

| | | | | | |
|-----------------------|-------------------------|------------------------|-----------------------|-----------------|-------------------------------------|
| DATE IN <u>9/2/03</u> | SUSPENSE <u>9/24/03</u> | ENGINEER <u>M.E.S.</u> | LOGGED IN <u>M.S.</u> | TYPE <u>NSC</u> | APP NO. <u>P.M.E.S.D. 325252629</u> |
|-----------------------|-------------------------|------------------------|-----------------------|-----------------|-------------------------------------|

Brown Fed. #5
D-31-T175-R32E

ABOVE THIS LINE FOR DIVISION USE ONLY

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



RECEIVED
SEP - 2 2003
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

8/28/03
Date

jerrys@mackenergycorp.com
e-mail Address



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

August 28, 2003

Oil Conservation Division
Attn: Mike Stogner
2040 South Pacheco
Santa Fe, NM 87505

Dear Mr. Stogner:

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

Because of our desire to drill these wells in a timely manner, we also request your approval be expedited. The well locations and legal descriptions are as follows:

Brown Federal #5
1115 FNL & 990 FWL (P)
Sec. 31, T17S, R32E
Lea County, New Mexico

Fox Federal #4
1600 FNL & 1090 FWL
Sec. 31, T17S, R32E
Lea County, New Mexico

Fox Federal #5
2510 FNL & 1650 FWL
Sec. 31, T17S, R32E
Lea County, New Mexico

Weasel Federal #1
1550 FSL & 990 FEL
Sec. 31, T17S, R32E
Lea County, New Mexico

The wells will be completed in the Grayburg formation in the Maljamar-Grayburg-San Andres Pool.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plats (form C-102) filed with the Hobbs 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 (Exhibit B).
- C.) A topographic map showing the reason for the unorthodox locations, the original Brown #5 and Fox #3 & #4 locations were moved at the request of the BLM representative during the on-site inspection due to the sand dunes that are habitat for a specific Sand Dune Lizard.

Oil Conservation Division

August 28, 2003

Page 2

The Weasel #1 location would have fallen on top of or too close to existing gas pipelines, which are visible on the map. This well encroaches the same lease to the south. We are not going to be able to drill the Weasel #2 due to the sand dunes at that location. Therefore, we have staked the Weasel #3 & #4 in the same 40 acre tract.

We are also not going to be able to drill the Fox Federal #2 due to the sand dunes at that location.

All of these unorthodox locations with the exception of the Fox Federal #4 are encroaching upon itself or another lease operated by Mack Energy Corp. The Fox Federal #4 is encroaching upon the NW/4 NW/4 the NE/4 NW/4 and the SE/4 NW/4. Attached is a letter sent to notify Conoco/Phillips of the unorthodox location.

Also, please note that the Mack Energy group has 100% of the working interest in the Mack operated leases.

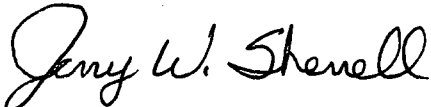
Currently we are completing the Brown Federal #4 and have drilled the Panther Federal #1, Panther Federal #3, and drilling the Fox Federal #1. (Exhibit C).

Should you have any questions concerning the reasons for moving the locations, you can contact Don Peterson at the Carlsbad Bureau of Land Management (505) 887-6544.

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

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | | |
|-----------------------|--|--------------------|-----------------------------|
| API Number | | Pool Code 43329 | Pool Name Maljamar GB SA |
| Property Code 6061 | Property Name BROWN FEDERAL | | Well Number 5 |
| OGRID No. 013837 | Operator Name MACK ENERGY CORPORATION | | Elevation 3851' |

Surface Location

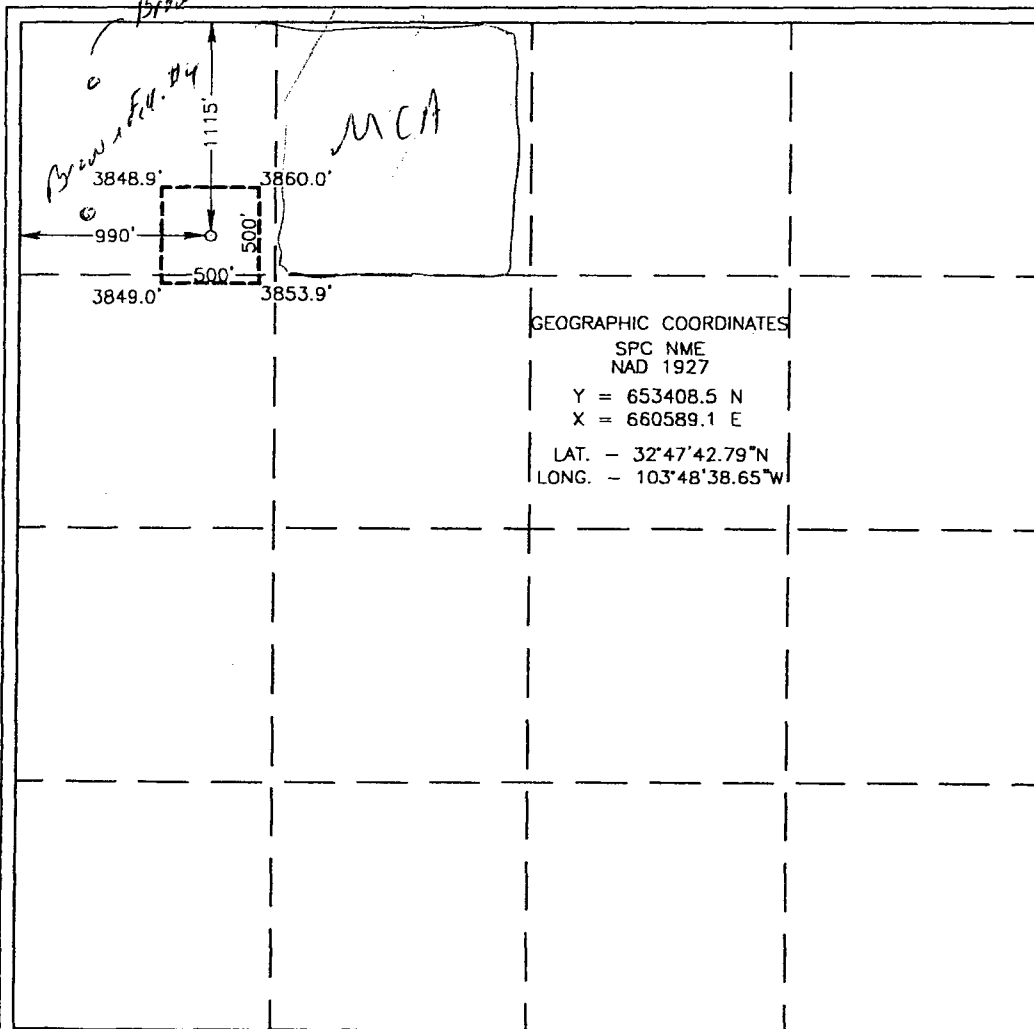
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 31 | 17-S | 32-E | | 1115 | NORTH | 990 | 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 | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 40.96 | | | |

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



GEOGRAPHIC COORDINATES
SPC NME
NAD 1927
Y = 653408.5 N
X = 660589.1 E
LAT. - 32°47'42.79"N
LONG. - 103°48'38.65"W

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

7/30/2003

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.

JULY 22, 2003

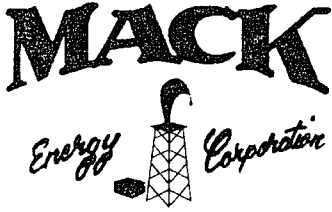
Date Surveyed

LA

Signature & Seal of
Professional Surveyor

Ronald J. Edson
7/23/03
03110780

Certification No. RONALD J. EDSON 3239
GARY EDSON 12641



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

August 28, 2003

CERTIFIED RETURN RECEIPT MAIL
7002 0860 0006 7056 4391

ConocoPhillips Company
PO Box 2197
Houston, TX 77251
Attn: Linda Hicks

Dear Madam:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for an unorthodox Grayburg oil well location for the Fox Federal #4. The location for this well is 1600 FNL & 1090 FWL of Section 31-T17S-R32E, Lea County, New Mexico.

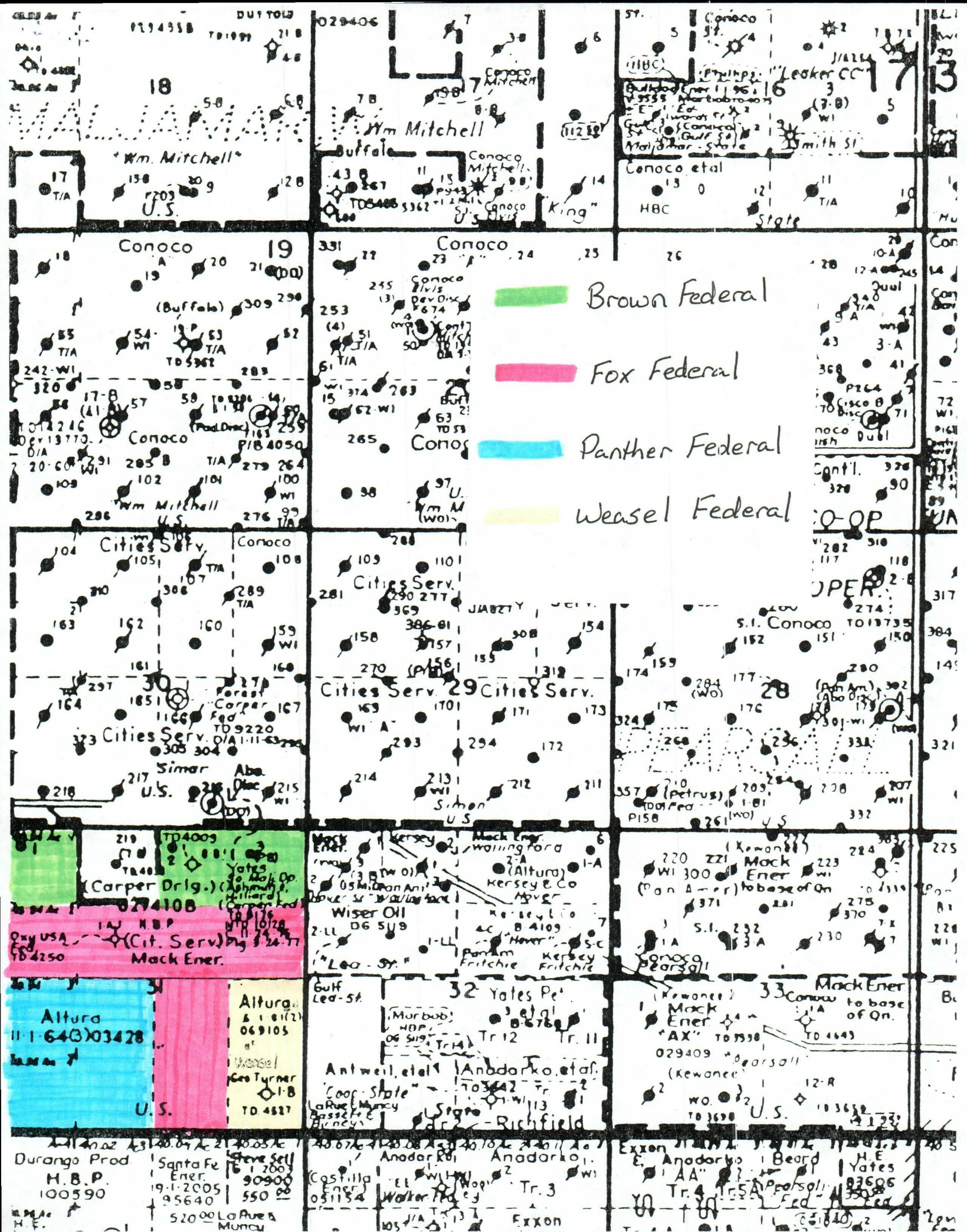
Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.

