

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

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



2006 JUL 24 PM 2 13

**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 \_\_\_\_\_
- [21] **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

[31] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[41] **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

7/21/2006  
Date

jerrys@mackenergycorp.com  
e-mail Address



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

July 21, 2006

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

*Re: Downhole Commingling, and measurement of  
Hydrocarbon Production for:  
McIntyre DK #14  
Section 17, T17S, R30E  
Eddy County, New Mexico*

*Mack Energy contract operator for COG Operating LLC operator of the aforementioned well respectfully requests administrative approval for down hole commingling and measurement of production.*

*COG proposes to commingle Grayburg Jackson;SR-Q-G-SA(28509) and Loco Hills Paddock(96718) production in the above mentioned McIntyre DK #14(Lease NMNM-86025). Production of both pools will be measured at the McIntyre DK Tank Battery located in the SE/4 SW/4 Sec. 17 T17S R30E. This lease has common interest in both pools. Notification has been made to all parties owning an interest in this lease, including the oil purchaser, of the intent to commingle.*

*Should you require any additional information concerning this application, please call Jerry W. Sherrell at the above number. Thank you for your consideration of this request.*

*Sincerely,*

*MACK ENERGY CORPORATION*

A handwritten signature in black ink that reads "Jerry W. Sherrell". The signature is written in a cursive style.

*Jerry W. Sherrell  
Production Clerk  
[jerrys@mackenergycorp.com](mailto:jerrys@mackenergycorp.com)*

*JWS/*

*Enclosures*

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

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

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

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 30-015 34537	Pool Code 28509	Pool Name Grayburg Jackson SR Q G SA
Property Code 302524	Property Name McINTYRE DK FEDERAL	Well Number 14
OGRID No. 229137	Operator Name COG OPERATING LLC	Elevation 3667'

Surface Location

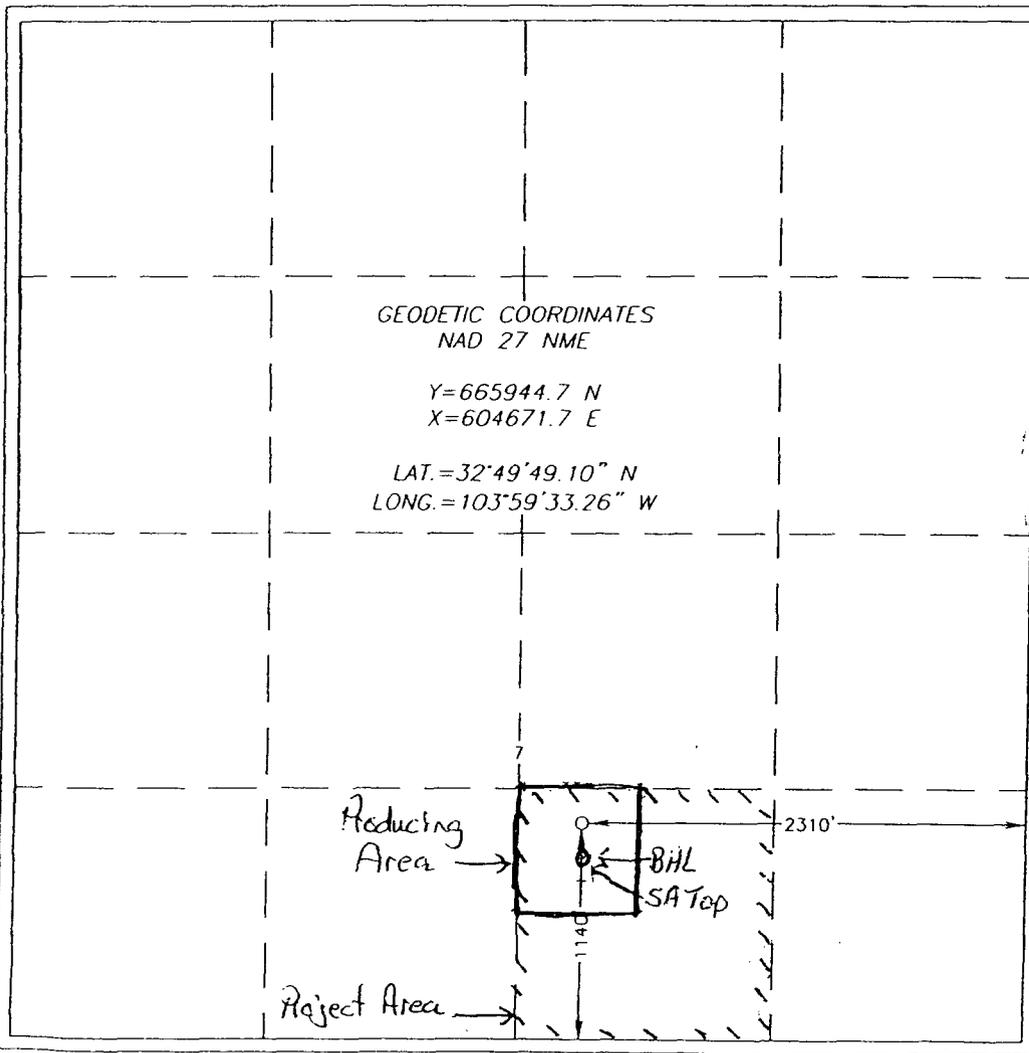
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	17	17-S	30-E		1140	SOUTH	2310	EAST	EDDY

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
0	17	17S	30E		990	South	2310	East	Eddy

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



**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Jerry W. Sherrell*  
Signature

Jerry W. Sherrell  
Printed Name

Production Clerk  
Title

1/4/2006  
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.

