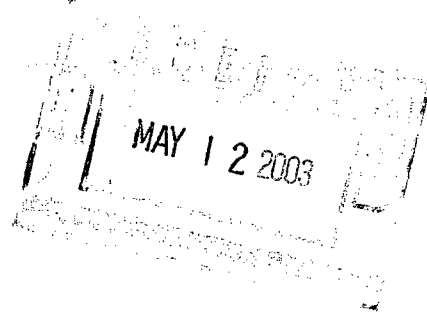




P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

May 9, 2003



Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: David Catanach

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

In response to your letter dated April 29, 2003, 1) All interests in both pools on this lease are common, and I have attached the C-103 that you requested. 2) As illustrated on the site facility diagram that was submitted with our application, we do have the ability to test wells prior to commingling. As a regular practice we test many different wells for days at a time to insure proper allocation.

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

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

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

WELL API NO.
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-6248
7. Lease Name or Unit Agreement Name Coyote State
8. Well No. All Wells
9. Pool name or Wildcat Maljamar GB SA/Tamano Delaware
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 36 Township 17S Range 31E 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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐
OTHER: Surface Commingling ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER ☐

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 for a permit to surface commingle and measurement of production. It is requested that surface commingling of Maljamar GB SA and Tamano Delaware pools be approved for the following lease:
Coyote State Sec. 36, T17S, R31E State of NM Lease V-6248

A central tank battery will be located in the SE/4 NW/4, Sec. 36 T17S R31E. Proper allocation for production will be measured at the 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. The interests in both pools on this lease are common.

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 5/9/2003
TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (505)748-1288

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY: