

DATE: June 2, 2004

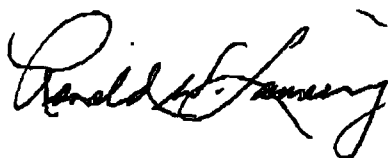
TO: William V. Jones
NMOCD

FROM: Ronald W. Lanning
Land Manager
Mack Energy Corporation

SUBJECT: Panther Federal Lease
Lea County, New Mexico

Our office has applied for surface commingling on our Panther Federal Well Nos. 1, 2, 3, 4 and 5. The wells are completed in the Maljamar Grayburg San Andres Pool or the Tamano Delaware Pool.

All of the working interests, royalty interests, and overriding royalty interests are the same in each of the five wells.



RWL:

3/17/04
PG 115
RECEIVED

Suspense 4/6/04

Wrote Letter for more info 4/6/04

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

MAR 17 2004

OIL CONSERVATION DIVISION
20 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Mack Energy Corporation
OPERATOR ADDRESS: P.O. Box 1537 Artesia, NM 88211-0960
APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)
LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
Maljamar GB SA 43329	39.7			
Tamano Delaware 97270	40.3			

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☐ Metering ☒ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jerry W. Sherrell TITLE: Production Clerk DATE: 3/11/2004
TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO.: (505) 748-1288
E-MAIL ADDRESS: jerrys@mackenergycorp.com

Wrote Email 6/1/04 for more info ownership info

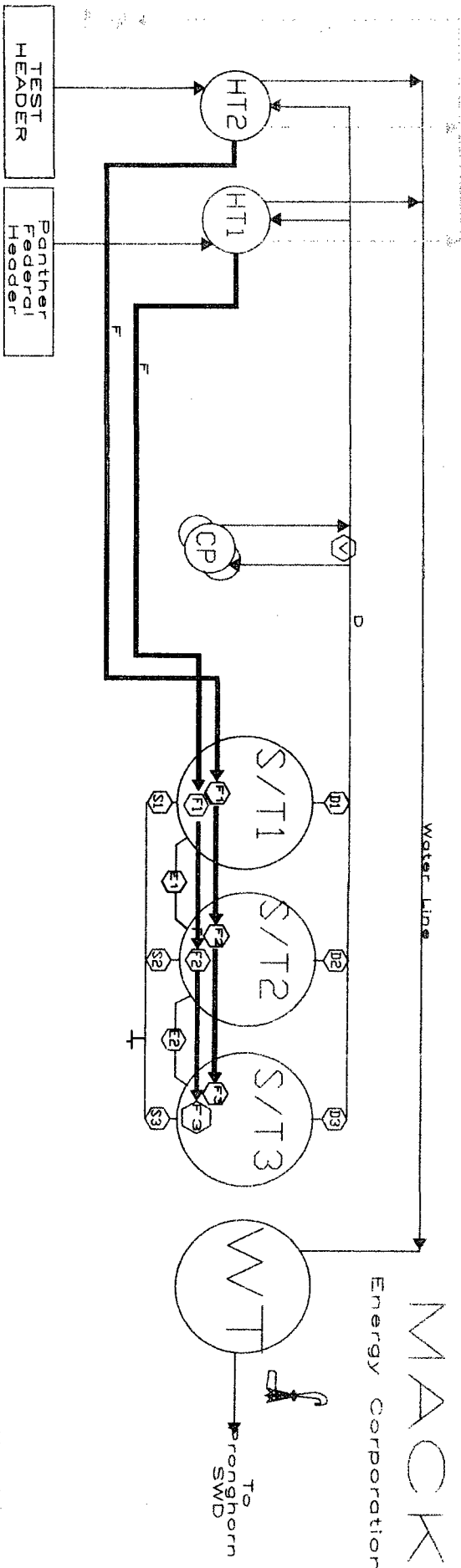
(A) Pool Commingling

(4) Production will be measured by well tests.

