

DATE IN 5.2.05	SUSPENSE	ENGINEER <i>[Signature]</i>	LOGGED IN 5.3.05	TYPE DHC	APPROVED PSEM0512336711
-------------------	----------	--------------------------------	---------------------	-------------	----------------------------

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.

Jerry W. Sherrell
 Print or Type Name

Jerry W. Sherrell
 Signature

Production Clerk
 Title

4/29/2005
 Date

jerrys@mackenergycorp.com
 e-mail Address



P.O. Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

April 28, 2005

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

Re: Downhole Commingling, and measurement of
Hydrocarbon Production for:
Panther Federal #1
Section 31, T17S, R32E
Lea County, New Mexico

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

Mack Energy proposes to commingle Maljamar; Grayburg-San Andres and Tamano Delaware production in the Panther Federal #1, API 30-025-36307(Lease NM-03428). Production of both pools will be measured at the Panther Federal Tank Battery. This lease has common interest in both pools. The Panther #1 decline for Delaware production has leveled off for the past year at 17-Oil and 30-Gas per day. Based on this information we will allocate production according to increased production from GB/SA allowing a 1% decline per month for Delaware production. Mack Energy has made notification to all parties owning an interest in this lease, including the oil purchaser, of the intent to commingle.

Mack Energy Corporation is respectfully requesting administrative approval of this application to downhole commingle. Should you require any additional information concerning this application, please call Jerry W. Sherrell at the above number. Thank you for your consideration of this request.

Sincerely,

MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk
jerrys@mackenergycorp.com

JWS/

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

DHC-3440

Mack Energy Corporation

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

Operator

Address

Panther Federal

1

L-31-T17S-R32E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 32507 API No. 30-025-36307 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Maljamar GB SA		Tamano Delaware <i>oil</i>
Pool Code	43329		97270
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4174-4275'		4343-4694'
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)	39.7		40.3
Producing, Shut-In or New Zone	New Zone <i>17°14'/30°</i>		Producing <i>33°14'/57°</i>
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: _____ Rates: _____	Date: <u>2/28/2005</u> Rates: <u>17/30/65</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or put production, supporting data or explanation will be required.)	Oil 66% Gas 66% <i>66% 66%</i>	Oil _____ Gas _____ %	Oil 100% Gas 100% <i>34% 34%</i>

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 ☐
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: R-12006

Attachments:

- C-102 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 4/28/2005

TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO. (505) 748-1288

E-MAIL ADDRESS jerrys@mackenergycorp.com

April 29, 2005

*Oil Conservation Division
Attn: David Catanach
1220 South St. Francis Dr.
Santa Fe, NM 87505*

Dear Mr. Jones:

This is a list of attachments or explanations:

- 1. C-102 for both formations*
- 2. Monthly Total Production for Tamano Delaware, Panther Federal #1*

Oil-Gas

<i>04/2005</i>	<i>Well test 4/1 18-30, 4/2 17-29, 4/3 17-30</i>
<i>03/2005</i>	<i>Well test 3/2 14-31, 3/3 17-30, 3/4 17-30</i>
<i>02/2005</i>	<i>488-828</i>
<i>01/2005</i>	<i>471-621</i>
<i>12/2004</i>	<i>397-644</i>
<i>11/2004</i>	<i>551-1016</i>
<i>10/2004</i>	<i>608-1146</i>
<i>09/2004</i>	<i>497-1046</i>

Note: No production available for Maljamar GB SA on this well.

