

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

CTB-778-A
Mack Energy Corporation
13837

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

well
- Prince Rupert
Red #1
30-005-64222
- Prince Rupert
Red #2
30-005-64223

- [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

- Scahunks Red #1
30-005-6496
- Scahunks Red #2
30-005-64207
Pool
- Round Tank
San Andres
52770

- [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.

Deana Weaver
Print or Type Name

Deana Weaver
Signature

Production Clerk
Title

6/23/16
Date

dweaver@mec.com
e-mail Address



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

NO. 11-000

2016 07 26 P 3:33

July 26, 2016

Oil Conservation Division
Attn: Phillip R. Goetze
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Prince Rupert Federal Lease NMNM-131580 and our Seahawks Federal Lease NM-132677. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the NWSE Sec. 19 T15S R29E. There are currently 2 producing wells within the Seahawks Federal TB. We anticipate drilling the Prince Rupert Federal #1 & 2 soon.

Both leases have identical working interest ownership; however, a difference in overriding royalty ownership exists between the two leases. All interest owners have been notified of this application via certified mail.

Allocation for oil and gas will be done using periodic well tests at the TB 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,

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

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: PO 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. Round Tank; San Andres 52770

(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) PERIODIC WELL TESTS

(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:

Deana Weaver

TITLE: PRODUCTION CLERK

DATE:

7.26.14

TYPE OR PRINT NAME Deana Weaver

TELEPHONE NO.: 575-748-1288

E-MAIL ADDRESS: dweaver@mcc.com

MEMO

DATE: July 25, 2016

TO: NMOCD

FROM: Staci Sanders

RE: Prince Rupert Federal Lease (NMNM-131580)
Section 20: W/2NE/4, N/2SW/4, SE/4, T15S, R29E
Chaves County, New Mexico

Seahawks Federal Lease (NMNM-132677)
Section 19: N/2SE/4, T15S, R29E
Chaves County, New Mexico

Mack Energy Corporation respectfully requests approval to surface commingle production from our Prince Rupert Federal Lease and our Seahawks Federal Lease. The Prince Rupert Federal #1 & #2 (L&K-20-T15S-R29E) and the Seahawks Federal #1 & #2 (J&I-19-T15S-R29E) all produce from the RoundTank; San Andres Formation. Production will be commingled at the Seahawks Federal #1 tank battery. Each well will be tested periodically to insure proper allocation. The facility will be equipped with separate production equipment to measure production prior to being combined in a common storage tank.

Both wells have identical working interest ownership; however, a difference in overriding royalty ownership exists between the two leases. All interest owners have been notified of this Application by certified mail.

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

Sincerely,

Mack Energy Corporation



Staci Sanders
Land Manager

Prince Rupert Federal Lease
NMNM-131580
All Depths

Interest Owners:

Office of Natural Resources Revenue RI
P.O. Box 25627
Denver, CO 80225-0627

Broken Arrow Royalties LLC OR
P.O. Box 1767
Artesia, NM 88211

Chase Oil Corporation WI
P.O. Box 1767
Artesia, NM 88211

Robert C. Chase WI
P.O. Box 297
Artesia, NM 88211

Ventana Minerals LLC WI
P.O. Box 359
Artesia, NM 88211

DiaKan Minerals LLC WI
P.O. Box 693
Artesia, NM 88211

Seahawks Federal Lease

NMM-132677

All Depths below the base of the Queen Formation

Interest Owners:

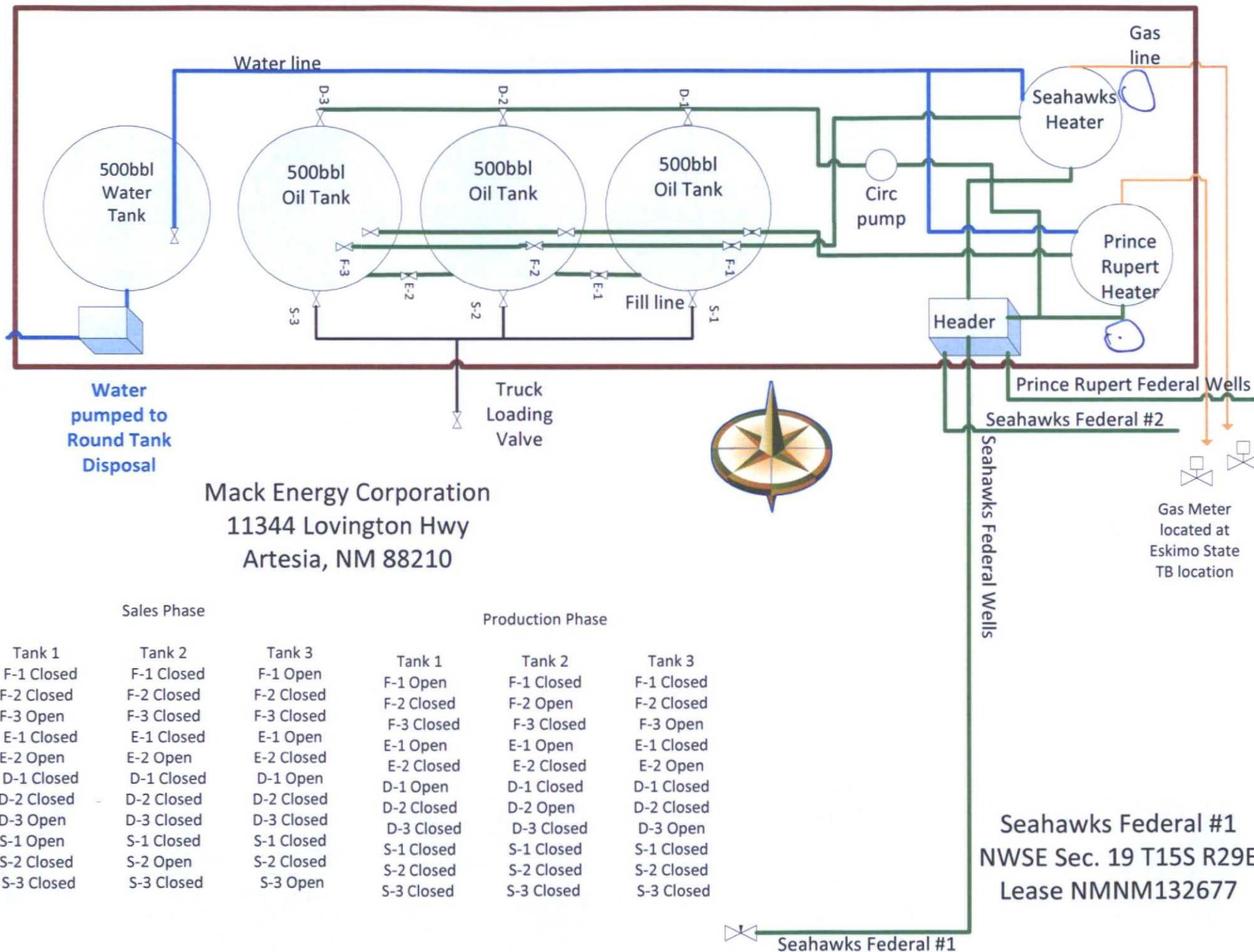
Office of Natural Resources Revenue RI
P.O. Box 25627
Denver, CO 80225-0627

