<u>District I</u>

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, NIM

87505

State of New Mexico

Energy, Minerals and Natural Resources

Form C-101

Permit 1184

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 | | 0GRID Number 13837 |
|--|------------------------------|----------------------------|
| | | API Number 30-015-33519 |
| Property Code 34119 | Property Name COBRA STATE | Well No. 001 |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| J | 27 | 198 | 23E | J | 1980 | S | 1980 | E | Eddy |

Proposed Pools

SIEGREST DRAW; WOLFCAMP (GAS) 85385

| Work Type | Well Type | Cable/Rotary | Lease Type | Ground Level Elevation |
|-----------|----------------|--------------|------------|------------------------|
| New Well | GAS | | State | 3949 |
| Multiple | Proposed Depth | Formation | Contractor | Spud Date |
| N | 7000 | Cisco | | 07/15/2004 |

Proposed Casing and Cement Program

| Туре | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 24 | 1550 | 400 | 0 |
| Prod | 7.875 | 4.5 | 10.5 | 7000 | 1300 | 0 |

Casing/Cement Program: Additional Comments

Mack Energy proposes to drill to 1300 run 8 5/8 casing and cement. Drill to 7000 test Wolfcamp 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

| Туре | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 2000 | 2000 | |

| | | formation given above is true of my knowledge and belief. |
|---------|---------------------|--|
| Electro | onically Signed By: | Jerry Sherrell |
| Title: | Production Clerk | |
| Date: | 07/09/2004 | Phone: 505-748-1288 |

| OIL CONSERVA | ATION DIVISION |
|--|-----------------------------|
| Electronically Approved By: | Bryan Arrant |
| Title: Geologist | |
| Approval Date: 07/20/2004 | Expiration Date: 07/20/2005 |
| Approval Date: 07/20/2004 Conditions of Approval: There are conditions. See At | W 88 |