

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



671  
 Mack Energy

**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]

Victoria Federal  
 &  
 Eskimo State  
 12 wells  
 for PLC  
 State

- [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 \_\_\_\_\_

- Fed
- #2 30-005-64088 #2 30-005-64026
  - #1 30-005-64089 #1 30-005-64027
  - #3 30-005-64049
  - #4 30-005-64050
  - #5 30-005-64051
  - #6 30-005-64052
  - #7 30-005-64053
  - #8 30-005-64054
  - #9 30-005-64072
  - #10 30-005-64086

- [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 \_\_\_\_\_ Production Clerk \_\_\_\_\_ 3-6-2013  
 Print or Type Name Signature Title Date  
 jerrys@mec.com  
 e-mail Address



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

March 6, 2013

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

Dear Sir:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Victoria Federal Lease NMNM-4434 and our Eskimo State Lease L-0729. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the SE/4 SW/4 Sec. 19 T15S R29E. There are currently 10 producing wells within the Eskimo State lease. We anticipate drilling the Victoria Federal #1 soon.

Currently ownership is different, the Victoria Federal lease as stated is a Federal lease. The Eskimo State is a State lease.

Allocation for oil and gas will be done using test heater and gas meter as shown in the facility diagram. Each well will be tested periodically to insure accurate allocation.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell  
Production Clerk  
[jerrys@mec.com](mailto:jerrys@mec.com)

JWS/

Enclosures

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., 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-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Mack Energy Corporation  
OPERATOR ADDRESS: P.O. Box 960 Artesia, NM 88211-0960  
APPLICATION TYPE:  
 Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingling)  
LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
(4) Measurement type:  Metering  Other (Specify)  
(5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?  Yes  No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
(4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?  Yes  No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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: 3-6-2013  
TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO.: 575-748-1288  
E-MAIL ADDRESS: jerry@mec.com

- 6. Eskimo State #6, API 30-005-64052 Round Tank; San Andres  
965 FSL 2310 FWL, Sec. 30 T15S R29E PRODUCING**
- 7. Eskimo State #7, API 30-005-64053 Round Tank; San Andres  
965 FNL 330 FWL, Sec. 30 T15S R29E PRODUCING**
- 8. Eskimo State #8, API 30-005-64054 Round Tank; San Andres  
2285 FNL 465 FWL, Sec. 30 T15S R29E PRODUCING**
- 9. Eskimo State #9, API 30-005-64072 Round Tank; San Andres  
1650 FSL 330 FWL, Sec. 30 T15S R29E PRODUCING**
- 10. Eskimo State #10, API 30-005-64086 Round Tank; San Andres  
990 FSL 990 FWL, Sec. 30 T15S R29E PRODUCING**

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# **M E M O**

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**DATE: March 5, 2013**  
**TO: NMOCD**  
**FROM: STACI SANDERS**  
**MACK ENERGY CORPORATION**  
**RE: SURFACE COMMINGLE / OFF LEASE STORAGE**  
**VICTORIA FEDERAL & ESKIMO STATE**  
**SECTION 19, T15S, R29E**  
**CHAVES COUNTY, NEW MEXICO**

Mack Energy Corporation respectfully requests approval to surface commingle production from our Victoria Federal Lease and the Eskimo State Lease. Once the Victoria Federal #1 well is drilled it will produce from the San Andres formation. The Eskimo State wells also produce from the San Andres formation. Production from both leases will be commingled at the tank battery located in the SE/4 SW/4 of Sec. 19, T15S, R29E.

The interests in these two leases are identical, except for the royalty interest owner in each lease. The reason being one lease is federal and the other state (but royalty interest is the same).

Allocation for the oil and gas will be done using periodic well tests and a test gas meter.

Please do not hesitate to contact me should you require any further information.

