

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MACK ENERGY CORP PO BOX 960 ARTESIA, NM 882110960		2. OGRID Number 13837
		3. API Number 30-015-34932
4. Property Code 31963	5. Property Name SNAKE STATE	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	31	18S	23E	4	660	S	660	W	EDDY

8. Pool Information

FOUR MILE DRAW; WOLFCAMP(G)	97415
-----------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4047
14. Multiple N	15. Proposed Depth 8139	16. Formation Wolfcamp	17. Contractor	18. Spud Date 6/14/2006
Depth to Ground water 460		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 3000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	9.625	36	1400	1200	0
Prod	7.875	5.5	17	8139	1600	0

Casing/Cement Program: Additional Comments

Mack Energy proposes to drill a 17 1/2 hole to +450', if hole problems occur an optional 13 3/8 casing string will be set at +450'. If no problems we will reduce hole to 12 1/4 and drill to 1600', run 9 5/8 casing and cement. If hole problems occur an optional 13 3/8 casing string will be set at +450'. Drill a 7 7/8 hole to 8139', 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
DoubleRam	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Jerry Sherrell	Approved By: Bryan Arrant	
Title: Production Clerk	Title: Geologist	
Email Address: jerrys@mackenergycorp.com	Approved Date: 6/12/2006	Expiration Date: 6/12/2007
Date: 6/8/2006	Phone: 505-748-1288	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 31729

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34932	2. Pool Code 97415	3. Pool Name FOUR MILE DRAW; WOLFCAMP(G)
4. Property Code 31963	5. Property Name SNAKE STATE	6. Well No. 002
7. OGRID No. 13837	8. Operator Name MACK ENERGY CORP	9. Elevation 4047

10. Surface Location

UL - Lot M	Section 31	Township 18S	Range 23E	Lot Idn	Feet From 660	N/S Line S	Feet From 660	E/W Line W	County EDDY
---------------	---------------	-----------------	--------------	---------	------------------	---------------	------------------	---------------	----------------

11. Bottom Hole Location If Different From Surface

UL - Lot D	Section 31	Township 18S	Range 23E	Lot Idn 1	Feet From 660	N/S Line N	Feet From 660	E/W Line W	County EDDY
12. Dedicated Acres 304.16		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Jerry Sherrell Title: Production Clerk Date: 6/8/2006</p>
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Gary Eidson Date of Survey: 6/8/2006 Certificate Number: 12641</p>

Permit Comments

Operator: MACK ENERGY CORP , 13837

Well: SNAKE STATE #002

API: 30-015-34932

Created By	Comment	Comment Date
JWSHERRELL	H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required.	6/8/2006

Permit Conditions of Approval

Operator: MACK ENERGY CORP , 13837

Well: SNAKE STATE #002

API: 30-015-34932

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Please notify OCD time of spud and time to witness the cementing of the (optional surface) and intermediate casing.
BArrant	Will require a directional survey with the C-104
BArrant	Operator to set intermediate casing no deeper than 1400'.