

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARINGS
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF MACK ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 14,871

**APPLICATION OF MACK ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 14,872

**APPLICATION OF MACK ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 14,873

VERIFIED STATEMENT OF STACI SANDERS

Staci Sanders, being duly sworn upon her oath, deposes and states:

1. I am a landman for Mack Energy Corporation, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owner being pooled has been contacted regarding the proposed wells, and has simply not decided whether to join in the wells or farm out its interests.

(b) A plat outlining the spacing units being pooled is attached hereto as Exhibit A. Applicant seeks the following:

Case 14871: Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SE¼SW¼ of Section 8, Township 17 South, Range 32 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Pintail Fed. Well No. 2, to be drilled at an orthodox location.

Oil Conservation Division

Case No. 1

Exhibit No. 1

Case 14872: Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8, Township 17 South, Range 32 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Pintail Fed. Well No. 3, to be drilled at an orthodox location.

Case 14873: Mack Energy Corporation seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8, Township 17 South, Range 32 East, N.M.P.M., to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Pintail Fed. Well No. 4, to be drilled at an orthodox location.

(c) The party being pooled, its working interest in the well units, and its address, are as follows:

ConocoPhillips Company	74%
P.O. Box 2197	
Houston, Texas 77252	

The above address is current and correct.

(d) A copy of the proposal letter sent to the uncommitted working interest owner is attached hereto as Exhibit B. We have also had several telephone discussions with ConocoPhillips Company, but it has never responded.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.

(f) Copies of the Authority for Expenditure for the proposed wells is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

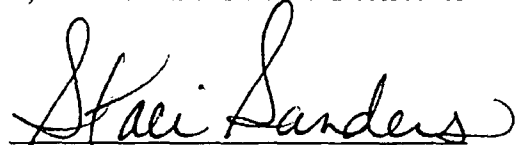
(g) Overhead charges of \$6500/month for a drilling well, and \$650/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(h) Applicant requests that it be designated operator of the wells.

VERIFICATION

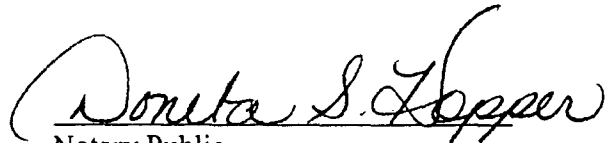
STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

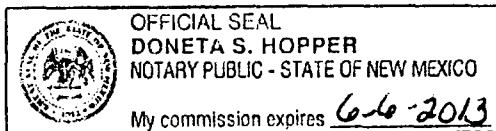
Staci Sanders, being duly sworn upon her oath, deposes and states that: She is a landman for Mack Energy Corporation; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

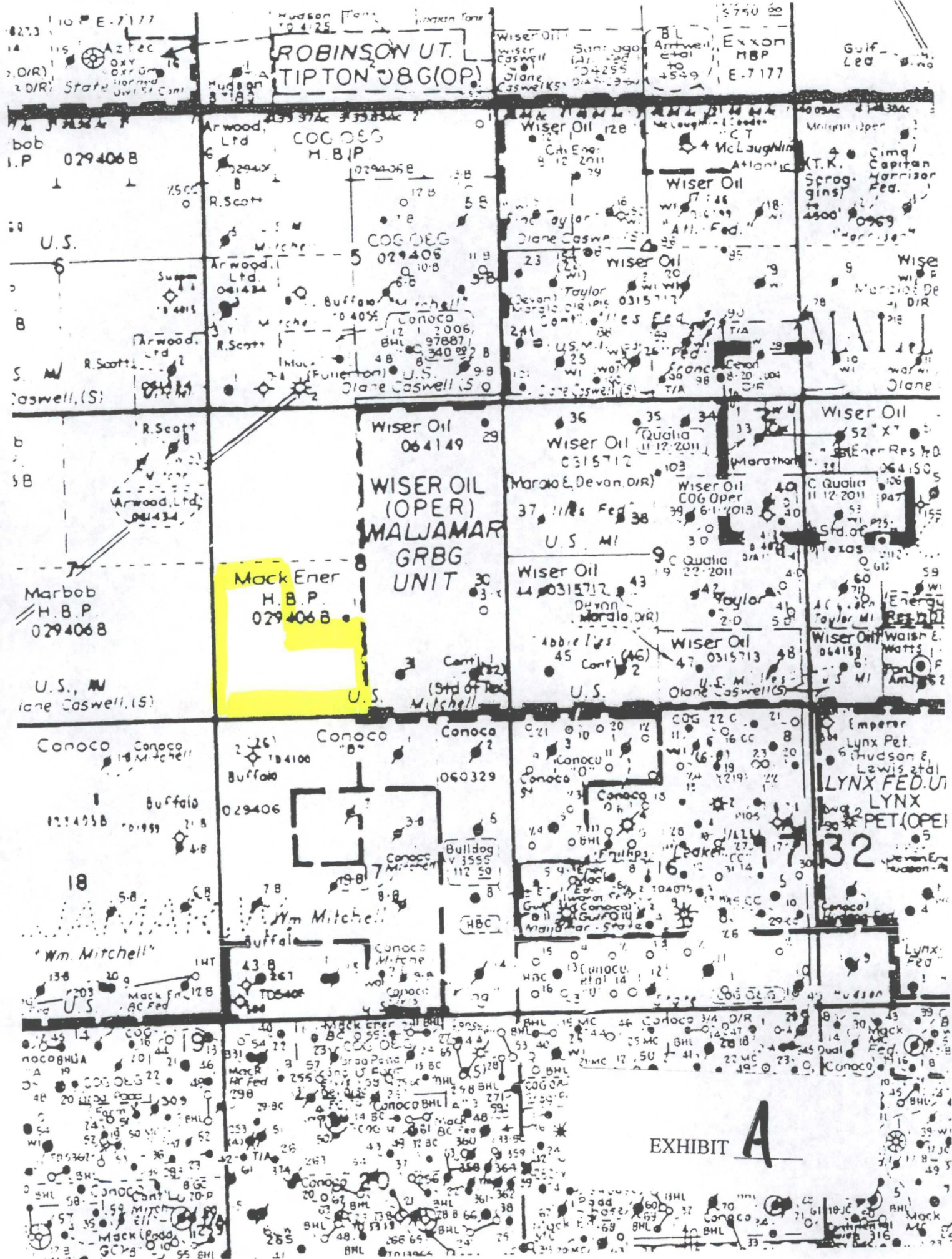

Staci Sanders

SUBSCRIBED AND SWORN TO before me this 22nd day of June, 2010 by Staci Sanders.

My Commission Expires: 6-6-2013


Notary Public





CHASE OIL CORPORATION

Post Office Box 1767
Artesia, New Mexico 88211-1767
Office (575) 746-9853
FAX (575) 748-7374

Certified Mail

February 17, 2012

Mr. Thomas J. Scarbrough
ConocoPhillips Company
P.O. Box 2197
Houston, Texas 77252-2197

Re: 1209 - FED NMLC-029406-B
Pintail Federal Well Proposals
Lea County, New Mexico

Dear Mr. Scarbrough:

Mack Energy Corporation ("Mack") invites ConocoPhillips Company ("COP") to join in the drilling of the Pintail Federal #2, located 330 feet FSL and 2310 feet FWL, the Pintail Federal #3, located 330 feet FSL and 990 feet FWL, and the Pintail Federal #4, located 1650 feet FSL and 990 feet FWL, all in Section 8, T17S, R32E, Lea County, New Mexico. These wells are slated to test the San Andres formation with total depths of 5500 feet.

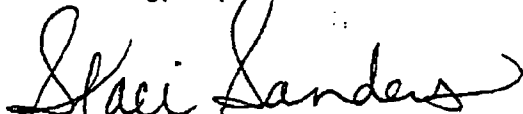
These portions of Federal Lease 029406-B, as to rights from the surface to the base of the San Andres formation, are owned 26% by Chase Oil Corporation (an affiliate of Mack), and 74% by COP.

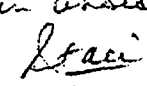
Duplicate original AFE's for each well are enclosed for your review. If you wish to join, please return approved AFE's and I will forward an Operating Agreement naming Mack Energy Corporation as Operator for your review.

If you do not wish to participate in the drilling of these wells, we will pay a bonus of \$250 per net leasehold acre for a two year Term Assignment of your interest from the surface to the base of the San Andres formation underlying the NW/4SW/4, S/2SW/4 of Section 8, T17S, R32E. We propose delivery of a 77.5% net revenue interest and a 180 day continuous drilling provision.

Give me a call or contact me via email at stacis@mec.com if you have any questions.

Sincerely,
Mack Energy Corporation


Staci D. Sanders

3/27/12 - Tom Scarbrough said
they are looking at this & hope
to have an answer in a week
or so. 

Enclosures

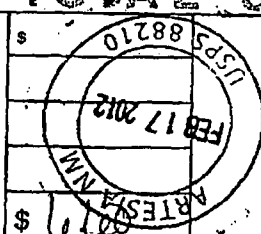
EXHIBIT

B

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com


OFFICIAL USE

Postage	\$		Postmark Here
Certified Fee			
Return Receipt Fee (Endorsement Required)			
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$		

7011 1150 0001 0155 0103

Sent To	Mr. Thomas J. Scarbrough
Street, Apt. No., or PO Box No.	ConocoPhillips Company
City, State, ZIP+4	P.O. Box 2197 Houston, TX 77252-2197

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p> <p>B. Received by (Printed Name) <u>CHAD IS</u> C. Date of Delivery <u>FEB 21 2012</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>Mr. Thomas J. Scarbrough ConocoPhillips Company P.O. Box 2197 Houston, TX 77252-2197</p> <p><u>Pinkail Federal Well Proposals</u></p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p> <p>7011 1150 0001 0155 0103</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

MACK ENERGY CORPORATION

AUTHORIZATION FOR EXPENDITURE

Pintail Federal #2

5500' TMD

SHL: 330 FSL & 2310 FWL

Sec. 8, T17S, R32E, Lea County, New Mexico

Code	Drilling Intangible	Dry Hole Without Pipe	Completed Well	Actual Cost
502-015	Administrative Overhead Drilling	\$2,000.00	\$0.00	\$2,000.00
502-020	Location, Roads, Pits, & Damages	\$56,500.00	\$0.00	\$56,500.00
502-100	Footage	\$0.00	\$0.00	\$0.00
502-110	Daywork 10 days \$14000/day	\$205,500.00	\$0.00	\$205,500.00
502-114	Rental Equipment Surface	\$61,007.50	\$0.00	\$61,007.50
502-115	Rental Equipment SubSurface	\$8,100.00	\$0.00	\$8,100.00
502-116	Bits	\$28,500.00	\$0.00	\$28,500.00
502-120	Water-Drilling	\$23,000.00	\$0.00	\$23,000.00
502-125	Mud Materials	\$21,000.00	\$0.00	\$21,000.00
502-200	Cement-- Surface and Intermediate	\$14,250.00	\$0.00	\$14,250.00
502-201	Cement-- Production	\$0.00	\$35,750.00	\$35,750.00
502-204	Fuel & Power	\$19,000.00	\$0.00	\$19,000.00
502-205	Supplies & Misc.	\$0.00	\$0.00	\$0.00
502-500	Testing, Coring, & Mud Logging	\$19,560.00	\$0.00	\$19,560.00
502-600	Open Hole Logs/Wireline	\$38,565.00	\$0.00	\$38,565.00
502-650	Directional Drillers	\$0.00	\$0.00	\$0.00
502-681	Supervision	\$15,000.00	\$0.00	\$15,000.00
502-682	Trailer Rentals & Other Camp Equip.	\$1,900.00	\$0.00	\$1,900.00
	Miscellaneous and Contingency	\$51,188.25	\$0.00	\$51,188.25

Code	Total Drilling Intangibles	\$565,070.75	\$35,750.00	\$600,820.75
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Completion Intangibles

502-015	Administrative Overhead Completion	\$0.00	\$3,000.00	\$3,000.00
502-021	Battery Construction-Dirt Work,Etc	\$0.00	\$45,000.00	\$45,000.00
502-103	Completion Unit	\$0.00	\$60,300.00	\$60,300.00
502-210	Fuel,Water,Power	\$0.00	\$19,500.00	\$19,500.00
502-350	Completions Surface Rentals	\$0.00	\$36,498.00	\$36,498.00
502-360	Completions SubSurface Rentals	\$0.00	\$20,528.00	\$20,528.00
502-601	Perforating and Logging	\$0.00	\$30,000.00	\$30,000.00
502-610	Frac and/or Acid Treatment	\$0.00	\$315,306.00	\$315,306.00
502-680	Professional Services	\$0.00	\$18,750.00	\$18,750.00
502-700	Miscellaneous Services	\$0.00	\$5,000.00	\$5,000.00
	Contingency	\$0.00	\$55,088.20	\$55,088.20

Code	Total Completion Intangibles	\$0.00	\$608,970.20	\$608,970.20
	Total Intangibles	\$565,070.75	\$644,720.20	\$1,209,790.95

Drilling and Completion Tangibles

170-105	Surface Casing	950'	8 5/8" 32# J-55	\$36,193.99	\$0.00	\$36,193.99
170-110	Intermediate Casing	0	0	\$0.00	\$0.00	\$0.00
170-115	Production Casing	5500'	5 1/2" 17# L-80	\$0.00	\$119,324.56	\$119,324.56
170-115	Production Liner	0	0	\$0.00	\$0.00	\$0.00
170-120	Production Tubing	5450'	2 7/8" 6.5# J-55	\$0.00	\$42,713.69	\$42,713.69
170-125	Wellhead Equipment-- Long String			\$0.00	\$1,500.00	\$1,500.00
170-126	Wellhead Equipment-- Surface & Intermediate			\$1,600.00	\$0.00	\$1,600.00
170-130	Floating Equipment-- Long String			\$0.00	\$2,500.00	\$2,500.00
170-131	Floating Equipment-- Surface & Intermediate			\$2,500.00	\$0.00	\$2,500.00
170-135	Rods			\$0.00	\$24,680.87	\$24,680.87
170-140	Subsurfaces Equipment			\$0.00	\$3,500.00	\$3,500.00
170-145	Linepipe			\$0.00	\$3,500.00	\$3,500.00
170-150	Tanks,Treater,Separators			\$0.00	\$80,000.00	\$80,000.00
170-155	Pumping Unit And Engine			\$0.00	\$85,000.00	\$85,000.00
170-160	Other Miscellaneous Equipment			\$0.00	\$0.00	\$0.00
	Contingency			\$4,029.40	\$36,271.91	\$40,301.31

Total Tangible	\$44,323.39	\$398,991.03	\$443,314.42
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TOTAL WELL COSTS	\$609,394.14	\$1,043,711.23	\$1,653,105.37
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Prepared By: Kevin Garrett

Total Contingency: \$146,577.76

Total w/o Contingency: \$1,506,527.61

Interest Owner: _____

Interest: _____

Approved By: _____

Date: _____

EXHIBIT

MACK ENERGY CORPORATION

AUTHORIZATION FOR EXPENDITURE

Pintail Federal #3

5500' TMD

SHL: 330 FSL & 990 FWL

Sec. 8, T17S, R32E, Lea County, New Mexico

Code	Drilling Intangible	Dry Hole Without Pipe	Completed Well	Actual Cost
502-015	Administrative Overhead Drilling	\$2,000.00	\$0.00	\$2,000.00
502-020	Location, Roads, Pits, & Damages	\$56,500.00	\$0.00	\$56,500.00
502-100	Footage	\$0.00	\$0.00	\$0.00
502-110	Daywork 10 days \$14000/day	\$205,500.00	\$0.00	\$205,500.00
502-114	Rental Equipment Surface	\$61,007.50	\$0.00	\$61,007.50
502-115	Rental Equipment SubSurface	\$8,100.00	\$0.00	\$8,100.00
502-116	Bits	\$28,500.00	\$0.00	\$28,500.00
502-120	Water-Drilling	\$23,000.00	\$0.00	\$23,000.00
502-125	Mud Materials	\$21,000.00	\$0.00	\$21,000.00
502-200	Cement-- Surface and Intermediate	\$14,250.00	\$0.00	\$14,250.00
502-201	Cement-- Production	\$0.00	\$35,750.00	\$35,750.00
502-204	Fuel & Power	\$19,000.00	\$0.00	\$19,000.00
502-205	Supplies & Misc.	\$0.00	\$0.00	\$0.00
502-500	Testing, Coring, & Mud Logging	\$19,560.00	\$0.00	\$19,560.00
502-600	Open Hole Logs/Wireline	\$38,565.00	\$0.00	\$38,565.00
502-650	Directional Drillers	\$0.00	\$0.00	\$0.00
502-681	Supervision	\$15,000.00	\$0.00	\$15,000.00
502-682	Trailer Rentals & Other Camp Equip.	\$1,900.00	\$0.00	\$1,900.00
	Miscellaneous and Contingency	\$51,188.25	\$0.00	\$51,188.25

