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|--------------|----------------|--------------|--------------|----------|-------------------------------|
| DATE IN 11-6 | SUSPENSE 11-26 | ENGINEER MES | LOGGED IN MS | TYPE NSL | P.MESO - APP NO. 331133281 |
|--------------|----------------|--------------|--------------|----------|-------------------------------|

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ABOVE THIS LINE FOR DIVISION USE ONLY

NOV 06 2003 NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

OIL CONSERVATION DIVISION
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 _____

[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

11/4/03
Date

jerrys@mackenergycorp.com
e-mail Address



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

November 4, 2003

*Oil Conservation Division
Attn: Mike Stogner
1220 South St. Francis Drive
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.

Because of our desire to drill this well in a timely manner, we also request your approval be expedited. The well location and legal description is as follows:

*Pearsall A #2
2310 FSL & 1525 FEL
Sec. 33, T17S, R32E
Lea County, New Mexico*

The well will be completed in the GB/SA formation in the Maljamar; Grayburg-San Andres 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 map showing the reason for the unorthodox location, the original location would have fallen on top of or too close to existing gas pipeline (Exhibit C).*
- C.) A lease & well location map showing that there is 2 wells staked and the 2 other possible locations for effective 10-acre spacing on this particular 40-acre tract. Due to the pipelines and the position of Highway 529 the other two possible locations would also end up unorthodox (Exhibit D).*

*Oil Conservation Division
November 4, 2003
Page 2*

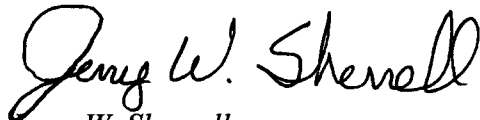
Moving the location 125' to the east will give the distance needed to build a location away from the gas pipeline. The location would have to be moved approximately 300' west to get away from the pipeline to make it orthodox. This well is encroaching on the NE/4 of the SE/4 of Sec. 33 T17S R32E, which is also part of this lease. There are no other possible orthodox locations for this well. The Pearsall A #1 has been staked in this 40 acre tract. The possible location to the west would not be orthodox due to Highway 529 and the location to the south of this well would also have to be moved unorthodox due to pipelines.

Also, please note that all interest in this lease is common, it is 100% owned by the Chase Group.

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

00826

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

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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;Grayburg-San Andres |
| Property Code | Property Name PEARSALL A | Well Number 2 |
| OGRID No. 013837 | Operator Name MACK ENERGY CORPORATION | Elevation 3919' |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot No. J | Section 33 | Township 17-S | Range 32-E | Lot Idn | Feet from the 2310 | North/South line SOUTH | Feet from the 1525 | East/West line EAST | County LEA |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

