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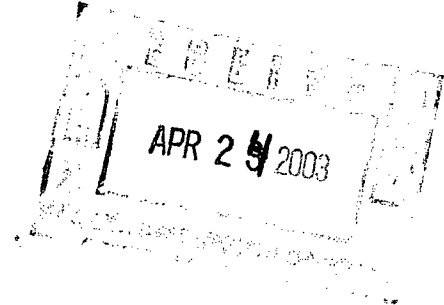
SRC PC NA

P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

April 21, 2003

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Surface Commingling, and measurement of
Hydrocarbon Production for:
Coyote State Lease
Section 36, T17S, R31E
Eddy County, New Mexico



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

Mack Energy proposes to surface commingle Maljamar GB SA and Undesignated Delaware production from the Coyote State (State of NM Lease V-6248) at a central battery located at SE/4 NW/4, Sec. 36, T17S, R31E. We will conduct well tests to determine production. This lease has common interest in both pools.

Mack Energy has made notification to all parties owning an interest in this lease, including the oil purchaser, of the intent to commingle.

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 Jerry W. Sherrell at the above number. Thank you for your consideration of this request.

Sincerely,

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

District I
1625 N. French Drive, Hobbs, NM 88240

District 11
1301 W. Grand Ave, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
March 31, 2003

OIL CONSERVATION DIVISION

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

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 P. O. 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 Commingling)

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	Value of Non- Commingled Production	Calculated Value of Commingled Production	Volumes
Maljamar GB SA 43329	40/1.4581				
Undesignated Delaware N/A					

(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.

(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)

(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

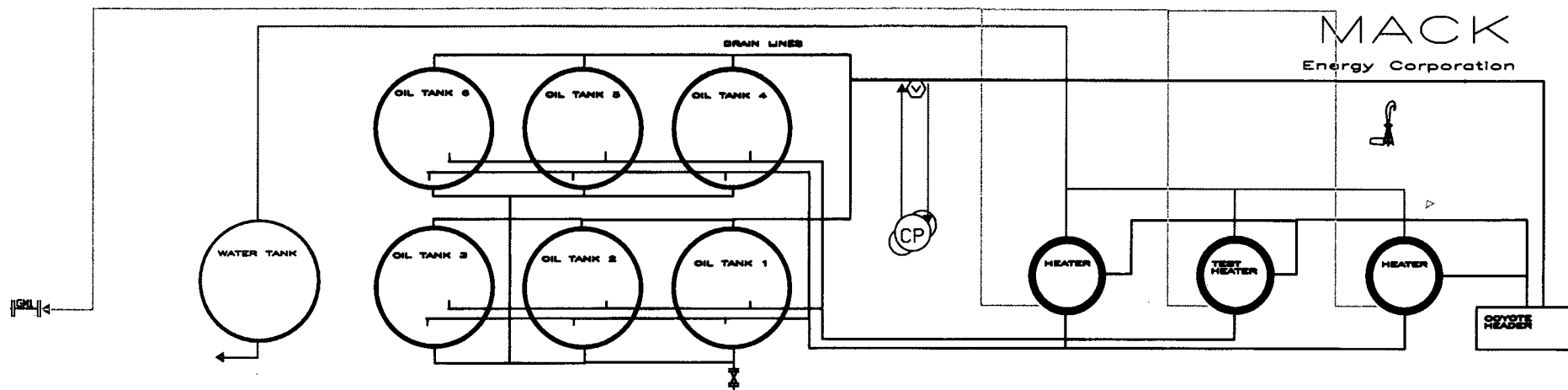
Jerry W. Sherrell

TITLE Production Clerk

DATE 4/21/2003

TYPE OR PRINT NAME Jerry W. Sherrell

TELEPHONE NO (505)748-1288



This Lease is subject to the site
Security plan for southeast New
Mexico operations.