Sincerely,

Mack Energy Corporation



Staci Sanders  
Land Department

**(B) Lease Commingling**

- (1) Round Tank; San Andres.**
- (2) All wells produce from the Round Tank; San Andres pool.**
- (3) See attached.**
- (4) Allocation will be done using periodic well tests. This facility is equipped with a test heater and tank for oil testing. A test gas meter will be installed to test gas production.**

**(E) Additional information**

- (1) Diagram attached.**
- (2) Plat attached.**
- (3) Victoria Federal NMNM-4434**

- 1. Victoria Federal #1, API 30-005-64089 Round Tank; San Andres 330 FSL 330 FWL, Sec. 19 T15S R29E. NOT DRILLED.**
- 2. Victoria Federal #2, API 30-005-64088 Round Tank; San Andres 1650 FSL 330 FWL, Sec. 19 T15S R29E. NOT DRILLED.**

**Eskimo State Lease L-0729**

- 1. Eskimo State #1, API 30-005-64027 Round Tank; San Andres 330 FSL 1650 FWL, Sec. 19 T15S R29E PRODUCING**
- 2. Eskimo State #2, API 30-005-64026 Round Tank; San Andres 1650 FSL 1650 FWL, Sec. 19 T15S R29E PRODUCING**
- 3. Eskimo State #3, API 30-005-64049 Round Tank; San Andres 505 FNL 2310 FWL, Sec. 30 T15S R29E PRODUCING**
- 4. Eskimo State #4, API 30-005-64050 Round Tank; San Andres 1675 FNL 2310 FWL, Sec. 30 T15S R29E PRODUCING**
- 5. Eskimo State #5, API 30-005-64051 Round Tank; San Andres 2285 FSL 2310 FWL, Sec. 30 T15S R29E PRODUCING**

