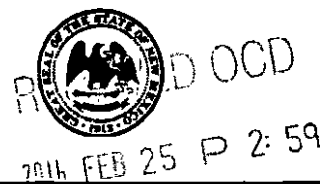


DATE IN 2/25/2016	SUSPENSE	ENGINEER MAM	LOGGED IN 2/25/2016	TYPE CTB	APP NO. PMAAM160565704
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ABOVE THIS LINE FOR DIVISION USE ONLY

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 _____

- [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

2/23/16
Date

jerrys@mec.com
e-mail Address

CTB
- Lyack Energy
Corporation
13837
Well
- Oregon State #1
30-025-4088e
- Nevada State #1
30-025-40796
Pool
- Arkansas
Junction, San
Andres
2500

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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.)		WELL API NO. 30-025-40882 30-025-40796
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Mack Energy Corporation		6. State Oil & Gas Lease No. V-8274 V-8262
3. Address of Operator P.O. Box 960 Artesia, NM 88210		7. Lease Name or Unit Agreement Name Oregon State & Nevada State
4. Well Location Unit Letter _____ feet from the _____ line and _____ feet from the _____ line Section 18 & 24 Township 18S Range 36E & 37E NMMPM County Lea		8. Well Number 1 & 1
11. Elevation (Show whether DR, RKB, RT, GP etc.) Multiple		9. OGRID Number 013837
		10. Pool Name or Wildcat Arkansas Junction; San Andres

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIALWORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: Surface Commingle/Off lease Storage <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Mack Energy Corporation as operator received approval for Off Lease Storage/Surface Commingle of production CTB-675 on 7/2/2013. At this time Mack Energy is requesting approval to commingle gas production at one sales meter at the Nevada State #1 TB located in Sec. 24 T18S R36E.

The gas will be allocated based on current production numbers using percentages. Based on production we are proposing a split of 90/10%. we will allocate 90% to the Oregon State and 10% to the Nevada State. I have attached monthly production for the last six months for both leases. Both wells have indential working and revenue interests.

Spud Date:

Rig Release Date:

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 2/23/16
Type or print name Jerry W. Sherrell E-mail address: jerrys@mec.com PHONE: (575)748-1288
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

MACK ENERGY CORPORATION

Monthly Production		Oil Produced	Gas Prod.	Water Produced
Jun-15	Nevada State 1	72	77	11937
Jul-15	Nevada State 1	100	78	11723
Aug-15	Nevada State 1	249	117	11957
Sep-15	Nevada State 1	120	21	4088
Oct-15	Nevada State 1	123	43	4215
Nov-15	Nevada State 1	100	69	5175
Dec-15	Nevada State 1	115	79	3745
Monthly Average		125.5714286	69.14286	
Jun-15	Oregon State 1	173	459	858
Jul-15	Oregon State 1	254	471	1256
Aug-15	Oregon State 1	242	602	1188
Sep-15	Oregon State 1	151	684	1568
Oct-15	Oregon State 1	158	738	1658
Nov-15	Oregon State 1	182	772	872
Dec-15	Oregon State 1	190	768	2172
Monthly Average		192.8571429	642	

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
511 S. First St., Artesia, NM 88210
Phone: (505) 745-1233 Fax: (505) 745-0720
District III
1090 Rio Brazos Road, Artesia, NM 88210
Phone: (505) 334-6178 Fax: (505) 334-0170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3162

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40796	² Pool Code 2500	³ Pool Name Arkansas Junction; San Andres
⁴ Property Code 39477	⁵ Property Name NEVADA STATE	
⁶ OGRID No. 13837	⁷ Operator Name MAC K ENERGY CORPORATION	
		⁸ Well Number 1
		⁹ Elevation 3765.1

