OCD-ARTESIA

ATS-08-69a EA-08-1021

Form 3160 -3 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DCD-ARTESIA

MMNM-03361 DEPARTMENT OF THE INTERIOR

APPLICATION FOR PERMIT TO DRILL OR REENTER

AUG - 6 2008

FORM APPROVED OMB No 1004-0137 Expires March 31, 2007

6. If Indian, Allotee or Tribe Name

Ia. Typeofwork- DRILL REENTE	R			7 If Unit or CA Agree	ement, Na	me and No
Ib Type of Well Old Well Gas Well Other		ngle Zone Multi	ple Zone	8, Lease Name and W Chargers Federal		373/
		igle Zoneividiti	pie Zoile		Com	† 1
2 Name of Operator Mack Energy Corporation 1383	7			9. API Well No.	- 2/	525
		(include area code)		10 Field and Pool, or I		
54. 1144.555	575)748-	,		County Line Tan		,
4. Location of Well (Report location clearly andinaccorounce with any S				I 1. Sec , T R M or B		rvev or Area
0.65 ECI	nate requirem	ems /		11.500,1 10 101 51	ik und 5u	ivey of Affect
At surface 965 FSL & 330 FEL At proposed prod zone 965 FSL & 330 FWL				Sec. 20 T16S R2	9E	•
14 Distance in miles and direction from nearest town or post office*				12 County or Parish		13 State
10 miles northwest of Loco Hills, NM				Eddy		NM
15 Distance from proposed* location to nearest property or lease line, ft		eres in lease		g Unit dedicated to this v	vell	
, , , , , , , , , , , , , , , , , , , ,	320	ID. d	160	NA Dond No. on 61a		
18. Distance from proposed location* to nearest well, drilling, completed,	19 Proposed MD' 11,4		20. BLM/BIA Bond No on file			
	TVD' 7,0		0286			
2 1. Elevations (Show whether DF, KDB, RT, GL, etc.)	22 Approxin	nate date work will sta	rt*	2 3. Estimated duration	n	
3639' GR	7/06/08	06/08 35 days				
	24. Attac	hments			·	
The following, completed in accordance with the requirements of Onshore	Oil and Gas	Order No 1, shall be at	ttached to the	is form	3	
Well plat certified by a registered surveyor. A Drilling Plan.		4. Bond to cover the Item 20 above),	ne operation:	s unless covered by an o	existing b	ond on file (see
A Surface Use Plan (if the location is on National Forest System L SUPO shall be filed with the appropriate Forest Service Office)	ands, the	5 Operator certific 6 Such other site s authorized office	pecific infor	rmation and/or plans as	may be re	equired by the
25 Signature June W. Shensell		(Printed'/Typed) W. Sherrell			Date 6/06/0	8
Title /				•		******
Production Clerk						
Approved by (Signature) /s/ James Stovall	Name	(Printedl/Typed) /s/	James	Stovall	Date AU	G 0 4 2008
FIELD MANAGER	Office	CARL	SBAD	FIELD OFFI	CE	
Application approval does not warrantor certify that the applicant holds	lega orequita	ble title to those rights	in the subje	ect lease which would en	title the a	pplicant to DC
Conduti NOTE: NEW PIT RULE	`		APPF	ROVAL FOR	IWC	TEARO
Title 18 19-15-17 NMAC PART 17			willfully to	make to any department	or agency	ofthe United
A form C-144 must be approved	any matter w	ithin its juris iction				
*(Inst) before starting drilling operations.	1					
- O Perunolls.						

SEE ATTACHED FUR CONDITIONS OF APPROVAL

ROSWELL CONTROLLED WATER BASIN

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

DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240

CONSERVATION DIVISION

State of New Mexico Energy, Minerals and Natural Resources Department

AUG 14 2008

Form C-102

Revised October 12, 2005 Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

OIT

DISTRICT II 1301 W GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

DISTRICT IV 1220 S. ST FRANCIS DR., SANTA FE. NM 87505	WELL LOCATION AND	ACREAGE DEDICATION PLAT	☐ AMENDED REPORT
API Number	Pool Code	Pool Name	
	97197	County Line Tank; Abo)
Property Code	Prop	erty Name	Weil Number
	CHARGERS	FEDERAL COM	1
OGRID No.	Oper	ator Name	Elevation
013837	MACK ENERG	Y CORPORATION	3639'

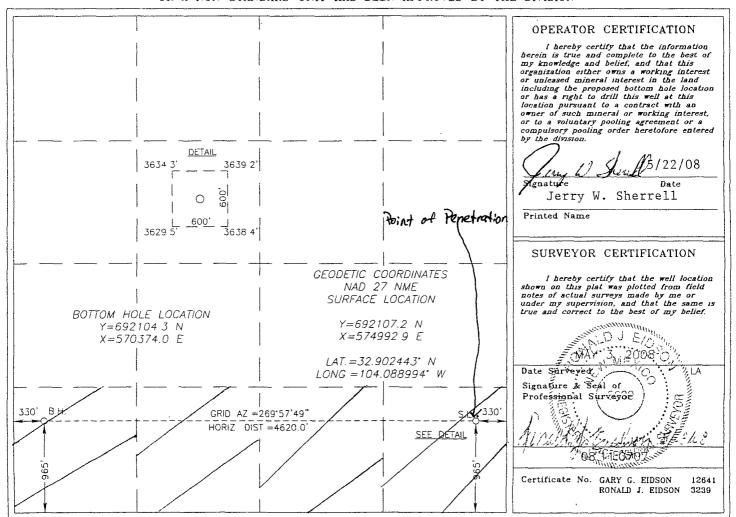
North/South line UL or lot No. Section Township Range Lot Idn Feet from the Feet from the East/EAST line County Р 20 29-E 965 SOUTH EAST **EDDY** 16 - S330

Surface Location

Bottom Hole Location If Different From Surface

UL or lot No	. Sec	ction	Townsh	īb .	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/EAST line	County
М	2	20	16-	S	29-E		965	SOUTH	330	WEST	EDDY
Dedicated A	res .	Sount or	Infill	Cor	solidation (ode Oro	ler No.	kananan			
160											

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



State of New Mexico

DISTRICT I 1625 N FRENCH DR. HOBBS, NM 88240

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Revised October 12, 2005 Submit to Appropriate District Office

State Lease - 4 Copies

Form C-102

Fee Lease - 3 Copies

DISTRICT IV

ISTRICT IV 20 s. st francis dr., santa fe, nw 879	well location and a	CREAGE DEDICATION PLAT	☐ AMENDED REPORT
API Number	Pool Code	Pool Name	
	97197	County Line Tank; Ab	0
Property Code	Proper	ty Name	Well Number
	CHARGERS F	EDERAL COM	1
OGRID No.	•	or Name	Elevation
013837	MACK ENERGY	CORPORATION	3639'

