



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 21, 2005

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

Attention: Jerry Sherrell
jerrys@mackenergycorp.com

Administrative Order NSL-5317

Dear Mr. Sherrell:

Reference is made to the following: (i) your application (***administrative application reference No. pSEM0-534328588***) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 8, 2005; and (ii) the Division's records in Santa Fe and Hobbs: all concerning Mack Energy Corporation's ("MEC") request for an exception to Rule 4 of the "*Special Rules and Regulations for the Baish-Wolfcamp Pool*," as promulgated by Division Order No. R-2765, as promulgated by Division Order No. R-2765, issued in Case No. 3097 on September 8, 1964, for an off-pattern non-standard replacement Wolfcamp oil well location within a former standard 80-acre stand-up oil spacing and proration unit comprising the E/2 NW/4 of Section 22, Township 17 South, Range 32 East, NMPM, Baish-Wolfcamp Pool (**4480**), Eddy County, New Mexico.

Your application has been duly filed under the provisions of: (i) Rule 5 of the "*Special Rules and Regulations for the Baish-Wolfcamp Pool*"; (ii) Division Rule 104.F; and (iii) Division Rule 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

From the Division's records the discovery well for the Baish-Wolfcamp Pool was located on this 80-acre unit with Continental Oil Company's M. E. Baish "B" Well No. 14 (**API No. 30-025-00637**), later redesignated the Baish "B" Well No. 1, located 660 feet from the North line and 1650 feet from the West line (Unit C) of Section 22 (*see Division Order No. R-2292, issued in Case No. 2601 on July 20, 1962 and made effective August 1, 1962*). This well was initially drilled to a total depth of 13,657 feet in 1960 and later, in 1962, completed in the Wolfcamp interval. This well produced from the Baish-Wolfcamp Pool from May, 1962 to May, 1988. Conoco, Inc. subsequently plugged and abandoned the Baish "B" Well No. 1 in 1991.

The Division's review of its records also indicate that the S/2 SE/4 of Section 21, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, and the NE/4, E/2 NW/4, SW/4, and the NW/4 SE/4 of Section 22 comprise a single federal lease (*United States Government lease No. LC-029509-B*) in which mineral interests within the Wolfcamp interval is common throughout and MEC is the leasehold operator.

By authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special pool rules governing the Baish-Wolfcamp Pool, the following described well to be drilled as a replacement oil well within this 80-acre Wolfcamp oil spacing and proration unit at an off-pattern non-standard oil well location is hereby approved:

J. C. Federal Well No. 4
1650' FNL & 2310' FWL (Unit F).

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad

ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

DEC 8 - 2005

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



OIL CONSERVATION
DIVISION

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

12/6/2005
Date

jerrys@mackenergycorp.com
e-mail Address



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

December 6, 2005

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.

The well location and legal description is as follows:

JC Federal #4
1650 FNL & 2310 FWL
Sec. 22, T17S R32E
Lea County, New Mexico

The well will be completed in the Wolfcamp formation in the Baish Wolfcamp Pool.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) filed with the Hobbs office of the Oil Conservation Division (Exhibit A).
- B.) A plat showing the proposed unorthodox locations, the respective proration units, and the offsetting proration units (Exhibit B).

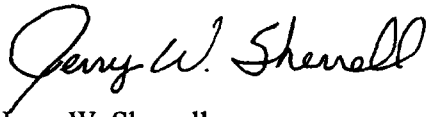
Mack Energy is proposing to drill the JC Federal #4 to a total depth of 10,500'. The acreage dedicated to this well is 80 acres, E/2 of NW/4 Sec. 22 T17S R32E. Mack Energy Corp. also operates the acreage that we are encroaching upon, via an agreement with Conoco Phillips Company and therefore no offset operators need be notified. Due to special pool rules this well should be located no more than 150' from the center of the QQ. There is a plugged and abandoned injection well located in the center of this QQ. To limit problems associated with drilling thru a pressurized zone, this well has been moved 317' unorthodox, but still within the 330' of the outer boundary. Moving the well to the west would be encroaching upon a different lease.

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

Oil Conservation Division
December 6, 2005
Page 2

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in cursive script that reads "Jerry W. Sherrell". The signature is written in dark ink and is positioned above the printed name and title.

