

|                       |                       |                          |             |                           |
|-----------------------|-----------------------|--------------------------|-------------|---------------------------|
| 11 April 07<br>SPENSE | D. Brooks<br>ENGINEER | 12 April 07<br>LOGGED IN | NSL<br>TYPE | PCLP0710237027<br>APP NO. |
|-----------------------|-----------------------|--------------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



Mack Energy  
Pecor Field #1  
5611

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
[B] ☒ Offset Operators, Leaseholders or Surface Owner  
[C] ☐ Application is One Which Requires Published Legal Notice  
[D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Jerry W. Sherrell  
Print or Type Name

*Jerry W. Sherrell*  
Signature

Production Clerk  
Title

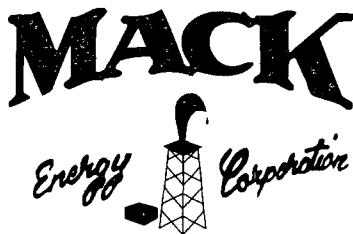
4/6/07  
Date

jerrys@mackenergycorp.com  
e-mail Address

RECEIVED

APR 11 2007

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505



Post Office Box 960  
Artesia, NM 88211-0960  
Office (505) 748-1288  
Fax (505) 746-9539

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April 3, 2007

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Oil Conservation Division  
Attn: David Brooks  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Dear Mr. Brooks:

Mack Energy Corporation respectfully requests an administrative approval without notice and hearing of the following unorthodox well location.

The well location and legal description is as follows:

Pecos Federal #1  
SHL 660 FSL & 1980 FEL  
BHL 671 FNL & 1994 FEL  
Sec. 12, T18S R23E  
Eddy County, New Mexico

The well is completed in the Wolfcamp formation in the Penasco Draw Wolfcamp Pool.

Attached to this application are the following exhibits.

- A.) Well location and acreage dedication plat (form C-102) filed with the Artesia office of the Oil Conservation Division (Exhibit A).
- B.) Directional Survey information showing the unorthodox location, the respective proration units, and the offsetting proration units (Exhibit B).

Mack Energy drilled and completed the Pecos Federal #1 horizontally in the Wolfcamp formation. We recently received the horizontal survey from the service company and have discovered that the well bore drifted a maximum of 13.87 feet across the hard line at a vertical section of 3949 feet. During a phone conversation with Richard Ezeanyim this afternoon, the well has been shut in until a NSL has been approved. Due to the desire to produce this well, we do request that approval be expedited.

Thank you for your assistance in this matter. If you have any questions, please feel free to call.

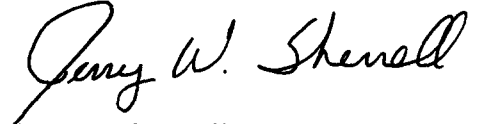
Oil Conservation Division

April 3, 2007

Page 2

Sincerely,

MACK ENERGY CORPORATION

A handwritten signature in cursive script that reads "Jerry W. Sherrell". The signature is written in black ink and is positioned below the company name.

Jerry W. Sherrell  
Production Clerk

JWS/

Enclosures

## DISTRICT I

1026 N. FRENCH DR., HOBBS, NM 88240

## DISTRICT II

1301 W. GRAND AVENUE, ARTZSIA, 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 Department

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-

Revised 12. 2

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

|                                   |                                                 |                                                       |                           |
|-----------------------------------|-------------------------------------------------|-------------------------------------------------------|---------------------------|
| API Number<br><b>30-015-35232</b> | Pool Code<br><b>96316</b>                       | Pool Name<br><b>PENASCO <del>DRILL</del> WOLFCAMP</b> | <b>50290</b>              |
| Property Code                     | Property Name<br><b>PECOS FEDERAL</b>           |                                                       | Well Number<br><b>1</b>   |
| OGRID No.<br><b>013837</b>        | Operator Name<br><b>MACK ENERGY CORPORATION</b> |                                                       | Elevation<br><b>3894'</b> |

## Surface Location

| UL or lot No. | Section   | Township    | Range       | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County      |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>0</b>      | <b>12</b> | <b>18-S</b> | <b>23-E</b> |         | <b>660</b>    | <b>SOUTH</b>     | <b>1980</b>   | <b>EAST</b>    | <b>EDDY</b> |

## Bottom Hole Location If Different From Surface

| UL or lot No. | Section   | Township   | Range      | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County      |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>B</b>      | <b>12</b> | <b>18S</b> | <b>23E</b> |         | <b>660</b>    | <b>NORTH</b>     | <b>1980</b>   | <b>EAST</b>    | <b>EDDY</b> |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| <b>320</b>      |                 |                    |           |

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>PROJECT AREA</p> <p>BHL</p> <p>PRODUCING AREA</p> <p>GEODETIC COORDINATES<br/>NAD 27 NME</p> <p><math>\dot{Y}=639261.7\ N</math><br/><math>X=404916.6\ E</math></p> <p><math>LAT.=32.757042^\circ\ N</math><br/><math>LONG.=104.642627^\circ\ W</math></p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u><i>Jerry W. Sherrell</i></u> 8/7/06<br/>Signature Date</p> <p><u>Jerry W. Sherrell</u><br/>Printed Name</p> |
|                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**OPERATOR'S COPY**

Form approved.  
Budget Bureau No. 1004-0136  
Expires: December 31, 1991

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL WELL ☐

Gas Well ☒

OTHER

SINGLE ZONE ☐

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Mack Energy Corporation

3. ADDRESS AND TELEPHONE NO.

P.O. Box 960, Artesia, NM 88211-0960

(505) 748-1288

4. LOCATION OF WELL (Report location clearly and in accordance with any state requirement.)

At surface

660 FSL & 1980 FEL

At proposed prod. zone

660 FNL & 1980 FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

7 miles southeast of Hope, NM

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

660

16. NO. OF ACRES IN LEASE

1120

17. NO. OF ACRES IN LEASE TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT.

2640

19. PROPOSED DEPTH

8200

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3894' GR

22. APPROX. DATE WORK WILL START\*

9/7/2006

23. PROPOSED CASING AND CEMENTING PROGRAM

ROSWELL CONTROLLED WATER BASIN

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|-----------------------|-----------------|---------------|--------------------|
| 17 1/2"      | H-40, 13 3/8          | 48              | 450           | Circ               |
| 12 1/4"      | J-55, 9 5/8           | 36              | 1400          | Suff to Circ       |
| 7 7/8"       | J-55, 5 1/2           | 17              | 8200          | Suff to Circ       |

Mack Energy proposes to drill to a vertical hole to +/- 4900', drill horizontal appr. 3960' north test the Wolfcamp formation. Run 5 1/2" casing and cement. If non-productive, the well will be plugged and abandoned in a manner consistent with federal regulation. Specific programs as per Onshore Oil and Gas Order #1 are outlined in the following attachments:

1. Surveys

Exhibit #1- Well Location Plat

Exhibit #2- Vicinity Map

Exhibit #3- Location Verification Map

4. Certification

5. Hydrogen Sulfide Drilling Operation Plan

Exhibit #7- H2S Warning Sign

Exhibit #8- H2S Safety Equipment

7. Responsibility Statement

2. Drilling Program

3. Surface Use & Operating Plan

Exhibit #4- One Mile Radius Map

Exhibit #5- Production Facilities Layout

Exhibit #6- Location Layout

6. Blowout Preventers

Exhibit #9- BOPE Schematic

Exhibit #10- Blowout Preventer Requirements

Exhibit #11- Choke Manifold

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATION  
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen/give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

*Gregory W. Shenell*

TITLE

Production Clerk

DATE

8/7/2006

(This space for Federal or State office use)

PERMIT NO.

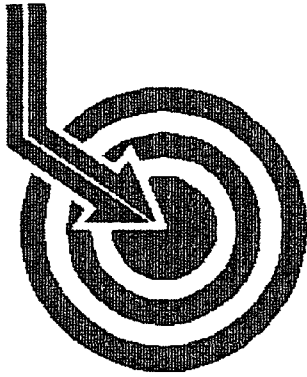
APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

*p*

*20*



# Scientific Drilling

## MACK ENERGY

Field: Penasco  
Site: Eddy County, NM  
Well: Pecos Federal #1  
Wellpath: VH - Job #32K12061007  
Survey: 12/12/06

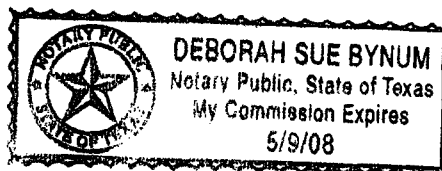
This survey is correct to the best of my knowledge  
and is supported by actual field data.

.....*Deborah Sue Bynum*..... Company Representative

Notorized this date 11<sup>th</sup> of January, 2007.

*Deborah Sue Bynum*

Notary Signature  
County of Midland  
State of Texas





# Scientific Drilling International Survey Report

|                                       |                                   |                                          |                   |
|---------------------------------------|-----------------------------------|------------------------------------------|-------------------|
| <b>Company:</b> MACK ENERGY           | <b>Date:</b> 01/10/2007           | <b>Time:</b> 16:18:04                    | <b>Page:</b> 1    |
| <b>Field:</b> Penasco                 | <b>Co-ordinate(NE) Reference:</b> | <b>Site:</b> Eddy County, NM, Grid North |                   |
| <b>Site:</b> Eddy County, NM          | <b>Vertical (TVD) Reference:</b>  | <b>SITE:</b> 0.0                         |                   |
| <b>Well:</b> Pecos Federal #1         | <b>Section (VS) Reference:</b>    | <b>Well:</b> (0.00N,0.00E,24.43Azi)      |                   |
| <b>Wellpath:</b> VH- Job #32K12061007 | <b>Survey Calculation Method:</b> | <b>Minimum Curvature</b>                 | <b>Db:</b> Sybase |

|                                                |                               |
|------------------------------------------------|-------------------------------|
| <b>Survey:</b> 12/12/06                        | <b>Start Date:</b> 12/12/2006 |
| <b>Company:</b> Scientific Drilling Internatio | <b>Engineer:</b> Madrid w/P&M |
| <b>Tool:</b> Keeper, Keeper Gyro               | <b>Tied-to:</b> From Surface  |

