

5/23/2014 DATE IN	SUSPENSE	RC ENGINEER	5/23/2014 LOGGED IN	DHC TYPE	PMA1414357061 APP NO.
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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 _____

- DHC 4677
- MACK ENERGY
13837
- well
State 35 #5
30-025-30548
Pool
- MALJAMON;
GRAYBUNG-SAN
ANDRES
- Corbin Green
13280

[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

5.21.14
Date

dweaver@mec.com
e-mail Address



REGULATORY

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

2014 MAY 23 PM 2:15

May 21, 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 35 #5
Section 35, T17S, R33E
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 Corbin; Queen and Maljamar; Grayburg-San Andres production in the State 35 #5 (State of NM Lease K-385). Production of both pools will be measured at the TB located in the SW/4 SW/4, Sec. 35 T17S R33E. 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 Corbin, Queen formation. This well has consistent daily production from the Maljamar; Grayburg-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

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

Form C-107A
Revised June 10, 2003

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

APPLICATION FOR DOWNHOLE COMMINGLING

Mack Energy Corporation P.O. Box 960, Artesia, NM 88211-0960
Operator Address
State 35 5 K-35-17S-33E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 013837 Property Code 300204 API No. 30-025-30548 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Corbin; Queen	Maljamar; Grayburg- San Andres	
PoolCode	13280	43329	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3870-3888'	4393-4772'	
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	35.7	
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: 3/2014 Rates: 79/490/1861	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 5.21.14
TYPE OR PRINT NAME Deana Weaver TELEPHONE NO. (575) 748-1288
E-MAIL ADDRESS dweaver@mec.com

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 30-025-30548	² Pool Code 43329	³ Pool Name Maljamar; Grayburg-San Andres
⁴ Property Code 300204	⁵ Property Name State 35	
⁷ OGRID No. 013837	⁸ Operator Name Mack Energy Corporation	⁶ Well Number 5 ⁹ Elevation 4121'

¹⁰ 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	35	17S	33E		2310	South	1980	West	Lea

¹¹ 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

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.

<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<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 style="font-size: 1.2em; font-family: cursive;">Deana Weaver 521.14</p> <p>Signature _____ Date _____</p> <p>Deana Weaver Printed Name</p> <p>dweaver@mec.com E-mail Address</p>
<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<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 style="text-align: center; font-weight: bold;">On File</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p>
<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<p>Certificate Number _____</p>

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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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 30-025-30548	² Pool Code 13280	³ Pool Name Corbin; Queen
⁴ Property Code 300204	⁵ Property Name State 35	
⁷ OGRID No. 013837	⁸ Operator Name Mack Energy Corporation	⁶ Well Number 5
		⁹ Elevation 4121'

¹⁰ 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	35	17S	33E		2310	South	1980	West	Lea

¹¹ 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
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.

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 style="text-align: right;"><i>Deana Weaver</i> 5/21/14</p> <p style="text-align: right;">Signature Date</p> <p style="text-align: right;">Deana Weaver</p> <p style="text-align: right;">Printed Name</p> <p style="text-align: right;">dweaver@mec.com</p> <p style="text-align: right;">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 style="text-align: center;">On File</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
				<p>Certificate Number</p>

Operated Monthly Production - State/Field/State ID

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 35											
Corbin;Abo	300204	358	898	844	0	412	4,657	4,657	0	0	17,943
Totals for Lease			898	844	0		4,657	4,657	0	0	17,943
State Lease Na STATE 35											
Corbin;Queen	300204	22	148	115	0	55	767	767	0	0	2,954
Totals for Lease			148	115	0		767	767	0	0	2,954
State Lease Na STATE 35											
Maljamar;Grayburg-San An	300204	39	81	79	0	41	423	423	0	0	1,631
Totals for Lease			81	79	0		423	423	0	0	1,631
State Lease Na STATE 35											
Swd;San Andres	300204	0	0	0	0	0	0	0	0	0	0
Totals for Lease			0	0	0		0	0	0	0	0
Company Total			1,127	1,038	0		5,847	5,847	0	0	22,528
Report Totals			1,127	1,038	0		5,847	5,847	0	0	22,528

Operated Monthly Production - State/Field/State ID

November 2013

Property Zone Code	Property Zone Name	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Name MACK ENERGY CORPORATION											
0946.001.1	State 35 1	102	383	408	0	77	2,232	2,232	0	0	8,389
Totals for Zone			383	408	0		2,232	2,232	0	0	8,389
0946.004.1	State 35 4	55	156	178	0	33	907	907	0	0	3,410
Totals for Zone			156	178	0		907	907	0	0	3,410
0946.005.1	State 35 5	41	114	128	0	27	663	663	0	0	2,493
Totals for Zone			114	128	0		663	663	0	0	2,493
0946.006.1	State 35 6	0	0	0	0	0	0	0	0	0	0
Totals for Zone			0	0	0		0	0	0	0	0
0946.007.1	State 35 7	310	291	506	0	95	1,693	1,693	0	0	6,363
Totals for Zone			291	506	0		1,693	1,693	0	0	6,363
Company Total			944	1,220	0		5,495	5,495	0	0	20,655
Report Totals			944	1,220	0		5,495	5,495	0	0	20,655

Operated Monthly Production - State/Field/State ID

December 2013

Property Zone Code	Property Zone Name	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Name MACK ENERGY CORPORATION											
0946.001.1	State 35 1	77	310	290	0	97	1,847	1,847	0	0	7,383
Totals for Zone			310	290	0		1,847	1,847	0	0	7,383
0946.004.1	State 35 4	33	84	89	0	28	504	504	0	0	2,014
Totals for Zone			84	89	0		504	504	0	0	2,014
0946.005.1	State 35 5	27	85	81	0	31	504	504	0	0	2,014
Totals for Zone			85	81	0		504	504	0	0	2,014
0946.006.1	State 35 6	0	0	0	0	0	0	0	0	0	0
Totals for Zone			0	0	0		0	0	0	0	0
0946.007.1	State 35 7	95	451	409	0	137	2,686	2,686	0	0	10,739
Totals for Zone			451	409	0		2,686	2,686	0	0	10,739
Company Total			930	869	0		5,541	5,541	0	0	22,150
Report Totals			930	869	0		5,541	5,541	0	0	22,150

Operated Monthly Production - State/Field/State ID

January 2014

Property Zone Code	Property Zone Name	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Name MACK ENERGY CORPORATION											
0946.001.1	State 35 1	97	298	282	0	113	1,820	1,820	0	0	7,169
Totals for Zone			298	282	0		1,820	1,820	0	0	7,169
0946.004.1	State 35 4	28	83	80	0	31	505	505	0	0	1,990
Totals for Zone			83	80	0		505	505	0	0	1,990
0946.005.1	State 35 5	31	83	79	0	35	505	505	0	0	1,990
Totals for Zone			83	79	0		505	505	0	0	1,990
0946.006.1	State 35 6	0	0	0	0	0	0	0	0	0	0
Totals for Zone			0	0	0		0	0	0	0	0
0946.007.1	State 35 7	137	462	429	0	170	2,824	2,824	0	0	11,129
Totals for Zone			462	429	0		2,824	2,824	0	0	11,129
Company Total			926	870	0		5,654	5,654	0	0	22,278
Report Totals			926	870	0		5,654	5,654	0	0	22,278

Operated Monthly Production - State/Field/State ID

February 2014

Property Zone Code	Property Zone Name	Oil Beg Inv	Oil Prod	Oil Sales	Oil Other Disp	Oil End Inv	Gas Prod	Gas Sales	Gas other Disp	Gas Lift	Water Prod
Name MACK ENERGY CORPORATION											
0946.001.1	State 35 1	113	259	236	0	136	1,672	1,672	0	0	4,408
Totals for Zone			259	236	0		1,672	1,672	0	0	4,408
0946.004.1	State 35 4	31	71	65	0	37	456	456	0	0	1,202
Totals for Zone			71	65	0		456	456	0	0	1,202
0946.005.1	State 35 5	35	71	65	0	41	456	456	0	0	1,202
Totals for Zone			71	65	0		456	456	0	0	1,202
0946.006.1	State 35 6	0	0	0	0	0	0	0	0	0	0
Totals for Zone			0	0	0		0	0	0	0	0
0946.007.1	State 35 7	170	400	362	0	208	2,583	2,583	0	0	6,812
Totals for Zone			400	362	0		2,583	2,583	0	0	6,812
Company Total			801	728	0		5,167	5,167	0	0	13,624
Report Totals			801	728	0		5,167	5,167	0	0	13,624

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 35											
Corbin;Abo	300204	344	741	744	0	341	4,575	4,575	0	0	17,373
Totals for Lease			741	744	0		4,575	4,575	0	0	17,373
State Lease Na STATE 35											
Corbin;Queen	300204	37	80	80	0	37	490	490	0	0	1,861
Totals for Lease			80	80	0		490	490	0	0	1,861
State Lease Na STATE 35											
Maljamar;Grayburg-San An	300204	41	79	80	0	40	490	490	0	0	1,861
Totals for Lease			79	80	0		490	490	0	0	1,861
State Lease Na STATE 35											
Swd;San Andres	300204	0	0	0	0	0	0	0	0	0	0
Totals for Lease			0	0	0		0	0	0	0	0
Company Total			900	904	0		5,555	5,555	0	0	21,095
Report Totals			900	904	0		5,555	5,555	0	0	21,095

M E M O

DATE: May 21, 2014

TO: NMOCD

**FROM: STACI SANDERS
MACK ENERGY CORPORATION**

**RE: DOWNHOLE COMMINGLE
STATE 35 #5 WELL
NM STATE LEASE K-0385-6
2,310' FSL & 1,980' FWL
NE/4 SW/4 SECTION 35, T17S, R33E
LEA COUNTY, NEW MEXICO**

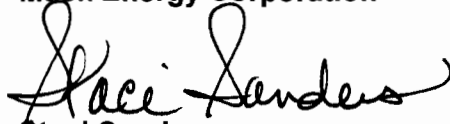
Mack Energy Corporation respectfully requests approval to downhole commingle production from the Corbin Queen and the Maljamar Grayburg San Andres formations in our State 35 #5 Well.

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**

State 35 Lease (K-0385-6)

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

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

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

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

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



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

May 21, 2014

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

VIA CERTIFIED MAIL 7012 3460 0002 8434 4135
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 Corbin; Queen and Maljamar; Grayburg-San Andres in the State 35 #5 located in Sec. 35 T17S R33E, 2310 FSL & 1980 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,

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures