

HOLLAND & HART LLP



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July 7, 2009

**HAND-DELIVERED**

Mr. Mark Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14357*

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2009 JUL -7 P 2:46

Re: Application of Mack Energy Corporation for a non-standard spacing and  
proration unit and compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Mack Energy Corporation in the above-referenced case  
as well as a copy of a legal advertisement. Mack Energy Corporation requests that this  
matter be placed on the docket for the August 6, 2009 Examiner hearings.

Very truly yours,

William F. Carr  
Attorney for Mack Energy Corporation

Enclosures

cc: Joel Carson, Esq.  
Mack Energy Corporation  
Post Office Box 960  
Artesia, New Mexico 88211-0960

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

**IN THE MATTER OF THE APPLICATION OF MACK ENERGY CORPORATION  
FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 143587

**APPLICATION**

MACK ENERGY CORPORATION, through its undersigned attorneys, hereby makes application for an order:

- A. Creating a non-standard spacing and proration unit in the Abo formation, Undesignated County Line Tank-Abo Pool, comprised of the N/2 S/2 of Section 10, Township 16 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and
- B. Pooling all interests in the N/2 S/2 of said Section 10, pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for the Mack Energy Corporation Jet Federal Com Well No. 1 (API No. 30-015-36529).

In support of its application Mack Energy states:

- 1. Mack Energy Corporation is a working interest owner in the N/2 S/2 of Section 10, Township 16 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and has the right to drill thereon.
- 2. Mack Energy Corporation proposes to drill its Jet Federal Com Well No. 1 as a horizontal well in the Abo formation, Undesignated County Line Tank-Abo Pool, from a surface location 2210 from the South line and 330 feet from the West line of said Section 10 and then in the Abo formation in a

easterly direction to a terminus at a point 2285 feet from the South line and 330 feet from the East line the Section.

3. The Abo formation in this pool is governed by statewide rules which provide for 40-acre oil well spacing with wells drilled no closer than 330 feet to the outer boundary of a dedicated spacing unit.

4. The non-standard spacing unit that Mack Energy Corporation proposes for this well is the horizontal well project area for the well comprised of four forty-acre spacing units dedicated to this well pursuant to 19.15.16.7 NMAC and the wellbore of the Jet Federal Com Well No. 1 is at a standard set back from the outer boundary of the project area (within the producing area for the well) as required by Rule 19.15.16.14 B NMAC.

5. Mack Energy Corporation has sought and been unable to obtain voluntary agreement for the development of this acreage from the owners of interest therein identified on Exhibit A to this application to whom notice of this application will be provided in accordance with the rules of the Division.

6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit Mack Energy Corporation to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mack Energy Corporation should be designated the operator of the wells.

WHEREFORE, Mack Energy Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 6, 2009, and, after notice and hearing as required by law, the Division enter its order:

- A. Creating a non-standard spacing and proration unit comprised of the N/2 S/2 of Section 10, Township 16 South, Range 29 East, N.M.P.M.,

- B. Pooling all mineral interests in the subject non-standard spacing and proration unit,
- C. Designating Mack Energy Corporation operator of the non-standard unit and the well to be drilled thereon,
- D. Authorizing Mack Energy Corporation to recover its costs of drilling, equipping and completing the wells,
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- F. Imposing a 200% penalty for the risk assumed by Mack Energy Corporation in drilling and completing the wells against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr

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ATTORNEYS FOR MACK ENERGY  
CORPORATION

**EXHIBIT A**

**APPLICATION OF MACK ENERGY CORPORATION  
FOR A NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

**NOTICE LIST**

Cimarex Energy Company  
600 North Marienfeld Street  
Midland, Texas 79701  
Attn: Hayden P. Tresner  
Landman

CASE <sup>7</sup>~~14357~~ **Application of Mack Energy Corporation for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Applicant in the above-styled cause seeks an order creating a non-standard spacing and proration unit in the Abo formation, Undesignated County Line Tank-Abo Pool, comprised of the N/2 S/2 of Section 10, Township 16 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and pooling all interests in the N/2 S/2 of said Section 10, pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for the Mack Energy Corporation Jet Federal Com Well No. 1 (API No. 30-015-36529) to be drilled as a horizontal well in the Abo formation from a surface location 2210 from the South line and 330 feet from the West line of said Section 10 and then in the Abo formation in a easterly direction to a terminus at a point 2285 feet from the South line and 330 feet from the East line the Section. Also to be considered will be the cost of drilling and completing these wells as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling these wells. Said area is located approximately 10 miles northwest of Loco Hills, New Mexico.