Sincerely,

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures



Brown Federal

Fox Federal

Panther Federal

Weasel Federal

Altura
11-1-640303428
U.S.

Altura
6-1-81(2)
069105
Geo Turner
1-B
TO 4827

Durango Prod
H.B.P.
100590
Santa Fe
Ener.
9-1-2005
95640
550 00
Steve Sell
1-200
90900
520 00
La Roca
Muncy

Wiser Oil
2-LL DG 519
"Lea - St."

Antwell, et al
"Coop. State"
La Roca Muncy
Barnes

Exxon
Anadarko
Tr. 3
Walker
105 J/A 13

Mack Ener.
220 221
WI 300
(Man Amer) to base of Qn
371
S.I. 232
1A 13A
Conoco
Pearsall

Mack Ener.
33
Conoco to base
of Qn.
"AX" TO 3538
029409
(Keweenaw)
WO 32
TO 3638
U.S.

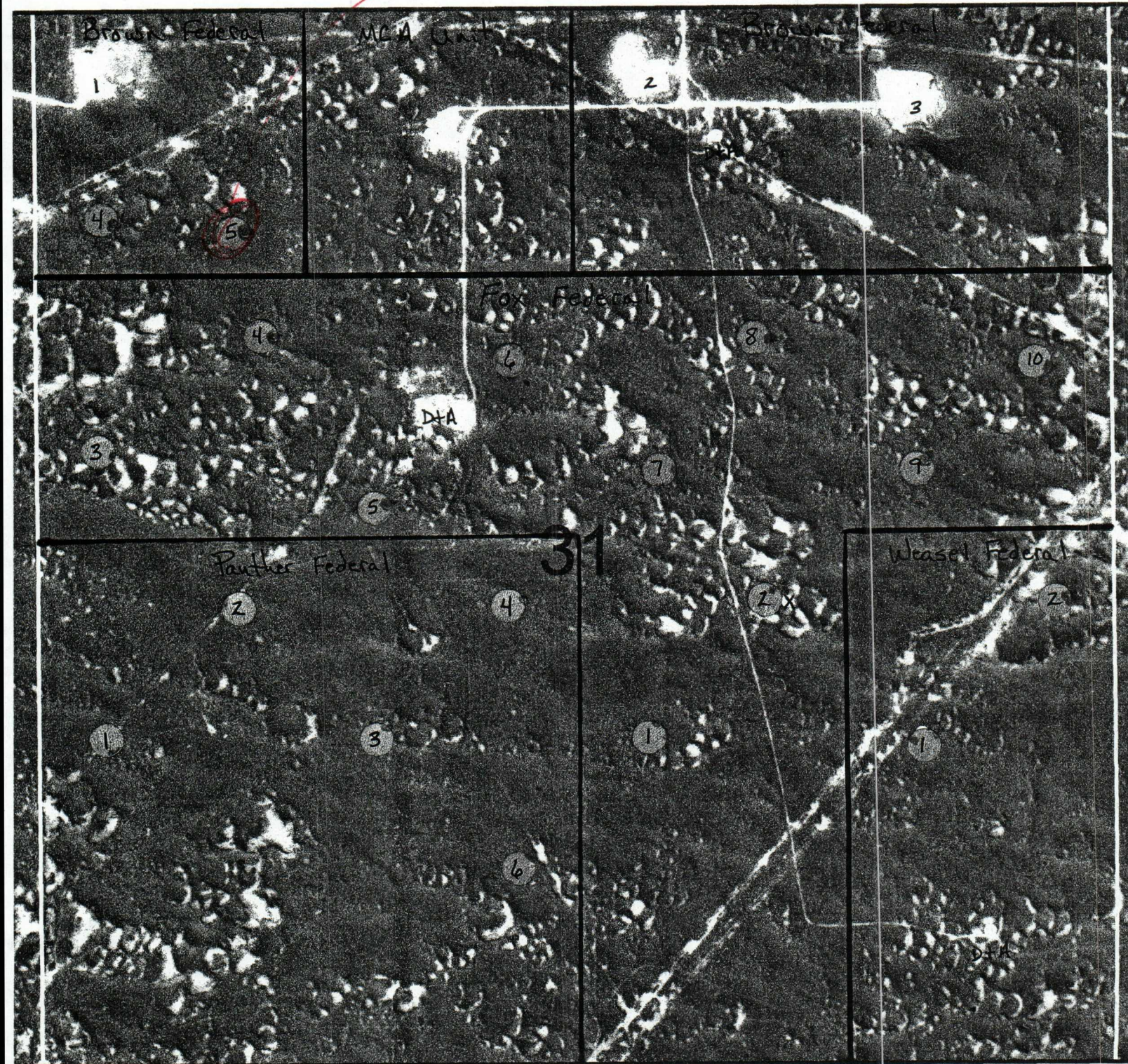
Exxon
Anadarko
Beard
Yates
H.E.
1-200
93606
Tr. 4
Tr. 5
Tr. 6
Tr. 7
Tr. 8
Tr. 9
Tr. 10
Tr. 11
Tr. 12
Tr. 13
Tr. 14
Tr. 15
Tr. 16
Tr. 17
Tr. 18
Tr. 19
Tr. 20

