

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

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

1. Operator Name and Address MACK ENERGY CORP PO BOX 960 ARTESIA , NM 88211		2. OGRID Number 13837
		3. API Number 30-025-38578
4. Property Code 32681	5. Property Name MUSTANG STATE	6. Well No. 004

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	18	17S	36E	3	1650	S	330	W	LEA

8. Pool Information

VACUUM;GRAYBURG-SAN ANDRES	62180
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Additional Well Information

Additional Well Information				
9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3900
14. Multiple N	15. Proposed Depth	16. Formation San Andres	17. Contractor	18. Spud Date 10/15/2007
Depth to Ground water 47		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method:				
Closed Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input 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	13.375	48	350	350	0
Int1	12.25	8.625	24	1870	1000	0
Prod	7.875	5.5	17	5400	1000	0

Casing/Cement Program: Additional Comments

Mack Energy proposes to drill a 17 1/2 hole to 300', run 13 3/8 casing and cement. Drill a 12 1/4 hole to 1870', run 8 5/8 casing and cement. Drill a 7 7/8 hole to TD, 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 circ.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Jerry Sherrell		Approved By: Paul Kautz	
Title: Production Clerk		Title: Geologist	
Email Address: jerrys@mackenergycorp.com		Approved Date: 10/2/2007 Expiration Date: 10/2/2008	
Date: 10/1/2007 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 61778

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38578	2. Pool Code 62180	3. Pool Name VACUUM;GRAYBURG-SAN ANDRES
4. Property Code 32681	5. Property Name MUSTANG STATE	6. Well No. 004
7. OGRID No. 13837	8. Operator Name MACK ENERGY CORP	9. Elevation 3900

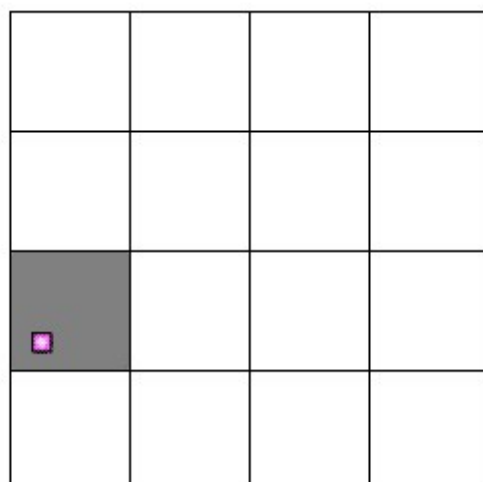
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	18	17S	36E		1650	S	330	W	LEA

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
12. Dedicated Acres 37.29		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: 10/1/2007

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: Ronald Eidson
 Date of Survey: 9/17/2007
 Certificate Number: 3239

Permit Comments

Operator: MACK ENERGY CORP , 13837

Well: MUSTANG STATE #004

API: 30-025-38578

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.	10/1/2007

Permit Conditions of Approval

Operator: MACK ENERGY CORP , 13837

Well: MUSTANG STATE #004

API: 30-025-38578

OCD Reviewer	Condition
pkautz	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
pkautz	Minimum surface casing setting depth in Lea County is 350'