ATS-09-155 LM
EA-09-303

OCD Artesia

MAR 16 2009

Form 3160-3
(April 2004)

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No NMNM-120349	
6 If Indian, Allotee or Tribe Name	
1a Typeofwork- ☒ DRILL ☐ REENTER	7 If Unit or CA Agreement, Name and No
1b Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8, Lease Name and Well No. 37631 Grinch Federal Com #1
2 Name of Operator Mack Energy Corporation	9 API Well No. 30-015-37002
3a Address P.O. Box 960 Artesia, NM 88211-0960	3b PhoneNo *(include area code)* (575)748-1288
	10 Field and Pool, or Exploratory Empire; Wolfcamp, Northwest
4 Location of Well *(Report location clearly and inaccorounce with any State requirements*)* At surface 375 FSL & 330 FWL per operator 1-9-09 dm At proposed prod zone 365 FSL & 330 FEL	11 Sec., T. R M or Blk. and Survey or Area Sec. 24 T16S R27E
14 Distance in miles and direction from nearest town or post office* 12 miles north/northwest of Loco Hills, NM	12 County or Parish Eddy 13 State NM
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) 330	16. No. of acres in lease 800 17 Spacing Unit dedicated to this well 40
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1320	19 Proposed Depth 6,330' TVD 6345 per directional plan 10,694' MD 20. BLM/BIA Bond No on file NMB000286
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3,541' GR	22 Approximate date work will start* 2/07/09 23 Estimated duration 10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form.

1. Well plat certified by a registered surveyor
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above),
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer

25 Signature Jerry W. Sherrell	Name *(Printed/Typed)* Jerry W. Sherrell	Date 1/7/09
Title Production Clerk		
Approved by *(Signature)* **/s/ James Stovall**	Name *(Printed/Typed)*	Date MAR 12 2009
Title **FIELD MANAGER**	Office **CARLSBAD FIELD OFFICE**	

Application approval does not warrantor certify that the applicant holds lega orequitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 U S C Section 1001 and Tide 43 U.S C Section 1212, make it a crime for any person knowirilly and willfully to make to any department or agency ofthe United States any false, fictitious or fraudulent statements or representations as to any matter within its juris iction

**(Instructions on page 2)*

Roswell Controlled Water Basin

ENTERED
MAR 18 2009
BY:

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

SUBJECT TO LIKE APPROVAL BY STATE

possible commingle behind pipe

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, 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 Department

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-37002	97286	Empire; Wolfcamp Northwest

Property Code	Property Name	Well Number
37631	GRINCH FEDERAL COM	1

OGRID No.	Operator Name	Elevation
013837	MACK ENERGY CORPORATION	3541'

Surface Location

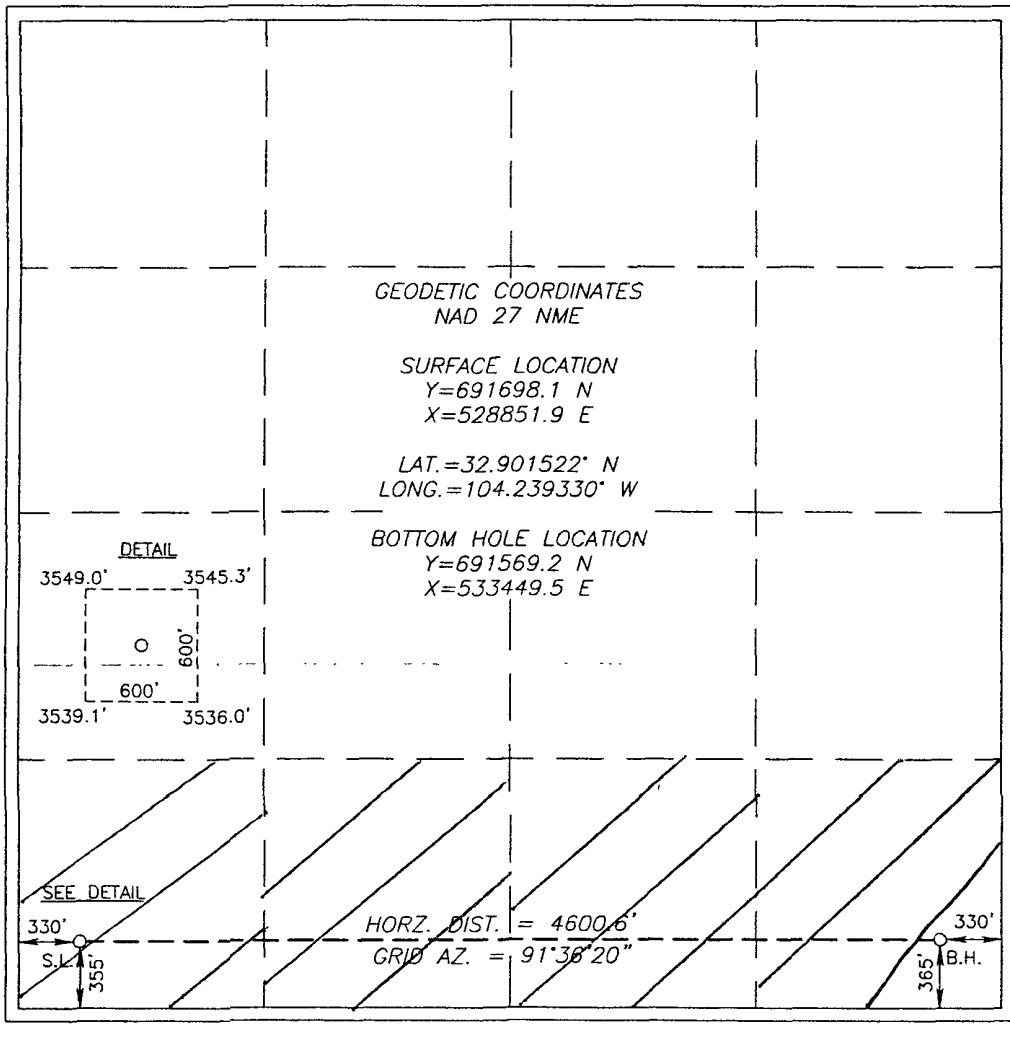
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	24	16-S	27-E		355	SOUTH	330	WEST	EDDY

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
P	24	16-S	27-E		365	SOUTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



OPERATOR CERTIFICATION

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.

Jerry W. Sherrell 1/7/09
Signature Date

Jerry W. Sherrell
Printed Name

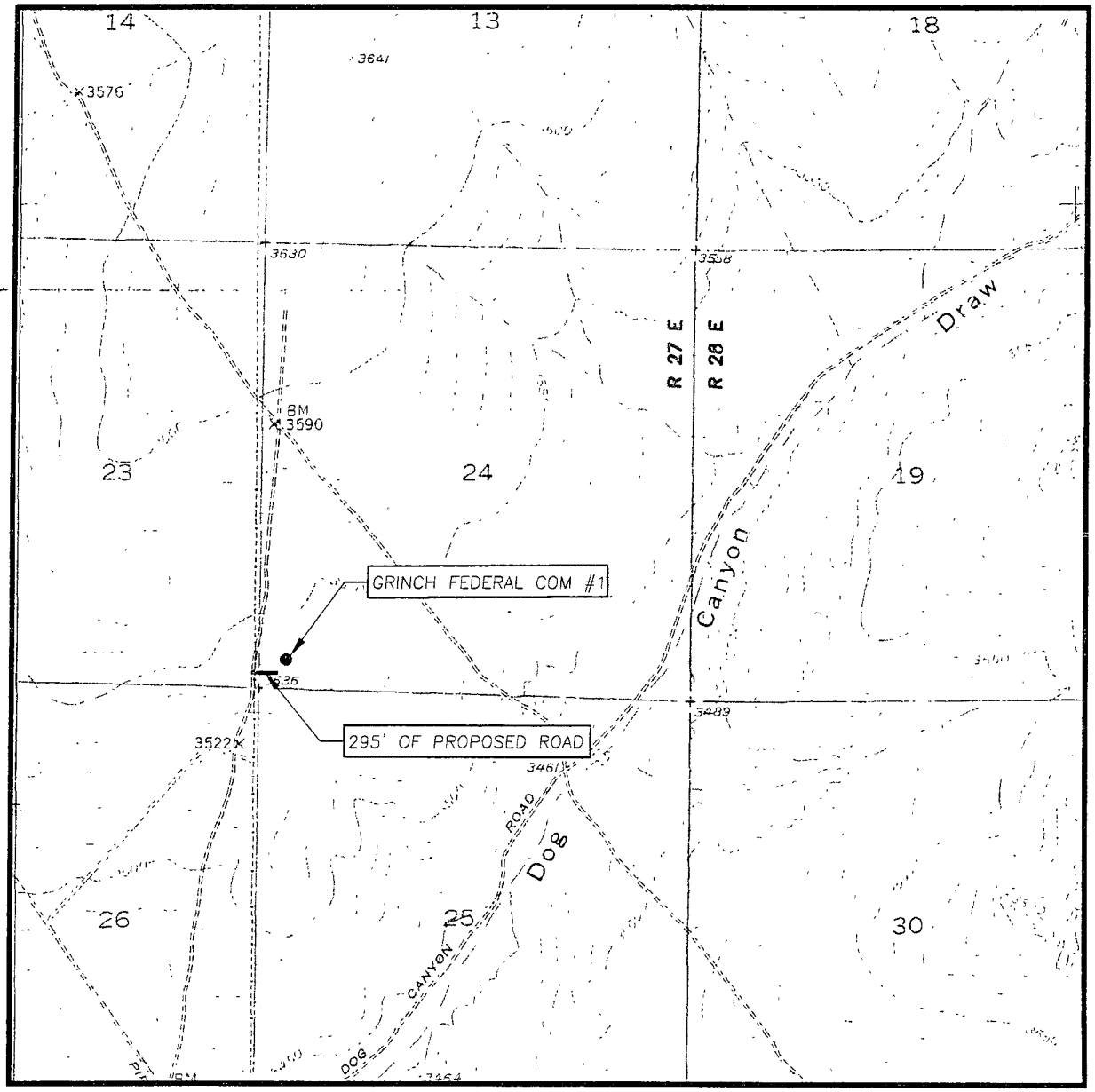
SURVEYOR CERTIFICATION

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.