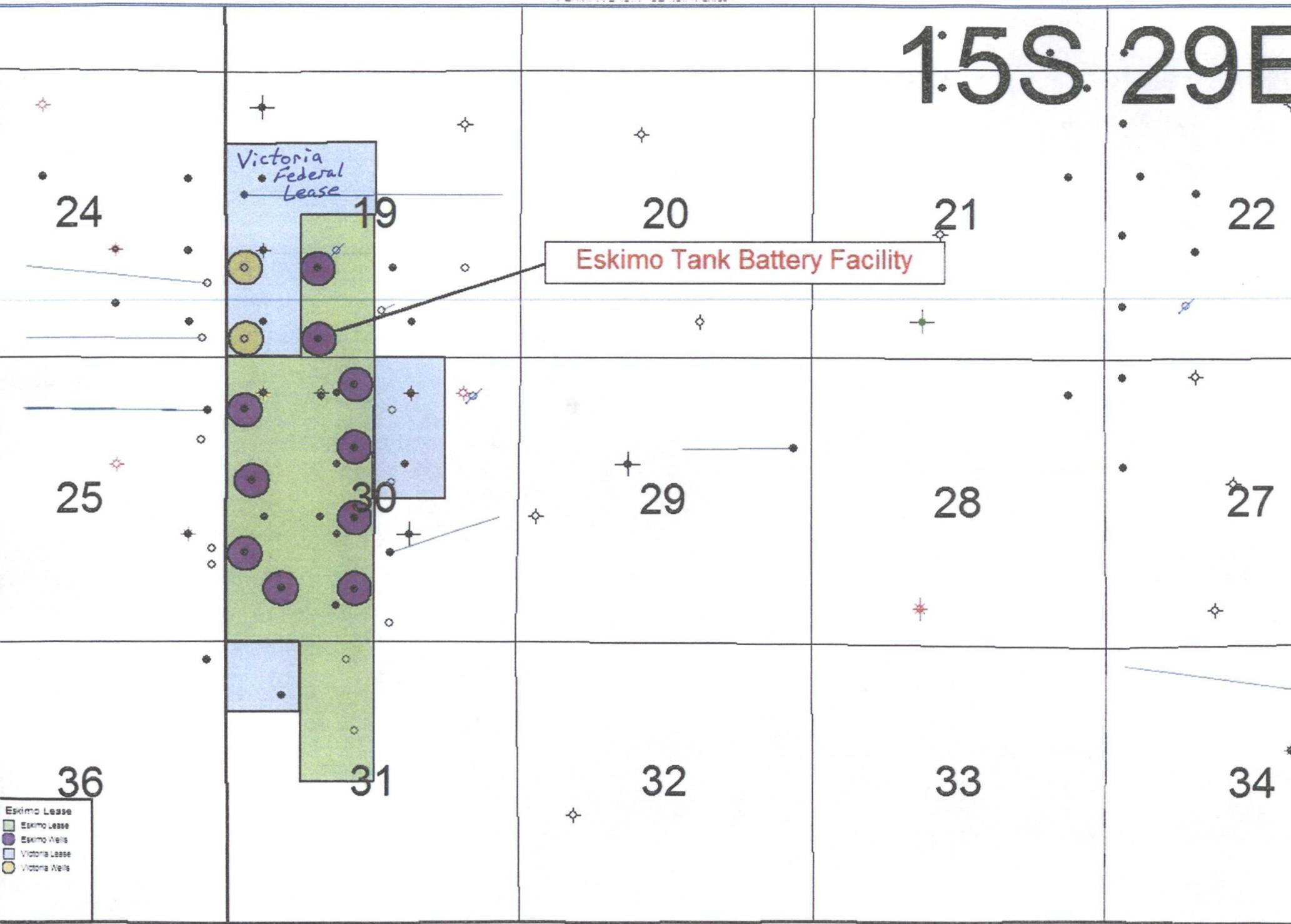
1.5S. 29E

Victoria  
Federal  
Lease

Eskimo Tank Battery Facility

- Eskimo Lease
- Eskimo Wells
- Victoria Lease
- Victoria Wells

FEET



Sales Phase

Tank 1	Tank 2	Tank 3
F-1 Closed	F-1 Open	F-1 Open
F-2 Open	F-2 Closed	F-2 Open
F-3 Open	F-3 Open	F-3 Closed
E-1 Closed	E-1 Closed	E-1 Open
E-2 Open	E-2 Closed	E-2 Closed
D-1 Closed	D-1 Open	D-1 Open
D-2 Open	D-2 Closed	D-2 Open
D-3 Open	D-3 Open	D-3 Closed
S-1 Open	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Open	S-2 Closed
S-3 Closed	S-3 Closed	S-3 Open