- 3. N/A*
- 4. We will allocate using increased production from GB SA formation allowing a 1% decline per month on Delaware production.*
- 5. Interests are common.*

Sincerely,

MACK ENERGY CORPORATION



*Jerry W. Sherrell
Production Clerk*

JWS/

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36307	Pool Code 43329	Pool Name Maljamar Grayburg-San Andres
Property Code 32507	Property Name PANTHER FEDERAL	Well Number 1
GRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3630'

Surface Location

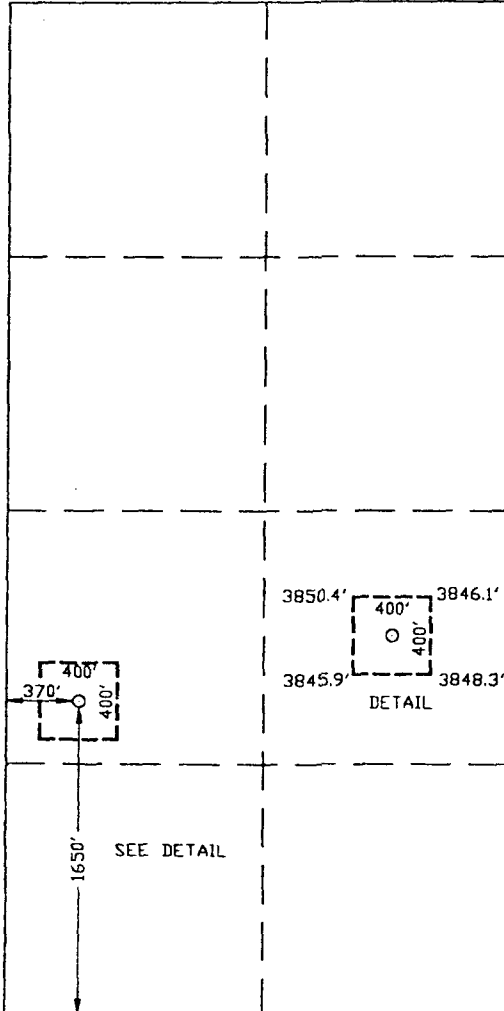
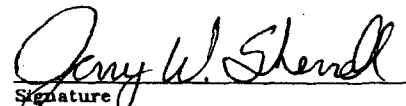
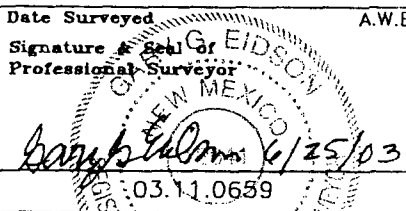
UL or lot No. L	Section 31	Township 17-S	Range 32-E	Lot Idn	Feet from the 1650'	North/South line SOUTH	Feet from the 370'	East/West line WEST	County LEA
--------------------	---------------	------------------	---------------	---------	------------------------	---------------------------	-----------------------	------------------------	---------------

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>GEODETIC COORDINATES NAD 27 NME Y= 650892.6 N X= 659984.1 E LAT. 32°47'17.92"N LONG. 103°48'45.89"W</p>	
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature Jerry W. Sherrell Printed Name Production Clerk Title 11/14/2003 Date</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>June 20, 2003</p> <p>Date Surveyed Signature of Gary Eidson Professional Surveyor A.W.B.  03.11.0659 Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>					

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36307	Pool Code 97270	Pool Name Tamano Delaware
Property Code 32507	Property Name PANTHER FEDERAL	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3630'

Surface Location

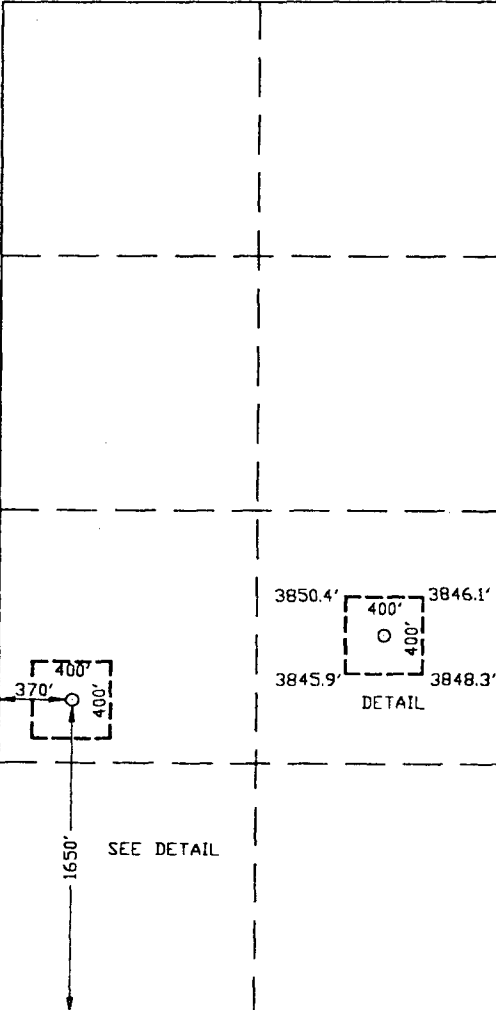
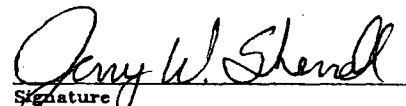
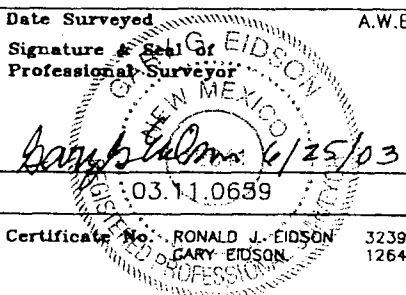
UL or lot No. L	Section 31	Township 17-S	Range 32-E	Lot Idn	Feet from the 1650'	North/South line SOUTH	Feet from the 370'	East/West line WEST	County LEA
--------------------	---------------	------------------	---------------	---------	------------------------	---------------------------	-----------------------	------------------------	---------------

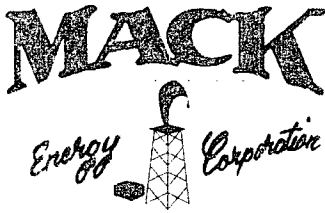
Bottom Hole Location If Different From Surface

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><u>GEODETIC COORDINATES</u> NAD 27 NME Y= 650892.6 N X= 659984.1 E LAT. 32°47'17.92"N LONG. 103°48'45.89"W</p>	
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature Jerry W. Sherrell Printed Name Production Clerk Title 11/14/2003 Date</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>June 20, 2003</p> <p>Date Surveyed Signature of Gary E. Eidson Professional Surveyor A.W.B.  03.11.0659 Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>					



P.O. Box 969
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

April 28, 2005

Bureau of Land Management
2909 W. 2nd Street.
Roswell, NM 88201

Re: BLM Approval to Downhole Commingle
Panther Federal #1 NM-03428

Dear Sir or Madam:

Mack Energy Corp. has submitted an application to Downhole Commingle production for our Panther Federal #1 NM-03428 1650 FSL 370 FWL Section 31 T17S R32E. Mack Energy intends to commingle production from the Maljamar Grayburg San Andres-43329 and the Tamano Delaware-97270 Pools. Proper allocation of production will be measured using increased production from the GB SA formation. Attached to this letter is a courtesy copy of the application submitted the OCD.

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

Sincerely,

MACK ENERGY CORPORATION

Jerry W. Sherrell
Production Clerk

JWS/

Enclosure(s)

Jones, William V

From: Jerry Sherrell [jerrys@mackenergycorp.com]
Sent: Wednesday, June 01, 2005 8:04 AM
To: Will Jones (E-mail)
Subject: Panther Federal #1 & #4

Will,

Here are the allocation percentages for the Panther DHC's

Panther #1-Well test 5/17 thru 5/22 avg. 50 Oil, 87 Gas Total 100%
34% — 17 Oil, 30 Gas Delaware 35%
33 Oil, 57 Gas GB/SA 65%

Panther #4-Well test 5/12 thru 5/16 avg. 70 Oil, 100 Gas Total 100%
3 Oil, 5 Gas Delaware 5%
67 Oil, 95 Gas GB/SA 95%

Jerry W. Sherrell
Mack Energy Corporation
jerrys@mackenergycorp.com

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>