" Surface Location									
UL or lot no. F	Section 24	Township 18 S	Range 36 E	Lot Idn	Feet from the 1650	North/South line NORTH	Feet from the 2310	East/West line WEST	County 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
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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>S89°21'02"W 2645.39 FT</p> <p>SW CORNER SEC. 24 LAT. = 32.7403775°N LONG. = 103.3159657°W NMSP EAST (FT) N = 634562.48 E = 812824.99</p>		<p>S89°32'02"W 2647.55 FT</p> <p>NE CORNER SEC. 24 LAT. = 32.7403787°N LONG. = 103.2987565°W NMSP EAST (FT) N = 634614.19 E = 818116.79</p>	
<p>1650'</p> <p>2310'</p> <p>NEVADA STATE #1 ELEV. = 3765.1' LAT. = 32.7358542°N (NAD27) LONG. = 103.3084459°W NMSP EAST (FT) N = 632939.11 E = 815153.25</p> <p>SURFACE LOCATION</p>		<p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.</p>	
<p>500.3924'E 2646.10 FT</p> <p>SW CORNER SEC. 24 LAT. = 32.7258345°N LONG. = 103.3159345°W NMSP EAST (FT) N = 629271.51 E = 812885.40</p>		<p>DNF</p>	

" OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided 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 an interest or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jerry W. Sharrell 5-22-2013
Signature Date
Jerry W. Sharrell
Printed Name
jerry5@mec.com
Email Address

"SURVEYOR CERTIFICATION
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.

SEP 14 2012 10:42 AM
Date of Survey
[Signature]
State of New Mexico Professional Surveyor
Certification Number FILMOUNT, JARVIS, LEO, PLS 12797
SURVEY NO. 1265

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) 743-1283 Fax: (575) 744-9720
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

1 API Number 30-025-40882		2 Pool Code 2500		3 Pool Name Arkansas Junction; San Andres	
4 Property Code 39583		5 Property Name OREGON STATE			6 Well Number 1
7 OGRID No. 13837		8 Operator Name MACK ENERGY CORPORATION			9 Elevation 3758.1

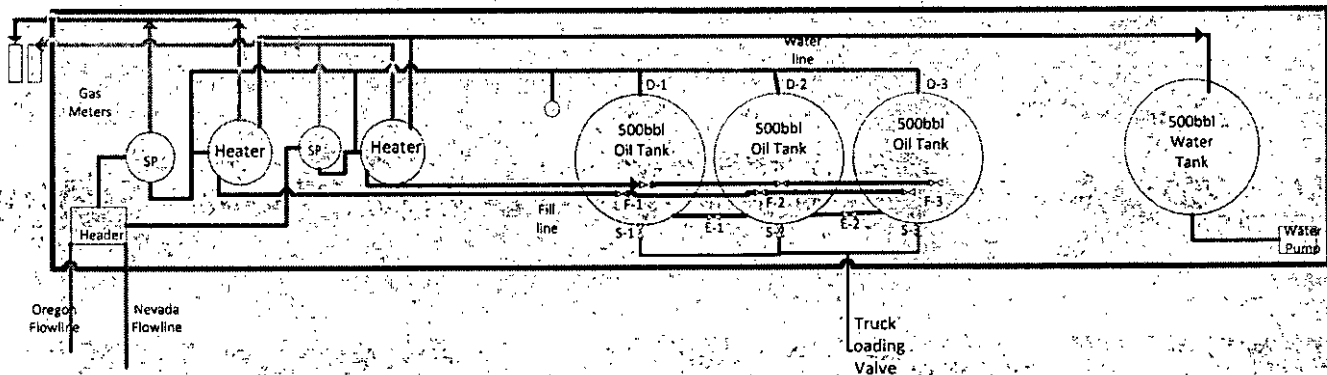
10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	18	18 S	37 E		330	SOUTH	330	WEST	LEA