NOVEMBER 22, 2008
Date Surveyed JC
Signature & Seal of Professional Surveyor
12641
Gary L. Eidson 12/02/08
08.11.1972

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
DIAMOND MOUND, N.M. – 10'

SEC. 24 TWP. 16-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 355' FSL & 330' FWL

ELEVATION 3541'

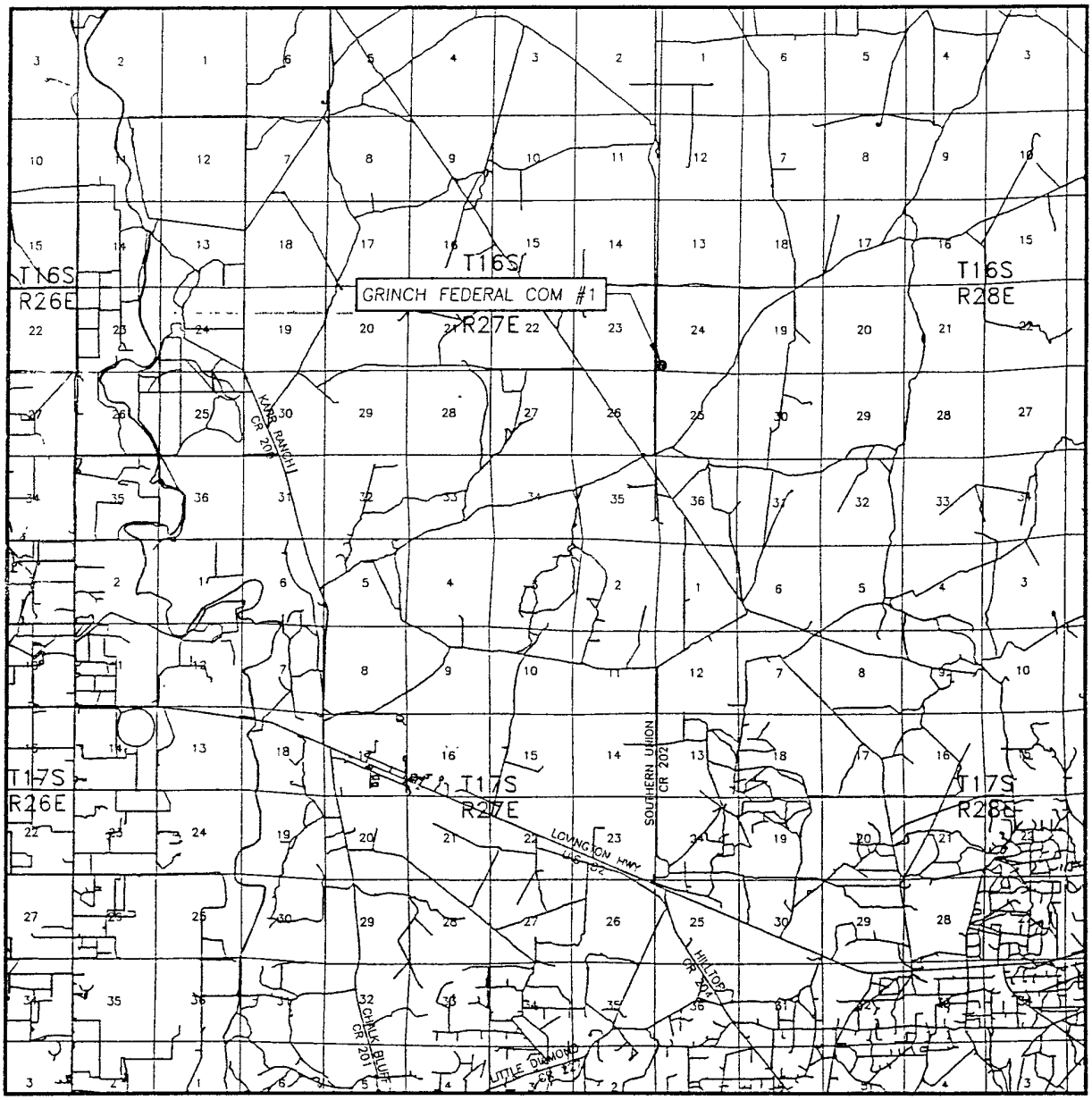
OPERATOR MACK ENERGY CORPORATION

LEASE GRINCH FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP
DIAMOND MOUND, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N M 88240
(575) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 24 TWP. 16-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 355' FSL & 330' FWL

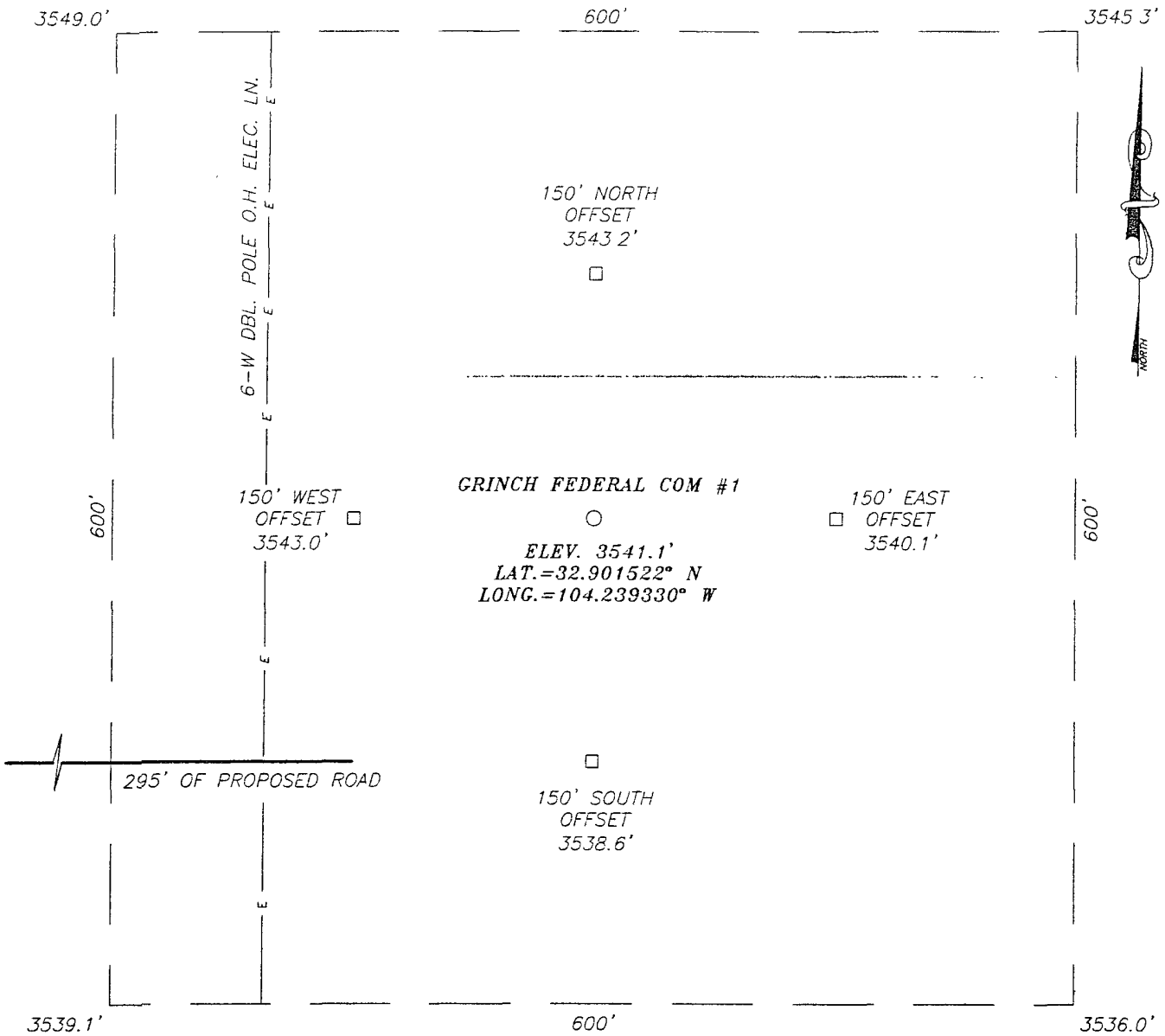
ELEVATION 3541'

OPERATOR MARBOB ENERGY CORPORATION

LEASE GRINCH FEDERAL COM

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

SECTION 24, TOWNSHIP 16 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #202 (SOUTHERN UNION), GO NORTH ON CO. RD. #202 APPROX. 2.6 MILES; TURN RIGHT AND GO NORTHEAST APPROX. 1.2 MILES; VEER LEFT AND GO NORTHWEST APPROX. 2.7 MILES; TURN RIGHT AND GO NORTHEAST APPROX. 0.5 MILES; VEER RIGHT AND GO EAST APPROX. 0.1 MILE; TURN LEFT AND GO NORTH APPROX. 0.2 MILES TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY EAST 450 FEET TO THIS LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

