

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Mack Energy Corporation
Well Name & No. McIntyre DK Federal #10
Location: 990' FSL, 1610' FEL, Section 17, T17S R30E, Eddy County, NM
Lease: NI -86025
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I. DRILLING OPERATIONS REQUIREMENTS:

The Bureau of Land Management (BLM) is to be notified at the Carlsbad Resource Area Office, 620 East Greene St., Carlsbad, NM 88220, (505) 887-6544 for wells in Eddy County in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 8-5/8 inch 5-1/2 inch
3. BOP tests
4. A Hydrogen Sulfide (H₂S) Drilling Operation Contingency Plan shall be activated prior to drilling into the Queen formation. A copy of the plan shall be posted at the drilling site.
5. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
6. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at 450 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is to tie 200 feet into the 8-5/8 inch casing.

III. PRESSURE CONTROL:

Before drilling below the surface casing shoe, the blowout preventer assembly shall consist of a minimum of: One Annular Preventer and/or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

The BOPE shall be installed before drilling below the 8-5/8 inch casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

03/05/97
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