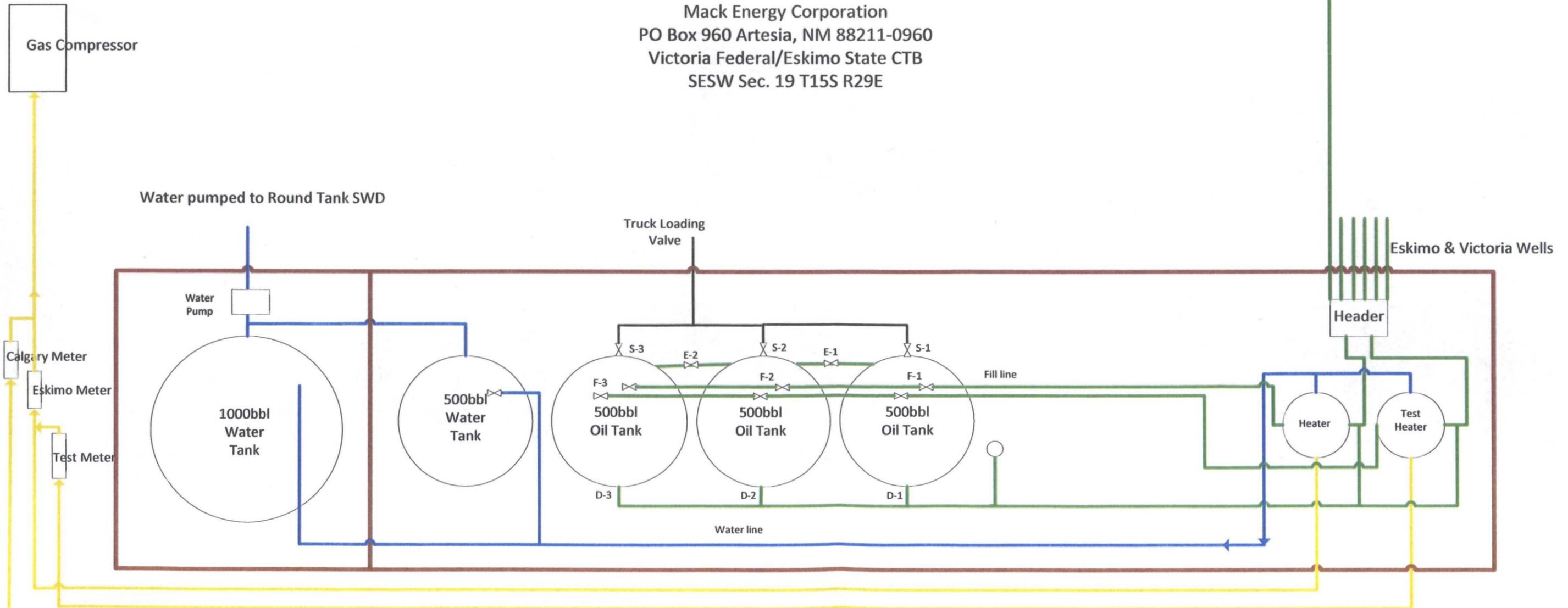
Production Phase

Tank 1	Tank 2	Tank 3
F-1 Open	F-1 Closed	F-1 Closed
F-2 Closed	F-2 Open	F-2 Closed
F-3 Closed	F-3 Closed	F-3 Open
E-1 Open	E-1 Open	E-1 Open
E-2 Open	E-2 Open	E-2 Open
D-1 Open	D-1 Closed	D-1 Closed
D-2 Closed	D-2 Open	D-2 Closed
D-3 Closed	D-3 Closed	D-3 Open
S-1 Closed	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Closed	S-2 Closed
S-3 Closed	S-3 Closed	S-3 Closed

Eskimo State #1



Mack Energy Corporation  
 PO Box 960 Artesia, NM 88211-0960  
 Victoria Federal/Eskimo State CTB  
 SESW Sec. 19 T15S R29E





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

March 6, 2013

**VIA CERTIFIED MAIL 7012 2210 0000 8949 2454**

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

Dear sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Victoria Federal Lease NMNM-4434 and our Eskimo State Lease L-0729. Both Leases produce from the Round Tank; San Andres pool(52770) and will be commingled at a central tank battery located in the SE/4 SW/4 Sec. 19 T15S R29E. There are currently 10 producing wells within the Eskimo State lease. We anticipate drilling the Victoria Federal #1 soon.

Currently ownership is different, the Victoria Federal lease as stated is a Federal lease. The Eskimo State is a State lease.

Allocation for oil and gas will be done using test heater and gas meter as shown in the facility diagram. Each well will be tested periodically to insure accurate allocation.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell  
Production Clerk  
[jerrys@mec.com](mailto:jerrys@mec.com)

JWS/

Enclosures



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

March 6, 2013

**VIA CERTIFIED MAIL 7012 2210 0000 8949 2515**

Slash Exploration Limited Partnership  
PO Box 1973  
Roswell, NM 88202

Dear sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Victoria Federal Lease NMNM-4434 and our Eskimo State Lease L-0729. Both Leases produce from the Round Tank; San Andres pool(52770) and will be commingled at a central tank battery located in the SE/4 SW/4 Sec. 19 T15S R29E. There are currently 10 producing wells within the Eskimo State lease. We anticipate drilling the Victoria Federal #1 soon.

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JWS/

Enclosures



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

March 6, 2013

**VIA CERTIFIED MAIL 7012 2210 0000 8949 5011**

Chimney Rock Oil & Gas, LLC  
PO Box 1973  
Roswell, NM 88202

Dear sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Victoria Federal Lease NMNM-4434 and our Eskimo State Lease L-0729. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the SE/4 SW/4 Sec. 19 T15S R29E. There are currently 10 producing wells within the Eskimo State lease. We anticipate drilling the Victoria Federal #1 soon.