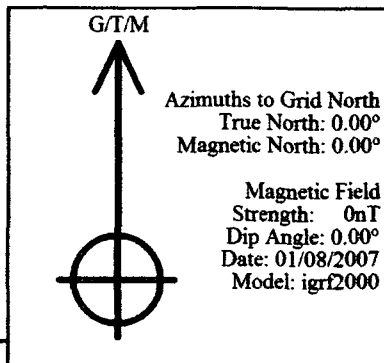
## Survey

| MD<br>ft | Incl<br>deg | Azim<br>deg | TVD<br>ft | VS<br>ft | N/S<br>ft | E/W<br>ft | DLS<br>deg/100ft | ClsD<br>ft | ClsA<br>deg |
|----------|-------------|-------------|-----------|----------|-----------|-----------|------------------|------------|-------------|
| 0.00     | 0.00        | 0.17        | 0.00      | 0.00     | 0.00      | 0.00      | 0.00             | 0.00       | 0.00        |
| 100.00   | 0.56        | 27.36       | 100.00    | 0.49     | 0.43      | 0.22      | 0.56             | 0.49       | 27.36       |
| 200.00   | 1.08        | 15.63       | 199.99    | 1.91     | 1.78      | 0.70      | 0.54             | 1.91       | 21.60       |
| 300.00   | 2.13        | 16.22       | 299.95    | 4.68     | 4.47      | 1.48      | 1.05             | 4.71       | 18.28       |
| 400.00   | 3.80        | 13.41       | 399.81    | 9.77     | 9.48      | 2.76      | 1.68             | 9.87       | 16.26       |
| 500.00   | 5.10        | 15.22       | 499.51    | 17.41    | 16.99     | 4.70      | 1.31             | 17.63      | 15.46       |
| 600.00   | 5.68        | 20.69       | 599.06    | 26.74    | 25.91     | 7.61      | 0.77             | 27.00      | 16.38       |
| 700.00   | 5.67        | 20.90       | 698.57    | 36.60    | 35.15     | 11.13     | 0.02             | 36.87      | 17.56       |
| 800.00   | 5.07        | 20.47       | 798.13    | 45.94    | 43.91     | 14.43     | 0.60             | 46.22      | 18.20       |
| 900.00   | 4.38        | 20.63       | 897.79    | 54.16    | 51.62     | 17.32     | 0.69             | 54.45      | 18.55       |
| 1000.00  | 3.68        | 20.62       | 997.55    | 61.17    | 58.20     | 19.80     | 0.70             | 61.47      | 18.79       |
| 1100.00  | 2.97        | 20.52       | 1097.38   | 66.96    | 63.63     | 21.84     | 0.71             | 67.27      | 18.94       |
| 1200.00  | 2.39        | 16.49       | 1197.27   | 71.61    | 68.05     | 23.34     | 0.61             | 71.94      | 18.93       |
| 1300.00  | 2.41        | 17.26       | 1297.18   | 75.76    | 72.06     | 24.55     | 0.04             | 76.13      | 18.82       |
| 1400.00  | 2.30        | 17.92       | 1397.10   | 79.84    | 75.98     | 25.79     | 0.11             | 80.24      | 18.75       |
| 1500.00  | 2.31        | 21.15       | 1497.01   | 83.85    | 79.76     | 27.14     | 0.13             | 84.26      | 18.79       |
| 1600.00  | 2.45        | 21.01       | 1596.93   | 87.99    | 83.64     | 28.63     | 0.14             | 88.40      | 18.90       |
| 1700.00  | 2.32        | 17.32       | 1696.84   | 92.13    | 87.57     | 30.00     | 0.20             | 92.56      | 18.91       |
| 1800.00  | 1.79        | 23.94       | 1796.78   | 95.71    | 90.93     | 31.24     | 0.58             | 96.14      | 18.96       |
| 1900.00  | 1.37        | 28.22       | 1896.74   | 98.46    | 93.41     | 32.44     | 0.44             | 98.88      | 19.15       |
| 2000.00  | 1.05        | 29.62       | 1996.72   | 100.57   | 95.26     | 33.45     | 0.32             | 100.96     | 19.35       |
| 2100.00  | 0.98        | 30.73       | 2096.70   | 102.33   | 96.79     | 34.34     | 0.07             | 102.70     | 19.54       |
| 2200.00  | 0.73        | 29.39       | 2196.69   | 103.81   | 98.08     | 35.09     | 0.25             | 104.17     | 19.69       |
| 2300.00  | 0.73        | 21.69       | 2296.68   | 105.08   | 99.23     | 35.64     | 0.10             | 105.43     | 19.76       |
| 2400.00  | 0.78        | 14.79       | 2396.67   | 106.39   | 100.48    | 36.05     | 0.10             | 106.75     | 19.74       |
| 2500.00  | 0.77        | 18.22       | 2496.66   | 107.73   | 101.77    | 36.44     | 0.05             | 108.10     | 19.70       |
| 2600.00  | 0.75        | 9.16        | 2596.66   | 109.03   | 103.06    | 36.75     | 0.12             | 109.41     | 19.63       |
| 2700.00  | 0.83        | 15.96       | 2696.65   | 110.38   | 104.40    | 37.05     | 0.12             | 110.78     | 19.54       |
| 2800.00  | 0.72        | 8.72        | 2796.64   | 111.70   | 105.72    | 37.35     | 0.15             | 112.12     | 19.46       |
| 2900.00  | 0.56        | 346.15      | 2896.63   | 112.69   | 106.81    | 37.33     | 0.30             | 113.15     | 19.26       |
| 3000.00  | 0.54        | 6.85        | 2996.63   | 113.52   | 107.75    | 37.26     | 0.20             | 114.02     | 19.08       |
| 3100.00  | 0.73        | 350.84      | 3096.62   | 114.50   | 108.85    | 37.22     | 0.26             | 115.04     | 18.88       |
| 3200.00  | 0.43        | 338.56      | 3196.61   | 115.29   | 109.83    | 36.98     | 0.32             | 115.89     | 18.61       |
| 3300.00  | 0.47        | 319.61      | 3296.61   | 115.73   | 110.49    | 36.58     | 0.15             | 116.39     | 18.32       |
| 3400.00  | 0.52        | 322.24      | 3396.61   | 116.11   | 111.16    | 36.03     | 0.05             | 116.86     | 17.96       |
| 3500.00  | 0.61        | 322.37      | 3496.60   | 116.57   | 111.94    | 35.43     | 0.09             | 117.42     | 17.56       |
| 3600.00  | 0.39        | 332.70      | 3596.60   | 117.03   | 112.67    | 34.95     | 0.24             | 117.96     | 17.23       |
| 3700.00  | 0.41        | 355.40      | 3696.60   | 117.56   | 113.33    | 34.77     | 0.16             | 118.54     | 17.05       |
| 3800.00  | 0.43        | 350.21      | 3796.59   | 118.18   | 114.05    | 34.67     | 0.04             | 119.21     | 16.91       |
| 3900.00  | 0.37        | 12.84       | 3896.59   | 118.81   | 114.74    | 34.68     | 0.17             | 119.86     | 16.82       |
| 4000.00  | 0.39        | 43.07       | 3996.59   | 119.45   | 115.30    | 34.99     | 0.20             | 120.49     | 16.88       |
| 4100.00  | 0.74        | 64.13       | 4096.58   | 120.27   | 115.83    | 35.80     | 0.40             | 121.24     | 17.17       |
| 4200.00  | 1.34        | 65.51       | 4196.57   | 121.64   | 116.60    | 37.44     | 0.60             | 122.46     | 17.80       |
| 4300.00  | 1.49        | 72.99       | 4296.54   | 123.39   | 117.46    | 39.75     | 0.24             | 124.01     | 18.70       |
| 4400.00  | 1.67        | 70.00       | 4396.50   | 125.27   | 118.34    | 42.36     | 0.20             | 125.70     | 19.70       |
| 4500.00  | 1.53        | 64.22       | 4496.46   | 127.31   | 119.42    | 44.94     | 0.21             | 127.59     | 20.62       |
| 4600.00  | 1.55        | 66.85       | 4596.42   | 129.34   | 120.53    | 47.38     | 0.07             | 129.51     | 21.46       |
| 4700.00  | 1.26        | 66.65       | 4696.39   | 131.15   | 121.50    | 49.63     | 0.29             | 131.25     | 22.22       |
| 4800.00  | 1.53        | 67.00       | 4796.36   | 132.95   | 122.46    | 51.87     | 0.27             | 132.99     | 22.96       |

