File

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-101

APPLICATION FOR PERMIT TO DRILL

| | Operator Name and Address Mack Energy Corportation | | | | |
|-----------------------------|---|---------------------------|--|--|--|
| PO Box 960 Artesia, NM 8 | 8211-0960 | API Number 30-15-32664 | | | |
| Property Code 18731 | Property Name WILLOW STATE | Well No. 002 | | | |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|---------------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| 0 | 16 | 17S | 31E | | 990 | S | 1650 | Е | Eddy |

Proposed Pools

| CONTRACTOR | | ~3 |
|---|-------|--|
| FREN;PADDOCK | 26770 | CONTRACTOR OF THE PERSON OF TH |

| Work Type New Well | Well Type Oil | Cable/Rotary | Lease Type State | Ground Level Elevation 3831 |
|-----------------------|------------------|--------------|---------------------|-----------------------------|
| Multiple | Proposed Depth | Formation | Contractor | Spud Date |
| N | 6400 · | Paddock | | 4/19/2003 |

Proposed Casing and Cement Program

| Туре | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 300 | 350 | 0 |
| Int1 | 12.25 | 8.625 | 24 | 1700 | 800 | 0 |
| Prod | 7.875 | 5.5 | 17 | 6400 | 1900 | 0 |

Casing/Cement Program: Additional Comments

Mack Energy Corporation proposes to drill to 300, run 13 3/8 casing and cement. Drill to 1700, run 8 5/8 casing and cement, Drill to 6400 and test Paddock formation, if commercial will run 5 1/2 casing and cement, put on production. Note: On production string, fluid caliper will be run, will figure cement with 25% excess, attempt to circ cement to surface.

Proposed Blowout Prevention Program

| Merchan ned | Туре | Working Pressure | Test Pressure | Manufacturer |
|--------------------|------------|------------------|---------------|--------------|
| A-14/4/40 A-14/4/A | Double Ram | 2000 | 2000 | |

| I hereby certify that | the information given above is true | OIL CONSERVATION DIVISION | | |
|--|-------------------------------------|---|--|--|
| and complete to the best of my knowledge and belief. | | Electronically Approved By: Bryan Arrant | | |
| Electronically Signe | ed By: Jerry Sherrell | Title: Geologist | | |
| Title: Production Clerk | | Approval Date: 3/3/2003 Expiration Date: 3/3/2004 | | |
| Date: 3/3/2003 Phone: 505-748-1288 | | Conditions of Approval: There are conditions. See Attached. | | |

Form C-102

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| API Number 30-15-32664 | Pool Name FREN;PADDOCK | Pool Code 26770 |
|------------------------|---|--------------------|
| Property Code 18731 | Property Name WILLOW STATE | Well No. 002 |
| OGRID No. 13837 | Operator Name Mack Energy Corportation | Elevation 3831 |

Surface And Bottom Hole Location

| UL or Lot | Section 16 | Township 17S | Range 31E | Lot Idn | Feet From 990 | N/S Line S | Feet From 1650 | E/W Line E | County Eddy |
|-----------|---------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------|
| | ed Acres | Joint or | Infill | Consoli | dation Code | | Order 1 | No. | |

| | ٤ |
|--|---|
| | |

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Jerry Sherrell

Title: Production Clerk

Date: 3/3/2003

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.

Electronically Signed By: Ronald Eidson

Date of Survey: 1/24/1997 Certificate Number: 3239

APD Conditions Of Approval

Operator: 13837 Mack Energy Corportation

Well: WILLOW STATE 002

| and a construction of the | OCD Reviewer | Condition | |
|---|--------------|--|---|
| | BARRANT | Operator to set water protection string @ 350 in anhydrite section of Rustler. | MANAGEMENT OF THE PARTY OF THE |