

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  
Permit 7087

APPLICATION FOR PERMIT TO DRILL

|                                                                                       |                               |                            |
|---------------------------------------------------------------------------------------|-------------------------------|----------------------------|
| Operator Name and Address<br>MACK ENERGY CORP<br>PO Box 960<br>Artesia, NM 88211-0960 |                               | OGRID Number<br>13837      |
|                                                                                       |                               | API Number<br>30-025-37094 |
| Property Code<br>17335                                                                | Property Name<br>LEA KG STATE | Well No.<br>008            |

Surface Location

|                |               |                 |              |              |                  |               |                  |               |               |
|----------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|
| UL or Lot<br>P | Section<br>35 | Township<br>17S | Range<br>33E | Lot Idn<br>P | Feet From<br>990 | N/S Line<br>S | Feet From<br>990 | E/W Line<br>E | County<br>Lea |
|----------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|

Proposed Pools

|                                  |
|----------------------------------|
| VACUUM;GRAYBURG-SAN ANDRES 62180 |
|----------------------------------|

|                       |                        |                         |                     |                                |
|-----------------------|------------------------|-------------------------|---------------------|--------------------------------|
| Work Type<br>New Well | Well Type<br>OIL       | Cable/Rotary            | Lease Type<br>State | Ground Level Elevation<br>4117 |
| Multiple<br>N         | Proposed Depth<br>5500 | Formation<br>San Andres | Contractor          | Spud Date<br>02/20/2005        |

Proposed Casing and Cement Program

|      |           |             |                  |               |                 |               |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
| Surf | 17.5      | 13.375      | 48               | 350           | 350             | 0             |
| Int1 | 12.25     | 8.625       | 32               | 2850          | 1200            | 0             |
| Prod | 7.875     | 5.5         | 17               | 5500          | 1100            | 0             |

Casing/Cement Program: Additional Comments

|                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mack Energy proposes to drill a 17 1/2 hole to 350, run 13 3/8 casing and cement. Drill a 12 1/4 hole to 2850, run 8 5/8 casing and cement. drill a 7 7/8 hole to 5500 test San Andres formation, run 5 1/2 casing and cement. Note: On production string a fluid caliper will be run and will figure cement with 25% excess, attempt to circulate. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Proposed Blowout Prevention Program

|            |                  |               |              |
|------------|------------------|---------------|--------------|
| Type       | Working Pressure | Test Pressure | Manufacturer |
| Double Ram | 2000             | 2000          |              |

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

Electronically Signed By: Jerry Sherrell

Title: Production Clerk

Date: 02/17/2005

Phone: 505-748-1288

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 02/18/2005

Expiration Date: 02/18/2006

Conditions of Approval:

There are conditions. See Attached.