

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 Note: PLC - 369

Mack Energy
 Colorado State No. 1
 30-025-40881

- [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.

Deana Weaver	<i>Deana Weaver</i>	Production Clerk	2.4.14
Print or Type Name	Signature	Title	Date
		dweaver@mec.com	
		e-mail Address	

District I
1621 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Mack Energy Corporation

P.O. Box 960, Artesia, NM 88211-0960

Operator

Address

Colorado State

1

B-24-18S-36E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 39584 API No. 30-025-40881 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg <i>WC-025 G-01 5183624, Grayburg</i>	Arkansas Junction; San Andres	
Pool Code	<i>98059</i>	2500	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4635-4795'	4941-6485'	
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	32.0	39.0	
Producing, Shut-In or New Zone	New Zone	Producing	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: _____ Rates: _____	Date: <u>6/24/2013</u> Rates: <u>19/24/350</u>	Date: _____ Rates: _____
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or put production, supporting data or explanation will be required.)	Oil _____ Gas _____ % %	Oil _____ Gas _____ % %	Oil _____ Gas _____ % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____ *Included*

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C- 1 02 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Deana Weaver TITLE Production Clerk DATE 2.4.14

TYPE OR PRINT NAME Deana Weaver TELEPHONE NO. (575) 748-1288

E-MAIL ADDRESS dweaver@mec.com

M E M O

DATE: February 4, 2014

TO: NMOCD

**FROM: STACI SANDERS
MACK ENERGY CORPORATION**

**RE: DOWNHOLE COMMINGLE
COLORADO STATE #1
NM STATE LEASE V-8272
NW/4 NE/4 SECTION 24, T18S, R36E
LEA COUNTY, NEW MEXICO**

Mack Energy Corporation respectfully requests approval to downhole commingle production from the Grayburg and the San Andres formations in our Colorado State #1 Well.

All formations have identical working and net revenue interests.

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

Sincerely,

Mack Energy Corporation



**Staci Sanders
Land Department**

Colorado State Lease (V-8272)

Commissioner of Public Lands RI
P.O. Box 25627
Denver, CO 80225-0627

Chase Oil Corporation WI
P.O. Box 1767
Artesia, NM 88211

Robert C. Chase WI
P.O. Box 297
Artesia, NM 88211

Ventana Minerals LLC WI
P.O. Box 359
Artesia, NM 88211

DiaKan Minerals LLC WI
P.O. Box 693
Artesia, NM 88211



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

February 4, 2013

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

VIA CERTIFIED MAIL 7013 0600 0001 7892 3610
RETURN RECEIPT REQUESTED

Dear Sir:

This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD to Down hole Commingle production from the Grayburg and Arkansas Junction; San Andres in the Colorado State #1 located in Sec. 24 T18S R36E, 330 FNL & 1650 FWL, Lea County, New Mexico.

Should you have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the DHC application if no objection has been made within the 20 days after the application has been received.

Sincerely,

A handwritten signature in black ink that reads "Deana Weaver". The signature is written in a cursive style.

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

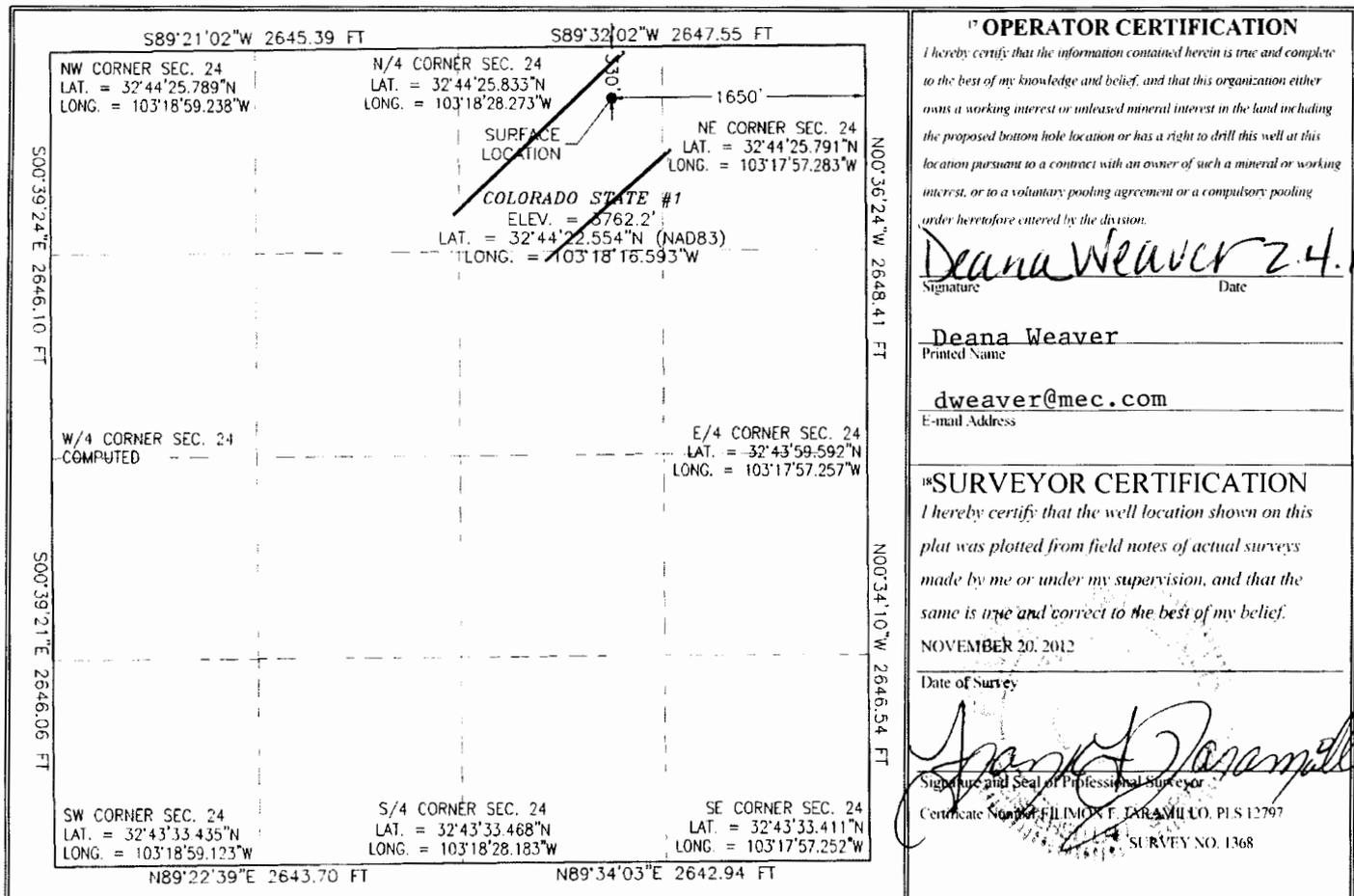
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40881		² Pool Code 2500		³ Pool Name Arkansas Junction; San Andres					
⁴ Property Code 39584		⁵ Property Name COLORADO STATE						⁶ Well Number 1	
⁷ OGRID No. 13837		⁸ Operator Name MACK ENERGY CORPORATION						⁹ Elevation 3762.2	
¹⁰ Surface Location									
U.I. or lot no. B	Section 24	Township 18 S	Range 36 E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1650	East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface									
U.I. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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.



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OIL CONSERVATION DIVISION
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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40881	² Pool Code Grayburg	³ Pool Name Grayburg
⁴ Property Code 39584	⁵ Property Name COLORADO STATE	⁶ Well Number 1
⁷ OGRID No. 13837	⁸ Operator Name MACK ENERGY CORPORATION	⁹ Elevation 3762.2

¹⁰ Surface Location

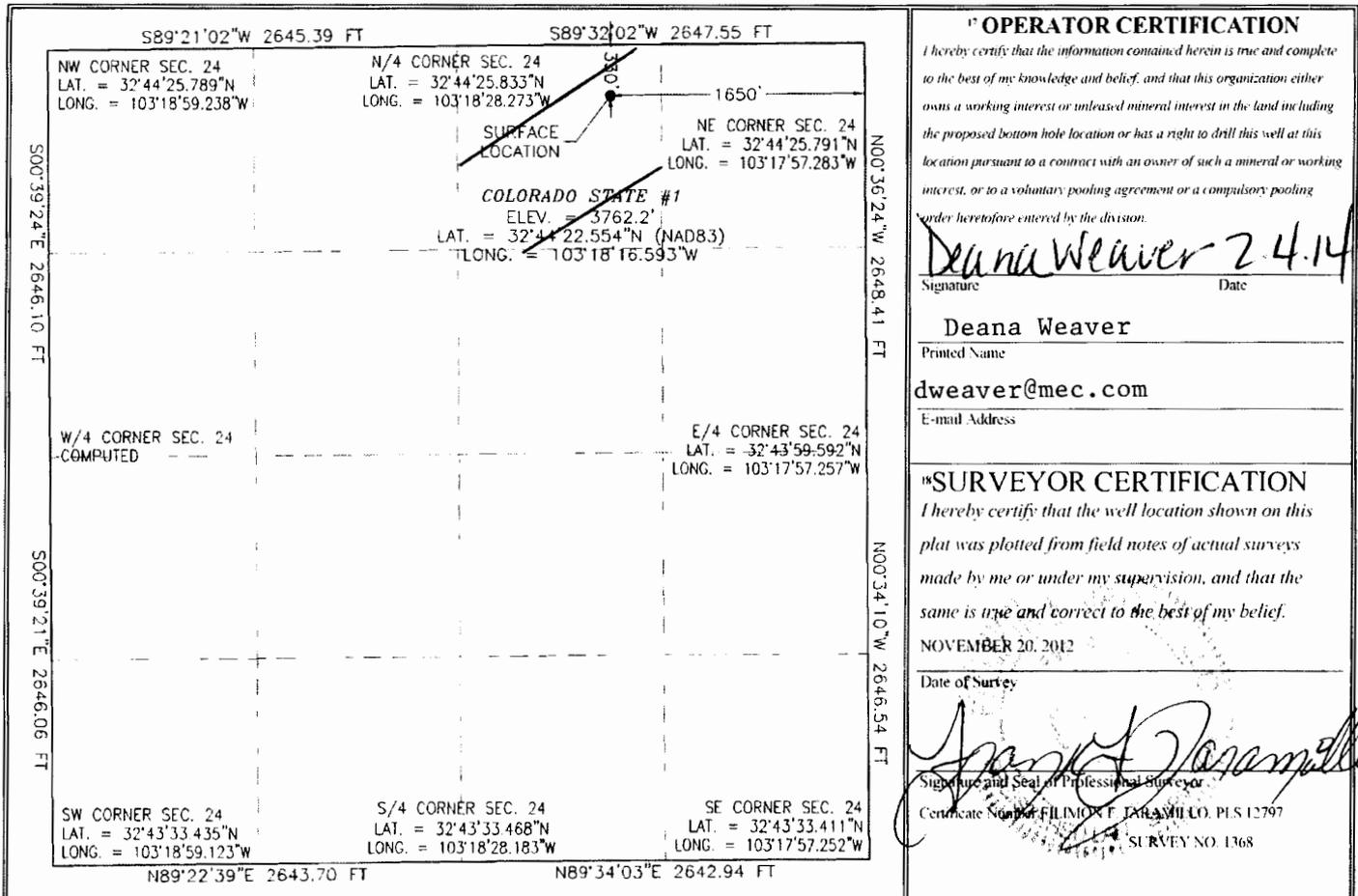
U.I. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	18 S	36 E		330	NORTH	1650	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

U.I. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.





RECEIVED

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

2014 FEB -6 10:35 15

February 4, 2014

Oil Conservation Division
Attn: Phillip R Goetze
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Down hole Commingling, and measurement of
Hydrocarbon Production for:
Colorado State #1
Section 24, T18S, R36E
Lea County, New Mexico

Mack Energy Corporation as operator of the aforementioned well respectfully requests administrative approval for down hole commingling and measurement of production.

Mack Energy proposes to commingle Grayburg and Arkansas Junction; San Andres production in the Colorado State #1 (State of NM Lease V-8272). Production of both pools will be measured at the TB located in the NW/4 NE/4, Sec. 24 T18S R36E. This lease has common interest in both pools. Mack Energy Corporation owns all interest in this lease. The oil purchaser has been notified of the intent to commingle. Allocation will be done using the subtraction method based on increased production from the Grayburg formation. This well has consistent daily production from the Arkansas Junction; San Andres formation.

Should you require any additional information concerning this application, please call Deana Weaver at 575-748-1288. Thank you for your consideration of this request.

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in black ink that reads "Deana Weaver". The signature is written in a cursive, flowing style.

Deana Weaver
Production Clerk
dweaver@mec.com

DW/
Enclosures