

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  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Form C-101  
Permit 2400

### APPLICATION FOR PERMIT TO DRILL

|   |                                     |                            |
|---|-------------------------------------|----------------------------|
| Operator Name and Address<br>MACK ENERGY CORP<br>PO Box 960<br>Artesia, NM 88211-0960 |                                     | OGRID Number<br>13837      |
|   |                                     | API Number<br>30-015-33717 |
| Property Code<br>300926   | Property Name<br>NEW MEXICO Z STATE | Well No.<br>003            |

### Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B         | 12      | 19S      | 28E   | B       | 330       | N        | 2310      | E        | Eddy   |

### Proposed Pools

|                                       |
|---------------------------------------|
| MILLMAN;YATES-SR-QN-GB-SA, EAST 46555 |
|---------------------------------------|

|                       |                        |                         |                     |                                |
|-----------------------|------------------------|-------------------------|---------------------|--------------------------------|
| Work Type<br>New Well | Well Type<br>OIL       | Cable/Rotary            | Lease Type<br>State | Ground Level Elevation<br>3388 |
| Multiple<br>N         | Proposed Depth<br>3000 | Formation<br>San Andres | Contractor          | Spud Date<br>11/06/2004        |

### 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               | 400           | 350             | 0             |
| Prod | 7.875     | 5.5         | 17               | 3000          | 600             | 0             |

### Casing/Cement Program: Additional Comments

Mack Energy proposes to drill to 400, run 8 5/8 casing and cement. Drill to 3000 test San Andres formation, 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 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: 11/05/2004

Phone: 505-748-1288

### OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 11/12/2004

Expiration Date: 11/12/2005

Conditions of Approval:

There are conditions. See Attached.