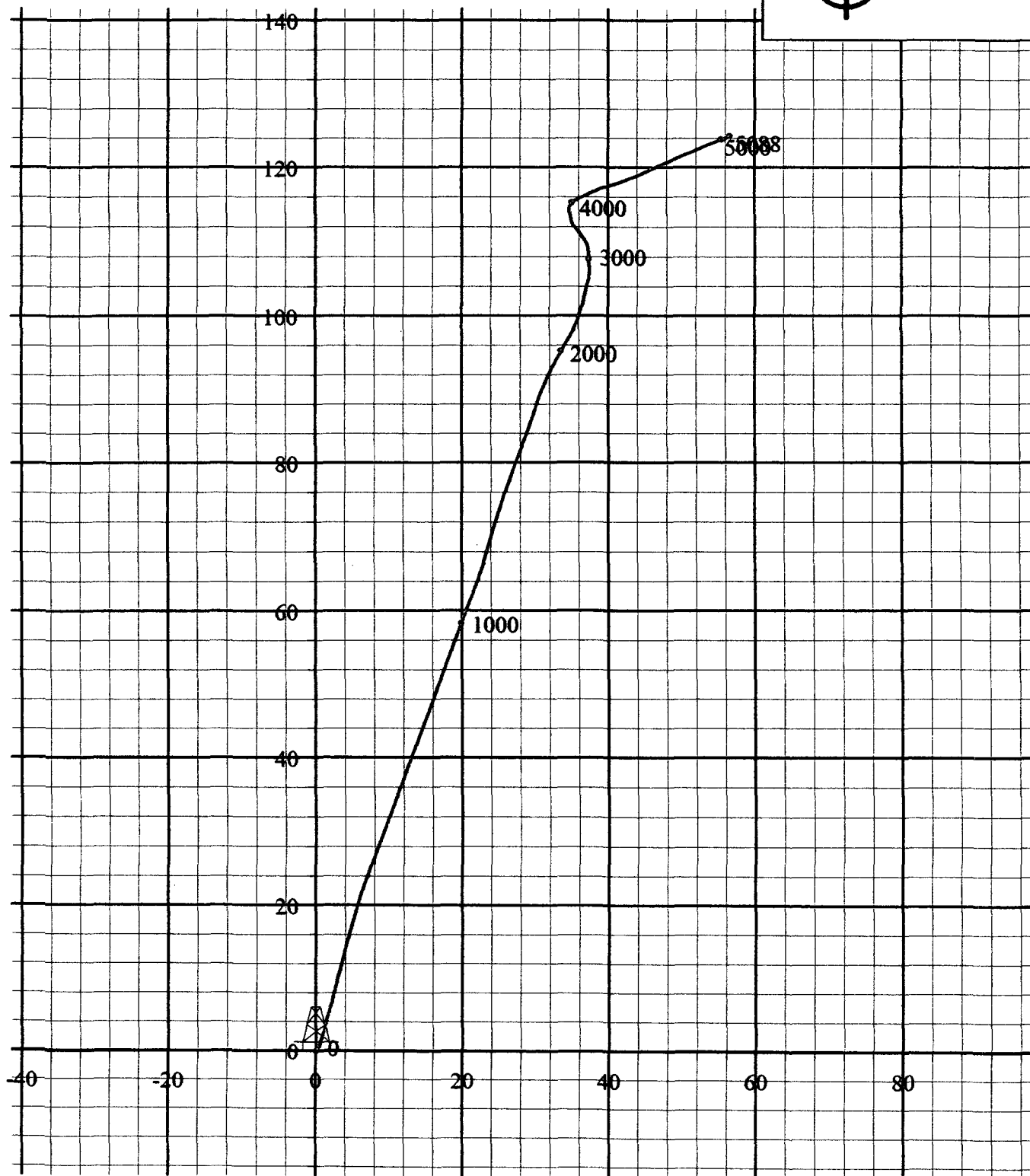


Scientific  
Drilling

Field: Penasco  
Site: Eddy County, NM  
Well: Pecos Federal #1  
Wellpath: VH - Job #32K12061007  
Survey: 12/12/06



South(-)/North(+) [20ft/in]



West(-)/East(+) [20ft/in]



3201 East Loop 250 North  
Midland, Texas 79705  
Phone: 432-687-1647  
Fax: 432-687-1544

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RECEIVED  
APR 03 2007

## **Record for Survey**

### **Mack Energy Corporation**

**Pecos Fed #1**  
**Eddy County, New Mexico**

**Sec. 12, T-18-S, R-23-E**  
**1980' FEL & 660'FSL**  
**API No. 30-015-34075**

**January 12, 2007**



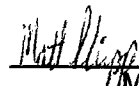
3201 East Loop 250 North  
Midland, Texas 79705  
Phone: 432-687-1647  
Fax: 432-687-1544

January 12, 2007

SURVEY CERTIFICATION SHEET

STATE OF NEW MEXICO  
COUNTY OF EDDY

I, Matt Shipp certify that; I am employed by Pathfinder Energy Service; that I did on the days of 12-14-06 to 12-24-06 conduct or supervise the taking of a MWD survey from a depth of 4223 feet to a depth of 8340 feet; that the data is true, correct, complete and within the limitations of the tool as set forth by Pathfinder Energy Service; that I am authorized and qualified to make this report; that this survey was conducted at the request of Mack Energy Corporation for the Pecos Federal #1 Well API No. 30-015-34075 in Eddy County, New Mexico and that I have reviewed this report and find that it conforms to the principles and procedures as set forth by Pathfinder Energy Service.

  
\_\_\_\_\_  
Matt Shipp  
MWD

# PathFinder Energy Services, Inc.

## BHL Report

Page 01/01  
Tie-in Date: 12/16/2006  
Date Completed: 12/16/2006

MAC ENERGY  
PECOS FED #1  
EDDY County, NEW MEXICO  
Rig:SILVER OAK #3  
PathFinder Office Supervisor: MARCUS MITCHAM  
PathFinder Field Engineers:MATT SHIPP  
SHALON HEARD

Survey Horiz. Reference:WELLHEAD  
Ref Coordinates: LAT:32.45.25.3512 N LON:104.38.33.4572 W  
GRID Reference:NAD27 new mexico east Transverse Mercator  
Ref GRID Coord: X: 404916.5204 Y: 639261.6818  
North Aligned To:GRID NORTH  
Total Magnetic Correction: 8.80° EAST TO GRID  
Vertical Section Plane: 0.00  
Survey Vert. Reference: 17.00' Kelly Bushing To Ground  
Altitude:3894.00' Ground To MSL

|                       |                |             |
|-----------------------|----------------|-------------|
| Measured Depth        | 8387.00        | (feet)      |
| Inclination           | 89.96          | (deg)       |
| Azimuth               | 0.01           | (deg)       |
| True Vertical Depth   | 4789.18        | (feet)      |
| Vertical Section      | 3949.87        | (feet)      |
| Survey X cord         | 404902.65      | (feet)      |
| Survey Y cord         | 643211.55      | (feet)      |
| Survey Lat            | 32.76789896 N  | (deg)       |
| Survey Lon            | 104.64270965 W | (deg)       |
| Rectangular Corr. N/S | 3949.87 N      | (feet)      |
| Rectangular Corr. E/W | 13.87 W        | (feet)      |
| Closure Distance      | 3949.89        | (feet)      |
| Direction of Closure  | 359.80         | (deg)       |
| Dogleg Severity       | 0.00           | (deg/100ft) |

# PathFinder Energy Services, Inc.

## Survey Report

MAC ENERGY  
PECOS FED #1  
EDDY County, NEW MEXICO  
Rig: SILVER OAK #3  
PathFinder Office Supervisor: MARCUS MITCHAM  
PathFinder Field Engineers: MATT SHIPP  
SHALON HEARD

Survey Horiz. Reference: WELLHEAD  
Ref Coordinates: LAT: 32.45.25.3512 N LON: 104.38.33.4572 W  
Reference: NAD27 new mexico east Transverse Mercator  
Ref GRID Coord: X: 404916.5204 Y: 639261.6818  
North Aligned To: GRID NORTH  
Total Magnetic Correction: 8.80° EAST TO GRID  
Vertical Section Plane: 0.00  
Survey Vert. Reference: 17.00' Kelly Bushing To Ground  
Altitude: 3894.00' Ground To MSL

