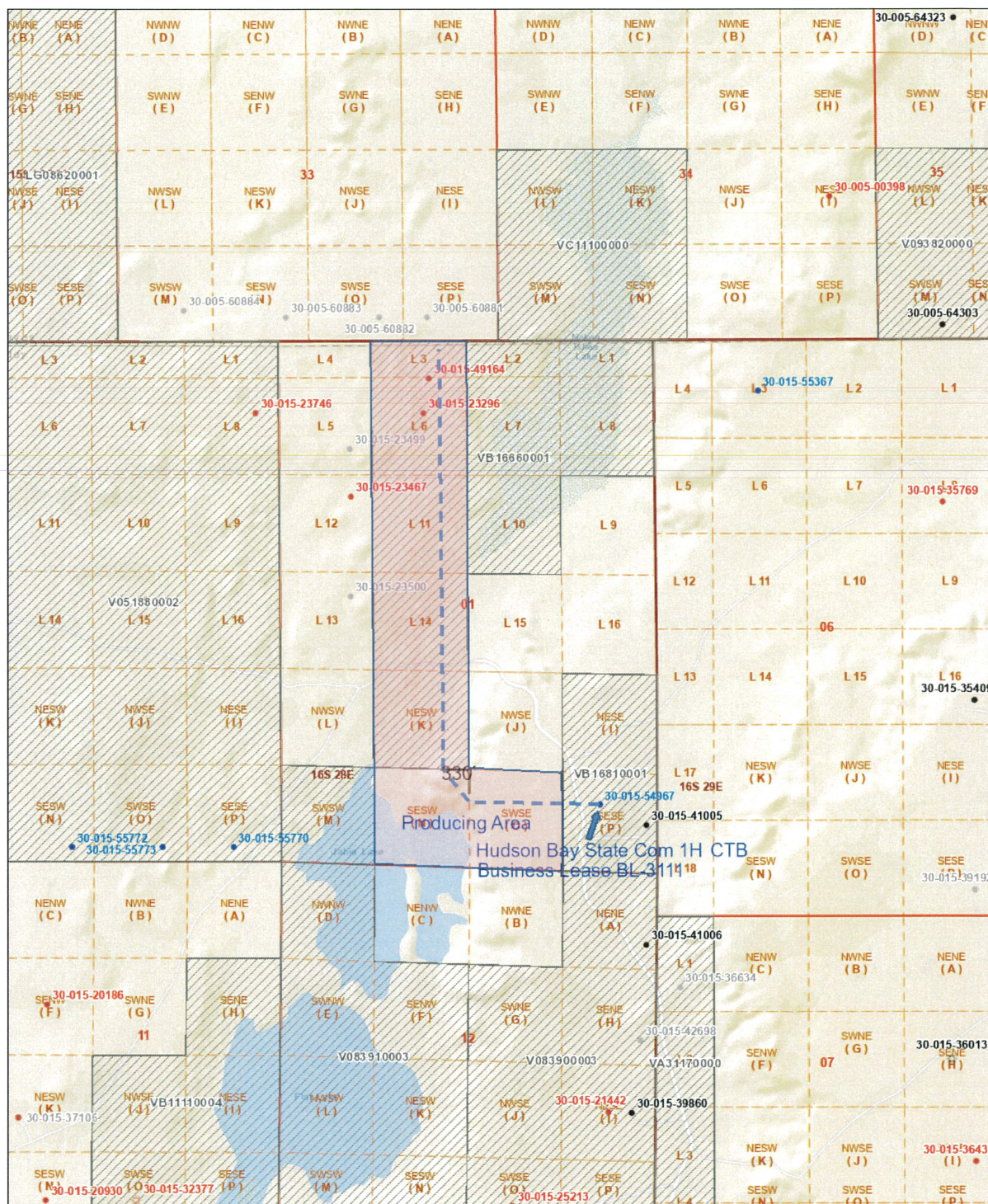
MACK ENERGY CORPORATION

A handwritten signature in blue ink, appearing to read "Jerry W. Sherrell". The signature is fluid and cursive, with the first name "Jerry" being more prominent.

