

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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-101
August 1, 2011
Permit 154210

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 30-025-40734 |
| 4. Property Code 38761 | 5. Property Name LEO STATE | 6. Well No. 003 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 18 | 18S | 35E | 1 | 355 | N | 330 | W | LEA |

8. Pool Information

| | |
|----------------------------------|-------|
| WC-025 G-06 S183518A;BONE SPRING | 97930 |
|----------------------------------|-------|

Additional Well Information

| | | | | |
|--------------------------|----------------------------|----------------------------------------|-------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3974 |
| 14. Multiple N | 15. Proposed Depth 9900 | 16. Formation Bone Spring | 17. Contractor | 18. Spud Date 9/15/2012 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 24 | 1600 | 675 | 0 |
| Prod | 7.875 | 5.5 | 17 | 9900 | 1310 | 0 |

Casing/Cement Program: Additional Comments

Mack Energy proposes to drill a 12 1/4" hole to 1600', run 8 5/8" casing and circ cement to surface. Drill a 7 7/8" hole to 9900', run 5 1/2" and circ cement to surface. Put well on production.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 3000 | 3000 | |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------|
| 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"/> . Printed Name: Electronically filed by Jerry Sherrell Title: Production Clerk Email Address: jerrys@mec.com Date: 8/28/2012 Phone: 505-748-1288 | OIL CONSERVATION DIVISION | |
| | Approved By: Paul Kautz | |
| | Title: Geologist | |
| | Approved Date: 8/29/2012 | Expiration Date: 8/29/2014 |
| | Conditions of Approval Attached | |

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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
August 1, 2011
Permit 154210

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--------------------------------------|--------------------------------------------------|
| 1. API Number 30-025-40734 | 2. Pool Code 97930 | 3. Pool Name WC-025 G-06 S183518A,BONE SPRING |
| 4. Property Code 38761 | 5. Property Name LEO STATE | 6. Well No. 003 |
| 7. OGRID No. 13837 | 8. Operator Name MACK ENERGY CORP | 9. Elevation 3974 |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 18 | 18S | 35E | 1 | 355 | N | 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 38.04 | | 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

| | | | | | | | | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr> <td style="width: 25%; height: 40px; background-color: #cccccc; text-align: center; vertical-align: middle;"> </td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> <tr><td style="height: 40px;"></td><td></td><td></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td><td></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td><td></td><td></td></tr> </table> | | | | | | | | | | | | | | | | | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Jerry Sherrell Title: Production Clerk Date: 8/28/2012</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Ronald Eidson Date of Survey: 5/8/2012 Certificate Number: 3239</p> |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |

Permit Comments

Operator: MACK ENERGY CORP , 13837

Well: LEO STATE #003

API: 30-025-40734

| 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. | 8/28/2012 |
| pkautz | Land s/S | 8/28/2012 |
| CHERRERA | OCD RECEIVED FORM C144 CLEZ. OCD PERMIT # P1-05123 | 8/29/2012 |

Permit Conditions of Approval

Operator: MACK ENERGY CORP , 13837

Well: LEO STATE #003

API: 30-025-40734

| OCD Reviewer | Condition |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| pkautz | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |