

DATE IN 2/27/06	SUSPENSE	ENGINEER MIKE	LOGGED IN 2/28/06	TYPE NSL	APP NO. pTDS06059304 00
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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



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 _____

2006 FEB 27 PM 1 39

- [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

2/23/2006
 Date

jerrys@mackenergycorp.com
 e-mail Address



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

February 23, 2006

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

Dear Mr. Stogner:

Mack Energy Corporation respectfully requests an administrative approval without notice and hearing of the following unorthodox well location.

Because of our desire to drill this well in a timely manner, we also request your approval be expedited. The well location and legal description is as follows:

Skelly Unit #964
1175 FSL & 2310 FWL
Sec. 20, T17S, R30E
Eddy County, New Mexico

The well will be completed in the Paddock formation in the Fren Paddock Pool.

Attached to this application are the following exhibits.

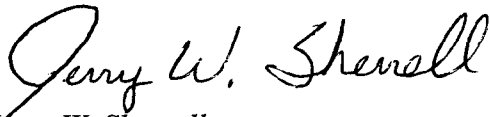
- A.) Well location and acreage dedication plat (form C-102) filed with the Artesia office of the Oil Conservation Division (Exhibit A).
- B.) A map showing the proposed unorthodox locations, the respective proration units, and the offsetting proration units, showing the reason for the unorthodox location, the original location would have fallen on top of or too close to a number of buried and surface pipelines (Exhibit B).

Moving the location 185' to the north will allow us to build this location between two of the many pipelines in this QQ. The location would have to be moved approximately 375' south to clear these pipelines to make it orthodox. This location will cause the least amount of damage to the dune features that are trying to be preserved in this area. The 40-acre tract that we are encroaching is part of the same lease and has common interests. There are no other possible orthodox locations for this well due to existing locations and Frontier's Skelly Gas Plant. Future locations being located on 10-acre spacing, will have to be directionally drilled.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in cursive script that reads "Jerry W. Sherrell". The signature is fluid and elegant, with a large initial "J" and a long, sweeping underline.

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 26770	Pool Name Fren Paddock
Property Code 11091	Property Name SKELLY UNIT	Well Number 964
OGRID No. 4323	Operator Name CHEVRON USA INC.	Elevation 3861'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	15	17-S	31-E		1175	SOUTH	2310	WEST	EDDY

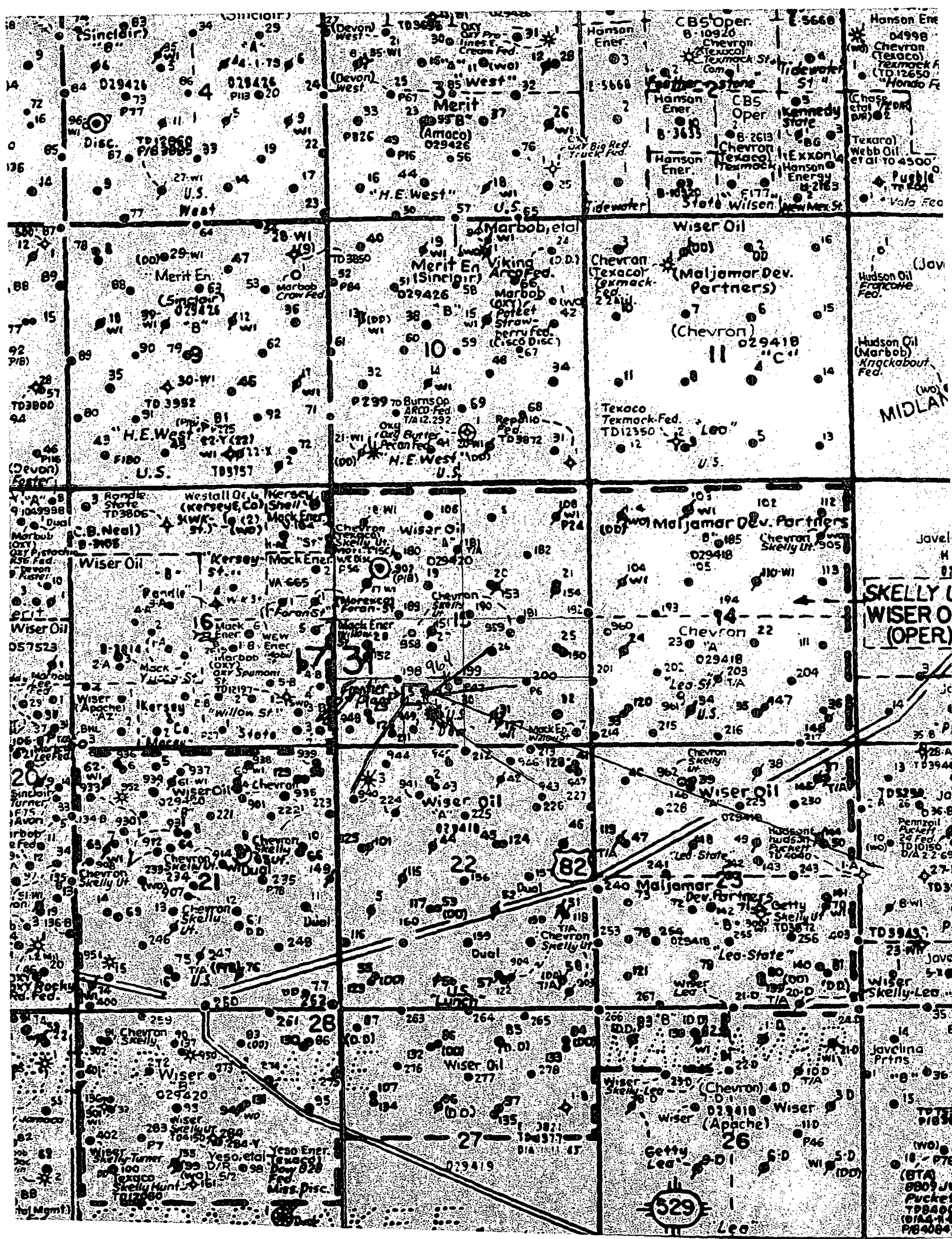
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40									