Jerry W Sherrell  
Regulatory Supervisor



## OCD Well Locations

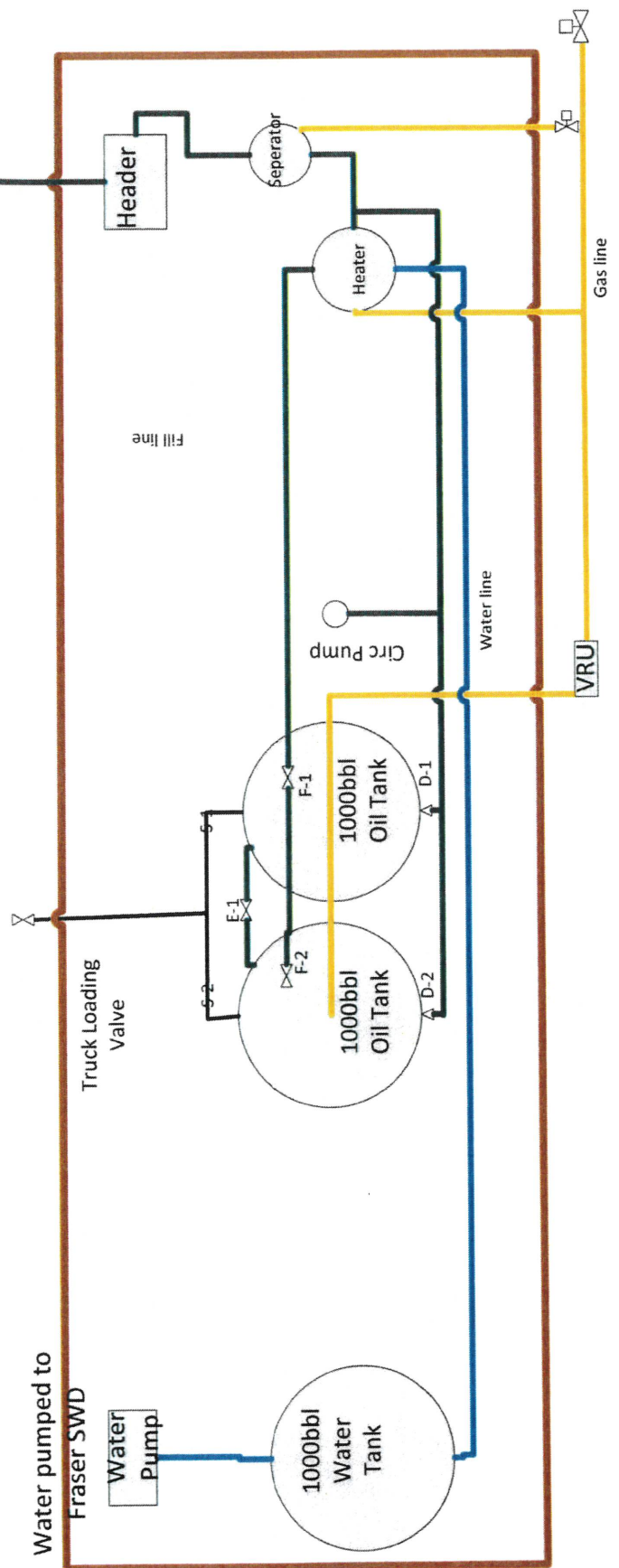
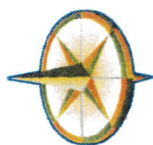


5/19/2025, 10:28:40 AM



# Mack Energy Corporation Hudson Bay State 1H Tank Battery Design

Hudson Bay State 1H



<u>Affected Parties</u>	<u>Interest Type</u>	<u>Certified Mail Number</u>
Commissioner of Public Lands PO Box 1148 Santa Fe, NM 87504-1148	RI	<u>9589 0710 5270 0175 5630 17</u>
Chase Oil Corporation P.O. Box 1767 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Robert C. Chase P.O. Box 297 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Ventana Minerals LLC(Formerly Richard L. Chase) P.O. Box 359 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
DiaKan Minerals LLC(Formerly Gerene Dianne Chase Ferguson) P.O. Box 693 Artesia, NM 88211	WI	<u>HAND DELIVERED</u>
Mewbourne Oil Company 500 W. Texas Avenue, Suite 1020 Midland, TX 79701	ORRI	<u>9589 0710 5270 0175 5630 24</u>
Mewbourne Energy Partners 13-A 500 W. Texas Avenue, Suite 1020 Midland, TX 79701	ORRI	<u>9589 0710 5270 0175 5630 31</u>
CWM 2000-B, Ltd. 500 W. Texas Avenue, Suite 1020 Midland, TX 79701	ORRI	<u>9589 0710 5270 0175 5630 48</u>
CWM 2000-B II, Ltd. 500 W. Texas Avenue, Suite 1020 Midland, TX 79701	ORRI	<u>9589 0710 5270 0175 5630 55</u>
3MG Corporation 500 W. Texas Avenue, Suite 1020 Midland, TX 79701	ORRI	<u>9589 0710 5270 0175 5630 62</u>
Mewbourne Development Corporation 500 W. Texas Avenue, Suite 1020 Midland, TX 79701	ORRI	<u>9589 0710 5270 0175 5630 79</u>
McCombs Energy, Ltd. 755 East Mulberry Avenue, Suite 600 San Antonio, TX 78212	WI	<u>9589 0710 5270 0175 5630 86</u>
Bogle Ltd. Co. PO Box 460 Dexter, NM 88230	ORRI	<u>9589 0710 5270 0175 5630 93</u>



Mossman-Midwest Company PO Box 597 Roswell, NM 88202	ORRI	<u>9589 0710 5270 0175 5631 09</u>
Vince Holdings, LLC PO Box 65318 Lubbock, TX 79464	ORRI	<u>9589 0710 5270 0175 5631 16</u>
Essayans Properties LLC 4701 Jim Mitchell Trail West Colleyville, TX 76034	ORRI	<u>9589 0710 5270 0175 5631 23</u>
Trynton C. Sewell PO Box 880 Justin, TX 76247	ORRI	<u>9589 0710 5270 0175 5631 30</u>
DSD Royalty LLC 1150 N Kimball Avenue, Suite 100 Southlake, TX 76092	ORRI	<u>9589 0710 5270 0175 5631 47</u>

**9589071052700175563017**



Copy



Add to Informed Delivery

## Latest Update

Your item was picked up at a postal facility at 8:03 am on May 27, 2025 in SANTA FE, NM 87501.

Get More Out of USPS Tracking:



USPS Tracking Plus<sup>®</sup>



**Delivered**

**Delivered, Individual Picked Up at Postal Facility**

SANTA FE, NM 87501

May 27, 2025, 8:03 am

[See All Tracking History](#)

**What Do USPS Tracking Statuses Mean?**



<b>C-102</b>	State of New Mexico Energy, Minerals & Natural Resources Department <b>OIL CONSERVATION DIVISION</b>	Revised July 9, 2024
Submit Electronically Via OCD Permitting		Submittal Type: <input checked="" type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

## WELL LOCATION INFORMATION

API Number <b>30-015-54967</b>	Pool Code <b>52770</b>	Pool Name <b>Round Tank; San Andres</b>
Property Code <b>335844</b>	Property Name <b>HUDSON BAY STATE COM</b>	Well Number <b>1H</b>
OGRID No. <b>13837</b>	Operator Name <b>MACK ENERGY CORPORATION</b>	Ground Level Elevation <b>3609.8</b>
Surface Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

