

DATE IN <u>3-16-10</u>	SUSPENSE	ENGINEER <u>DB.</u>	LOGGED IN <u>3-16-10</u>	TYPE <u>NSL</u>	APP NO. <u>100 7553740</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

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



1007553740  
MACK Energy

Monopoly Fed. #1

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-005-63007

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS  
2010 MAR 16 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]

changes

- [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

3/15/10  
Date

jerrys@mackenergycorp.com  
e-mail Address



Post Office Box 960  
Artesia, NM 88211-0960  
Office (575) 748-1288  
Fax (575) 746-9539

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March 15, 2010

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

Dear Mr. Jones:

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:

Monopoly Federal #1(formerly Seagull Fed #1) 30-005-63007  
2428 FSL & 1154 FEL  
Sec. 6, T13S R29E  
Chaves County, New Mexico

The well was originally drilled as a Devonian completion.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) filed with the Artesia office of the Oil Conservation Division (Exhibit A).

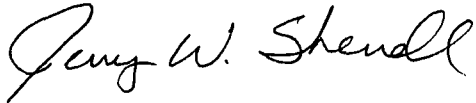
Mack Energy re-entered this wellbor to complete as a Devonian well. This has proven to be unproductive and at this time we are proposing to complete this well within the San Andres formation. This well is located in the NE/4 of the SE/4 of Sec. 6 T13S R29E and is encroaching the NW/4 of the SE/4, SE/4 & SW/4 of the NE/4 of Sec. 6 T13S R29E, all of which is owned by Chase Oil. Due to the desire to produce this well, we do request that approval be expedited.

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

Oil Conservation Division  
March 15 2010  
Page 2

Sincerely,

MACK ENERGY CORPORATION

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

Jerry W. Sherrell  
Production Clerk

JWS/

Enclosures

**MEMO**

DATE: March 15, 2010


TO: NMOCD

FROM: Ron Lanning  
Land Manager  
Mack Energy Corporation

SUBJECT: Monopoly Federal Well

The Monopoly Federal Well is on Federal Lease NMNM-120891. The lease covers Lots 1, 2 and 3, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 of Section 6, T13S, R29E, Chaves County, NM, containing 480.19 acres, to all depths.

Ownership of all working interest and royalty interest is common to all depths. There are no overriding royalty interests.

A handwritten signature in black ink, appearing to be 'Ron Lanning', written in a cursive style.

RWL:

# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

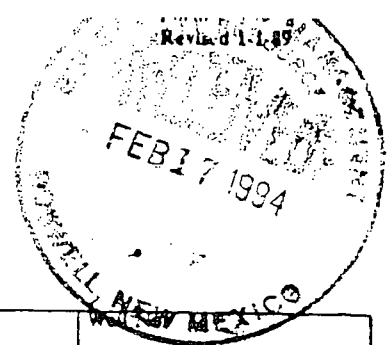
U, Hobbs, NM 88240

II  
rwer DD, Artesia, NM 88210

STRICT III  
IO Rio Brazos Rd., Aztec, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section



