

DATE IN 4/28/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 4/28/2014	TYPE DHC	APP NO. D14AM1411928738
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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 _____
- [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
Print or Type Name

Deana Weaver
Signature

Production Clerk
Title

4-24-14
Date

dweaver@mec.com
e-mail Address



RECEIVED

2014 APR 23 PM 2:06

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

April 24, 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:
State BD 36 #2
Section 36, T22S, R37E
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 Paddock, South and Blinbry production in the State BD 36 #2 (State of NM Lease VB-2157). Production of both pools will be measured at the TB located in the NW/4 SE/4, Sec. 36 T22S R37E. 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 Paddock, South formation. This well has consistent daily production from the Blinbry 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

Deana Weaver
Production Clerk
dweaver@mec.com

DW/
Enclosures

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

District II
1301 W. Grand Avenue, 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

Oil Conservation Division

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

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised June 10, 2003

APPLICATION TYPE

☒ Single Well

☒ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

Mack Energy Corporation

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

Operator

Address

State BD 36

2

P-36-22S-37E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 310134 API No. 30-025-21456 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Paddock, South	Blinebry	
PoolCode	49400	06660	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5204-5212'	5481-5714'	
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	38.2	
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: 2/2014 Rates: 84/503/140	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?

Yes ☒ No ☐

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 ☐

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 4.24.14

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

E-MAIL ADDRESS dweaver@mec.com

MEMO

DATE: April 24, 2014

TO: NMOCD

FROM: Travis K. Lanning

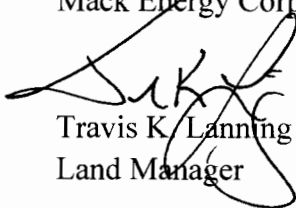
RE: State BD 36 # 2
VB-2157
T22S, R37E, NMPM
Section 36: NW4SW4, NW4SE4, SE4SE4,
Lea County, New Mexico

Mack Energy Corporation respectfully requests approval to downhole commingle production from the Paddock and Blinbry formations in our State BD 36 No. 2 (P-36-22s-37E 990 FSL & 660 FEL).

All formations 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

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

☐ AMENDED REPORT

¹ API Number 30-025-21456		² Pool Code 49400	³ Pool Name Paddock, South	
⁴ Property Code 310134	⁵ Property Name State BD 36			⁶ Well Number 2
⁷ OGRID No. 013837	⁸ Operator Name Mack Energy Corporation			⁹ Elevation 3304' GR

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	36	22S	37E	990		South	660	East	Lea

UL 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.					

16				<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><u>Deana Weaver</u> 424</p> <p>Signature Date</p> <p>Deana Weaver</p> <p>Printed Name</p> <p><u>dweaver@mec.com</u></p> <p>E-mail Address</p>
				<p>18 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><u>ON File</u></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
			<p>990'</p> <p>1660'</p>	<p>Certificate Number</p>

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

☐ AMENDED REPORT

¹ API Number 30-025-21456	² Pool Code 06660	³ Pool Name Blinebry
⁴ Property Code 310134	⁵ Property Name State BD 36	⁶ Well Number 2
⁷ OGRID No. 013837	⁸ Operator Name Mack Energy Corporation	⁹ Elevation 3304' GR

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	36	22S	37E		990	South	660	East	Lea

U/L 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.				

16		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <hr/> <div style="display: flex; justify-content: space-between;"> <i>Deana Weaver</i> 4-24-14 </div> <div style="display: flex; justify-content: space-between;"> Signature Date </div> <hr/> <p>Deana Weaver</p> <hr/> <p>Printed Name</p> <hr/> <p>dweaver@mec.com</p> <hr/> <p>E-mail Address</p>
		<p>18 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 style="text-align: center;">On File</p> <hr/> <p>Date of Survey</p> <hr/> <p>Signature and Seal of Professional Surveyor:</p> <hr/> <p>Certificate Number</p>

The diagram shows a corner point of a section, indicated by a dot. A horizontal line segment extends to the left from this point, labeled "1660'". A vertical line segment extends downwards from the same point, labeled "990'". The intersection of these two segments forms a right angle, representing a surveyed corner.



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

April 24, 2014

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

VIA CERTIFIED MAIL 7013 0600 0001 7892 3399
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 Paddock, South and Blinbry in the State BD 36 #2 located in Sec. 36 T22S R37E, 990 FSL & 660 FEL, 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,

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures

<h1>Operated Monthly Production - State/Field/State ID</h1>

October 2013

Field Name	State Lease #	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Nam MACK ENERGY CORPORATION											
State Lease Na STATE BD 36											
Blinebry Oil And Gas (Oil)	310134	160	90	174	0	76	582	582	0	0	97
Totals for Lease			90	174	0		582	582	0	0	97
Company Total			90	174	0		582	582	0	0	97
Report Totals			90	174	0		582	582	0	0	97

<h2 style="text-align: center;">Operated Monthly Production - State/Field/State ID</h2>

November 2013

Field Name	State Lease #	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Nam: MACK ENERGY CORPORATION											
State Lease Na: STATE BD 36											
Blinebry Oil And Gas (Oil)	310134	76	91	0	0	167	545	545	0	0	112
Totals for Lease			91	0	0		545	545	0	0	112
Company Total			91	0	0		545	545	0	0	112
Report Totals			91	0	0		545	545	0	0	112

Operated Monthly Production - State/Field/State ID

December 2013

Field Name	State Lease #	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Nam MACK ENERGY CORPORATION											
State Lease Na STATE BD 36											
Blinebry Oil And Gas (Oil)	310134	167	88	164	0	91	608	608	0	0	99
Totals for Lease			88	164	0		608	608	0	0	99
Company Total			88	164	0		608	608	0	0	99
Report Totals			88	164	0		608	608	0	0	99

<h2 style="text-align: center;">Operated Monthly Production - State/Field/State ID</h2>

January 2014

Field Name	State Lease #	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Nam MACK ENERGY CORPORATION											
State Lease Na STATE BD 36											
Blinebry Oil And Gas (Oil)	310134	91	91	0	0	182	596	596	0	0	210
Totals for Lease			91	0	0		596	596	0	0	210
Company Total			91	0	0		596	596	0	0	210
Report Totals			91	0	0		596	596	0	0	210

Operated Monthly Production - State/Field/State ID

February 2014

Field Name	State Lease #	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Nam MACK ENERGY CORPORATION											
State Lease Na STATE BD 36											
Blinebry Oil And Gas (Oil)	310134	182	84	177	0	89	503	503	0	0	140
Totals for Lease			84	177	0		503	503	0	0	140
Company Total			84	177	0		503	503	0	0	140
Report Totals			84	177	0		503	503	0	0	140

Operated Monthly Production - State/Field/State ID

March 2014

Field Name	State Lease #	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Nam MACK ENERGY CORPORATION											
State Lease Na STATE BD 36											
Blinebry Oil And Gas (Oil)	310134	89	75	0	0	164	559	559	0	0	142
Totals for Lease			75	0	0		559	559	0	0	142
Company Total			75	0	0		559	559	0	0	142
Report Totals			75	0	0		559	559	0	0	142

McMillan, Michael, EMNRD

From: Deana Weaver <dweaver@mec.com>
Sent: Tuesday, May 06, 2014 3:54 PM
To: McMillan, Michael, EMNRD
Cc: Jerry Sherrell
Subject: State BD 36 Surface Commingle
Attachments: state bd 36 blinebry.pdf

Michael

Attached is 6 months production on the State BD 36 #2 (blinebry). We just finished completing the State BD 36 #3 today in the Abo. I will have production for you next week. Our Engineering Department gave me an estimated production for the Paddock of 30bbbls a month. Let me know if you need additional information.

Thank you

Deana Weaver