MACK ENERGY CORPORATION

GRINCH FEDERAL COM #1 WELL
LOCATED 355 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE WEST LINE OF SECTION 24,
TOWNSHIP 16 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 11/22/08	Sheet 1 of 1 Sheets		
W.O. Number: 08.11.1972	Dr By: JC		Rev 1: N/A
Date: 11/25/08		08111972	Scale: 1"=100'

Attached to Form 3160-3
Mack Energy Corporation
Grinch Federal Com #1
SHL 355 FSL & 330 FWL Unit M, Sec. 24 T16S R27E
BHL 365 FSL & 330 FEL Unit P, Sec. 24 T16S R27E
Eddy County, NM

DRILLING PROGRAM

1. **Geologic Name of Surface Formation**

   Quaternary

2. **Estimated Tops of Important Geologic Markers:**

Quaternary	Surface
San Andres	1650'
Glorieta	3080'
Tubb	4400'
Abo	5000'
Wolfcamp	6200'

3. **Estimated Depths of Anticipated Fresh Water, Oil and Gas:**

Water Sand	150'	Fresh Water
San Andres	1650'	Oil/Gas
Abo	5000'	Oil/Gas
Wolfcamp	6200'	Oil/Gas

   No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 8 5/8" casing to 1100' and circulating cement back to surface will protect the surface fresh water sand. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing a combination string of 5 1/2" and 4 ½" production casing thru a ported collar @ 5700', sufficient cement will be pumped to circulate back to surface.

4. **Casing Program:**

Hole Size	Interval	OD Casing	Wt, Grade, Jt, cond, collapse/burst/tension
12 ¼"	0-1100'	8 5/8"	24#, J-55, ST&C, New, 2.548/5.521/5.900
7 7/8"	0-7300'	5 1/2"	17#, P-110, LT&C, New, 1.970/3.736/3.547
6 1/8"	7300-10,694'	4 1/2"	11.6#, HCP-110,Buttress,New, 1.556/3.849/3.56

5. Cement Program:

8 5/8 Surface Casing: Class C, 650sx, yield 1.32.

5 1/2" Production Casing: Class C, 900sx, yield 1.32.

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (3000 psi WP) minimum preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on bottom. The BOP will be nipped up on the 8 5/8" surface casing and tested by a 3rd party to 2000 psi and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of surface casing. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve and choke lines and choke manifold (Exhibit #11) with a minimum 3000 psi WP rating.

7. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of brine, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-1100'	Fresh Water	8.5	28	N.C.
1100'-TD	Cut Brine	9.1	29	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

8. Auxiliary Well Control and Monitoring Equipment:

A. Kelly cock will be kept in the drill string at all times.

B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program:

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be ran from T.D. to 8 5/8 casing shoe.

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be ran from T.D. to 9 5/8 casing shoe.

B. Drill Stem test is not anticipated.

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

10. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 3250 psig. Low levels of Hydrogen sulfide have been monitors in producing wells in the area, so H2S may be present while drilling of the well; a plan is attached to the Drilling program. No major loss of circulation zones has been reported in offsetting wells.

11. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is February 7, 2009. Once commenced, the drilling operation should be finished in approximately 35 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

Mack Energy

Eddy County
Grinch Fed Com #1
Grinch Fed Com #1
OH

Plan: Plan #1

Pathfinder X & Y Survey Report

07 January, 2009

MACK Energy Corporation

Azimuths to Grid North
True North: -0.05°
Magnetic North: 8.17°

Magnetic Field
Strength: 49217.4snT
Dip Angle: 60.77°
Date: 1/7/2009
Model: IGRF200510

Project: Eddy County
Site: Grinch Fed Com #1
Well: Grinch Fed Com #1
Wellbore: OH
Plan: Plan #1 (Grinch Fed Com #1/OH)

PATHFINDER ENERGY SERVICES

SECTION DETAILS

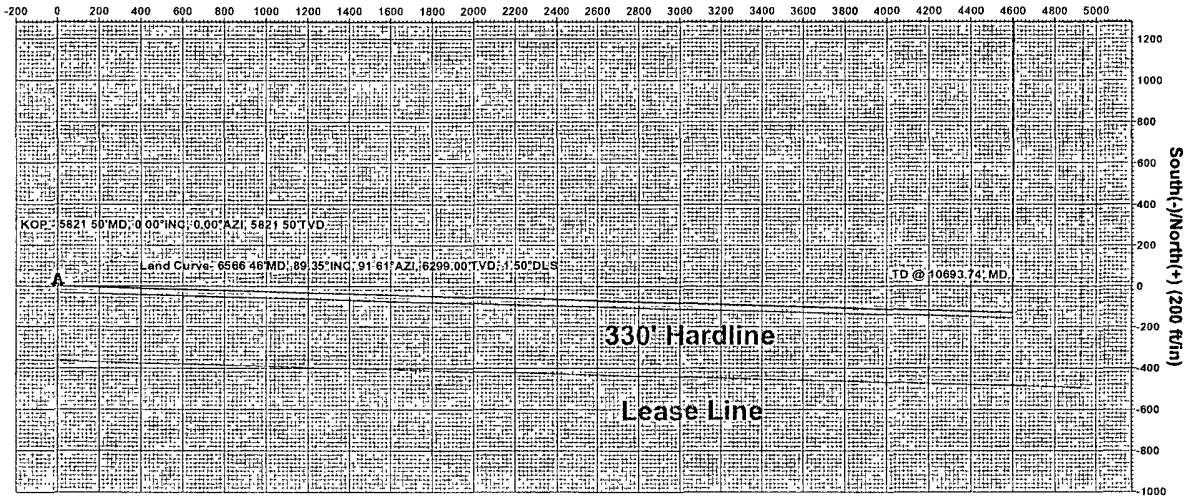
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	5821.50	0.00	0.00	5821.50	0.00	0.00	0.00	0.00	0.00	
3	6566.19	89.35	91.61	6299.00	-13.26	471.93	12.00	91.61	472.11	
4	6566.46	89.35	91.61	6299.00	-13.27	472.20	1.50	-106.92	472.39	
5	7094.11	89.35	91.61	6305.00	-28.06	999.61	0.00	0.00	1000.00	Target 2
6	7100.37	89.25	91.61	6305.08	-28.24	1005.87	1.50	-179.39	1006.26	
7	8094.19	89.25	91.61	6318.00	-56.07	1999.21	0.00	0.00	2000.00	Target 3
8	8098.03	89.31	91.61	6318.05	-56.18	2003.05	1.50	0.56	2003.84	
9	9094.26	89.31	91.61	6330.00	-84.09	2998.82	0.00	0.00	3000.00	Target 4
10	9101.92	89.43	91.61	6330.08	-84.30	3006.48	1.50	0.00	3007.66	
11	10094.31	89.43	91.61	6340.00	-112.11	3998.43	0.00	0.00	4000.00	Target 5
12	10693.74	89.62	91.60	6345.00	-128.90	4597.60	0.03	-0.31	4599.41	PBHL(Grinch #1)

WELL DETAILS: Grinch Fed Com #1

Ground Elevation: 3541.00
RKB Elevation: WELL @ 3558.00ft (RKB= 17')
Rig Name: RKB= 17'

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	691698.100	528851.900	32° 54' 5.478 N	104° 14' 21.587 W	

West(-)/East(+) (200 ft/in)



Note: Wellbore path is approximately 25' from south 330' HL

PROJECT DETAILS: Eddy County
Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001

System Datum: Mean Sea Level
Local North: Grid

Plan: Plan #1 (Grinch Fed Com #1/OH)
Created By: Aaron Pullin Date: 13:34, January 07 2009
Checked _____ Date _____

Pathfinder Energy Services

Pathfinder X & Y Survey Report

Company:	Mack Energy	Local Co-ordinate Reference:	Well Grinch Fed Com #1
Project:	Eddy County	TVD Reference:	WELL @ 3558.00ft (RKB=17')
Site:	Grinch Fed Com #1	MD Reference:	WELL @ 3558.00ft (RKB=17')
Well:	Grinch Fed Com #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Project Eddy County

Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Grinch Fed Com #1

Site Position:		Northing:	691,698.100 ft	Latitude:	32° 54' 5.478 N
From:	Map	Easting:	528,851.900 ft	Longitude:	104° 14' 21.587 W
Position Uncertainty:	0.00 ft	Slot Radius:	"	Grid Convergence:	0.05 °

Well Grinch Fed Com #1

Well Position	+N/-S	0.00 ft	Northing:	691,698.100 ft	Latitude:	32° 54' 5.478 N
	+E/-W	0.00 ft	Easting:	528,851.900 ft	Longitude:	104° 14' 21.587 W
Position Uncertainty		0.00 ft	Wellhead Elevation:	ft	Ground Level:	3,541.00 ft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	1/7/2009	8.22	60.77	49,217

Design Plan #1

Audit Notes:

Version:		Phase:	PLAN	Tie On Depth:	0.00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	91.61

Survey Tool Program Date 1/7/2009

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.00	10,693.53	Plan #1 (OH)	MWD	MWD - Standard

Pathfinder Energy Services

Pathfinder X & Y Survey Report

Company:	Mack Energy	**Local Co-ordinate Reference:**	Well Grinch Fed Com #1
Project:	Eddy County	**TVD Reference:**	WELL @ 3558.00ft (RKB= 17')
Site:	Grinch Fed Com #1	**MD Reference:**	WELL @ 3558.00ft (RKB= 17')
Well:	Grinch Fed Com #1	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
0.00	0.00	0.00	0.00	-3,558.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
100.00	0.00	0.00	100.00	-3,458.00	0.00	0.00	0.00	0.00	691,698.10	528,851 90
200.00	0.00	0.00	200.00	-3,358.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
300 00	0.00	0.00	300.00	-3,258.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
400 00	0.00	0.00	400.00	-3,158.00	0 00	0.00	0.00	0.00	691,698.10	528,851.90
500 00	0.00	0.00	500.00	-3,058.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
600.00	0.00	0.00	600.00	-2,958.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
700.00	0.00	0.00	700.00	-2,858.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
800.00	0.00	0.00	800.00	-2,758.00	0 00	0.00	0.00	0.00	691,698.10	528,851.90
900.00	0.00	0.00	900.00	-2,658.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
1,000.00	0.00	0.00	1,000.00	-2,558.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
1,100.00	0.00	0.00	1,100.00	-2,458.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
1,200.00	0.00	0.00	1,200.00	-2,358.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
1,300.00	0.00	0.00	1,300.00	-2,258.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
1,400.00	0.00	0.00	1,400.00	-2,158.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
1,500.00	0.00	0.00	1,500.00	-2,058.00	0.00	0.00	0.00	0.00	691,698.10	528,851 90
1,600.00	0.00	0.00	1,600.00	-1,958.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
1,700.00	0.00	0.00	1,700.00	-1,858.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
1,800.00	0.00	0 00	1,800 00	-1,758.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
1,900.00	0.00	0.00	1,900 00	-1,658.00	0.00	0.00	0 00	0.00	691,698 10	528,851.90
2,000.00	0.00	0.00	2,000.00	-1,558.00	0.00	0.00	0.00	0 00	691,698.10	528,851.90
2,100.00	0.00	0.00	2,100.00	-1,458.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
2,200.00	0.00	0.00	2,200.00	-1,358.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
2,300.00	0.00	0 00	2,300.00	-1,258.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
2,400.00	0.00	0.00	2,400.00	-1,158.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
2,500.00	0.00	0.00	2,500.00	-1,058.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
2,600.00	0 00	0.00	2,600.00	-958.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90

Pathfinder Energy Services

Pathfinder X & Y Survey Report

Company:	Mack Energy	Local Co-ordinate Reference:	Well Grinch Fed Com #1
Project:	Eddy County	TVD Reference:	WELL @ 3558.00ft (RKB= 17')
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Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,700.00	0.00	0.00	2,700.00	-858.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
2,800.00	0.00	0.00	2,800.00	-758.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
2,900.00	0.00	0.00	2,900.00	-658.00	0 00	0.00	0.00	0.00	691,698.10	528,851.90
3,000.00	0.00	0.00	3,000.00	-558.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
3,100.00	0 00	0.00	3,100.00	-458.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
3,200 00	0.00	0.00	3,200.00	-358.00	0 00	0.00	0.00	0.00	691,698.10	528,851.90
3,300.00	0.00	0.00	3,300.00	-258.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
3,400.00	0.00	0.00	3,400.00	-158.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
3,500.00	0.00	0 00	3,500.00	-58.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
3,600.00	0 00	0.00	3,600.00	42.00	0.00	0 00	0.00	0.00	691,698.10	528,851 90
3,700.00	0.00	0.00	3,700.00	142.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
3,800 00	0 00	0.00	3,800.00	242.00	0.00	0 00	0.00	0 00	691,698.10	528,851.90
3,900.00	0 00	0.00	3,900.00	342.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,000.00	0.00	0.00	4,000.00	442.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,100.00	0.00	0.00	4,100.00	542.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
4,200.00	0 00	0.00	4,200.00	642.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,300.00	0.00	0.00	4,300.00	742.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,400.00	0.00	0.00	4,400.00	842.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,500.00	0.00	0.00	4,500.00	942.00	0.00	0 00	0.00	0 00	691,698.10	528,851.90
4,600.00	0.00	0.00	4,600.00	1,042.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,700.00	0.00	0.00	4,700.00	1,142.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
4,800.00	0.00	0.00	4,800.00	1,242.00	0.00	0.00	0.00	0.00	691,698.10	528,851 90
4,900.00	0 00	0.00	4,900.00	1,342.00	0.00	0.00	0.00	0.00	691,698.10	528,851 90
5,000.00	0.00	0.00	5,000.00	1,442.00	0.00	0 00	0.00	0.00	691,698.10	528,851 90
5,100.00	0.00	0.00	5,100.00	1,542.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
5,200.00	0.00	0.00	5,200.00	1,642.00	0.00	0.00	0.00	0 00	691,698.10	528,851 90
5,300.00	0.00	0.00	5,300.00	1,742.00	0 00	0.00	0.00	0.00	691,698.10	528,851.90

Pathfinder Energy Services

Pathfinder X & Y Survey Report

Company:	Mack Energy	Local Co-ordinate Reference:	Well Grinch Fed Com #1
Project:	Eddy County	TVD Reference:	WELL @ 3558.00ft (RKB = 17')
Site:	Grinch Fed Com #1	MD Reference:	WELL @ 3558.00ft (RKB = 17')
Well:	Grinch Fed Com #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
5,400.00	0.00	0.00	5,400 00	1,842 00	0 00	0 00	0.00	0.00	691,698 10	528,851.90
5,500.00	0.00	0.00	5,500.00	1,942.00	0.00	0.00	0 00	0.00	691,698.10	528,851.90
5,600.00	0 00	0.00	5,600.00	2,042.00	0.00	0.00	0.00	0.00	691,698.10	528,851 90
5,700.00	0 00	0.00	5,700.00	2,142.00	0 00	0.00	0.00	0.00	691,698.10	528,851.90
5,800.00	0.00	0.00	5,800.00	2,242.00	0.00	0.00	0.00	0.00	691,698.10	528,851.90
5,821.50	0.00	0.00	5,821.50	2,263.50	0 00	0 00	0.00	0.00	691,698.10	528,851.90
KOP -5821.50'MD, 0.00°INC, 0.00°AZI, 5821.50'TVD										
5,825.00	0.42	91.61	5,825.00	2,267.00	0.00	0.01	0.01	12 00	691,698.10	528,851.91
5,850 00	3.42	91.61	5,849.98	2,291.98	-0.02	0.85	0.85	12.00	691,698.08	528,852 75
5,875.00	6.42	91.61	5,874.89	2,316.89	-0.08	2.99	2.99	12.00	691,698.02	528,854.89
5,900 00	9.42	91.61	5,899.65	2,341.65	-0.18	6.44	6.44	12.00	691,697.92	528,858.34
5,925.00	12.42	91.61	5,924.19	2,366.19	-0.31	11.17	11.17	12.00	691,697.79	528,863.07
5,950.00	15.42	91.61	5,948.45	2,390.45	-0.48	17.18	17.19	12.00	691,697.62	528,869.08
5,975.00	18.42	91.61	5,972.37	2,414.37	-0.69	24.45	24.46	12.00	691,697.41	528,876.35
6,000 00	21.42	91.61	5,995.87	2,437.87	-0 93	32.96	32.97	12.00	691,697.17	528,884.86
6,025.00	24.42	91.61	6,018.90	2,460.90	-1.20	42.69	42 71	12.00	691,696.90	528,894.59
6,050.00	27.42	91.61	6,041.38	2,483.38	-1.51	53.61	53 63	12 00	691,696.59	528,905.51
6,075.00	30.42	91.61	6,063.26	2,505.26	-1.85	65.69	65.72	12.00	691,696.25	528,917.59
6,100.00	33 42	91.61	6,084.48	2,526.48	-2.22	78.90	78 94	12.00	691,695.88	528,930.80
6,125.00	36.41	91.61	6,104.98	2,546.98	-2.62	93.21	93.24	12 00	691,695.48	528,945.11
6,150.00	39.41	91.61	6,124.70	2,566.70	-3.05	108.56	108 60	12 00	691,695.05	528,960.46
6,175.00	42.41	91.61	6,143.59	2,585.59	-3.51	124.93	124.98	12.00	691,694.59	528,976.83
6,200.00	45.41	91.61	6,161.59	2,603.59	-4.00	142.26	142 31	12.00	691,694.10	528,994.16
6,225.00	48.41	91.61	6,178.67	2,620.67	-4.51	160.51	160.57	12.00	691,693 59	529,012.41
6,250.00	51.41	91.61	6,194.77	2,636.77	-5.05	179 62	179.69	12.00	691,693.05	529,031.52
6,275.00	54.41	91.61	6,209.84	2,651.84	-5.61	199.55	199.63	12.00	691,692.49	529,051.45
6,300 00	57.41	91.61	6,223.85	2,665.85	-6.19	220.25	220.34	12.00	691,691.91	529,072.15