## Surface Location

UL P	Section 1	Township 16 S	Range 28 E	Lot	Ft. from N/S 933 SOUTH	Ft. from E/W 795 EAST	Latitude 32.9477171°N	Longitude 104.1237084°W	County EDDY
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## Bottom Hole Location

UL	Section 1	Township 16 S	Range 28 E	Lot 3	Ft. from N/S 1 NORTH	Ft. from E/W 2310 WEST	Latitude 32.9653287°N	Longitude 104.1307602°W	County EDDY
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Dedicated Acres <b>240</b>	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

## Kick Off Point (KOP)

UL P	Section 1	Township 16 S	Range 28 E	Lot	Ft. from N/S 933 SOUTH	Ft. from E/W 795 EAST	Latitude 32.9477171°N	Longitude 104.1237084°W	County EDDY
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## First Take Point (FTP)

UL O	Section 1	Township 16 S	Range 28 E	Lot	Ft. from N/S 990 SOUTH	Ft. from E/W 1650 EAST	Latitude 32.9479379°N	Longitude 104.1264834°W	County EDDY
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## Last Take Point (LTP)

UL	Section 1	Township 16 S	Range 28 E	Lot 3	Ft. from N/S 100 NORTH	Ft. from E/W 2310 WEST	Latitude 32.9650567°N	Longitude 104.1307582°W	County EDDY
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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## OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest run leased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order here to fore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.

*Deana Weaver*

3/25/2025

Signature

Date

Deana Weaver

Printed Name

dweaver@mec.com

Email Address

## SURVEYOR CERTIFICATIONS

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature and Seal of Professional Surveyor  
FILIMON F. JARAMILLO

Certificate Number

PLS 12797

Date of Survey

MARCH 3, 2025

SURVEY NO. 10005A

Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

**New Mexico State Land Office  
Oil, Gas, & Minerals Division****STATE/STATE OR  
STATE/FEE**  
Revised August 2024**COMMUNITIZATION AGREEMENT**  
ONLINE VersionAPI #: 30-0<sup>15</sup> - 54967

THIS COMMUNITIZATION AGREEMENT ("Agreement") [which is NOT to be used for carbon dioxide or helium] is entered into and made effective this 1<sup>st</sup> [day] of July [month], 2025, by and between the parties signing below ("Parties"):

WHEREAS, the Commissioner of Public Lands of the State of New Mexico ("Commissioner") is authorized by the Legislature, as set forth in Section 19-10-53, NMSA 1978, in the interest of development of oil and gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil and gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD") where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the Parties own working, royalty, or other leasehold or other interests or operating rights under the oil and gas leases and lands subject to this Agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules and regulations, which leases, along with the well(s) on each lease to be encompassed by this Agreement, are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the San Andres formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the Parties hereto desire to communitize and pool their respective interests in said leases subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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NOW THEREFORE, in consideration of the premises and the mutual advantages to the Parties, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands described in Exhibit A (or B) covered by this Agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: Lots 3, 6, 11, 14, NESW, SWSE & SESW

Of Sect(s): 01 Twp: 16S Rng: 28E NMPM Eddy County, NM

Containing 254.98 acres, more or less. It is the judgment of the Parties that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the OCD, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the Parties do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit A showing the acreage, depths communitized, and ownership (lessees of record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the Parties that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals or performance of other lease obligations under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally issued and amended.

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4. Mack Energy Corporation shall be the operator of the said communitized area ("Operator") and all matters of operation shall be determined and performed by Operator. If more than one Operator operates wells subject to this Agreement, the Commissioner reserves the right to require one or more or all operators who added infill wells to this Agreement to obtain a new agreement.

5. The Commissioner hereafter is entitled to the right to take in kind the Commissioner's share for the communitized substances allocated to such tract, and the Operator shall make deliveries of such royaltyshare taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the Parties to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the Parties shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws.