Currently ownership is different, the Victoria Federal lease as stated is a Federal lease. The Eskimo State is a State lease.

Allocation for oil and gas will be done using test heater and gas meter as shown in the facility diagram. Each well will be tested periodically to insure accurate allocation.

Should you have any questions please contact me @ 575-748-1288.

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Jerry W. Sherrell  
Production Clerk  
[jerrys@mec.com](mailto:jerrys@mec.com)

JWS/

Enclosures



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

March 6, 2013

**VIA CERTIFIED MAIL 7012 2210 0000 8949 2508**

Bureau Of Land Management  
2902 West 2<sup>nd</sup> Street  
Roswell, NM 88201-2019

Dear Sir:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Victoria Federal Lease NMNM-4434 and our Eskimo State Lease L-0729. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the SE/4 SW/4 Sec. 19 T15S R29E. There are currently 10 producing wells within the Eskimo State lease. We anticipate drilling the Victoria Federal #1 soon.

Currently ownership is different, the Victoria Federal lease as stated is a Federal lease. The Eskimo State is a State lease.

Allocation for oil and gas will be done using test heater and gas meter as shown in the facility diagram. Each well will be tested periodically to insure accurate allocation.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell  
Production Clerk  
[jerrys@mec.com](mailto:jerrys@mec.com)

JWS/

Enclosures

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
NMNM-4434

6. If Indian, Allottee or Tribe Name

*SUBMIT IN TRIPLICATE - Other instructions on page 2.*

1. Type of Well

Oil Well     Gas Well     Other

2. Name of Operator

Mack Energy Corporation

3a. Address

P.O. Box 960 Artesia, NM 88210-0960

3b. Phone No. (include area code)

(575) 748-1288

4. Location of Well (Footage, Sec., T,R,M, or Survey Description)

Sec. 19 T15S R29E

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.  
Victoria Federal #1. & #2

9. API Well No.  
Multiple

10. Field and Pool or Exploratory Area

Round Tank; San Andres

11. Country or Parish, State

Chaves, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Off Lease Storage</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Mack Energy Corporation as operator respectfully requests approval to surface commingle and Off lease storage and measurement of production. It is requested that surface commingling of Victoria Federal Lease NMNM-4434 at the Eskimo State TB. All wells produce from the Round Tank; San Andres pool.

The tank battery is located in the SE/4 SW/4, Sec. 19 T15S R29E. Proper allocation for production will be measured using periodic well tests. This facility is equipped with testing equipment to ensure propoer allocation. 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 is currently producing the Eskimo State #1-10 from the Round Tank; San Andres and intend to drill and complete the Victoria Federal #1 in the same formation. At this time we are requesting approval to add the Victoria production to this facility.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Jerry W. Sherrell

Title Production Clerk

Signature

*Jerry W. Sherrell*

Date 3/1/13

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for my person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



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

March 6, 2013

VIA CERTIFIED MAIL 7012 2210 0000 8949 2492

Armstrong Energy Corporation  
PO Box 1973  
Roswell, NM 88202

Dear sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Victoria Federal Lease NMNM-4434 and our Eskimo State Lease L-0729. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the SE/4 SW/4 Sec. 19 T15S R29E. There are currently 10 producing wells within the Eskimo State lease. We anticipate drilling the Victoria Federal #1 soon.

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Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell  
Production Clerk  
[jerrys@mec.com](mailto:jerrys@mec.com)

JWS/

Enclosures

Well	API	Avg dly Oil	Avg dly gas	Period
Victoria Fed #2	64088	New. Not yet on production		
Victoria Fed #1	64089	New. Not yet on production		
Eskimo St #2	64026	67	64	90
#1	64027	46	46	30 substantial increase from prior months
#3	64049	5	49	90
#4	64050	5	5	90
#5	64051	4	4	90
#6	64052	2	22	90 Similarity suggests allocation implemented.
#7	64053	2	22	90 Similarity suggests allocation implemented.
#8	64054	5	42	90
#9	64072	3	28	90
#10	64086	2	22	90 Similarity suggests allocation implemented.