Survey Calculations by PathCalc v1.95 using Radius of Curvature

| Measured Depth (ft)               | Incl (deg) | Drift Dir. (deg) | TVD (ft) | Course Length (ft) | Vertical Section (ft) | Retangular Offsets (ft) | TOTAL (ft) | Closure Dist Dir (ft) (deg) | DLS (dg/100ft) |
|-----------------------------------|------------|------------------|----------|--------------------|-----------------------|-------------------------|------------|-----------------------------|----------------|
| TIE-IN FROM PREVIOUS GYRO SURVEY. |            |                  |          |                    |                       |                         |            |                             |                |
| 4200.00                           | 1.34       | 65.51            | 4196.57  | 0.00               | 116.60                | 116.60 N                | 37.44 E    | 122.46@ 17.80               | 0.00           |
| 4223.00                           | 1.41       | 65.58            | 4219.56  | 23.00              | 116.83                | 116.83 N                | 37.94 E    | 122.84@ 17.99               | 0.30           |
| 4254.00                           | 1.93       | 43.43            | 4250.55  | 31.00              | 117.35                | 117.35 N                | 38.67 E    | 123.56@ 18.24               | 2.64           |
| 4285.00                           | 5.36       | 14.43            | 4281.48  | 31.00              | 119.06                | 119.06 N                | 39.62 E    | 125.47@ 18.41               | 12.22          |
| 4315.00                           | 9.50       | 8.36             | 4311.22  | 30.00              | 122.86                | 122.86 N                | 40.38 E    | 129.32@ 18.20               | 14.03          |
| 4346.00                           | 12.49      | 8.10             | 4341.65  | 31.00              | 128.71                | 128.71 N                | 41.23 E    | 135.15@ 17.76               | 9.65           |
| 4377.00                           | 15.39      | 7.66             | 4371.74  | 31.00              | 136.10                | 136.10 N                | 42.25 E    | 142.51@ 17.25               | 9.36           |
| 4407.00                           | 19.08      | 6.78             | 4400.38  | 30.00              | 144.92                | 144.92 N                | 43.37 E    | 151.27@ 16.66               | 12.33          |
| 4438.00                           | 23.30      | 5.64             | 4429.28  | 31.00              | 156.06                | 156.06 N                | 44.58 E    | 162.30@ 15.94               | 13.68          |
| 4468.00                           | 26.47      | 4.58             | 4456.49  | 30.00              | 168.63                | 168.63 N                | 45.71 E    | 174.71@ 15.17               | 10.67          |
| 4500.00                           | 29.02      | 4.14             | 4484.81  | 32.00              | 183.48                | 183.48 N                | 46.84 E    | 189.37@ 14.32               | 7.99           |
| 4531.00                           | 32.18      | 2.74             | 4511.49  | 31.00              | 199.23                | 199.23 N                | 47.78 E    | 204.88@ 13.49               | 10.45          |
| 4562.00                           | 35.17      | 2.21             | 4537.29  | 31.00              | 216.40                | 216.40 N                | 48.53 E    | 221.78@ 12.64               | 9.69           |
| 4594.00                           | 37.81      | 2.30             | 4563.01  | 32.00              | 235.42                | 235.42 N                | 49.28 E    | 240.52@ 11.82               | 8.25           |
| 4626.00                           | 40.19      | 2.03             | 4587.88  | 32.00              | 255.54                | 255.54 N                | 50.04 E    | 260.39@ 11.08               | 7.46           |
| 4657.00                           | 43.09      | 1.24             | 4611.04  | 31.00              | 276.13                | 276.13 N                | 50.62 E    | 280.73@ 10.39               | 9.51           |
| 4687.00                           | 45.55      | 0.63             | 4632.50  | 30.00              | 297.08                | 297.08 N                | 50.97 E    | 301.42@ 9.73                | 8.32           |
| 4719.00                           | 48.36      | 0.54             | 4654.34  | 32.00              | 320.46                | 320.46 N                | 51.20 E    | 324.53@ 9.08                | 8.78           |
| 4750.00                           | 51.79      | 359.84           | 4674.24  | 31.00              | 344.23                | 344.23 N                | 51.28 E    | 348.03@ 8.47                | 11.20          |
| 4781.00                           | 54.96      | 358.78           | 4692.73  | 31.00              | 369.11                | 369.11 N                | 50.98 E    | 372.61@ 7.86                | 10.59          |
| 4812.00                           | 57.68      | 357.99           | 4709.92  | 31.00              | 394.89                | 394.89 N                | 50.26 E    | 398.08@ 7.25                | 9.03           |
| 4843.00                           | 60.50      | 357.73           | 4725.84  | 31.00              | 421.47                | 421.47 N                | 49.26 E    | 424.34@ 6.67                | 9.13           |

THE FOLLOWING ARE PATHFINDER MWD SURVEYS.

# PathFinder Energy Services, Inc.

## Survey Report

MAC ENERGY  
PECOS FED #1  
EDDY County, NEW MEXICO  
RIG: SILVER OAK #3

Page 02/04

| Measured<br>Depth<br>(ft) | Incl<br>(deg) | Drift<br>Dir.<br>(deg) | TVD<br>(ft) | Course<br>Length<br>(ft) | Vertical<br>Section<br>(ft) | TOTAL<br>Retangular Offsets<br>(ft) | Closure<br>Dist Dir<br>(ft) (deg) | DLS<br>(dg/100ft) |
|---------------------------|---------------|------------------------|-------------|--------------------------|-----------------------------|-------------------------------------|-----------------------------------|-------------------|
| 4874.00                   | 63.93         | 356.94                 | 4740.29     | 31.00                    | 448.86                      | 47.99 E                             | 451.42@ 6.10                      | 11.29             |
| 4905.00                   | 66.65         | 356.76                 | 4753.25     | 31.00                    | 476.98                      | 46.44 E                             | 479.23@ 5.56                      | 8.79              |
| 4936.00                   | 69.38         | 356.32                 | 4764.85     | 31.00                    | 505.67                      | 44.71 E                             | 507.64@ 5.05                      | 8.90              |
| 4967.00                   | 72.80         | 356.06                 | 4774.90     | 31.00                    | 534.92                      | 42.76 E                             | 536.63@ 4.57                      | 11.06             |
| 4999.00                   | 75.27         | 355.71                 | 4783.70     | 32.00                    | 565.61                      | 40.55 E                             | 567.06@ 4.10                      | 7.79              |
| 5030.00                   | 77.21         | 355.18                 | 4791.07     | 31.00                    | 595.62                      | 38.16 E                             | 596.84@ 3.67                      | 6.47              |
| 5061.00                   | 80.11         | 355.18                 | 4797.16     | 31.00                    | 625.91                      | 35.61 E                             | 626.92@ 3.26                      | 9.35              |
| 5092.00                   | 81.69         | 355.62                 | 4802.07     | 31.00                    | 656.42                      | 33.15 E                             | 657.25@ 2.89                      | 5.29              |
| 5123.00                   | 84.24         | 356.94                 | 4805.86     | 31.00                    | 687.11                      | 31.16 E                             | 687.82@ 2.60                      | 9.25              |
| 5154.00                   | 87.23         | 357.20                 | 4808.17     | 31.00                    | 717.98                      | 29.58 E                             | 718.59@ 2.36                      | 9.68              |
| 5185.00                   | 89.08         | 356.94                 | 4809.17     | 31.00                    | 748.93                      | 27.99 E                             | 749.45@ 2.14                      | 6.03              |
| 5216.00                   | 89.69         | 357.46                 | 4809.50     | 31.00                    | 779.89                      | 26.48 E                             | 780.34@ 1.94                      | 2.59              |
| 5247.00                   | 90.04         | 357.38                 | 4809.57     | 31.00                    | 810.86                      | 25.08 E                             | 811.24@ 1.77                      | 1.16              |
| 5339.00                   | 91.80         | 359.22                 | 4808.10     | 92.00                    | 902.80                      | 22.35 E                             | 903.07@ 1.42                      | 2.77              |
| 5369.00                   | 91.36         | 359.22                 | 4807.27     | 30.00                    | 932.78                      | 21.94 E                             | 933.04@ 1.35                      | 1.47              |
| 5400.00                   | 91.45         | 359.22                 | 4806.51     | 31.00                    | 963.77                      | 21.52 E                             | 964.01@ 1.28                      | 0.29              |
| 5431.00                   | 91.10         | 359.22                 | 4805.82     | 31.00                    | 994.76                      | 21.10 E                             | 994.98@ 1.22                      | 1.13              |
| 5492.00                   | 90.92         | 359.40                 | 4804.74     | 61.00                    | 1055.74                     | 20.37 E                             | 1055.94@ 1.11                     | 0.42              |
| 5523.00                   | 90.57         | 359.13                 | 4804.34     | 31.00                    | 1086.74                     | 19.97 E                             | 1086.92@ 1.05                     | 1.43              |
| 5554.00                   | 90.40         | 359.05                 | 4804.08     | 31.00                    | 1117.73                     | 19.48 E                             | 1117.90@ 1.00                     | 0.61              |
| 5615.00                   | 90.40         | 358.70                 | 4803.65     | 61.00                    | 1178.72                     | 18.28 E                             | 1178.86@ 0.89                     | 0.57              |
| 5677.00                   | 90.84         | 359.40                 | 4802.98     | 62.00                    | 1240.71                     | 17.25 E                             | 1240.83@ 0.80                     | 1.33              |
| 5738.00                   | 91.19         | 359.75                 | 4801.90     | 61.00                    | 1301.70                     | 16.80 E                             | 1301.81@ 0.74                     | 0.81              |
| 5800.00                   | 91.36         | 359.93                 | 4800.52     | 62.00                    | 1363.68                     | 16.63 E                             | 1363.78@ 0.70                     | 0.40              |
| 5861.00                   | 90.31         | 358.26                 | 4799.63     | 61.00                    | 1424.66                     | 15.66 E                             | 1424.75@ 0.63                     | 3.23              |
| 5923.00                   | 89.87         | 357.64                 | 4799.53     | 62.00                    | 1486.62                     | 13.44 E                             | 1486.68@ 0.52                     | 1.23              |
| 5984.00                   | 90.84         | 358.52                 | 4799.16     | 61.00                    | 1547.59                     | 11.40 E                             | 1547.63@ 0.42                     | 2.15              |