9. This Agreement shall be effective as of the date hereinabove written upon execution by the Parties, notwithstanding the date of execution, and upon approval by the Commissioner, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all applicable State laws, rules, and regulations; provided, that this Agreement shall not expire if there is a well producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this Agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this Agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well located within the physical boundaries of that specific lease assignment. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the Parties.

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10. Notwithstanding any other provision herein, if there is a cessation of production of communitized substances for more than sixty (60) days beginning one year after the date of execution, this Agreement shall automatically terminate, along with the ability to produce communitized substances, unless notice of reworking or drilling operations on the communitized area is made within 60 days of cessation of production of communitized substances and are thereafter conducted with reasonable diligence or the Commissioner of Public Lands otherwise grants an exception to continued drilling operations, including for the compliance of other state rules, laws, or policies. All such notices provided pursuant to this Paragraph shall be in writing and must be approved by the Commissioner. As to State Trust Lands, written notice of intention to commence any operations hereunder shall be filed with the Commissioner within thirty(30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this Agreement. All requests to the Commissioner to grant an exception or exceptions for the compliance of other state rules, laws, or policies must be made in writing within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to this Agreement or any lease from the State of New Mexico included in this Agreement

11. Operator shall furnish the Commissioner and the OCD, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

12. It is agreed between the Parties that the Commissioner, or the Commissioner's duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State Land Office and the OCD.

13. If any order of the OCD upon which this Agreement is predicated or based is in anyway changed or modified, then in such event said Agreement is likewise modified to conform thereto.

14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This Agreement shall be binding upon the Parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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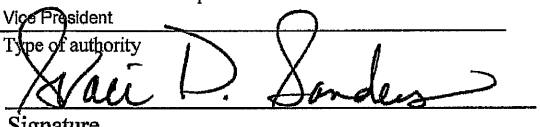
State/State

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16. In the event that Operator is aggrieved by a decision of the Commissioner with respect to any action by the Commissioner arising under this Agreement, Operator may within thirty (30) days after the date of such action file an administrative contest pursuant to 19-7-64 NMSA (1978) and 19.2.15 NMAC. Operator shall initiate no court action against the Commissioner or New Mexico State Land Office regarding this Agreement except to appeal a final decision of the Commissioner rendered pursuant to such a contest proceeding, and as provided by 19-7-64 NMSA (1978). **The Parties agree that any venue for any appeal or other action shall be in Santa Fe, New Mexico.**

17. Operator shall notify the Commissioner in writing within ten (10) days of (i) Operator's receipt of any compliance order, enforcement order, notice of violation, warning letter, or other written notice of final or contemplated enforcement action taken by any federal, state, or local governmental entity arising out of or concerning any of Operator's operations on New Mexico state trust land; (ii) Operator's receipt of any order, judgment, or decree (on consent or otherwise) entered by any federal or state court against Operator arising out of or concerning any of Operator's operations on New Mexico state trust land; or (iii) Operator's receipt of any written notice of claim, written pre-suit notice, or lawsuit arising out of or concerning any of Operator's operations on New Mexico state trust land. Upon the Commissioner's request, Operator shall promptly provide the Commissioner with a copy of any such order, judgment, decree, notice, letter, or lawsuit.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

Operator	<u>Mack Energy Corporation</u>	Lessees of Record	<u>Mewbourne Oil Company</u>
By	<u>Staci D. Sanders</u>		
	<small>Print name of person</small>		
	<small>Vice President</small>		
	<small>Type of authority</small>		
			
	<small>Signature</small>		

Attach additional page(s) if needed.