11 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

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 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>589°36'13"W 2635.33 FT</p> <p>NW CORNER SEC. 18 LAT. = 32°45'18.130"N LONG. = 103°17'57.432"W</p> <p>LOT 1</p> <p>LOT 2</p> <p>N/4 CORNER SEC. 18 LAT. = 32°44'51.685"N LONG. = 103°17'57.353"W</p> <p>LOT 3</p> <p>SW CORNER SEC. 18 LAT. = 32°44'25.791"N LONG. = 103°17'57.283"W</p> <p>LOT 4</p> <p>330</p> <p>330</p> <p>500°42'25"E 2642.93 FT</p> <p>500°41'20"E 2647.81 FT</p> <p>500°38'10"W 2657.00 FT</p> <p>589°35'27"E 2627.40 FT</p> <p>589°36'13"W 2635.33 FT</p> <p>589°36'13"W 2635.33 FT</p> <p>NE CORNER SEC. 18 LAT. = 32°45'17.977"N LONG. = 103°16'55.729"W</p> <p>E/4 CORNER SEC. 18 LAT. = 32°44'51.783"N LONG. = 103°16'55.646"W</p> <p>SE CORNER SEC. 18 LAT. = 32°44'25.499"N LONG. = 103°16'55.609"W</p> <p>OREGON STATE #1 ELEV. = 3758.1' LAT. = 32°44'25.048"N (NAD83) LONG. = 103°17'53.429"W</p> <p>S/4 CORNER SEC. 18 LAT. = 32°44'25.722"N LONG. = 103°17'26.528"W</p> <p>SURFACE LOCATION</p>		<p>12 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or widespread 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 a 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> 5-22-2013 Signature Date</p> <p>Jerry W. Sherrell Printed Name</p> <p>jerry@mec.com E-mail Address</p> <p>13 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>NOVEMBER 20, 2012 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>Certificate Number FLS 12005 F. L. BARTHELLO, PLS 12797 SURVEY NO. 1367</p>
--	--	---



Mack Energy Corporation
 PO Box 960 Artesia, NM 88211-0960
 Nevada State TB
 SENW Sec. 24 T18S R36E

NORTH



MEMO

DATE: May 16, 2013

TO: NMOCD

FROM: Travis K. Lanning

RE: NEVADA STATE LEASE
V-8262-0
T18S, R36E
Section 24: NW4,
Lea County, New Mexico

OREGON STATE LEASE
V-8274-0
T18S, R37E
Section 18: Lots 3 & 4, E/2SW/4,
Lea County, New Mexico

Mack Energy Corporation respectfully requests approval to surface commingle production from our Nevada State Lease (V-8262-0) and our Oregon State Lease (V-8274-0). The Nevada State #1 and the Oregon State #1 will produce from the San Andres Formation. Production will be commingled at the Nevada State #1 tank battery, with each well having separate production equipment equipped with a meter to measure production prior to combining in a common storage tank.

Both wells have identical working and revenue interests.

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

Sincerely,
Mack Energy Corporation



Travis K. Lanning
Land Manager

McMillan, Michael, EMNRD

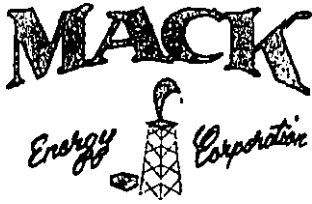
From: Travis Lanning <travis@mec.com>
Sent: Monday, February 29, 2016 1:08 PM
To: McMillan, Michael, EMNRD
Cc: Jerry Sherrell
Subject: Oregon State & Nevada State

Michael, the purpose of this email is to verify the interest(s) have not changed in our Nevada and Oregon Leases.

If you have any questions or need additional info, let me know.

Regards,

Travis Lanning
Land Manager
Mack Energy Corporation
575-748-1288 Office
575-748-7374 Fax
575-703-6004 Wireless



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

May 24, 2013

Mr. Pete Martinez
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Application for Surface Commingling

Dear Mr. Martinez:

Enclosed is a copy of our C-103 application.
Mack Energy Corp. is requesting approval to Surface Commingle the Oregon State Lease
V-8274 at the Nevada State TB V-8262 located in the SE/4NW/4 Sec. 24 T18S R36E Lea
County.

Please process the application at your earliest convenience. Should you have any
questions, please call me at the above number.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures