

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



268

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 _____

2005 AUG 3 AM 11 56

- [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

7/20/2005
 Date

jerrys@mackenergycorp.com
 e-mail Address

Substitit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., 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

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. Multiple see attached
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-638/VB-646
7. Lease Name or Unit Agreement Name Gar State/Carp State
8. Well Number Multiple see attached
9. OGRID Number 013837
10. Pool name or Wildcat Hume Queen West/Wildcat Grayburg

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Mack Energy Corporation

3. Address of Operator
P. O. Box 960 Artesia, NM 88211-0960

4. Well Location
 Unit Letter All _____ feet from the _____ line and _____ feet from the _____ line
 Section 23 _____ Township 16S Range 33E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.) _____

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Surface Commingling/Off Lease Storage</u> <input checked="" type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Mack Energy Corporation as operator respectfully requests administrative approval for a permit to surface commingle and measurement of production. It is requested that surface commingling of Hume Queen West and Wildcat Grayburg pools be approved for the following leases:
 Gar State Lease N/2 Sec. 23, T16S, R33E VB-638
 Carp State Lease S/2 Sec. 23, T16S, R33E VB-646

A central tank battery will be located at the Gar State #6 in the NE/4 NW/4, Sec. 23 T16S R33E. Proper allocation for production will be measured with meters at the battery. Mack Energy Corporation has made notification to all parties owning an interest in these leases, including the oil purchaser, of the intent to commingle. The interests in all pools on both leases are common.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

SIGNATURE Jerry W. Sherrell TITLE Production Clerk DATE 7/20/2005
 Type or print name Jerry W. Sherrell E-mail address: jerrys@mackenergycorp.com Telephone No. (505)748-1288
 For State Use Onl

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

**Central Tank Battery North
Surface Commingling/Off Lease Storage**

Additional Information

Mack Energy Corporation, OGRID 013837

Gar State Lease VB-638/Carp State Lease VB-646

- 1. Gar State #2, API 30-025-01264
Hume Queen West/Wildcat Grayburg
660 FNL 660 FWL, Sec. 23 T16S R33E**

- 2. Gar State #3, API 30-025-37337
Hume Queen West/Wildcat Grayburg
330 FNL 990 FEL, Sec. 23 T16S R33E**

- 3. Gar State #4, API 30-025-37366
Hume Queen West/Wildcat Grayburg
990 FNL 1650 FEL, Sec. 23 T16S R33E**

- 4. Gar States #6, API 30-025-37371
Hume Queen West/Wildcat Grayburg
330 FNL 1650 FWL, Sec. 23 T16S R33E**

There is a potential Carp well on the north side of Hwy 82. This well will be located in the NW/4 of the NW/4 of this section.

8/21/4

MEMO

DATE: July 8, 2005

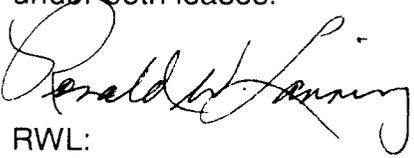
TO: William V. Jones
NMOCD

FROM: Ronald W. Lanning
Land Manager
Mack Energy Corporation

SUBJECT: Surface Comingling

State of New Mexico Lease VB-646-1 is our Carp State Lease, and State of New Mexico Lease VB-638 is our Gar State Lease. The cover, respectively, the S/2 and N/2 of Section 23, T16S, R33E, Lea County, New Mexico.

All working interests, royalty interests, and overriding royalty interests are common under both leases.



RWL:

Catanach, David, EMNRD

From: Jerry Sherrell [jerrys@mackenergycorp.com]
Sent: Thursday, August 04, 2005 8:34 AM
To: Catanach, David, EMNRD
Subject: RE: Lease Commingling

Thanks Jerry,

My question is, are you going to measure each lease separately, or are you going to measure the total production from both leases?

Thanks,

DRC

From: Jerry Sherrell [mailto:jerrys@mackenergycorp.com]
Sent: Tuesday, July 26, 2005 10:05 AM
To: Catanach, David, EMNRD
Subject: RE: Surface Commingling

David,

I am getting a DHC for each individual well to commingle the two pools using percentages based on testing of each pool, that will be provided to the OCD. The CTB is requested to commingle the two leases using meters for allocation.

Thanks,
Jerry

-----Original Message-----

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Monday, July 25, 2005 10:54 AM
To: Jerry Sherrell
Subject: RE: Surface Commingling

Jerry,

Could you provide me with more details on how you guys are going to measure this commingled production. Your application is kind of vague.

Thanks,

DRC

From: Jerry Sherrell [mailto:jerrys@mackenergycorp.com]
Sent: Tuesday, July 19, 2005 2:21 PM
To: Catanach, David, EMNRD
Subject: RE: Surface Commingling

David,

Carp State Lease and Gar State Lease
Caza Energy LLC .85
Robert C. Chase .05
Richard L. Chase .05

8/5/2005

Gereen Dianne Chase Crouch .05
100%

Thanks
Jerry W. Sherrell

-----Original Message-----

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Tuesday, July 19, 2005 1:56 PM
To: Jerry Sherrell
Subject: Surface Commingling

Jerry,

Could you please provide me with a list of the interest owners that were notified of the surface commingling on the Gar and Carp State leases.

Thank You,

David Catanach
Engineer

-----Original Message-----

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Thursday, August 04, 2005 7:32 AM
To: Jerry Sherrell
Subject: Lease Commingling

Jerry,

Regarding your new surface commingling application for the Gar and Carp State Leases, I need a list of the interest owners that were provided notice of the application. Also, I need to know if production from each lease is going to be separately metered prior to commingling. A schematic diagram of the tank battery would be helpful.

Thanks,

David Catanach
(505) 476-3466

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Catanach, David, EMNRD

From: Catanach, David, EMNRD
Sent: Thursday, August 04, 2005 7:32 AM
To: 'Jerry Sherrell'
Subject: Lease Commingling

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