Bottom Hole Location If Different From Surface

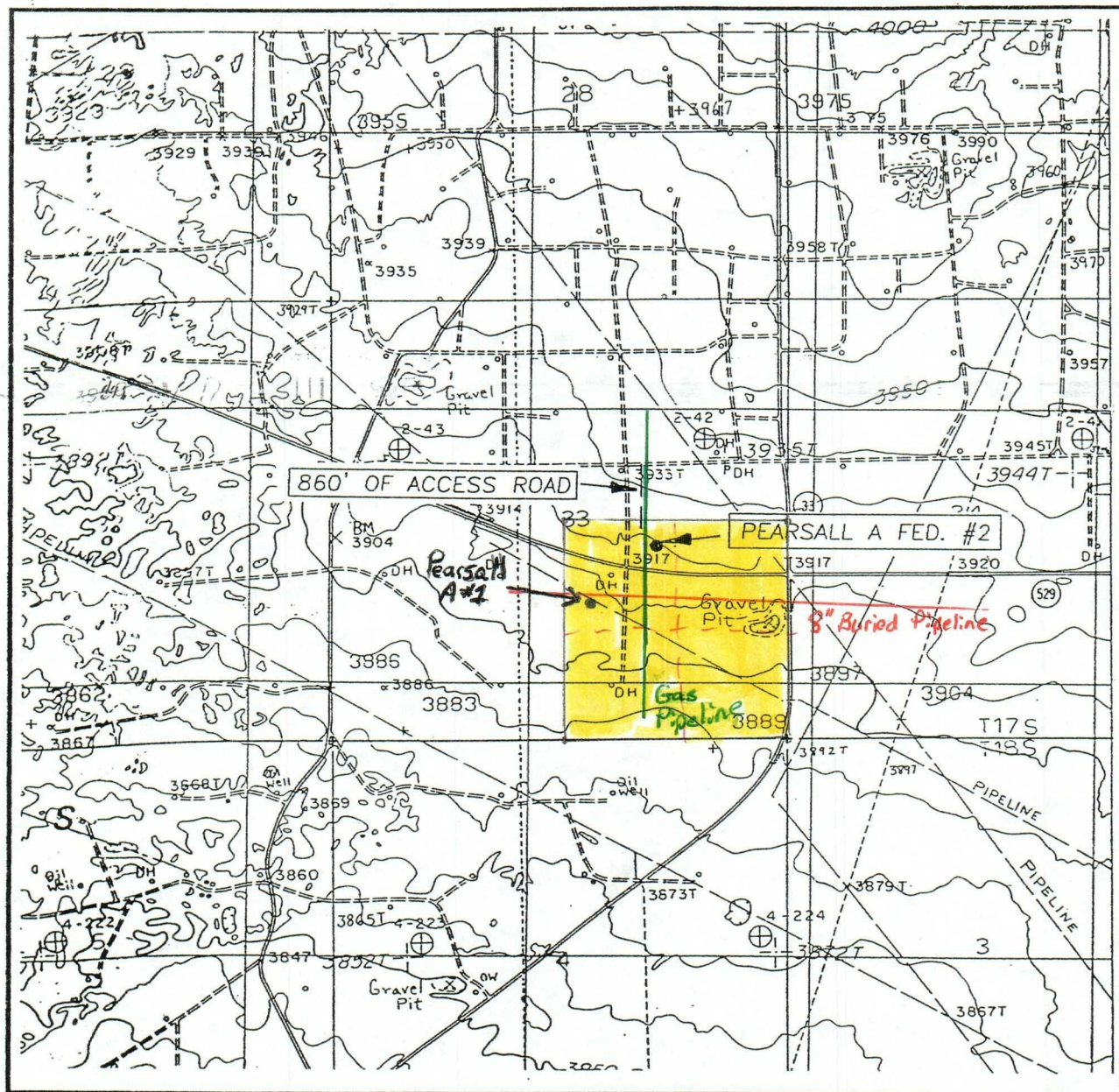
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|-----------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | 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><i>Comco's MCA Unit</i></p> | | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the 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>10/30/2003 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>OCTOBER 20, 2003 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor <i>Gary Eidson</i> 10/23/03 03.11.1122</p> <p>Certificate No. GARY EIDSON 12641</p> | |
| <p>GEODETIC COORDINATES NAD 1927 NME Y = 651597.1 N X = 673956.0 E LAT. - 32°47'24.19"N LONG. - 103°46'02.18"W</p> <p>3923.9' 3925.2' 3915.6' 3917.2' 600' 600' 1525' 2310'</p> | | | |

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
MALJAMAR, N.M.

SEC. 33 TWP. 17-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2310' FSL & 1525' FEL

ELEVATION 3919'

