

DATE IN <u>5.10.12</u>	SUSPENSE	ENGINEER <u>WJT</u>	LOGGED IN <u>5.10.12</u>	TYPE <u>DHC</u>	APP NO. <u>1213150195</u>
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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



Mark Energy
RECEIVED OGD 13837
Arkansas Statute 1

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-28999

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.

Jerry W. Sherrell
Print or Type Name

Jerry W. Sherrell
Signature

Production Clerk
Title

5/8/12
Date

jerrys@mec.com
e-mail Address

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

District 11
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87411

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

Arkansas State

1

A-35-18S-36E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 36929 API No. 30-025-28999 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Arkansas Junction; San Andres	Arkansas Junction; Bone Spring	
PoolCode	2500	2340	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4817-4932'	6285-6320'	
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)	37.2	34.4	
Producing, Shut-In or New Zone	Producing	New Zone	
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: 4/25/2012 Rates: 5/5/25	Date: _____ Rates: _____	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 _____ % (PCTS) % (LATER) %	Oil _____ Gas _____ % (PCTS) % (LATER) %	Oil _____ Gas _____ % (PCTS) % (LATER) %

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: PC-1201

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 Jerry W. Sherrell TITLE Production Clerk DATE 5/8/12

TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (575) 748-1288

E-MAIL ADDRESS jerrys@mec.com

N () () CO OIL CONSERVATION COMMISS ()
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

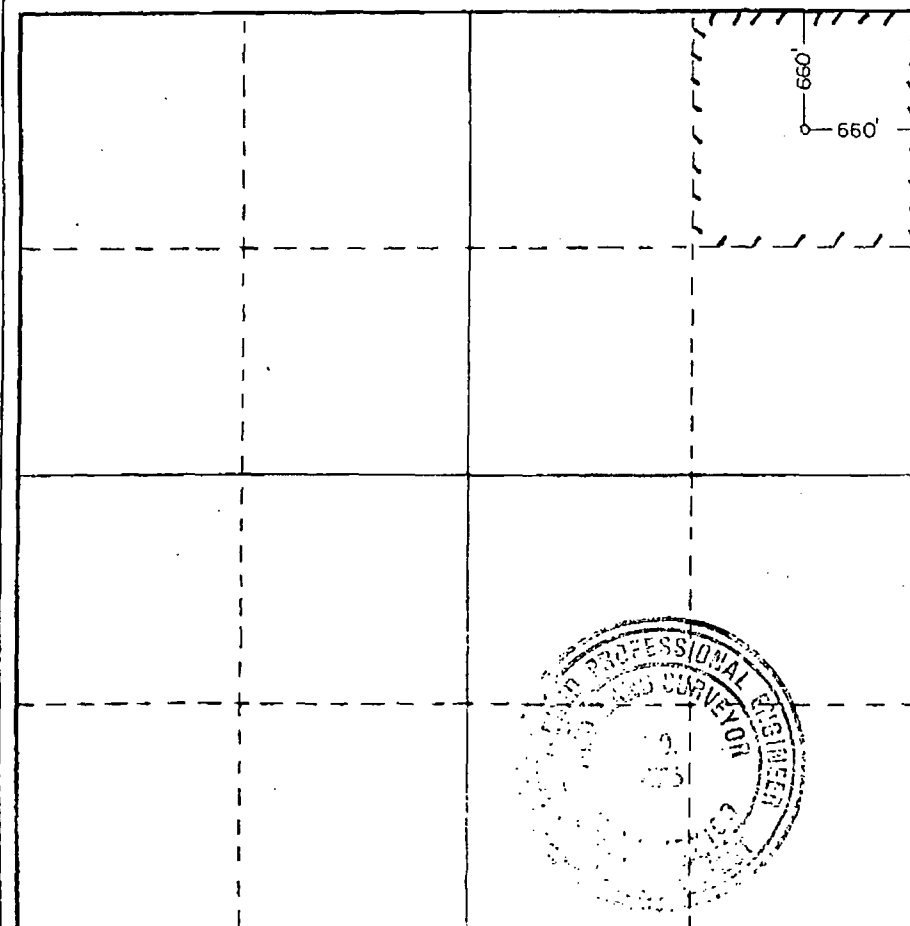
Operator Mack Energy Corporation		Lease Arkansas State		Well No. 1
Unit Letter A	Section 35	Township 18 SOUTH	Range 36 EAST	County LEA
Actual Footage Location of Well: 660 feet from the NORTH line and 660 feet from the EAST line				
Ground Level Elev. 3766.0	Producing Formation San Andres	Pool Arkansas Junction	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Jerry W. Sherrell
Name

Jerry W. Sherrell
Position

Production Clerk

Mack Energy Corporation
Company

5-8-2012
Date

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 knowledge and belief.

Date Surveyed
OCTOBER 12, 1984

Registered Professional Engineer
and/or Land Surveyor

John W. West

Certificate No. **JOHN W. WEST. 676**
RONALD J. EIDSON, 3239



N () CO OIL CONSERVATION COMMISS ()
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section

Operator Mack Energy Corporation			Lease Arkansas State		Well No. 1
Init Letter A	Section 35	Township 18 SOUTH	Range 36 EAST	County LEA	
Actual Footage Location of Well: 660 feet from the NORTH line and 660 feet from the EAST line					
Ground Level Elev. 3766.0	Producing Formation Bone Spring		Pool Arkansas Junction		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
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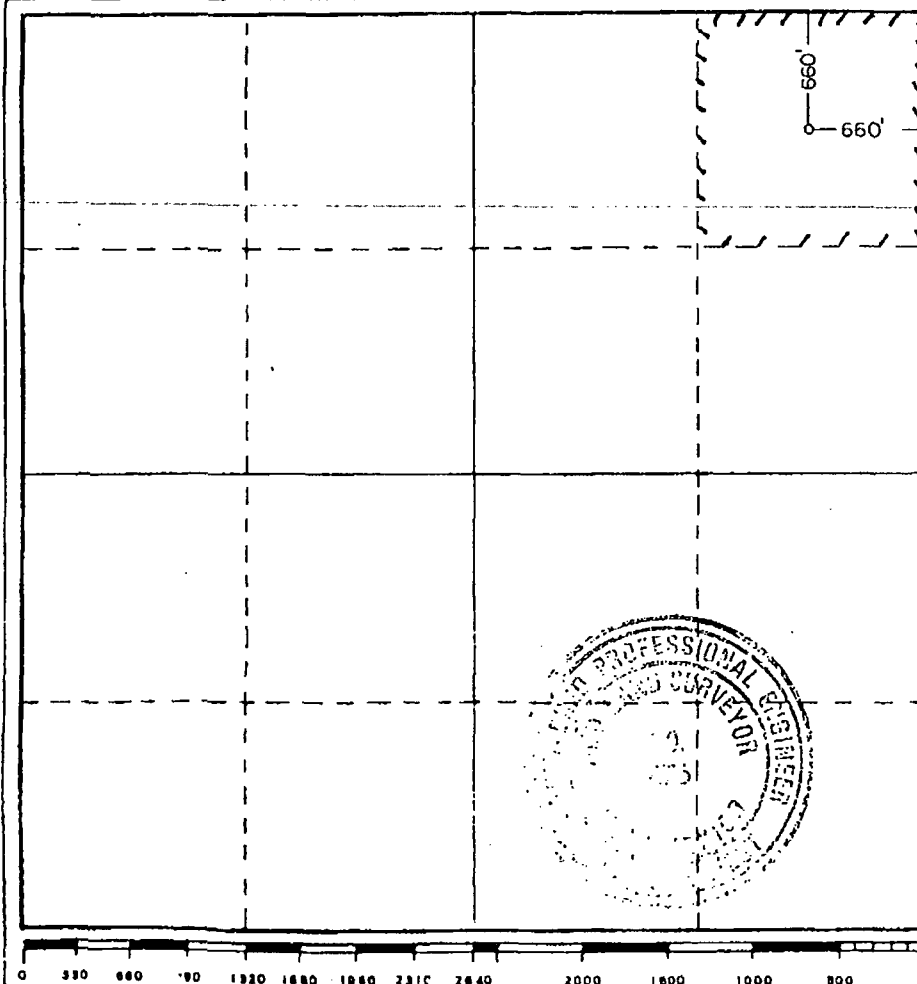
Date Surveyed

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Registered Professional Engineer
and/or Land Surveyor

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RONALD J. EIDSON, 3239



MEMO

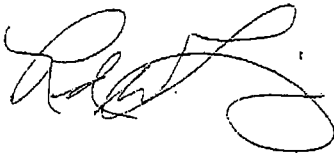
DATE: September 17, 2008

TO: NMOCD

FROM: Ronald W. Lanning
Mack Energy Corporation

SUBJECT: 1904 - ARKANSAS STATE LEASE

Our Arkansas State Lease is State of New Mexico Lease # V-8144. We purchased this lease at the October, 2007 State of New Mexico Lease Sale. The lease covers all depths under the NE/4 of Section 35, T18S, R36E. Chase Oil Corporation and various members of the Chase family (all affiliates of Mack Energy Corporation) own 100% of the working interest under the lease.

A handwritten signature in black ink, appearing to read 'Ronald W. Lanning', with a large, stylized loop at the end.

RWL: