<u>District I</u>

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

Form C-101

Permit 1561

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL

| Operator Name and Address MACK ENERGY CORP PO Box 960 Artesia, NM 88211-0960 | | OGRID Number 13837 |
|--|---------------------------------|----------------------------|
| | | API Number 30-015-33640 |
| Property Code 34309 | Property Name SUNSHINE STATE | Well No. 001 |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| G | 19 | 198 | 23E | G | 1780 | N | 1980 | E | Eddy |

Proposed Pools

WILDCAT; WOLFCAMP (GAS) 96086

| Work Type | Well Type | Cable/Rotary | Lease Type | Ground Level Elevation |
|-----------|----------------|--------------|------------|------------------------|
| New Well | GAS | | State | 4115 |
| Multiple | Proposed Depth | Formation | Contractor | Spud Date |
| N | 6500 | Wolfcamp | | 09/30/2004 |

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 | 450 | 600 | 0 |
| Int1 | 12.25 | 8.625 | 24 | 1650 | 1000 | 0 |
| Prod | 7.875 | 5.5 | 17 | 6500 | 1500 | 0 |

Casing/Cement Program: Additional Comments

Mack Energy proposes to drill to 450 run 13 3/8 casing and cement. Drill to 1650 run 8 5/8 casing and cement. Drill to 6500 test Cisco zone, run 5 1/2 casing and cement. Put well on production. Note: On production string a fluid caliper will be run and will figure cement with 25% excess, attempt to circulate.

Proposed Blowout Prevention Program

| Туре | Working Pressure | Test Pressure | Mamufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 2000 | 2000 | |

| | nformation given above is true of my knowledge and belief. |
|---------------------------|---|
| Electronically Signed By: | Jerry Sherrell |
| Title: Production Clerk | |
| Date: 09/23/2004 | Phone: 505-748-1288 |

| OIL CONSERVA | ATION DIVISION |
|---|-----------------------------|
| Electronically Approved By: | Bryan Arrant |
| Title: Geologist | |
| Approval Date: 09/23/2004 | Expiration Date: 09/23/2005 |
| Conditions of Approval: There are conditions. See At | tached. |