Pathfinder Energy Services

Pathfinder X & Y Survey Report

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Project:	Eddy County	TVD Reference:	WELL @ 3558.00ft (RKB= 17')
Site:	Grinch Fed Com #1	MD Reference:	WELL @ 3558.00ft (RKB= 17')
Well:	Grinch Fed Com #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
6,325.00	60.41	91.61	6,236.76	2,678.76	-6.79	241.65	241 74	12.00	691,691 31	529,093.55
6,350.00	63 41	91.61	6,248.53	2,690.53	-7.41	263 69	263 80	12.00	691,690.69	529,115 59
6,375.00	66.41	91.61	6,259.13	2,701.13	-8.05	286 32	286.43	12.00	691,690 05	529,138.22
6,400.00	69.41	91.61	6,268.53	2,710.53	-8.70	309 47	309.60	12.00	691,689 40	529,161.37
6,425.00	72.41	91.61	6,276.70	2,718 70	-9.36	333.09	333.22	12.00	691,688 74	529,184.99
6,450 00	75.41	91.61	6,283.63	2,725.63	-10.04	357.10	357.24	12.00	691,688.06	529,209 00
6,475.00	78.41	91.61	6,289.29	2,731.29	-10.72	381.43	381.58	12.00	691,687.38	529,233.33
6,500.00	81.41	91.61	6,293.67	2,735.67	-11 41	406.03	406.20	12.00	691,686.69	529,257.93
6,525 00	84.41	91.61	6,296.76	2,738.76	-12.11	430 83	431.00	12.00	691,685.99	529,282.73
6,550.00	87.41	91.61	6,298.54	2,740.54	-12.81	455.75	455.93	12 00	691,685.29	529,307 65
6,566.19	89.35	91.61	6,299.00	2,741.00	-13.26	471.93	472.11	12 00	691,684.84	529,323.83
6,566.46	89.35	91.61	6,299.00	2,741.00	-13.27	472.20	472.39	1.50	691,684.83	529,324.10
Land Curve- 6566.46'MD, 89.35°INC, 91.61°AZI, 6299.00'TVD, 1.50°DLS										
6,600.00	89.35	91.61	6,299.38	2,741.38	-14.21	505.73	505.93	0.00	691,683.89	529,357 63
6,694 06	89.35	91.61	6,300.45	2,742.45	-16.85	599.74	599.98	0.00	691,681.25	529,451 64
Target 1										
6,700 00	89.35	91.61	6,300.52	2,742.52	-17.01	605.68	605.92	0.00	691,681.09	529,457.58
6,800 00	89.35	91.61	6,301.66	2,743.66	-19.82	705.63	705.91	0.00	691,678.28	529,557.53
6,900.00	89.35	91.61	6,302.79	2,744.79	-22.62	805.59	805.91	0.00	691,675.48	529,657 49
7,000.00	89.35	91.61	6,303.93	2,745.93	-25.42	905.54	905.90	0.00	691,672.68	529,757.44
7,094.11	89.35	91.61	6,305.00	2,747.00	-28.06	999.61	1,000.00	0.00	691,670.04	529,851.51
Target 2										
7,100.37	89.25	91.61	6,305.08	2,747.08	-28.24	1,005.87	1,006.26	1 50	691,669.86	529,857.77
7,200.00	89.25	91.61	6,306.37	2,748.37	-31.03	1,105.45	1,105.88	0.00	691,667.07	529,957.35
7,300.00	89.25	91.61	6,307.67	2,749.67	-33.83	1,205.40	1,205.88	0.00	691,664.27	530,057.30
7,400.00	89.25	91.61	6,308.97	2,750.97	-36.63	1,305.35	1,305.87	0.00	691,661.47	530,157.25
7,500 00	89.25	91.61	6,310.27	2,752 27	-39 43	1,405.31	1,405.86	0.00	691,658.67	530,257.21
7,600.00	89.25	91.61	6,311.57	2,753.57	-42.23	1,505.26	1,505.85	0.00	691,655.87	530,357.16

Pathfinder Energy Services

Pathfinder X & Y Survey Report

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Project:	Eddy County	TVD Reference:	WELL @ 3558.00ft (RKB=17')
Site:	Grinch Fed Com #1	MD Reference:	WELL @ 3558.00ft (RKB=17')
Well:	Grinch Fed Com #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
7,700.00	89.25	91.61	6,312.87	2,754.87	-45.03	1,605.21	1,605.84	0.00	691,653.07	530,457.11
7,800.00	89.25	91.61	6,314.17	2,756.17	-47.83	1,705.16	1,705.83	0.00	691,650.27	530,557.06
7,900.00	89.25	91 61	6,315.47	2,757.47	-50.63	1,805.12	1,805.83	0.00	691,647.47	530,657 02
8,000 00	89 25	91.61	6,316.78	2,758.78	-53.43	1,905.07	1,905.82	0.00	691,644.67	530,756.97
8,094.19	89.25	91.61	6,318.00	2,760.00	-56.07	1,999 21	2,000.00	0.00	691,642.03	530,851.11
Target 3										
8,098.03	89.31	91.61	6,318.05	2,760.05	-56.18	2,003 05	2,003.84	1.50	691,641.92	530,854.95
8,100.00	89.31	91.61	6,318.07	2,760.07	-56.23	2,005.02	2,005.81	0.00	691,641.87	530,856.92
8,200.00	89.31	91.61	6,319.27	2,761.27	-59.03	2,104.97	2,105.80	0.00	691,639.07	530,956.87
8,300.00	89.31	91.61	6,320.47	2,762.47	-61.84	2,204.93	2,205.79	0.00	691,636.26	531,056.83
8,400.00	89.31	91.61	6,321.67	2,763.67	-64.64	2,304.88	2,305.79	0.00	691,633.46	531,156.78
8,500.00	89.31	91.61	6,322.87	2,764.87	-67.44	2,404 83	2,405.78	0.00	691,630.66	531,256.73
8,600.00	89.31	91.61	6,324 07	2,766.07	-70.24	2,504 79	2,505 77	0.00	691,627.86	531,356.69
8,700.00	89.31	91.61	6,325.27	2,767 27	-73.04	2,604 74	2,605.77	0.00	691,625.06	531,456.64
8,800.00	89.31	91.61	6,326.47	2,768.47	-75.85	2,704.69	2,705.76	0.00	691,622.25	531,556.59
8,900.00	89.31	91.61	6,327.67	2,769.67	-78.65	2,804.65	2,805.75	0.00	691,619.45	531,656.55
9,000.00	89.31	91.61	6,328.87	2,770.87	-81.45	2,904.60	2,905.74	0.00	691,616 65	531,756.50
9,094.26	89.31	91.61	6,330.00	2,772.00	-84.09	2,998.82	3,000.00	0.00	691,614.01	531,850.72
Target 4										
9,101.92	89.43	91.61	6,330.08	2,772.08	-84.30	3,006.48	3,007.66	1.50	691,613 80	531,858.38
9,200.00	89.43	91.61	6,331.06	2,773.06	-87.05	3,104.51	3,105.73	0.00	691,611.05	531,956.41
9,300.00	89.43	91.61	6,332.06	2,774.06	-89.85	3,204.47	3,205 73	0.00	691,608.25	532,056.37
9,400.00	89.43	91.61	6,333.06	2,775.06	-92.66	3,304.42	3,305.72	0.00	691,605.44	532,156.32
9,500 00	89.43	91.61	6,334.06	2,776.06	-95.46	3,404.38	3,405.72	0.00	691,602.64	532,256.28
9,600.00	89.43	91.61	6,335.06	2,777.06	-98.26	3,504 33	3,505.71	0.00	691,599.84	532,356.23
9,700 00	89.43	91.61	6,336.06	2,778.06	-101 06	3,604.29	3,605.71	0.00	691,597.04	532,456 19
9,800 00	89.43	91.61	6,337.06	2,779.06	-103.86	3,704.25	3,705.70	0.00	691,594.24	532,556.15

Pathfinder Energy Services

Pathfinder X & Y Survey Report

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Site:	Grinch Fed Com #1	MD Reference:	WELL @ 3558.00ft (RKB=17)
Well:	Grinch Fed Com #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
9,900.00	89.43	91.61	6,338.06	2,780.06	-106.67	3,804.20	3,805.70	0.00	691,591.43	532,656.10
10,000.00	89.43	91.61	6,339.06	2,781.06	-109.47	3,904.16	3,905.69	0.00	691,588.63	532,756.06
10,094.31	89.43	91.61	6,340.00	2,782.00	-112.11	3,998.43	4,000.00	0.00	691,585.99	532,850 33
Target 5										
10,100.00	89.43	91.61	6,340.06	2,782.06	-112.27	4,004.11	4,005.69	0 03	691,585.83	532,856.01
10,200.00	89.46	91.61	6,341.03	2,783.03	-115.07	4,104.07	4,105.68	0.03	691,583.03	532,955.97
10,300.00	89.49	91.61	6,341.94	2,783.94	-117 87	4,204.03	4,205.68	0.03	691,580.23	533,055.93
10,400 00	89.52	91.61	6,342.80	2,784 80	-120.67	4,303.98	4,305.67	0.03	691,577.43	533,155 88
10,500.00	89.56	91.60	6,343.60	2,785.60	-123 47	4,403.94	4,405.67	0 03	691,574 63	533,255.84
10,600.00	89.59	91.60	6,344.35	2,786.35	-126.27	4,503.90	4,505.67	0.03	691,571.83	533,355 80
10,693.74	89.62	91.60	6,345.00	2,787.00	-128.90	4,597.60	4,599.41	0.03	691,569.20	533,449.50
TD at 10693.74' MD - PBHL(Grinch #1)										

Pathfinder Energy Services

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Site:	Grinch Fed Com #1	MD Reference:	WELL @ 3558.00ft (RKB=17')
Well:	Grinch Fed Com #1	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Targets