SEPTEMBER 23, 2005  
Date Surveyed

*Ronald J. Edson*  
Signature & Seal of Professional Surveyor

NEW MEXICO  
Professional Surveyor  
10/10/05  
05.11.14  
Certificate No. RONALD EDSON 3239

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I  
1625 N. FRENCH DR., BOBBS, 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

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 30-015 34537		Pool Code 96718	Pool Name Loco Hills Paddock
Property Code 302524	Property Name McINTYRE DK FEDERAL		Well Number 14
OGRID No. 229137	Operator Name COG OPERATING LLC		Elevation 3667'

Surface Location

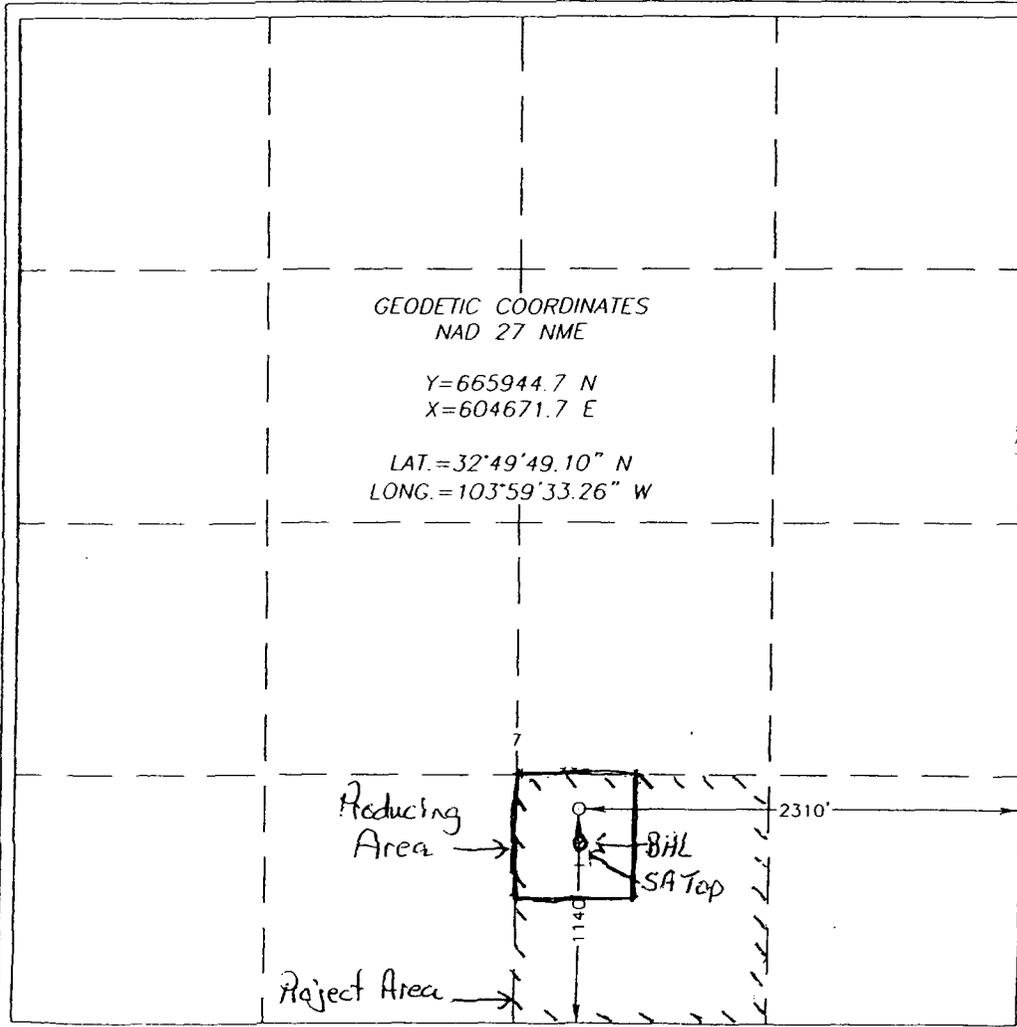
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Bottom Hole Location If Different From Surface

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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*Jerry W. Sherrell*  
Signature

Jerry W. Sherrell  
Printed Name

Production Clerk  
Title

1/4/2006  
Date

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**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.

SEPTEMBER 23, 2005  
Date Surveyed

JR  
Signature & Seal of Professional Surveyor

*Ronald E. Eidson*  
10/10/05  
05-11-14  
Certificate No. RONALD EIDSON 3239

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
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

APPLICATION TYPE  
 Single Well

District III  
1000 Rio Brazos Road, Aztec, NM 87410

Establish Pre-Approved Pools

District IV  
1220 S. St Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

EXISTING WELLBORE  
 Yes  No

COG Operating LLC  
Operator

550 W. Texas, Suite 1300 Midland, TX 79701

McIntyre DK Federal

14

O-17-17S-30E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 229137 Property Code 302524 API No. 30-015-34537 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson SR Q G SA		Loco Hills Paddock
Pool Code	28509		96718
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2766.5-3937'		4275-4597.5'
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)	38.1		38.1
Producing, Shut-In or New Zone	Producing		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: <u>7/2/2006</u> Rates: <u>62/121/326</u>	Date: _____ Rates: _____	Date: <u>7/2/2006</u> Rates: <u>15/30/81</u>
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 _____ 80 % 80 %	Oil _____ Gas _____ % %	Oil _____ Gas _____ 20 % 20 %

**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: DHC-3538

**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 7/21/2006

TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. ( 505 ) 748-1288

E-MAIL ADDRESS jerrys@mackenergycorp.com