

|                   |          |                     |                     |                    |                          |
|-------------------|----------|---------------------|---------------------|--------------------|--------------------------|
| DATE IN<br>6/6/08 | SUSPENSE | ENGINEER<br>W Jones | LOGGED IN<br>6/6/08 | TYPE<br>DHC<br>457 | APP NO<br>PKVR0815851114 |
|-------------------|----------|---------------------|---------------------|--------------------|--------------------------|

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

6/04/08  
 Date

jerrys@mackenergycorp.com  
 e-mail Address

RECEIVED  
 2008 JUN 6 PM 1 59

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**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
 Permit 59924

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |                                      |                                      |
|-------------------------------|--------------------------------------|--------------------------------------|
| 1. API Number<br>30-025-38498 | 2. Pool Code<br>97444                | 3. Pool Name<br>HUME, GRAYBURG, WEST |
| 4. Property Code<br>34552     | 5. Property Name<br>SNAPPER STATE    | 6. Well No.<br>016                   |
| 7. OGRID No.<br>13837         | 8. Operator Name<br>MACK ENERGY CORP | 9. Elevation<br>4177                 |

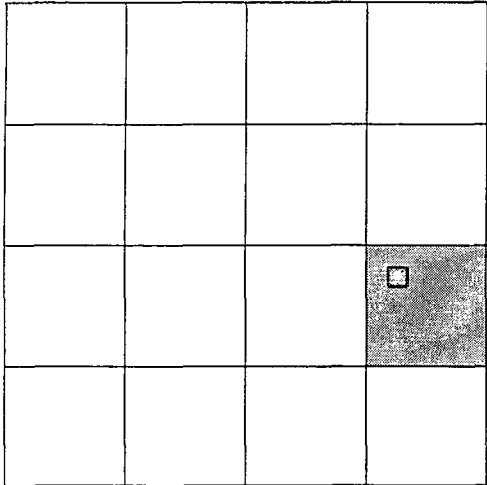
**10. Surface Location**

|               |               |                 |              |         |                   |               |                  |               |               |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|---------------|
| UL - Lot<br>1 | Section<br>14 | Township<br>16S | Range<br>33E | Lot Idn | Feet From<br>2310 | N/S Line<br>S | Feet From<br>990 | E/W Line<br>E | County<br>LEA |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|---------------|

**11. Bottom Hole Location If Different From Surface**

|                              |                     |          |       |                        |           |          |               |          |        |
|------------------------------|---------------------|----------|-------|------------------------|-----------|----------|---------------|----------|--------|
| UL - Lot                     | Section             | Township | Range | Lot Idn                | Feet From | N/S Line | Feet From     | E/W Line | County |
| 12. Dedicated Acres<br>40.00 | 13. Joint or Infill |          |       | 14. Consolidation Code |           |          | 15. 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 style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>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(s) or has a right to drill 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.</i></p> <p>E-Signed By: Jerry Sherrell<br/>       Title: Production Clerk<br/>       Date: 8/28/2007</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Gary Eidson<br/>       Date of Survey: 4/14/2006<br/>       Certificate Number: 12641</p> |
|---|---|

District I

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
Permit 59924**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |                                      |                                  |
|-------------------------------|--------------------------------------|----------------------------------|
| 1. API Number<br>30-025-38498 | 2. Pool Code<br>33560                | 3. Pool Name<br>HUME;QUEEN, WEST |
| 4. Property Code<br>34552     | 5. Property Name<br>SNAPPER STATE    | 6. Well No.<br>016               |
| 7. OGRID No.<br>13837         | 8. Operator Name<br>MACK ENERGY CORP | 9. Elevation<br>4177             |

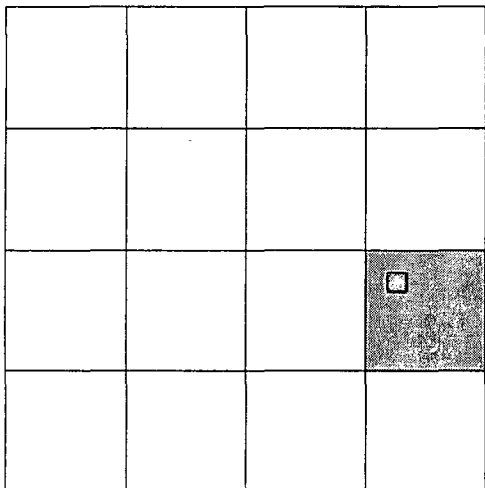
**10. Surface Location**

|               |               |                 |              |         |                   |               |                  |               |               |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|---------------|
| UL - Lot<br>1 | Section<br>14 | Township<br>16S | Range<br>33E | Lot Idn | Feet From<br>2310 | N/S Line<br>S | Feet From<br>990 | E/W Line<br>E | County<br>LEA |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|---------------|

**11. Bottom Hole Location If Different From Surface**

|                              |                     |          |       |                        |           |          |               |          |        |
|------------------------------|---------------------|----------|-------|------------------------|-----------|----------|---------------|----------|--------|
| UL - Lot                     | Section             | Township | Range | Lot Idn                | Feet From | N/S Line | Feet From     | E/W Line | County |
| 12. Dedicated Acres<br>40.00 | 13. Joint or Infill |          |       | 14. Consolidation Code |           |          | 15. 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**

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|---|---|
|  | <p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>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(s) or has a right to drill 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.</i></p> <p>E-Signed By: Jerry Sherrell<br/> Title: Production Clerk<br/> Date: 8/28/2007</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Gary Eidson<br/> Date of Survey: 4/14/2006<br/> Certificate Number: 12641</p> |
|---|---|

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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-107A  
Revised June 10, 2003

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

Snapper State

16

I-14-16S-33E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013837 Property Code 34552 API No. 30-025-38498 Lease Type: ☒ Federal ☒ State ☐ Fee

| DATA ELEMENT  | UPPER ZONE                  | INTERMEDIATE ZONE           | LOWER ZONE                  |
|---|-----------------------------|-----------------------------|-----------------------------|
| Pool Name   | Hume Queen West             |                             | West Hume Grayburg          |
| Pool Code   | 33560                       |                             | 97444                       |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)   | (+)(-) 3900-4000'           |                             | (+)(-) 4350-4500'           |
| Method of Production<br>(Flowing or Artificial Lift)  | Artificial Lift             |                             | Artificial Lift             |
| Bottomhole Pressure<br>(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<br>(Degree API or Gas BTU)   | 36.8                        |                             | 36.8                        |
| Producing, Shut-In or New Zone  | New Zone                    |                             | New Zone                    |
| Date and Oil/Gas/Water Rates of Last Production.<br>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: _____<br>Rates: _____ | Date: _____<br>Rates: _____ | Date: _____<br>Rates: _____ |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other than current or put production, supporting data or explanation will be required.)                   | Oil _____ Gas _____<br>% %  | Oil _____ Gas _____<br>% %  | Oil _____ Gas _____<br>% %  |

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: \_\_\_\_\_

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 6/4/08

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

E-MAIL ADDRESS jerrys@mackenergycorp.com