Target Name hit/miss target Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Target 3 - plan hits target - Point	0.00	0.00	6,318.00	-56.07	1,999.21	691,642.030	530,851.110	32° 54' 4.905 N	104° 13' 58.138 W
Target 5 - plan hits target - Point	0.00	0.00	6,340.00	-112.11	3,998.43	691,585.990	532,850.330	32° 54' 4.331 N	104° 13' 34.690 W
Target 2 - plan hits target - Point	0.00	0.00	6,305.00	-28.06	999.61	691,670.040	529,851.510	32° 54' 5.192 N	104° 14' 9 863 W
PBHL(Grinch #1) - plan hits target - Point	0.00	0.00	6,345.00	-128.90	4,597.60	691,569.200	533,449.500	32° 54' 4.159 N	104° 13' 27.662 W
Target 1 - plan misses by 1.45ft at 6694.06ft MD (6300.45 TVD, -16.85 N, 599.74 E) - Point	0.00	0.00	6,299 00	-16 85	599.76	691,681.250	529,451.660	32° 54' 5.306 N	104° 14' 14.553 W
Target 4 - plan hits target - Point	0.00	0.00	6,330.00	-84 09	2,998.82	691,614 010	531,850.720	32° 54' 4.619 N	104° 13' 46.414 W

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
5,821 50	5,821.50	0.00	0.00	KOP - 5821.50'MD, 0 00°INC, 0 00°AZI, 5821.50'TVD
6,566.46	6,299.00	-13.27	472.20	Land Curve- 6566.46'MD, 89.35°INC, 91.61°AZI, 6299.00'TVD, 1.50°DI
10,693.74	6,345.00	-28.06	999.61	TD at 10693.74' MD

Checked By: _____ Approved By: _____ Date: _____

Attachment to Exhibit #9
NOTES REGARDING THE BLOWOUT PREVENTERS
Grinch Federal Com #1
Eddy County, New Mexico

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.

2. Wear ring to be properly installed in head.

3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.

4. All fittings to be flanged.

5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.

6. All choke and fill lines to be securely anchored especially ends of choke lines.

7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.

8. Kelly cock on Kelly.

9. Extension wrenches and hands wheels to be properly installed.

10. Blow out preventer control to be located as close to driller's position as feasible.

11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

Mack Energy Corporation

Minimum Blowout Preventer Requirements

3000 psi Working Pressure

3 MWP

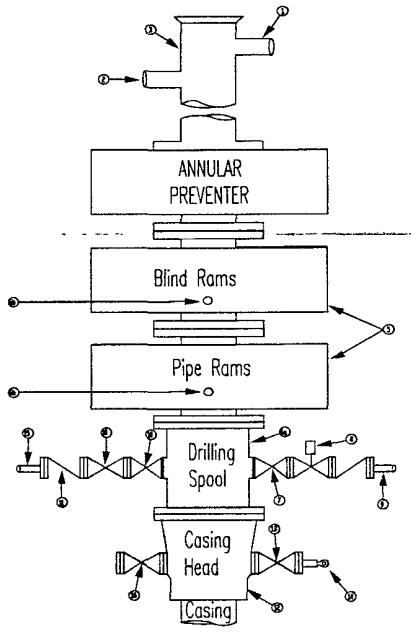
EXHIBIT #10

Stack Requirements

NO	Items	Min. I D	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	



CONTRACTOR'S OPTION TO FURNISH:

1 All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 2000 psi minimum
2. Automatic accumulator (80 gallons, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers' position
4 Kelly equipped with Kelly cock
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6 Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1 Bradenhead or casing head and side valves.
2. Wear bushing If required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager
2. All connections, valves, fittings, piping, etc , subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position
4 Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use
5 All valves to be equipped with hand-wheels or handles ready for immediate use.
6 Choke lines must be suitably anchored.
7 Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open Use outside valves except for emergency.
9. All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency
11. Does not use kill line for routine fill up operations.

Mack Energy Corporation

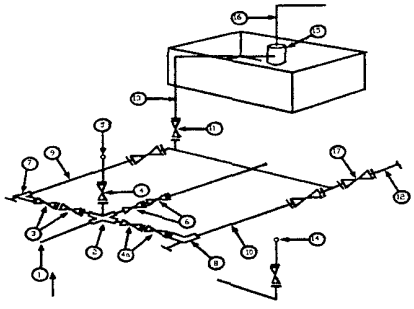
Exhibit #11

MIMIMUM CHOKE MANIFOLD

3,000, 5,000, and 10,000 PSI Working Pressure

3M will be used

3 MWP - 5 MWP - 10 MWP



Mud Pit

Reserve Pit

*** Location of separator optional**

Below Substructure

Mimimum requirements

		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	NOMINAL	Rating	I.D.	Nominal	Rating	I.D.	Nominal	Rating
1	Line from drilling Spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 2"			3,000			5,000			
2	Cross 3" x 3" x 3" x 2"									10,000
3	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
4	Valve Gate Plug	1 13/16		3,000	1 13/16		5,000	1 13/16		10,000
4a	Valves (1)	2 1/16		3,000	2 1/16		5,000	2 1/16		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		2"	10,000
11	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
12	Line		3"	1,000		3"	1,000		3"	2,000
13	Line		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound Standpipe pressure guage			3,000			5,000			10,000
15	Gas Separator		2' x5'			2' x5'			2' x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000

(1) Only one required in Class 3M

(2) Gate valves only shall be used for Class 10 M

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTION

1 All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.

2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.

3. All lines shall be securely anchored.

4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.

5 Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge

6 Line from drilling spool to choke manifold should bee as straight as possible. Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees.

Mack Energy Corporation
Onshore Order #6
Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards an characteristics of hydrogen sulfide (H2S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors alarms warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubular are to be used, personnel well be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H2S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. **Well Control Equipment:**

   A. Flare line.

   B. Choke manifold.

   C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

   D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. **Protective equipment for essential personnel:**

   A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. **H2S detection and monitoring equipment:**

   A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. **Visual warning systems:**

   A. Wind direction indicators as shown on well site diagram (Exhibit #8).

   B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. **Mud program:**

   A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. **Metallurgy:**

   A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

   B. All elastomers used for packing and seals shall be H2S trim.

7. **Communication:**

   A. Radio communications in company vehicles including cellular telephone and 2-way radio.

   B. Land line (telephone) communication at Office.

8. **Well testing:**

   A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.

   B. There will be no drill stem testing.

EXHIBIT #7

WARNING

YOU ARE ENTERING AN H2S

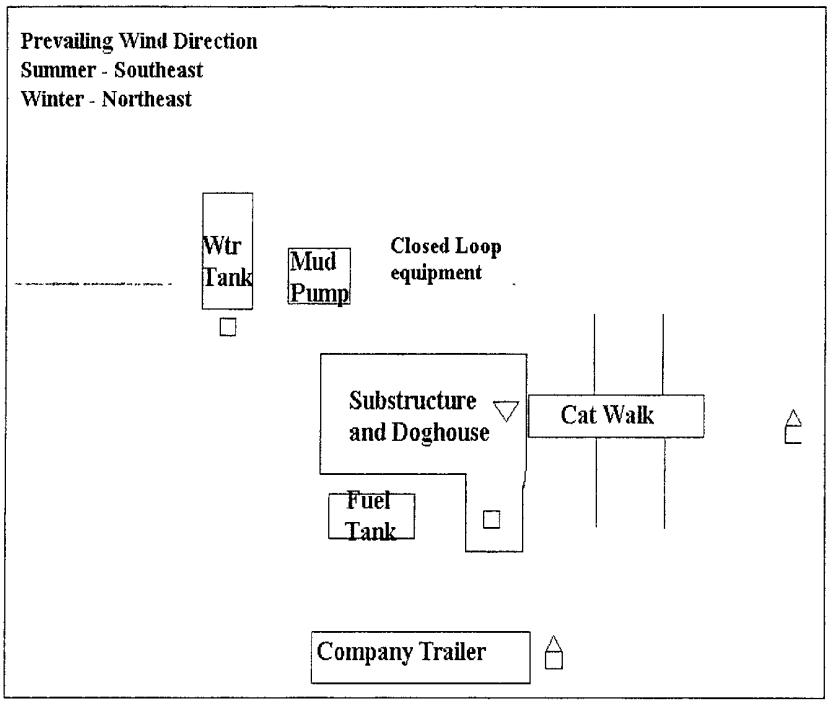
AUTHORIZED PERSONNEL ONLY

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH MACK ENERGY FOREMAN AT OFFICE

MACK ENERGY CORPORATION

1-575-748-1288

DRILLING LOCATION H2S SAFTY EQUIPMENT
Exhibit # 8



▽ H2S Monitors with alarms at the bell nipple

□ Wind Direction Indicators

△ Safe Briefing areas with caution signs and breathing equipment min 150 feet from

Mack Energy Corporation Call List, Eddy County

Artesia (575)	Cellular	Office	Home
Jim Krogman	746-5515	748-1288	746-2674
Lonnie Archer	746-7889	748-1288	365-2998
Donald Archer	748-7875	748-1288	748-2287
Chris Davis	746-7132	748-1288	
Kevin Garrett	746-7423	748-1288	

Agency Call List (575)

Artesia

State Police	746-2703
City Police	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee	746-2122
NMOCD	748-1283

Carlsbad

State Police	885-3137
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee	887-3798
Bureau of Land Management	887-6544
New Mexico Emergency Response Commission	(505)476-9690
24 Hour	(505)827-9126
Natonal Emergency Response Center (Washington)	(800)424-8802

Emergency Services

Boots & Coots IWC	1-800-256-9688 or (281)931-8884
Cudd pressure Control	(915)699-0139 or (915)563-3356
Halliburton	746-2757
B. J. Services	746-3569
Flight For Life-Lubbock, TX	(806)743-9911
Aerocare-Lubbock, TX	(806)747-8923
Med Flight Air Amb-Albuquerque, NM	(505)842-4433
Lifeguard Air Med Svc. Albuquerque, NM	(505)272-3115

Attached to Form 3160-3
Mack Energy Corporation
Grinch Federal Com #1
SHL 355 FSL & 330 FWL Unit M, Sec. 24 T16S R27E
BHL 365 FSL & 330 FEL Unit P, Sec. 24 T16S R27E
Eddy County, NM

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by John West Engineering, Hobbs, NM.

B. All roads to the location are shown in Exhibit below. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling well will be done where necessary.

C. Directions to Location: From the intersection of Hwy 82 and CR 202 go North on CR 202 2.6 miles, turn right/NE 1.2 miles, veer left/NW 2.7 miles, turn right/NE 0.5 miles, veer right/East 0.1 miles, turn left/North 0.2 miles, go East 450ft to location.

D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

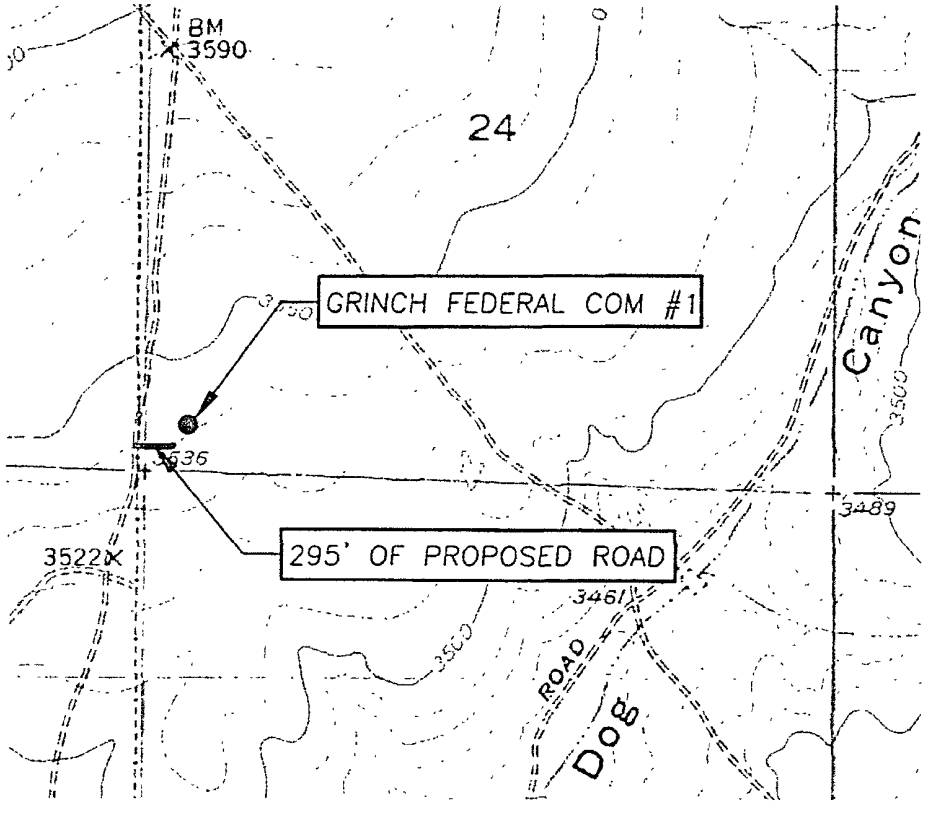


Exhibit #4

2. Proposed Access Road:

Exhibit #3 shows the 295' of new access road to be constructed. The road will be constructed as follows:

A. The Maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM approved caliche pit.

F. The proposed access road as shown in Exhibit #3 has been centerline flagged by John West Engineering, Hobbs, New Mexico.

3. Location of Existing Wells & Proposed flow lines for New Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well. Proposed flow lines, will stay on location production facility will be constructed.

4. Location of Existing and/or Proposed Facilities:

A. Mack Energy Corporation does not operate a production facility on this lease.

B. If the well is productive, contemplated facilities will be as follows:

1) Abo Completion: Will be sent to the Grinch Federal Com TB located at the #1 well. The Facility is shown in Exhibit #5.

2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.

3) Any additional caliche will be obtained from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.

4) It will be necessary to run electric power if this well is productive. Power will be run by CVE and they will send in a separate plan for power.

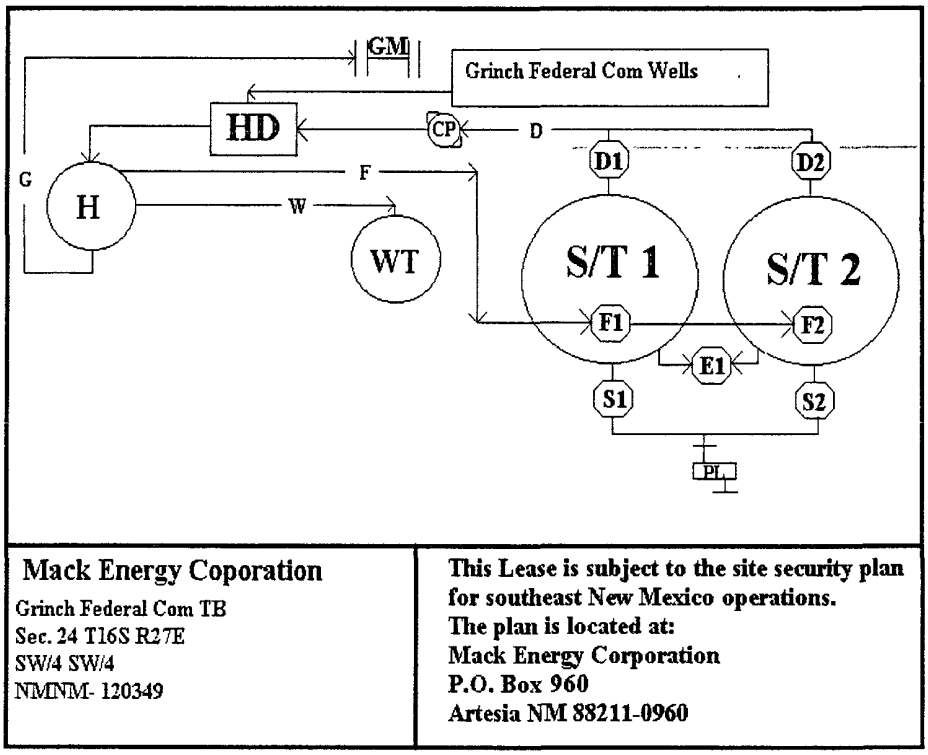


Exhibit #5

A. If the well is productive, rehabilitation plans are as follows:

1) Topsoil removed from the drill site will be used to recontour the surrounding area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #4. If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and proposed new access road (approximately 2500 cubic yards) will be obtained from a BLM approved caliche pit.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the steel tanks and hauled to an approved facility.

B. Drilling fluids will be contained in steel tanks using a closed loop system.

C. Water produced from the well during completion may be disposed into a steel tank. After the well is permanently placed on production, produced water will be collected in tanks (fiberglass) until pumped to an approved disposal system; produced oil will be collected in steel tanks until sold.

D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. All water and fluids will be disposed of into an approved facility. No toxic waste or hazardous chemicals will be produced by this operation.

E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

A. The drill pad layout, with elevations staked by John West Engineering, is shown in Exhibit #6. Dimensions of the pad are shown. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.

B. Diagram below shows the proposed orientation of the location. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

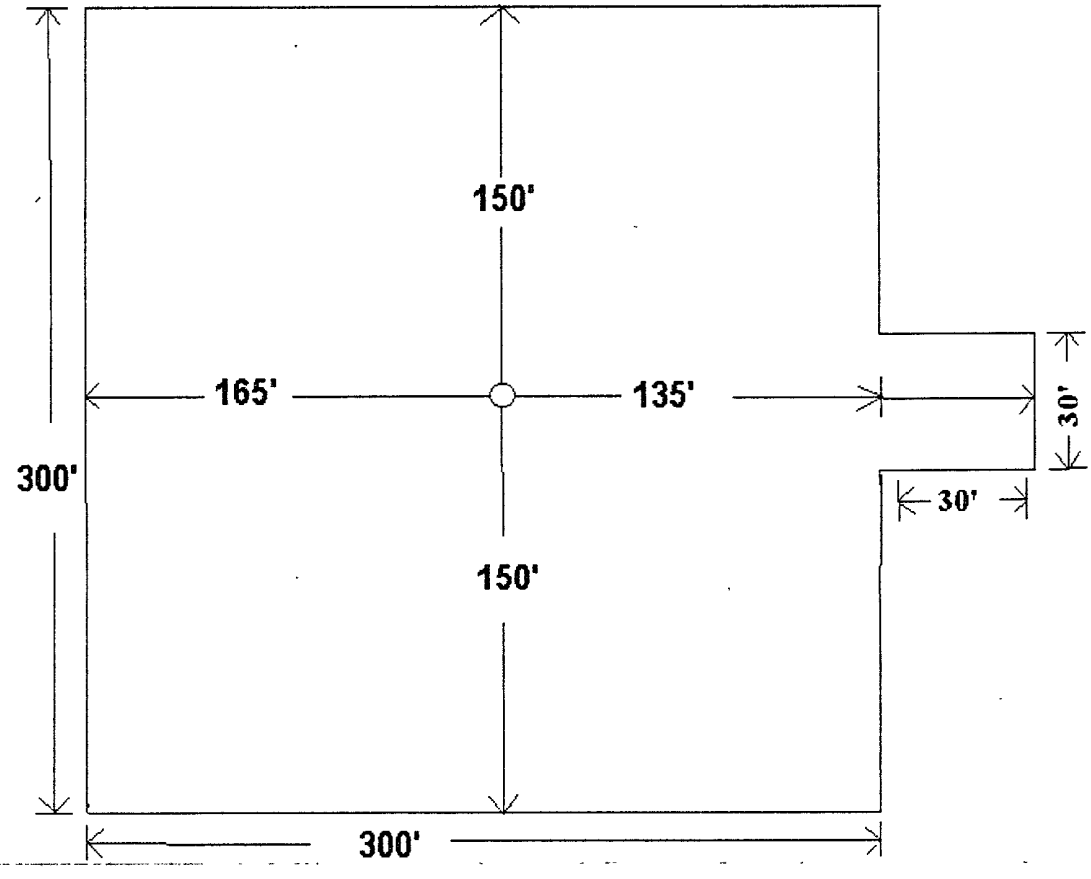


Exhibit #6

Attached to Form 3160-3
Mack Energy Corporation
Grinch Federal Com #1
SHL 355 FSL & 330 FWL Unit M, Sec. 24 T16S R27E
BHL 365 FSL & 330 FEL Unit P, Sec. 24 T16S R27E
Eddy County, NM

10. Plans for Restoration of the Surface:

A. Upon completion of the proposed operations, if the well is completed, any additional caliche required for facilities will be obtained from a BLM approved caliche pit.

B. In the event of a dry hole. Topsoil removed from the drill site will be used to recontour the area to its original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

The well site and lease is located entirely on Federal surface. We have notified the surface lessee of the impending operations. According to BLM the leasee is Bogel Limited Company, Lewis Derrick, P.O. Box 460 Dexter, NM 88230.

12. Other Information:

A. The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.

B. There is no permanent or live water in the immediate area.

C. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The Mack Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

Jerry W. Sherrell
Mack Energy Corporation
P.O. Box 960
Artesia, NM 88211-0960
Phone (575) 748-1288 (office)

CERTIFICATION

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mack Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 1-7-09 Signed: Jerry W. Sherrell

Jerry W. Sherrell

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Mack Energy Corp
LEASE NO.:	NM 120349
WELL NAME & NO.:	1 Grinch Federal Com
SURFACE HOLE FOOTAGE:	355' FSL & 330' FWL
BOTTOM HOLE FOOTAGE	365' FSL & 330' FEL
LOCATION:	Section 24, T. 16 S., R 27 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Grinch Federal Com. # 1: Closed Loop System V-door **East**

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:
The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides of the pad will be bermed.

Tank Battery Liners and Berms:
Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:
A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. Closed loop System

Grinch Federal Com. # 1: Closed Loop System V-door **East**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

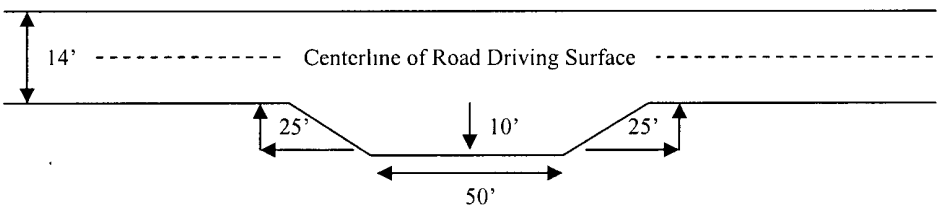
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

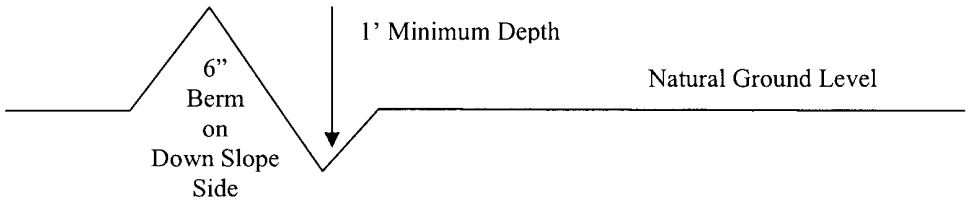
Standard Turnout – Plan View



Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$\text{400 foot road with 4\% road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

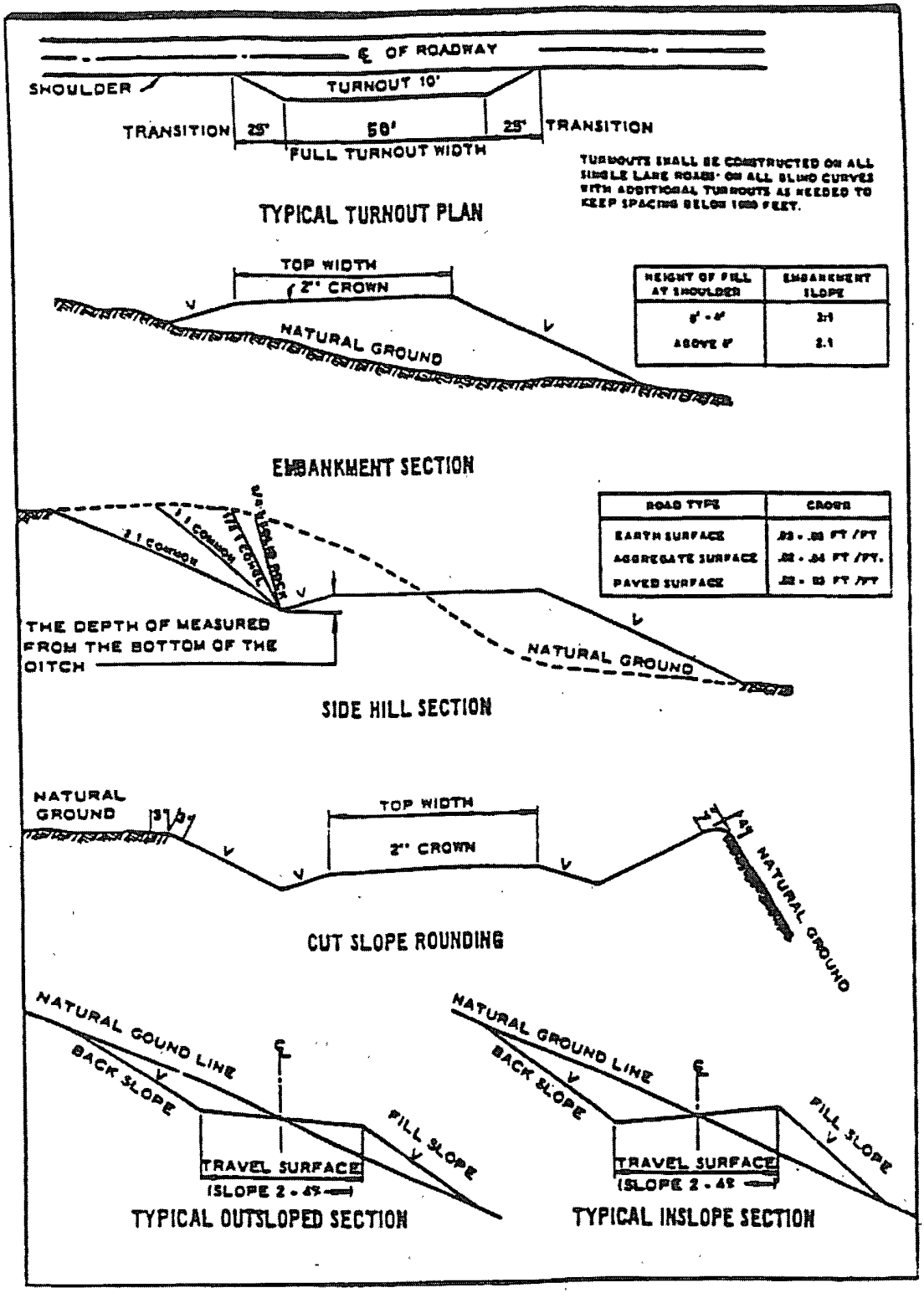
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**

2. 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.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

High cave/karst.
Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the San Andres formation.
Possible high pressure gas bursts in the Wolfcamp formation.

1. The **8-5/8** inch surface casing shall be set at approximately **1100** feet and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. **HIGH CAVE/KARST – THE CEMENTING PROGRAM MAY REQUIRE MODIFICATION FOR THE 5-1/2"/4-1/2" CASING IF LOST CIRCULATION OCCURS WHILE DRILLING THE 7-7/8"/6-1/8" HOLE. IF LOST CIRCULATION OCCURS, CONTACT THE BLM WITH REGARDS TO USING A DV TOOL ABOVE THE LOST CIRCULATION ZONE TO MEET THE HIGH CAVE/KARST REQUIREMENTS OF A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE. THIS WILL BE IN ADDITION TO THE PORTED COLLAR.**

3. The minimum required fill of cement behind the **5-1/2 and 4-1/2** inch production casing is:

    ☒ Cement to surface for the **5-1/2" casing through a ported collar set 5700'** If cement does not circulate, contact the appropriate BLM office. **Additional cement may be required as the excess cement calculates to less than 20%. Due to the high cave/karst, this cement sheath is required to be done in one step. Remedial cementing will not provide the necessary cave/karst protection.**

    ☒ Cement not required on the **4-1/2" casing. Packer system being used.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

    d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

    e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 020609

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

Seed Mixture 4, for Gypsum Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Alkali Sacaton (Sporobolus airoides)	1.0
DWS Four-wing saltbush (Atriplex canescens)	5.0

DWS: DeWinged Seed

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.