OPERATOR: Mack Energy Corporation

BY: Staci D. Sanders, Vice President (Name and Title of Authorized Agent)

Staci D. Sanders (Signature of Authorized Agent)

### Acknowledgment in an Individual Capacity

State of \_\_\_\_\_ )  
 County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date

By Staci D. Sanders, Vice President

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
 Signature of Notarial Officer

My commission expires: \_\_\_\_\_

### Acknowledgment in an Representative Capacity

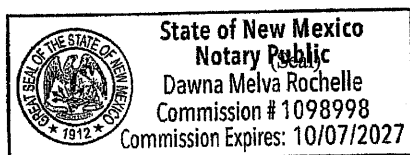
State of New Mexico )  
 County of Eddy )

This instrument was acknowledged before me on \_\_\_\_\_

Date : 5/7/25

By: Staci D. Sanders, Vice President

Name(s) of Person(s)



Dawna Melva Rochelle  
 Signature of Notarial Officer

My commission expires: 10-7-2027

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State/State

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**BY: \_\_\_\_\_ (Name and Title of Authorized Agent)**

\_\_\_\_\_  
(Signature of Authorized Agent)

State of )  
County of )  
SS)

This instrument was acknowledged before me on \_\_\_\_\_ Date \_\_\_\_\_

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

State of )  
County of )  
SS)

This instrument was acknowledged before me on

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

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**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated July 1, 20    
by and between Mack Energy Corporation, (Operator) Mewbourne Oil Company,  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, (Record Title Holders/Lessees of Record) covering  
the Subdivisions : Lots 3, 6, 11, 14, NESW, SWSE & SESW  
Sect(s): 01, Twnshp 16S, Rnge: 28E, NMPM Eddy County, NM  
Limited in depth from \_\_\_\_\_ ft to \_\_\_\_\_ ft. (enter here what is granted in pooling order if  
applicable)  
OPERATOR of Communitized Area: Mack Energy Corporation

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Lessee of Record: Mewbourne Oil Company  
Serial No. of Lease: ST NM VB-1666-1 Date of Lease: 06/01/2009  
Description of Lands Committed:  
  
Subdivisions: Lots 3, 6 11, 14 & NESW  
Sect(s): 01 Twnshp: 16S, Rng: 28E NMPM Eddy County NM  
No. of Acres: 174.98

**TRACT NO. 2**

Lessor: Bogle Ltd. Co, Trustees of Dartmouth College, Mossman-Midwest Co.  
Lessee of Record: Mewbourne Oil Company  
Serial No. of Lease: N/A Date of Lease: 02/16/2012  
Description of Lands Committed:

Subdivisions: SWSE  
Sect(s): 01 Twnshp: 16S Rng: 28E NMPM Eddy County, NM

No. of Acres: 40.00

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**TRACT NO. 3**Lessor: Mossman-Midwest Co.Lessee of Record: Mewbourne Oil CompanySerial No. of Lease: N/A Date of Lease: 02/16/2012

Description of Lands Committed:

Subdivisions: SESWSect(s): 01 Twnshp: 16S Rng: 28E NMPM Eddy County, NMNo. of Acres: 40.00**TRACT NO. 4**

Lessor: \_\_\_\_\_

Lessee of Record: \_\_\_\_\_

Serial No. of Lease: \_\_\_\_\_ Date of Lease: \_\_\_\_\_

Description of Lands Committed:

Subdivisions: \_\_\_\_\_

Sect(s): \_\_\_\_\_ Twnshp: \_\_\_\_\_ Rng: \_\_\_\_\_ NMPM \_\_\_\_\_ County, NM

No. of Acres: \_\_\_\_\_

**RECAPITULATION**

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area (Must equal 100%)
No. 1	<u>174.98</u>	<u>68.62%</u>
No. 2	<u>40.00</u>	<u>15.69%</u>
No. 3	<u>40.00</u>	<u>15.69%</u>
No. 4	_____	_____
TOTALS	<u>254.98</u>	<u>100.00%</u>

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State/State

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Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & 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

**Applicant:** MACK ENERGY CORPORATION**OGRID Number:** 013837**Well Name:** HUDSON BAY STATE COM 1H**API:** 30-015-54967**Pool:** ROUND TANK;SAN ANDRES**Pool Code:** 52770

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☒ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☒ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐

Notice Complete

☐Application  
Content  
Complete

- 3) 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.**

Jerry W Sherrell

Print or Type Name

Signature

5/16/2025

Date

575-748-1288

Phone Number

jerrys@mec.com

e-mail Address

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# **M E M O**

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**DATE: May 20, 2025**  
**TO: NMOCD**  
**FROM: DERIK SMITH**  
**MACK ENERGY CORPORATION**  
**RE: LEASE COMMINGLING & OFF-LEASE MEASUREMENT**  
**HUDSON BAY STATE COM #1**  
**SECTION 1, T16S, R28E**  
**EDDY COUNTY, NEW MEXICO**

Mack Energy Corporation respectfully requests approval to lease commingle production and utilize an off-lease measurement facility for our Hudson Bay State Com #1. Once the Hudson Bay State Com #1 well is drilled it will produce from the San Andres formation. Production from the leases will be commingled at the tank battery located in the SE/4SE/4 of Sec. 1, T16S, R28E.

The interests in these leases are identical, except for the overriding royalty and mineral interest owner in each lease. The reason being one lease is state and the other leases are fee.

Allocation for the oil and gas will be done using periodic well tests and a test gas meter.

Please do not hesitate to contact me should you require any further information.

Sincerely,

Mack Energy Corporation



Derik Smith  
Land Department

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY MACK ENERGY CORP**

**ORDER NO. CTB-1139**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Mack Energy Corp ("Applicant") submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells as described in Exhibit A ("Application").
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
5. Applicant submitted or intends to submit one or more proposed communitization agreement(s) ("Proposed Agreement(s)") to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area ("CA Pooled Area"), as described in Exhibit A.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10 A.(2) NMAC, 19.15.12.10 C.(4)(c) NMAC, and 19.15.12.10 C.(4)(e) NMAC, as applicable.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9 A.(5) NMAC and 19.15.23.9 A.(6) NMAC, as applicable.
9. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10 B.(1) NMAC or 19.15.12.10 C.(1) NMAC, as applicable.

10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10 B.(3) NMAC and 19.15.12.10 C.(4)(h) NMAC.
11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each CA Pooled Area described in Exhibit A, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the CA Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The oil production allocated to each well identified in Exhibit A shall be determined by shutting-in the production from all other wells for a minimum of twenty-four (24) consecutive hours and measuring the difference in oil inventory accrued during that period. Applicant shall conduct this test a minimum of one (1) time per month for each well.



The gas production allocated to each well identified in Exhibit A shall be determined by separating and measuring the gas production from that well for a minimum of twenty-four (24) consecutive hours. Applicant shall conduct this test a minimum of one (1) time per month for each well.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than thirty (30) days until the well commences production.

4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8 B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8 E. NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10 C.(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
ALBERT CHANG  
DIRECTOR

DATE: 7/3/2025

Order No. CTB-1139

State of New Mexico  
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1139  
Operator: Mack Energy Corp (13837)  
Central Tank Battery: Hudson Bay State 1H Tank Battery  
Central Tank Battery Location: UL P, Section 1, Township 16 South, Range 28 East  
Gas Title Transfer Meter Location: UL P, Section 1, Township 16 South, Range 28 East

Pools

Pool Name	Pool Code
ROUND TANK;SAN ANDRES	52770

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
PROPOSED CA San Andres SLO	Lots 3, 6, 11, UL K, N, O	1-16S-28E
FEE Lease	UL N, O	1-16S-28E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-54967	HUDSON BAY STATE COM #001H	Lots 3, 6, 11, UL K, N, O	1-16S-28E	52770

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

CONDITIONS

Action 464135

CONDITIONS

Operator: MACK ENERGY CORP P.O. Box 960 Artesia, NM 882110960	OGRID: 13837
	Action Number: 464135
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	7/8/2025