

ABOVE THIS LINE FOR DIVISION USE ONLY

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NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



0 2006

Oil Conservation Division

1220 S. 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 _____

Mack Energy
Ning State # 1
200629

- [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

9/18/06
 Date

jerrys@mackenergycorp.com
 e-mail Address



RECEIVED

SEP 20 2006

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

Oil Conservation Division

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

September 18, 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 for simultaneous dedication of a 2nd Wolfcamp well located within an 320 acre proration unit.

The well location and legal description is as follows:

Nino State #1 Horizontal
SL 1780 FNL & 660 FEL, BHL 1780 FNL & 660 FWL
Sec. 29, T18S R23E
Eddy County, New Mexico

The well will be completed in the Wolfcamp formation in the Four Mile Draw; Wolfcamp(G) Pool (97415).

- A.) Attached is a Well location and acreage dedication plat (form C-102) filed with the Artesia office of the Oil Conservation Division, showing the proposed location, the respective proration units (Exhibit A).

Mack Energy is proposing to drill the Nino State #1 to a total depth of 8200'. The proposed acreage dedicated to this well is 320 acres, N/2 of Sec. 29 T18S R23E. Mack Energy also operates the Walrus State #1, 805 FNL & 866 FWL, Sec. 29 T18S R23E, which is producing from Four Mile Draw; Wolfcamp pool. 30-015-33508

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

Sincerely,
MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

Cc: Oil Conservation Division-Artesia
Commissioner of Public Lands

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-35128	Pool Code 97415	Pool Name Four Mile Draw; Wolfcamp
Property Code 35967	Property Name NINO STATE	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4031'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	18-S	23-E		1780	NORTH	660	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
E	29	18-S	23-E		1780	NORTH	660	WEST	EDDY

Dedicated Acres 320	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

<p>PROJECT AREA</p> <p>PRODUCING AREA</p> <p>GRID AZ.=270°45'10" H.DIST.=3934.3'</p> <p>BH 660'</p> <p>SL 660'</p> <p>4034.1' 4031.0'</p> <p>600' 600'</p> <p>4024.6' 4028.5'</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased 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 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> 9/18/06 Signature Date</p> <p>Jerry W. Sherrell Printed Name</p>
<p>BOTTOM HOLE Y=626185.8 N X=381242.7 E</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=626237.4 N X=385175.7 E</p> <p>LAT.=32.721067° N LONG.=104.706691° W</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>JULY 31, 2006</p> <p>Date Surveyed MR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Gary R. Edson</i> 8/17/06 06.11.1127</p> <p>Certificate No. GARY EDSON 12641 RONALD J. EDSON 3239</p>

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 30-015-33508		Pool Code 97415	Pool Name Four Mile Draw; Wolfcamp
Property Code 34091	Property Name WALRUS STATE		Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION		Elevation 4025'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	18-S	23-E		805'	NORTH	866'	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.
320			

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>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=627163.8 N X=381475.5 E</p> <p>LAT.=32°43'24.88" N LONG.=104°43'07.44" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that 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>9/18/2006 Date</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>JULY 7, 2004 Date Surveyed</p> <p>JR Signature & Seal of Professional Surveyor</p> <p><i>Gary A. Eidson</i> 7/12/04 04.11.0811</p> <p>Certificate No. GARY EIDSON 12841</p>	

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, October 20, 2006 10:54 AM
To: 'jerrys@mackenergycorp.com'
Subject: Nino State #1 Horizontal, H-29-18S-23E, Eddy County; API No. 30-015-35128

Dear Mr. Sherrell

Reference is made to your administrative application (reference no. pTDS0-626535043), wherein you request approval for simultaneous dedication of the above-referenced well and your Walrus State Well No. 1 (API 30-015-33508), located in Unit D, Section 29-18S-23E, to a standard 320-acre spacing unit in the Four Mile Draw-Wolfcamp, consisting of the N/2 of Section 29.

You have requested approval "without notice and hearing."

After reviewing your application, we believe notice should be given to all "affected persons" [See Rule 1210.A(2)(a)] in all spacing units adjoining the N/2 of Section 29.

This is an application for Simultaneous Dedication, governed by Rule 104.D(3). There is no specific notice requirement for applications for simultaneous dedication. Accordingly, notice in these cases is governed by Rule 1210.A(9) which provides that notice shall be given "as the division requires."

In this case, since the proposed well will be a horizontal well that will be completed in both quarter sections of the unit, and the applicable spacing rules allow only one well per quarter section, we conclude that owners in all adjoining units could potentially be affected by the granting of this application.

We will hold this application until we are furnished with proof of notice as above stipulated, provided we receive such notice within 30 days after the date of this communication.