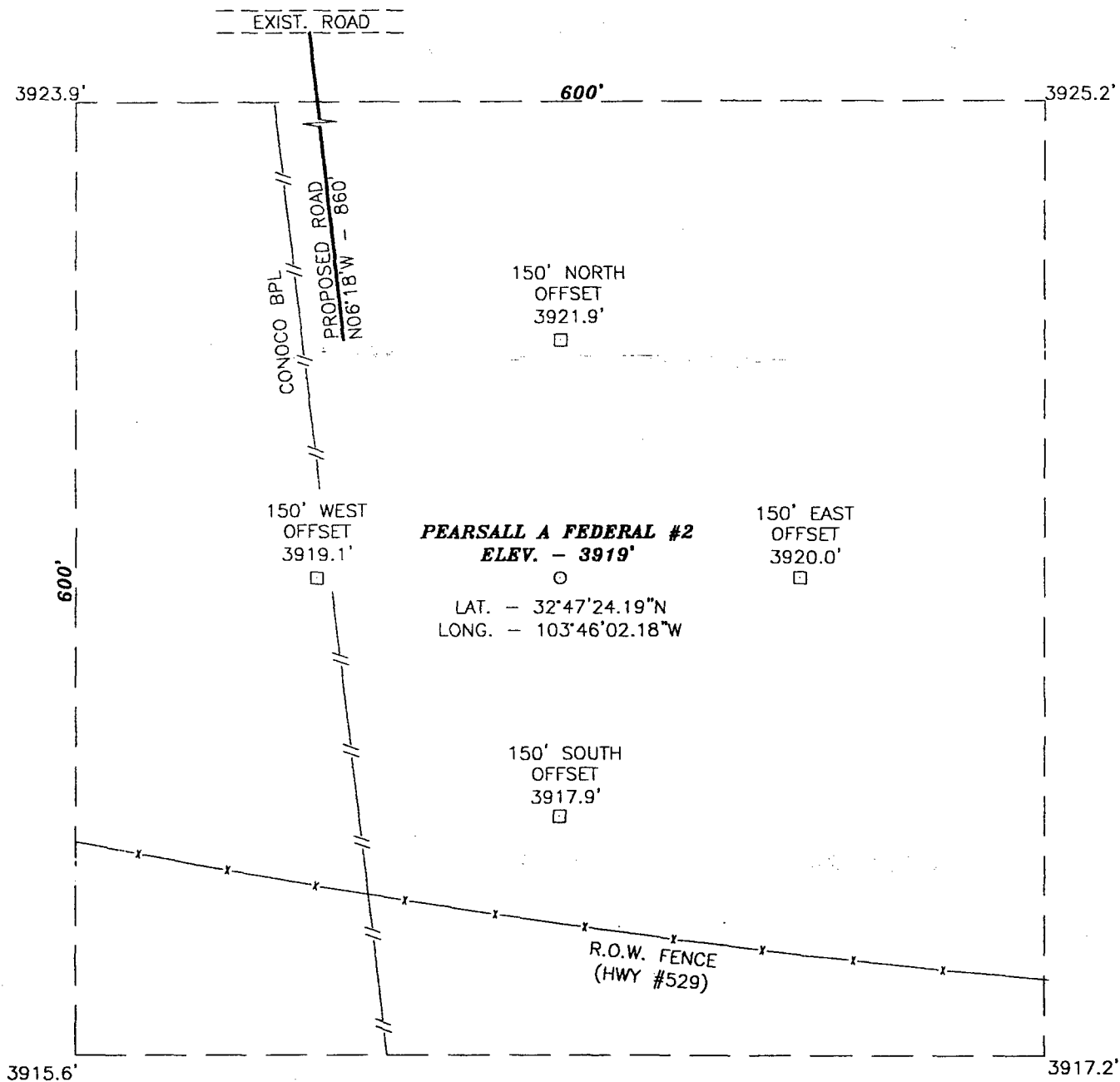
OPERATOR MACK ENERGY CORPORATION

LEASE PEARSALL A FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

SECTION 33, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF HIGHWAY #529 AND MALJAMAR RD.
(CO. RD. #33) GO WEST 0.2 MILES. THE PROPOSED WELL
LOCATION IS APPROX. 200' NORTH.

MACK ENERGY CORPORATION

THE PEARSALL A FEDERAL #2 LOCATED 2310 FEET FROM
THE SOUTH LINE AND 1525 FEET FROM THE EAST LINE
SECTION 33, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 10/20/03

Sheet 1 of 1 Sheets

W.O. Number: 03.11.1122

Drawn By: L.A.

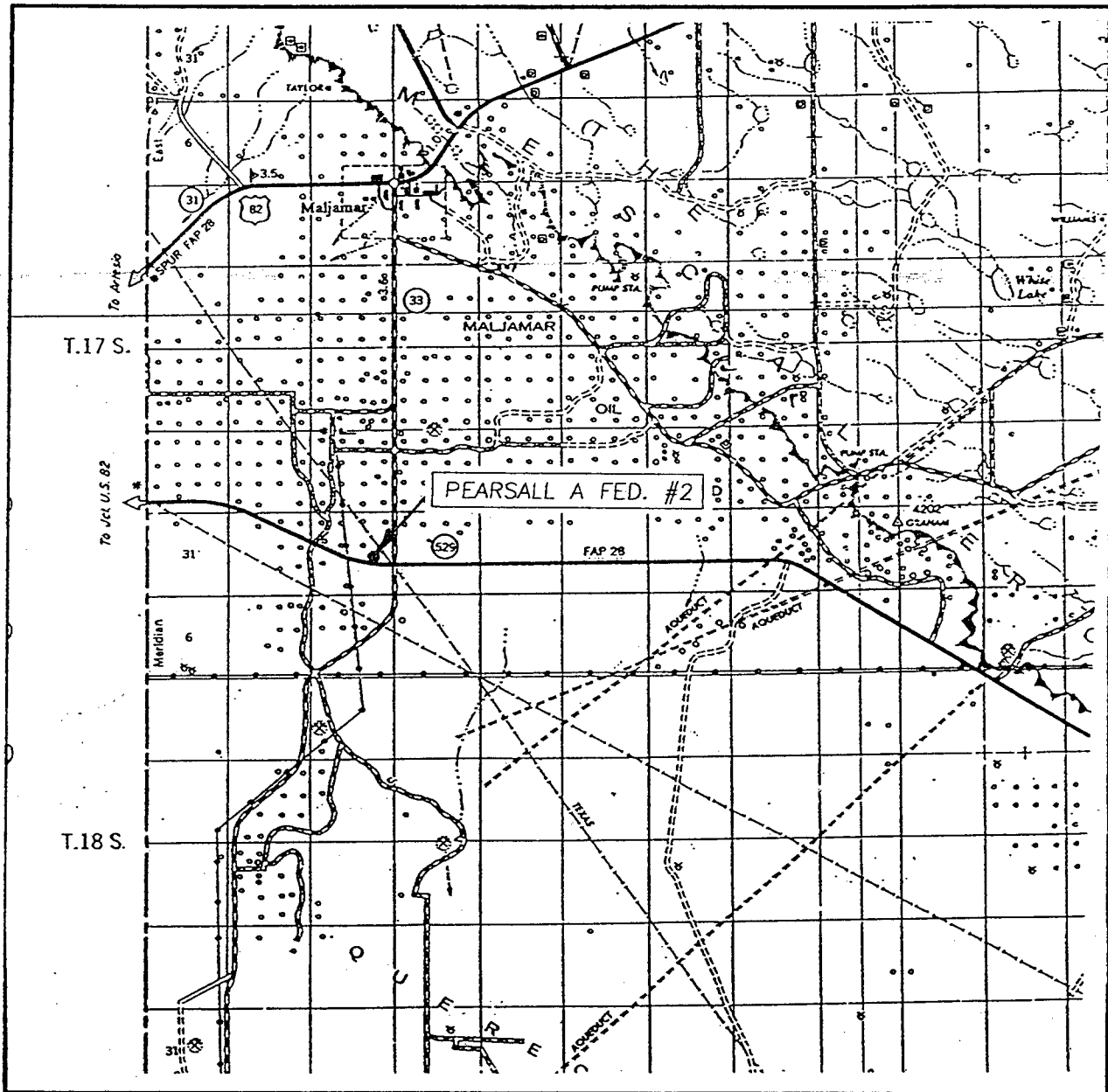
Date: 10/23/03

DISK:CD#2

03111122

JOHN WEST SURVEYING COMPANY
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 33 TWP. 17-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2310' FSL & 1525' FEL

ELEVATION 3919'

OPERATOR MACK ENERGY CORPORATION

LEASE PEARSALL A FEDERAL

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

