

DATE: 06/14/2013	SUSPENSE	ENGINEER: DB	LOGGED IN: 06/17/2013	TYPE: PC	APP NO: PAYK 1316851804
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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



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 _____

30-075-36932

Mack Energy Corp
Miller BW State

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- [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

6/12/13
Date

jerrys@mec.com
e-mail Address

HOBBS OCD

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

EnerRy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36932		Pool Code 62180	Pool Name Vacuum; Grayburg San Andres
Property Code 6149	Property Name Miller BW State		Well Number 3
GRID No. 013837	Operator Name Mack Energy Corporation		Elevation 4064' GR

Surface Location

UL or lot no. K	Section 3	Township 17S	Range 34E	Lot Idn	Feet from the 1840	North/South line South	Feet from the 2120	East/West line West	County Lea
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" Bottom Hole Location If Different From Surface

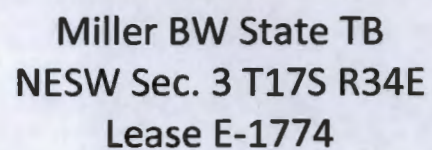
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		joint or Infill	Consolidation Code		Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL XL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<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>Signature <u>Jerry W. Sherrell</u></p> <p>Printed Name <u>Jerry W. Sherrell</u></p> <p>Title <u>Production Clerk</u></p> <p>Date <u>5/31/2013</u></p>
<p>2120'</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>On File</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>
<p>1840'</p>				<p>Certificate Number</p>

ELG 6-3-2013

36932



MEMO

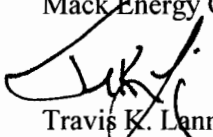
DATE: June 7, 2013
TO: NMOCD
FROM: Travis K. Lanning
RE: MILLER BW STATE LEASE
E-1774-4
T17S, R34E
Section 3: W/2,

Mack Energy Corporation respectfully requests approval to surface commingle production from our Miller BW State Lease. The Miller BW #2 produces from the Abo formation and the Miller BW #3 produces from the San Andres formation. Production will be commingled at the Miller BW #3 tank battery, with each well having separate production equipment equipped with a meter to measure production prior to combining in a common storage tank.

Both wells have identical working and revenue interests.

Please do not hesitate to contact me should you require any further information.

Sincerely,
Mack Energy Corporation


Travis K. Lanning
Land Manager



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

June 12, 2013

Commissioner of Public Lands
PO Box 1148
Santa Fe, NM 87504-1148

Dear sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of Pool Commingling of production on our Miller BW State Lease E-1774. The Miller BW State #2 currently produces from the Vacuum;Abo, North. We are re-entering the Miller BW State #3 and intend to produce the Vacuum;Grayburg-San Andres. Production will be commingled at a central tank battery located in the NESW Sec. 3 T17S R34E.

Ownership is common between the Abo and Grayburg-San Andres pools.

Allocation for oil and gas will be done using periodic well tests at the TB shown in the facility diagram. Each well will be tested periodically to insure accurate allocation. Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in black ink that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, July 08, 2013 3:33 PM
To: jerrys@mec.com
Subject: Miller BW State ## 2 & 3; Surface Commingling Application

Dear Mr. Sherrell:

The Land Manager's statement attached to this application does not state that all interests in production from these wells is identical. If that is the case, a statement to that effect in the landman's statement is required by Rule 19.15.12.10.B(2)(c).

Also, there seems to be a contradiction between the statement in the Form C-103 that "[p]roper allocation for production will be measured using periodic well tests" and the statement in the land manager's letter that "[p]roduction will be commingled . . . with each well having separate production equipment equipped with a meter to measure production prior to combining in a common storage tank." Please clarify.

Thanks

David K. Brooks

Brooks, David K., EMNRD

From: Jerry Sherrell <jerrys@mec.com>
Sent: Friday, July 12, 2013 4:44 PM
To: Brooks, David K., EMNRD
Cc: Deana Weaver
Subject: RE: Miller BW State ## 2 & 3; Surface Commingling Application
Attachments: 07122013Miller BW Memo044121.pdf

David,

Please see the attached landman's statement.

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Monday, July 08, 2013 3:33 PM
To: Jerry Sherrell
Subject: Miller BW State ## 2 & 3; Surface Commingling Application

Dear Mr. Sherrell:

The Land Manager's statement attached to this application does not state that all interests in production from these wells is identical. If that is the case, a statement to that effect in the landman's statement is required by Rule 19.15.12.10.B(2)(c).

Also, there seems to be a contradiction between the statement in the Form C-103 that "[p]roper allocation for production will be measured using periodic well tests" and the statement in the land manager's letter that "[p]roduction will be commingled . . . with each well having separate production equipment equiprred with a meter to measure production prior to combining in a common storage tank." Please clarify.

Thanks

David K. Brooks

M E M O

DATE: July 12, 2013
TO: NMOCD
FROM: STACI SANDERS
MACK ENERGY CORPORATION
RE: MILLER BW STATE LEASE
ST NM E-1774-4
T17S, R34E
SECTION 3: W/2
LEA COUNTY, NEW MEXICO

Mack Energy Corporation respectfully requests approval to surface commingle production from our Miller BW State Lease. The Miller BW State #2 produces from the Abo formation and the Miller BW State #3 produces from the San Andres formation and we would like to commingle the production at the Tank Battery. Allocation for the oil and gas will be done using periodic well tests at the Tank Battery.

Both wells going into the Tank Battery have identical working and revenue interests.

Please do not hesitate to contact me should you require any further information.

Sincerely,

Mack Energy Corporation

A handwritten signature in black ink that reads "Staci Sanders". The signature is written in a cursive style with a large, looping "S" at the beginning and a long, sweeping underline.

Staci Sanders
Land Department