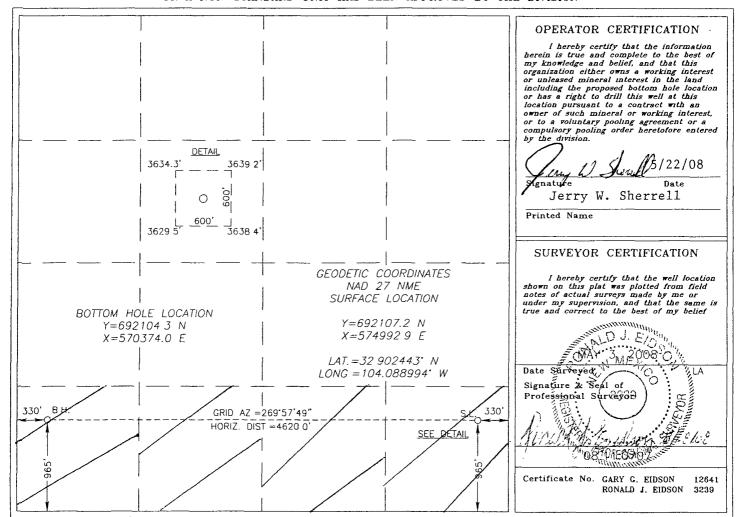
Surface Location

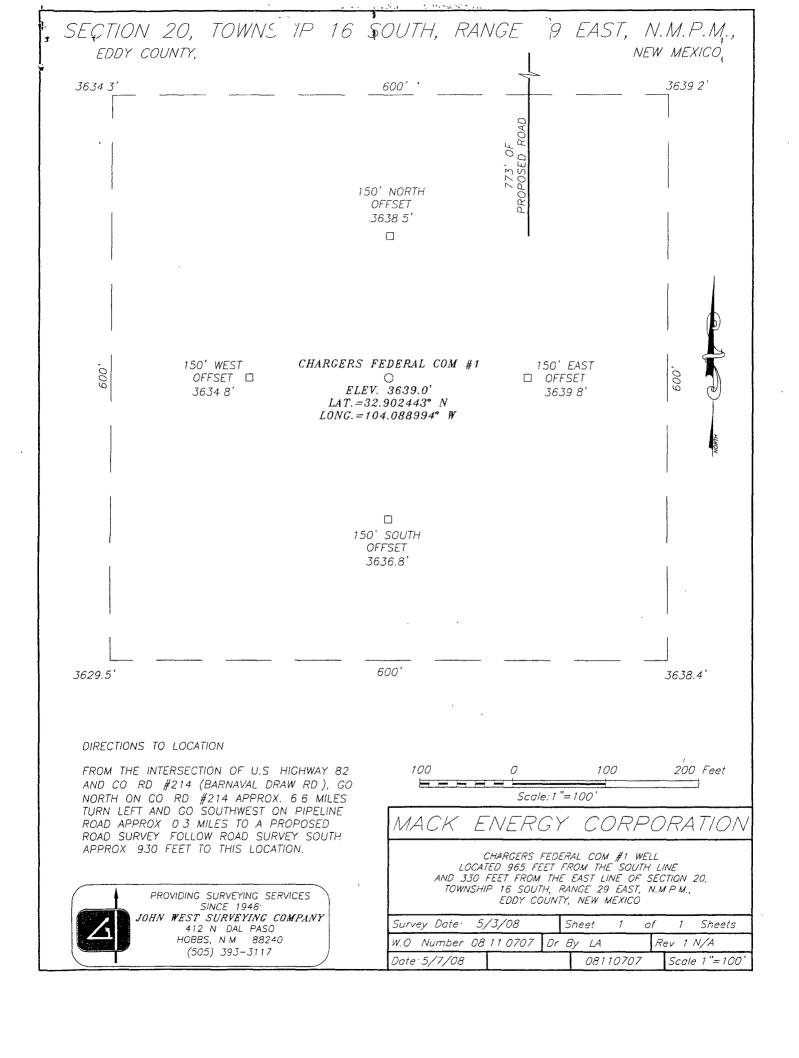
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/EAST line	County	
Р	20	16-S	29-E		965	SOUTH	330	EAST	EDDY	-

Bottom Hole Location If Different From Surface

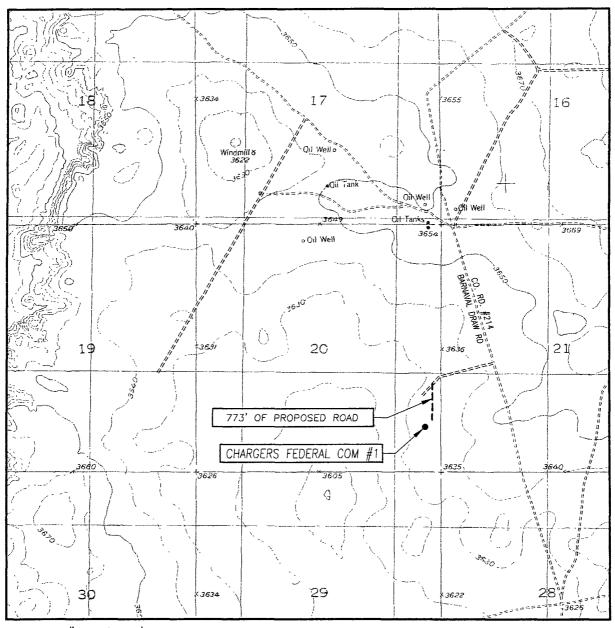
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/EAST line	County
М	20	16-S	29-E		965	SOUTH	330	WEST	EDDY
Dedicated Acres Joint or		r Infill C	onsolidation (Code Or	der No.				
160									

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





LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

BASIN WELL, N.M.

CONTOUR INTERVAL: BASIN WELL, N.M. - 10'

SEC. 20 TWP. 16-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 965' FSL & 330' FEL

ELEVATION 3639'

OPERATOR MACK ENERGY CORPORATION

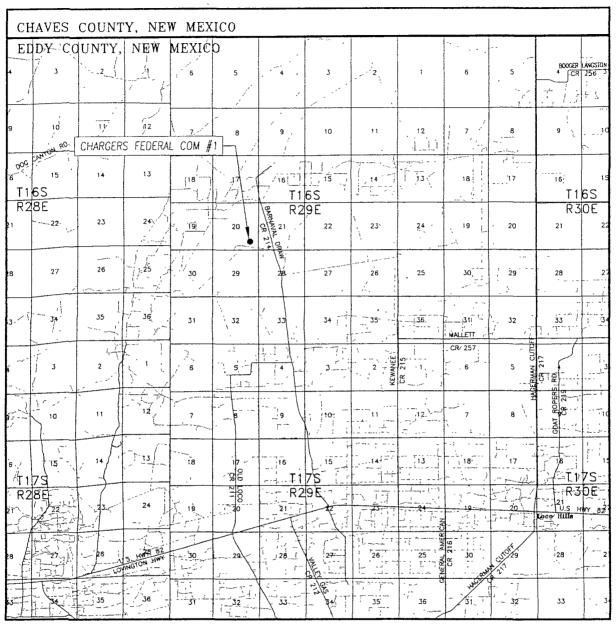
LEASE CHARGERS FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 20 TWP. 16-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 965' FSL & 330' FEL

ELEVATION '3639'

OPERATOR MACK ENERGY CORPORATION

LEASE CHARGERS FEDERAL COM



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N DAL PASO
HOBBS, NM 88240
(505) 393-3117



DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Surface
2220'
3750'
4960'
5730'
7310'

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

Water Sand	150'	Fresh Water
San Andres	2220'	Oil/Gas
Abo	5730'	Oil/Gas
Wolfcamp	7310'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 380' and circulating cement back to surface will protect the surface fresh water sand. Salt Section will be protected by setting 9 5/8" casing to 1800' and circulating cement back to surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 1/2" production casing, sufficient cement will be pumped to circulate back to surface.

4. Casing Program:

Hole Siz	e Interval	OD Casing	Wt, Grade, Jt, cond, collapse/burst/tension
17 ½"	0-380'	13 3/8"	48#, H-40, ST&C, New, 3.984/3.380/3.46
12 1/4"	0-1800'	9 5/8"	36#, J-55, ST&C, New, 2.137/3.767/3.52
8 3/4"	0-1600'	5 1/2"	17#, HCP-110, LT&C, New, 9.27/3.01/2.35
8 3/4"	1600'-6200'	5 1/2"	17#, L-80, LT&C, New, 1.642/2.19/2.09
8 3/4"	6200-11,432	5 1/2"	17#, HCL-80, Buttress, New, 2.425/2.19/4.73

Drilling Program Page 1

5. Cement Program:

13 3/8" Surface Casing: Class C, 300sx, yield 1.32.

9 5/8 Intermediate Casing: Class C, 850sx, yield 1.32.

5 1/2" Production Casing: Class C, 2500sx, yield 1.32.

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (3000 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 BOP will be nippled up on the 13 3/8" surface casing and tested to 1000 psi using the rig pump. The BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a 3rd party to 2000 psi and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 2000 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 3000 psi WP rating.

7. Types and Characteristics of the Proposed Mud System:

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

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-380'	Fresh Water	8.5	28	N.C.
380-1800	Brine	10	30	N.C.
1800'-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:

Drilling Program Page 2

SU

- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be ran from T.D. to 9 5/8 casing shoe.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

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

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 3250 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 6, 2008. Once commenced, the drilling operation should be finished in approximately 35 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.

Mack Energy

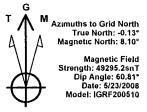
Eddy County
Chargers Federal Com #1
Chargers Federal Com #1
Chargers Federal Com #1

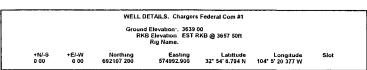
Plan: Plan #1

Pathfinder Survey Report

23 May, 2008

Mack Energy Corporation

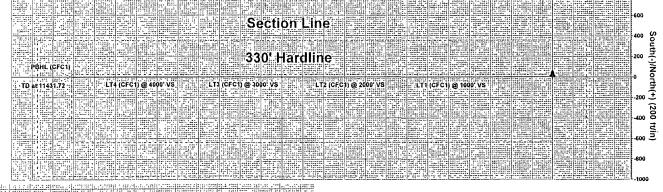




					SEC	TION DETA	ULS			
Sec	MD	Inc	Azı	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0 00	0 00	0.00	0,00	0.00	0 00	0 00	0 00	-
2	6485.26	0.00	0 00	6485.26	0.00	0.00	0 00	0.00	0.00	
3	7392.96	90 77	269.96	7058,17	-0.41	-580.66	10.00	269.96	580.66	
4	7812,34	90.77	269,96	7052.53	-0.70	-1000,00	0 00	0.00	1000 00	LT1 (CFC1) @ 1000' VS
5	7818.43	90 86	269.96	7052.44	-0.70	-1006.09	1.50	0,00	1006.09	
6	6812.45	90.86	269 96	7037.50	-1.40	-2000,00	0.00	0.00	2000,00	LT2 (CFC1) @ 2000' VS
7	8816 15	90 92	269 96	7037,44	-1.40	-2003,69	1,50	0.00	2003.69	
8	9812 58	90.92	269 96	7021.50	-2.09	-3000 00	0 00	0 00	3000.00	LT3 (CFC1) @ 3000' VS
9 1	1081271	90 92	269.96	7005 50	-2.79	-4000.00	0.00	0.00	4000,00	LT4 (CFC1) @ 4000' VS
10 1	10822 83	91 07	269.99	7005,32	-2.80	-4010,12	1.50	11 51	4010 12	
11 1	11431.72	91.07	269.99	6994 00	-2.90	-4618 90	0.00	0.00	4618 90	PBHL (CFC1)

BORE TARGET	T DETAILS		
TVD	+N/-S	+E/-W	Shape
6994.00	-2.90	-4618.90	Point
7005.50	-2.79	4000,00	Point
7021,50	-2.09	-3000,00	Point
7037.50	-1 40	-2000.00	Point
7052.50	-0 70	-1000 00	Point
	TVD 6994.00 7005.50 7021.50 7037.50	6994.00 -2.90 7005.50 -2.79 7021.50 -2.09 7037.50 -1 40	TVD +N/-S +E/-W 6994.00 -2.90 -4618.90 7005.50 -2.79 -4000.00 7021.50 -2.09 -3000.00 7037.50 -1-40 -2000.00

West(-)/East(+) (200 ft/in)



Site: Chargers Federal Com #1
Well: Chargers Federal Com #1
Wellbore: Chargers Federal Com #1
Plan: Plan #1 (Chargers Federal Com #1/Chargers Federal Com

ENERGY SERVICES

Ellipsoid. Clarke 1866 Zone: New Mexico East 3001

System Datum: Mean Sea Level Local North: Grid

PROJECT DETAILS. Eddy County

Geodetic System: US State Plane 1927 (Exact solution)
Datum. NAD 1927 (NADCON CONUS)

Created By. Mark F	reeman Date. 16 19, May 23 2008
Checked	Date.

Project: Eddy County

Pathfinder Survey Report

Company: Mack Energy	LocalCo-ordinate Reference: Well Chargers Federal Com #1
Project: Eddy County	TVD Reference: EST RKB @ 3657.50ft
Site: Chargers Federal Com #1	
Chargers Federal Com #1	MD Reference: EST RKB @ 3657.50ft
Well: Chargers Federal Com #1	North Reference: Grid
Wellbore: Chargers Federal Com #1	Survey:Calculation:Method: Minimum Curvature
Design: Plan #1	Database: EDM 2003.16 Single User Db
Design Fran #1	Database.

Project a Eddy County

US State Plane 1927 (Exact solution) Map System:

NAD 1927 (NADCON CONUS) Geo Datum:

Map Zone: New Mexico East 3001 System Datum:

Mean Sea Level

Site Chargers Federal Com #1

692,107.200ft Northing: 32° 54' 8.794 N Site Position: Latitude: Easting: Longitude: 574,992 900ft 104° 5' 20 377 W From: Map 0 13 ° Position Uncertainty: 0 00 ft Slot Radius: **Grid Convergence:**

Well Chargers Federal Com #1 32° 54' 8 794 N **Well Position** +N/-S 0.00 ft Northing: 692.107 200 ft Latitude: 104° 5' 20 377 W +E/-W 0.00 ft Easting: 574,992.900 ft Longitude: Wellhead Elevation: 3,639.00 ft 0 00 ft Ground Level: ft Position Uncertainty

Wellbore Chargers Federal Com #1 Magnetics Model Name : Sample Date IGRF200510 5/23/2008 8 23 60.81 49,295

Design Plan #1 **Audit Notes:**

0 00 **PLAN** Tie On Depth: Version: Phase:

Direction Vertical Section: # # Depth From (TVD) +N/-S +E/-W (ft) 0 00 0 00 0.00 269 96

Survey Tool Program Date 35/23/2008 Survey (Wellbore) 11,431 72 Plan #1 (Chargers Federal Com #1) MWD MWD - Standard

Planned Survey							SPAN PROPERTY CASE
		and the state of	TVD	N/S	FAM		DLeg 3
MD (ft)	inc (°)	Azi. 4	(ft)	(ft)	E/W V	Sec	/100ft)
0.00	0.00	0.00	0.00	0.00	0 00	0 00	0 00
100.00	0 00	0.00	100 00	0.00	0.00	0.00	0 00 ;
200.00	0 00	0.00	200 00	0 00	0 00	0.00	0 00
300.00	0 00	0 00	300 00	0 00	0 00	0 00	0.00
400.00	0 00	0 00	400 00	0 00	0.00	0 00	0 00
, 500.00	0 00	0.00	500 00	0 00	0.00	0 00	0 00
600.00	0 00	0.00	600.00	0.00	0.00	0.00	0 00
700 00	0 00	0 00	700 00	0 00	0 00	0 00	0 00
800.00	0 00	0.00	800 00	0 00	0.00	0 00	0 00 إ
900.00	0.00	0.00	900 00	0.00	0 00	0 00	0 00
1,000 00	0 00	0 00	1,000 00	0 00	0 00	0 00	0 00
1,100 00	0 00	0.00	1,100.00	0.00	0.00	0.00	0 00 .

WHS

Pathfinder Survey Report

Company Project Site: Well: Wellbore: Design: Mack Energy Eddy County Chargers Federal Com #1 Chargers Federal Com #1 Chargers Federal Com #1 Plan #1

Local Co-ordinate Reference: Well Chargers Federal Com #1
TVD Reference: EST.RKB @ 3657.50ft
BST.RKB @ 3657.50ft
Survey Calculation Method: EDM 2003.16 Single User Db

anned Survey	The second secon	nesidanti di energia di energia	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	5 A 18 A 1		Samuel Company of the	200 200 Co
anned Survey							
MD .		Azi	TVD	N/S	E/W	V:Sec	DLeg * .
1,200.00	0.00	(°))	1,200.00	0.00	(ft) 0.00	(ft) 0 00	(/ 100ft) 0 0
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0 00	0.0
1,400.00	0 00	0 00	1,400.00	0 00	0 00	0 00	0.0
1,500 00	0 00	0.00	1,500.00	0 00	0.00	0 00	0.0
1,600.00	0.00	0 00	1,600 00	0.00	0.00	0.00 0.00	0.0 0.0
1,700.00	0.00	0 00	1,700 00	0.00	0.00 0.00	0.00	0.0
1,800.00	0.00 0.00	0 00 0 00	1,800 00 1,900 00	0 00 0 00	0.00	0.00	0.0
1,900 00			1,900 00				
2,000 00	0 00	0 00	2,000 00	0.00	0 00	0.00	0.0
2,100 00	0.00	0 00	2,100 00	0 00	0 00	0.00	0.0
2,200.00	0 00	0.00	2,200.00	0.00	0 00	0.00	0 (
2,300 00	0 00	0 00	2,300 00	0 00	0.00	0 00	0 (
2,400 00	0 00	0.00	2,400 00	0 00	0 00	0 00	0.0
2,500.00	0 00	0.00	2,500 00	0.00	0 00	0.00	0 (
2,600 00	0.00	0.00	2,600 00	0 00	0.00	0 00	0.0
2,700.00	0.00	0.00	2,700 00	0 00	0.00	0.00	0 (
2,800.00	0 00	0.00	2,800.00	0 00	0.00	0 00	0 (
2,900 00	0 00	0.00	2,900 00	0.00	0 00	0.00	0 (
3,000 00	0 00	0.00	3,000.00	0 00	0 00	0 00	0.0
3,100.00	0 00	0.00	3,100 00	0 00	0 00	0.00	0.0
3,200.00	0 00	0 00	3,200 00	0.00	0 00	0 00	0 (
3,300 00	0 00	0 00	3,300 00	0 00	0 00	0 00	0 (
3,400.00	0 00	0 00	3,400 00	0.00	0 00	0 00	0 (
	0 00	0 00	3,500 00	0 00	0.00	0 00	0 (
3,500.00 3,600.00	0 00	0.00	3,600 00	0 00	0.00	0 00	0.0
3,700 00	0.00	0.00	3,700.00	0 00	0.00	0 00	0.0
3,800 00	0.00	0.00	3,800.00	0 00	0 00	0 00	0
3,900 00	0.00	0.00	3,900.00	0 00	0.00	0.00	0
4,000.00	0 00	0.00	4,000 00	0.00	0.00	0 00	0
4,100 00	0 00	0.00	4,100.00	0.00	0.00	0 00	0
4,200 00	0 00	0.00	4,200 00	0 00	0 00	0 00	0
4,300 00	0 00	0.00	4.300.00	0 00	0.00	0.00	0
4,400.00	0 00	0 00	. 4,400.00	0 00	0 00	0.00	0
4,500 00	0 00	0.00	4,500 00	0 00	0.00	0.00	0.
4,600 00	0 00	0.00	4,600.00	0 00	0 00	0 00	0
4,700 00	0 00	0 00	4,700 00	0 00	0 00	0 00	0
4,800 00	0 00	0 00	4,800.00	0.00	0 00	0 00	0
4,900.00	0 00	0 00	4,900.00	0.00	0 00	0 00	0.
5,000 00	0 00	0.00	5,000 00	0.00	0.00	0.00	0
5,100.00	0.00	0 00	5,100.00	0.00	0 00	0.00	0
5,200 00	0 00	0 00	5,200 00	0 00	0 00	0.00	0
5,300.00	0.00	0.00	5,300 00	0.00	0 00	0 00	0.
5,400 00	0.00	0 00	5,400 00	0 00	0 00	0.00	0
						0 00	0

WHS

Pathfinder Survey Report

Company: Mack Energy
Project: Eddy County
Site: Chargers Federal Com #1
Well: Chargers Federal Com #1
Wellbore: Chargers Federal Com #1
Design: Plan #1

Local Co-ordinate Reference: IVD Reference: MDIReference: North Reference: Survey Calculation Method: Database:

Well Chargers Federal Com #1 EST RKB @ 3657:50ft EST RKB @ 3657:50ft Grid Minimum Curvature EDM 2003.16 Single User Db

							en kontra da Permena en encentra en Ela lea parte de encentra en en en en en
lanned Survey;**							
MD	Inc	Azi+	TVD	N/S	E/W"	V. Sec	DLeg:
(ft)	(°)	Azi (°)	(ft)	(ft) _{1.0}	. (ft)	(ft)	(°/100ft)
5,600 00	0 00	0 00	5,600 00	0.00	0 00	0 00	0.0
5,700.00	0 00	0.00	5,700 00	0.00	0.00	0 00	0 0
5,800 00	0.00	0 00	5,800 00	0.00	0 00	0 00	0.0
5,900 00	0.00	0 00	5,900.00	0 00	0 00	0.00	0.0
6,000.00	0.00	0 00	, 6,000 00	0.00	0.00	0 00	0.0
6,100.00	0.00	0.00	6,100 00	0 00	0 00	0 00	0.0
6,200 00	0.00	0 00	6,200 00	0.00	0 00	0 00	0.0
6,300 00	0 00	0 00	6,300.00	0 00	0 00	0 00	0.0
6,400 00	0.00	0 00	6,400.00	0.00	0 00	0 00	0 (
6,485 26	0 00	0 00	6,485 26	0.00	0 00	0 00	0 (
6,500.00	1 47	269.96	6,500 00	0.00	-0.19	0 19	10 (
6,550.00	6 47	269 96	6,549.86	0 00	-3 65	3 65	10 (
6,600 00	11.47	269 96	6,599.23	-0 01	-11 45	11 45	10 (
6,650 00	16 47	269 96	6,647 74	-0 02	-23.52	23.52	10.0
6,700 00	21 47	269 96	6,695.01	-0 03	-39 77	39.77	10.0
6,750 00	26 47	269 96	6,740.68	-0.04	-60 08	60 08	10 (
6,800 00	31.47	269 96	6,784.41	-0 06	-84.30	84 30	10.0
6,850 00	36 47	269.96	6,825 86	-0.08	-112.23	112 23	10 (
6,900 00	41 47	269.96	6,864.72	-0.10	-143 67	143.67	10
6,950 00	46 47	269 96	6,900.69	-0 12	-178.37	178 37	10 (
7,000 00	51.47	269.96	6,933 50	-0 15	-216 08	216 08	10 (
7,050 00	56.47	269 96	6,962 90	-0 18	-256 50	256 50	10 (
7,100.00	61 47	269 96	6,988 66	-0 21	-299.34	299 34	10 (
7,150 00	66 47	269.96	7,010.59	-0 24	-344 25	344 25	10 (
7,200.00	71 47	269 96	7,028.53	-0 27	-390 91	390 91	10.6
7,250.00	76 47	269 96	7,042 33	-0.31	-438 95	438.95	10.
7,300 00	81 47	269 96	7,051.89	-0 34	-488 01	488 01	10
7,350 00	86 47	269 96	7,057.13	-0 38	-537 72	537 72	10
7,392 96	90.77	269.96	7,058.17	-0 41	-580 66	580 66	10.
		269.96	7,058.07	-0 41	-587.70	587.70	0
7,400 00 7,500 00	90.77 90.77	269.96 269.96	7,056.07	-0.48	-687.69	687.70	0
7,600 00	90 77	269 96	7,055 73	-0.46	-787.68	787 68	0
7,700 00	90 77	269.96	7,054 04	-0.62	-887 67	887 67	0.
7,800 00	90.77	269.96	7,052.70	-0.62	-987.66	987.66	0.
7,812 34	90 77	269 96	7,052.53	-0 70	-1,000 00	1,000 00	0
7,818 43	90.86	269 96	7,052 44	-0 70	-1,006.09	1,006.09	1
7,900 00	90 86	269 96	7,051 22	-0 76	-1,087.65	1,087 65	0
8.000 00	90 86	269 96	7,049 71	-0 83	-1,187 64	1,187 64	0.
8,100.00	90 86	269 96	7,048 21	-0.90	-1,287.63	1,287.63	0
8,200 00	90.86	269 96	7,046.71	-0 97	-1,387 62	1,387 62	0.
8,300 00	90 86	269 96	7,045 20	-1.04	-1,487 60	1,487 60	0.
8,400.00	90 86	269 96	7,043 70	-1.11	-1,587 59	1,587.59	0
8,500.00	90 86	269 96	7,042.20	-1.18	-1,687.58	1,687.58	0.
8,600 00	90.86	269.96	7,040.69	-1.25	-1,787.57	1,787 57	0.

WHS

Pathfinder Survey Report

Company: Mack Energy
Project: Eddy County
Site: Chargers Federal Com #1
Well: Chargers Federal Com #1
Wellbore: Chargers Federal Com #1
Design: Plan #1

Local Co-ordinate Reference: Well Chargers Federal Com #1
TVD Reference: EST RKB @ 3657.50ft
MD/Reference: EST RKB @ 3657.50ft
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

		Company of the Company of Company				na na mana na Manana na manana na manana na mana na m	kasa sekota menenisi
Planned Survey						A SOLUTION OF THE PARTY OF THE	
MD.	lnc	Azi	TVD:	N/S	E/W	V:Sec ∷¦a	DLeg.
(ft)	(°).	(°)	(ft)	* (ft)	(ft)∦(*,	(ft)	(°/100ft)
8,700.00	90 86	269.96	7,039 19	-1 32	-1,887.56	1,887 56	0 00
8,800 00	90 86	269 96	7,037 69	-1.39	-1,987 55	1,987 55	0 00
8,812.45	90.86	269 96	7,037 50	-1 40	-2,000.00	2,000.00	0 00
8,816.15	90.92	269.96	7,037 44	-1.40	-2,003.69	2,003 69	1 50
8,900 00	90.92	269 96	7,036.10	-1.46	-2,087 54	2,087 54	0 00
9,000 00	90 92	269 96	7,034 50	-1.53	-2,187 52	2,187 52	0 00
9,100.00	90.92	269 96	7,032.90	-1 60	-2,287.51	2,287 51	0 00
9,200.00	90.92	269 96	7,031 30	-1 67	-2,387 50	2,387 50	0.00
9,300.00	90 92	269.96	7,029 70	-1 74	-2,487 48	2,487 48	0.00
9,400.00	90.92	269.96	7,028 10	-1 81	-2,587 47	2,587 47	0.00
9,500.00	90 92	269.96	7,026 50	-1.88	-2,687 46	2,687 46	0 00
9,600 00	90.92	269 96	7,024 90	-1.95	-2,787 45	2,787 45	0 00
9,700 00	90 92	269.96	7,023 30	-2.02	-2,887 43	2,887 43	0 00
9,800 00	90 92	269 96	7,021.70	-2 09	-2,987 42	2,987.42	0.00
9,812.58	90 92	269.96	7,021 50	-2 09	-3,000.00	3,000 00	0.00
9,900 00	90 92	269.96	7,020 10	-2.16	-3,087 41	3,087.41	0 00
10,000 00	90 92	269 96	7,018 50	-2.23	-3,187 39	3,187.39	0 00
10,100 00	90 92	269 96	7,016 90	-2 30	-3,287 38	3,287 38	0 00
10,200 00	90.92	269 96	7,015 30	-2 36	-3,387 37	3,387 37	0 00
10,300 00	90 92	269 96	7,013 70	-2.43	-3.487 36	3.487 36	0 00
10,400 00	90 92	269 96	7,012 10	-2 50	-3,587 34	3,587 34	0 00
10,500 00	90 92	269 96	7,010 50	-2.57	-3,687 33	3,687.33	0 00
10,600 00	90 92	269 96	7,008 90	-2.64	-3,787 32	3,787 32	0 00
10,700.00	90 92	269 96	7,007 30	-2.71	-3,887.30	3,887.31	0 00
10,800 00	90.92	269 96	7,005 70	-2.78	-3,987 29	3,987 29	0 00
10,812 71	90 92	269 96	7,005.50	-2.79	-4,000 00	4,000 00	0 00
10,822 83	91 07	269.99	7,005 32	-2.80	-4,010.12	4,010 12	1 50
10,900.00	91 07	269 99	7,003.89	-2 81	-4,087 27	4,087 28	0 00
11,000 00	91 07	269 99	7,002.03	-2 83	-4,187 26	- 4,187 26	0 00
11,100 00	91 07	269 99	7,000 17	-2 84	-4,287 24	4,287 24	0 00
11,200 00	91 07	269 99	6,998 31	-2.86	-4,387 22	4,387 22	0 00
11,300 00	91 07	269.99	6,996 45	-2.88	-4,487 21	4,487 21	0 00
11,400.00	91.07	269 99	6,994 59	-2.89	-4,587.19	4,587.19	0 00
11,431 72	91 07	269 99	6,994.00	-2 90	-4.618.90	4,618.90	0.00
•							

WHS

Pathfinder Survey Report

Company: Project: Site: Well: Wellbore: Design: Mack Energy Eddy County Chargers Federal Com #1 Chargers Federal Com #1 Chargers Federal Com #1 Plan #1.

Local Co-ordinate Reference:
TVD:Reference:
MD:Reference:
MD:Reference:
North:Reference:
Survey. Calculation Method:
Database:
Well Chargers Federal Com #1
EST.RKB @ 3657.50ft
EST.RKB @ 3657.50ft
Grid
Minimum Curvature
EDM 2003.16 Single User Db

Targets									
TREES OF THE STATE	to the state of the state of	The Thirty State Sec.	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	THE RESERVE OF THE PARTY OF THE	L'atitude L	Longitude
PBHL (CFC1) - plan hits target - Point	0.00	0.00	6,994.00	-2.90	-4 ,618 90	692,104.300	570,374 000	32° 54′ 8 868 N	104° 6' 14 554 V
LT4 (CFC1) @ 4000' ' - plan hits target - Point	0.00	0.00	7,005.50	-2.79	-4,000 00	692,104 407	570,992.901	32° 54′ 8 856 N	104° 6' 7.294 V
LT2 (CFC1) @ 2000' ' - plan hits target - Point	0 00	0 00	7,037 50	-1.40	-2,000 00	692,105 804	572,992 900	32° 54' 8 826 N	104° 5′ 43 836 V
LT1 (CFC1) @ 1000' \ - plan hits target - Point	0.00	0.00	7,052 50	-0 70	-1,000.00	692,106 502	573,992.900	32° 54' 8 810 N	104° 5' 32 106 V
LT3 (CFC1) @ 3000' \ - plan hits target - Point	0 00	0.00	7,021 50	-2 09	-3,000 00	692,105 106	571,992 901	32° 54' 8 841 N	104° 5' 55 565 V

- 1			 	
			_	
	Checked By:	Approved By:	Date:	
	Officerica by.	Approved by.	Date.	
	-			

Attachment to Exhibit #9 NOTES REGARDING THE BLOWOUT PREVENTERS Chargers Federal Com #1 Eddy 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.

Blowout Preventers Page 15

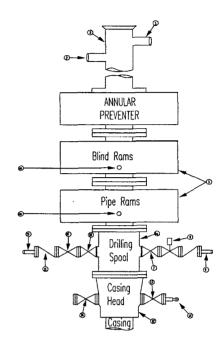
Mack Energy Corporation

Minimum Blowout Preventer Requirements

3000 psi Working Pressure 3 MWP EXHIBIT #10

Stack Requirements

NO.	Items	Min	Min
110.	(Comb	ID	Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated raims		
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	Kıll line to rig mud pump manifold		2"



OPTIONAL

16	Flanged Valve	1 13/16

CONTRACTOR'S OPTION TO FURNISH.

- 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.
- 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.

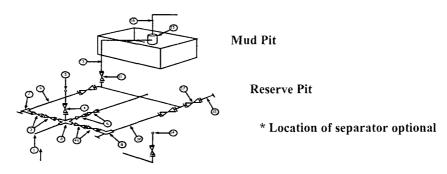
GENERAL NOTES:

- 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.
- All valves to be equipped with hand-wheels or handles ready for immediate use
- Choke lines must be suitably anchored
- Handwheels and extensions to be connected and ready for use.
- Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
- All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
- 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

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



Below Substructure

Mimimum requirements

				limimun	n require	ments				
		3,0	00 MWP		5	,000 MWP		1	0,000 MWP	
No.		I.D.	NOMINAL	Rating	I.D.	Nominal	Rating	I.D.	Nominal	Rating
_ !	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. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an 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 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.

H2S Plan . Page 10

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.

H2S Plan Page 11

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.
- B. There will be no drill stem testing.

EXHIBIT #7

WARNING

YOU ARE ENTERING AN H2S

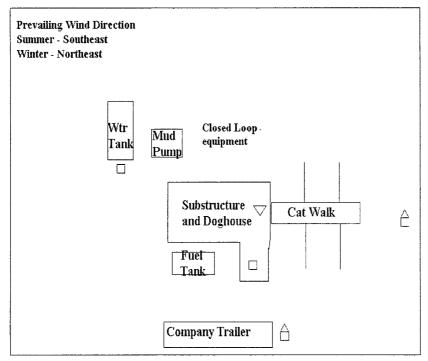
AUTHORIZED PERSONNEL ONLY

- 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

H2S Plan Page 12

DRILLING LOCATION H2S SAFTY EQUIPMENT Exhibit # 8



- \bigvee H2S Monitors with alarms at the bell nipple
- ☐ Wind Direction Indicators
- Safe Briefing areas with caution signs and breathing equipment min 150 feet from

Mack Energy Corporation Call List, Eddy County

Artesia (575)	Cellular	Office	Home
Jim Krogman.	746-5513	5748-1288	746-2674
Lonnie Archer	·746-7889	9748-1288	365-2998
Donald Arche	748-7875	5748-1288	748-2287
Chris Davis	746-7132	2748-1288	•••••
Kevin Garrett	746-742	3748-1288	
Agency Call I	<u> List (575)</u>		
Artesi	1		
	State Police		746-2703
	City Police		746-2703
	Sheriff's Office		746-9888
	Ambulance		911
	Fire Department		746-2701
	LEPC (Local Emergence	cy Planning Committee	746-2122
	NMOCD	•••••	748-1283
Carlsb	ad		
	State Police		885-3137
	City Police		885-2111
	Sheriff's Office		887-7551
	Ambulance		911
	Fire Department		885-2111
	LEPC (Local Emergence	y Planning Committee	887-3798
	Bureau of Land Manage	ement	887-6544
	New Mexico Emergenc	y Response Commission	(505)476-9690
	24 Hour	·····	(505)827-9126
	Natonal Emergency Res	sponse Center (Washington	1)(800)424-8802
Emerg	ency Services		
	·	1-800-256-968	38 or (281)931-8884
		(915)699-01	` '
	B. J. Services		746-3569
	Flight For Life-Lubbook	k, TX	(806)743-9911
		•••••	
		lbuquerque, NM	
		. Albuquerque, NM	
			(000)272 0110

H2S Plan Page 14

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

- A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by John West Engineering, Hobbs, NM.
- B. All roads to the location are shown in Exhibit below. 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.
- C. Directions to Location: From the intersection of Hwy 82 and CR 214 go North on CR 214 6.6 miles, turn left/SW 0.3 miles, location is 930 ft South.
- D. 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

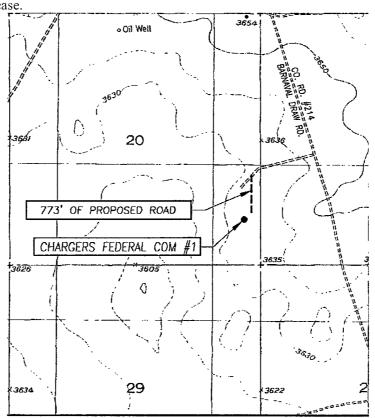


Exhibit #4

2. Proposed Access Road:

Exhibit #3 shows the 773' of new access road to be constructed. The road will be 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 4 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.
- F. The proposed access road as shown in Exhibit #3 has been centerline flagged by John West Engineering, Hobbs, New Mexico.

3. Location of Existing Wells & Proposed flow lines for New Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well. Proposed flow lines, will stay on location production facility will be constructed.

4. Location of Existing and/or Proposed Facilities:

- A. Mack Energy Corporation does not operate a production facility on this lease.
- B. If the well is productive, contemplated facilities will be as follows:
 - 1) Abo Completion: Will be sent to the Chargers Federal Com TB located at the #1 well. The Facility is shown in Exhibit #5.
 - 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.

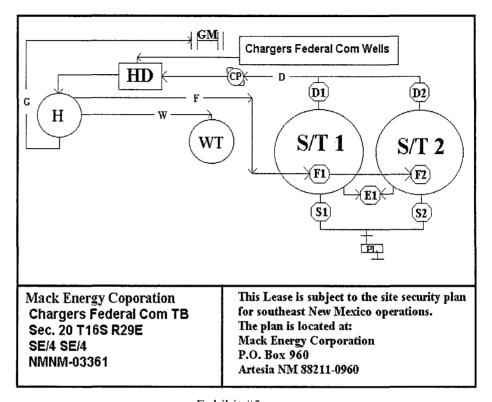


Exhibit #5

- A. If the well is productive, rehabilitation plans are as follows:
 - 1) Topsoil removed from the drill site will be used to recontour the surrounding area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. 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 #4. 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.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and proposed new access road (approximately 2500 cubic yards) will be obtained from a BLM approved caliche pit.

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the steel tanks and hauled to an approved facility.
- B. Drilling fluids will be contained in steel tanks using a closed loop system.
- C. Water produced from the well during completion may be disposed into a steel tank. After the well is permanently placed on production, produced water will be collected in tanks (fiberglass) until pumped to an approved disposal system; produced oil will be collected in steel tanks until sold.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. All water and fluids will be disposed of into an approved facility. No toxic waste or hazardous chemicals will be produced by this operation.
- E. 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.

