

DATE IN 8.17.10	SUSPENSE	ENGINEER DB.	LOGGED IN 8.17.10	TYPE NSL	APP NO. 1022954238
-----------------	----------	--------------	-------------------	----------	--------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Mack Enrgy
 (3837)

2010 AUG 17 A 11:09

Everest Federal

ADMINISTRATIVE APPLICATION CHECKLIST

#2

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

8/14/10
 Date

jerrys@mec.com
 e-mail Address



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

August 16, 2010

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

Dear Mr. Jones:

Mack Energy 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:

Everest Federal #2
990 FSL & 1600 FEL
Sec. 25, T9S, R29E
Chaves County, New Mexico

The well will be completed in the Wolfcamp formation in the Many Gates:Wolfcamp Pool.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102)(Exhibit A).
- B.) A plat showing the proposed unorthodox locations, the respective proration units, and the offsetting proration units (Exhibit B).
- C.) A map showing the reason for the unorthodox location, the original location was too close to an existing archaeological site(LA-167038). BLM requires a 100' buffer from the edge of location to the arch. site. (Exhibit C).

Moving the location 50' to the east will give the distance needed for the 100' buffer area. This location is located on lease NMNM-121943, which is owned 100% by Mack Energy. The acreage that we are encroaching upon is also part of this lease therefore no offset operators need to be notified.

Oil Conservation Division

August 16, 2010

Page 2

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

Sincerely,

MACK ENERGY CORPORATION

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

Jerry W. Sherrell

Production Clerk

JWS/

Enclosures

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

1220 SOUTH ST. FRANCIS DR.

State Lease - 4 Copies

Fee Lease - 3 Copies

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	Pool Code 44680	Pool Name Many Gates; Wolfcamp
Property Code	Property Name EVEREST FEDERAL	Well Number 2
GRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 4016'

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	25	9-S	29-E		990	SOUTH	1600	EAST	CHAVES

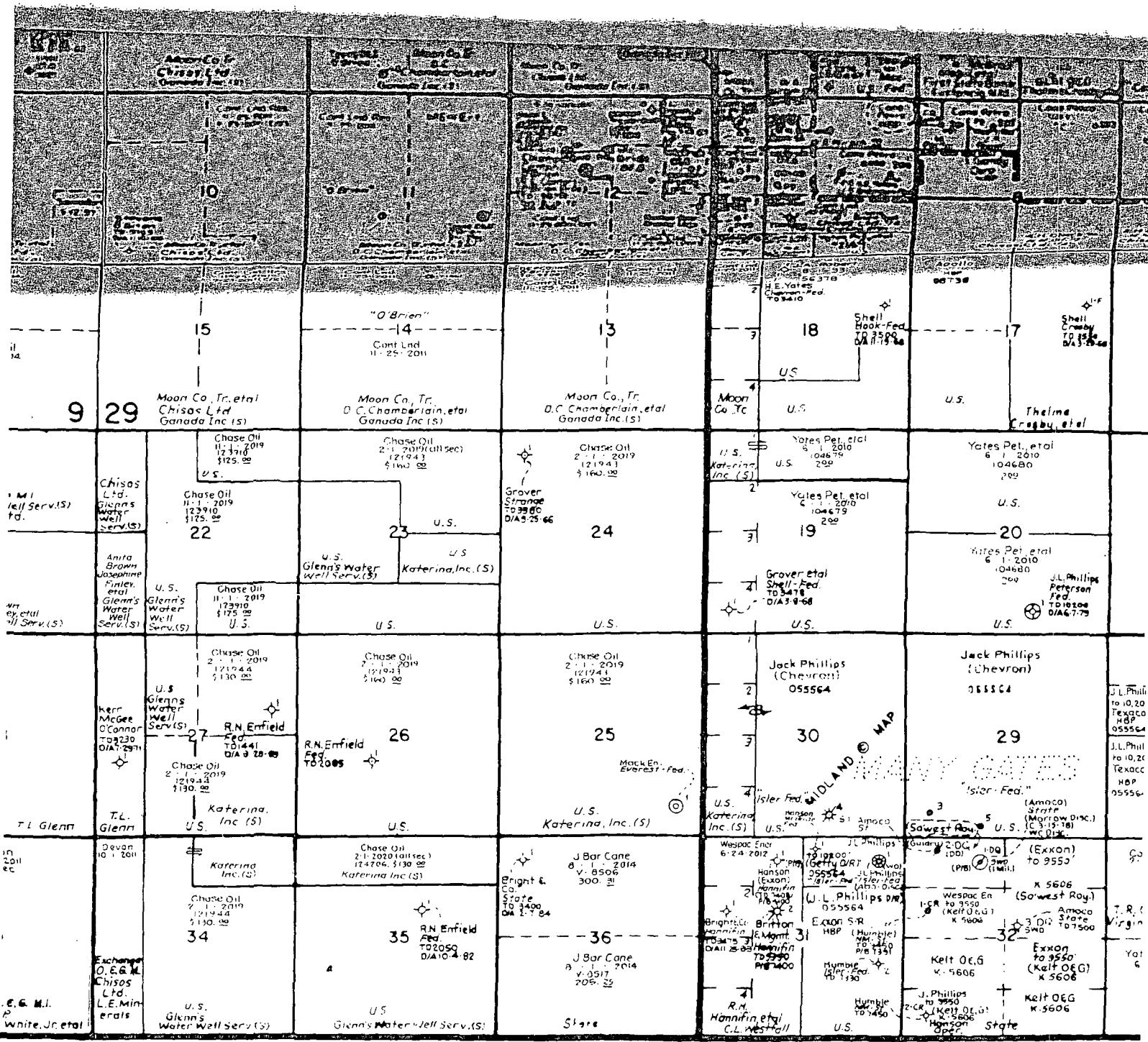
Bottom Hole Location If Different From Surface