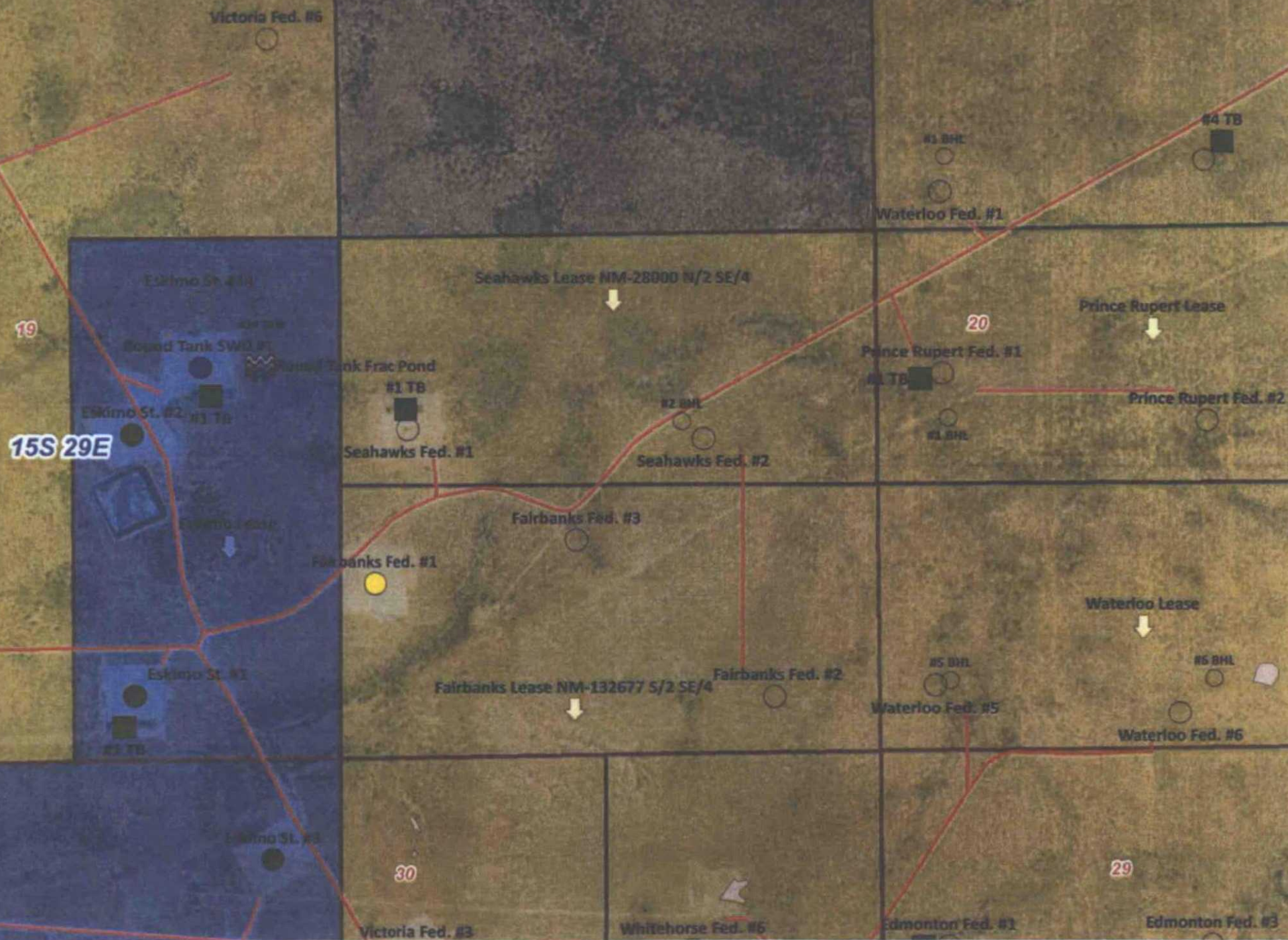
Chase Oil Corporation WI
P.O. Box 1767
Artesia, NM 88211

Robert C. Chase WI
P.O. Box 297
Artesia, NM 88211

Ventana Minerals LLC WI
P.O. Box 359
Artesia, NM 88211

DiaKan Minerals LLC WI
P.O. Box 693
Artesia, NM 88211





12 Months Production by Operator (PAD)

Operator Name Mack Energy Corporation		Operator Code 100											
	07/31/2015	08/31/2015	09/30/2015	10/31/2015	11/30/2015	12/31/2015	01/31/2016	02/29/2016	03/31/2016	04/30/2016	05/31/2016	06/30/2016	12 Month Total
Property: Seahawks Federal 1		Code 2364.001.1											
Oil Production	306	263	231	220	197	172	178	157	152	134	0	0	2,012
Oil Sales	313	268	216	270	163	165	162	190	166	105	0	0	2,016
Gas Production	377	333	304	284	238	219	213	183	209	202	0	0	2,562
Gas Sales	377	333	304	284	238	219	213	183	209	202	0	0	2,562
Water Production	1,278	1,055	966	907	832	758	832	743	714	669	0	0	8,755
Property: Seahawks Federal 2		Code 2364.002.1											
Oil Production	1,753	1,508	1,324	1,263	1,129	984	1,021	898	873	770	0	0	11,523
Oil Sales	1,794	1,533	1,238	1,544	931	943	926	1,086	949	603	0	0	11,548
Gas Production	2,158	1,908	1,743	1,627	1,363	1,252	1,222	1,050	1,194	1,156	0	0	14,674
Gas Sales	2,158	1,908	1,743	1,627	1,363	1,252	1,222	1,050	1,194	1,156	0	0	14,674
Water Production	7,322	6,045	5,534	5,193	4,768	4,342	4,768	4,257	4,086	3,831	0	0	50,145
Producer Oil Total	2,059	1,771	1,556	1,483	1,326	1,156	1,199	1,055	1,025	904	0	0	13,534
Producer Oil Sales	2,107	1,801	1,454	1,814	1,094	1,107	1,088	1,275	1,115	708	0	0	13,564
Producer Gas Total	2,535	2,241	2,047	1,911	1,601	1,471	1,436	1,234	1,403	1,357	0	0	17,236
Producer Gas Sales	2,535	2,241	2,047	1,911	1,601	1,471	1,436	1,234	1,403	1,357	0	0	17,236
Producer Water Total	8,600	7,100	6,500	6,100	5,600	5,100	5,600	5,000	4,800	4,500	0	0	58,900