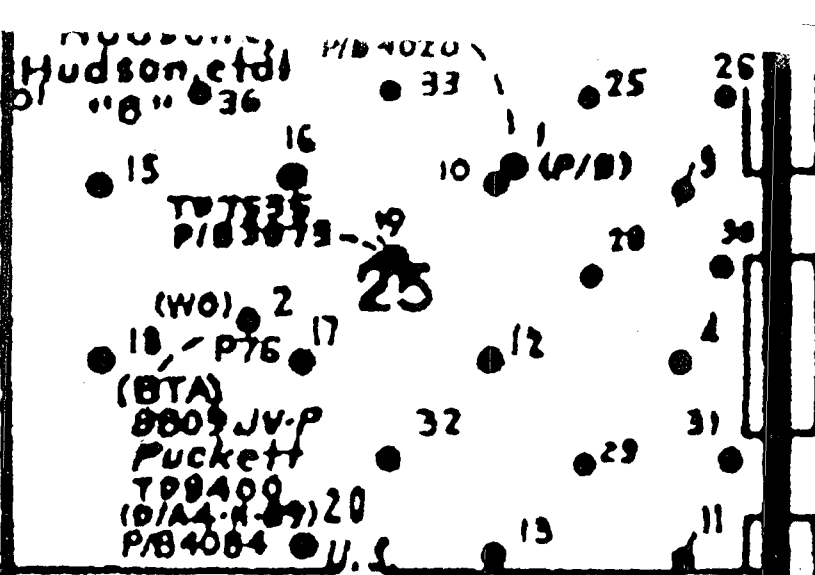
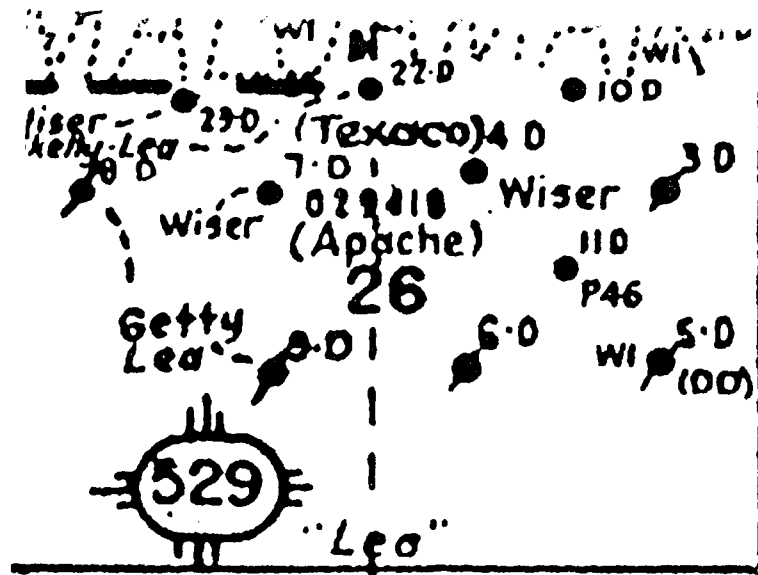
The Plan is Located at :

Mack Energy Corporation
P.O. Box 960
Artesia NM 88211-0960

Mack Energy Corporation
Coyote State Tank Battery

SE/4 NW/4
Sec. 36, T17S-R31E

Coyote State Lease



Maralo, Inc.
 HBP
 070003

Whitehead
 Saunders Fed.
 TD4005
 DIA 8-21-67
 H.E. Yates
 Mesquite Fed.
 1-35

Yates
 Pet.
 HBP
 17595

W.A.E.E.R. Hudson
 Lowe-Fed.
 TD4410

SA Disc.

U.S.

Chase
 Oil
 Phoenix G.I. 2006
 TD4530 V-6428
 82917

Quality Prod. Co
 (Continental)
 B-4109

Chase
 Oil
 6-1-2006
 V-6248
 82917

Exxon
 HBP
 B-2613

State

Amoco,
 et al HBP
 LG 8368

H.E. Yates, et al
 HBP
 20, E-882

Yates Ener.
 Prickley Pear.
 Fed

(Amoco, et al)
 Harvey E. Yates
 LG 8368

"Mesquite 2" State

Montgomery

Yates Ener. et al,
 (Burlington Res.
 & Chevron)

Yates Ener. 1/2
 Burlington E,
 Chevron HBP
 2531

H.E. Yates
 Cholla Fed.

2538

ITAMANO UNIT
 BROTHERS PROD(OR.)

Yates Pet

Sullivan

(A) Pool Commingling

(4) Production will be measured by well tests.

(E) Additional information

(3) Coyote State Lease V-6248

- F* - 1. Coyote State #1, API 30-015-32419/ Maljamar GB SA
- J* - 2. Coyote State #2, API 30-015-32534/ Maljamar GB SA
- Z* - 3. Coyote State #3, API 30-015-32550/ Maljamar GB SA
- J* - 4. Coyote State #4, API 30-015-32562/ Maljamar GB SA
- Z* - 5. Coyote State #5, API 30-015-32563/ Undesignated Delaware
- H* - 6. Coyote State #7, API 30-015-32565/ Maljamar GB SA
- D* - 7. Coyote State #10, API 30-015-32568/ Maljamar GB SA



P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

April 21, 2003

New Mexico State Land Office
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Surface Commingling
Coyote State V-6248
Section 36 T17S, R31E
Eddy County, New Mexico

Mack Energy Corporation proposes to surface commingle the Maljamar GB SA and the Undesignated Delaware production from the Coyote State (State of NM Lease V-6248) at a central battery located in the SE/4 NW/4 of Sec. 36, T17S, R31E. Well tests will be conducted for proper allocation of production.

Enclosed you will find copies of the application to Commingle and check #7617 in the amount of \$30.00 to cover filling fees.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures