

ATS-08-425  
EA-08-860

OCD-ARTESIA

Form 3160-3  
(April 2004)

SEP 26 2008

OCD-ARTESIA

UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5 Lease Serial No  
NMNM-118716

6 If Indian, Allottee or Tribe Name

7 If Unit or CA Agreement, Name and No

8, Lease Name and Well No  
Eagle Nest Federal #4 H

9 API Well No.  
30.015.36697

10 Field and Pool, or Exploratory  
County Line Tank; Abo

11 Sec., T R M or Blk and Survey or Area

Sec. 5 T16S R30E

12 County or Parish  
Eddy

13 State  
NM

2 Name of Operator  
Mack Energy Corporation

3a Address  
P.O. Box 960 Artesia, NM 88211-0960

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

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

At surface 3605 FSL & 330 FEL 180' FEL

At proposed prod zone 3605 FSL & 330 FWL

14 Distance in miles and direction from nearest town or post office\*  
10 miles north of Loco Hills, NM

LOCATION

15 Distance from proposed\*  
location to nearest  
property or lease line, ft  
(Also to nearest drlg unit line, if any) 330

16 No. of acres in lease  
645.32

17 Spacing Unit dedicated to this well

160

18 Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. 1320

19 Proposed Depth  
MD 11,750' 13018'  
TVD 7600'

20. BLM/BIA Bond No. on file  
NMB000286

21 Elevations (Show whether DF, KDB, RT, GL, etc.)  
3824' GR

22 Approximate date work will start\*  
4/1/08

23 Estimated duration  
35 days

24 Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall 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 shall 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  
authorized officer

25. Signature  
Jerry W. Sherrell

Name (Printed/Typed)  
Jerry W. Sherrell

Date  
3/21/08

Title  
Production Clerk

Approved by (Signature)  
/s/ DAVID D. EVANS

Name (Printed/Typed)  
/s/ DAVID D. EVANS

Date  
SEP 22 2008

Title  
FIELD MANAGER

Office  
CARLSBAD FIELD OFFICE

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.

APPROVAL FOR TWO YEARS

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

\*(Instructions on page 2)

Roswell Controlled Water Basin

Pits must be registered, operated,  
maintained and closed per 19.15.17  
[NMAC]

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Approval Subject to General Requirements  
& Special Stipulations Attached



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

I&E - CFO

FORM APPROVED  
Budget Bureau No 1004-0135  
Expires March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

**SUBMIT IN TRIPLICATE**

1 Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Designation and Serial No NMNM-118716
2 Name of Operator Mack Energy Corporation		6 If Indian, Allottee or Tribe Name
3 Address and Telephone No P.O. Box 960 Artesia, NM 88211-0960 (505)748-1288		7 If Unit or CA, Agreement Designation
4 Location of Well (Footage, Sec., T, R, M. or Survey Description) 3605 FSL & 180 FEL, Sec 5 T16S R30E		8 Well Name and No Eagle Nest Federal #4
		9 API Well No
		10 Field and Pool, or Exploratory Area County Line Tank; Abo
		11 County or Parish, State Eddy, NM

12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Location Change	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)\*

Mack Energy Corporation has moved the Eagle Nest Federal #4 to 3605 FSL & 180 FEL from 3605 FSL & 330 FEL.

OK C.L. 05/27/08

ENG OK  
Well re-com. up north  
7/30/08

14 I hereby certify that the foregoing is true and correct		
Signed <u>Gary W. Sharrell</u>	Title <u>Production Clerk</u>	Date <u>5/22/08</u>
(This space for Federal or State office use)		
Approved by <u>/s/ DAVID D. EVANS</u>	Title <u>FIELD MANAGER</u>	Date <u>SEP 23 2008</u>
Conditions of approval, if any		
CARLSBAD FIELD OFFICE		

Title 18 U.S.C. Section 1001, makes 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

•See Instruction on Reverse Side

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102

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

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  
Fee Lease - 3 Copies

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

DISTRICT IV  
1625 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-015-36697</b>	Pool Code 97197	Pool Name County Line Tank;Abo
Property Code <b>37382</b>	Property Name <b>EAGLE NEST FEDERAL</b>	Well Number 4H'
OGRID No. 013837	Operator Name <b>MACK ENERGY CORPORATION</b>	Elevation 3823'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/EAST line	County
16	5	16-S	30-E		3605	SOUTH	180	EAST	EDDY

