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* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
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November 15, 2005

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87504

Re: NMOCD Case No. 13608; Application of Mack Energy Corporation for
Contraction of the East Empire Yeso Pool and Extension of the Horizontal
Boundaries and the Vertical Limits of a Portion of the Grayburg Jackson (Seven
Rivers-Queen-Grayburg San Andres Pool, Eddy County, New Mexico

Dear Florene:

Enclosed for filing is an Application in the referenced matter. Also enclosed in hard copy
and on disk is a proposed advertisement for the Division's use.

Please schedule the hearing for the December 15, 2005 Examiner hearing docket. Thank you
for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb
Enclosures

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF MACK
ENERGY CORPORATION FOR CONTRACTION OF
THE EAST EMPIRE YESO POOL AND EXTENSION
OF THE HORIZONTAL BOUNDARIES AND THE
VERTICAL LIMITS OF A PORTION OF THE
GRAYBURG JACKSON (SEVEN RIVERS-QUEEN-
GRAYBURG SAN ANDRES) POOL,
EDDY COUNTY, NEW MEXICO**

CASE NO. 13608

APPLICATION

Applicant, Mack Energy Corporation, through its undersigned attorneys, Miller Stratvert P.A. (J. Scott Hall) hereby makes application for an order contracting the East Empire Yeso Pool and simultaneously extending the horizontal boundaries and the vertical limits of the Grayburg Jackson (Seven River-Queen-Grayburg-San Andres) Pool. In support, Applicant states:

1. Applicant is the Operator of the Grayburg-Jackson West Cooperative Unit which is comprised of approximately 2,400 acres of State of New Mexico and fee lands located in Eddy County, New Mexico, more particularly described as follows:

Township 17 South, Range 29 East, NMPM

Section 15: W1/2SW1/4
Section 16: All
Section 21: All
Section 22: W1/2W1/2, E1/2NW1/4,
NE1/4SW1/4, NW1/4NE1/4
Section 27: W1/2SW1/4
Section 28: All

2. The Grayburg-Jackson West Cooperative Unit Agreement was originally approved by the Oil Conservation Commission in Order No. R-3127, as amended, issued on October 4, 1966. Primary and secondary recovery operations by way of a waterflood are being conducted in the Unitized Formation which is described as that portion of the Grayburg San Andres formation encountered between the depths of 2,200' and 3,600'.

3. By way of separate application to the Division, Applicant is seeking an amendment to the Division's order approving the Unit Agreement to extend the vertical limits of the Unitized Formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand unit operations, including waterflood injection operations in the proposed expanded intervals of the Unitized Formation.

4. The Grayburg Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool (28509) was established pursuant to Order No. R-850 issued on January 1, 1950. The boundaries of the Grayburg Jackson Pool have been extended several times. All of the Unit Area of the Grayburg-Jackson West Cooperative Unit is contained within the current boundaries of the Grayburg Jackson Pool, except for the following acreage:

Township 17 South, Range 29 East, NMPM

Section 22: N/2 SW/4, SW/4 SW/4

Section 27: W/2 SW/4

Section 28: N/2

5. The Glorieta-Yeso (Paddock) formation within the horizontal boundaries of the Grayburg-Jackson West Cooperative Unit described in paragraph 4, above, is within the East Empire Yeso Pool (96610).

6. Oil and gas reserves within the Seven Rivers, Queen, Grayburg, San Andres and Glorieta-Yeso (Paddock) formations will be most efficiently and economically recovered through expanded unit operations being proposed by the Applicant for the Grayburg-Jackson West Cooperative Unit.

7. To enable Applicant to conduct unit operations in the expanded Grayburg-Jackson West Cooperative Unit as proposed, Applicant seeks to amend the boundaries for the Grayburg Jackson Pool and the East Empire Yeso Pool as follows:

(a.) Contracting the horizontal limits of the East Empire Yeso Pool to exclude the following acreage:

Township 17 South, Range 29 East, NMPM

Section 22: N/2 SW/4, SW/4 SW/4

Section 27: W/2 SW/4

Section 28: N/2

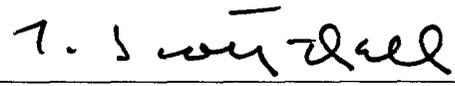
(b.) Expanding the horizontal limits of the Grayburg Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to include that acreage described in subparagraph (a) above; and

(c.) Extending the vertical limits of the Grayburg Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to include the Glorieta-Yeso (Paddock) formation underlying the Grayburg-Jackson West Cooperative Unit.

8. The amendment of the horizontal boundaries and vertical limits of the pools, as requested, will promote the efficient and orderly development of additional hydrocarbon reserves in the Unit Area of the Grayburg-Jackson West Cooperative Unit, will serve to prevent waste and is otherwise in the interests of conservation.

WHEREFORE, Applicant Mack Energy Corporation requests that after notice and hearing, the Division enter its order granting the relief requested above.

MILLER STRATVERT P.A.

By: 

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CASE NO. 13608 ; Application of Mack Energy Corporation for contraction of the East Empire-Yeso Pool and extension of the horizontal boundaries and the vertical limits of a portion of the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool, Eddy County, New Mexico. Applicant seeks an order contracting the East Empire-Yeso Pool to exclude the following acreage:

Township 17 South, Range 29 East, NMPM
Section 22: N/2 SW/4, SW/4 SW/4
Section 27: W/2 SW/4
Section 28: N/2

Applicant also seeks an order simultaneously extending the horizontal boundaries and the vertical limits of the Grayburg Jackson (Seven River-Queen-Grayburg-San Andres) Pool within the Grayburg-Jackson West Cooperative Unit which is comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following acreage:

Township 17 South, Range 29 East, NMPM
Section 15: W1/2SW1/4
Section 16: All
Section 21: All
Section 22: W1/2W1/2, E1/2NW1/4,
NE1/4SW1/4, NW1/4NE1/4
Section 27: W1/2SW1/4
Section 28: All

The subject lands are located in the immediate vicinity of Loco Hills, New Mexico.