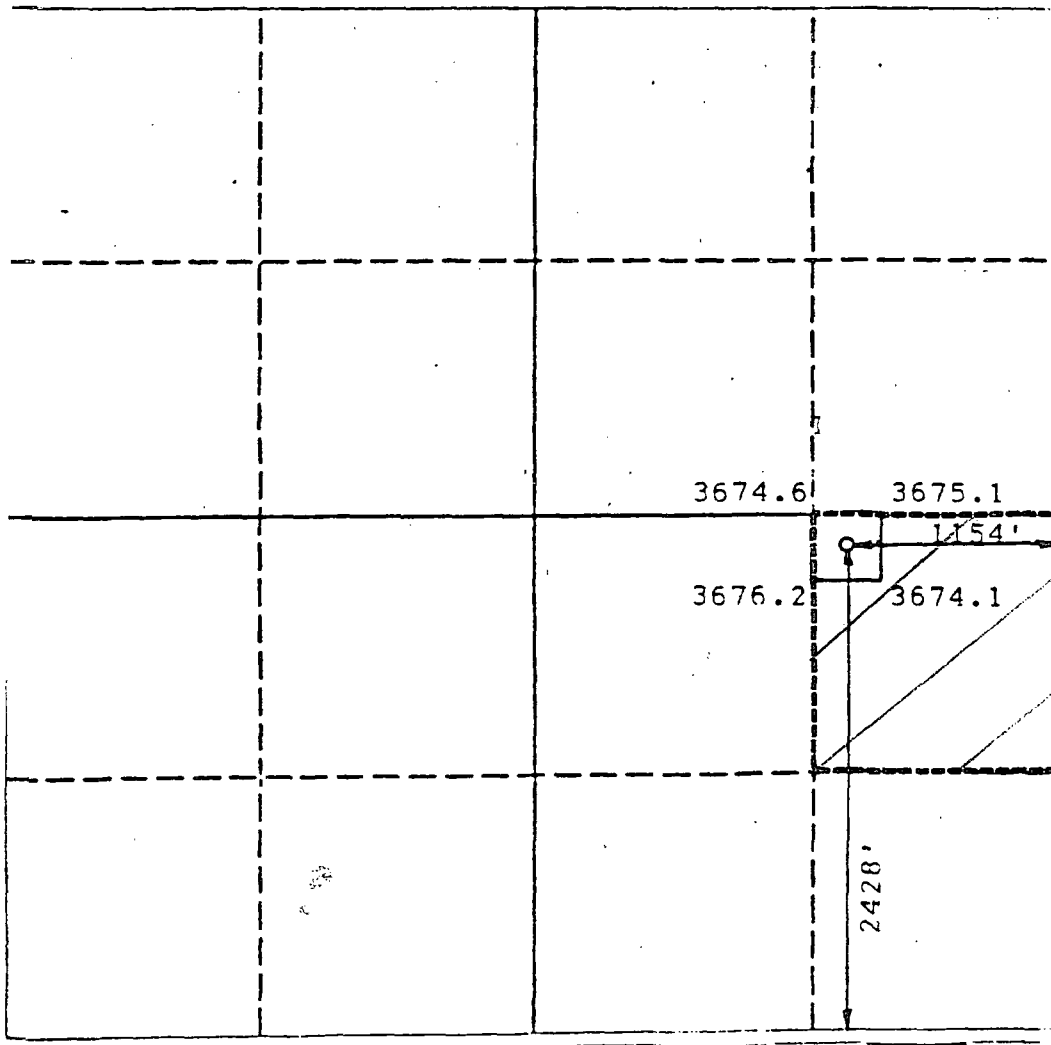
Operator Mack Energy Corporation		Lease Monopoly Federal		Well No. 1	
Section I	Section 6	Township 13 South	Range 29 East	County NMCM Chaves	
Well Footage Location of Well: 2428 feet from the South line and 1154 feet from the East line					
Ground level Elev. 3674	Producing Formation San Andres	Pool Wildcat	Dedicated Acreage: 40 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 

☐ Yes    ☐ No    If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

*Jerry W. Sherrell*  
Signature

Jerry W. Sherrell  
Printed Name

Production Clerk

Position

Mack Energy Corporation

Company

3/16/2009

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 knowledge and belief.

Date Surveyed

January 28, 1994

Signature & Seal of Professional Surveyor

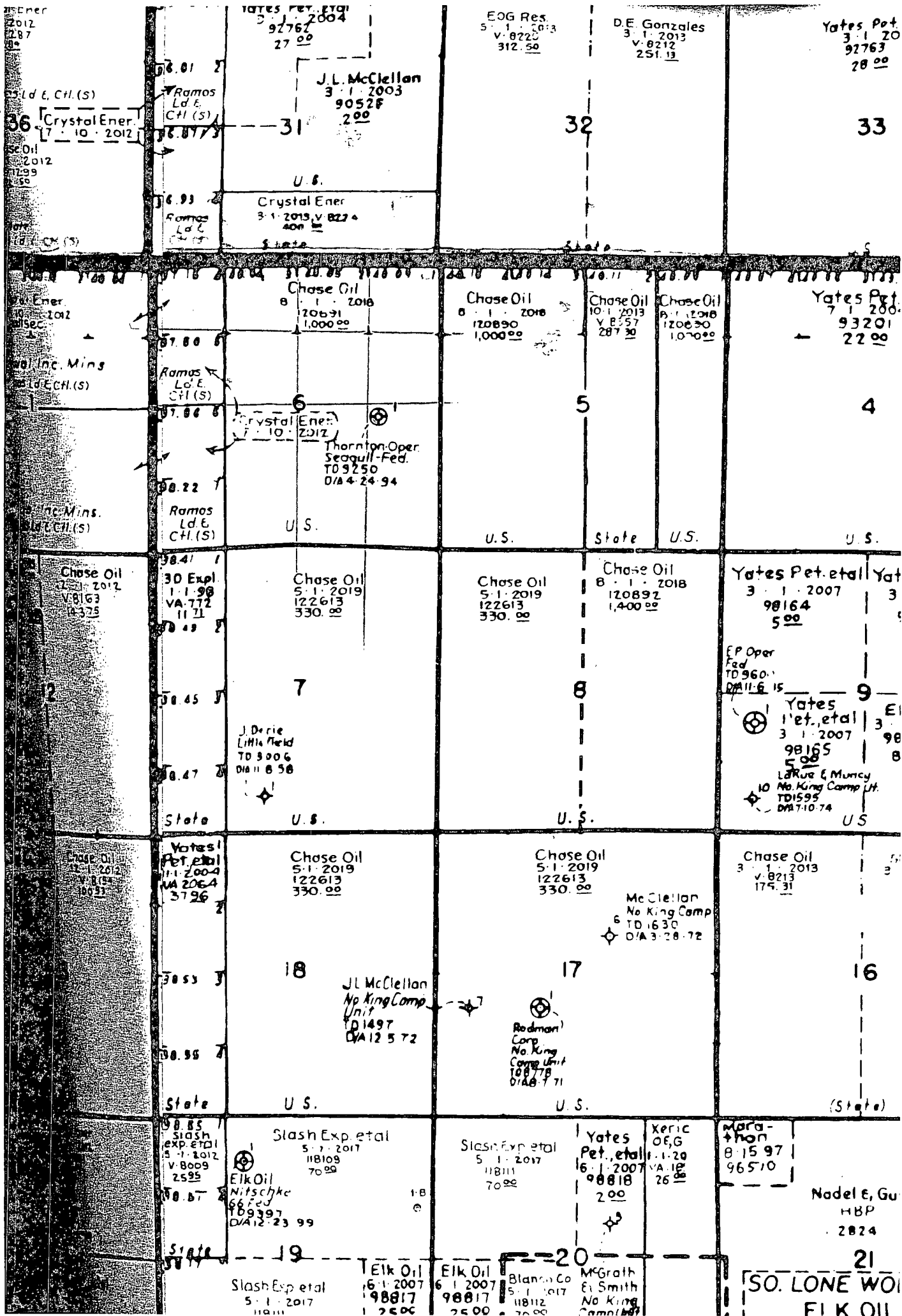
P.R. P. 100-1000

NEW MEXICO PROFESSIONAL LAND SURVEYOR

Certificate No.

8112

SCANNED



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
NMNM-120891

6. If Indian, Allottee or Tribe Name

*SUBMIT IN TRIPLICATE - Other instructions on page 2.*

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.  
Monopoly Federal #1

2. Name of Operator

Mack Energy Corporation

9. API Well No.

3a. Address

P.O. Box 960 Artesia, NM 88210-0960

3b. Phone No. (include area code)

(575) 748-1288

10. Field and Pool or Exploratory Area

Wildcat San Andres

4. Location of Well (Footage, Sec., T,R,M, or Survey Description)

2428 FSL & 1154 FEL, Sec. 6 T13S R29E

11. Country or Parish, State

Chaves, NM

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other NSL application
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

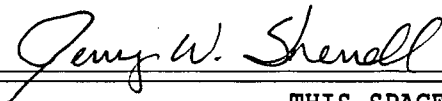
Mack Energy Corporation is requesting approval to produce the Monopoly Federal #1 in the San Andres formation, at a non standard location. Attached is a copy of the NSL application sent to the OCD.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Jerry W. Sherrell

Title Production Clerk

Signature



Date 3/15/10

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

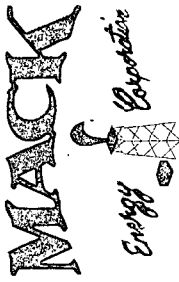
Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for my person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

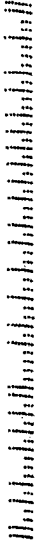


Post Office Box 960  
Artesia, New Mexico 88211-0960

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



6750534225 0011





## Brooks, David K., EMNRD

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**From:** Ron Lanning [rlanning@mackenergycorp.com]  
**Sent:** Wednesday, March 17, 2010 10:28 AM  
**To:** Jerry Sherrell; Brooks, David K., EMNRD  
**Subject:** RE: Monopoly Fed. #1; NSL application

Mack Energy Corporation is an affiliate of Chase Oil Corporation and is the Operator for Chase Oil Corporation. Chase Oil Corporation does not operate any wells in New Mexico.

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**From:** Jerry Sherrell  
**Sent:** Wednesday, March 17, 2010 10:23 AM  
**To:** Ron Lanning  
**Subject:** FW: Monopoly Fed. #1; NSL application

Could you help me explain this?

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**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Wednesday, March 17, 2010 10:14 AM  
**To:** Jerry Sherrell  
**Subject:** Monopoly Fed. #1; NSL application

Dear Mr. Sherrell

I have reviewed the referenced application which has been prepared as a "no notice" application.

Your letter states that the offsetting units toward which you are encroaching are owner by Chase Oil. Why is notice to Chase Oil not required?

Sincerely

David K. Brooks  
Legal Examiner

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