# PathFinder Energy Services, Inc.

## Survey Report

MAC ENERGY  
PECOS FED #1  
EDDY County, NEW MEXICO  
RIG:SILVER OAK #3

Page 03/04

| Measured<br>Depth<br>(ft) | Incl<br>(deg) | Drift<br>Dir.<br>(deg) | TVD<br>(ft) | Course<br>Length<br>(ft) | Vertical<br>Section<br>(ft) | TOTAL<br>Retangular Offsets<br>(ft) | Closure<br>Dist Dir<br>(ft) (deg) | DLS<br>(dg/100ft) |
|---------------------------|---------------|------------------------|-------------|--------------------------|-----------------------------|-------------------------------------|-----------------------------------|-------------------|
| 6046.00                   | 90.48         | 357.90                 | 4798.44     | 62.00                    | 1609.55                     | 1609.55 N                           | 9.46 E                            | 1.16              |
| 6107.00                   | 91.45         | 359.05                 | 4797.42     | 61.00                    | 1670.52                     | 1670.52 N                           | 7.84 E                            | 2.47              |
| 6169.00                   | 91.54         | 359.05                 | 4795.80     | 62.00                    | 1732.49                     | 1732.49 N                           | 6.81 E                            | 0.15              |
| 6230.00                   | 90.75         | 359.05                 | 4794.58     | 61.00                    | 1793.47                     | 1793.47 N                           | 5.80 E                            | 1.30              |
| 6292.00                   | 89.96         | 359.13                 | 4794.19     | 62.00                    | 1855.46                     | 1855.46 N                           | 4.82 E                            | 1.28              |
| 6353.00                   | 89.52         | 359.40                 | 4794.47     | 61.00                    | 1916.45                     | 1916.45 N                           | 4.04 E                            | 0.85              |
| 6415.00                   | 89.16         | 359.22                 | 4795.19     | 62.00                    | 1978.45                     | 1978.45 N                           | 3.29 E                            | 0.65              |
| 6476.00                   | 88.81         | 359.31                 | 4796.27     | 61.00                    | 2039.43                     | 2039.43 N                           | 2.51 E                            | 0.59              |
| 6538.00                   | 87.85         | 359.13                 | 4798.07     | 62.00                    | 2101.40                     | 2101.40 N                           | 1.66 E                            | 1.58              |
| 6599.00                   | 87.67         | 359.13                 | 4800.46     | 61.00                    | 2162.34                     | 2162.34 N                           | 0.74 E                            | 0.30              |
| 6661.00                   | 87.05         | 359.05                 | 4803.31     | 62.00                    | 2224.27                     | 2224.27 N                           | 0.25 W                            | 1.01              |
| 6723.00                   | 88.29         | 359.57                 | 4805.83     | 62.00                    | 2286.21                     | 2286.21 N                           | 0.99 W                            | 2.17              |
| 6785.00                   | 89.87         | 359.93                 | 4806.83     | 62.00                    | 2348.20                     | 2348.20 N                           | 1.26 W                            | 2.61              |
| 6848.00                   | 91.28         | 0.28                   | 4806.20     | 63.00                    | 2411.20                     | 2411.20 N                           | 1.15 W                            | 2.31              |
| 6910.00                   | 91.36         | 0.54                   | 4804.77     | 62.00                    | 2473.18                     | 2473.18 N                           | 0.70 W                            | 0.44              |
| 6972.00                   | 91.19         | 0.28                   | 4803.39     | 62.00                    | 2535.16                     | 2535.16 N                           | 0.26 W                            | 0.50              |
| 7034.00                   | 91.19         | 0.36                   | 4802.10     | 62.00                    | 2597.15                     | 2597.15 N                           | 0.09 E                            | 0.13              |
| 7096.00                   | 91.10         | 0.19                   | 4800.86     | 62.00                    | 2659.14                     | 2659.14 N                           | 0.38 E                            | 0.31              |
| 7190.00                   | 91.19         | 0.45                   | 4798.98     | 94.00                    | 2753.11                     | 2753.11 N                           | 0.91 E                            | 0.29              |
| 7283.00                   | 91.28         | 0.19                   | 4796.98     | 93.00                    | 2846.09                     | 2846.09 N                           | 1.43 E                            | 0.30              |
| 7376.00                   | 90.75         | 0.10                   | 4795.33     | 93.00                    | 2939.08                     | 2939.08 N                           | 1.66 E                            | 0.58              |
| 7470.00                   | 89.52         | 0.36                   | 4795.11     | 94.00                    | 3033.07                     | 3033.07 N                           | 2.04 E                            | 1.34              |
| 7563.00                   | 90.40         | 358.70                 | 4795.18     | 93.00                    | 3126.07                     | 3126.07 N                           | 1.28 E                            | 2.02              |
| 7657.00                   | 90.75         | 358.34                 | 4794.23     | 94.00                    | 3220.03                     | 3220.03 N                           | 1.15 W                            | 0.53              |
| 7750.00                   | 90.31         | 358.61                 | 4793.37     | 93.00                    | 3312.99                     | 3312.99 N                           | 3.63 W                            | 0.56              |
| 7843.00                   | 89.87         | 358.78                 | 4793.23     | 93.00                    | 3405.97                     | 3405.97 N                           | 5.74 W                            | 0.51              |
| 7937.00                   | 91.01         | 358.61                 | 4792.50     | 94.00                    | 3499.94                     | 3499.94 N                           | 7.88 W                            | 1.23              |