Operator = Mack Energy Corporation

Property = 'Seahawks Federal 1','Seahawks Federal 2'

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-64222	² Pool Code 52770	³ Pool Name Round Tank; San Andres
⁴ Property Code 314080	⁵ Property Name PRINCE RUPERT FEDERAL	⁶ Well Number 1
⁷ OGRID No. 13837	⁸ Operator Name MACK ENERGY CORPORATION	⁹ Elevation 3749.7

" Surface Location

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	15 S	29 E		1900	SOUTH	330	WEST	CHAVES

"Bottom Hole Location If Different From Surface

U.I. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	15 S	29 E		1675	SOUTH	355	WEST	CHAVES

11 Dedicated Acres 40	12 Joint or Infill	13 Consolidation Code	14 Order No.
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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.

NW CORNER SEC. 20 LAT. = 33.0086773°N LONG. = 104.0592070°W NMSP EAST (FT) N = 730802.99 E = 625370.10	N/4 CORNER SEC. 20 LAT. = 33.0086712°N LONG. = 104.0506060°W NMSP EAST (FT) N = 730807.76 E = 628006.72	NE CORNER SEC. 20 LAT. = 33.0086670°N LONG. = 104.0420158°W NMSP EAST (FT) N = 730813.44 E = 630640.06
<p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE.</p>		
<p>W/4 CORNER SEC. 20 LAT. = 33.0014276°N LONG. = 104.0592265°W NMSP EAST (FT) N = 728165.36 E = 625371.02</p>	<p>PRINCE RUPERT FEDERAL 1 ELEV. = 3749.7' LAT. = 32.9993990°N (NAD83) LONG. = 104.0581501°W NMSP EAST (FT) N = 727428.14 E = 625702.92</p>	<p>E/4 CORNER SEC. 20 LAT. = 33.0014268°N LONG. = 104.0422246°W NMSP EAST (FT) N = 728179.05 E = 630583.33</p>
<p>BOTTOM OF HOLE LAT. = 32.9987808°N LONG. = 104.0580666°W NMSP EAST (FT) N = 727203.31 E = 625729.10</p>		
<p>SW CORNER SEC. 20 LAT. = 32.9941778°N LONG. = 104.0592205°W NMSP EAST (FT) N = 725527.69 E = 625379.72</p>	<p>S/4 CORNER SEC. 20 LAT. = 32.9941805°N LONG. = 104.0506126°W NMSP EAST (FT) N = 726535.83 E = 628018.88</p>	<p>SE CORNER SEC. 20 LAT. = 32.9941741°N LONG. = 104.0419921°W NMSP EAST (FT) N = 725540.51 E = 630661.92</p>

"OPERATOR CERTIFICATION"

I hereby certify that the information contained 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 draft this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jerry W. Shennell 8-25-14
Signature Date