(E) Additional information

(3) Panther Federal NM-03428

- 1. Panther Federal #1, API 30-025-36307/ Tamano Delaware**
- 2. Panther Federal #2, API 30-025-36323/ Maljamar GB SA**
- 3. Panther Federal #3, API 30-025-36324/ Tamano Delaware**
- 4. Panther Federal #4, API 30-025-36325/ Maljamar GB SA**
- 5. Panther Federal #5, API 30-025-36492/ Maljamar GB SA**
- 6. Panther Federal #6, API 30-025-36326/ Maljamar GB SA**



Production Phase

Panther Federal Battery			Test Battery
S/T 1	S/T 2	S/T 3	
Open	Closed	F1 Open	
Open	Closed	E1 Open	
Open	Closed	S1 Closed	
Closed	Open		
Closed	Open		
Closed	Open		
Closed	Open		

Sales Phase

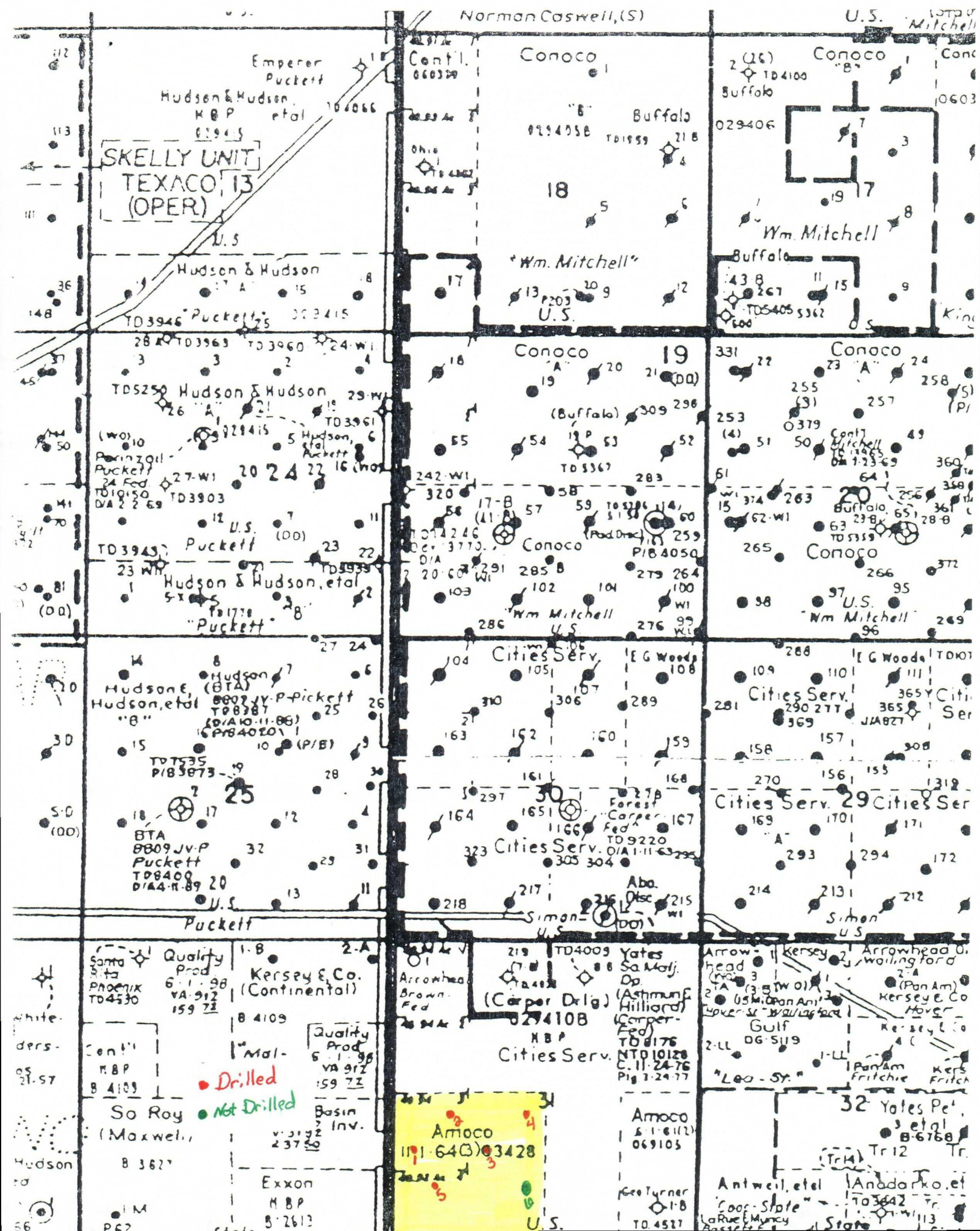
Panther Federal Battery		Test Battery
S/T 1	S/T 2	S/T 3
Closed	Open	F1 Closed
Closed	Open	E1 Closed
Closed	Open	S1 Open
Open	Closed	
Open	Closed	
Open	Closed	
Open	Closed	

This Lease is subject to the site Security plan for southeast New Mexico operations.