# PathFinder Energy Services, Inc.

## Survey Report

MAC ENERGY  
 PECOS FED #1  
 EDDY County, NEW MEXICO  
 RIG:SILVER OAK #3

Page 04/04

| Measured<br>Depth<br>(ft)        | Incl<br>(deg) | Drift<br>Dir.<br>(deg) | TVD<br>(ft) | Course<br>Length<br>(ft) | Vertical<br>Section<br>(ft) | TOTAL<br>Retangular Offsets<br>(ft) | Closure<br>Dist Dir<br>(ft) (deg) | DLS<br>(dg/100ft) |
|----------------------------------|---------------|------------------------|-------------|--------------------------|-----------------------------|-------------------------------------|-----------------------------------|-------------------|
| 8030.00                          | 90.66         | 358.87                 | 4791.15     | 93.00                    | 3592.91                     | 3592.91 N 9.93 W                    | 3592.92@ 359.84                   | 0.47              |
| 8124.00                          | 90.57         | 358.96                 | 4790.14     | 94.00                    | 3686.88                     | 3686.88 N 11.71 W                   | 3686.90@ 359.82                   | 0.14              |
| 8311.00                          | 90.04         | 359.75                 | 4789.14     | 187.00                   | 3873.87                     | 3873.87 N 13.81 W                   | 3873.89@ 359.80                   | 0.51              |
| 8340.00                          | 89.96         | 0.01                   | 4789.14     | 29.00                    | 3902.87                     | 3902.87 N 13.87 W                   | 3902.89@ 359.80                   | 0.94              |
| STRAIGHT LINE TO BIT PROJECTION. |               |                        |             |                          |                             |                                     |                                   |                   |
| 8387.00                          | 89.96         | 0.01                   | 4789.18     | 47.00                    | 3949.87                     | 3949.87 N 13.87 W                   | 3949.89@ 359.80                   | 0.00              |

# PATHFINDER

## ENERGY SERVICES

### DIRECTIONAL SURVEY INFORMATION

Prepared By: MARCUS MITCHAM

Name of Client: MACK ENERGY

Attention: \_\_\_\_\_

☒ Directional Only Job OR ☐ Logging Job

Name(s) of Persons Performing Surveys:

A) MATT SHIPP D) \_\_\_\_\_  
B) \_\_\_\_\_ E) \_\_\_\_\_  
C) \_\_\_\_\_ F) \_\_\_\_\_

Positions of Said Persons: Surveyors / Field Engineers: Other \_\_\_\_\_

Date(s) Survey was Performed: From 12/14/2006 To 12/24/2006

Type of Survey Performed: (Specify if other than MWD) \_\_\_\_\_

#### IDENTIFICATION OF WELL:

|           |                                |           |                        |
|-----------|--------------------------------|-----------|------------------------|
| Client:   | <u>MACK ENERGY CORPORATION</u> | Rig Name: | <u>SILVER OAK #3</u>   |
| Well No.: | <u>PECOS FEDERAL #1</u>        | API No.:  | <u>30-015-34075</u>    |
| Location: | <u>EDDY COUNTY</u>             | Job No.:  | <u>101006047-WT-WT</u> |
| State:    | <u>NEW MEXICO</u>              |           |                        |

#### TEXAS RAILROAD COMMISSION INFORMATION:

Field: PENASCO DRAW; WOLFCAMP  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Abstract No.: N/A  
Well Plat Survey Co.: RONALD J. EDISON PROFESSIONAL SURVEYOR

Surveys Performed From 4223 Feet TO 8340 Feet

MMS / ASCII / LAS Diskette Filename: \_\_\_\_\_

THIS IS TO VERIFY THAT ATTACHED DOCUMENTS SHOW THE WELL TO BE DISPLACED AT 3949.89 FEET ON A BEARING OF 359.8 DEGREES FROM THE CENTER OF THE ROTARY TABLE AT 8387 DEPTH OF 4789 FEET, ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



Post Office Box 960  
Artesia, NM 88211-0960  
Office (505) 748-1288  
Fax (505) 746-9539

April 5, 2007

**VIA CERTIFIED MAIL 7006 0100 0002 8524 8793**

Bureau Of Land Management  
620 E. Greene Street  
Carlsbad, NM 88220-6292

*Dear Sir or Madam:*

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for an unorthodox horizontal Wolfcamp oil well for the Pecos Federal #1 under Rule 104.F. (3). The surface location for this well is 660 FSL & 1980 FEL of Section 12-T18S-R23E, BHL is 671 FNL & 1994 FEL of Section 12-T18S-R23E Eddy County, New Mexico.*

*Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.*

*Sincerely,*

A handwritten signature in black ink that reads "Jerry W. Sherrell".

*Jerry W. Sherrell  
Production Clerk*

*JWS/*

*Enclosures*



Post Office Box 960  
Artesia, NM 88211-0960  
Office (505) 748-1288  
Fax (505) 746-9539

April 5, 2007

**VIA CERTIFIED MAIL 7006 0100 0002 8524 8625**

John A. Yates and  
Estate of Peggy Yates  
105 South 4th  
Artesia, NM 88210

*Dear Sir or Madam:*

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for an unorthodox horizontal Wolfcamp oil well for the Pecos Federal #1 under Rule 104.F. (3). The surface location for this well is 660 FSL & 1980 FEL of Section 12-T18S-R23E, BHL is 671 FNL & 1994 FEL of Section 12-T18S-R23E Eddy County, New Mexico.*

*Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.*

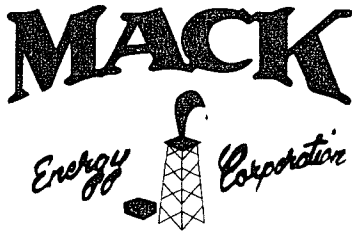
*Sincerely,*

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

*Jerry W. Sherrell  
Production Clerk*

*JWS/*

*Enclosures*



Post Office Box 960  
Artesia, NM 88211-0960  
Office (505) 748-1288  
Fax (505) 746-9539

April 5, 2007

**VIA CERTIFIED MAIL 7006 0100 0002 8524 8786**

Sacramento Partners Ltd.  
105 South 4th  
Artesia, NM 88210

*Dear Sir or Madam:*

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for an unorthodox horizontal Wolfcamp oil well for the Pecos Federal #1 under Rule 104.F. (3). The surface location for this well is 660 FSL & 1980 FEL of Section 12-T18S-R23E, BHL is 671 FNL & 1994 FEL of Section 12-T18S-R23E Eddy County, New Mexico.*

*Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.*

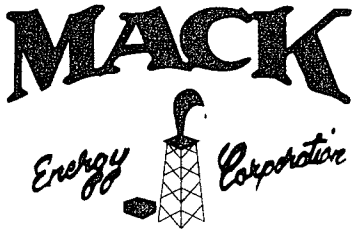
*Sincerely,*

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

*Jerry W. Sherrell  
Production Clerk*

*JWS/*

*Enclosures*



Post Office Box 960  
Artesia, NM 88211-0960  
Office (505) 748-1288  
Fax (505) 746-9539

April 5, 2007

**VIA CERTIFIED MAIL 7006 0100 0002 8524 8731**

Sharbro Oil Ltd. Co.  
105 South 4th  
Artesia, NM 88210

*Dear Sir or Madam:*

*This letter will serve as a notice that Mack Energy Corporation has requested administrative approval from the NMOCD for an unorthodox horizontal Wolfcamp oil well for the Pecos Federal #1 under Rule 104.F. (3). The surface location for this well is 660 FSL & 1980 FEL of Section 12-T18S-R23E, BHL is 671 FNL & 1994 FEL of Section 12-T18S-R23E Eddy County, New Mexico.*

*Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection to the unorthodox location has been made within the 20 days after the application has been received.*

*Sincerely,*

A handwritten signature in black ink that reads "Jerry W. Sherrell". The signature is written in a cursive, flowing style.

*Jerry W. Sherrell  
Production Clerk*

*JWS/*

*Enclosures*

## Jerry Sherrell

---

**From:** Ron Lanning  
**Sent:** Thursday, April 05, 2007 10:12 AM  
**To:** Jerry Sherrell  
**Subject:** RE: Pecos Federal #1

Caza, Robert, Richard and Dianne own all W/2 except SE/4SW/4.

SE/4SW/4  
John A. Yates and Estate of Peggy Yates                      1/6  
Sharbro Oil Ltd. Co.                                                      1/6  
Sacramento Partners Ltd. Part.                                      1/6  
All @ 105 South Fourth Street  
Artesia, NM 88210

The other 50% is owned by James F. Gray, et al. Our most current address is from 1964 and it isn't good anymore.  
Please check with NMOCD and see if this info is acceptable or not. We spent a couple of days looking for better Gray addresses last year without any luck.

---

**From:** Jerry Sherrell  
**Sent:** Tuesday, April 03, 2007 3:00 PM  
**To:** Ron Lanning  
**Subject:** Pecos Federal #1

Ron, I will need a list of offset operators and interest owners for the W/2 of sec. 12 T18S R23E for notification purposes.

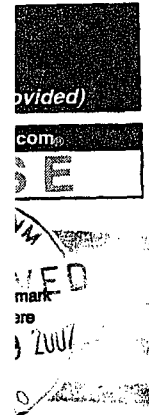
Thanks,

Jerry W. Sherrell  
Mack Energy Corporation  
jerrys@mackenergycorp.com

4/5/2007

| SENDER: COMPLETE THIS SECTION                                                                                                                                                                                                                                                     |  | COMPLETE THIS SECTION ON DELIVERY                                                                                                                                                                                                                                                                                                                                              |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>■ Complete items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> |  | <p>A. Signature <i>Melissa Stewart</i> <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by <i>MELISSA STEWART</i> <input type="checkbox"/> Restricted Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br/>If YES, enter delivery address below: <input type="checkbox"/> No</p>                                     |  |
| <p>1. Article Addressed to:</p> <p>Sharbro Oil Ltd.<br/>105 South Fourth Street<br/>Artesia, NM 88210-2177</p>                                                                                                                                                                    |  | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> |  |
| <p>2. Article Number<br/>(Transfer from service label)</p>                                                                                                                                                                                                                        |  | <p>7006 0100 0002 8524 8731</p>                                                                                                                                                                                                                                                                                                                                                |  |
| <p>PS Form 3811, Feb 2004</p>                                                                                                                                                                                                                                                     |  | <p>102595-02-M-1540</p>                                                                                                                                                                                                                                                                                                                                                        |  |

*Pecos Federal #1*  
*NSL*



|      |                                    |                         |
|------|------------------------------------|-------------------------|
| 7006 | Sent To                            | Sharbro Oil Ltd.        |
|      | Street, Apt. No.,<br>or PO Box No. | 105 South Fourth Street |
|      | City, State, ZIP+                  | Artesia, NM 88210-2177  |
|      | PS Form 3800                       | Instructions            |

RECEIVED

APR 16 2007

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sacramento Partners Ltd.  
105 South Fourth Street  
Artesia, NM 88210-2177

2. Article Number  
(Transfer from service label)

7006 0100 0002 8524 8786

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*Melissa Stewart* Agent ☐ Addressee

B. Received by *MELISSA STEWART* Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service<sup>TM</sup>

**CERTIFIED MAIL<sup>TM</sup> RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

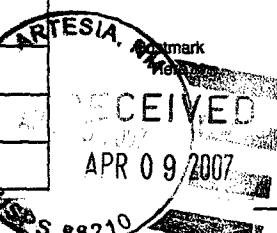
Postage \$ *1.11*  
Certified Fee *2.40*  
Return Receipt Fee  
(Endorsement Required) *1.85*  
Restricted Delivery Fee  
(Endorsement Required)  
Total Postage & Fees \$ *5.36*

Sent To

Street, Apt. No.,  
or PO Box No.  
City, State, ZIP+4

Sacramento Partners Ltd.  
105 South Fourth Street  
Artesia, NM 88210-2177

PS Form 3800, July 2003



7006 0100 0002 8524 8786

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

John A. Yates and  
Estate of Peggy Yates  
105 South Fourth Street  
Artesia, NM 88210-2177

## 2. Article Number

(Transfer from service label)

7006 0100 0002 8524 8625

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Melissa Stewart  
Agent  
Addressee  
B. Received by (Printed Name)  
C. Date of DeliveryD. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

## 3. Service Type

- ☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

## 4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service™

## CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE

Postage

\$

1.16

Certified Fee

2.40

Return Receipt Fee  
(Endorsement Required)

1.85

Restricted Delivery Fee  
(Endorsement Required)

Total Postage &amp; Fees

\$

5.36

Sent To

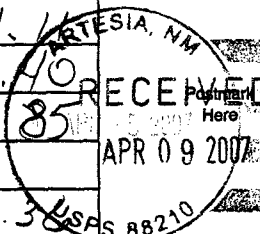
Street, Apt. No.,  
or PO Box No.

City, State, ZIP+4

John A. Yates and  
Estate of Peggy Yates  
105 South Fourth Street  
Artesia, NM 88210-2177

PS Form 3800, June 2002

7006 0100 0002 8524 8625



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Bureau of Land Management  
620 E Greene Street  
Carlsbad, NM 88220-6292

**2. Article Number**  
(Transfer from service label)

7006 0100 0002 8524 8793

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

x *Sheldy*

- ☐ Agent  
☐ Addressee

**B. Received by (Printed Name)****C. Date of Delivery**

4-6

**D. Is delivery address different from item 1? ☐ Yes**

If YES, enter delivery address below: ☐ No

**3. Service Type**

- ☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

**4. Restricted Delivery? (Extra Fee)**

☐ Yes

**Brooks, David K., EMNRD**

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**From:** Jerry Sherrell [jerrys@mackenergycorp.com]

**Sent:** Monday, April 30, 2007 3:31 PM

**To:** Brooks, David K., EMNRD

**Subject:** Pecos Federal #1 NSL

David,

According to my records the 20 day time frame for offset operators to object to this request for NSL approval has expired. due to the need to produce this well, we would like an update as to the status of this application. Per instruction from a phone conversation with Richard Ezeanyim on April 3, 2007, this well was shut-in awaiting approval. Mack Energy requests expedited approval of this application.

Thanks,

Jerry W. Sherrell  
Mack Energy Corporation  
jerrys@mackenergycorp.com

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This inbound email has been scanned by the MessageLabs Email Security System.

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5/2/2007