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>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=909428.9 N X=621600.9 E</p> <p>LAT.=33.499361° N LONG.=103.934441° W</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>Deana Weaver</i> 8/16/10 Signature Date</p> <p>Deana Weaver Printed Name</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><i>Ronald J. Eidson</i> 8/16/10 Date Surveyed</p> <p><i>Ronald J. Eidson</i> 3239 Signature & Seal of Professional Surveyor</p> <p>RONALD J. EIDSON NEW MEXICO SURVEYOR 3239</p>
	<p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
	<p>RECEIVED</p> <p>AUG 10 2010</p>



R-29-E

CHAVES, Southeast

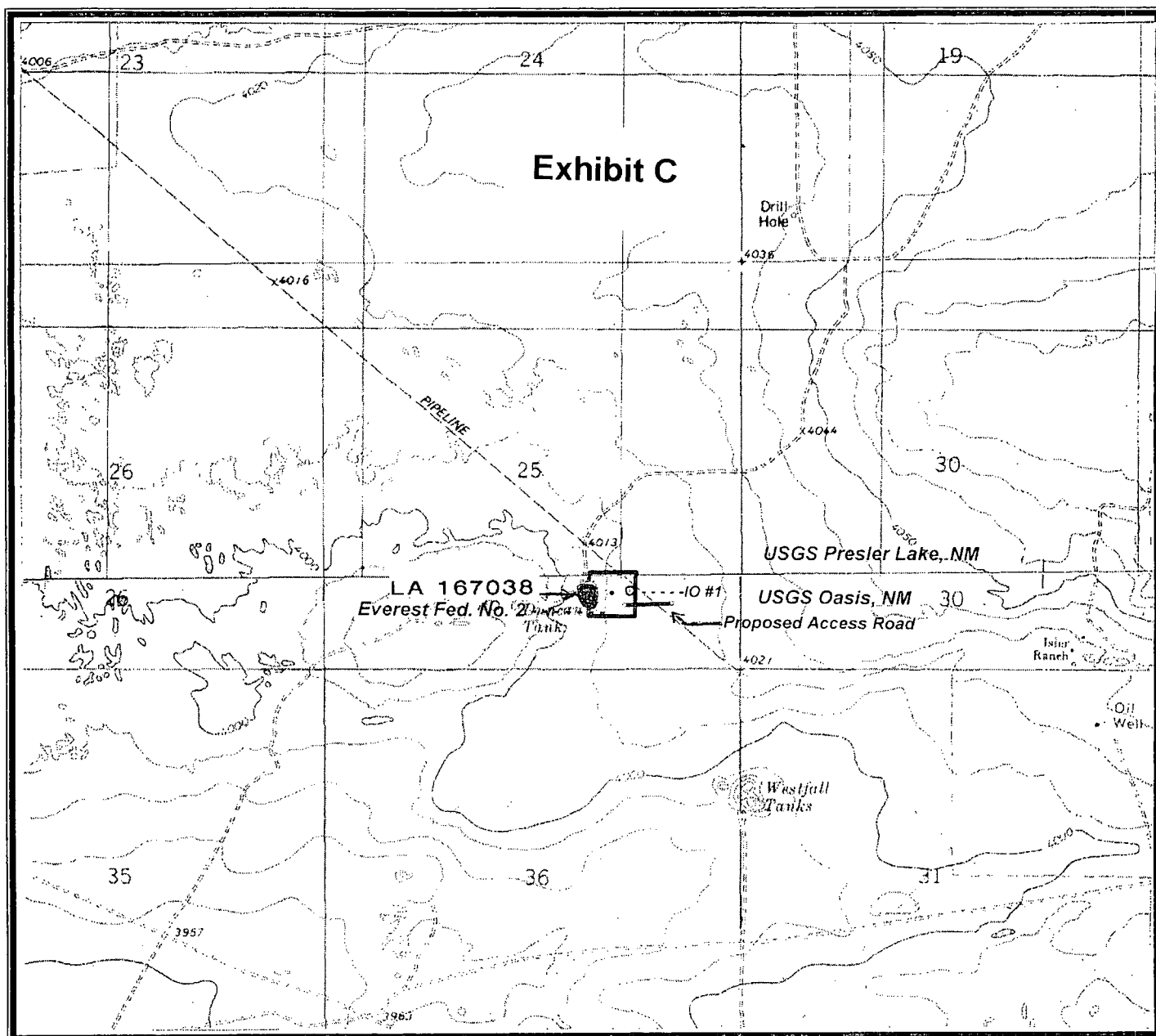


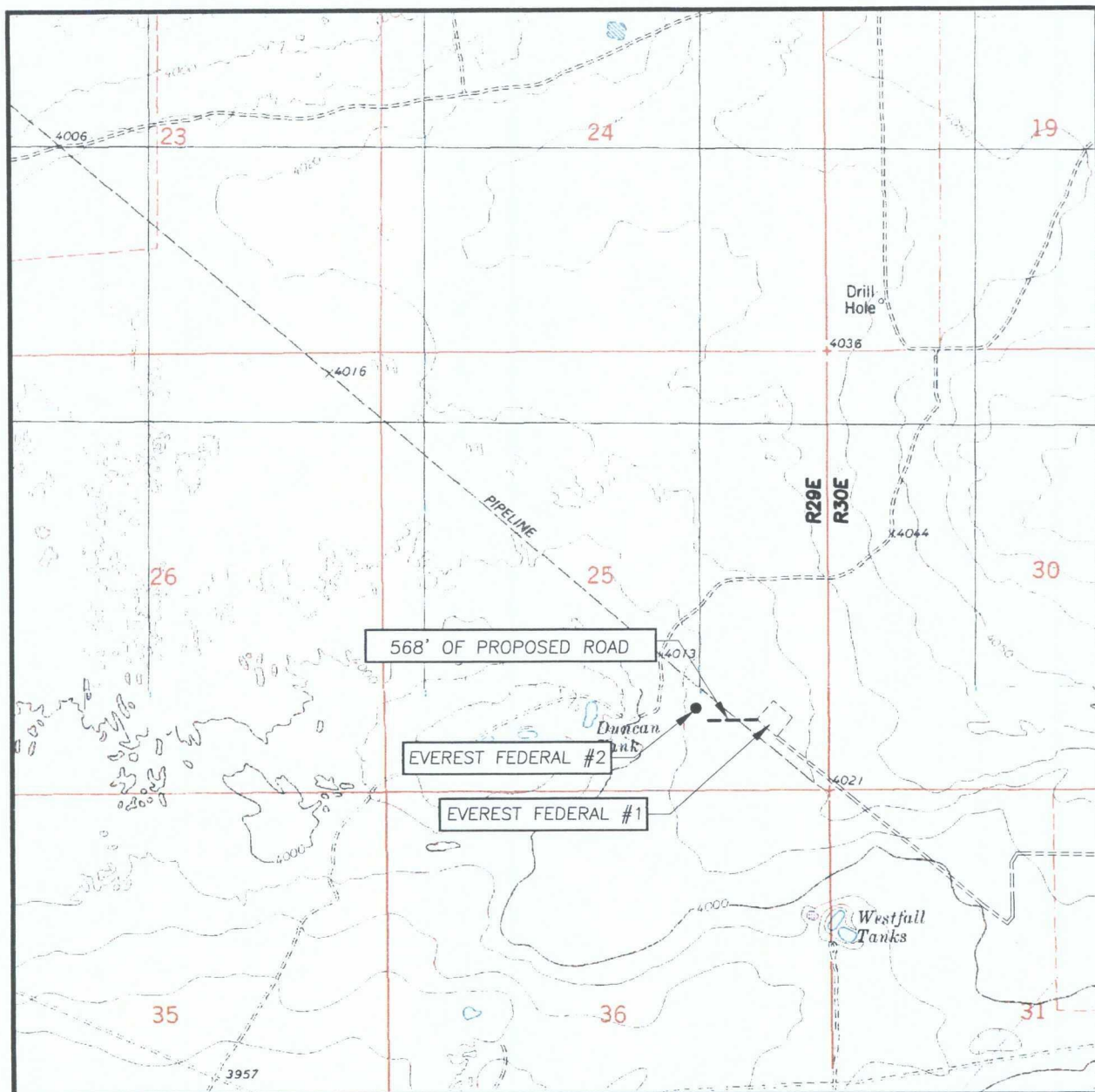
Figure 1: Survey Area **Mack Energy Corporation**
The Proposed Everest Federal Number 2 Well Location,
Associated Access Road and Site LA 167,038
Section 25, T.9S, R.29E

USGS Oasis, NM (1973) and Presler Lake, NM (1978) 7.5' topo maps
Chaves County, New Mexico
Scale 1:24,000



Southern New Mexico Archaeological Services, Inc.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
OASIS, N.M. - 10'
PRESLER LAKE, N.M. - 10'

SEC. 25 TWP. 9-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 990' FSL & 1600' FEL

ELEVATION 4016'

OPERATOR MACK ENERGY CORPORATION

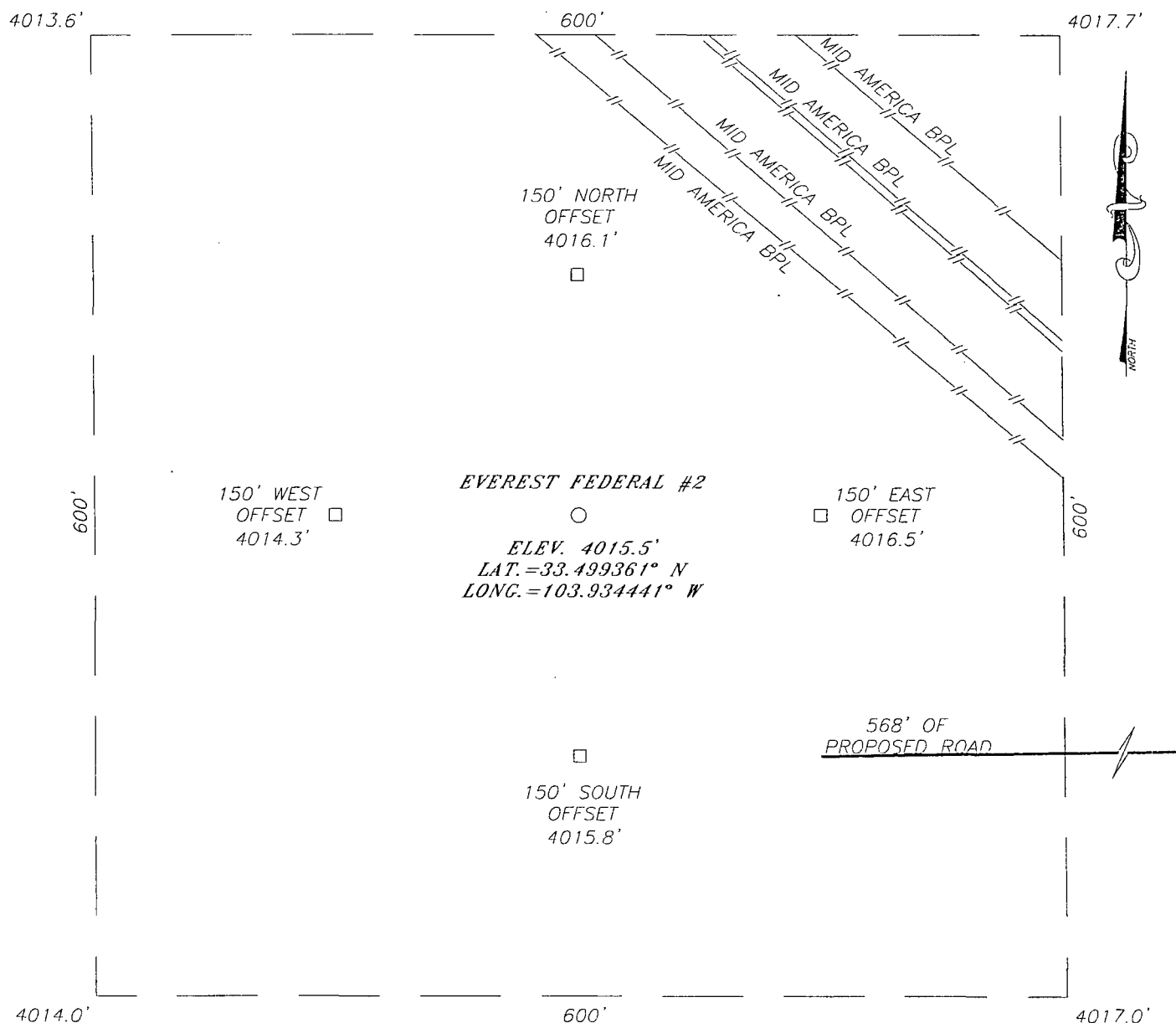
LEASE EVEREST FEDERAL

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



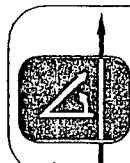
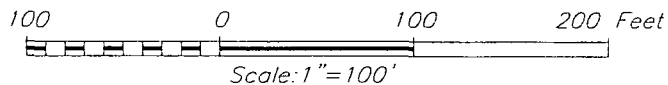
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

SECTION 25, TOWNSHIP 9 SOUTH, RANGE 29 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #380 & CATO ROAD, GO NORTH ON CATO ROAD APPROX. 5.0 MILES. TURN LEFT AND GO WEST APPROX. 2.6 MILES TO A PROPOSED ROAD SURVEY AT THE WEST PAD CORNER OF THE EVEREST FEDERAL #1 WELL. GO WEST 568 FEET TO THE LOCATION.



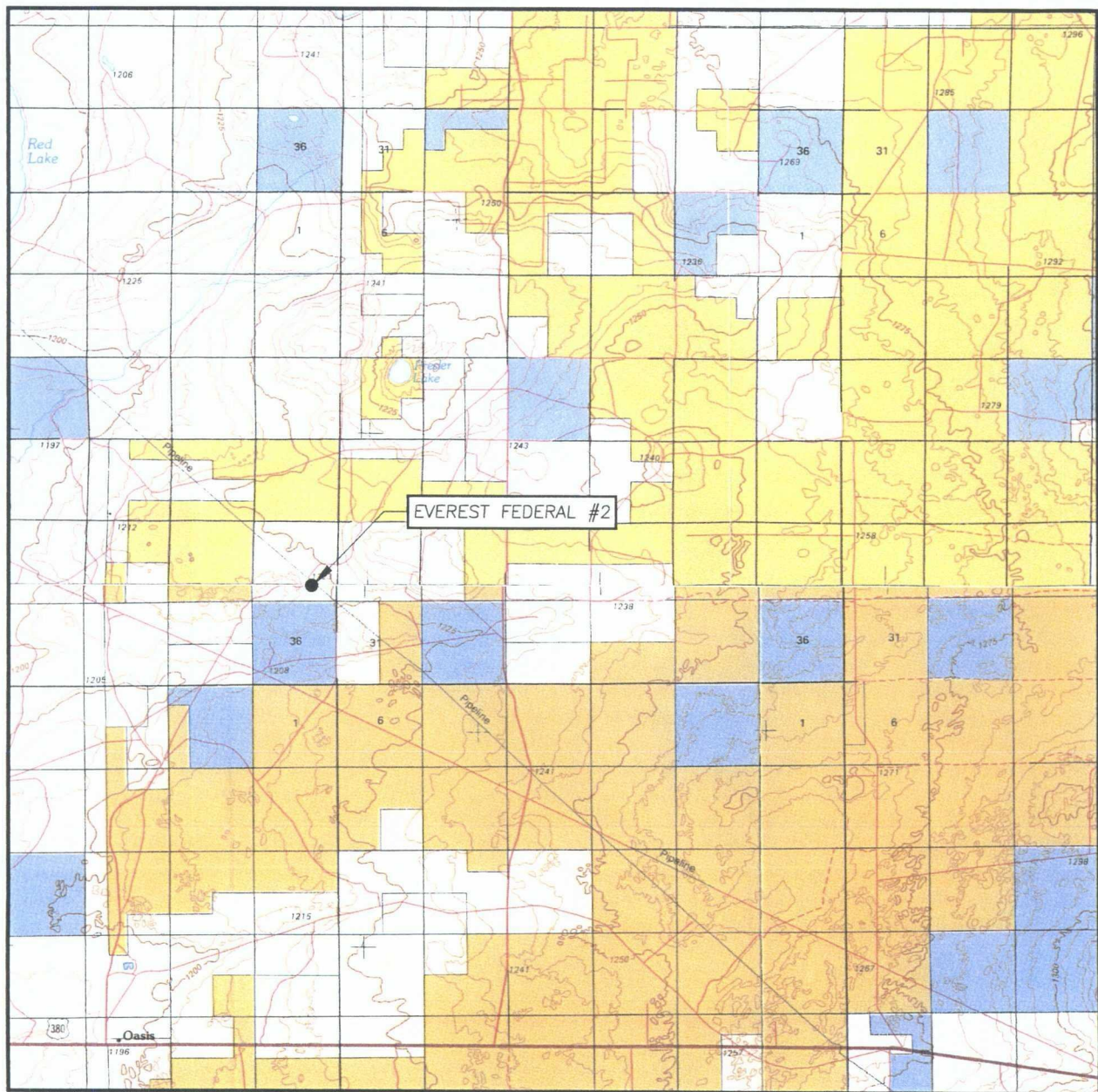
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117

MACK ENERGY CORPORATION

EVEREST FEDERAL #2 WELL
 LOCATED 990 FEET FROM THE SOUTH LINE
 AND 1600 FEET FROM THE EAST LINE OF SECTION 25,
 TOWNSHIP 9 SOUTH, RANGE 29 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 7/29/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1112	Dr By: LA
Date: 8/4/10	10111112
	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 9-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 990' FSL & 1600' FEL

ELEVATION 4016'

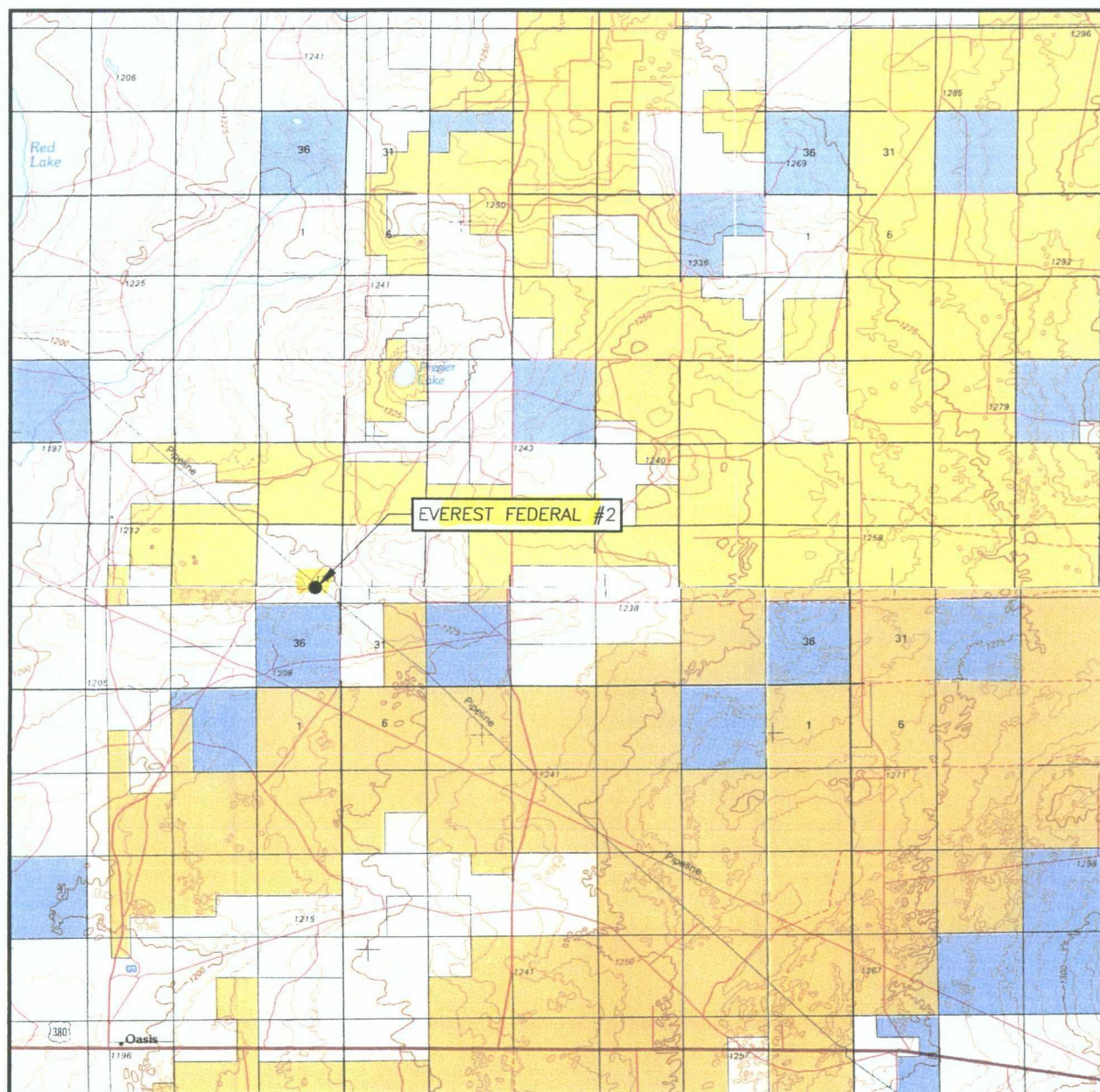
OPERATOR MACK ENERGY CORPORATION

LEASE EVEREST FEDERAL



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 9-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 990' FSL & 1600' FEL

ELEVATION 4016'

OPERATOR MACK ENERGY CORPORATION

LEASE EVEREST FEDERAL



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, August 18, 2010 3:59 PM
To: 'jerry@mec.com'
Subject: Everest Federal #2; NSL Application

Dear Mr. Sherrell

I have received the referenced application.

The application states that no notice was sent to offsetting operators or owners because the acreage being encroached upon is a part of the same lease "which is owned 100% by Mack."

The units being encroached toward are the SE/4 SE/4 of Section 25 to the East, and the NE/4 SE/4 of Section 25 to the Northeast. Please confirm that Mack owns 100% of the operating rights as to the Wolfcamp in these spacing units.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Jerry Sherrell [jerrys@mec.com]
Sent: Monday, August 30, 2010 1:44 PM
To: Brooks, David K., EMNRD
Cc: Deana Weaver
Subject: FW: Everest Federal #2; NSL Application

David,
Here is the response from Ron Lanning, regarding your question.

Thanks,

Jerry W. Sherrell
Mack Energy Corporation
P.O. Box 960
Artesia, NM 88211-0960
Office 575-748-1288
Cell 575-703-8383
jerrys@mec.com

From: Ron Lanning
Sent: Monday, August 30, 2010 1:39 PM
To: Jerry Sherrell
Subject: RE: Everest Federal #2; NSL Application

Federal Lease NMNM-121943 covers all of Section 25, 9S, 29E, and Chase Oil Corporation owns the lease to all depths. There are no overriding royalty interests.

From: Jerry Sherrell
Sent: Monday, August 30, 2010 11:09 AM
To: Ron Lanning
Subject: FW: Everest Federal #2; NSL Application

Can you confirm this for me.

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, August 18, 2010 4:49 PM
To: Jerry Sherrell
Subject: FW: Everest Federal #2; NSL Application

From: Brooks, David K., EMNRD
Sent: Wednesday, August 18, 2010 3:59 PM
To: 'jerry@mec.com'
Subject: Everest Federal #2; NSL Application

Dear Mr. Sherrell

I have received the referenced application.

The application states that no notice was sent to offsetting operators or owners because the acreage being encroached upon is a part of the same lease "which is owned 100% by Mack."

The units being encroached toward are the SE/4 SE/4 of Section 25 to the East, and the NE/4 SE/4 of Section 25 to the Northeast. Please confirm that Mack owns 100% of the operating rights as to the Wolfcamp in these spacing units.

Sincerely

David K. Brooks
Legal Examiner

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.