

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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

Form C-

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL

| | | |
|--|--|-----------------------------------|
| Operator Name and Address MACK ENERGY CORP PO Box 960 Artesia, NM 88211-0960 | | OGRID Number 13837 |
| | | API Number 30-015-33312 |
| Property Code 33009 | Property Name RED LAKE SAND UNIT | Well No. 060 |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H | 29 | 17S | 28E | H | 1650 | N | 330 | E | Eddy |

Proposed Pools

| |
|---|
| WC RED LAKE SHORES; GRAYBURG 97335 |
|---|

| | | | | |
|------------------------------|-------------------------------|------------------------------|----------------------------|---------------------------------------|
| Work Type New Well | Well Type OIL | Cable/Rotary | Lease Type State | Ground Level Elevation 3628 |
| Multiple N | Proposed Depth 2100 | Formation Grayburg | Contractor | Spud Date 03/15/2004 |

Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 24 | 450 | 275 | 0 |
| Prod | 7.875 | 4.5 | 10.5 | 2100 | 800 | 0 |

Casing/Cement Program: Additional Comments

Mack Energy proposes to drill to 400 set 8 5/8 casing and cement. Drill to 2100 test Grayburg zone, run 4 1/2 casing and cement. Put well on production. 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 |
|-------------------|------------------|---------------|--------------|
| Double Ram | 2000 | 2000 | |

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Jerry Sherrell

Title: Production Clerk

Date: 03/12/2004

Phone: 505-748-1288

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 03/12/2004

Expiration Date: 03/12/2005

Conditions of Approval:

There are conditions. See Attached.

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Form C-

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|---|--------------------|
| API Number 30-015-33312 | Pool Name WC RED LAKE SHORES; GRAYBURG | Pool Code 97335 |
| Property Code 33009 | Property Name RED LAKE SAND UNIT | Well No. 060 |
| OGRID No. 13837 | Operator Name MACK ENERGY CORP | Elevation 3628 |

Surface And Bottom Hole Location

| | | | | | | | | | |
|-----------------------|---------------|-----------------|--------------|--------------------|-------------------|---------------|------------------|---------------|----------------|
| UL or Lot H | Section 29 | Township 17S | Range 28E | Lot Idn H | Feet From 1650 | N/S Line N | Feet From 330 | E/W Line E | County Eddy |
| Dedicated Acres 40 | | Joint or Infill | | Consolidation Code | | Order No. | | | |

| | | | |
|--|--|--|--|
| | | | |
| | | | |
| | | | |
| | | | |

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Jerry Sherrell

Title: Production Clerk

Date: 03/12/2004

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: 03/02/2004

Certificate Number: 12641

Permit Comments

Operator: MACK ENERGY CORP , 13837

Well: RED LAKE SAND UNIT #060

| User Name | Comment | Comment Date |
|------------|--|--------------|
| JWSHERRELL | H2S concentrations of wells within this Unit from surface to TD, are low enough that a contingency plan is not required. | 3/12/2004 |

Permit Conditions Of Approval

Operator: MACK ENERGY CORP , 13837

Well: RED LAKE SAND UNIT #060

| OCD Reviewer | Condition |
|--------------|--|
| BARRANT | Note change in surface casing setting depth of 450 feet. |