8. Ancillary Facilities:

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

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by John West Engineering, is shown in Exhibit #6. 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.
- B. 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.

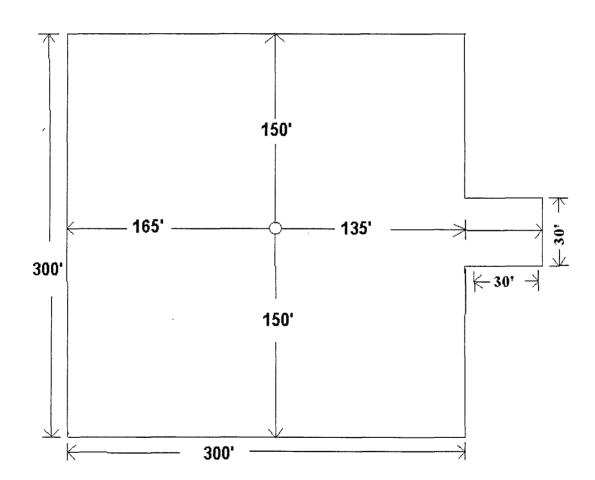


Exhibit #6

10. 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. In the event of a dry hole. Topsoil removed from the drill site will be used to recontour the area to its original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

The well site and lease is located entirely on Federal surface. We have notified the surface lessee of the impending operations. According to BLM the lease is Bogel Limited Company, Lewis Derrick, P.O. Box 460 Dexter, NM 88230.

12. 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.

13. Lessee's and Operator's Representative:

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

Jerry W. Sherrell Mack Energy Corporation P.O. Box 960 Artesia, NM 88211-0960 Phone (575) 748-1288 (office)

CERTIFICATION

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mack Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 6-6-08

Signed:

erry W. Sherrell

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME: Mack Energy Corp
LEASE NO.: NM-03361
WELL NAME & NO.: 1-Chargers Federal Com
SURFACE HOLE FOOTAGE: 965' FSL & 330' FEL
BOTTOM HOLE FOOTAGE 965' FSL & 330' FWL
LOCATION: Section 20, T. 16 S., R 29 E., NMPM
COUNTY: Eddy County, New Mexico

TABLE OF CONTENTS

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.

General Provisions
Permit Expiration
Archaeology, Paleontology, and Historical Sites
Noxious Weeds
Special Requirements
Cave/Karst
VRM
Cultural
⊠ Construction
Notification
Topsoil
Closed Loop system
Federal Mineral Material Pits
Well Pads
Roads
Road Section Diagram
☑ Drilling
Production (Post Drilling)
Well Structures & Facilities
Pipelines
Electric Lines
◯ Closed Loop System/Interim Reclamation
Final Ahandanment/Declaration

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)

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 (505) 234-5972 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 stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. Closed Loop System

Chargers Fed. Com. #1: Closed Loop System V-Door East

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

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 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. 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 thirty (30) 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.

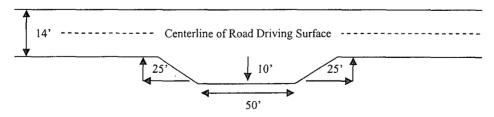
Ditching

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 be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout - Plan View

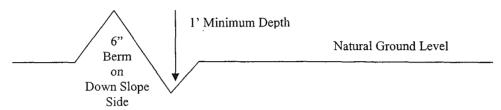


Drainage

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

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road 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 cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

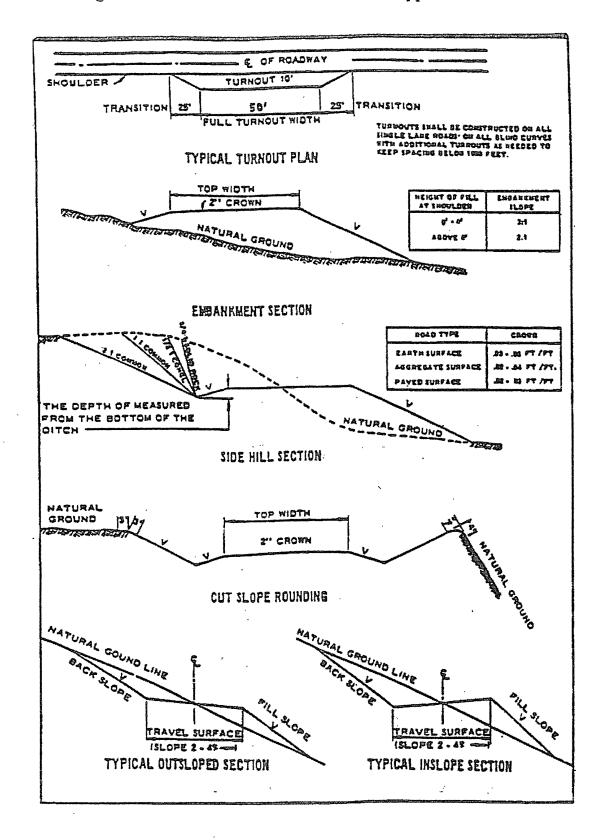
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

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

Figure 1 - Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

Eddy County

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

- 1. Although Hydrogen Sulfide has not been reported in this section, it is always a possible hazard. It has been reported in the Township to the east. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.
- 2. 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.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

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

Possible lost circulation in the Grayburg and San Andres formations. Possible brine and water flows in the Salado and Artesia Groups.

- 1. The 13-3/8 inch surface casing shall be set at approximately 380 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
 - Cement to surface. If cement does not circulate see B.1.a-d above.
- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

4. 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.

C. 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. 3M system being tested as 2M – meets minimum requirements.

- 2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.
 - d. 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 if test is done with a test plug and 30 minutes without a test plug.
 - e. A variance to test the surface casing and BOP/BOPE (entire system) to the reduced pressure of 1000 psi with the rig pumps is approved.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 062008

VIII. 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.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

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, Munsell Soil Color Chart # 5Y 4/2

- B. PIPELINES
- C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

Seed Mixture 4, for Gypsum Sites

The 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 <u>no</u> primary or secondary noxious weeds in the seed mixture. Seed will 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 will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will 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:

<u>Species</u>	<u>lb/acre</u>
Alkali Sacaton (Sporobolus airoides) DWS⊆ Four-wing saltbush (Atriplex canescens)	1.0
	5.0

⊂DWS: DeWinged Seed

Pounds of seed x percent purity x percent germination = pounds pure live seed (Insert Seed Mixture Here)

^{*}Pounds of pure live seed:

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.