

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TR* CATE*
N. M. Instru.
reverse side

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

741

5. LEASE DESIGNATION AND SERIAL NO.
LC-029342B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
27/61

8. FARM OR LEASE NAME, WELL NO.
Polaris B Federal #2

9. API WELL NO.
30-015-31857

10. FIELD AND POOL, OR WILDCAT
Loco Hills Paddock

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Sec 17 T17S R30E

12. COUNTY OR PARISH
Eddy

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
1.5 miles northwest of Loco Hills

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
80

17. NO. OF ACRES IN LEASE
TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED
OR APPLIED FOR, ON THIS LEASE, FT.
866

19. PROPOSED DEPTH
5000

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3660

22. APPROX. DATE WORK WILL START*
5/25/01

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	K-55, 13 3/8	48	425	WITNESS Circ
12 1/4	K-55, 8 5/8	24	1100	Sufficient to Circ
7 7/8	J-55, 5 1/2	17	5000	Sufficient to Circ

Mack Energy proposes to drill to a depth sufficient to test the Paddock and San Andres formation for oil. If productive, 5 1/2" casing will be cemented. If non-productive, the well will be plugged and abandoned in a manor consistent with federal regulation. Specific programs as per Onshore Oil and Gas Order #1 are outlined in the following attachments:

1. Surveys
Exhibit #1- Well Location Plat
Exhibit #2- Vicinity Map
Exhibit #3- Location Verification Map
2. Drilling Program
3. Surface Use & Operating Plan
Exhibit #4- One Mile Radius Map
Exhibit #5- Production Facilities Layout
Exhibit #6- Location Layout
4. Certification
5. Hydrogen Sulfide Drilling Operation Plan
Exhibit #7- H2S Warning Sign
Exhibit #8- H2S Safety Equipment
6. Blowout Preventers
Exhibit #9- BOPE Schematic
Exhibit #10- Blowout Preventer Requirements
Exhibit #11- Choke Manifold
7. Responsibility Statement

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Cesar D. Cortez TITLE Production Analyst DATE 4/25/01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ LESLIE A. THEISS TITLE FIELD MANAGER DATE JUN 27 2001

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

RECEIVED
APR 27 01
BLM
ROSWELL, NM