

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

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

|   |  |                               |
|---|--|-------------------------------|
| 1. Operator Name and Address<br>MACK ENERGY CORP<br>PO BOX 960<br>ARTESIA, NM 882110960 |  | 2. OGRID Number<br>13837      |
| 4. Property Code<br>35844   |  | 3. API Number<br>30-015-35011 |
| 5. Property Name<br>CHIEF STATE   |  | 6. Well No.<br>001            |

**7. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D        | 28      | 18S      | 23E   | D       | 660       | N        | 660       | W        | EDDY   |

**8. Pool Information**

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

**Additional Well Information**

|  |                            |  |                         |   |
|--|----------------------------|--|-------------------------|---|
| 9. Work Type<br>New Well   | 10. Well Type<br>GAS       | 11. Cable/Rotary                                 | 12. Lease Type<br>State | 13. Ground Level Elevation<br>4020          |
| 14. Multiple<br>N  | 15. Proposed Depth<br>8200 | 16. Formation<br>Wolfcamp                        | 17. Contractor          | 18. Spud Date<br>7/24/2006                  |
| Depth to Ground water<br>460   |                            | Distance from nearest fresh water well<br>> 1000 |                         | Distance to nearest surface water<br>> 1000 |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 3000 _____ bbls Drilling Method:<br>Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/> |                            |  |                         |   |

**19. Proposed Casing and Cement Program**

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5      | 9.625       | 36               | 1400          | 1200            | 0             |
| Prod | 7.875     | 5.5         | 17               | 8200          | 1700            | 0             |

**Casing/Cement Program: Additional Comments**

Mack Energy proposes to drill a 17 1/2 hole to +450', if hole problems occur an optional 13 3/8 casing string will be set at +450'. If no problems we will reduce hole to 12 1/4 and drill to 1400', run 9 5/8 casing and cement. Drill a 7 7/8 hole to 8139', run 5 1/2 casing and cement. Note: On production string a fluid caliper will be run and will figure cement with 25% excess, attempt to circulate.

**Proposed Blowout Prevention Program**

| Type      | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 2000             | 2000          |              |

|   |                                  |                                 |
|---|----------------------------------|---------------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify that the drilling pit will be constructed according to NMOCB guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | <b>OIL CONSERVATION DIVISION</b> |                                 |
| Printed Name: Electronically filed by Jerry Sherrell  | Approved By: Bryan Arrant        |                                 |
| Title: Production Clerk   | Title: Geologist                 |                                 |
| Email Address: jerrys@mackenergycorp.com  | Approved Date: 7/19/2006         | Expiration Date: 7/19/2007      |
| Date: 7/19/2006   | Phone: 505-748-1288              | Conditions of Approval Attached |

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

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

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

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

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

Form C-102  
 Permit 34424

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |                                      |   |
|-------------------------------|--------------------------------------|---|
| 1. API Number<br>30-015-35011 | 2. Pool Code<br>97415                | 3. Pool Name<br>FOUR MILE DRAW; WOLFCAMP(G) |
| 4. Property Code<br>35844     | 5. Property Name<br>CHIEF STATE      | 6. Well No.<br>001                          |
| 7. OGRID No.<br>13837         | 8. Operator Name<br>MACK ENERGY CORP | 9. Elevation<br>4020                        |

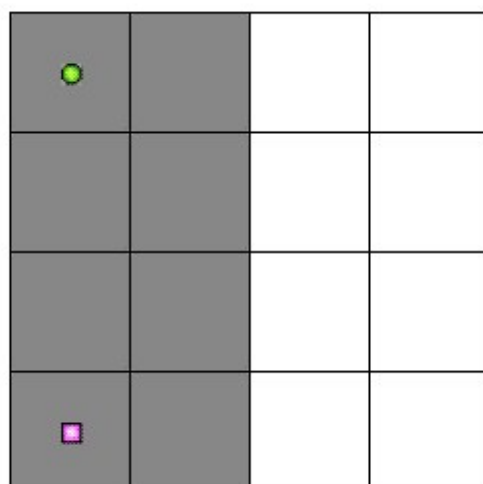
**10. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D        | 28      | 18S      | 23E   |         | 660       | N        | 660       | W        | EDDY   |

**11. Bottom Hole Location If Different From Surface**

| UL - Lot                      | Section | Township            | Range | Lot Idn                | Feet From | N/S Line      | Feet From | E/W Line | County |
|-------------------------------|---------|---------------------|-------|------------------------|-----------|---------------|-----------|----------|--------|
| M                             | 28      | 18S                 | 23E   | M                      | 660       | S             | 660       | W        | EDDY   |
| 12. Dedicated Acres<br>320.00 |         | 13. Joint or Infill |       | 14. Consolidation Code |           | 15. Order No. |           |          |        |

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



**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By: Jerry Sherrell

Title: Production Clerk

Date: 7/19/2006

**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.*

Surveyed By: Gary Eidson

Date of Survey: 4/6/2005

Certificate Number: 12641

## Permit Comments

Operator: MACK ENERGY CORP , 13837

Well: CHIEF STATE #001

API: 30-015-35011

| Created By | Comment   | Comment Date |
|------------|---|--------------|
| JWSHERRELL | H2S concentrations of wells in this area from surface to TD are low enough that a contingency plan is not required. | 7/18/2006    |

# Permit Conditions of Approval

Operator: MACK ENERGY CORP , 13837

Well: CHIEF STATE #001

API: 30-015-35011

| OCD<br>Reviewer | Condition   |
|-----------------|---|
| BArrant         | Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines |
| BArrant         | Will require a directional survey with the C-104  |
| BArrant         | As noted, operator to drill surface hole with fresh water mud.  |
| BArrant         | Please notify OCD time of spud and time to witness the cementing of all casing strings.   |
| BArrant         | Operator to submit a directional drill plan before well is spudded.   |