

DATE 8.17.11	SUSPENSE	ENGINEER DB	LOGGED IN 8.17.11	TYPE NSL	PTG-W APP NO. 1122946989
---------------------	----------	--------------------	--------------------------	-----------------	------------------------------------

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 30005-64142

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]

6470

- [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.

Jerry W. Sherrell
Print or Type Name

Jerry W. Sherrell
Signature

Production Clerk
Title

8/15/11
Date

jerrys@mec.com
e-mail Address



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

August 15, 2011

Oil Conservation Division
Attn: Will Jones
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mr. Jones:

Mack Energy respectfully requests an administrative approval without notice and hearing of the following unorthodox well location.

Because of our desire to drill this well in a timely manner, we also request your approval be expedited. The well location and legal description is as follows:

Rushmore State Com #1
555 FSL & 1980 FEL
Sec. 36, T9S, R29E
Chaves County, New Mexico

The well will be completed in the Marrow formation in the Many Gates; Marrow Pool.
Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) (Exhibit A).
- B.) A plat showing the proposed unorthodox locations, the respective proration units, and the offsetting proration units (Exhibit B).
- C.) A map showing the reason for the unorthodox location, the location is too close to the section line and to achieve the best geological advantage. (Exhibit C)

This well is located in the SW/4 of the SE/4 of Sec. 36 T9S R29E. The well was not drilled as a horizontal well as permitted. The well was TD at 9502' and pipe was run making the well an unorthodox location. The well is encroaching the NW/4 of the NE/4 of Sec 1 T10S R29E, all of which is owned by Mack Energy Corporation.

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

Sincerely,

MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk

JWS/dw
Enclosures

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-005-64142	Pool Code 80980	Pool Name Many Gates; Marrow
Property Code 38482	Property Name RUSHMORE STATE COM	Well Number 1.
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3984'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	9-S	29-E		555	SOUTH	1980	EAST	CHAVES

Bottom Hole Location If Different From Surface

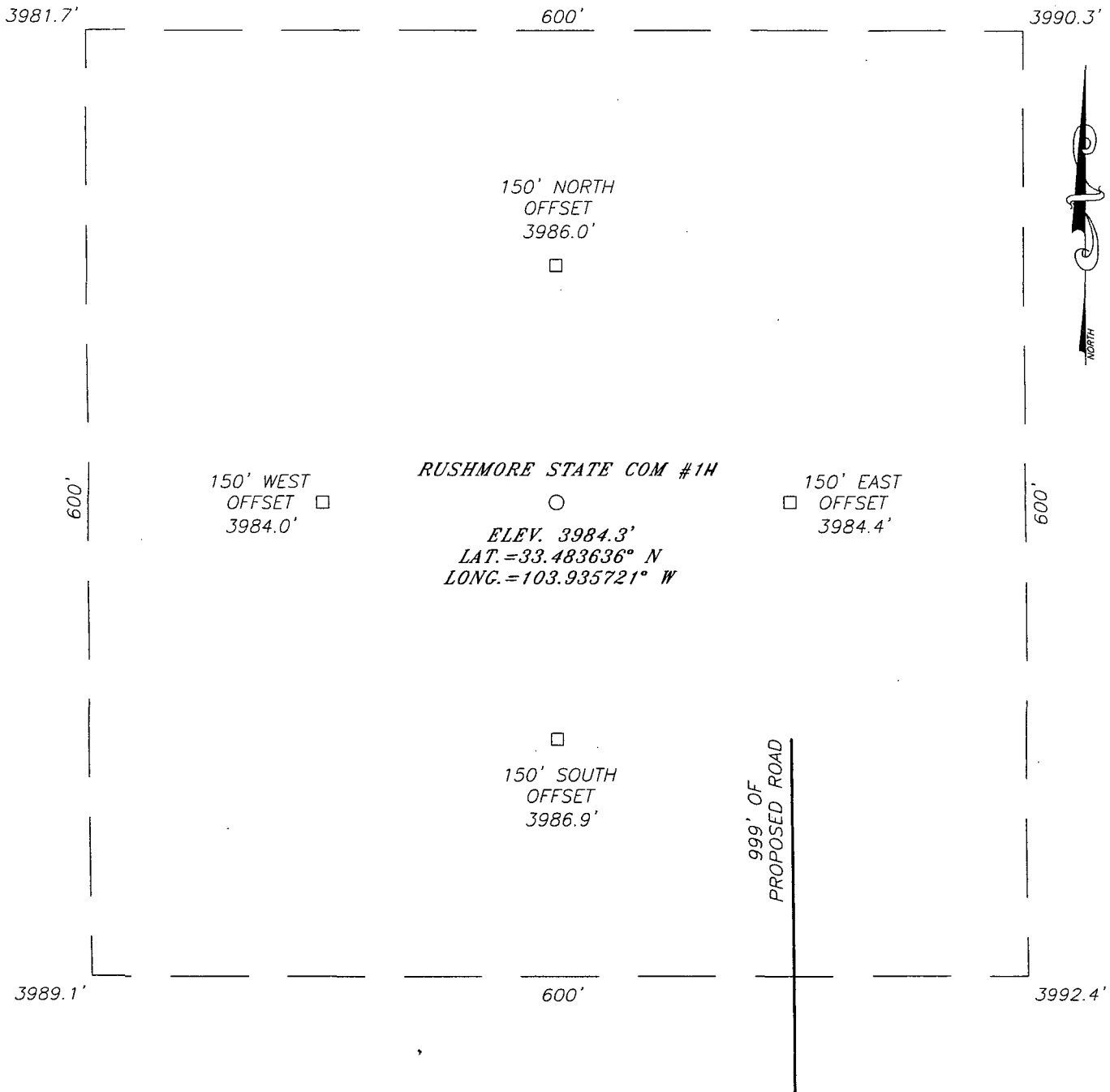
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

<p>N:908440.0 E:620564.8</p> <p>N:908438.8 E:621883.0</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=903705.7 N X=621232.4 E</p> <p>LAT.=33.483636° N LONG.=103.935721° W</p> <p>BOTTOM HOLE LOCATION Y=907754.6 N X=621247.5 E</p> <p>DETAIL</p> <p>3981.7' 3990.3' 600' 600' 3989.1' 3992.4'</p> <p>S.L. SEE DETAIL</p> <p>555'</p> <p>1980'</p> <p>N:903159.1 E:620564.6</p> <p>N:903142.6 E:621889.3</p>	<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><i>Jerry W. Sherrell</i> 8/15/11 Signature Date</p> <p>Jerry W. Sherrell Printed Name</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>DECEMBER 28, 2010</p> <p>Date Surveyed. LA</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald T. Eidson</i> 01/25/2011 NEW MEXICO 11.13.0265</p> <p>Certificate No. GARY EIDSON 12641 RONALD T. EIDSON 3239</p>
---	--

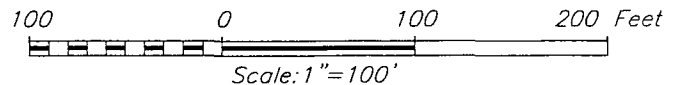
SCANNED

SECTION 36, TOWNSHIP 9 SOUTH, RANGE 29 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #380 & CATO ROAD, GO NORTH ON CATO ROAD FOR APPROX. 3.0 MILES. GO NORTHWEST ON EL PASO R.O.W. ROAD APPROX. 3.0 MILES TO A ROAD SURVEY. FOLLOW SURVEY 999 FEET NORTH TO THIS LOCATION.



MACK ENERGY CORPORATION

RUSHMORE STATE COM #1H WELL
 LOCATED 555 FEET FROM THE SOUTH LINE
 AND 1980 FEET FROM THE EAST LINE OF SECTION 36,
 TOWNSHIP 9 SOUTH, RANGE 29 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 12/28/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1906	Dr By: LA
Date: 1/7/11	10111906
	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117

SCANNED

Section	Tract	Owner	Acres	Notes
38.73	1	Chisos Ltd.	1.00	10.1.2011
38.73	2	Chisos Ltd.	1.00	10.1.2011
38.73	3	Chisos Ltd.	1.00	10.1.2011
38.73	4	Chisos Ltd.	1.00	10.1.2011
38.73	5	Chisos Ltd.	1.00	10.1.2011
38.73	6	Chisos Ltd.	1.00	10.1.2011
38.73	7	Chisos Ltd.	1.00	10.1.2011
38.73	8	Chisos Ltd.	1.00	10.1.2011
38.73	9	Chisos Ltd.	1.00	10.1.2011
38.73	10	Chisos Ltd.	1.00	10.1.2011
38.73	11	Chisos Ltd.	1.00	10.1.2011
38.73	12	Chisos Ltd.	1.00	10.1.2011
38.73	13	Chisos Ltd.	1.00	10.1.2011
38.73	14	Chisos Ltd.	1.00	10.1.2011
38.73	15	Chisos Ltd.	1.00	10.1.2011
38.73	16	Chisos Ltd.	1.00	10.1.2011
38.73	17	Chisos Ltd.	1.00	10.1.2011
38.73	18	Chisos Ltd.	1.00	10.1.2011
38.73	19	Chisos Ltd.	1.00	10.1.2011
38.73	20	Chisos Ltd.	1.00	10.1.2011
38.73	21	Chisos Ltd.	1.00	10.1.2011
38.73	22	Chisos Ltd.	1.00	10.1.2011
38.73	23	Chisos Ltd.	1.00	10.1.2011
38.73	24	Chisos Ltd.	1.00	10.1.2011
38.73	25	Chisos Ltd.	1.00	10.1.2011
38.73	26	Chisos Ltd.	1.00	10.1.2011
38.73	27	Chisos Ltd.	1.00	10.1.2011
38.73	28	Chisos Ltd.	1.00	10.1.2011
38.73	29	Chisos Ltd.	1.00	10.1.2011
38.73	30	Chisos Ltd.	1.00	10.1.2011
38.73	31	Chisos Ltd.	1.00	10.1.2011
38.73	32	Chisos Ltd.	1.00	10.1.2011
38.73	33	Chisos Ltd.	1.00	10.1.2011
38.73	34	Chisos Ltd.	1.00	10.1.2011
38.73	35	Chisos Ltd.	1.00	10.1.2011
38.73	36	Chisos Ltd.	1.00	10.1.2011
38.73	37	Chisos Ltd.	1.00	10.1.2011
38.73	38	Chisos Ltd.	1.00	10.1.2011
38.73	39	Chisos Ltd.	1.00	10.1.2011
38.73	40	Chisos Ltd.	1.00	10.1.2011
38.73	41	Chisos Ltd.	1.00	10.1.2011
38.73	42	Chisos Ltd.	1.00	10.1.2011
38.73	43	Chisos Ltd.	1.00	10.1.2011
38.73	44	Chisos Ltd.	1.00	10.1.2011
38.73	45	Chisos Ltd.	1.00	10.1.2011
38.73	46	Chisos Ltd.	1.00	10.1.2011
38.73	47	Chisos Ltd.	1.00	10.1.2011
38.73	48	Chisos Ltd.	1.00	10.1.2011
38.73	49	Chisos Ltd.	1.00	10.1.2011
38.73	50	Chisos Ltd.	1.00	10.1.2011

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, September 15, 2011 4:23 PM
To: 'jerrys@mec.com'
Subject: Rushmore State Com #1; NSL Application

Dear Mr. Sherrill

You have filed the referenced application apparently dedicating a 40-acre unit (SW/4 SE/4 of Section 36-9S-29E) to this well. However, the Many Gates Morrow Gas Pool in which the well is said to be located is a gas pool that is spaced on 320 acres, and this well is entered in our system as a gas well. If you expect it to produce as an oil well, a different pool classification will be needed, and, in that case, the location would not be unorthodox, since oil spacing rules provide only for 330-foot setbacks.

If it is expected to be a gas well, then you will need to dedicate a 320-acre unit – either S/2 or E/2 of Section 36 to this well. Also, this NSL application will require notice to owners in the N/2 and E/2 of Section 1-10S-29E, not merely to those in the NW/4 SE/4 of that section.

Please furnish a C-102 designating a 320-acre unit and ownership information concerning the offsetting 320-acre units in Section 1, or, if you expect this to be an oil well, secure approval for this as a wildcat oil well from the District office.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Jerry Sherrell [jerrys@mec.com]
Sent: Friday, September 16, 2011 8:12 AM
To: Brooks, David K., EMNRD
Cc: Deana Weaver
Subject: RE: Rushmore State Com #1; NSL Application
Attachments: SharpMX7001N@mackenergycorp.com_20110916_070748.pdf

David,
I have attached the revised C-102. I have also attached a map showing that Chase oil owns the lease in all of Sec. 1 T10S R29E, therefore no offset owners need to be notified.

Thanks,

Jerry W. Sherrell
Mack Energy Corporation
P.O. Box 960
Artesia, NM 88211-0960
Office 575-748-1288
Cell 432-260-8363
jerrys@mec.com

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Thursday, September 15, 2011 4:23 PM
To: Jerry Sherrell
Subject: Rushmore State Com #1; NSL Application

Dear Mr. Sherrill

You have filed the referenced application apparently dedicating a 40-acre unit (SW/4 SE/4 of Section 36-9S-29E) to this well. However, the Many Gates Morrow Gas Pool in which the well is said to be located is a gas pool that is spaced on 320 acres, and this well is entered in our system as a gas well. If you expect it to produce as an oil well, a different pool classification will be needed, and, in that case, the location would not be unorthodox, since oil spacing rules provide only for 330-foot setbacks.

If it is expected to be a gas well, then you will need to dedicate a 320-acre unit – either S/2 or E/2 of Section 36 to this well. Also, this NSL application will require notice to owners in the N/2 and E/2 of Section 1-10S-29E, not merely to those in the NW/4 SE/4 of that section.

Please furnish a C-102 designating a 320-acre unit and ownership information concerning the offsetting 320-acre units in Section 1, or, if you expect this to be an oil well, secure approval for this as a wildcat oil well from the District office.

Sincerely

David K. Brooks
Legal Examiner

DISTRICT I
1825 N. FRENCH DR., HOBBS, NM 80240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., 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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-005-64142	Pool Code 80980	Pool Name Many Gates; Marrow
Property Code 38482	Property Name RUSHMORE STATE COM	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3984'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	9-S	29-E		555	SOUTH	1980	EAST	CHAVES

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 320	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>N:908440.0 E:620564.8</p> <p>N:908438.8 E:621883.0</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=903705.7 N X=621232.4 E</p> <p>LAT.=33.483636° N LONG.=103.935721° W</p> <p>BOTTOM HOLE LOCATION Y=907754.6 N X=621247.5 E</p> <p>DETAIL 3981.7' 3990.3' 600' 3989.1' 3992.4'</p> <p>N:903159.1 E:620564.6</p> <p>N:903142.6 E:621889.3</p> <p>S.L. SEE DETAIL 555' 1980'</p>	<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><i>Jerry W. Sherrell</i> 8/15/11 Signature Date Jerry W. Sherrell Printed Name</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>DECEMBER 28, 2010</p> <p>Date Surveyed LA Signature & Seal of Professional Surveyor Ronald F. Eidson 01/25/2011 N. 13.0265</p> <p>Certificate No. GARY EIDSON 12641 RONALD F. EIDSON 3239</p>
---	--

SCANNED