Very truly yours,

David K. Brooks
Assistant General Counsel
505-476-3450



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

October 23, 2006

VIA CERTIFIED MAIL 7006 0100 0002 8524 8441
CERTIFIED RETURN RECEIPT MAIL

LCX Energy LLC
110 N. Marienfeld Ste. 200
Midland, TX 79701

Dear Sir or Madam:

This letter will serve as a notice that Mack Energy has requested administrative approval from the NMOCD for Simultaneous Dedication of an 2nd Wolfcamp well located on a 320 acre proration unit. The location for this horizontal well, Nino State #1, is SHL 1780 FNL & 660 FEL, BHL 1780 FNL & 660 FWL, units E, F, G, H of Section 29-T18S-R23E, Eddy County, New Mexico. This particular proration unit is dedicated to our Walrus State #1, located in unit D Sec. 29-T18S-R23E.

Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Simultaneous Dedication of a 2nd Wolfcamp location if no objections has been made within the 20 days after the application has been received.

Sincerely,


Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

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OCT 23 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

7006 0100 0002 8524 8441
7006 0100 0002 8524 8441

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

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Bent To

Street, Apt. No.,
or PO Box No.
City, State, ZIP

LCX Energy LLC
110 N. Marienfeld Ste. 200
Midland, TX 79701

PS Form 3800, June 2002

See Reverse for Instructions.

LC
110 N. Marienfeld Ste. 200
Midland, TX 79701

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

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

LCX Energy LLC
110 N. Marienfeld Ste. 200
Midland, TX 79701

2. Article Number
(Transfer from service label)

7006 0100 0002 8524 8441

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent
 Addressee

B. Received by (Printed Name)

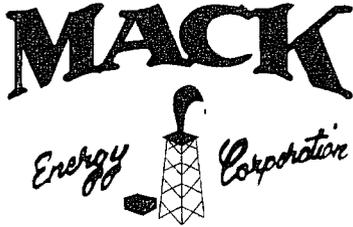
C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



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

October 23, 2006

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110 N. Marienfeld Ste. 200
Midland, TX 79701

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Sincerely,

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

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NOV 27 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

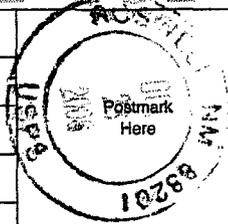
7006 0100 0002 8524 8441

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OFFICIAL USE

Postage	\$.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88



Sent To **LCX Energy LLC**
 Street, Apt. No., or PO Box No. **110 N. Marienfeld Ste. 200**
 City, State, ZIP+4 **Midland, TX 79701**

PS Form 3800, June 2002 See Reverse for Instructions

COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Write your name and address on the reverse side of this card to the back of the mailpiece, and return the card to the front if space permits.

Addressed to:

LCX Energy LLC
110 N. Marienfeld Ste. 200
Midland, TX 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Jo Ann Terreno* Agent Addressee
 B. Received by (Printed Name) *Jo Ann Terreno* C. Date of Delivery *10-25-06*
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

Number (from service label) **7006 0100 0002 8524 8441**

3811, February 2004 Domestic Return Receipt 102595-02-M-1540

RECEIVED

NOV 21 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Certified Mail Provides:

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- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

PS Form 3800, June 2002 (Reverse)

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is not available for any class of international mail.

■ NO INSURANCE for valuable

■ For an e-mail delivery. Receipt fee. Enclose a duplicate

■ For an address endorsement "Restricted Delivery"

■ If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry. Internet access to delivery information is not available on mail addressed to APOs and FPOs.

Mack Energy Corporation
 P. O. Box 960
 Artesia, NM 88211-0960
 Attn: Jerry W. Sherrell

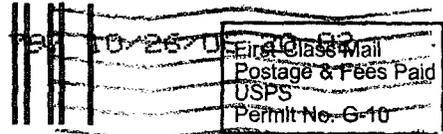
Mail. For

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a waiver for
ill receipt is

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OCT 24 2006

UNITED STATES POSTAL SERVICE



• Sender: Please print your name, address, and ZIP+4 in this box •

Mack Energy Corporation
 P. O. Box 960
 Artesia, NM 88211-0960
 Attn: Jerry W. Sherrell

OCT 27 2006

0000



Brooks, David K., EMNRD

From: Jerry Sherrell [jerrys@mackenergycorp.com]
Sent: Monday, November 27, 2006 9:24 AM
To: Brooks, David K., EMNRD
Subject: RE: Nino State #1 Horizontal, H-29-18S-23E, Eddy County; API No. 30-015-35128

David,

All requirements have been met, please let me no as to the status of this application. Do to the desire to proceed with this project expedited response would be greatly appreciated.

Jerry W. Sherrell
Mack Energy Corporation
jerrys@mackenergycorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, October 20, 2006 11:54 AM
To: Jerry Sherrell
Subject: Nino State #1 Horizontal, H-29-18S-23E, Eddy County; API No. 30-015-35128

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Assistant General Counsel
505-476-3450

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient

(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.