Jerry W. Shennell
Printed Name

jerry.s@mcc.com
E-mail Address

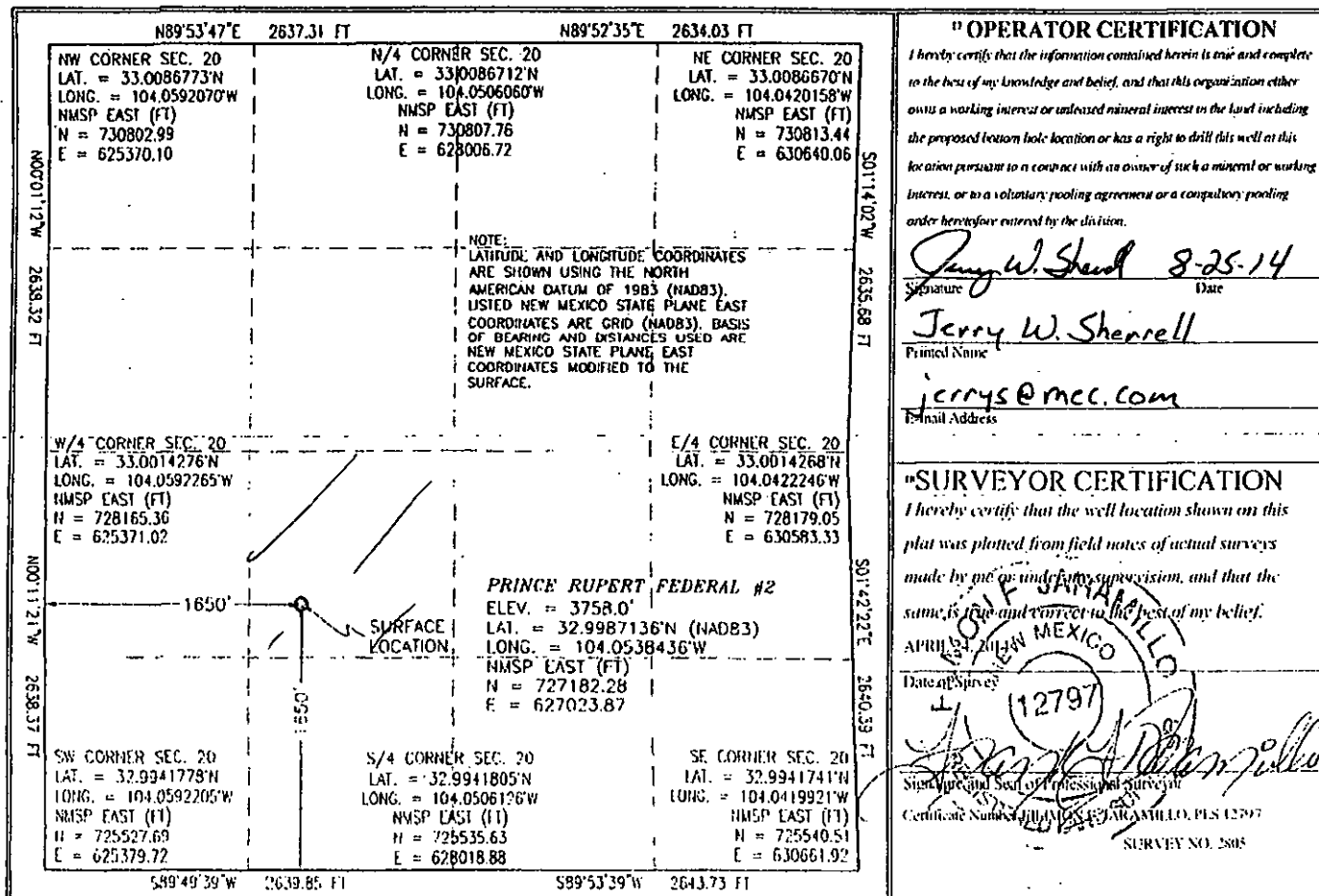
"SURVEYOR CERTIFICATION"

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 are true and correct to the best of my belief.

NEW MEXICO
JUL 28 2014
DATE OF SURVEY
12797

Jerry W. Shennell
Signature of Licensed Professional Surveyor

Certificate Number: 12797
SURVEY NO. 280411



DISTRICT I
1625 S. FRITCH DR., HOBBBS, NM 88240

DISTRICT II
1351 I. GRAY AVENUE, ARTISTIA, 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 30-005-64016	Pool Code 52770	Pool Name ROUND TANK; SAN ANDRES
Property Code 37026	Property Name SEAHAWKS FEDERAL	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3738'