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><i>Standard 640-acre Section</i></p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry W. Sherrell</i> Signature</p> <p>Jerry W. Sherrell Printed Name</p> <p>Production Clerk Title</p> <p>1/14/2006 Date</p>	
<p>Chevron USA Inc. (Operator) Mack Energy (Agent) Skelly Unit #965 30-015-34647 330' FSL</p>	<p>Chevron USA Inc. (Operator) Mack Energy (Agent) Skelly Unit #958 30-015-34318 2310' FSL + 1650' FSL</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=666166.4 N X=645993.9 E</p> <p>LAT.=32°49'49.71" N LONG.=103°51'28.96" W</p>	
<p>Chevron USA Inc. (Operator) Mack Energy (Agent) Skelly Unit #948 30-015-32967 330' FSL</p>	<p>Chevron USA Inc. (Operator) Mack Energy (Agent) Skelly Unit #959 30-015-34327 2310' FSL + 1650' FSL</p>	<p>DECEMBER 27, 2005</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>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p>NEW MEXICO</p> <p>01/03/06</p> <p>05.11.2009</p> <p>Certificate No. GARY EIDSON 12641</p> <p>ROMAN EIDSON 3239</p>	

*Paddock Completions
in Sec. 15*



SKELLY UNIT AREA

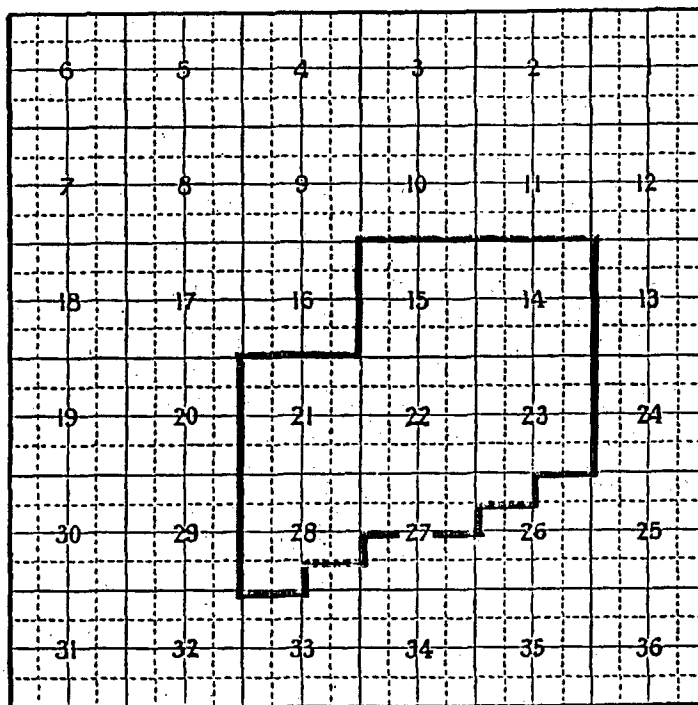
No. I-Sec. No. 276

APPROVED: February 24, 1938

EFFECTIVE: March 1, 1938

EXPLORATORY
 CONVERTED TO WATERFLOOD
 Eddy County, New Mexico

gulram, inc.
 petroleum engineering and government regulation consultants



T
 17
 S

R 31 E

Federal Lands 4160.0 acres

Well Selection Criteria Quick Print

(Field_No = 29742 and WH_SEC = 15 and PoolNo = 26770)

API Well #	Well Name and No.	Operator Name	Typ Stat	County	Surf	UL	Sec	Twp	Rng	Ft N/S	Ft E/W	UICPrmt	Last Insp Dt
30-015-34327-00-00	SKELLY UNIT	CHEVRON U S A INC	O	A	Eddy	F	J [✓] 15	17 S	31 E	2310 S	1650 E		
30-015-34318-00-00	SKELLY UNIT	CHEVRON U S A INC	O	A	Eddy	F	K [✓] 15	17 S	31 E	2310 S	1650 W		
30-015-34647-00-00	SKELLY UNIT	CHEVRON U S A INC	O	N	Eddy	F	M [✓] 15	17 S	31 E	990 S	990 W		
30-015-32967-00-00	SKELLY UNIT	CHEVRON U S A INC	O	A	Eddy	F	M [✓] 15	17 S	31 E	330 S	330 W		
30-015-32968-00-00	SKELLY UNIT	CHEVRON U S A INC	O	A	Eddy	F	N [✓] 15	17 S	31 E	330 S	1650 W		
30-015-34646-00-00	SKELLY UNIT	CHEVRON U S A INC	O	N	Eddy	F	O [✓] 15	17 S	31 E	330 S	2310 E		

Pool No. 29742
Pool No. 26770 (from Addblock)
Section 15