Sec : 31 Twp : 17S Rng : 32E Section Type : NORMAL

| | | | |
|--|---|--|--------------------------------------|
| 1 40.96 Federal owned A A | C 40.00 Federal owned U A | B 40.00 Federal owned A A | A 40.00 Federal owned A |
| 2 40.94 Federal owned | F 40.00 Federal owned A | G 40.00 Federal owned | H 40.00 Federal owned |
| 3 40.94 Federal owned A A | K 40.00 Federal owned A A | J 40.00 Federal owned A | I 40.00 Federal owned |
| 4 40.92 Federal owned | N 40.00 Federal owned A | O 40.00 Federal owned | P 40.00 Federal owned A |

ther Fox Weasel E

→ Subject Application →



0 0.4 0.8 Miles

Scale 1:8,000





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

June 10, 2003

Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960
Attention: **Jerry Sherrell**
jerrys@mackenergycorp.com

Telefax No. (505) 746-2362

Administrative Order NSL-4897 (SD)

Dear Mr. Sherrell:

Reference is made to the following: (i) your application dated May 26, 2003 (*administrative application reference No. pKRV0-315427061*), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on May 29, 2003; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe, New Mexico on Tuesday afternoon, June 10, 2003; and (iii) the Division's records in Santa Fe: all concerning Mack Energy Corporation's ("Mack Energy") request for an unorthodox infill oil well location within an existing standard 40.96-acre oil spacing and proration unit comprising Lot 1 (NW/4 NW/4 equivalent – Unit D) of Section 31, Township 17 South, Range 32 East, NMPM, Maljamar-Grayburg San Andres Pool (43329), Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40.96-acre unit is currently dedicated to Mack Energy's Brown Federal Well No. 1 (API No. 30-025-30199) located at a standard oil well location 330 feet from the North and West lines of Section 31.

It is our understanding that Lots 1 and 2, the NE/4, SE/4 NW/4, and W/2 SE/4 of Section 31 is within a single federal lease (U. S. Government lease No. LC-029410-B) with common mineral interest in which Mack Energy is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40.96-acre tract within the Grayburg/San Andres interval.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox "infill" oil well location within Lot 1 (Unit D) of Section 31 is hereby approved:

Administrative Order NSL-4897 (SD)
Mack Energy Corporation
June 10, 2003
Page 2

**Brown Federal Well No. 4
1040' FNL & 330' FWL**

30-025-36321

Further, both the existing Brown Federal Well No. 1 and the proposed Brown Federal Well No. 4 are to be simultaneously dedicated to the subject 40.96-acre unit.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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