

DATE IN 02/06/14	SUSPENSE	ENGINEER PRG	LOGGED IN 02/07/14	TYPE DHC	APP NO. PPRG1403842402
------------------	----------	--------------	--------------------	----------	------------------------

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
- 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 Note: PLC - 369
- [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

Mack Energy  
 Colorado State No. 1  
 30-025-40881

- [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.

Deana Weaver  
 Print or Type Name

Deana Weaver  
 Signature

Production Clerk  
 Title

2.4.14  
 Date

dweaver@mec.com  
 e-mail Address

District I  
1621 N. French Drive, Hobbs, NM 88240

District II  
1301 W. Grand Avenue, 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-107A  
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

☒ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Mack Energy Corporation

P.O. Box 960, Artesia, NM 88211-0960

Operator

Address

Colorado State

1

B-24-18S-36E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 39584 API No. 30-025-40881 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg	Arkansas Junction; San Andres	
Pool Code	WC - 025 G - 01 5183624 98059	2500	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4635-4795'	4941-6485'	
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	32.0	39.0	
Producing, Shut-In or New Zone	New Zone	Producing	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: _____ Rates: _____	Date: <u>6/24/2013</u> Rates: <u>19/24/350</u>	Date: _____ Rates: _____
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or put production, supporting data or explanation will be required.)	Oil _____ Gas _____ % %	Oil _____ Gas _____ % %	Oil _____ Gas _____ % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐

Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C- 1 02 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Deana Weaver TITLE Production Clerk DATE 2.4.14

TYPE OR PRINT NAME Deana Weaver TELEPHONE NO. ( 575 ) 748-1288

E-MAIL ADDRESS dweaver@mec.com

---

# **M E M O**

---

**DATE: February 4, 2014**

**TO: NMOCD**

**FROM: STACI SANDERS  
MACK ENERGY CORPORATION**

**RE: DOWNHOLE COMMINGLE  
COLORADO STATE #1  
NM STATE LEASE V-8272  
NW/4 NE/4 SECTION 24, T18S, R36E  
LEA COUNTY, NEW MEXICO**

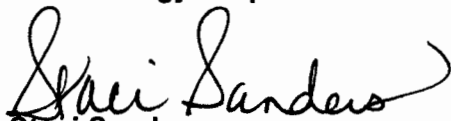
**Mack Energy Corporation respectfully requests approval to downhole commingle production from the Grayburg and the San Andres formations in our Colorado State #1 Well.**

**All formations have identical working and net revenue interests.**

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

**Sincerely,**

**Mack Energy Corporation**



**Staci Sanders  
Land Department**

**Colorado State Lease (V-8272)**

Commissioner of Public Lands P.O. Box 25627 Denver, CO 80225-0627	RI
---	----

Chase Oil Corporation P.O. Box 1767 Artesia, NM 88211	WI
---	----

Robert C. Chase P.O. Box 297 Artesia, NM 88211	WI
--	----

Ventana Minerals LLC P.O. Box 359 Artesia, NM 88211	WI
---	----

DiaKan Minerals LLC P.O. Box 693 Artesia, NM 88211	WI
--	----



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

February 4, 2013

Commissioner of Public Lands  
PO Box 1148  
Santa Fe, NM 87504-1148

**VIA CERTIFIED MAIL 7013 0600 0001 7892 3610**  
**RETURN RECEIPT REQUESTED**

Dear Sir:

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down hole Commingle production from the Grayburg and Arkansas Junction; San Andres in the Colorado State #1 located in Sec. 24 T18S R36E, 330 FNL & 1650 FWL, Lea County, New Mexico.*

*Should you have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the DHC application if no objection has been made within the 20 days after the application has been received.*

Sincerely,

A handwritten signature in cursive script that reads "Deana Weaver".

Deana Weaver  
Production Clerk  
[dweaver@mec.com](mailto:dweaver@mec.com)

DW/

Enclosures

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-025-40881</b>	<sup>2</sup> Pool Code <b>2500</b>	<sup>3</sup> Pool Name <b>Arkansas Junction; San Andres</b>
<sup>4</sup> Property Code <b>39584</b>	<sup>5</sup> Property Name <b>COLORADO STATE</b>	
<sup>7</sup> OGRID No. <b>13837</b>	<sup>8</sup> Operator Name <b>MACK ENERGY CORPORATION</b>	
		<sup>6</sup> Well Number <b>1</b>
		<sup>9</sup> Elevation <b>3762.2</b>

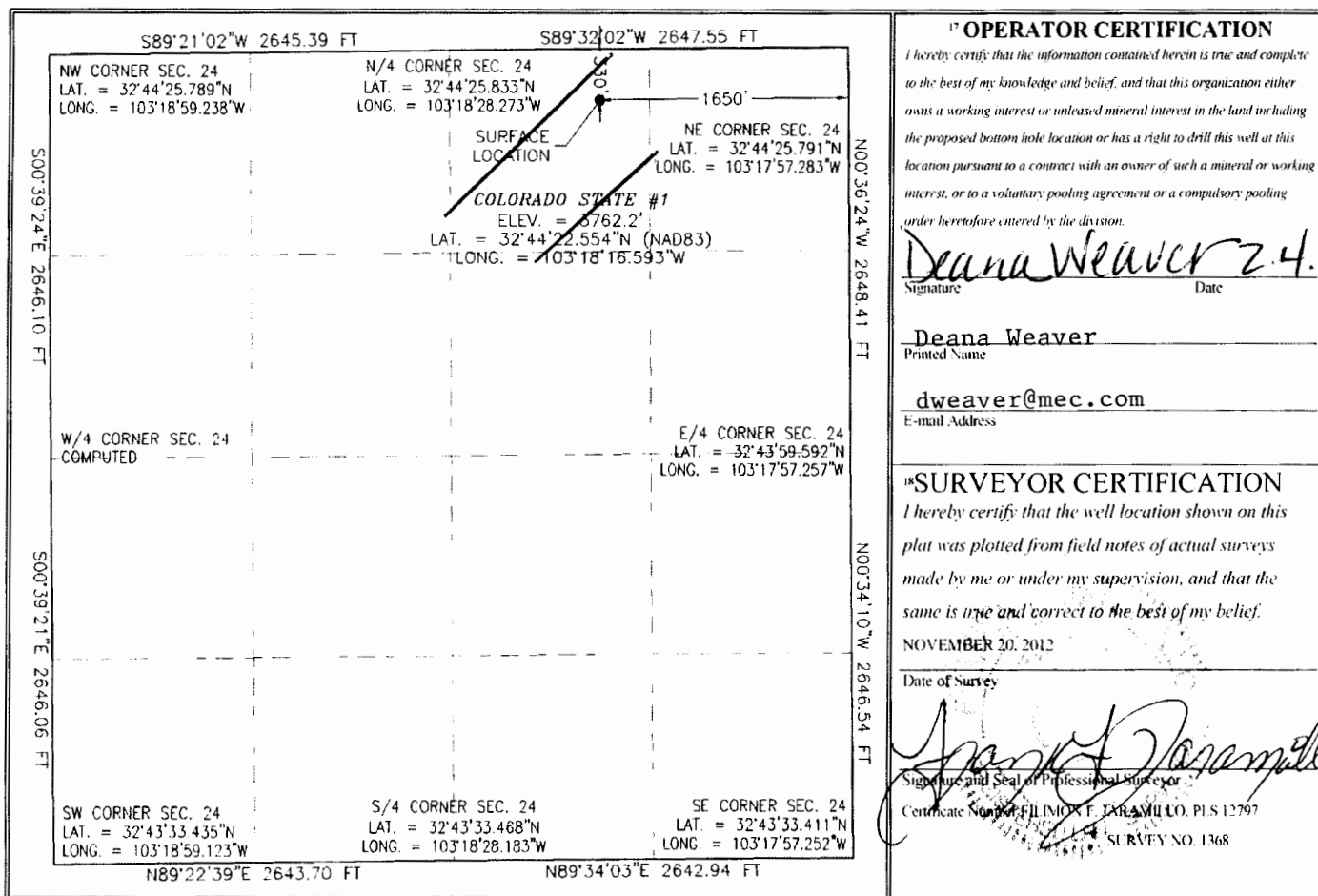
<sup>10</sup> Surface Location

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>B</b>	<b>24</b>	<b>18 S</b>	<b>36 E</b>		<b>330</b>	<b>NORTH</b>	<b>1650</b>	<b>EAST</b>	<b>LEA</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres <b>40</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.					

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.



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
511 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-40881	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name Grayburg
<sup>4</sup> Property Code 39584	<sup>5</sup> Property Name COLORADO STATE	
<sup>7</sup> OGRID No. 13837	<sup>8</sup> Operator Name MACK ENERGY CORPORATION	
		<sup>6</sup> Well Number 1
		<sup>9</sup> Elevation 3762.2