The Plan is Located at :

Mack Energy Corporation
P.O. Box 960
Artesia NM 88211-0960

Mack Energy Corporation
Panther Federal Tank Battery
NW/4 SW/4
Section 31 T17S R32E
Panther Federal Lease
Test Facility





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

March 15, 2004

Bureau of Land Management
2909 W. 2nd Street.
Roswell, NM 88201

Re: BLM Approval to Surface Commingle
Panther Federal Lease #NM-03428

Dear Sir or Madam:

Mack Energy Corp. has submitted an application to Surface Commingle production for our Panther Federal Lease #NM-03428. Mack Energy intends to commingle production from the Maljamar Grayburg San Andres-43329 and the Tamano Delaware-97270 Pools. Proper allocation of production will be measured using daily well tests. Attached to this letter is a courtesy copy of the application submitted the OCD.

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

Sincerely,

MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk

JWS/

Enclosure(s)

(A) Pool Commingling

(4) Production will be measured using meters.

(E) Additional information

(3) Panther Federal NM-03428

- 1. Panther Federal #1, API 30-025-36307/ Tamano Delaware
1650 FSL 370 FWL, Sec. 31 T17S R32E**
- 2. Panther Federal #2, API 30-025-36323/ Tamano Delaware
2310 FSL 990 FWL, Sec. 31 T17S R32E**
- 3. Panther Federal #3, API 30-025-36324/ Tamano Delaware
1650 FSL 1650 FWL, Sec. 31 T17S R32E**
- 4. Panther Federal #4, API 30-025-36325/ Tamano Delaware
2310 FSL 2310 FWL, Sec. 31 T17S R32E**
- 5. Panther Federal #5, API 30-025-36492/ Maljamar GB SA
990 FSL 688 FWL, Sec. 31 T17S R32E**
- 6. Panther Federal #6, API 30-025-36326/ Maljamar GB SA
990 FSL 2310 FWL, Sec. 31 T17S R32E**

DISTRICT I
P.O. Box 1980, Hobbs, NM 86241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 86211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87604-2088

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 30-025-36307	Pool Code 97270	Pool Name Tamano Delaware
Property Code 32507	Property Name PANTHER FEDERAL	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3630'

Surface Location

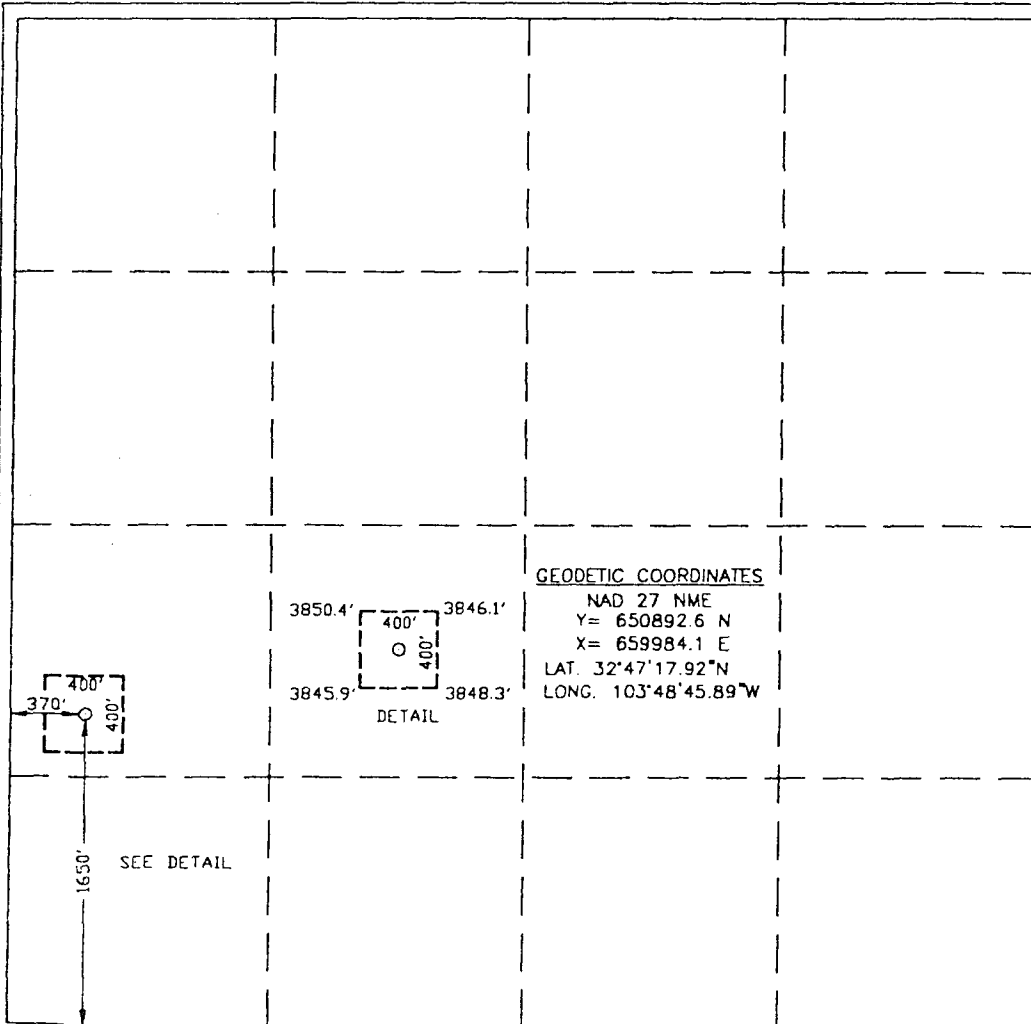
UL or lot No. L	Section 31	Township 17-S	Range 32-E	Lot Idn	Feet from the 1650'	North/South line SOUTH	Feet from the 370'	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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



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
11/14/2003
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.

June 20, 2003

Date Surveyed
Signature & Seal of
Professional Surveyor
Professional Surveyor
June 25, 2003
03.11.0639
Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

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

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Crissa D. Carter</u></p> <p>Signature</p> <p>Crissa D. Carter</p> <p>Printed Name</p> <p>Production Analyst</p> <p>Title</p> <p>2/11/2003</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>JANUARY 21, 2003</p> <p>Date Surveyed</p> <p>LA</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Ronald J. Eidson</u> 1/28/03</p> <p>03.11.0040</p>
	<p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-36324	97270	Tamano Delaware
Property Code	Property Name	Well Number
32507	PANTHER FEDERAL	3
OGRID No.	Operator Name	Elevation
013837	MACK ENERGY CORPORATION	3861'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	17-S	32-E		1650	SOUTH	1650	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									

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>GEOGRAPHIC COORDINATES SPC NME NAD 1927 Y = 650896.6 X = 661263.8 LAT. - 32°47'17.90"N LONG. - 103°48'30.90"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Crissa D. Carter</i> Signature</p> <p>Crissa D. Carter Printed Name</p> <p>Production Analyst Title</p> <p>2/12/2003 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>JANUARY 21, 2003</p> <p>Date Surveyed LA</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 1/28/03 03.11.0041</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36325	Pool Code 97270	Pool Name Tamano Delaware
Property Code 32507	Property Name PANTHER FEDERAL	Well Number 4
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3861'

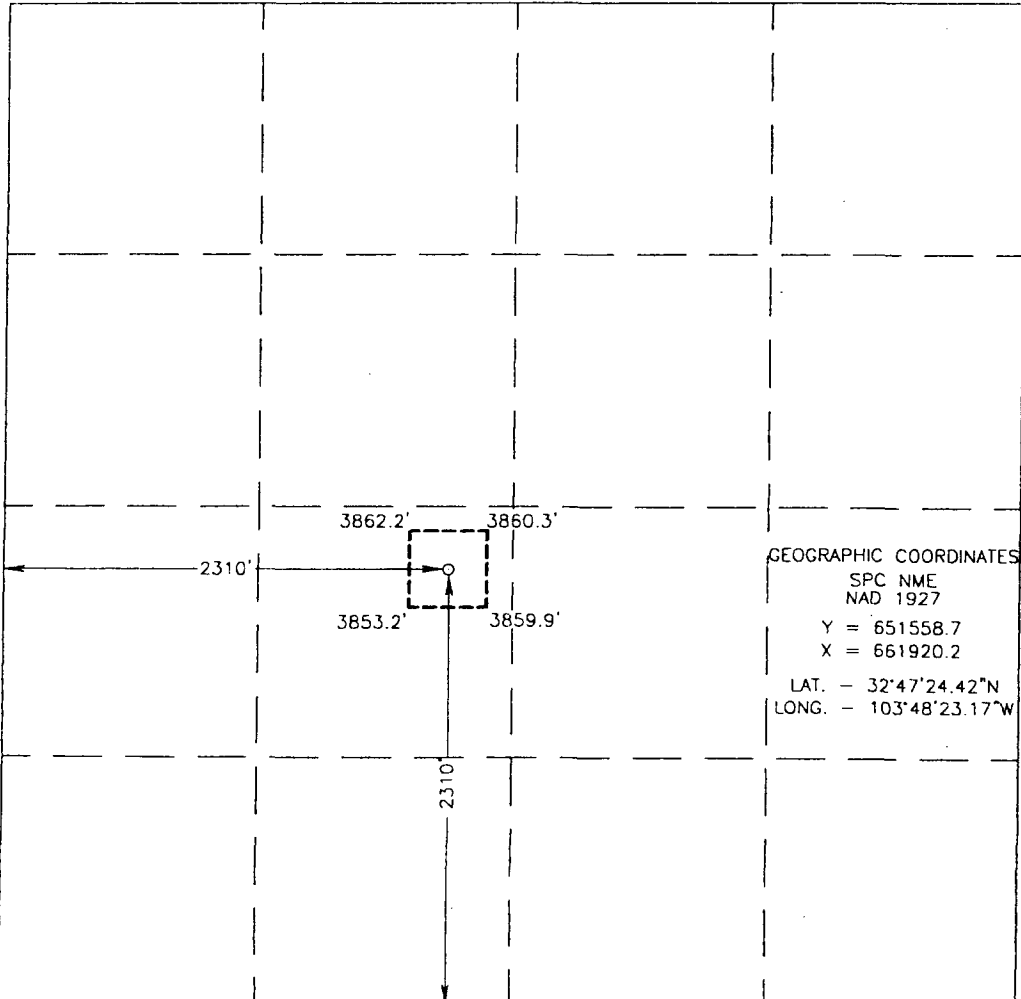
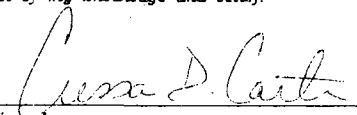
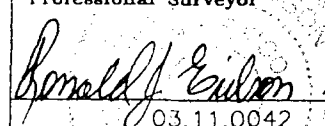
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	17-S	32-E		2310	SOUTH	2310	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 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

						OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Crissa D. Carter Printed Name Production Analyst Title 2/12/2003 Date
						SURVEYOR CERTIFICATION <i>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.</i> JANUARY 21, 2003 Date Surveyed LA Signature & Seal of Professional Surveyor  03.11.0042
						Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641

GEOGRAPHIC COORDINATES

SPC NME
NAD 1927
Y = 651558.7
X = 661920.2

LAT. - 32°47'24.42"N
LONG. - 103°48'23.17"W

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36492	Pool Code 43329	Pool Name Maljamar;Grayburg-San Andres
Property Code 32507	Property Name PANTHER FEDERAL	Well Number 5
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3846'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	17-S	32-E		990'	SOUTH	688'	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 40.92	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>LOT 1</p> <p>40.96 AC</p> <p>LOT 2</p>		<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u><i>Jerry W. Sherrell</i></u> Signature</p> <p><u>Jerry W. Sherrell</u> Printed Name</p> <p><u>Production Clerk</u> Title</p> <p><u>11/25/2003</u> Date</p>
<p>40.94 AC</p> <p>LOT 3</p>	<p><u>GEODETIC COORDINATES</u></p> <p>NAD 27 NME</p> <p>Y = 650237.4 N</p> <p>X = 660306.0 E</p> <p>LAT. 32°47'11.43"N</p> <p>LONG. 103°48'42.15"W</p>	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>August 04, 2003</p>
<p>40.94 AC</p> <p>LOT 4</p> <p>688'</p> <p>500'</p> <p>500'</p> <p>990'</p> <p>SEE DETAIL</p> <p>40.92 AC</p>	<p>3848.7'</p> <p>500'</p> <p>500'</p> <p>500'</p> <p>3846.5'</p> <p>3845.2'</p> <p>500'</p> <p>3857.2'</p> <p>DETAIL</p>	<p>Date Surveyed <u> </u> A.W.B</p> <p>Signature & Seal of <u> </u> Rev. 11/20/03</p> <p>Professional Surveyor</p> <p><u><i>Gary J. Eidson</i></u> 11/20/03</p> <p>03.11.0834</p> <p>Certificate No. RONALD J. EIDSON 3239</p> <p>GARY EIDSON 12641</p>

DIVISION OF INTEREST
PANTHER FEDERAL LEASE (NM-03428)
 DOI on well by well basis - NMOCD Order No. R-12006
 APO = Recoupment of all costs + 200% penalty (well by well)

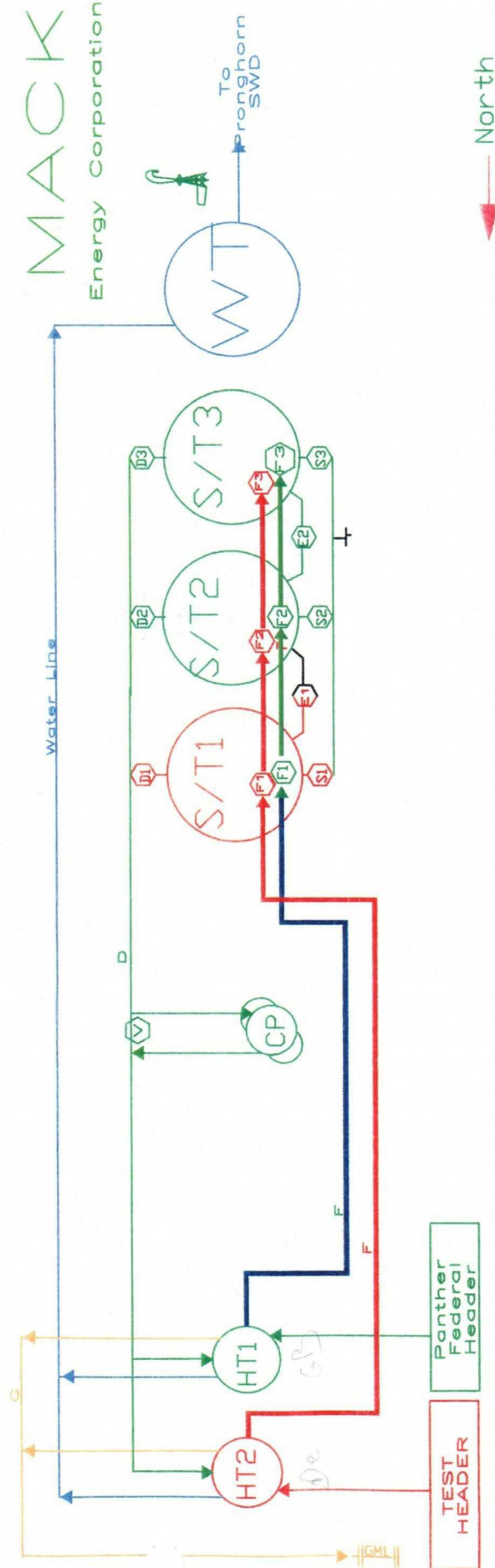
<i>Owner</i>	<i>WI - BPO</i>	<i>NRI - BPO</i>	<i>WI - APO</i>	<i>NRI - APO</i>
MMS		0.1250000		0.1250000
JPMorgan Chase Bank, Trustee of the Wilma D. Moleen Foundation PO Box 660197 Dallas, TX 75266-0197 Tax ID 74-6409404		0.0718750		0.0718750
Pooled Moleen Interests *			0.4250000	0.3718750
Caza Energy LLC PO Box 1767 Artesia, NM 88211-1767 Tax ID 80-0016572	0.8175000	0.6565547	0.4700625	0.3525469
Robert C. Chase PO Box 297 Artesia, NM 88211-0297 Tax ID 585-80-7468	0.0500000	0.0401563	0.0287500	0.0215625
Richard L. Chase PO Box 359 Artesia, NM 88211-0359 Tax ID 585-96-6040	0.0500000	0.0401563	0.0287500	0.0215625
Gerene Dianne Chase Crouch PO Box 693 Artesia, NM 88211-0693 Tax ID 525-11-9265	0.0500000	0.0401563	0.0287500	0.0215625
Bradley D. Bartek PO Box 100625 Fort Worth, TX 76185 Tax ID 455-84-6199	0.0025000	0.0020078	0.0014375	0.0010781
Mark T. Brewer 2002 Briscoe Artesia, NM 88210 Tax ID 525-27-9565	0.0025000	0.0020078	0.0014375	0.0010781
Matt J. Brewer 2503 Quarterhorse Dr Artesia, NM 88210 Tax ID 585-51-0247	0.0025000	0.0020078	0.0014375	0.0010781

Buckhorn Enterprises Corp 2101 Runyan Artesia, NM 88210 Tax ID 85-0439689	0.0025000	0.0020078	0.0014375	0.0010781
Crissa D. Carter 1411 Lewis Road Artesia, NM 88210 Tax ID 525-45-8953	0.0025000	0.0020078	0.0014375	0.0010781
The Merle Lloyd Ericson and Rebecca Sue Ericson Revocable Trust dated April 23, 1996 1510 Vogel Road Artesia, NM 88210 Tax ID 196-44-1783	0.0025000	0.0020078	0.0014375	0.0010781
Stephen L. George PO Box 434 Artesia, NM 88211-0434 Tax ID 585-62-4367	0.0025000	0.0020078	0.0014375	0.0010781
Charlotte L. Gleghorn 1606 N. 26th Street Artesia, NM 88210 Tax ID 585-66-7520	0.0025000	0.0020078	0.0014375	0.0010781
Henry Anthony Hall 2304 Runyan Artesia, NM 88210 Tax ID 525-96-3768	0.0025000	0.0020078	0.0014375	0.0010781
Johnny M. King 46 Colbert Road Artesia, NM 88210 Tax ID 585-94-7827	0.0025000	0.0020078	0.0014375	0.0010781
Ronald W. Lanning 703 W. Hermosa Dr. Artesia, NM 88210 Tax ID 585-34-7727	0.0025000	0.0020078	0.0014375	0.0010781
Charles E. Sadler PO Box 797 Artesia, NM 88211-0797 Tax ID 450-35-4651	0.0025000	0.0020078	0.0014375	0.0010781
Staci D. Sanders 1510 South 16th Street Artesia, NM 88210 Tax ID 525-39-3354	0.0025000	0.0020078	0.0014375	0.0010781

<i>Totals:</i>	1.0000000	1.0000000	1.0000000	0.9999997
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* Heirs of George Edward Donohue Moleen own 10% of the leasehold and the Heirs of Edward C. Donohue own 32.5% of the leasehold. Both of these interests are probably now owned by The Brooks Moleen Trust, c/o Branch Bank and Trust, PO Box 687, Columbia, SC 29202. Bank would not do any kind of trade so the interest was force pooled. The interest is probably in the process of being deeded to Crystal Van-Lom in El Paso. Her attorney is David P. Leeper, 915-581-8748. Ken Cambern (Engineer) in Pampa 806-669-1965 also involved with Van-Lom.

MACK
Energy Corporation



Production Phase

Panther Federal Battery		Test Battery	
S/T 1	S/T 2	S/T 3	
F22	F22	F1	Open
D22	D22	D1	Open
S22	S22	E1	Open
F23	F23	S1	Closed
D23	D23		
S23	S23		
F24	F24		
D24	D24		
S24	S24		

Sales Phase

Panther Federal Battery		Test Battery	
S/T 1	S/T 2	S/T 3	
F22	F22	F1	Closed
D22	D22	D1	Closed
S22	S22	E1	Closed
F23	F23	S1	Open
D23	D23		
S23	S23		
F24	F24		
D24	D24		
S24	S24		

This Lease is subject to the site Security plan for southeast New Mexico operations.

The Plan is Located at :

Mack Energy Corporation
P.O. Box 960
Artesia NM 88211-0960

Mack Energy Corporation

Panther Federal Tank Battery

NW/4 SW/4

Section 31 T17S R32E

Panther Federal Lease

Test Facility