Surface Location

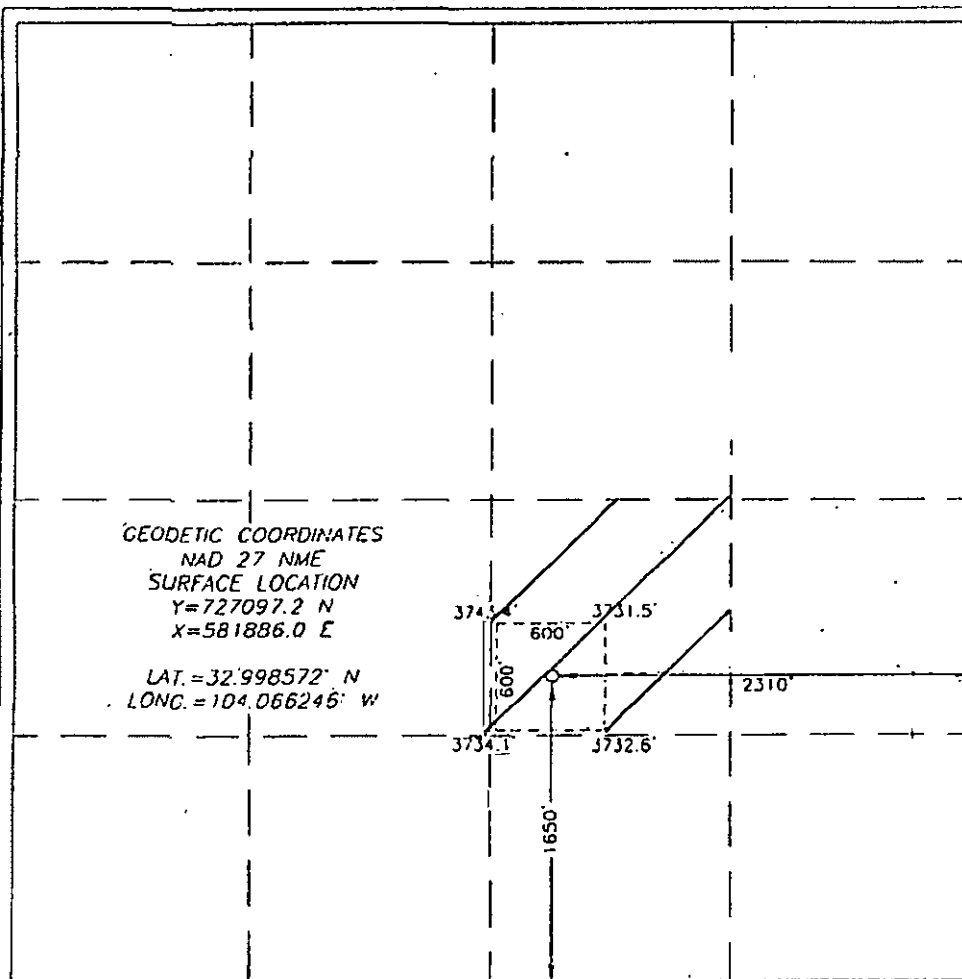
UL or lot No. J	Section 19	Township 15-S	Range 29-E	Lot Idn	Feet from the 1650	North/South line SOUTH	Feet from the 2310	East/West line EAST	County CHAVES
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Bottom Hole Location If Different From Surface

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



OPERATOR CERTIFICATION

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 unless 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.

Jerry W. Sherrell 2/17/09
Signature Date

Jerry W. Sherrell
Printed Name

SURVEYOR CERTIFICATION

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.

DATE SURVEYED: SEPTEMBER 29, 2007
Signature & Seal of Professional Surveyor 3239
Ronald E. Eidson 10/23/07
07-11-1347

Certificate No. GARY EIDSON 12641
RONALD EIDSON 3239

SCANNED

(Units)
 1625 N. French Dr., H-406, Santa Fe, NM 87504
 Phone: (505) 893-6161 Fax: (505) 893-6720
 (Units)
 611 S. First St., Santa Fe, NM 87501
 Phone: (505) 746-1257 Fax: (505) 746-9720
 (Units)
 1600 Rio Grande Road, Santa Fe, NM 87505
 Phone: (505) 316-6176 Fax: (505) 316-6170
 (Units)
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-1460 Fax: (505) 476-3162

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-64207	² Pool Code 52770	³ Pool Name Round Tank, San Andres
⁴ Property Code	⁵ Property Name SEAHAWKS FEDERAL	⁶ Well Number 2
⁷ GRID No. 13837	⁸ Operator Name MACK ENERGY CORPORATION	⁹ Elevation 3746.8

" Surface Location

1/4, or lot no.	Section	Township	Range	Lot 10a	Feet from the	North/South line	Feet from the	East/West line	County
1	19	15 S	29 E		1588	SOUTH	859	EAST	CHAVES

" Bottom Hole Location If Different From Surface

1/4, or lot no.	Section	Township	Range	Lot 10a	Feet from the	North/South line	Feet from the	East/West line	County
1	19	15 S	29 E		1675	SOUTH	965	EAST	CHAVES