<sup>10</sup> Surface Location

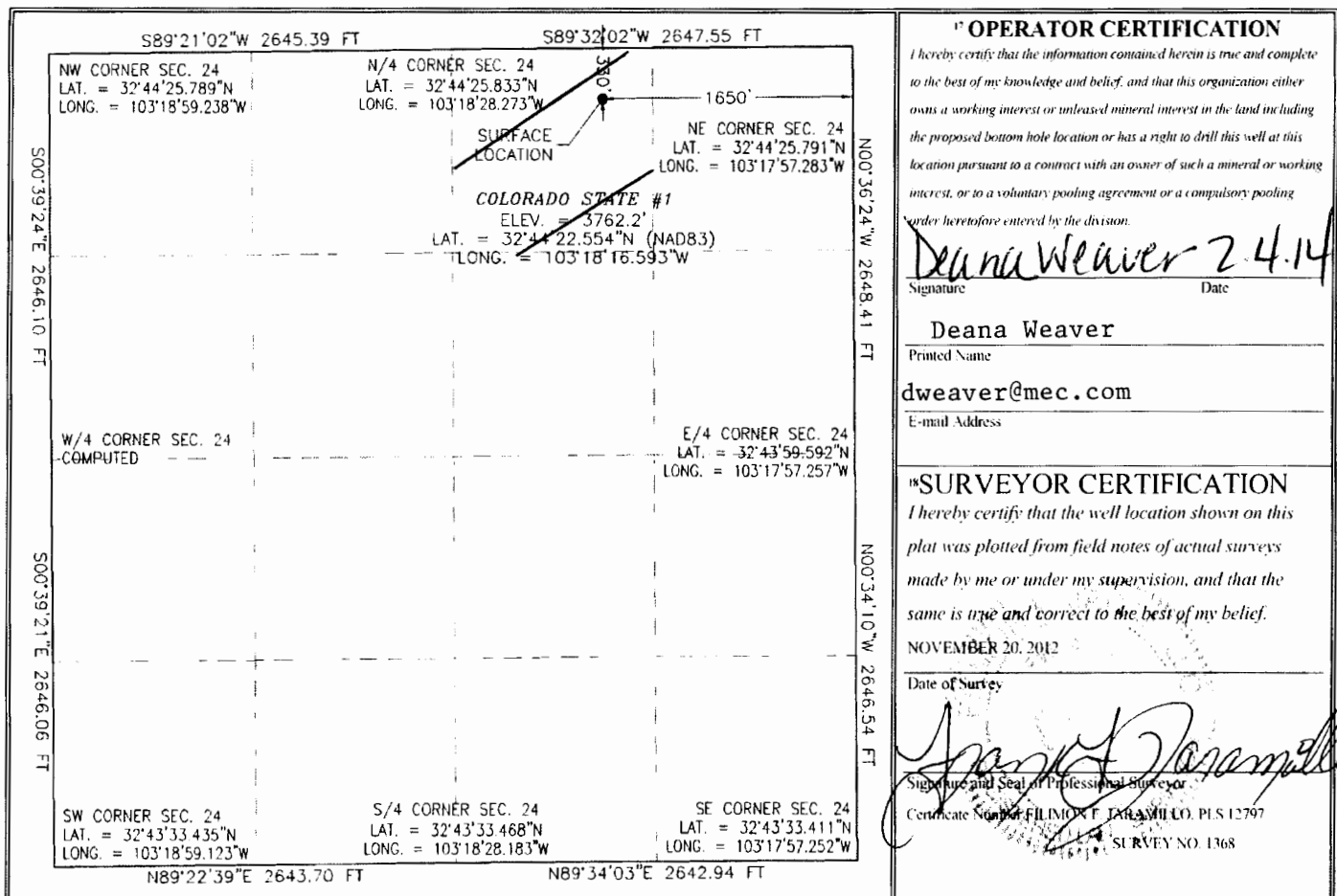
U.I. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	18 S	36 E		330	NORTH	1650	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

U.I. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
-----------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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.





RECEIVED

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

2014 FEB -6 PM 3:15

February 4, 2014

Oil Conservation Division  
Attn: Phillip R Goetze  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Re: Down hole Commingling, and measurement of  
Hydrocarbon Production for:  
Colorado State #1  
Section 24, T18S, R36E  
Lea County, New Mexico

Mack Energy Corporation as operator of the aforementioned well respectfully requests administrative approval for down hole commingling and measurement of production.

Mack Energy proposes to commingle Grayburg and Arkansas Junction; San Andres production in the Colorado State #1 (State of NM Lease V-8272). Production of both pools will be measured at the TB located in the NW/4 NE/4, Sec. 24 T18S R36E. This lease has common interest in both pools. Mack Energy Corporation owns all interest in this lease. The oil purchaser has been notified of the intent to commingle. Allocation will be done using the subtraction method based on increased production from the Grayburg formation. This well has consistent daily production from the Arkansas Junction; San Andres formation.

Should you require any additional information concerning this application, please call Deana Weaver at 575-748-1288. Thank you for your consideration of this request.

Sincerely,

MACK ENERGY CORPORATION

Deana Weaver  
Production Clerk  
[dweaver@mec.com](mailto:dweaver@mec.com)

DW/  
Enclosures