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

State of New Mexico

DISTRICT I

1825 N. FRANKLIN DR., BOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 4480	Pool Name Baish;Wolfcamp
Property Code 25101	Property Name JC FEDERAL	Well Number 4
GRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4004'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	17-S	32-E		1650	NORTH	2310	WEST	LEA

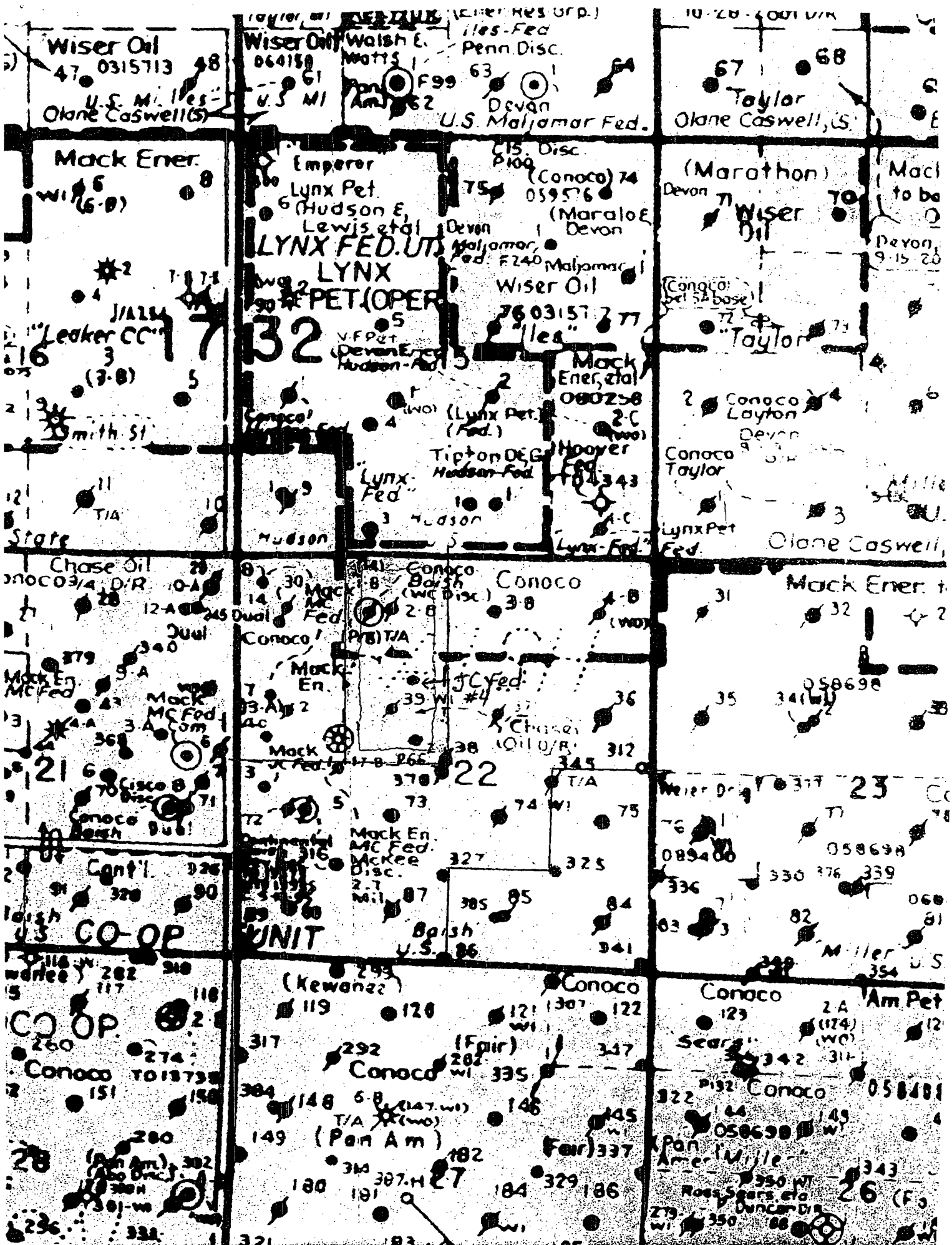
Bottom Hole Location If Different From Surface

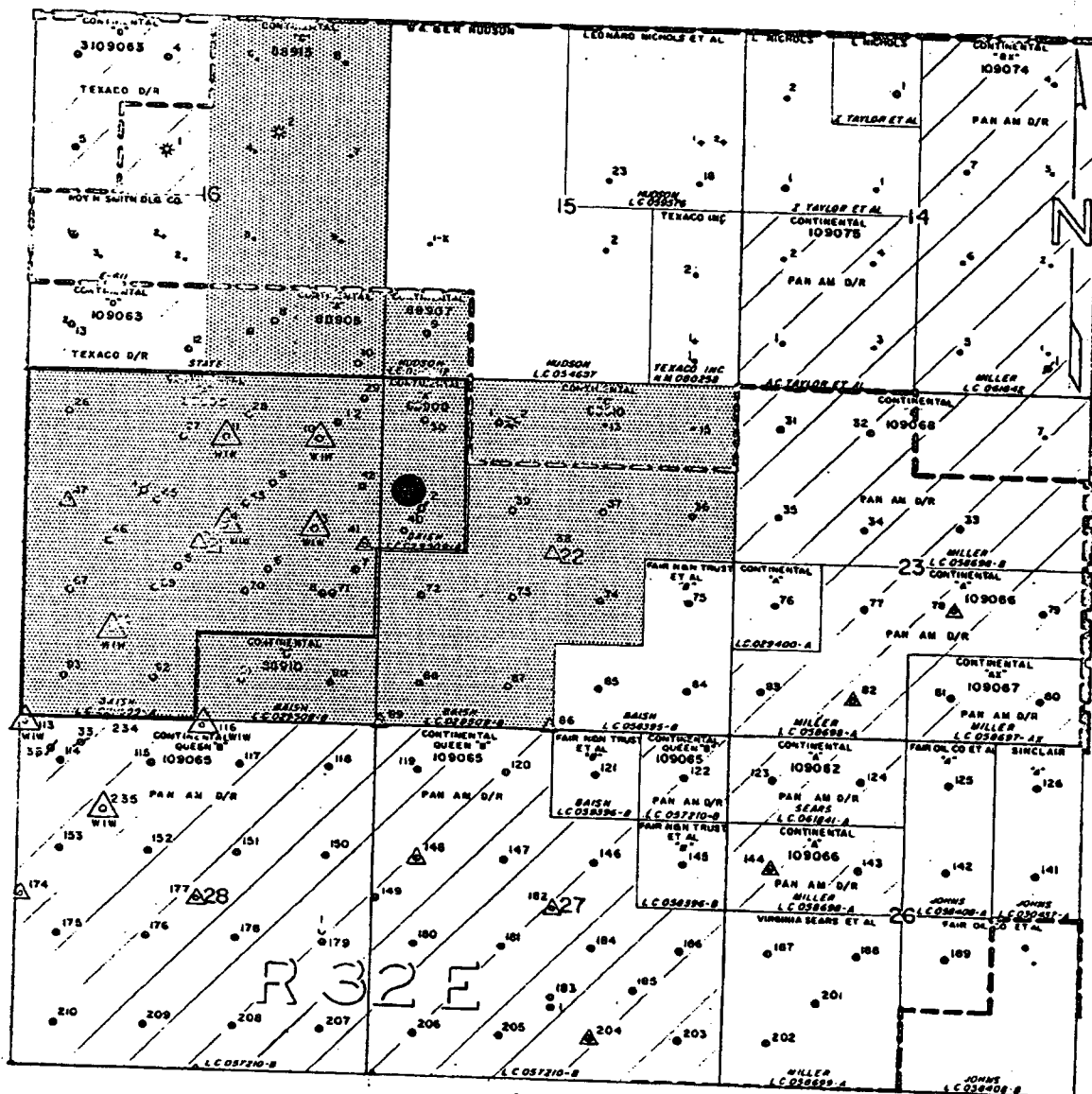
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Jerry W. Sherrell</i> Signature Jerry W. Sherrell Printed Name Production Clerk Title 12/1/2005 Date
	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. NOVEMBER 09, 2005 Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 11/14/05 05.11.1728
	Certificate No. CARY EIDSON 12841 RONALD J. EIDSON 3238

Standard 640-acre Section

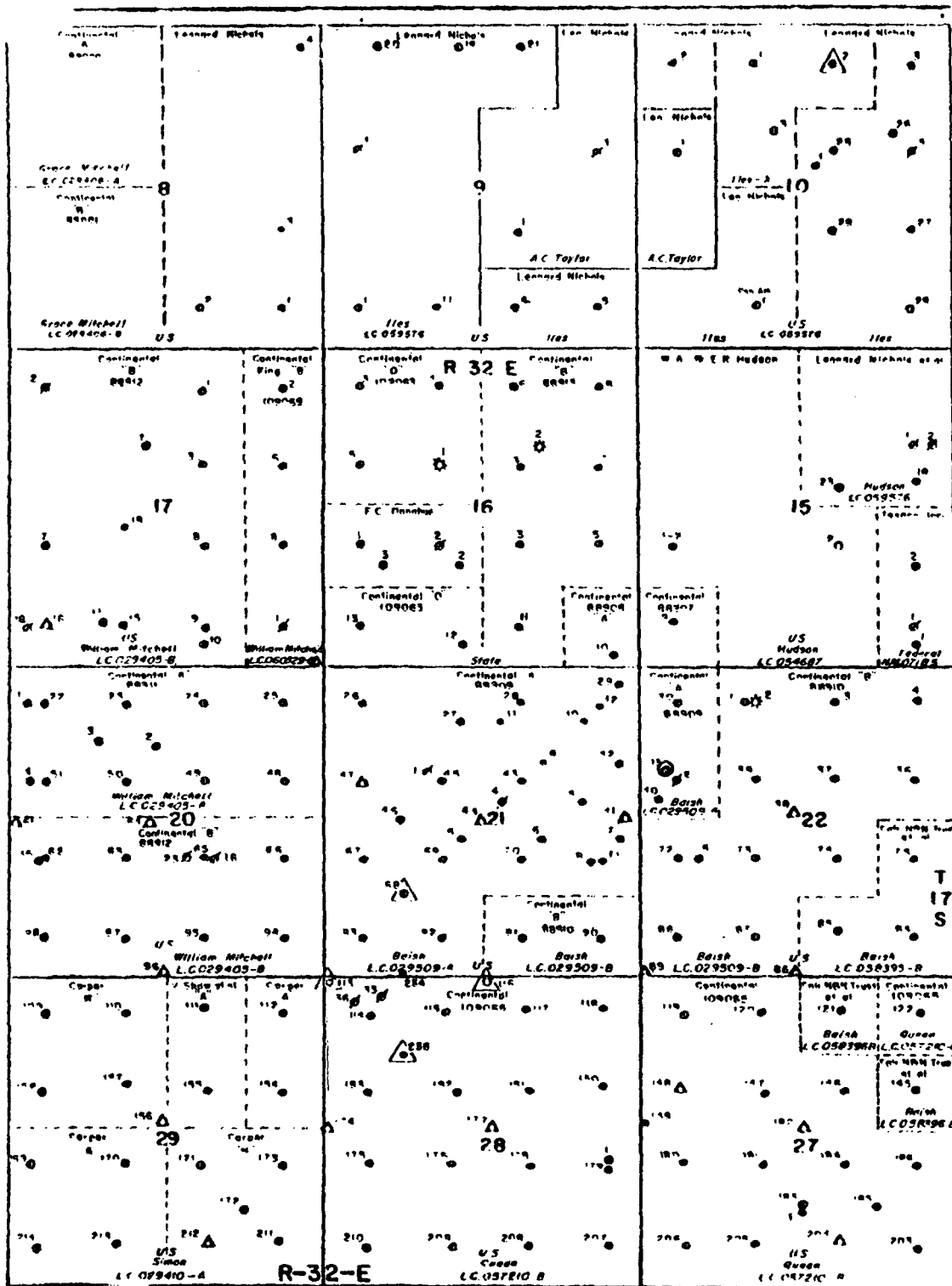




CONTINENTAL OIL COMPANY
 PRODUCTION DEPARTMENT
 HOBBS DISTRICT
 MALJAMAR POOL AREA
 Lea County, New Mexico

SCALE
 0 1000' 2000'

RL



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DISTRICT
MALJAMAR POOL AREA
Lea County, New Mexico

SCALE
 0 1000 2000
 Feet