Form 3160-3
(March 2012)

RECEIVED
Carlsbad Field Office
OCD Artesia
AUG 0 2018
DISTRICT II-ARTESIA O.C.D.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM018831

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☐ DRILL ☑ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☐ Oil Well ☐ Gas Well ☑ Other INJ-DIS ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. DENALI SWD 1 322227

2. Name of Operator MACK ENERGY CORPORATION 13837

9. API Well No. 30-015-45150

3a. Address 11344 Lovington HWY Artesia NM 88211

3b. Phone No. (include area code) (575)748-1288

10. Field and Pool, or Exploratory SWD / DEVONIAN -MONTOYA 97805

4. Location of Well (Report location clearly and in accordance with any State requirements.*)

At surface SWSE / 660 FSL / 1980 FEL / LAT 32.9472476 / LONG -104.1616214

At proposed prod. zone SWSE / 660 FSL / 1980 FEL / LAT 32.9472476 / LONG -104.1616214

11. Sec., T. R. M. or Blk. and Survey or Area SEC 3 / T16S / R28E / NMP

14. Distance in miles and direction from nearest town or post office* 30 miles

12. County or Parish EDDY

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 320 feet

16. No. of acres in lease 1249.63

17. Spacing Unit dedicated to this well 40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2600 feet

19. Proposed Depth 10975 feet / 10975 feet

20. BLM/BIA Bond No. on file FED: NMB000286

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3601 feet

22. Approximate date work will start* 07/01/2018

23. Estimated duration 10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name (Printed/Typed)	Date
(Electronic Submission)	Deana Weaver / Ph: (575)748-1288	03/16/2018

Title: Production Clerk

Approved by (Signature)	Name (Printed/Typed)	Date
(Electronic Submission)	Cody Layton / Ph: (575)234-5959	07/20/2018

Title	Office
Assistant Field Manager Lands & Minerals	CARLSBAD

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

APPROVED WITH CONDITIONS
Approval Date: 07/20/2018

RECEIVED
AUG 07 2018
DISTRICT II-ARTESIA O.C.D.

RWS 8-9-18
COA - Approved C-108

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM.14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.
AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160
PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.
ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.
EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The BLM collects this information to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

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Additional Operator Remarks

Location of Well

1. SHL: SWSE / 660 FSL / 1980 FEL / TWSP: 16S / RANGE: 28E / SECTION: 3 / LAT: 32.9472476 / LONG: -104.1616214 (TVD: 10975 feet, MD: 10975 feet)
   BHL: SWSE / 660 FSL / 1980 FEL / TWSP: 16S / RANGE: 28E / SECTION: 3 / LAT: 32.9472476 / LONG: -104.1616214 (TVD: 10975 feet, MD: 10975 feet)

BLM Point of Contact

Name: Sipra Dahal
Title: Legal Instruments Examiner
Phone: 5752345983
Email: sdahal@blm.gov

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Mack Energy Corporation**
LEASE NO.:	**NMNM 018831**
WELL NAME & NO.:	**1-Denali SWD**
SURFACE HOLE FOOTAGE:	**660'/S & 1980'/E**
BOTTOM HOLE FOOTAGE	**660'/S & 1980'/E**
LOCATION:	**T-16S, R-28E, S3. NMPM**
COUNTY:	**EDDY, NM**

COA

H2S	○ Yes	◉ No	
Potash	◉ None	○ Secretary	○ R-111-P
Cave/Karst Potential	◉ Low	○ Medium	○ High
Variance	◉ None	○ Flex Hose	○ Other
Wellhead	◉ Conventional	○ Multibowl	○ Both
Other	☐ 4 String Area	☐ Capitan Reef	☐ WIPP

A. Hydrogen Sulfide

Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.

B. CASING

1. The minimum required fill of cement behind the **5-1/2** inch production casing is:
   - Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. If cement do not circulate contact BLM.

C. PRESSURE CONTROL

1. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.

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Special Requirements:
The operator shall provide to BLM a summary of formation depth picks based on mudlog and geophysical logs along with a copy of the mudlog and open hole logs froma TD to top of the Mississipi.

A NOI sundry with the completion procedure for this well shall be submitted and approved prior to commencing completion work. The procedure will be reviewed to verify that the completion proposal will allow the operator to:

1. **Properly evaluate the injection zone utilizing open hole logs, swab testing along with any other method to confirm that hydrocarbons cannot be produced in paying quantities. This evaluation shall be reviewed by the BLM prior to injection commencing.**
2. **Restrict the injection fluid to the approved formation.**
3. **If a step rate test will be run an NOI sundy shall be submitted to the BLM for approval.**

If off- lease water will be disposed in this well, the operatoer shall provide proff of right –of- way approval.

Operator shall conduct a casing integrity test before drilling out the intermediate shoe plug. Operator shall contact BLM (575-361-2822) 24hrs prior to scheduled Casing Integrity Test.

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ Chaves and Roosevelt Counties
Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
During office hours call (575) 627-0272.
After office hours call (575)

☒ Eddy County
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

☒ Lea County
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575) 393-3612

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
b. When the operator proposes to set surface casing with Spudder Rig
   - Notify the BLM when moving in and removing the Spudder Rig.
   - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
   - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.

2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

3. The record of the drilling rate along with the GR/N well log (one log per well pad is acceptable) run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing intergrity test can be done (prior to the cement setting up) immediately after bumping the plug.

3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the

following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing intergrity test can be done (prior to the cement setting up) immediately after bumping the plug.

4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.

3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
    a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
    b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
    c. Manufacturer representative shall install the test plug for the initial BOP test.
    d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
    e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).

    c. The tests shall be done by an independent service company utilizing a test plug. The results of the test shall be reported to the appropriate BLM office.

    d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE.

Approval Date: 07/20/2018

If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

e. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes. This test shall be performed prior to the test at full stack pressure.

g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

Waste Minimization Plan (WMP)

In the interest of resource development, submission of additional well gas capture development plan information is deferred but may be required by the BLM Authorized Officer at a later date.

ZS 071918

PECOS DISTRICT
SURFACE USE
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Mack Energy Corporation
LEASE NO.:	NMNM 018831
WELL NAME & NO.:	1-Denali SWD
SURFACE HOLE FOOTAGE:	660'/S & 1980'/E
BOTTOM HOLE FOOTAGE	660'/S & 1980'/E
LOCATION:	T-16S, R-28E, S3. NMPM
COUNTY:	EDDY, NM

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

Approval Date: 07/20/2018

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Cave and Karst Conditions of Approval for APDs
** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation
The following stipulations will be applied to minimize impacts during construction, drilling and production:
Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:
- The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.
- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g., caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)
- Following a rain event, all fluids will vacuumed off of the pad and hauled off-site and disposed at a proper disposal facility.

Tank Battery Liners and Berms:
Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing, or equivalent, to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation
The following stipulations will be applied to protect cave/karst and ground water concerns:
Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.
Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
The operator will perform annual pressure monitoring on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Hydrology
The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed. Any water erosion that may occur due to the construction of the well pad

during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank or 24 hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, situating values and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching
Ditching shall be required on both sides of the road.

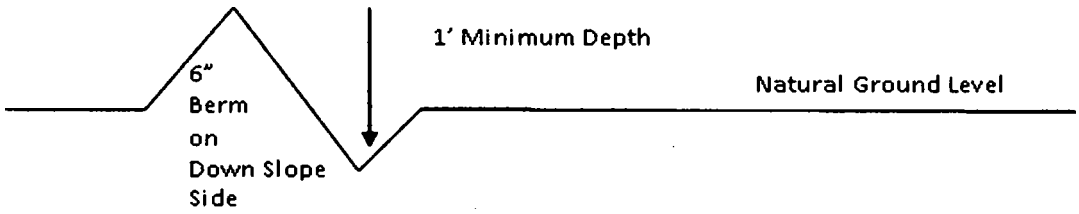
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

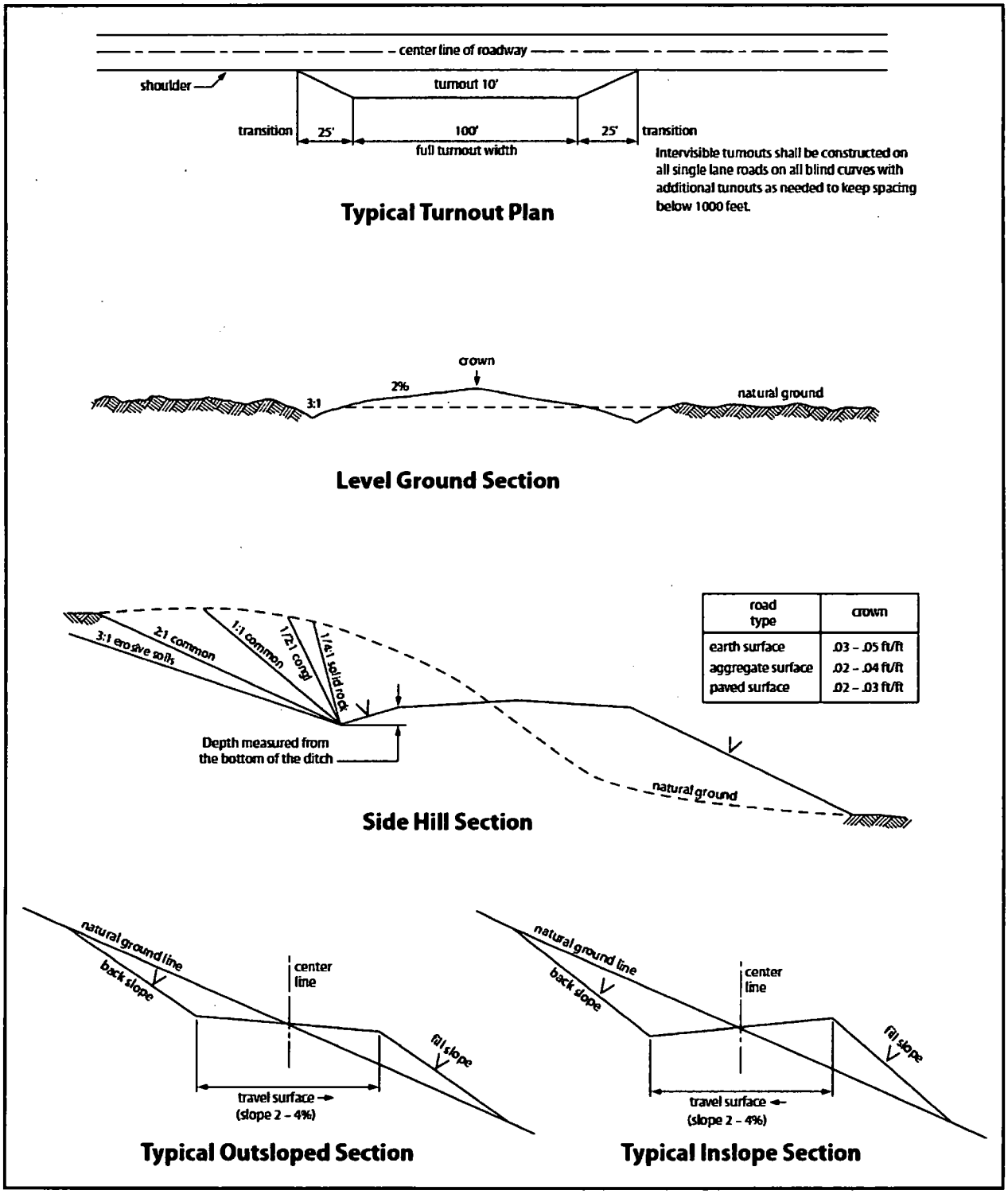


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

VIII. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

IX. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 1 for Loamy Sites

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed shall be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed shall be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre shall be doubled. The seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains lovegrass (Eragrostis intermedia)	0.5
Sand dropseed (Sporobolus cryptandrus)	1.0
Sideoats grama (Bouteloua curtipendula)	5.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

Approval Date: 07/20/2018

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Operator Certification Data Report

07/20/2018

Operator Certification

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

NAME: Deana Weaver **Signed on:** 03/16/2018

Title: Production Clerk

Street Address: 11344 Lovington HWY

City: Artesia **State:** NM **Zip:** 88211

Phone: (575)748-1288

Email address: dweaver@mec.com

Field Representative

Representative Name:

Street Address:

City: **State:** **Zip:**

Phone:

Email address:

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Application Data Report

07/20/2018

APD ID: 10400027835 **Submission Date:** 03/16/2018

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Well Type: INJECTION - DISPOSAL **Well Work Type:** Reenter

Highlighted data reflects the most recent changes

Show Final Text

Section 1 - General

APD ID: 10400027835 **Tie to previous NOS?** **Submission Date:** 03/16/2018

BLM Office: CARLSBAD **User:** Deana Weaver **Title:** Production Clerk

Federal/Indian APD: FED **Is the first lease penetrated for production Federal or Indian?** FED

Lease number: NMNM018831 **Lease Acres:** 1249.63

Surface access agreement in place? **Allotted?** **Reservation:**

Agreement in place? NO **Federal or Indian agreement:**

Agreement number:

Agreement name:

Keep application confidential? YES

Permitting Agent? NO **APD Operator:** MACK ENERGY CORPORATION

Operator letter of designation:

Operator Info

Operator Organization Name: MACK ENERGY CORPORATION

Operator Address: 11344 Lovington HWY **Zip:** 88211

Operator PO Box:

Operator City: Artesia **State:** NM

Operator Phone: (575)748-1288

Operator Internet Address: jerrys@mec.com

Section 2 - Well Information

Well in Master Development Plan? NO **Mater Development Plan name:**

Well in Master SUPO? NO **Master SUPO name:**

Well in Master Drilling Plan? NO **Master Drilling Plan name:**

Well Name: DENALI SWD **Well Number:** 1 **Well API Number:**

Field/Pool or Exploratory? Field and Pool **Field Name:** SWD **Pool Name:** DEVONIAN - MONTOYA

Is the proposed well in an area containing other mineral resources? USEABLE WATER,NATURAL GAS,OIL

Operator Name: MACK ENERGY CC. .RATION

Well Name: DENALI SWD **Well Number:** 1

Describe other minerals:

Is the proposed well in a Helium production area? N **Use Existing Well Pad?** YES **New surface disturbance?** Y

Type of Well Pad: SINGLE WELL **Multiple Well Pad Name:** **Number:**

Well Class: VERTICAL **Number of Legs:** 1

Well Work Type: Reenter

Well Type: INJECTION - DISPOSAL

Describe Well Type:

Well sub-Type: DELINEATION

Describe sub-type:

Distance to town: 30 Miles **Distance to nearest well:** 2600 FT **Distance to lease line:** 320 FT

Reservoir well spacing assigned acres Measurement: 40 Acres

Well plat: DENALI_SWD_1_plats_20180625111256.pdf

Well work start Date: 07/01/2018 **Duration:** 10 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

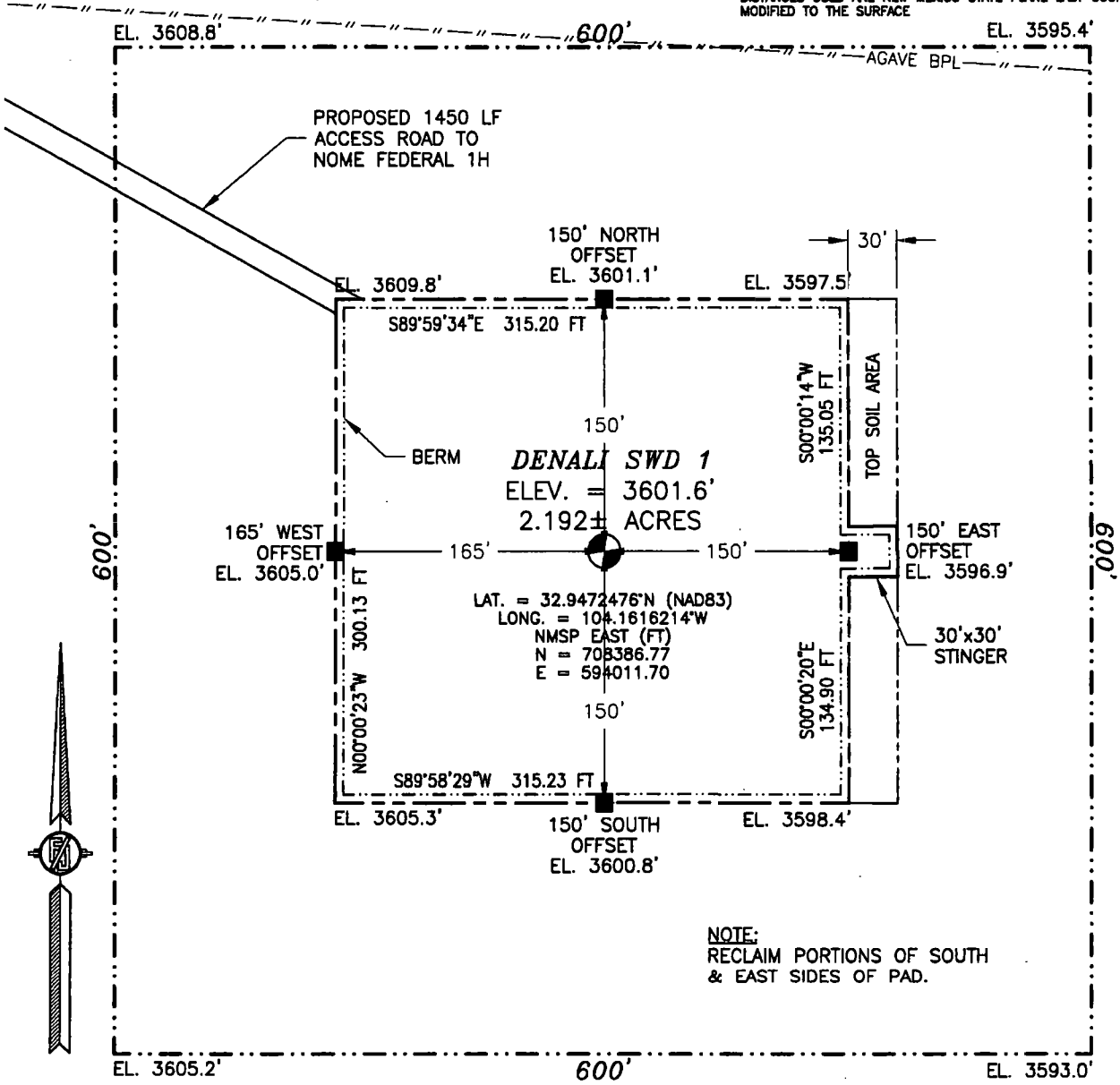
Datum: NAD83 **Vertical Datum:** NAVD88

Survey number: 5985

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD
SHL Leg #1	660	FSL	1980	FEL	16S	28E	3	Aliquot SWSE	32.9472476	-104.1616214	EDDY	NEW MEXICO	NEW MEXICO	F	NMNM 018831	3601	10975	10975
BHL Leg #1	660	FSL	1980	FEL	16S	28E	3	Aliquot SWSE	32.9472476	-104.1616214	EDDY	NEW MEXICO	NEW MEXICO	F	NMNM 018831	-7374	10975	10975

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



010 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF US HIGHWAY 82 & CR 202 (SOUTHERN UNION) GO NORTH ON CR 202 (AROUND SUBSTATION) FOR APPROX. 2.9, MILES, VEER NORTHEAST & CONTINUE ON CR 202 FOR APPROX. 1.25 MILES TO THE END OF CR 202, GO NORTHWEST ON 15' CALICHE LEASE ROAD APPROX. 0.1 OF A MILE TO A FORK, TAKE ROAD ON RIGHT & GO NORTH APPROX. 1.0 MILE, TAKE CALICHE LEASE ROAD EAST (RIGHT) & GO APPROX. 1.1 MILES TO A "Y", TAKE LEFT FORK FOR APPROX. 0.6 OF A MILE, GO NORTH (LEFT) & GO APPROX. 2.2 MILES, THEN CONTINUE NORTH ON 30' CALICHE LEASE ROAD FOR APPROX. 1.3 MILE, TURN RIGHT (NORTHEAST) AND CONTINUE ON CALICHE LEASE ROAD FOR APPROX. 2 MILES, TURN LEFT (NORTHWEST) ON 12' CALICHE LEASE ROAD FOR APPROX. 1.6 MILES TO SELLERS & FULTON CROW FLATS 3 FED 1, FROM SOUTHWEST CORNER FOLLOW ROAD SURVEY NORTH APPROX. 285' THEN NORTHEAST APPROX. 1034' (TOTAL 1319') TO SOUTHWEST PAD CORNER OF NOME FEDERAL 1H, THEN FROM SOUTHEAST CORNER GO SOUTHEAST 1450' TO THE NORTHWEST PAD CORNER FOR THIS LOCATION.

MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE AND 1980 FT. FROM THE EAST LINE OF SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

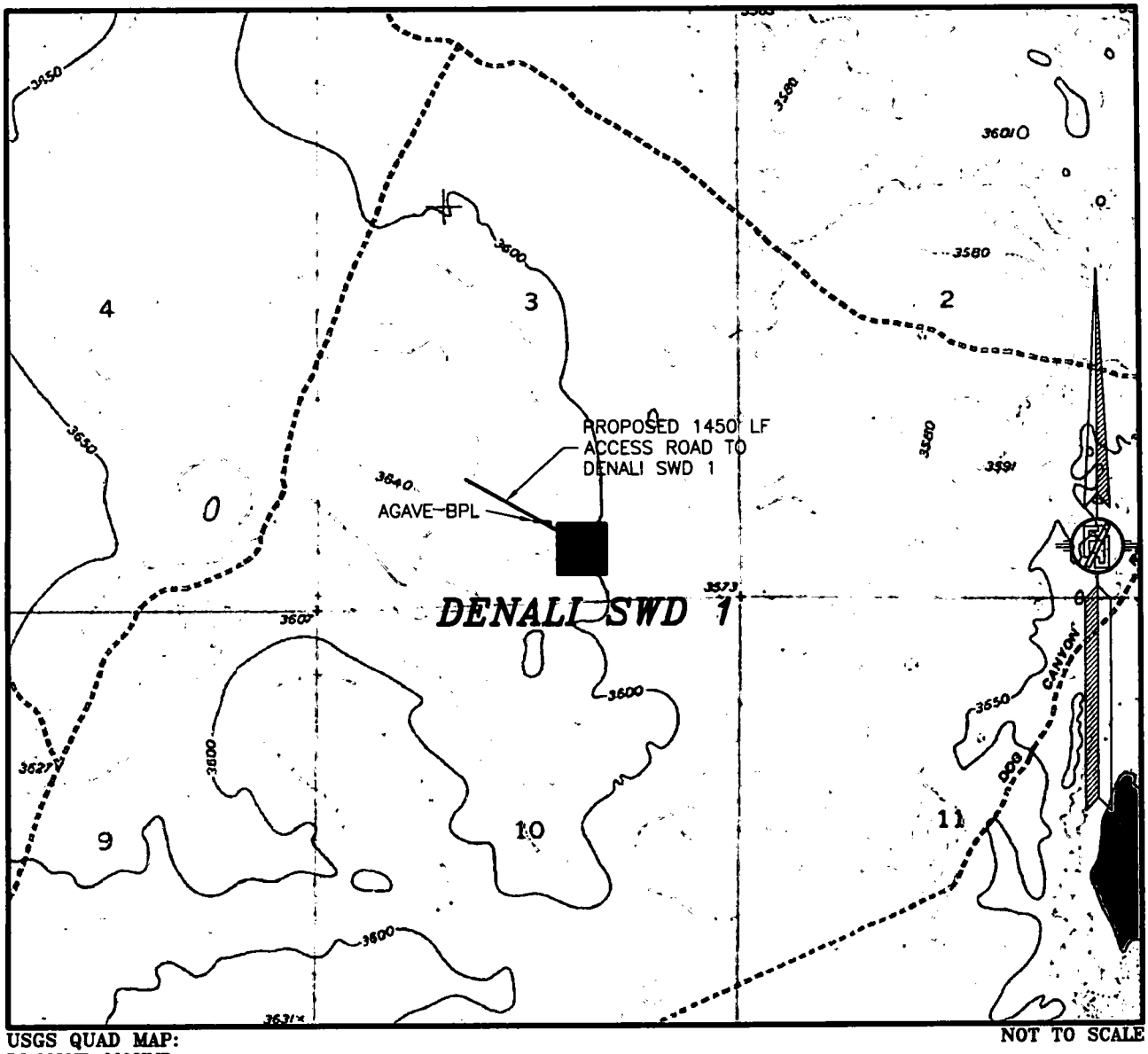
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 *CARLSBAD, NEW MEXICO*

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

LOCATION VERIFICATION MAP



USGS QUAD MAP:
DIAMOND MOUND

NOT TO SCALE

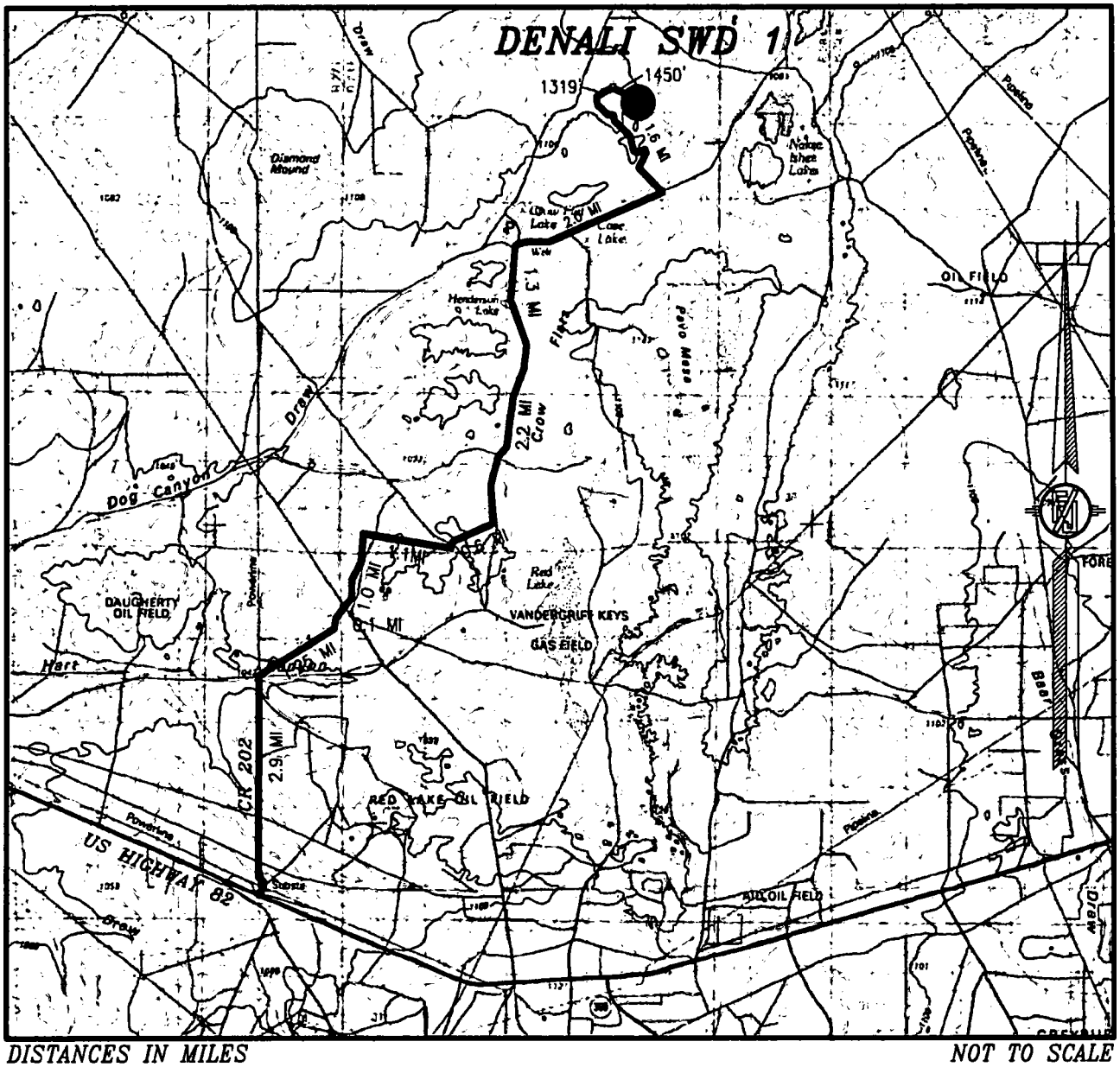
MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 16 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



DISTANCES IN MILES NOT TO SCALE

DIRECTIONS TO LOCATION
FROM THE INTERSECTION OF US HIGHWAY 82 & CR 202 (SOUTHERN UNION) GO NORTH ON CR 202 (AROUND SUBSTATION) FOR APPROX. 2.9, MILES, VEER NORTHEAST & CONTINUE ON CR 202 FOR APPROX. 1.25 MILES TO THE END OF CR 202, GO NORTHWEST ON 15' CALICHE LEASE ROAD APPROX. 0.1 OF A MILE TO A FORK, TAKE ROAD ON RIGHT & GO NORTH APPROX. 1.0 MILE, TAKE CALICHE LEASE ROAD EAST (RIGHT) & GO APPROX. 1.1 MILES TO A "Y", TAKE LEFT FORK FOR APPROX. 0.6 OF A MILE, GO NORTH (LEFT) & GO APPROX. 2.2 MILES, THEN CONTINUE NORTH ON 30' CALICHE LEASE ROAD FOR APPROX. 1.3 MILE, TURN RIGHT (NORTHEAST) AND CONTINUE ON CALICHE LEASE ROAD FOR APPROX. 2 MILES, TURN LEFT (NORTHWEST) ON 12' CALICHE LEASE ROAD FOR APPROX. 1.8 MILES TO SELLERS & FULTON CROW FLATS 3 FED 1, FROM SOUTHWEST CORNER FOLLOW ROAD SURVEY NORTH APPROX. 285' THEN NORTHEAST APPROX. 1034' (TOTAL 1319') TO SOUTHWEST PAD CORNER OF NOME FEDERAL 1H, THEN FROM SOUTHEAST CORNER GO SOUTHEAST 1450' TO THE NORTHWEST PAD CORNER FOR THIS LOCATION.

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EDDY COUNTY, STATE OF NEW MEXICO

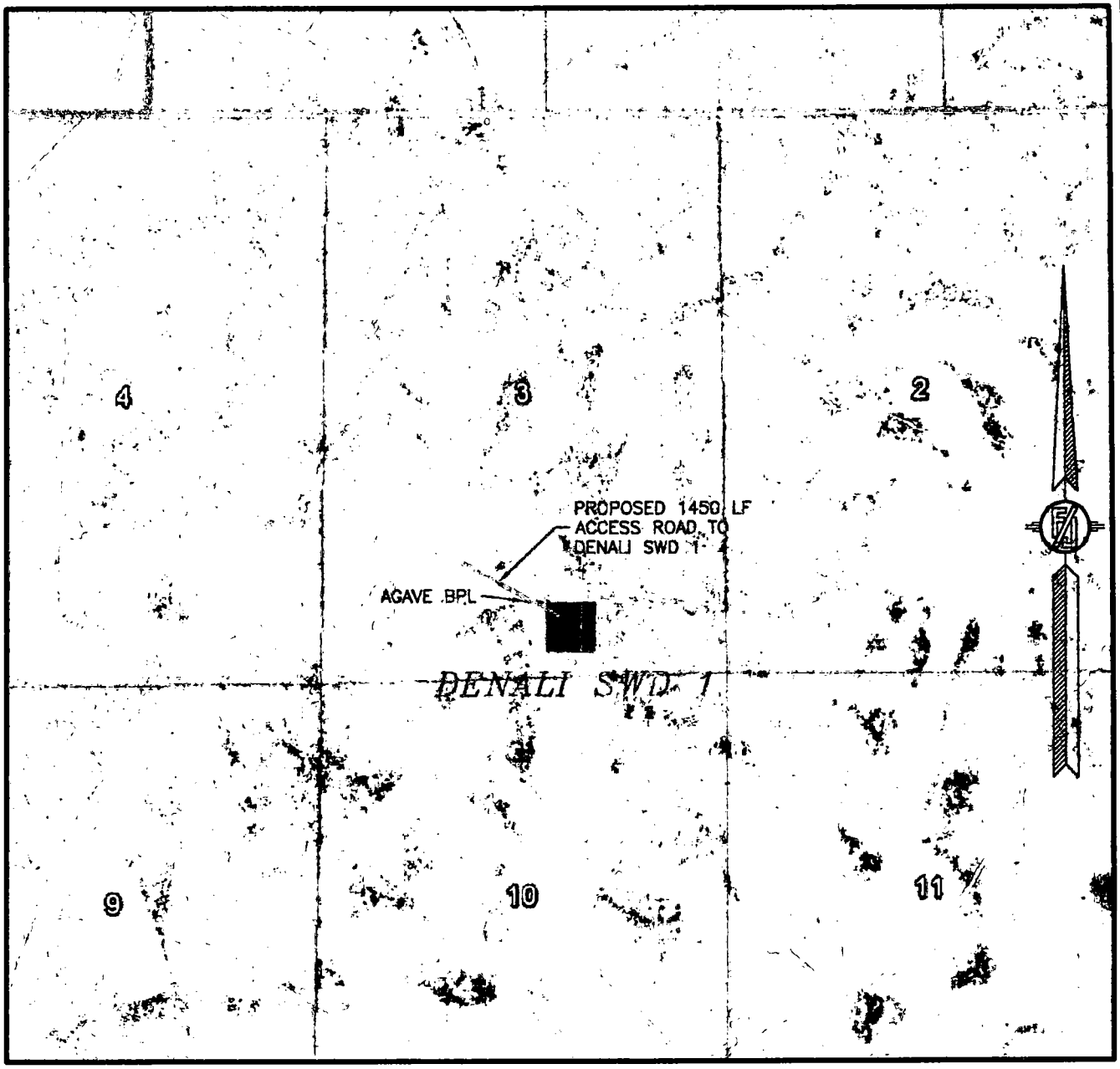
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

AERIAL PHOTO



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AERIAL PHOTO:
GOOGLE EARTH
MARCH 2016

MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 16 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

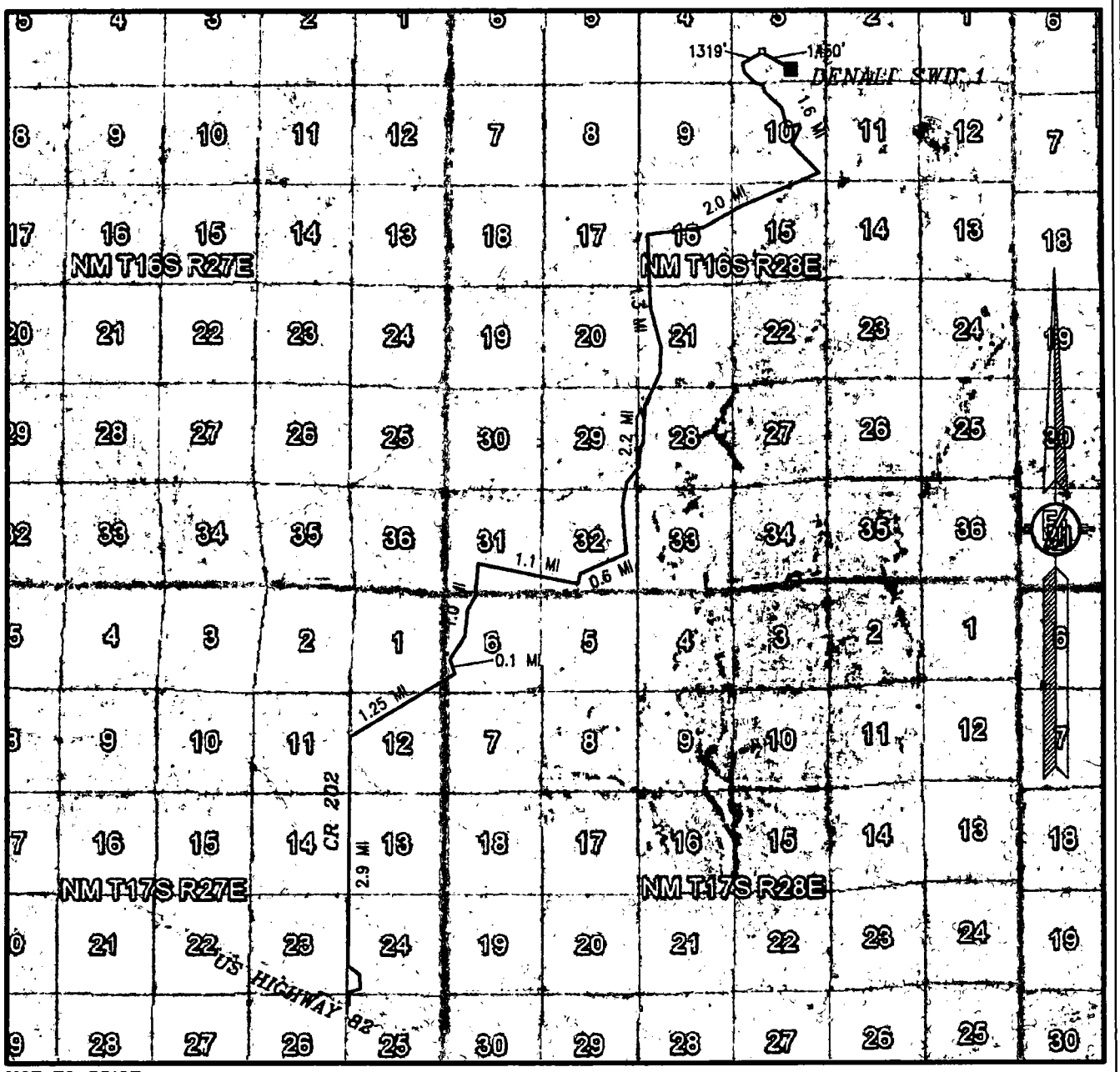
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

ACCESS AERIAL ROUTE MAP



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
NOVEMBER 2017

MACK ENERGY CORPORATION
DENALI SWD 1
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AND 1980 FT. FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 16 SOUTH,
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EDDY COUNTY, STATE OF NEW MEXICO

MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Drilling Plan Data Report
07/20/2018

APD ID: 10400027835
Submission Date: 03/16/2018

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD
Well Number: 1

Well Type: INJECTION - DISPOSAL
Well Work Type: Reenter

Highlighted data reflects the most recent changes

Show Final Text

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
1	QUATERNARY	3601	0	0	ALLUVIUM	NONE	No
2	YATES	3231	370	370	ANHYDRITE,SILTSTONE	NATURAL GAS,OIL	No
3	SEVEN RIVERS	3091	510	510	SHALE,ANHYDRITE,SILTSTONE	NATURAL GAS,OIL	No
4	QUEEN	2511	1090	1090	SHALE,ANHYDRITE,SILTSTONE	NATURAL GAS,OIL	No
5	GRAYBURG	2111	1490	1490	DOLOMITE,ANHYDRITE,SILTSTONE	NATURAL GAS,OIL	No
6	SAN ANDRES	1751	1850	1850	DOLOMITE,ANHYDRITE	NATURAL GAS,OIL	No
7	GLORIETA	221	3380	3380	SHALE,DOLOMITE,ANHYDRITE	NATURAL GAS,OIL	No
8	TUBB	-979	4580	4580	SHALE,DOLOMITE	NATURAL GAS,OIL	No
9	ABO	-1769	5370	5370	SHALE,DOLOMITE	NATURAL GAS,OIL	No
10	WOLFCAMP	-3029	6630	6630	LIMESTONE,SHALE	NATURAL GAS,OIL	No
11	CISCO	-4039	7640	7640	LIMESTONE,SHALE	NATURAL GAS,OIL	No
12	ATOKA	-5429	9030	9030	LIMESTONE,SHALE	NATURAL GAS,OIL	No
13	MISSISSIPPIAN	-5829	9430	9430	LIMESTONE	NATURAL GAS,OIL	No

Section 2 - Blowout Prevention

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Pressure Rating (PSI): 5M **Rating Depth:** 11000

Equipment: Rotating Head, Mud-Gas Separator

Requesting Variance? NO

Variance request:

Testing Procedure: The BOP/BOPE test shall include a low pressure test from 250 psi to a high pressure test to 5000 psi. The test will be held for a minimum of 10 minutes if test is done a test plug and 30 minutes without a test plug.

Choke Diagram Attachment:

5M_BOP_Choke_Manifold_20180702094905.pdf

BOP Diagram Attachment:

5M_BOP_Choke_Manifold_20180702094916.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	PRODUCTION	7.875	5.5	NEW	API	N	0	10975	0	10975			10975	P-110	17	LTC	1.377	3.238	BUOY	1.8	BUOY	3.547

Casing Attachments

Casing ID: 1 **String Type:** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

denali_swd_csg_20180627095526.pdf

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Section 4 - Cement

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
PRODUCTION	Lead	11000	0	11000	260	1.84	13.2	1871	35	Class C 4% PF20+4 pps PF45 + 125 pps PF29	20bbls gelled water 20bbls chemical wash 50sx of 11# scavenger cement
PRODUCTION	Tail		2000	11000	1450	1.48	13	1871	35	PVL + 1.3 (BWOW) PF44+5% PF174+.5%PF606+.1%PF153+.4PPS PF44	20bbls gelled water 20bbls chemical wash 50sx of 11# scavenger cement

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: BOPE, Brine Water

Describe the mud monitoring system utilized: Pason PVT with Pit Volume Recorder

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	10900	LOW SOLIDS NON-DISPERSED (LSND)	8.3	10	74.8		11		160000	10	

Operator Name: MACK ENERG RPORATION

Well Name: DENALI SWD **Well Number:** 1

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

None

List of open and cased hole logs run in the well:

CALIPER,CNL/FDC,DLL,GR

Coring operation description for the well:

We will evaluate after logging to determine the necessity for sidewall coring.

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 5500 **Anticipated Surface Pressure:** 3085.5

Anticipated Bottom Hole Temperature(F): 110

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geoharzards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? NO

Hydrogen sulfide drilling operations plan:

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

denali_h2s_plan_20180315141732.pdf
denali_drill_plan_20180705115419.pdf

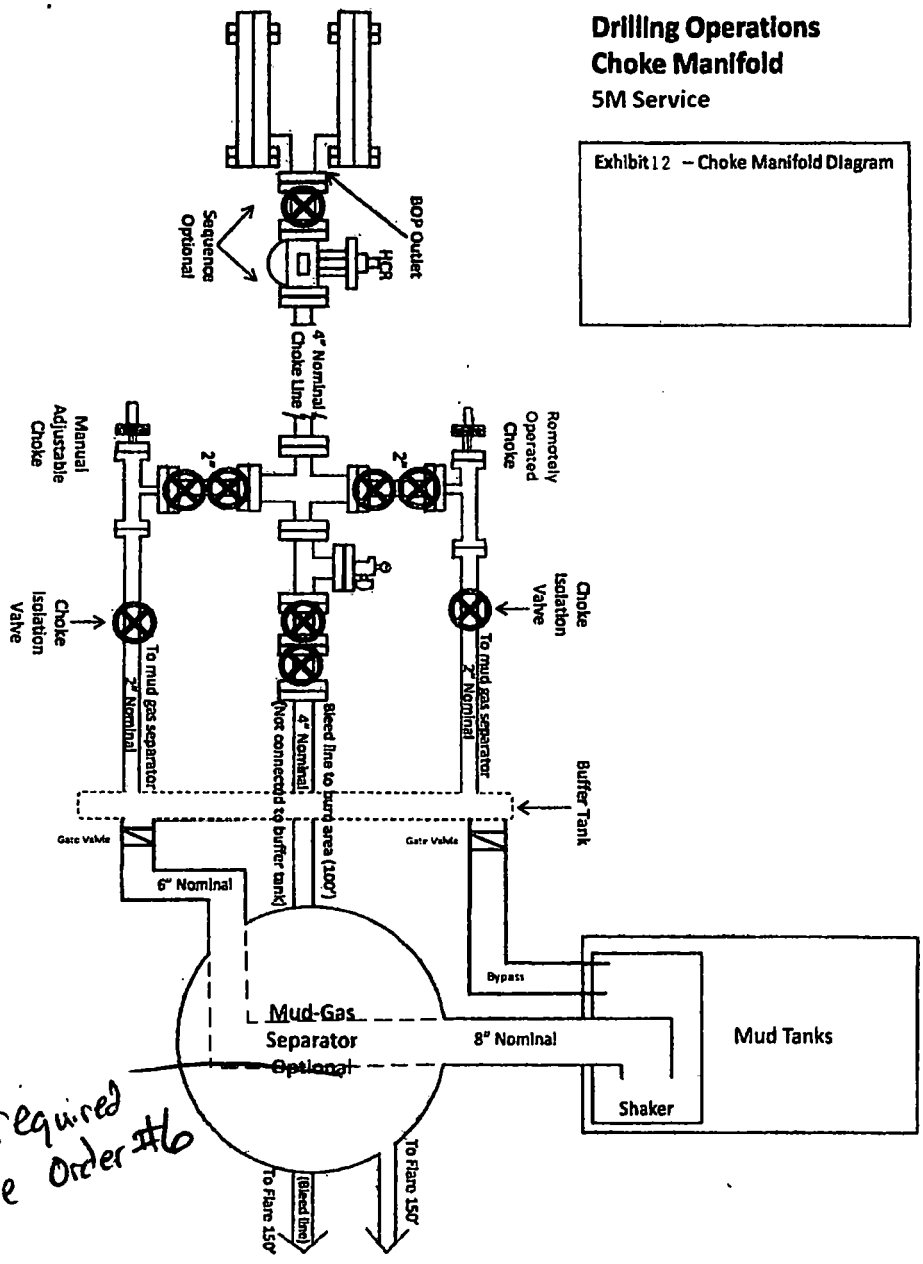
Other proposed operations facets description:

Other proposed operations facets attachment:

Other Variance attachment:

Mack Energy Corporation

MANIFOLD SCHEMATIC
Exhibit #12



See COA
Seperator required per Onshore Order #6

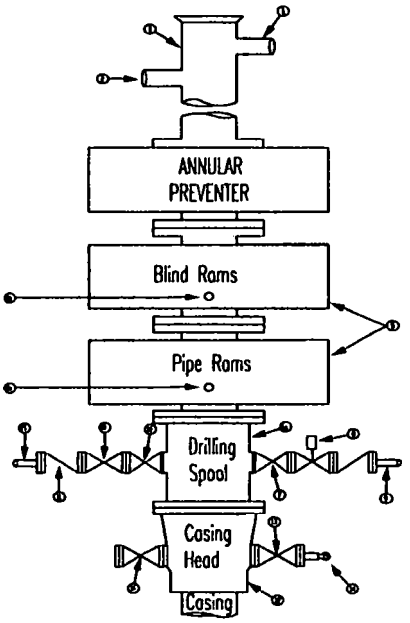
Mack Energy Corporation
Minimum Blowout Preventer Requirements
5000 psi Working Pressure
13 5/8 inch- 5 MWP
11 Inch - 5 MWP
EXHIBIT #10

Stack Requirements

NO.	Items	Min. I.D.	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 2000 psi minimum.
2. Automatic accumulator (80 gallons, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers' position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Bradenhead or casing head and side valves.
2. Wear bushing. If required.

