

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary Mark E. Fesmire, P.E. Director Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3497

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

Attention: Jerry W. Sherrell

Snapper State #2 API No. 30-025-37300 Unit E, Section 14, Township 16S, Range 33E, NMPM, Lea County, New Mexico Undesignated HUME;QUEEN, WEST (33560), and WILDCAT G-01 S163314F;GRAYBURG (97444) Pools

Dear Mr. Sherrell:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be done after testing of all intervals to be commingled. The applicant shall submit the allocation percentages to the Division within 60 days following completion of this workover.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Administrative Order DHC-3497 Mack Energy Corporation July 1, 2005 Page 2 of 2

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on July 1, 2005.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

112

MARK E. FESMIRE, P.E. Director

cc: Oil Conservation Division – Hobbs State Land Office - Oil, Gas, & Minerals Division