¹⁰ Dedicated Acres 40	¹¹ Lot or 1/4th	¹² Consolidation Code	¹³ Order No.
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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> ¹⁴SW CORNER SEC. 19 LAT. = 33°00'30.7927"N LONG. = 104°04'36.035"W MNSP EAST (FT) N = 730744.38 E = 620015.02 </p>		<p> ¹⁵NO CORNER SEC. 19 SCALED </p>		<p> ¹⁶NE CORNER SEC. 19 LAT. = 33°00'31.238"N LONG. = 104°03'33.145"W MNSP EAST (FT) N = 730302.93 E = 625370.10 </p>	
<p> ¹⁷SW CORNER SEC. 19 LAT. = 33°00'04.808"N LONG. = 104°04'36.063"W MNSP EAST (FT) N = 728118.34 E = 620018.04 </p>		<p> ¹⁸SEAHAWKS FEDERAL #2 ELEV. = 3746.8 LAT. = 32°59'54.712"N (NAD83) LONG. = 104°03'43.200"W MNSP EAST (FT) N = 727109.33 E = 624515.76 </p>		<p> ¹⁹E CORNER SEC. 19 LAT. = 33°00'03.139"N LONG. = 104°03'33.215"W MNSP EAST (FT) N = 728165.26 E = 625371.02 </p>	
<p> ²⁰SW CORNER SEC. 19 LAT. = 32°59'58.807"N LONG. = 104°04'36.058"W MNSP EAST (FT) N = 725490.84 E = 620025.90 </p>		<p> ²¹BOTTOM OF HOLE LAT. = 32°59'55.588"N LONG. = 104°03'44.538"W MNSP EAST (FT) N = 727193.57 E = 624409.47 </p>		<p> ²²SE CORNER SEC. 19 LAT. = 32°59'38.040"N LONG. = 104°03'33.494"W MNSP EAST (FT) N = 725527.60 E = 625379.72 </p>	
<p> ²³SW CORNER SEC. 19 LAT. = 32°59'58.807"N LONG. = 104°04'36.058"W MNSP EAST (FT) N = 725490.84 E = 620025.90 </p>		<p> ²⁴S CORNER SEC. 19 SCALED </p>		<p> ²⁵DOTM OF HOLE 859' SURFACE LOCATION </p>	

" OPERATOR CERTIFICATION

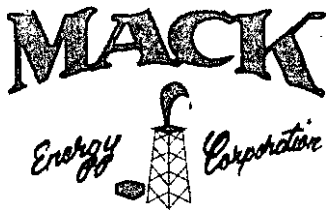
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or holds a mineral interest in the land including the proposed location hole location or has a right to do this well as this location pertains to a contract with an owner of the mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jerry W. Sherrill 2-19-2014
 (Signature)
 (Date)
 Jerry W. Sherrill
 (Printed Name)
 jerry@mecc.com
 (E-mail Address)

" SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was obtained from field notes of actual surveys made by me or my company and I believe the same is true and correct to the best of my belief.

FLORIAN M. JARA
 (Signature)
 (Date)
 (Seal)
 (Certificate Number) 1418571 (MNSP EAST (FT) 12797)
 (MNSP EAST (FT) 12797)



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

July 26, 2016

VIA CERTIFIED MAIL 7015 0640 0006 7031 3885

Office of Natural Resources Revenue
P.O. Box 25627
Denver, CO 80225-0627

Dear Sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Prince Rupert Federal Lease NMNM-131580 and our Seahawks Federal Lease NM-132677. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the NWSE Sec. 19 T15S R29E. There are currently 2 producing wells within the Seahawks Federal TB. We anticipate drilling the Prince Rupert Federal soon.

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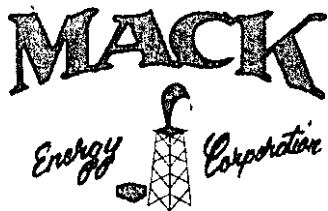
Should you have any questions please contact me @ 575-748-1288.

Sincerely,

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures



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

July 26, 2016

VIA CERTIFIED MAIL 7015 0640 0006 7031 3878

Bureau of Land Management
2902 West 2nd Street
Roswell, NM 88201-2019

Dear Sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production on our Prince Rupert Federal Lease NMNM-131580 and our Seahawks Federal Lease NM-132677. Both Leases produce from the Round Tank; San Andres pool (52770) and will be commingled at a central tank battery located in the NWSE Sec. 19 T15S R29E. There are currently 2 producing wells within the Seahawks Federal TB. We anticipate drilling the Prince Rupert Federal soon.