10.

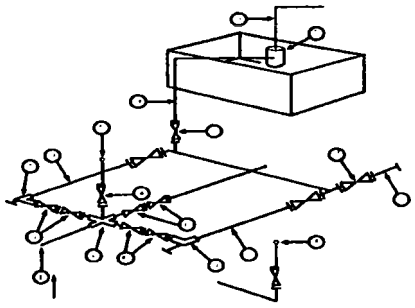
ME

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with hand-wheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Does not use kill line for routine fill up operations.

Mack Energy Corporation

Exhibit #11
MIMIMUM CHOKE MANIFOLD
3,000, 5,000, and 10,000 PSI Working Pressure
5M will be used
3 MWP - 5 MWP - 10 MWP



Mud Pit

Reserve Pit

*** Location of separator optional**

Below Substructure

Mimimum requirements

		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	Nominal	Rating	I.D.	Nominal	Rating	I.D.	Nominal	Rating
1	Line from drilling Spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 2"			3,000			5,000			
2	Cross 3" x 3" x 3" x 2"									10,000
3	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
4	Valve Gate Plug	1 13/16		3,000	1 13/16		5,000	1 13/16		10,000
4a	Valves (1)	2 1/16		3,000	2 1/16		5,000	2 1/16		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		2"	10,000
11	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
12	Line		3"	1,000		3"	1,000		3"	2,000
13	Line		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound Standpipe pressure quage			3,000			5,000			10,000
15	Gas Separator		2' x5'			2' x5'			2' x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000

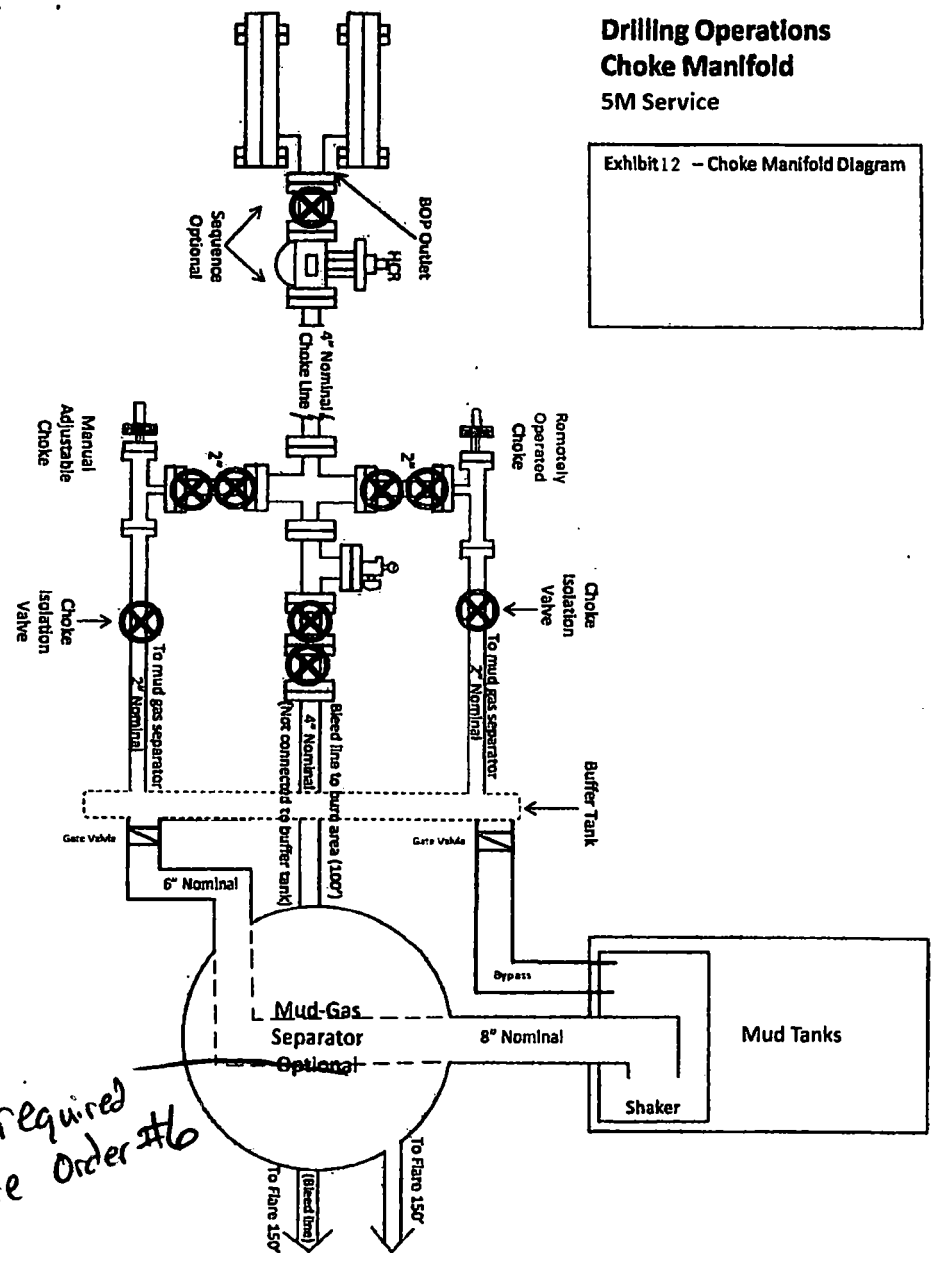
(1) Only one required in Class 3M
(2) Gate valves only shall be used for Class 10 M
(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTION

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should bee as straight as possible. Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees

Mack Energy Corporation

MANIFOLD SCHEMATIC
Exhibit #12



See COA
Seperator required
per Onshore Order #6

Mack Energy Corporation
Minimum Blowout Preventer Requirements
5000 psi Working Pressure
13 5/8 inch- 5 MWP
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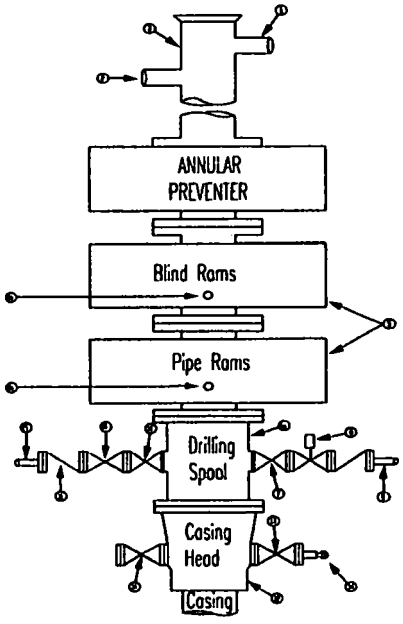
EXHIBIT #10

Stack Requirements

NO.	Items	Min. I.D.	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	



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3. BOP controls, to be located near drillers' position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Bradenhead or casing head and side valves.
2. Wear bushing. If required.

10.

ME

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with hand-wheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
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Mack Energy Corporation

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5M will be used
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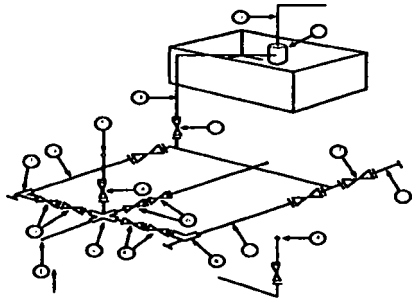

Mud Pit

Reserve Pit

*** Location of separator optional**

Below Substructure

Mimimum requirements

No.		3,000 MWP I.D.	Nominal	Rating	5,000 MWP I.D.	Nominal	Rating	10,000 MWP I.D.	Nominal	Rating
1	Line from drilling Spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 2"			3,000			5,000			
2	Cross 3" x 3" x 3" x 2"									10,000
3	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
4	Valve Gate Plug	1 13/16		3,000	1 13/16		5,000	1 13/16		10,000
4a	Valves (1)	2 1/16		3,000	2 1/16		5,000	2 1/16		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		2"	10,000
11	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
12	Line		3"	1,000		3"	1,000		3"	2,000
13	Line		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound Standpipe pressure quage			3,000			5,000			10,000
15	Gas Separator		2' x5'			2' x5'			2' x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000

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6. Line from drilling spool to choke manifold should bee as straight as possible. Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees

Casing Design Well: Denall SWD #1 Re-Entry

String Size & Function: 5 1/2 in Production x

Total Depth: 10975 ft TVD: 10975 ft

Pressure Gradient for Calculations (While drilling)

Mud weight, collapse: 9.5 #/gal Safety Factor Collapse: 1.125

Mud weight, burst: 9.5 #/gal Safety Factor Burst: 1.25

Mud weight for joint strength: 9.5 #/gal Safety Factor Joint Strength 1.8

BHP @ TD for: collapse: 5421.65 psi Burst: 5421.65 psi. joint strength: 5421.65 psi

Partially evacuated hole? Pressure gradient remaining: 10 #/gal

Max. Shut in surface pressure: 3000 psi

1st segment	10975 ft to 0 ft			Make up Torque ft-lbs			Total ft = 10975
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
5.5 inches	17 #/ft	P-110	LT&C	4620	3470	5780	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
7,480 psi	10,640 psi	445 ,000 #		546 ,000 #		4.767	

2nd segment	ft to 0 ft			Make up Torque ft-lbs			Total ft =
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
inches	#/ft						
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
psi	psi	,000 #		,000 #			

3rd segment	0 ft to 0 ft			Make up Torque ft-lbs			Total ft = 0
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
inches	#/ft						
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
psi	psi	,000 #		,000 #			

4th segment	0 ft to 0 ft			Make up Torque ft-lbs			Total ft = 0
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
inches	#/ft						
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
psi	psi	,000 #		,000 #			

5th segment	0 ft to 0 ft			Make up Torque ft-lbs			Total ft = 0
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
inches	#/ft						
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
psi	psi	,000 #		,000 #			

6th segment	0 ft to 0 ft			Make up Torque ft-lbs			Total ft = 0
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
inches	#/ft						
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
psi	psi	,000 #		,000 #			

Select 1st segment bottom 11000

10975 ft to 0 ft			
5.5	0	P-110	LT&C

Top of segment 1 (ft) 0

Select 2nd segment from bottom

0 ft to 0 ft			
0	0	0	0

	S.F.	Actual		Desire
	collapse	1.379654	>=	1.125
	burst-b	3.23862	>=	1.25
	burst-t	3.546667		
	S.F.	Actual		Desire
	collapse	#DIV/0!	>=	1.125
	burst-b	0	>=	1.25
	burst-t	0		
	jnt strngth	2.790733	>=	1.8

Attached to Form 3160-
Mack Energy Corporation
Denali SWD #1 NMNM-18831
SHL : 660 FSL & 1980 FEL, SWSE, Sec. 3 T16S R28E
Eddy County, NM

Mack Energy Corporation
Onshore Order #6
Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards an characteristics of hydrogen sulfide (H2S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors alarms warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubular are to be used, personnel well be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H2S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. Well Control Equipment:

A. Flare line.
B. Choke manifold.
C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. Protective equipment for essential personnel:

A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. Visual warning systems:

A. Wind direction indicators as shown on well site diagram (Exhibit #8).
B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
B. All elastomers used for packing and seals shall be H2S trim.

7. Communication:

A. Radio communications in company vehicles including cellular telephone and 2-way radio.
B. Land line (telephone) communication at Office.

8. Well testing:

A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.

Attached to Form 3160-.
Mack Energy Corporation
Denali SWD #1 NMNM-18831
SHL : 660 FSL & 1980 FEL, SWSE, Sec. 3 T16S R28E
Eddy County, NM

EXHIBIT #7

WARNING

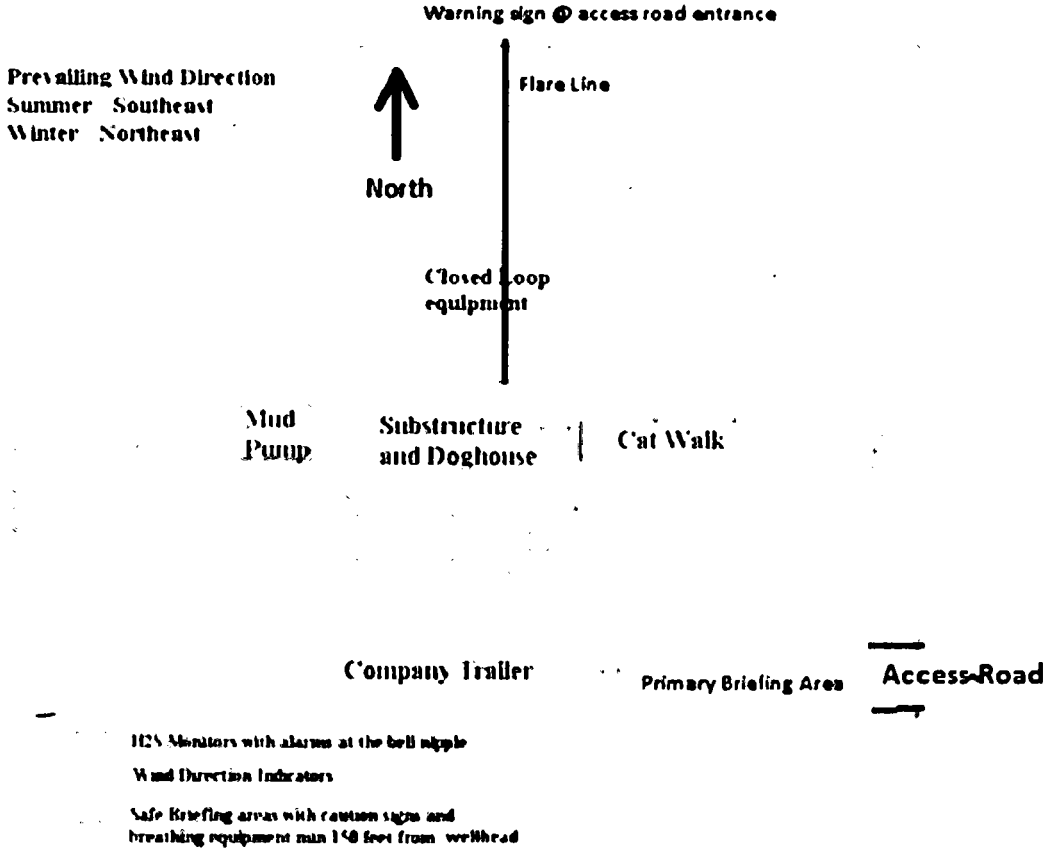
YOU ARE ENTERING AN H2S

AUTHORIZED PERSONNEL ONLY

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH MACK ENERGY FOREMAN AT OFFICE

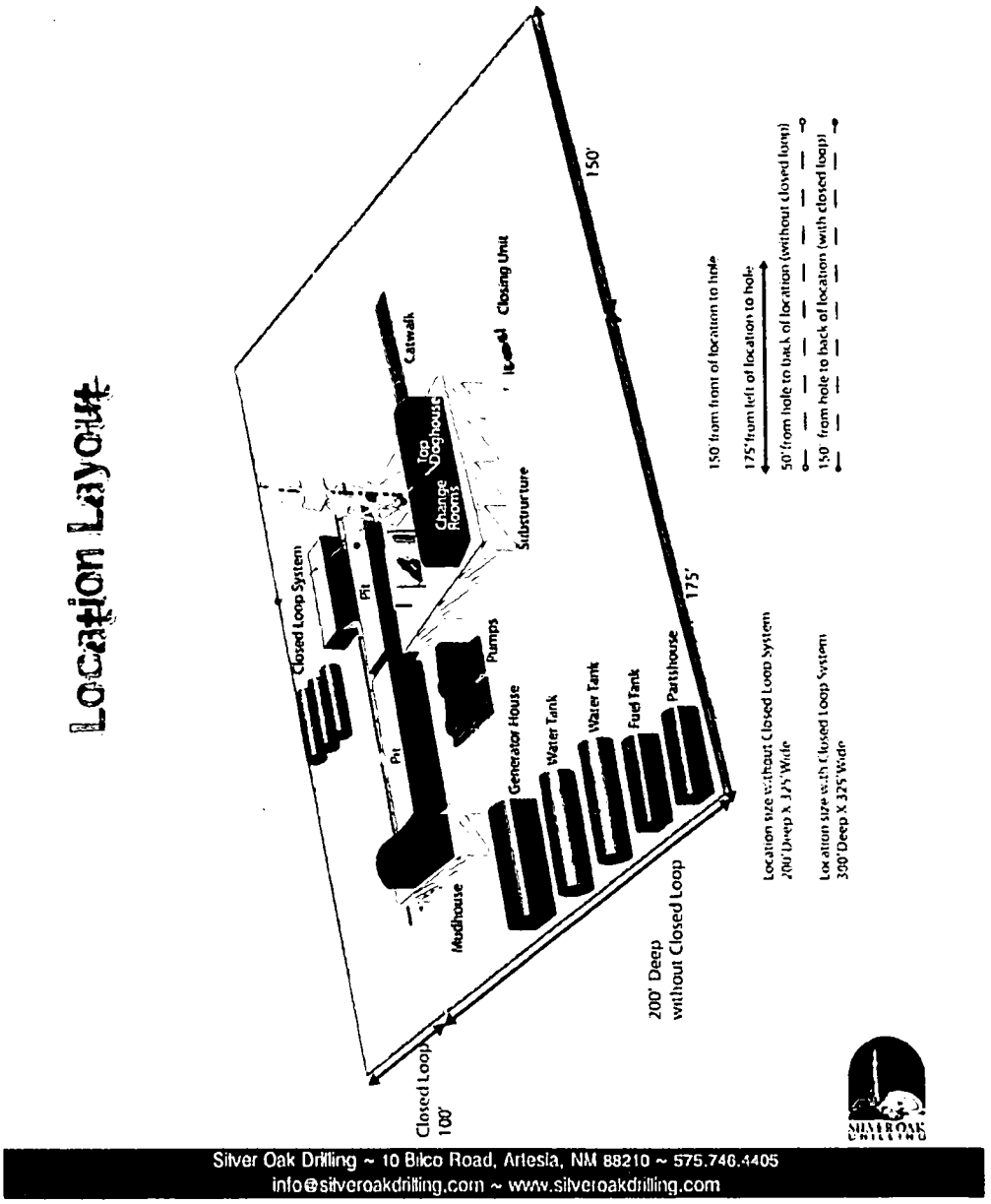
MACK ENERGY CORPORATION

1-575-748-1288



B. There will be no drill stem testing.

DRILLING LOCATION H2S SAFTY EQUIPMENT
Exhibit # 8



Mack Energy Corporation Call List, Eddy County

Artesia (575)	Cellular	Office
Jim Krogman	432-934-1596	748-1288
Emilio Martinez	432-934-7586	748-1288

Agency Call List (575)

Artesia

State Police	746-2703
City Police	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee	746-2122
NMOCD	748-1283

Carlsbad

State Police	885-3137
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee	887-3798
Bureau of Land Management	887-6544
New Mexico Emergency Response Commission	(505)476-9690
24 Hour	(505)827-9126
Natonal Emergency Response Center (Washington)	(800)424-8802

Emergency Services

Boots & Coots IWC	1-800-256-9688 or (281)931-8884
Cudd pressure Control	(915)699-0139 or (915)563-3356
Halliburton	746-2757
Par Five	748-9539
Flight For Life-Lubbock, TX	(806)743-9911
Aerocare-Lubbock, TX	(806)747-8923
Med Flight Air Amb-Albuquerque, NM	(505)842-4433
Lifeguard Air Med Svc. Albuquerque, NM	(505)272-3115

Attached to For 60-3
Mack Energy Corporation
Denali SWD #1 NMNM-18831
SHL : 660 FSL & 1980 FEL, SWSE, Sec. 3 T16S R28E
Eddy County, NM

DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Yates	370'	Abo	5370'
Seven Rivers	510'	Wolfcamp	6630'
Queen	1090'	Cisco	7640'
Grayburg	1490'	Atoka	9030'
San Andres	1850'	Morrow	9150'
Glorieta	3380'	Miss	9430'
Tubb	4580'	Devonian	10150'

3. Estimated Depths of Anticipated Fresh Water, Oil and Gas:

Water Sand	150'	Fresh Water
Yates	370'	Oil/Gas
Seven Rivers	510'	Oil/Gas
Queen	1090'	Oil/Gas
Grayburg	1490'	Oil/Gas
San Andres	1850'	Oil/Gas
Glorieta	3380'	Oil/Gas
Tubb	4580'	Oil/ Gas
Abo	5370'	Oil/Gas
Wolfcamp	6630'	Oil/Gas
Cisco	7640'	Oil/Gas
Atoka	9030'	Oil/Gas
Morrow	9150'	Oil/Gas
Miss	9430'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 352' and circulating cement back to surface will protect the surface fresh water sand. Salt section and shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 ½" production casing, sufficient cement will be pumped to circulate back to surface.

4. Casing Program:

Hole Size	Interval	OD Casing	Wt, Grade, Jt, cond, collapse/burst/tension
17 1/2"	0-352'	13 3/8"	48#, H-40, ST&C, (Existing 10/4/2002)
12 1/4"	0-2013'	8 5/8"	32#, J-55, ST&C, (Existing 10/7/2002)
7 7/8"	0-10,975'	5 ½"	17#, P-110, LT&C, New, 1.376518,3.237979, 3.54667

5. Cement Program:

13 3/8" Surface Casing: 200sx Class H+additives, 400sx Class C (Existing 10/4/2002)
8 5/8" Intermediate Casing: 650sx 50/50 Poz C + additives, 200sx Class C + additives (Existing 10/7/2002)
5 ½" Production Casing: Lead 260sx Class C 4% PF 20+4 pps PF45 +125pps PF-29, yld 1.84, wt 13.2 ppg, 9.914gals/sx, excess 35%, Tail 1450sx, PVL + 1.3% (BWOW) PF44 + 5% PF174 + 5% PF606 + .1% PF153 +.4% PF44, yield 1.48, wt 13.0, 7.577gals/sx, 35% excess.

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #10 will consist of a double ram-type (5000 psi WP) minimum preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on bottom. The 11" BOP will be nippled up on the 8 5/8" surface casing and tested by a 3rd party to 5000 psi used continuously until TD is reached. All BOP's and accessory equipment will be tested to 5000 psi before drilling out of intermediate casing. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve and choke lines and choke manifold (Exhibit #11) with a minimum 5000 psi WP rating

7. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh and cut brine mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
2013'-TD'	Cut Brine	9.1	29	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

8. Auxiliary Well Control and Monitoring Equipment:

A. Kelly cock will be kept in the drill string at all times.
B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program:

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log from T.D. to 8 5/8 casing shoe.
B. Drill Stem test is not anticipated.
C. No conventional coring is anticipated.
D. Further testing procedures will be determined at TD.

10. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

Attached to For 30-3
Mack Energy Corporation
Denali SWD #1 NMNM-18831
SHL : 660 FSL & 1980 FEL, SWSE, Sec. 3 T16S R28E
Eddy County, NM

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 1600 psig. Low levels of Hydrogen sulfide have been monitors in producing wells in the area, so H2S may be present while drilling of the well; a plan is attached to the Drilling program. No major loss of circulation zones has been reported in offsetting wells.

11. Anticipated Starting Date and Duration of Operations:

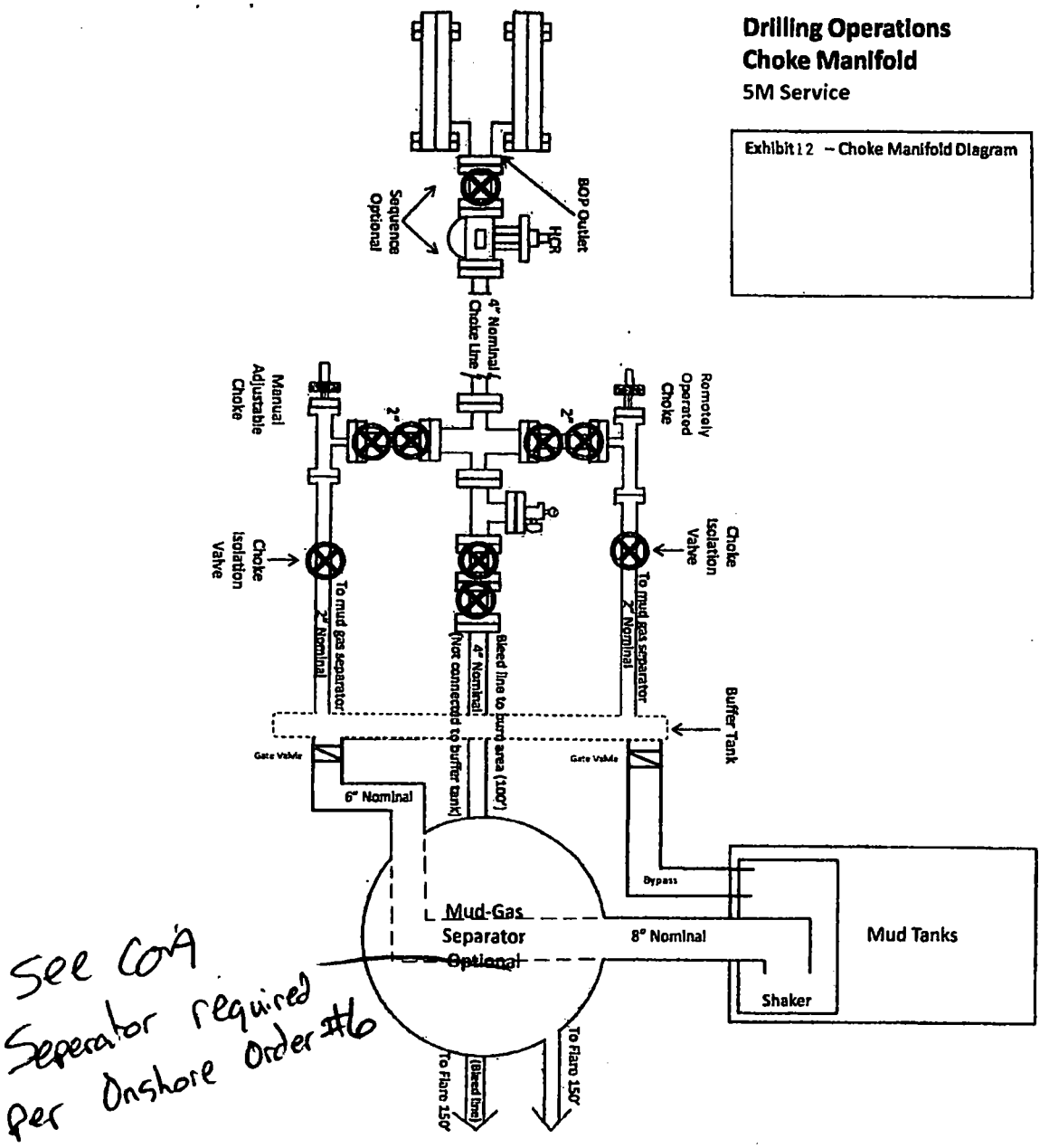
Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is July 1, 2018. Once commenced, the drilling operation should be finished in approximately 20 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

Attachment to Exhibit #10
NOTES REGARDING THE BLOWOUT PREVENTERS
Denali SWD #1
Chaves County, New Mexico

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.
2. Wear ring to be properly installed in head.
3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.
4. All fittings to be flanged.
5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.
6. All choke and fill lines to be securely anchored especially ends of choke lines.
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
8. Kelly cock on Kelly.
9. Extension wrenches and hands wheels to be properly installed.
10. Blow out preventer control to be located as close to driller's position as feasible.
11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

Mack Energy Corporation

MANIFOLD SCHEMATIC
Exhibit #12



See COA
Seperator required
per Onshore Order #6

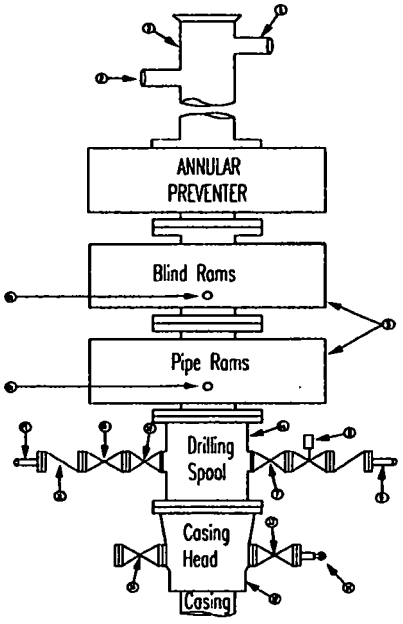
Mack Energy Corporation
Minimum Blowout Preventer Requirements
5000 psi Working Pressure
13 5/8 inch- 5 MWP
11 Inch - 5 MWP
EXHIBIT #10

Stack Requirements

NO.	Items	Min. I.D.	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	



CONTRACTOR'S OPTION TO CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 2000 psi minimum.
2. Automatic accumulator (80 gallons, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers' position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.
10. ME

MEC TO FURNISH:

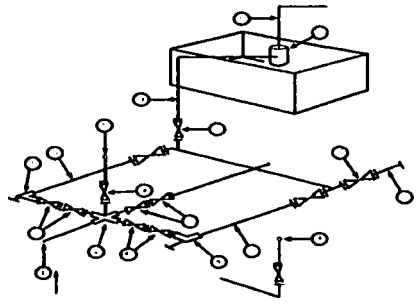
1. Bradenhead or casing head and side valves.
2. Wear bushing. If required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with hand-wheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Does not use kill line for routine fill up operations.

Mack Energy Corporation

Exhibit #11
MIMIMUM CHOKE MANIFOLD
3,000, 5,000, and 10,000 PSI Working Pressure
5M will be used
3 MWP - 5 MWP - 10 MWP



Mud Pit

Reserve Pit

*** Location of separator optional**

Below Substructure

Mimimum requirements

No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	Nominal	Rating	I.D.	Nominal	Rating	I.D.	Nominal	Rating
1	Line from drilling Spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 2"			3,000			5,000			
2	Cross 3" x 3" x 3" x 2"									10,000
3	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
4	Valve Gate Plug	1 13/16		3,000	1 13/16		5,000	1 13/16		10,000
4a	Valves (1)	2 1/16		3,000	2 1/16		5,000	2 1/16		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		2"	10,000
11	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
12	Line		3"	1,000		3"	1,000		3"	2,000
13	Line		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound Standpipe pressure quage			3,000			5,000			10,000
15	Gas Separator		2' x5'			2' x5'			2' x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000

(1) Only one required in Class 3M
(2) Gate valves only shall be used for Class 10 M
(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTION

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should bee as straight as possible. Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

SUPO Data Report

07/20/2018

APD ID: 10400027835 **Submission Date:** 03/16/2018

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Well Type: INJECTION - DISPOSAL **Well Work Type:** Reenter

Highlighted data reflects the most recent changes

Show Final Text

Section 1 - Existing Roads

Will existing roads be used? NO

Section 2 - New or Reconstructed Access Roads

Will new roads be needed? YES

New Road Map:

Denali_SWD_1_Site_Map_20180628110544.pdf
DENALI_SWD_1_plats_20180628110605.pdf

New road type: LOCAL,TWO-TRACK

Length: 1450 Feet **Width (ft.):** 14

Max slope (%): 2 **Max grade (%):** 1

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 14

New road access erosion control: The maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 3' wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

New road access plan or profile prepared? NO

New road access plan attachment:

Access road engineering design? NO

Access road engineering design attachment:

Access surfacing type: OTHER

Access topsoil source: ONSITE

Operator Name: MACK ENERGY CO. RATION

Well Name: DENALI SWD **Well Number:** 1

Access surfacing type description: Surfacing material will consist of native caliche. Caliche will be obtained from the nearest approved caliche pit.

Access onsite topsoil source depth: 2

Offsite topsoil source description:

Onsite topsoil removal process: Blade topsoil into windrow along up-slope edge of road

Access other construction information:

Access miscellaneous information:

Number of access turnouts: **Access turnout map:**

Drainage Control

New road drainage crossing: CULVERT,OTHER

Drainage Control comments: The maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 3' wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

Road Drainage Control Structures (DCS) description: The maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 3' wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

Road Drainage Control Structures (DCS) attachment:

Access Additional Attachments

Additional Attachment(s):

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

Existing_Wells_20180314110142.pdf

Existing Wells description:

Section 4 - Location of Existing and/or Proposed Production Facilities

Submit or defer a Proposed Production Facilities plan? SUBMIT

Production Facilities description: A. Mack Energy Corporation does not operate a production facility on this lease. B. Facilities will be as follows: 1) Produced Water from surrounding wells will be sent to Denali SWD #1 well. 2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications. 3) Any additional caliche will be obtained from an approved caliche pit. And additional construction materials will be purchased from contractors. 4) It will be necessary to run electric power. Power will be run by CVE and they will send in a separate plan for power.

Production Facilities map:

denali_tb_20180315105459.pdf

Operator Name: MACK ENE CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Section 5 - Location and Types of Water Supply

Water Source Table

Water source use type: CAMP USE, DUST CONTROL, INTERMEDIATE/PRODUCTION CASING, STIMULATION

Water source type: GW WELL

Describe type:

Source latitude:

Source longitude:

Source datum:

Water source permit type: OTHER

Source land ownership: OTHER

Describe land ownership:

Water source transport method: TRUCKING

Source transportation land ownership: OTHER

Describe transportation land ownership:

Water source volume (barrels): 2000

Source volume (acre-feet): 0.25778618

Source volume (gal): 84000

Water source and transportation map:

Water_Source_2_20180228143728.pdf

Water_Source_3_20180228143738.pdf

Water_Source_20180228143751.pdf

Water source comments: Please see attachments. City/Municipal: Town of Hagerman S10 T14S R26E, Mor-West S20 T17S R30E, Brine Water: Salty Dog S5 T19S R36E Wasserhund S36 T16S R34E

New water well? NO

New Water Well Info

Well latitude: **Well Longitude:** **Well datum:**

Well target aquifer:

Est. depth to top of aquifer(ft): **Est thickness of aquifer:**

Aquifer comments:

Aquifer documentation:

Well depth (ft): **Well casing type:**

Well casing outside diameter (in.): **Well casing inside diameter (in.):**

New water well casing? **Used casing source:**

Drilling method: **Drill material:**

Grout material: **Grout depth:**

Casing length (ft.): **Casing top depth (ft.):**

Well Production type: **Completion Method:**

Water well additional information:

Operator Name: MACK ENERGY CO. . ORATION
Well Name: DENALI SWD **Well Number:** 1

State appropriation permit:

Additional information attachment:

Section 6 - Construction Materials

Construction Materials description: All caliche required for construction of drill pad and proposed new access road (approximately 2500 cubic yards) will be obtained from approved caliche pit @ Sec 7 T16S R29E and NWSE Sec 1 T16S R28E (see map attached).
Construction Materials source location attachment:

caliche_pits_20180228151321.pdf

Section 7 - Methods for Handling Waste

Waste type: PRODUCED WATER

Waste content description: Water produced from the well during completion may be disposed into a steel tank until pumped into the approved disposal system.
Amount of waste: 2080 barrels

Waste disposal frequency : Weekly

Safe containment description: Water produced from the well during completion may be disposed into a steel tank until pumped into the approved disposal system.
Safe containmant attachment:

Waste disposal type: ON-LEASE INJECTION **Disposal location ownership:** STATE

Disposal type description:

Disposal location description: Denali SWD #1 SWSE Sec. 3 T16S R28E NMNM-18831

Waste type: GARBAGE

Waste content description: Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved local landfill. No toxic waste or hazardous chemicals will be produced by this operation.
Amount of waste: pounds

Waste disposal frequency : Weekly

Safe containment description: Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved local landfill. No toxic waste or hazardous chemicals will be produced by this operation.
Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL
Disposal type description:

Disposal location description: Black Hawk will dispose at an approved location. Black Hawk, Keith Willis 1 575-631-6378

Waste type: SEWAGE

Waste content description: Sewage and Gray Water will be placed in container and hauled to a approved facility. Container and disposal handled by Black Hawk.
Amount of waste:

Waste disposal frequency : Weekly

Operator Name: MACK ENE. CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Safe containment description: Sewage and Gray Water will be placed in container and hauled to a approved facility. Container and disposal handled by Black Hawk.
Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL
Disposal type description:

Disposal location description: Black Hawk will dispose at an approved location. Black Hawk Keith Willis 575-637-6378

Waste type: DRILLING

Waste content description: Drill cuttings and fluids will e disposed into the steel tanks and hauled to R-360 disposal facility, permit number NM-01-0006. Located on HWY 62 at MM 66. Drilling fluids will be contained in steel tanks using a closed loop system. No pits will be used during drilling operations.
Amount of waste: 700 barrels

Waste disposal frequency : Weekly

Safe containment description: Drill cutting and fluids will be disposed into the steel tanks and hauled to R-360 disposal facility, permit number NM-01-0006. Located on HWY 62 at MM 66. Drilling fluids will be contained in steel tanks using a closed loop system. No pits will be used during drilling operations.
Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL
Disposal type description:

Disposal location description: R-360 disposal facility, permit number NM-01-0006, Located on Hwy 62 at MM 66.

Reserve Pit

Reserve Pit being used? NO

Temporary disposal of produced water into reserve pit?

Reserve pit length (ft.) **Reserve pit width (ft.)**

Reserve pit depth (ft.) **Reserve pit volume (cu. yd.)**

Is at least 50% of the reserve pit in cut?

Reserve pit liner

Reserve pit liner specifications and installation description

Cuttings Area

Cuttings Area being used? NO

Are you storing cuttings on location? NO

Description of cuttings location

Cuttings area length (ft.) **Cuttings area width (ft.)**

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Cuttings area depth (ft.) **Cuttings area volume (cu. yd.)**

Is at least 50% of the cuttings area in cut?

WCuttings area liner

Cuttings area liner specifications and installation description

Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

Denali_SWD_1_Site_Map_20180628110813.pdf

Comments: After evaluation is complete a plan for power will be submitted for approval. A) The well site and elevation plat for the proposed well is shown in Exhibit #14. It was staked by Maddron Surveying, Carlsbad, NM. B) The drill pad layout, with elevations staked by Maddron Surveying, is shown in attachment. Dimensions of the pad are shown. Topsoil if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required. C) Diagram below shows the proposed orientation of the location. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

Section 10 - Plans for Surface Reclamation

Type of disturbance: New Surface Disturbance **Multiple Well Pad Name:**

Multiple Well Pad Number:

Recontouring attachment:

denali_reclaim_20180628110853.pdf

Drainage/Erosion control construction: Edges of location will be bermed to prevent run off or erosion.

Drainage/Erosion control reclamation: The maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 3' wide. Water will diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

Operator Name: MACK ENE\ CORPORATION

Well Name: DENALI SWD **Well Number:** 1

Well pad proposed disturbance (acres): 2.192
Road proposed disturbance (acres): 0.99
Powerline proposed disturbance (acres): 0
Pipeline proposed disturbance (acres): 0
Other proposed disturbance (acres): 0

Total proposed disturbance: 3.182

Well pad interim reclamation (acres): 1.51
Road interim reclamation (acres): 0.46
Powerline interim reclamation (acres): 0
Pipeline interim reclamation (acres): 0
Other interim reclamation (acres): 0

Total interim reclamation: 1.97

Well pad long term disturbance (acres): 1.51
Road long term disturbance (acres): 0.46
Powerline long term disturbance (acres): 0
Pipeline long term disturbance (acres): 0
Other long term disturbance (acres): 0

Total long term disturbance: 1.97

Disturbance Comments:

Reconstruction method: 1) Caliche will be removed, ground ripped and stockpiled topsoil used to recontoured as close as possible to the original natural level to prevent erosion and ponding of water. 2) Area will be reseeded as per BLM specifications. Seeding will be done when moisture is available and weather permitting. Pure live seed will be used to prevent noxious weeds. Annual inspection of growth will be done and necessary measures taken to eliminate noxious weeds.
Topsoil redistribution: 1) Caliche will be removed, ground ripped and stockpiled topsoil used to recontoured as close as possible to the original natural level to prevent erosion and ponding of water. 2) Area will be reseeded as per BLM specifications. Seeding will be done when moisture is available and weather permitting. Pure live seed will be used to prevent noxious weeds. Annual inspection of growth will be done and necessary measures taken to eliminate noxious weeds.
Soil treatment: 1) Caliche will be removed, ground ripped and stockpiled topsoil used to recontoured as close as possible to the original natural level to prevent erosion and ponding of water. 2) Area will be reseeded as per BLM specifications. Seeds will be done when moisture is available and weather permitting. Pure live seed will be used to prevent noxious weeds. Annual inspection of growth will be done and necessary measures taken to eliminate noxious weeds.
Existing Vegetation at the well pad: The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.
Existing Vegetation at the well pad attachment:

Existing Vegetation Community at the road: The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.
Existing Vegetation Community at the road attachment:

Existing Vegetation Community at the pipeline: The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.
Existing Vegetation Community at the pipeline attachment:

Existing Vegetation Community at other disturbances: The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.
Existing Vegetation Community at other disturbances attachment:

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Operator Name: MACK ENERGY CO. ORATION
Well Name: DENALI SWD **Well Number:** 1

Will seed be harvested for use in site reclamation? YES

Seed harvest description: A cultural resources examination has been requested and will be forwarded to your office in the near future.
Seed harvest description attachment:

Seed Management

Seed Table

Seed type:

Seed source:

Seed name:

Source name:

Source address:

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre:

Proposed seeding season:

Seed Summary	
Seed Type	Pounds/Acre

Total pounds/Acre:

Seed reclamation attachment:

Operator Contact/Responsible Official Contact Info

First Name: Jerry **Last Name:** Sherrell

Phone: (575)748-1288 **Email:** jerrys@mec.com

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Existing invasive species treatment attachment:

Weed treatment plan description: The holder shall seed all disturbed areas with the seed mixture listed by BLM. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious
Weed treatment plan attachment:

Monitoring plan description: After all disturbed area have been satisfactorily prepared, these areas need to be revegetated with seed mixture provided by BLM. Seeding should be accomplished by drilling on the contour whenever

Operator Name: MACK ENERGY CORPORATION

Well Name: DENALI SWD **Well Number:** 1

practical or by other approved methods. Seeding may be repeated until revegation is successful, as determined by the BLM.

Monitoring plan attachment:

Success standards: The seeding will be repeated until a satisfactory stand is established as determined by the authorized office. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Pit closure description: NO Pit

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland: **USFS Ranger District:**

Section 12 - Other Information

Right of Way needed? NO **Use APD as ROW?**

ROW Type(s):

ROW Applications

Operator Name: MACK ENERGY CO. ,RATION

Well Name: DENALI SWD **Well Number:** 1

SUPO Additional Information:

Use a previously conducted onsite? YES

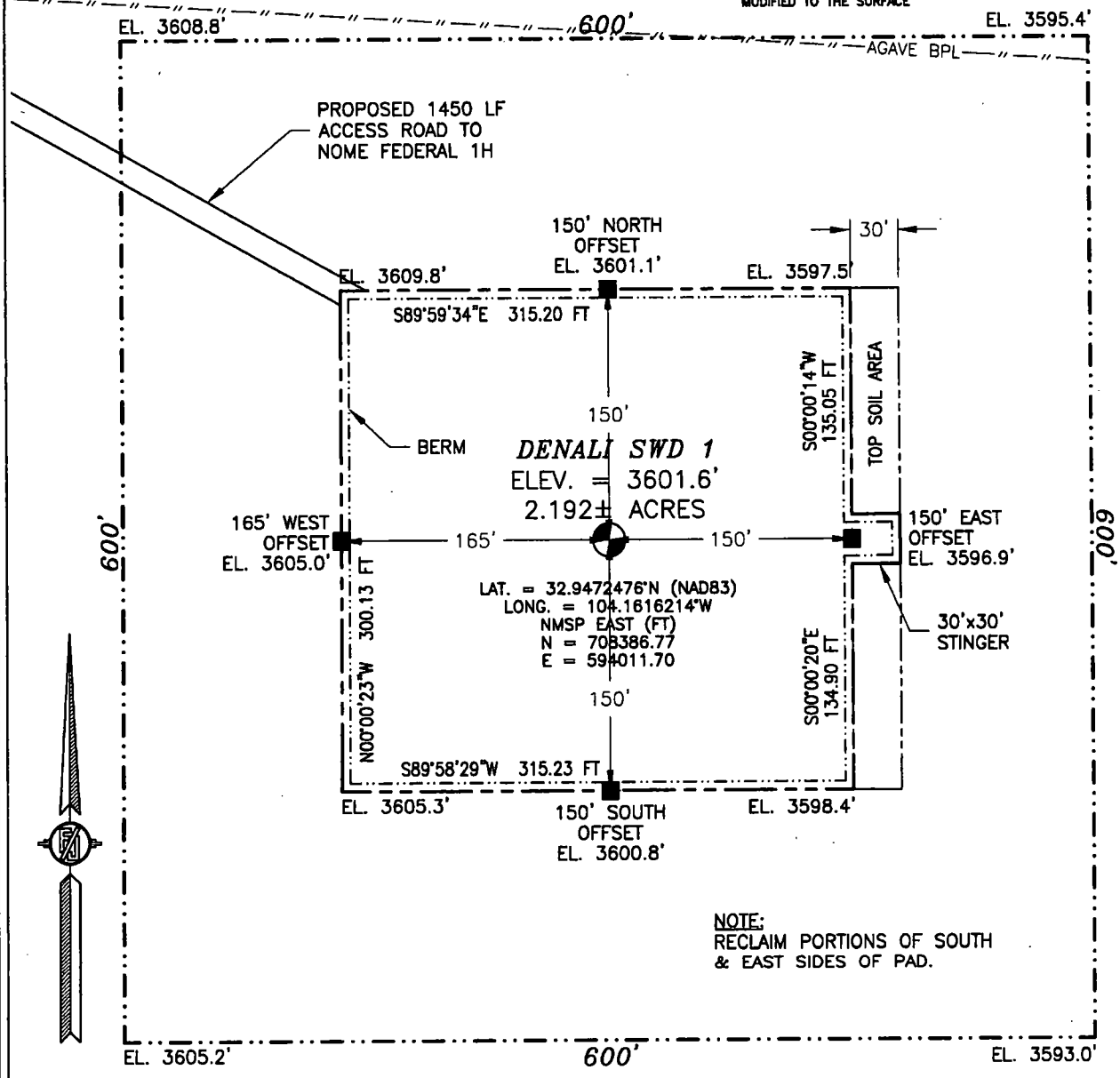
Previous Onsite information: Onsite 3/9/2018

Other SUPO Attachment

Wellbore_Diagram_20180622093619.pdf
Denali_SUPO_20180628111435.PDF

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



010 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF US HIGHWAY 82 & CR 202 (SOUTHERN UNION) GO NORTH ON CR 202 (AROUND SUBSTATION) FOR APPROX. 2.9, MILES, VEER NORTHEAST & CONTINUE ON CR 202 FOR APPROX. 1.25 MILES TO THE END OF CR 202, GO NORTHWEST ON 15' CALICHE LEASE ROAD APPROX. 0.1 OF A MILE TO A FORK, TAKE ROAD ON RIGHT & GO NORTH APPROX. 1.0 MILE, TAKE CALICHE LEASE ROAD EAST (RIGHT) & GO APPROX. 1.1 MILES TO A "Y", TAKE LEFT FORK FOR APPROX. 0.6 OF A MILE, GO NORTH (LEFT) & GO APPROX. 2.2 MILES, THEN CONTINUE NORTH ON 30' CALICHE LEASE ROAD FOR APPROX. 1.3 MILE, TURN RIGHT (NORTHEAST) AND CONTINUE ON CALICHE LEASE ROAD FOR APPROX. 2 MILES, TURN LEFT (NORTHWEST) ON 12' CALICHE LEASE ROAD FOR APPROX. 1.6 MILES TO SELLERS & FULTON CROW FLATS 3 FED 1, FROM SOUTHWEST CORNER FOLLOW ROAD SURVEY NORTH APPROX. 285' THEN NORTHEAST APPROX. 1034' (TOTAL 1319') TO SOUTHWEST PAD CORNER OF NOME FEDERAL 1H, THEN FROM SOUTHEAST CORNER GO SOUTHEAST 1450' TO THE NORTHWEST PAD CORNER FOR THIS LOCATION.

MACK ENERGY CORPORATION

DENALI SWD 1

LOCATED 660 FT. FROM THE SOUTH LINE AND 1980 FT. FROM THE EAST LINE OF SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 *CARLSBAD, NEW MEXICO*

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 Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	96101	SWD; Devonian

4 Property Code	5 Property Name	6 Well Number
	DENALI SWD	1

7 OGRID No.	8 Operator Name	9 Elevation
13837	MACK ENERGY CORPORATION	3601.6

10 Surface Location

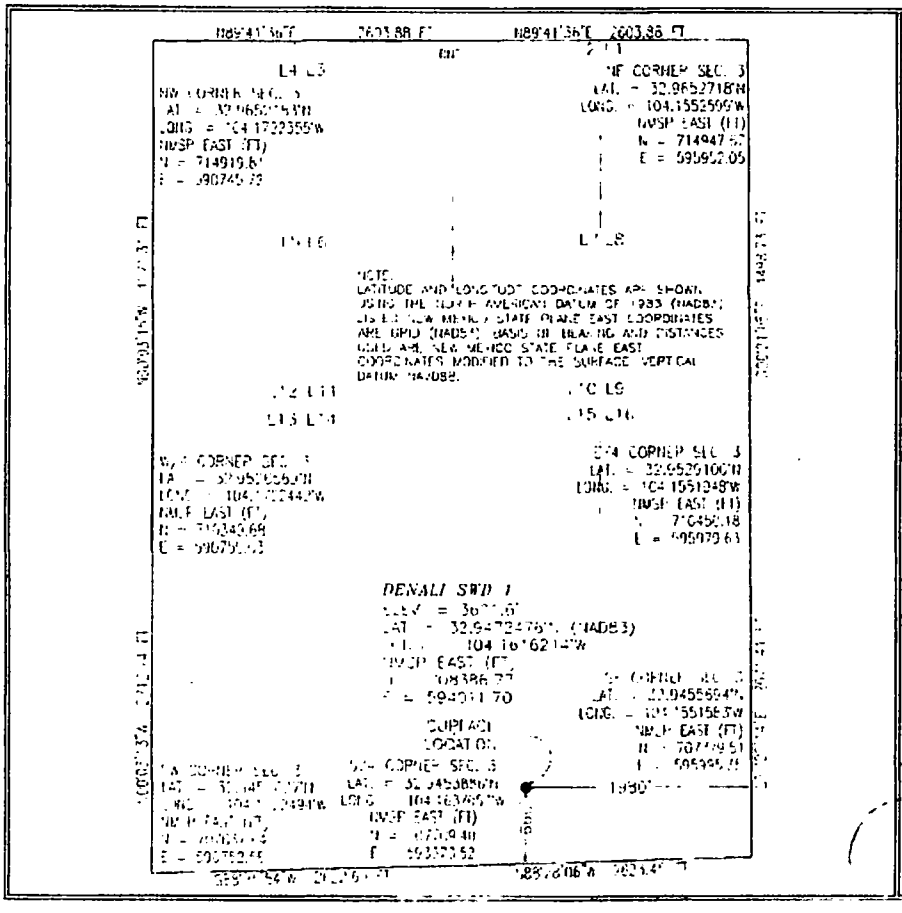
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	3	16 S	28 E		660	SOUTH	1980	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/ West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

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.



17 OPERATOR CERTIFICATION

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 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.

Deana Weaver 3218
Signature Date

Deana Weaver
Printed Name

dweaver@mec.com
E-mail Address

18 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.

FEBRUARY 9, 2018
Date of Survey

Signature and Seal of Professional Surveyor

Certificate Number EDMUND JARAMILLO, PLS 12797

SURVEY NO. 5985

District I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
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811 S. First St., Artesia, NM 88210
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State of New Mexico
Energy, Minerals & Natural Resources Department
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1220 South St. Francis Dr.
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Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
	96112	SWD; Montoya

[4] Property Code	[5] Property Name	[6] Well Number
	DENALI SWD	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
13837	MACK ENERGY CORPORATION	3601.6

[10] Surface Location

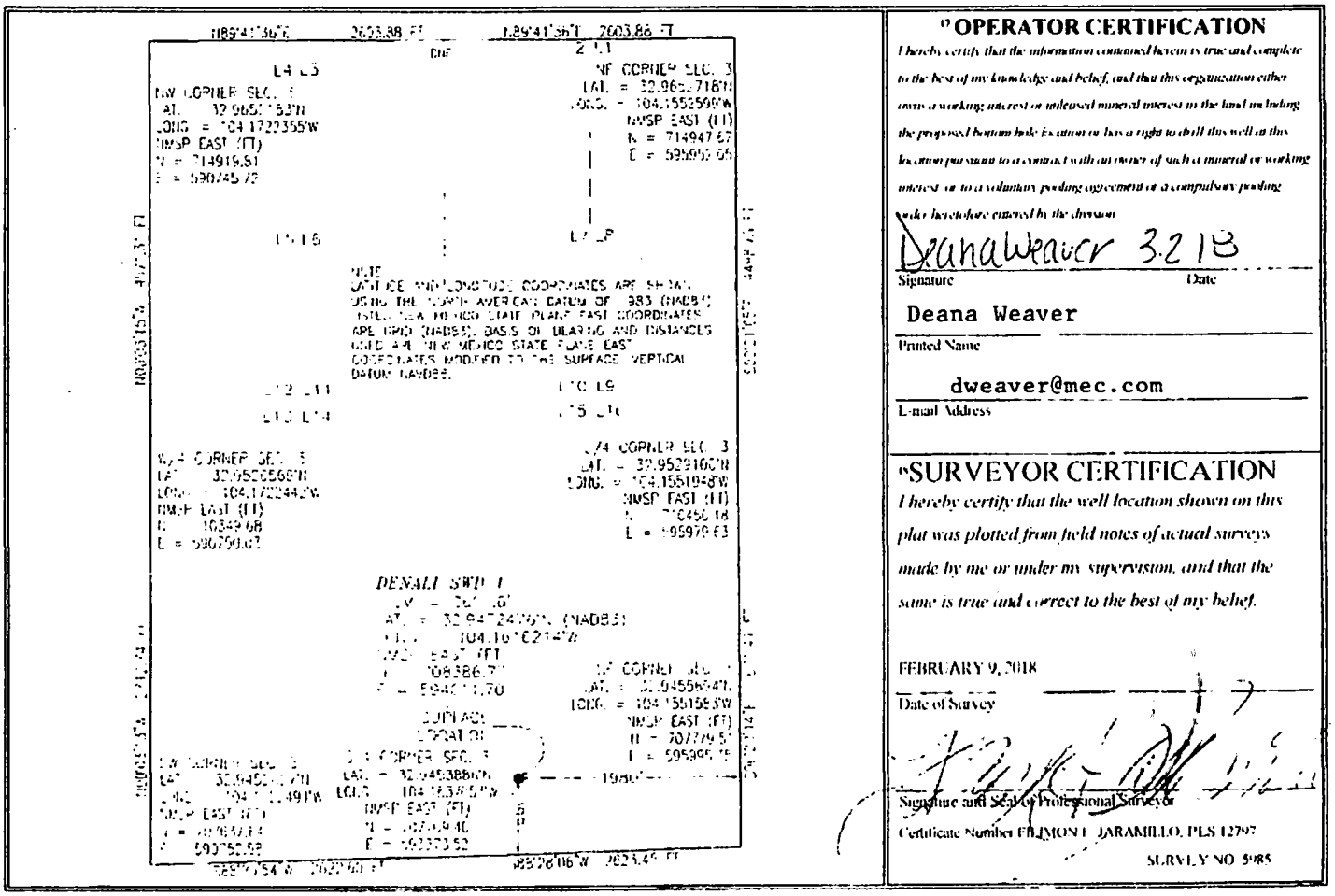
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	3	16 S	28 E		660	SOUTH	1980	EAST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/ West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

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.



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Deana Weaver 3.2.18
Signature Date

Deana Weaver
Printed Name

dweaver@mec.com
E-mail Address

[18] 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.

FEBRUARY 9, 2018
Date of Survey

Signature and Seal of Professional Surveyor

Certificate Number EDMUND JARAMILLO, PLS 12797

SURVEY NO. 5985

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
AUG 07 2018
DISTRICT II-ARTESIA O.C.D.

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name

[4] Property Code	[5] Property Name	[6] Well Number
	DENALI SWD	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
13837	MACK ENERGY CORPORATION	3601.6

[10] Surface Location

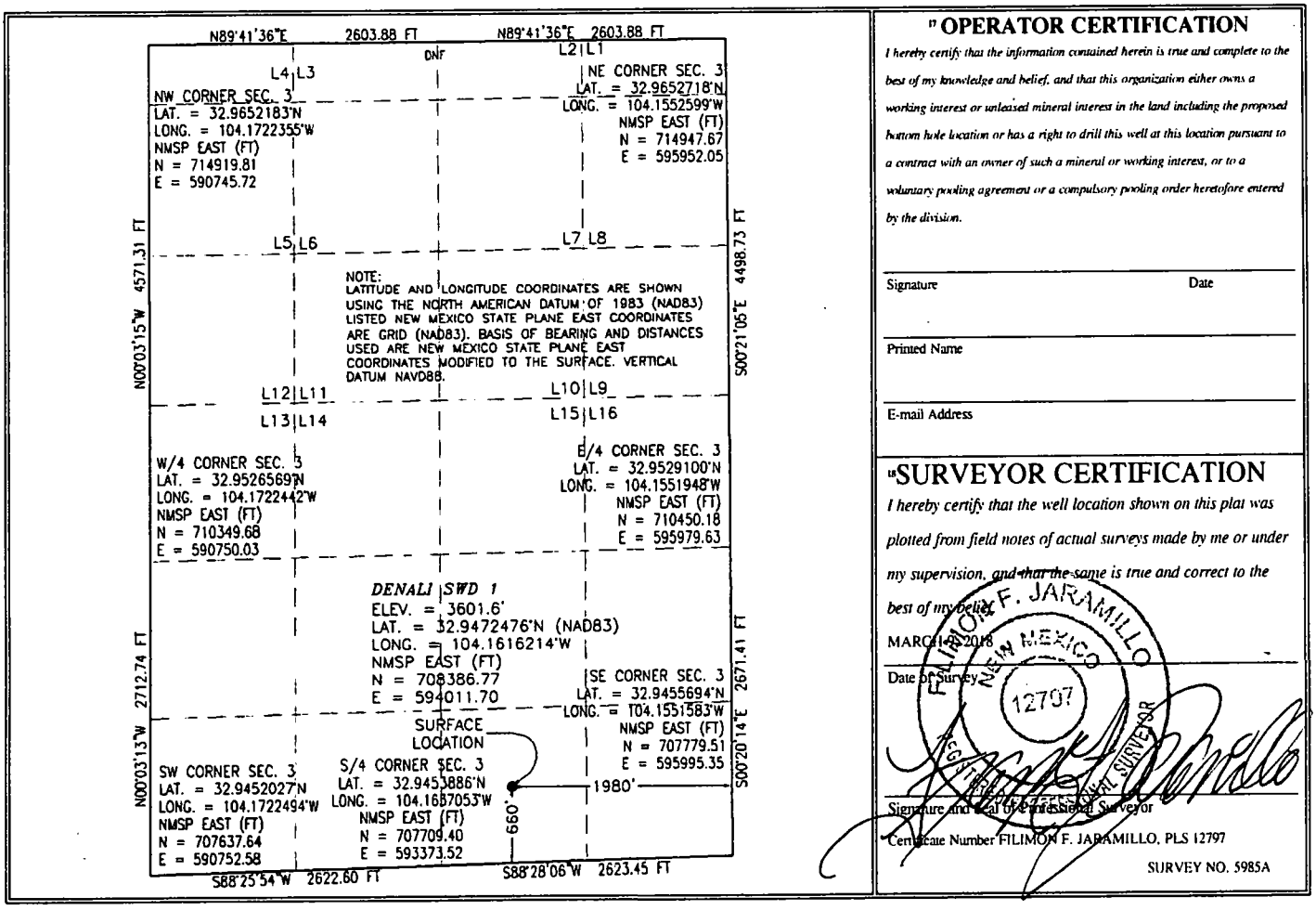
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	3	16 S	28 E		660	SOUTH	1980	EAST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/ West line	County

[12] Dedicated Acres	[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.



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Signature Date

Printed Name

E-mail Address

[18] 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.

MARCH 8, 2018

Date of Survey

FILIMON F. JARAMILLO
NEW MEXICO
12797
REGISTERED PROFESSIONAL SURVEYOR

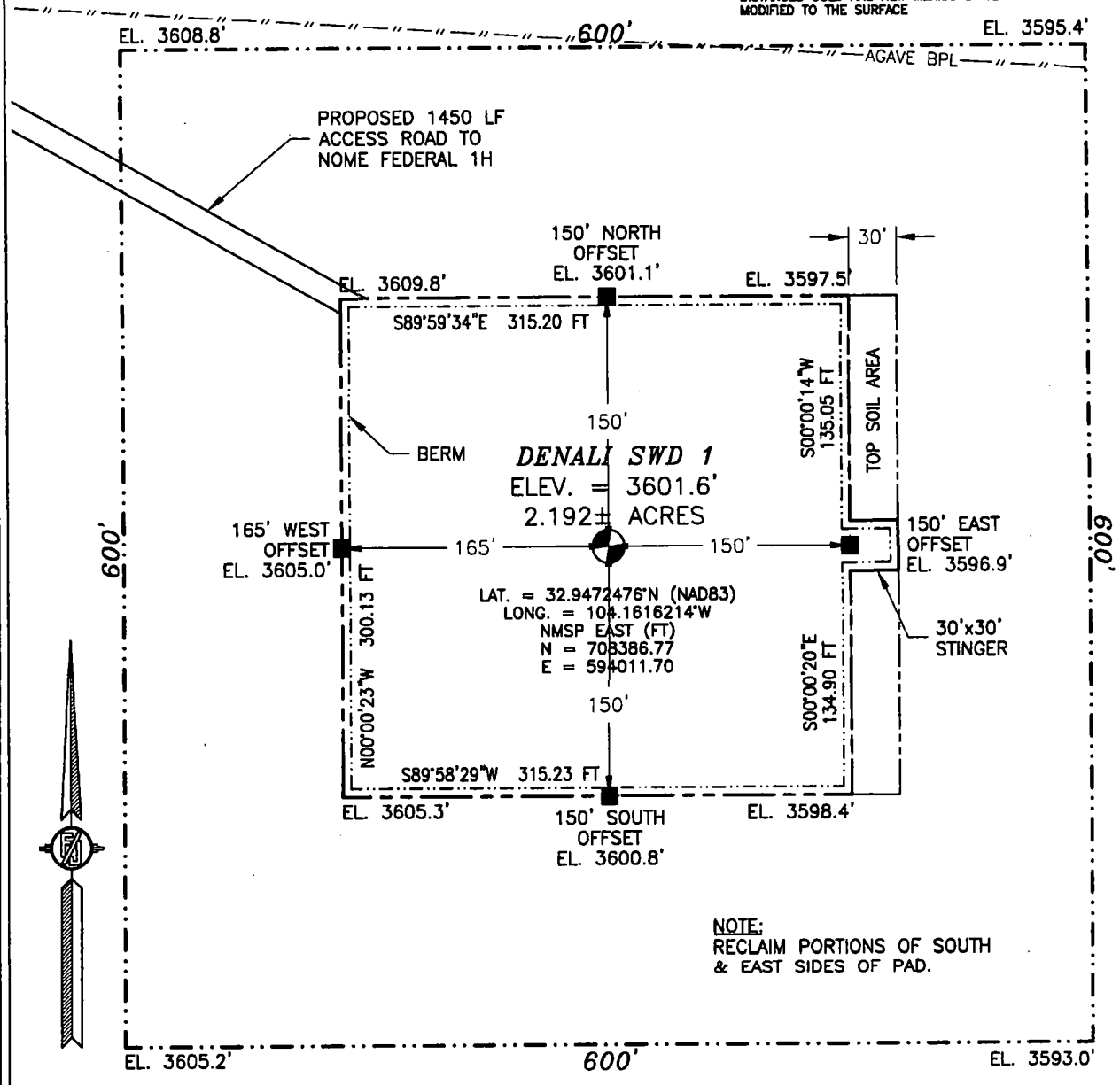
Signature and Seal of Professional Surveyor

Certificate Number FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 5985A

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



010 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION

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MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE AND 1980 FT. FROM THE EAST LINE OF SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

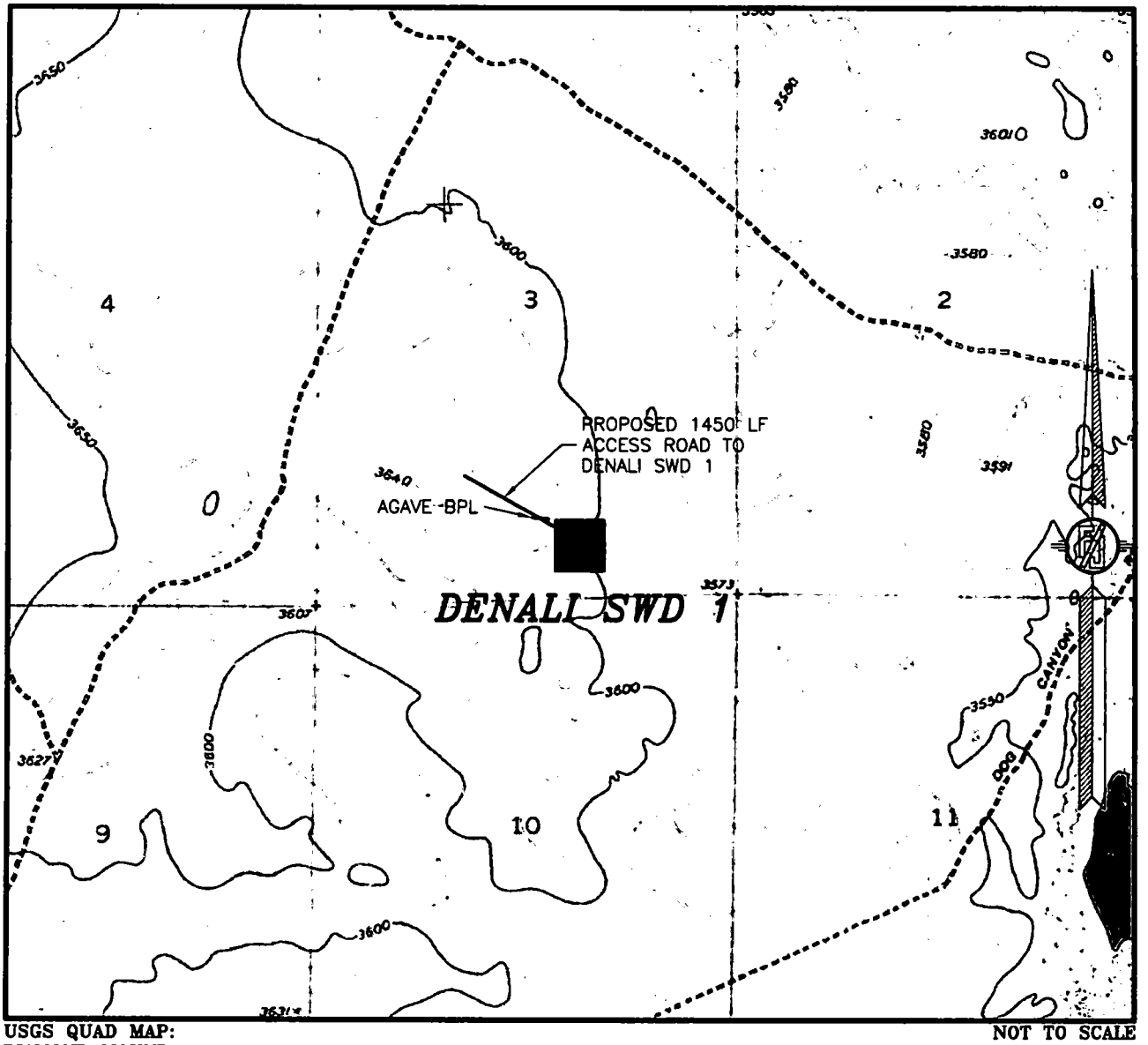
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 *CARLSBAD, NEW MEXICO*

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

LOCATION VERIFICATION MAP



USGS QUAD MAP:
DIAMOND MOUND

NOT TO SCALE

MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 16 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

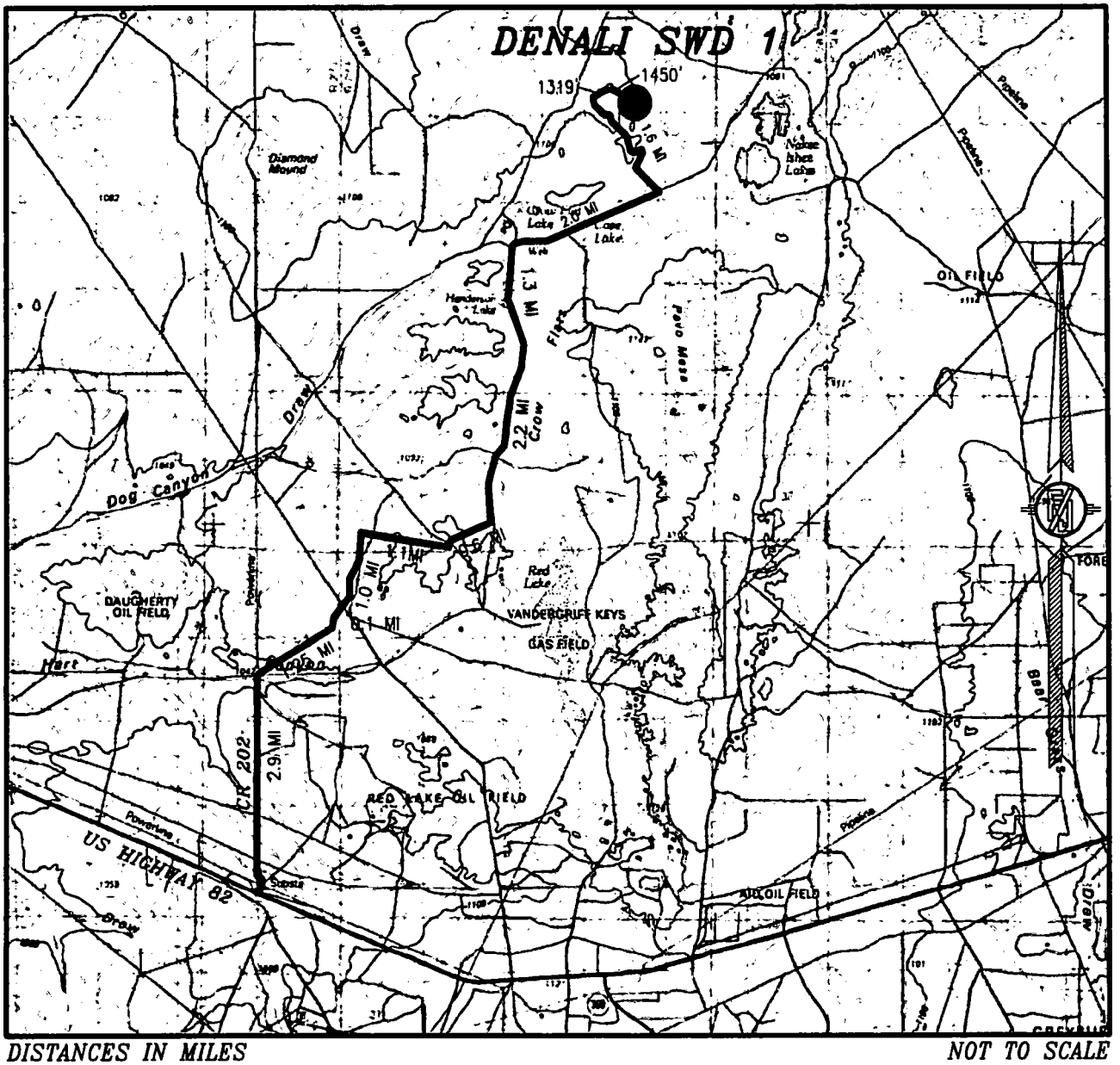
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

VICINITY MAP



DISTANCES IN MILES NOT TO SCALE

DIRECTIONS TO LOCATION
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MACK ENERGY CORPORATION
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EDDY COUNTY, STATE OF NEW MEXICO

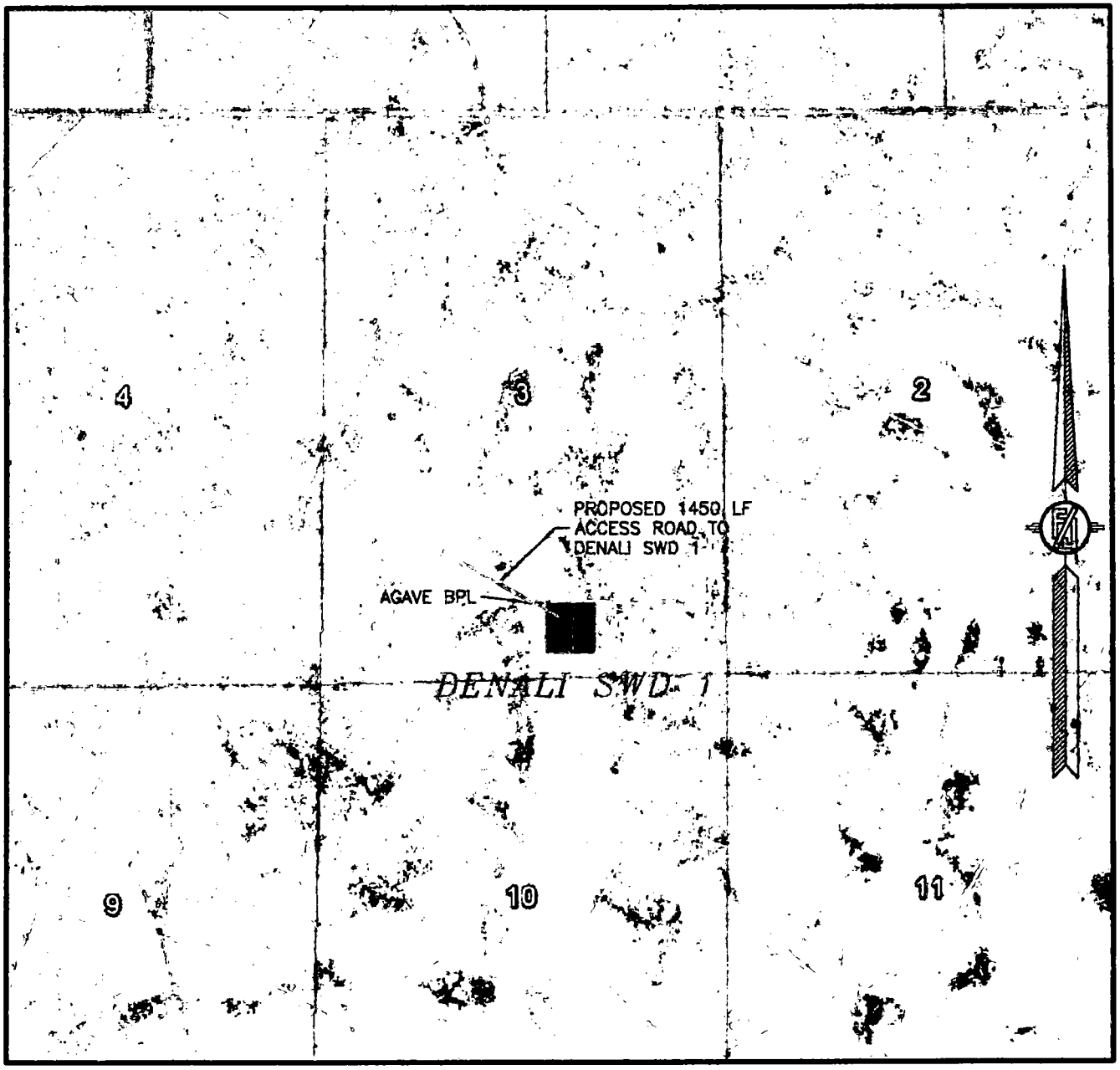
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

AERIAL PHOTO



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
MARCH 2016

MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 16 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

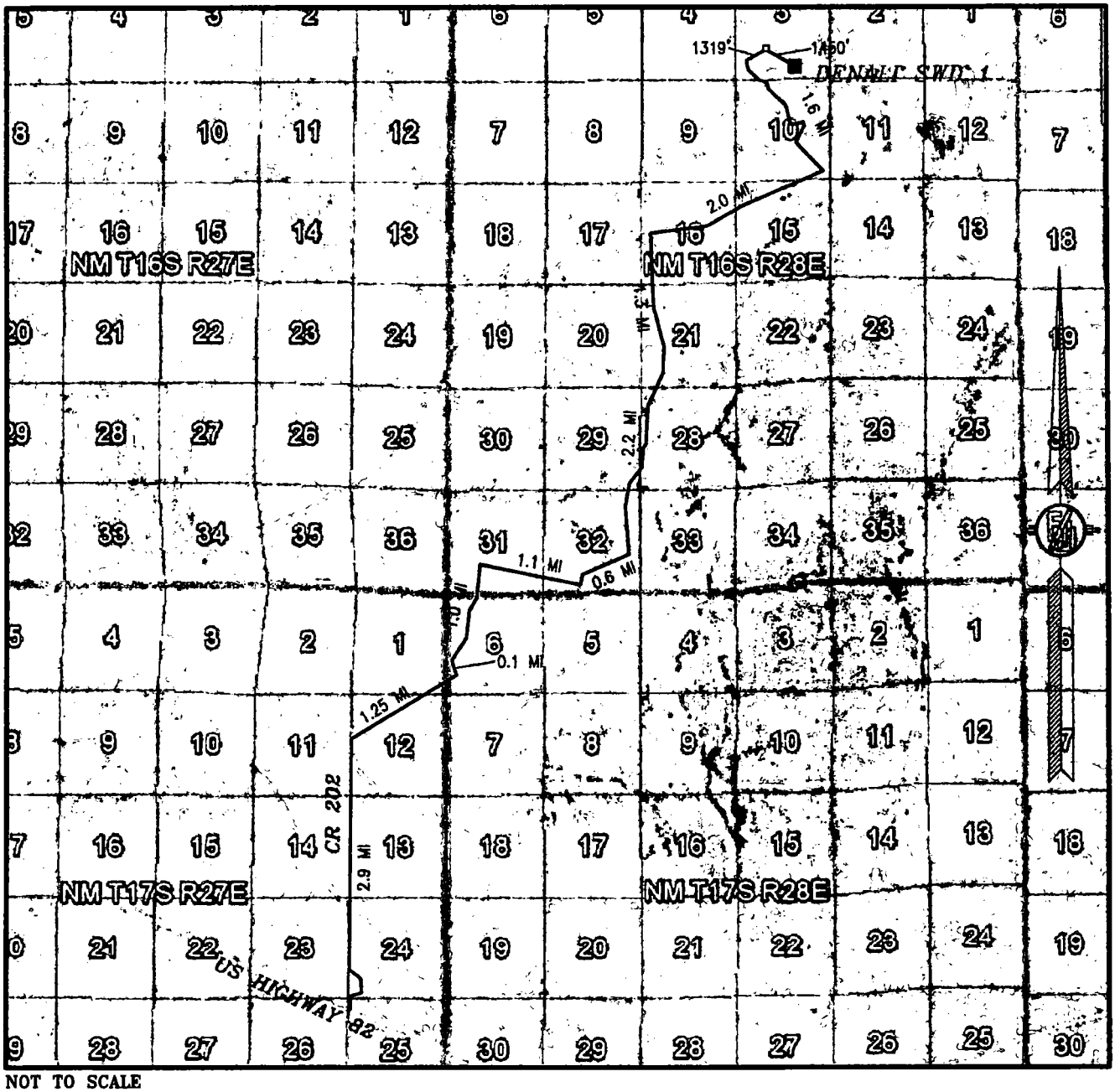
MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

ACCESS AERIAL ROUTE MAP



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
NOVEMBER 2017

MACK ENERGY CORPORATION

DENALI SWD 1

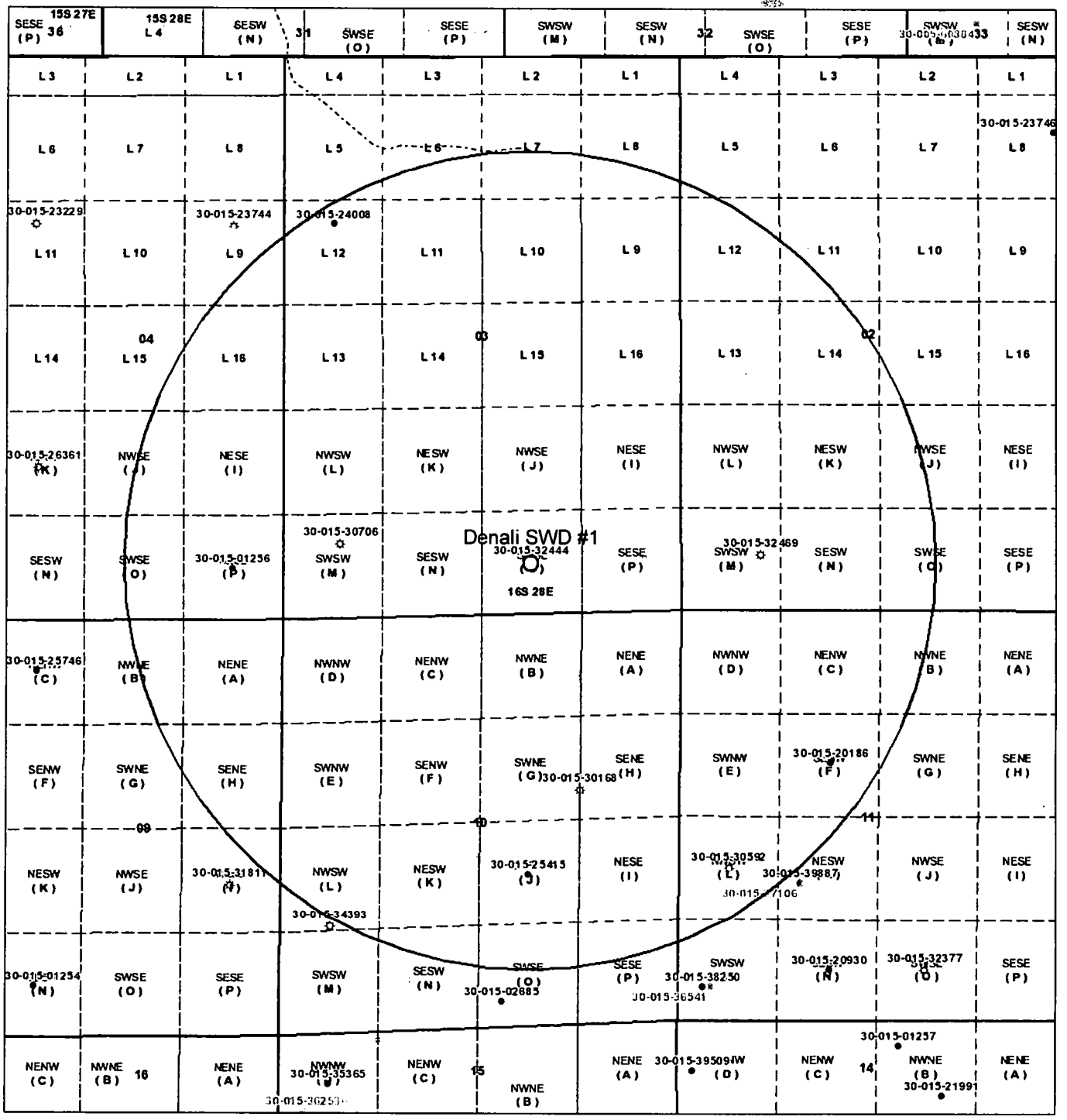
LOCATED 660 FT. FROM THE SOUTH LINE
AND 1980 FT. FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 16 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

Denali SWD #1



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0 0.175 0.35 0.7 mi

0 0.175 0.35 0.7 km

Points

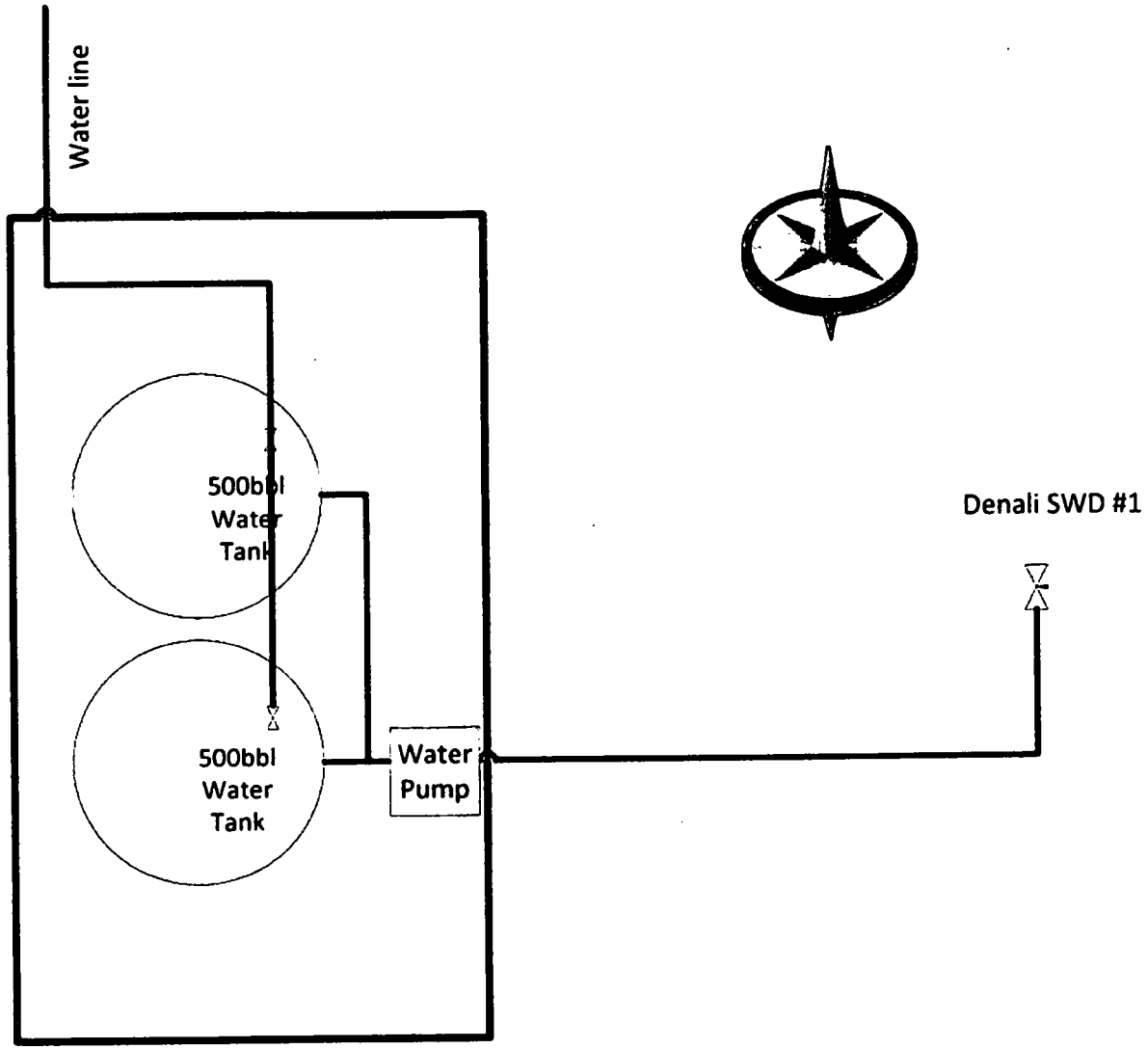
- Override 1

Areas

- Override 1

Well Locations - Large Scale

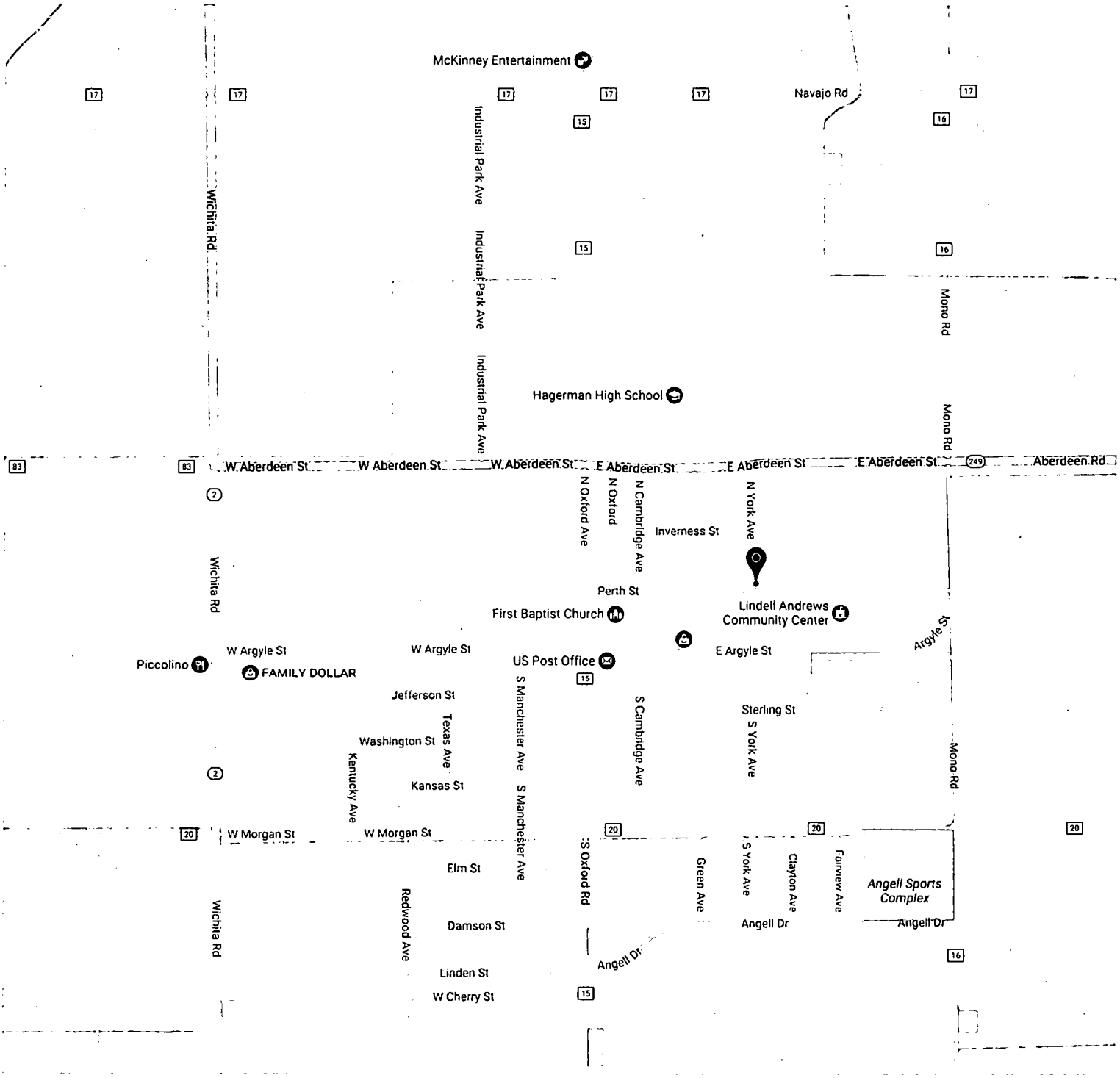
- Miscellaneous
- CO2 Active
- CO2 Cancelled
- CO2 New
- CO2, Plugged
- CO2, Temporarily Abandoned
- Gas Active
- Gas, Cancelled, Never Drilled
- Gas, New
- Gas, Plugged
- Gas, Temporarily Abandoned
- Injection, Active
- Injection, Cancelled
- Injection, New
- Injection, Plugged
- Injection, Temporarily Abandoned
- Oil, Active
- Oil, Cancelled
- Oil, New
- Oil, Plugged
- Oil, Temporarily Abondoned
- Salt Water Injection, Active
- Salt Water Injection, Cancelled
- Salt Water Injection, New
- Salt Water Injection, Plugged
- Salt Water Injection Temporarily Abandoned
- Water, Active
- Water, Cancelled
- Water, New
- Water, Plugged
- Water, Temporarily Abandoned
- OCD District Offices
- PLSS Townships
- PLSS Second Division
- PLSS First Division



Denali SWD #1
SWSE Sec. 3 T16S R28E
Lease NMNM18831

Mack Energy Corporation
11344 Lovington Hwy
Artesia, NM 88210

33°06'55.3"N 104°19'24.4"W

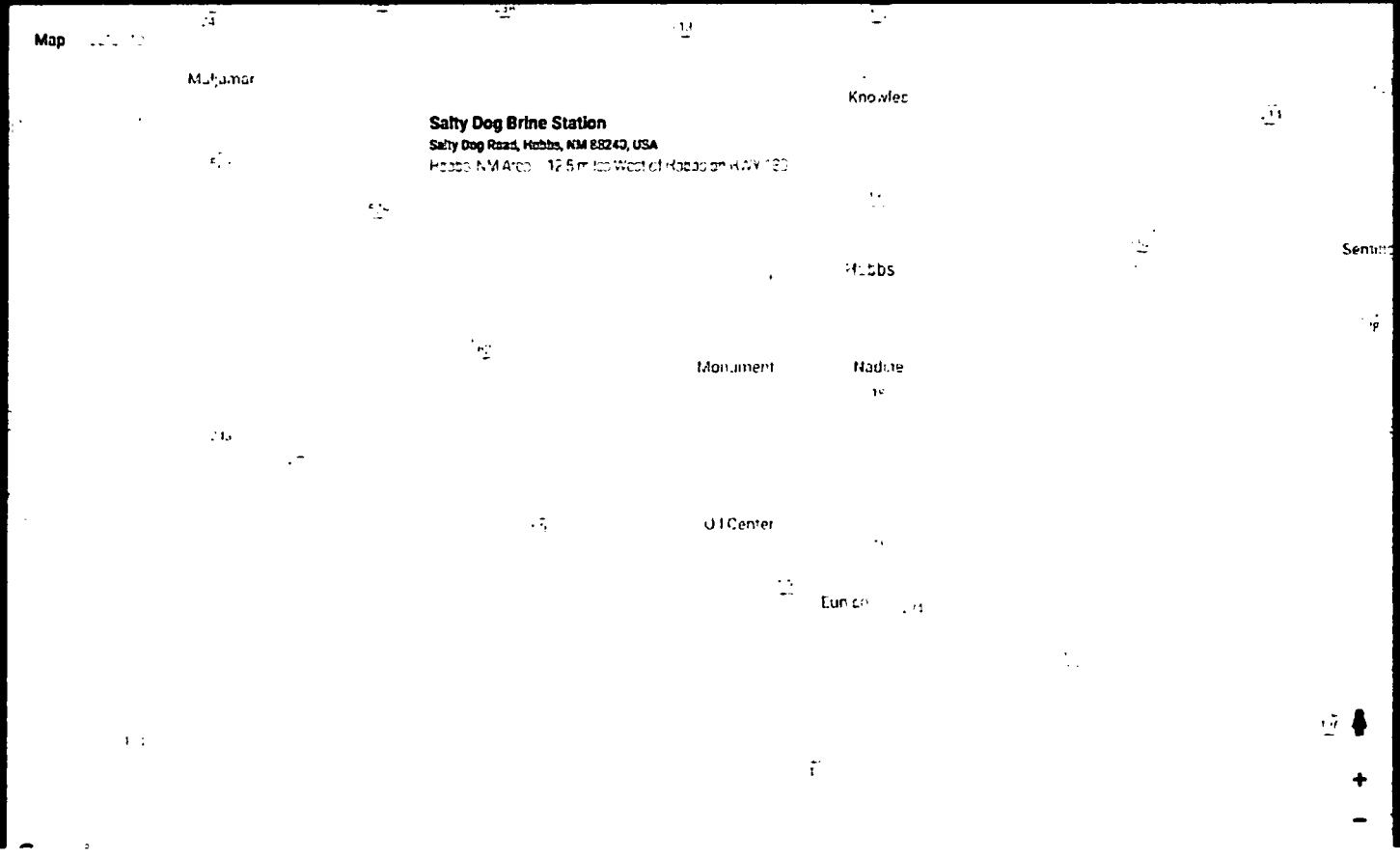


STANDARD

Home Mission Frac Tank Hot Oil Truck Pump Truck Vacuum Truck Well Service Disposals Fresh Water

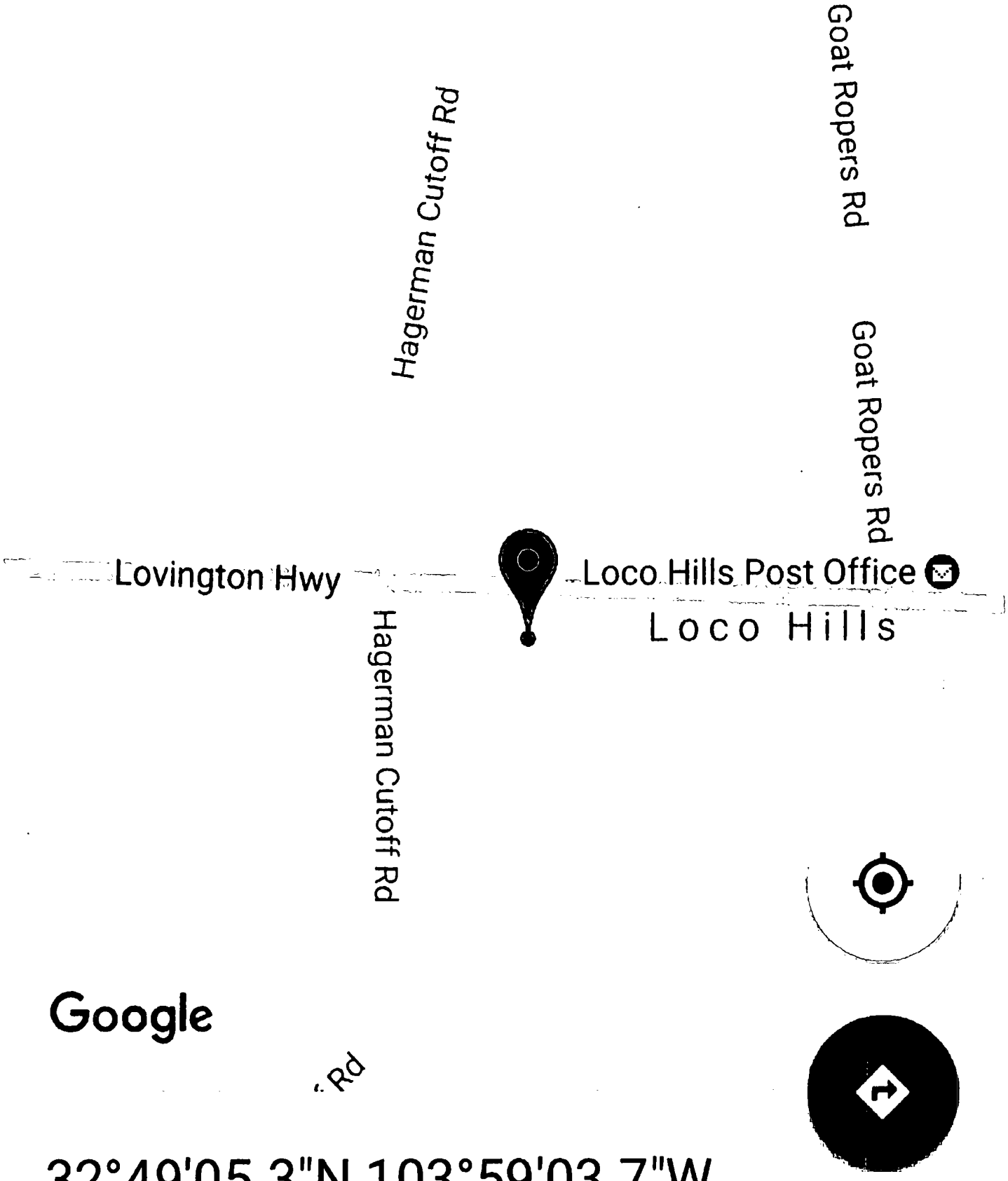
Disposal Sites & Brine Stations & Freshwater Well Servicing Rigs HS&E Standard Energy Locations Associations

News and Events Testimonials Employment Opportunities Equipment For Sale Store



32°49'05.3"N 103°59'03.7"W

Mor-West Corp. — Loco Hills FW

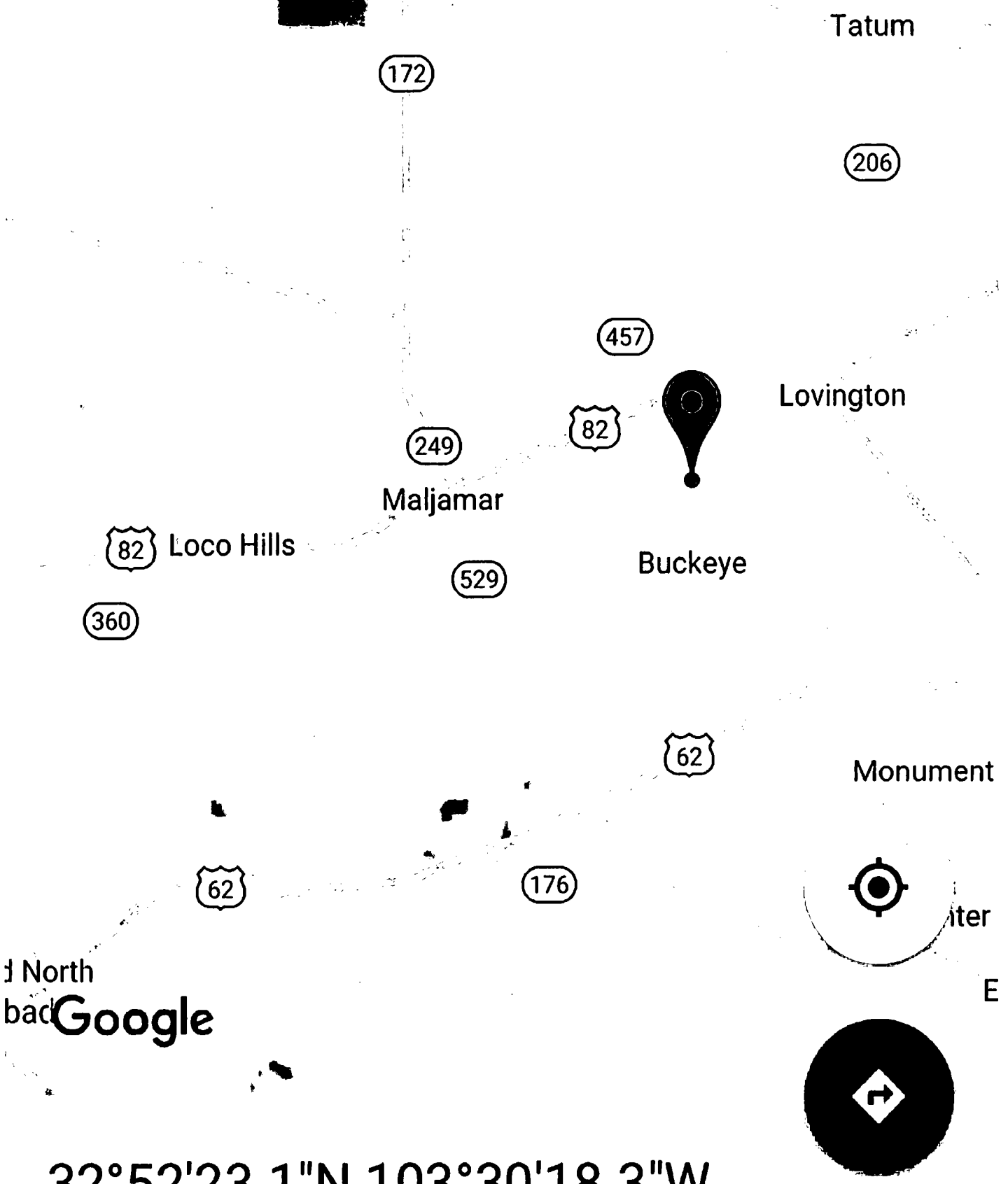


32°49'05.3"N 103°59'03.7"W

32°52'23.1"N 103°30'18.3"W

Gandy Corp - Wasserhund BW

[redacted]



32°52'23.1"N 103°30'18.3"W

ArcGIS Web Map

July 25, 2017

Areas

- Override 1
- OCD District Offices
- PLSSTownship
- PLSSSecondDivision_WMAS84_UnitLtr
- PLSSFirstDivision

1:18,056

0 0.175 0.35 0.7 mi

0 0.35 0.7 1.4 km

OCD

Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors, and the GIS user community

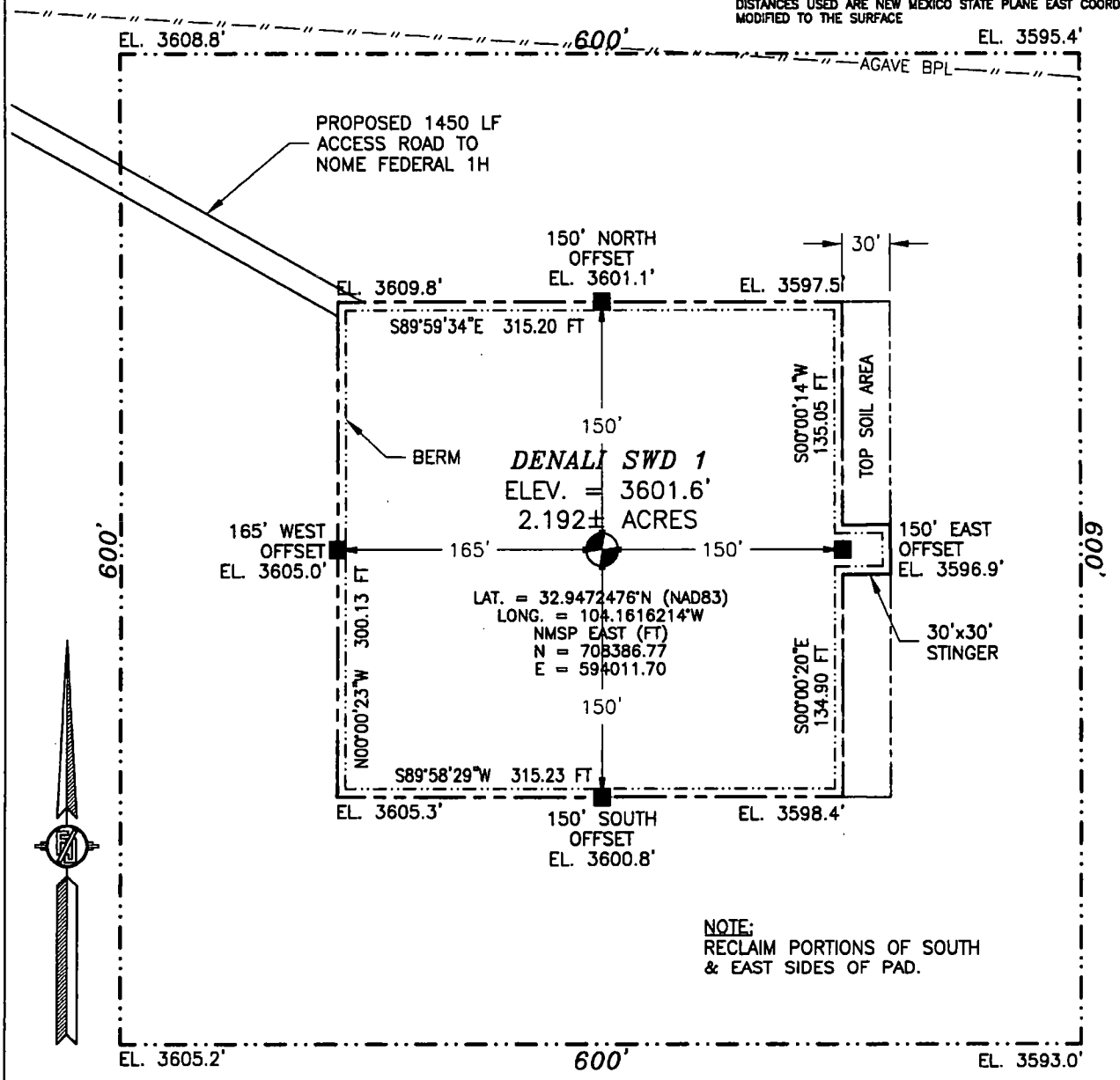
Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics,

Web AppBuilder for ArcGIS

NM OSE | U.S. BLM | US Census Bureau, NMDOT | BLM | OCD | USDA FSA, DigitalGlobe, GeoEye, Microsoft, CNES/Airbus DS | Esri, HERE, Garmin, iPC |

SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



010 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION

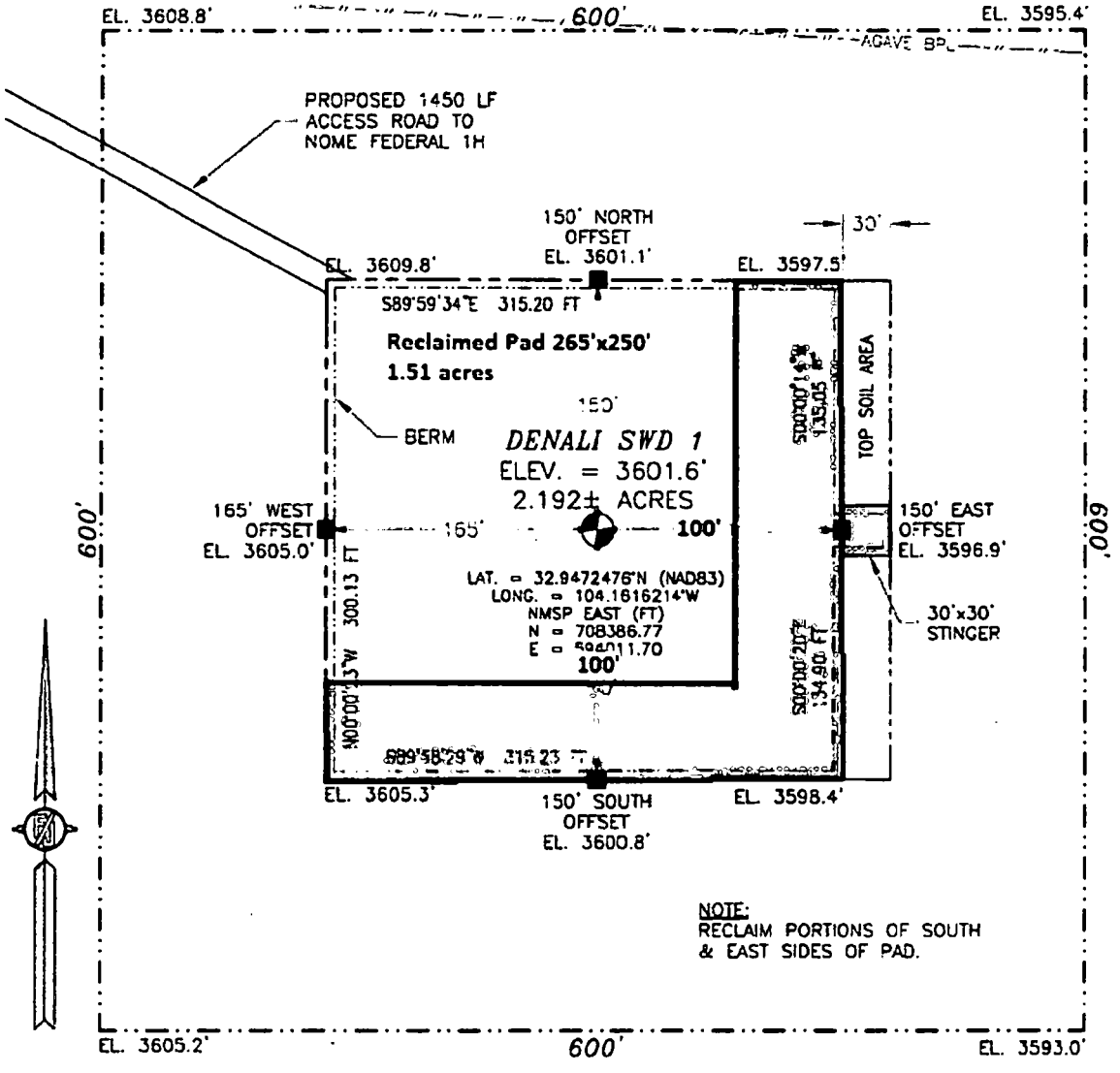
FROM THE INTERSECTION OF US HIGHWAY 82 & CR 202 (SOUTHERN UNION) GO NORTH ON CR 202 (AROUND SUBSTATION) FOR APPROX. 2.9, MILES, VEER NORTHEAST & CONTINUE ON CR 202 FOR APPROX. 1.25 MILES TO THE END OF CR 202, GO NORTHWEST ON 15' CALICHE LEASE ROAD APPROX. 0.1 OF A MILE TO A FORK, TAKE ROAD ON RIGHT & GO NORTH APPROX. 1.0 MILE, TAKE CALICHE LEASE ROAD EAST (RIGHT) & GO APPROX. 1.1 MILES TO A "Y", TAKE LEFT FORK FOR APPROX. 0.6 OF A MILE, GO NORTH (LEFT) & GO APPROX. 2.2 MILES, THEN CONTINUE NORTH ON 30' CALICHE LEASE ROAD FOR APPROX. 1.3 MILE, TURN RIGHT (NORTHEAST) AND CONTINUE ON CALICHE LEASE ROAD FOR APPROX. 2 MILES, TURN LEFT (NORTHWEST) ON 12' CALICHE LEASE ROAD FOR APPROX. 1.6 MILES TO SELLERS & FULTON CROW FLATS 3 FED 1, FROM SOUTHWEST CORNER FOLLOW ROAD SURVEY NORTH APPROX. 285' THEN NORTHEAST APPROX. 1034' (TOTAL 1319') TO SOUTHWEST PAD CORNER OF NOME FEDERAL 1H, THEN FROM SOUTHEAST CORNER GO SOUTHEAST 1450' TO THE NORTHWEST PAD CORNER FOR THIS LOCATION.

MACK ENERGY CORPORATION
DENALI SWD 1
LOCATED 660 FT. FROM THE SOUTH LINE AND 1980 FT. FROM THE EAST LINE OF SECTION 3, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

MARCH 9, 2018

SURVEY NO. 5985A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 *CARLSBAD, NEW MEXICO*

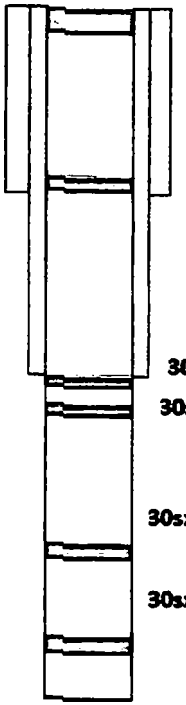

EL. 3608.8'
600'
EL. 3595.4'
AGAVE BPL
PROPOSED 1450 LF
ACCESS ROAD TO
NOME FEDERAL 1H
150' NORTH
OFFSET
EL. 3601.1'
30'
EL. 3609.8'
EL. 3597.5'
S89°59'34"E 315.20 FT
Reclaimed Pad 265'x250'
1.51 acres
150'
BERM
DENALI SWD 1
ELEV. = 3601.6'
2.192± ACRES
TOP SOIL AREA
165' WEST
OFFSET
EL. 3605.0'
165'
100'
150' EAST
OFFSET
EL. 3596.9'
LAT. = 32.9472476°N (NAD83)
LONG. = 104.1616214°W
NMSP EAST (FT)
N = 708386.77
E = 598011.70
100'
30'x30'
STINGER
600'
600'
EL. 3605.3'
150' SOUTH
OFFSET
EL. 3600.8'
EL. 3598.4'
NOTE:
RECLAIM PORTIONS OF SOUTH
& EAST SIDES OF PAD.
EL. 3605.2'
600'
EL. 3593.0'

Before

Denali SWD #1
Sec. 3 T16S R28E
660 FSL 1980 FEL

13 3/8" csg @ 352'
w/600sx, circ

8 5/8" csg @ 2013'
w/850sx, circ



cmt plug @ suface - 50'

30sx cmt plug @ 275-375'

30sx cmt plug @ 2053-2063'

30sx cmt plug @ 2900-3000'

30sx cmt plug @ 5270-5370'

30sx cmt plug @ 7480-7580'

Formation Tops
Yates: 370
7Rivers: 510
Queen: 1090
Grayburg: 1490
San Andres: 1850
Glorieta: 3380
Tubb: 4580
Abo: 5370
Wolfcamp: 6630
Cisco: 7640
Atoka: 9030
Miss: 9430

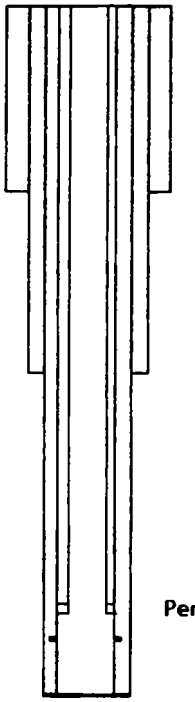
TD-9575'
PBTD- Surface

After

13 3/8" csg @ 352'
w/600sx, circ

8 5/8" csg @ 2013'
w/850sx, circ

5 1/2" csg @ 11,000'
w/1710sx, circ



2 7/8" PC tubing @
10,100' set w/ 10k
Nickel Plated PRK

Perf- 10,150-10,900'

TD- 10,975'

SURFACE USE AND OPERATING PLAN

1. Existing Access Roads

A. All roads to the location are shown in Exhibit #6. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling well, will be done where necessary.

B. Directions to Location: From the intersection of US HWY 82 & CR 202 (Southern Union) Go North on CR 202 (around substation) for approx. 2.9 miles, veer Northeast & cont. on CR 202 for approx. 1.25 miles to the end of CR 202, go NW on 15' caliche lease rd. approx. 0.1 of a mile to a fork, take rd. on right & go North approx.. 1.0 mile, take caliche lease rd East (right) & go approx. 1.1 miles to a "Y", take left fork for approx. 0.6 of a mile, go North (left) & go approx. 2.2 miles, then cont. North on 30' caliche lease rd for approx. 1.3 mile, turn right (NE) and cont on caliche lease rd for approx. 2 miles, turn left (NW) on 12' caliche lease rd for approx. 1.6 miles to sellers & Fulton Crow Flats 3 Fed 1, from SW corner follow rd survey North approx. 285' then NE approx. 1034' (total 1319') to SW pad corner of Nome Fed 1H, then from SE corner go SE 1450' to the NW pad corner for this location.

C. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

Exhibit #6

1. Proposed Access Road:

Vicinity Map shows this location with existing road and 1450' of new road exiting the Northwest corner of the pad. Proposed upgrade of existing road will be done along staked centerline survey. Necessary maintenance will be done to insure traffic stays within the access road. The road has been constructed as follows:

A. The Maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 3 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM approved caliche pit located Sec. 7 T16S R29E and Sec. 1 T16S R28E.

F. The access road as shown in Exhibit #6 is existing.

2. Location of Existing Wells:

Exhibit #16 shows all existing wells within a one-mile radius of this well.

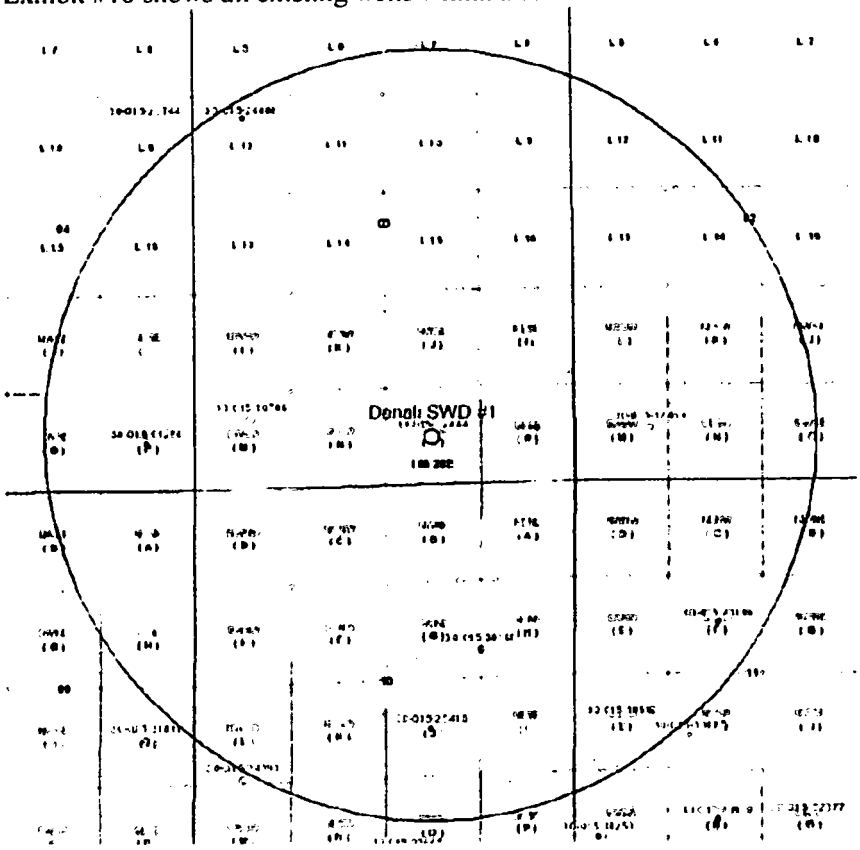


Exhibit #16

3. Location of Existing and/or Proposed Facilities:

A. Mack Energy Corporation does not operate a production facility on this lease.

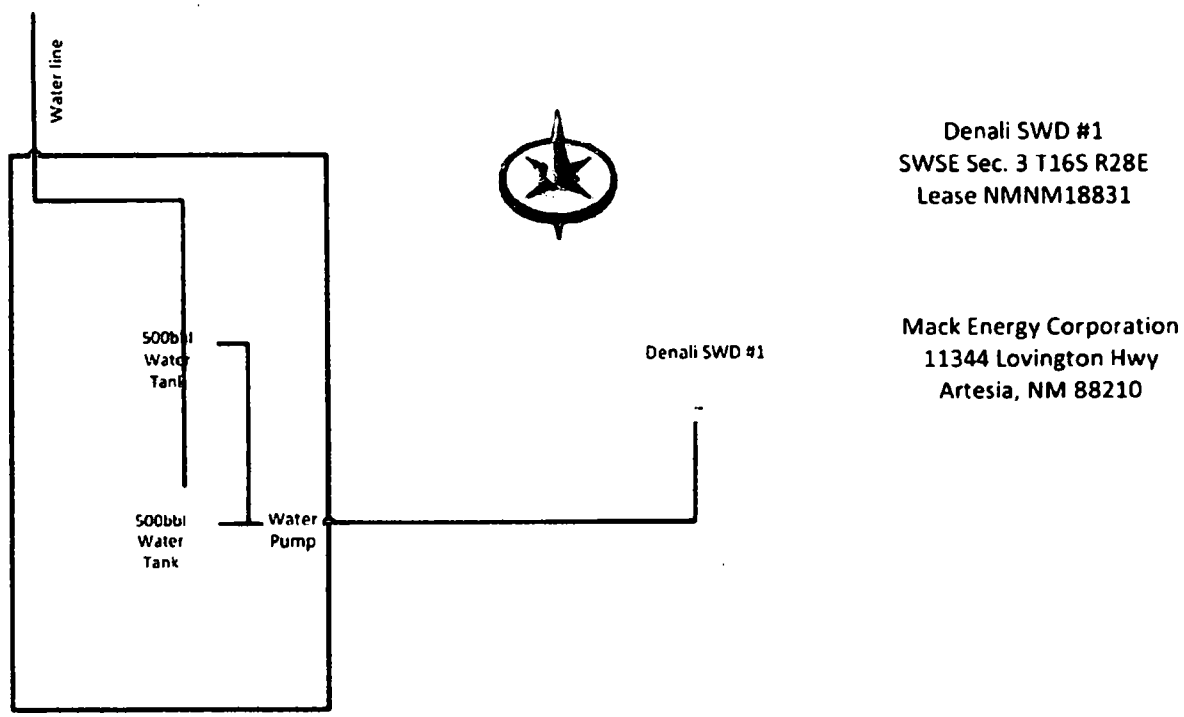
B. Contemplated facilities will be as follows:

1) Produced water from surrounding wells will be sent to the Denali SWD #1. The facility is shown in Exhibit #13.

2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.

3) Any additional caliche will be obtained from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.

4) It will be necessary to run electric power if this well is productive. Power will be run by CVE and they will send in a separate plan for power.



4. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #6. If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

5. Source of Construction Materials:

C. All caliche required for construction of the drill pad and proposed new access road (approximately 2500 cubic yards) will be obtained from BLM approved pit located Sec. 7 T16S R29E and Sec. 1 T16S R28E.

6. Methods of Handling Waste:

A. Drill cuttings and fluids will be disposed into the steel tanks and hauled to R-360 disposal facility, permit number NM-01-0006. Located on Hwy 62 at MM 66.

B. Water produced from the well during completion may be disposed into a steel tank until pumped into the approved disposal system.

C. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved local landfill. No toxic waste or hazardous chemicals will be produced by this operation.

D. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

E. Sewage and Gray Water will be placed in container and hauled to a approved facility. Container and disposal handled by Black Hawk.

F. Drilling fluids will be contained in steel tanks using a closed loop system Exhibit #12. No pits will be used during drilling operations

7. Ancillary Facilities:

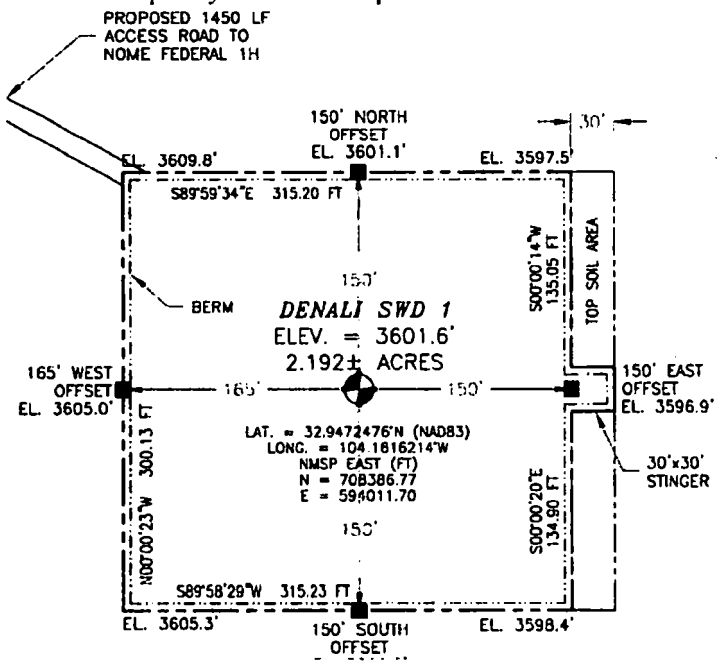
No airstrip, campsite or other facilities will be built as a result of the operation on this well.

8. Well Site Layout:

A. The well site and elevation plat for the proposed well is shown in Exhibit #14. It was staked by Maddron Surveying, Carlsbad, NM.

B. The drill pad layout, with elevations staked by Maddron Surveying, is shown in Exhibit #14. Dimensions of the pad are shown. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.

C. Diagram below shows the proposed orientation of the location. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.



9. Plans for Restoration of the Surface:

A. Upon completion of the proposed operations, if the well is completed, any additional caliche required for facilities will be obtained from a BLM approved caliche pit.

B. Plans for interim and or final remediation:

1) Caliche will be removed, ground ripped and stockpiled topsoil used to recontoured as close as possible to the original natural level to prevent erosion and ponding of water.
2) Area will be reseeded as per BLM specifications. Seeding will be done when moisture is available and weather permitting. Pure live seed will be used to prevent noxious weeds. Annual inspection of growth will be done and necessary measures taken to eliminate noxious weeds.

C. Exhibit #15 below shows the proposed downsized well site after Interim Reclamation. Dimensions are estimates on present conditions and are subject to change.

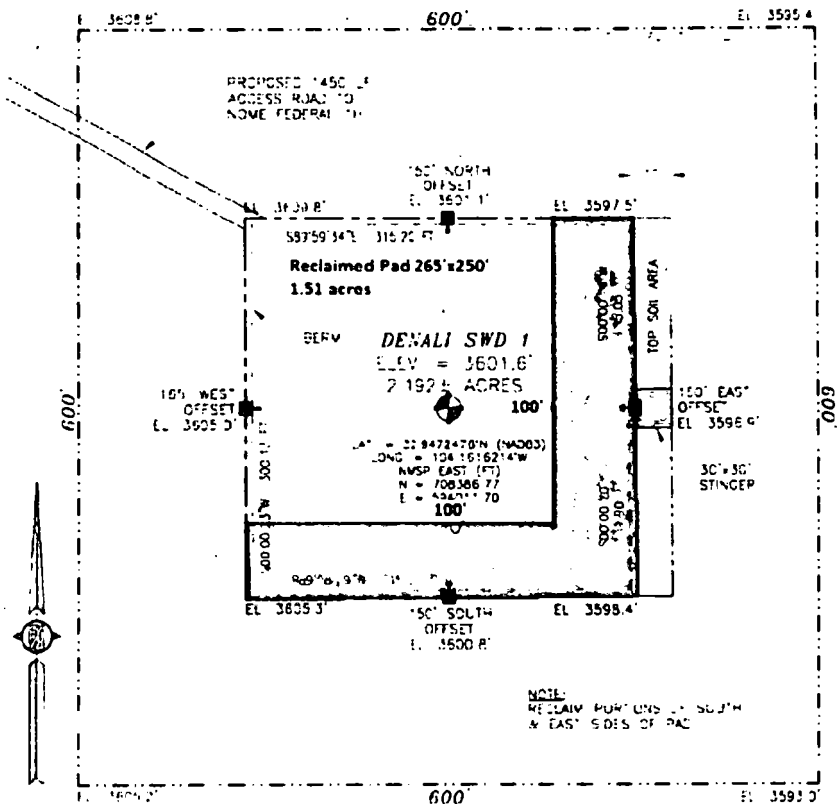


Exhibit #15

10. Surface Ownership:

The well site and lease is located entirely on Federal surface. We have notified the surface lessee of the impending operations. Bogel Limited Company, PO Box 460 Dexter, NM 88230 (575) 365-2996.

11. Other Information:

A. The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.

B. There is no permanent or live water in the immediate area.

C. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

12. Lessee's and Operator's Representative:

The Mack Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

Deana Weaver
Mack Energy Corporation
P.O. Box 960
Artesia, NM 88211-0960
Phone (575) 748-1288 (office)
dweaver@mec.com

APD CERTIFICATION

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed in conformity with this APD package and terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Date: 6.28.18 **Signed:** Deana Weaver

Deana Weaver

AFMSS
U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

PWD Data Report
07/20/2018

Section 1 - General

Would you like to address long-term produced water disposal? NO

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

Do you propose to put the produced water to beneficial use?

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

Does the produced water have an annual average Total Dissolved Solids (TDS) concentration equal to or less than that of the existing water to be protected?

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

Unlined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Unlined pit bond number:

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

Injection well type:

Injection well number: **Injection well name:**

Assigned injection well API number? **Injection well API number:**

Injection well new surface disturbance (acres):

Minerals protection information:

Mineral protection attachment:

Underground Injection Control (UIC) Permit?

UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Surface discharge PWD discharge volume (bbl/day):

Surface Discharge NPDES Permit?

Surface Discharge NPDES Permit attachment:

Surface Discharge site facilities information:

Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Other PWD discharge volume (bbl/day):

Other PWD type description:

Other PWD type attachment:

Have other regulatory requirements been met?

Other regulatory requirements attachment:

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Bond Info Data Report

07/20/2018

Bond Information

Federal/Indian APD: FED

BLM Bond number: NMB000286

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment:

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

COMMENTS

Action 424247

COMMENTS

Operator: MACK ENERGY CORP P.O. Box 960 Artesia, NM 882110960	OGRID: 13837
	Action Number: 424247
	Action Type: [C-101] BLM - Federal/Indian Land Lease (Form 3160-3)

COMMENTS

Created By	Comment	Comment Date
ahvermersch	OCD RECORD CLEAN UP- THIS APD IS FOR A RE-ENTRY and will use existing API 30-015-32444; when this APD was rec'd, and approved OCD assigned a new API in error.	1/23/2025

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Operator: MACK ENERGY CORP P.O. Box 960 Artesia, NM 882110960	OGRID: 13837
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CONDITIONS

Created By	Condition	Condition Date
ahvermersch	None	1/23/2025