

DATE IN 5.2.12	SUSPENSE	ENGINEER WWT	LOGGED IN 5.2.12	TYPE DHC	APP NO. 1212351051
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Mac/K, 3837

Leo STEVENSON

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-40243

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 _____

[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.

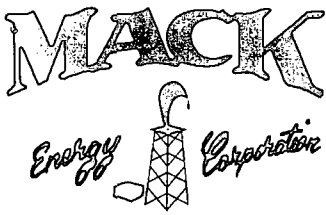
Jerry W. Sherrell
 Print or Type Name

Jerry W. Sherrell
 Signature

Production Clerk
 Title

5-1-2012
 Date

jerrys@mec.com
 e-mail Address



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

May 1, 2012

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

Re: Down hole Commingling, and measurement of
Hydrocarbon Production for:
Leo State #1
Section 18, T18S, R35E
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 Vacuum; Abo Reef and Airstrip; Bone Springs, Northeast production in the Leo State #1(State of NM Lease VB-1325). Production of both pools will be measured at the TB located in the NE/4 NE/4, Sec. 18 T18S R35E. 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 Bone Springs formation. This well has consistent daily production from the Vacuum formation.

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

Sincerely,

MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/dw
Enclosures

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87411

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
Leo State 1 A-18-18S-35E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 013837 Property Code 38761 API No. 30-025-40243 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDES	WILDCAT, BS OIL	
Pool Name	Vacuum; Abo Reef	Airstrip; Bone Spring, Northeast	
Pool Code	61780	97930 (OK)	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9,000-9180'	9290-9365'	
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)	N/A	34.4	
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: 4/5/2012 Rates: 67/0/24	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 _____ (PCTS) % %	Oil _____ Gas _____ (LATER) % %	Oil _____ Gas _____ % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? 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 Jerry W. Sherrell TITLE Production Clerk DATE 5-1-2012
TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (575) 748-1288
E-MAIL ADDRESS jerrys@mec.com

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, New Mexico 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30.025.40243	Pool Code 61780	Pool Name Vacuum; Abo Reef
Property Code 38761	Property Name LEO STATE	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3961

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	18-S	35-E		330	NORTH	990	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	18-S	35-E		930	NORTH	357	EAST	LEA
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=639068.4 N X=758949.1 E</p> <p>LAT.=32.754062° N LONG.=103.491046° W</p> <p>BOTTOM HOLE LOCATION Y=639043.5 N X=758974.4 E</p>	<p>CORNER COORDINATES TABLE</p> <p>Ⓐ - Y=639397.9 N, X=758628.7 E</p> <p>Ⓑ - Y=639400.0 N, X=759935.1 E</p> <p>Ⓒ - Y=638075.0 N, X=758643.8 E</p> <p>Ⓓ - Y=638077.8 N, X=759950.6 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and 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 such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jerry W. Sherrill</i> 5-1-2012 Signature Date</p> <p>Jerry W. Sherrill Printed Name</p> <p>jerry.s@me.com E-mail Address</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 3, 2011</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> REG. SURVEYOR NEW MEXICO 3239</p> <p>Certificate Number 12641 Ronald J. Eidson 3239</p> <p>DSS JWSC W.O.: 11.13.2602</p>		
	<p>SCANNED</p>		
	<p></p>		

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1625 N. French Dr., Hobbs, NM 88240
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30.025.40243	Pool Code 97930	Pool Name Airstrip, Bone Springs, Northeast
Property Code 38761	Property Name LEO STATE	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3961

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	18-S	35-E		330	NORTH	990	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	18-S	35-E		930	NORTH	357	EAST	LEA

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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

		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and 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 such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jerry W. Sherrell</i> 5-1-2012 Signature Date <i>Jerry W. Sherrell</i> Printed Name <i>jerry.s@mec.com</i> E-mail Address</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=639068.4 N X=758949.1 E</p> <p>LAT.=32.754062° N LONG.=103.491046° W</p> <p>BOTTOM HOLE LOCATION Y=639043.5 N X=758974.4 E</p>		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 3, 2011 Date of Survey <i>Ronald J. Eidson</i> Signature & Seal of Professional Surveyor: NEW MEXICO REGISTERED SURVEYOR 3239 <i>Ronald J. Eidson</i> 12/12/2011 Certificate Number Ronald J. Eidson 12641 3239 DSS JWSC W.O.: 11.13.2602</p>
<p>CORNER COORDINATES TABLE</p> <p>Ⓐ - Y=639397.9 N, X=758628.7 E Ⓑ - Y=639400.0 N, X=759935.1 E Ⓒ - Y=638075.0 N, X=758643.8 E Ⓓ - Y=638077.8 N, X=759950.6 E</p>		

SCANNED

MEMO

DATE: April 30, 2012

TO: NMOCD

FROM: Travis K. Lanning

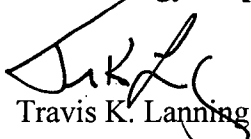
RE: **LEO STATE #1**
VB-1325-0
T18S, R35E
Section 18: Lots 1-4, NE/4; E/2W/2,
Lea County, New Mexico

Mack Energy Corporation respectfully requests approval to commingle the production from the Leo State #1. The well is currently producing from the Airstrip; Bone Springs, Northeast pool and we will be adding production from the Vacuum; Abo Reef pool. Production would be commingled at the Leo State #1 tank battery.

The well will have identical working and revenue interests in the zones being commingled.

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

Sincerely,
Mack Energy Corporation


Travis K. Lanning
Land Manager