Both leases have identical working interest ownership; however, a difference in overriding royalty ownership exists between the two leases. All interest owners have been notified of this application via certified mail.

Allocation for oil and gas will be done using periodic well tests at the TB 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,

Deana Weaver
Production Clerk
dweaver@mec.com

DW/

Enclosures

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-778
Administrative Application Reference No. pMAM1534558467

December 21, 2015

Mack Energy Corporation
Attention: Mr. Jerry Sherrell

Mack Energy Corporation (OGRID 13837) is hereby authorized to surface commingle oil and gas production from Round Tank; San Andres Pool (pool code 52770) from the following leases and wells:

Lease: Seahawks Federal lease NMNM 132677
Description: N/2 SE/4 of Section 19, Township 15 South, Range 29 East, NMPM
Wells: Seahawks Federal Well 1
Seahawks Federal Well 2

Lease: Fairbanks Federal lease NMNM 28000
Description: S/2 SE/4 of Section 19, Township 15 South, Range 29 East, NMPM
Well: Fairbanks Federal Well 1

The commingled oil and gas production from the wells detailed above shall be measured and sold at the Seahawks Federal Well 1 central tank battery (CTB), located in Unit J, of Section 19, Township 15 South, Range 29 East, NMPM, Chaves County, New Mexico.

The oil and gas production from the Seahawks Federal Well 1 and Seahawks Federal Well 2 which have identical ownership shall be metered with a combination of metering and testing. The Fairbanks Federal Well 1, which has diverse ownership shall be metered separately.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.


All parties owning an interest in the subject wells have waived objection.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

This installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Artesia District office of the Division prior to implementation of the commingling operations.

Done at Santa Fe, New Mexico, on December 21, 2015.


DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Roswell

McMillan, Michael, EMNRD

From: Deana Weaver <dweaver@mec.com>
Sent: Monday, August 01, 2016 8:44 AM
To: McMillan, Michael, EMNRD
Cc: Jerry Sherrell
Subject: RE: Seahawks Federal 1 surface commingle application

Mike

The TB diagram shows a separate heater for the Prince Rupert. We will use that heater for well test; it will also have its own gas meter.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, August 01, 2016 8:23 AM
To: Deana Weaver
Subject: RE: Seahawks Federal 1 surface commingle application

Can you e-mail me the portion that you sent to the BLM that describes how the wells will be measured?

Thanks

Mike

From: Deana Weaver [mailto:dweaver@mec.com]
Sent: Monday, August 01, 2016 8:22 AM
To: McMillan, Michael, EMNRD
Subject: RE: Seahawks Federal 1 surface commingle application

Mike

The Fairbanks Federal Lease has expired. So it is not part of the application.

Thank you

Deana Weaver
Mack Energy Corp

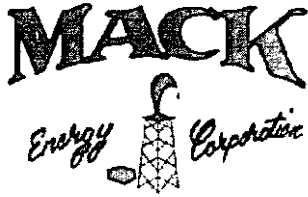
From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Friday, July 29, 2016 9:24 AM
To: Deana Weaver
Subject: RE: Seahawks Federal 1 surface commingle application

What about the Fairbanks Federal Well No, 1?

Is this well part of the application?

Thanks

Mike



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 748-7374

August 1, 2016

Mr. Michael McMillan
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RE: Surface Commingle Application
Prince Rupert Federal Lease (NMNM-131580)
Seahawks Federal Lease (NMNM-132677)
Sections 19 & 20, T15S-R29E, Chaves County, NM

Dear Mr. McMillan:

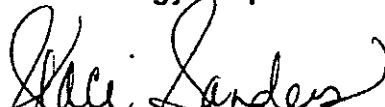
Mack Energy Corporation is a Chase Family owned entity. The following Chase individuals or companies are all affiliates of Mack Energy Corporation and usually own an interest in wells drilled and/or operated by Mack Energy Corporation.

- Mack C. Chase Trust
- Robert C. Chase
- Richard L. Chase or Ventana Minerals LLC
- Gerene Dianne Chase Ferguson or DiaKan Minerals LLC
- Broken Arrow Royalties LLC
- Chase Oil Corporation

All of these family members and companies all office in the same building so notifications can be hand delivered; therefore we request that the certified mail process be waived when these parties are involved.

If you have any questions or need additional information please do not hesitate to contact me. Your assistance is greatly appreciated.

Sincerely,
Mack Energy Corporation


Staci Sanders
Land Manager

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