Code	Total Drilling Intangibles	\$565,070.75	\$35,750.00	\$600,820.75
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Completion Intangibles

502-015	Administrative Overhead Completion	\$0.00	\$3,000.00	\$3,000.00
502-021	Battery Construction-Dirt Work,Etc	\$0.00	\$45,000.00	\$45,000.00
502-103	Completion Unit	\$0.00	\$60,300.00	\$60,300.00
502-210	Fuel,Water,Power	\$0.00	\$19,500.00	\$19,500.00
502-350	Completions Surface Rentals	\$0.00	\$36,498.00	\$36,498.00
502-360	Completions SubSurface Rentals	\$0.00	\$20,528.00	\$20,528.00
502-601	Perforating and Logging	\$0.00	\$30,000.00	\$30,000.00
502-610	Frac and/or Acid Treatment	\$0.00	\$315,306.00	\$315,306.00
502-680	Professional Services	\$0.00	\$18,750.00	\$18,750.00
502-700	Miscellaneous Services	\$0.00	\$5,000.00	\$5,000.00
	Contingency	\$0.00	\$55,088.20	\$55,088.20

Code	Total Completion Intangibles	\$0.00	\$608,970.20	\$608,970.20
	Total Intangibles	\$565,070.75	\$644,720.20	\$1,209,790.95

Drilling and Completion Tangibles

170-105	Surface Casing 950'	8 5/8" 32# J-55	\$36,193.99	\$0.00	\$36,193.99
170-110	Intermediate Casing 0	0	\$0.00	\$0.00	\$0.00
170-115	Production Casing 5500'	5 1/2" 17# L-80	\$0.00	\$119,324.56	\$119,324.56
170-115	Production Liner 0	0	\$0.00	\$0.00	\$0.00
170-120	Production Tubing 5450'	2 7/8" 6.5# J-55	\$0.00	\$42,713.69	\$42,713.69
170-125	Wellhead Equipment-- Long String		\$0.00	\$1,500.00	\$1,500.00
170-126	Wellhead Equipment-- Surface & Intermediate		\$1,600.00	\$0.00	\$1,600.00
170-130	Floating Equipment-- Long String		\$0.00	\$2,500.00	\$2,500.00
170-131	Floating Equipment-- Surface & Intermediate		\$2,500.00	\$0.00	\$2,500.00
170-135	Rods		\$0.00	\$24,680.87	\$24,680.87
170-140	Subsurfaces Equipment		\$0.00	\$3,500.00	\$3,500.00
170-145	Linepipe		\$0.00	\$3,500.00	\$3,500.00
170-150	Tanks,Treater,Separators		\$0.00	\$80,000.00	\$80,000.00
170-155	Pumping Unit And Engine		\$0.00	\$85,000.00	\$85,000.00
170-160	Other Miscellaneous Equipment		\$0.00	\$0.00	\$0.00
	Contingency		\$4,029.40	\$36,271.91	\$40,301.31

Total Tangible	\$44,323.39	\$398,991.03	\$443,314.42
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TOTAL WELL COSTS	\$609,394.14	\$1,043,711.23	\$1,653,105.37
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Prepared By: Kevin Garrett

Total Contingency: \$146,577.76

Total w/o Contingency: \$1,506,527.61

Interest Owner: _____

Interest: _____

Approved By: _____

Date: _____

MACK ENERGY CORPORATION

AUTHORIZATION FOR EXPENDITURE

Pintail Federal #4

5500' TMD

SHL: 1650 FSL & 990 FWL

Sec. 8, T17S, R32E, Lea County, New Mexico

Code	Drilling Intangible	Dry Hole Without Pipe	Completed Well	Actual Cost
502-015	Administrative Overhead Drilling	\$2,000.00	\$0.00	\$2,000.00
502-020	Location, Roads, Pits, & Damages	\$56,500.00	\$0.00	\$56,500.00
502-100	Footage	\$0.00	\$0.00	\$0.00
502-110	Daywork 10 days \$14000/day	\$205,500.00	\$0.00	\$205,500.00
502-114	Rental Equipment Surface	\$61,007.50	\$0.00	\$61,007.50
502-115	Rental Equipment SubSurface	\$8,100.00	\$0.00	\$8,100.00
502-116	Bits	\$28,500.00	\$0.00	\$28,500.00
502-120	Water-Drilling	\$23,000.00	\$0.00	\$23,000.00
502-125	Mud Materials	\$21,000.00	\$0.00	\$21,000.00
502-200	Cement-- Surface and Intermediate	\$14,250.00	\$0.00	\$14,250.00
502-201	Cement-- Production	\$0.00	\$35,750.00	\$35,750.00
502-204	Fuel & Power	\$19,000.00	\$0.00	\$19,000.00
502-205	Supplies & Misc.	\$0.00	\$0.00	\$0.00
502-500	Testing, Coring, & Mud Logging	\$19,560.00	\$0.00	\$19,560.00
502-600	Open Hole Logs/Wireline	\$38,565.00	\$0.00	\$38,565.00
502-650	Directional Drillers	\$0.00	\$0.00	\$0.00
502-681	Supervision	\$15,000.00	\$0.00	\$15,000.00
502-682	Trailer Rentals & Other Camp Equip.	\$1,900.00	\$0.00	\$1,900.00
	Miscellaneous and Contingency	\$51,188.25	\$0.00	\$51,188.25

Code	Total Drilling Intangibles	\$565,070.75	\$35,750.00	\$600,820.75
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Completion Intangibles

502-015	Administrative Overhead Completion	\$0.00	\$3,000.00	\$3,000.00
502-021	Battery Construction-Dirt Work,Etc	\$0.00	\$45,000.00	\$45,000.00
502-103	Completion Unit	\$0.00	\$60,300.00	\$60,300.00
502-210	Fuel,Water,Power	\$0.00	\$19,500.00	\$19,500.00
502-350	Completions Surface Rentals	\$0.00	\$36,498.00	\$36,498.00
502-360	Completions SubSurface Rentals	\$0.00	\$20,528.00	\$20,528.00
502-601	Perforating and Logging	\$0.00	\$30,000.00	\$30,000.00
502-610	Frac and/or Acid Treatment	\$0.00	\$315,306.00	\$315,306.00
502-680	Professional Services	\$0.00	\$18,750.00	\$18,750.00
502-700	Miscellaneous Services	\$0.00	\$5,000.00	\$5,000.00
	Contingency	\$0.00	\$55,088.20	\$55,088.20

Code	Total Completion Intangibles	\$0.00	\$608,970.20	\$608,970.20
	Total Intangibles	\$565,070.75	\$644,720.20	\$1,209,790.95

Drilling and Completion Tangibles

170-105	Surface Casing 950'	8 5/8" 32# J-55	\$36,193.99	\$0.00	\$36,193.99
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170-115	Production Casing 5500'	5 1/2" 17# L-80	\$0.00	\$119,324.56	\$119,324.56
170-115	Production Liner 0	0	\$0.00	\$0.00	\$0.00
170-120	Production Tubing 5450'	2 7/8" 6.5# J-55	\$0.00	\$42,713.69	\$42,713.69
170-125	Wellhead Equipment-- Long String		\$0.00	\$1,500.00	\$1,500.00
170-126	Wellhead Equipment-- Surface & Intermediate		\$1,600.00	\$0.00	\$1,600.00
170-130	Floating Equipment-- Long String		\$0.00	\$2,500.00	\$2,500.00
170-131	Floating Equipment-- Surface & Intermediate		\$2,500.00	\$0.00	\$2,500.00
170-135	Rods		\$0.00	\$24,680.87	\$24,680.87
170-140	Subsurfaces Equipment		\$0.00	\$3,500.00	\$3,500.00
170-145	Linepipe		\$0.00	\$3,500.00	\$3,500.00
170-150	Tanks,Treater,Separators		\$0.00	\$80,000.00	\$80,000.00
170-155	Pumping Unit And Engine		\$0.00	\$85,000.00	\$85,000.00
170-160	Other Miscellaneous Equipment		\$0.00	\$0.00	\$0.00
	Contingency		\$4,029.40	\$36,271.91	\$40,301.31

Total Tangible	\$44,323.39	\$398,991.03	\$443,314.42
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TOTAL WELL COSTS	\$609,394.14	\$1,043,711.23	\$1,653,105.37
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Prepared By: Kevin Garrett

Total Contingency: \$146,577.76

Total w/o Contingency: \$1,506,527.61

Interest Owner: _____

Interest: _____

Approved By: _____

Date: _____