Bottom Hole Location If Different From Surface

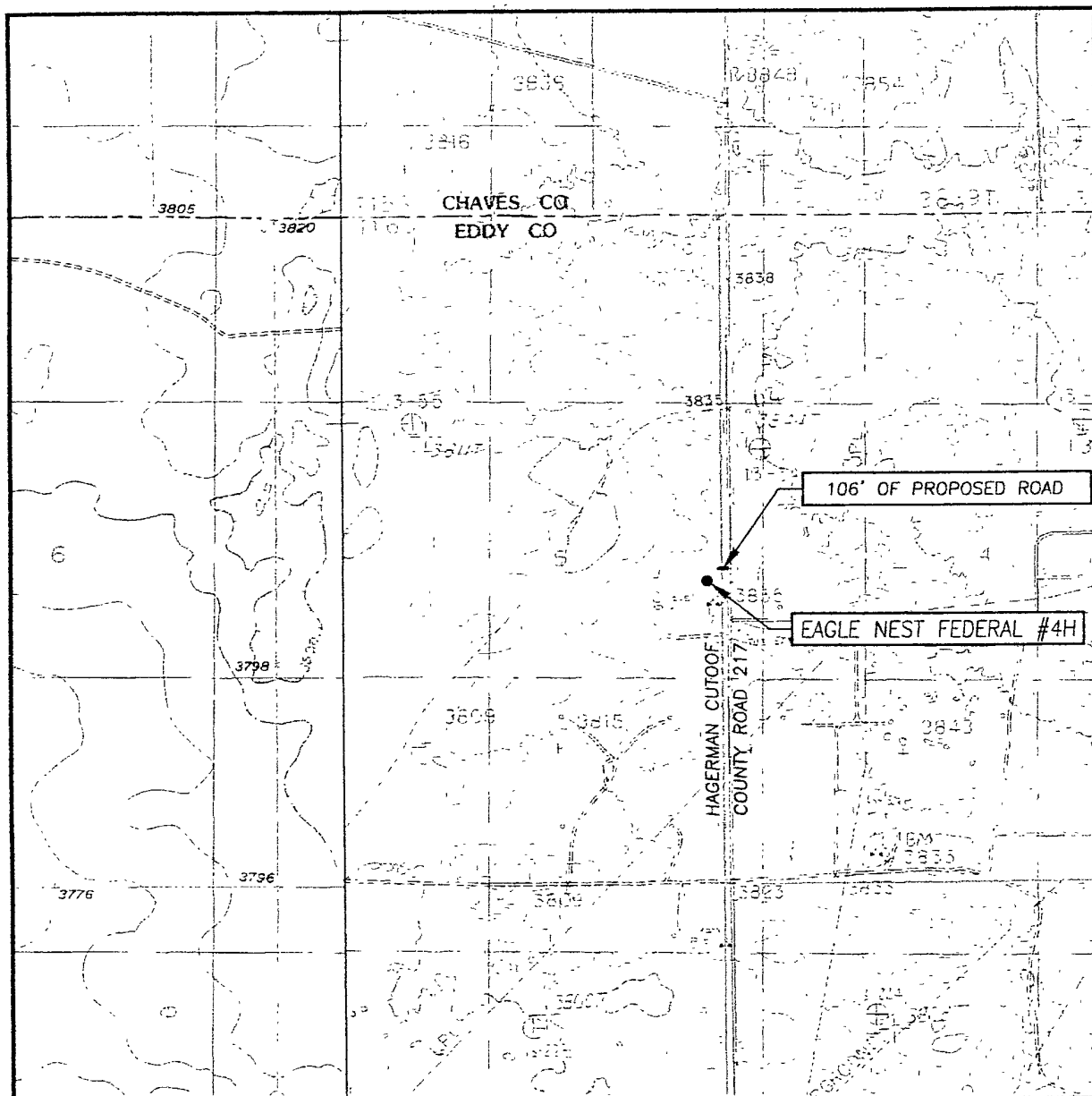
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/EAST line	County
13	5	16-S	30-E		3605	SOUTH	330	WEST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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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

<p>LOT 4 41.53 AC</p> <p>LOT 3 41.43 AC</p> <p>LOT 2 41.33 AC</p> <p>LOT 1 41.23 AC</p> <p>LOT 5 40.00 AC</p> <p>LOT 6 40.00 AC</p> <p>LOT 7 40.00 AC</p> <p>LOT 8 40.00 AC</p> <p>LOT 12 40.00 AC</p> <p>LOT 11 40.00 AC</p> <p>LOT 10 40.00 AC</p> <p>LOT 9 40.00 AC</p> <p>LOT 13 40.00 AC</p> <p>LOT 14 40.00 AC</p> <p>LOT 15 40.00 AC</p> <p>LOT 16 40.00 AC</p> <p>GRID AZ = 269° 48' 02"</p> <p>HORZ DIST = 4775.2'</p> <p>S.L.</p> <p>SEE DETAIL</p> <p>330'</p> <p>180'</p> <p>3605'</p> <p>3605'</p> <p>SCALE 1"=2000'</p> <p>DETAIL</p> <p>3821.8' 3829.4'</p> <p>600'</p> <p>3824.3' 3835.6'</p> <p>BOTTOM HOLE LOCATION</p> <p>Y=710633.3 N</p> <p>X=601869.5 E</p> <p>GEODETIC COORDINATES</p> <p>NAD 27 NME</p> <p>SURFACE LOCATION</p> <p>Y=710649.8 N</p> <p>X=606643.6 E</p> <p>LAT = 32.953166° N</p> <p>LONG = 103.985672° W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jerry W. Sherrell</i> 5/22/08</p> <p>Signature Date</p> <p>Jerry W. Sherrell</p> <p>Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>RONALD J. EIDSON 5/16/08</p> <p>Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p>Certificate No. GARY G. EIDSON 12641</p> <p>RONALD J. EIDSON 3239</p>
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FLYON



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

SURVEY N.M.P.M.

DESCRIPTION 3605' FSL & 180' FEL

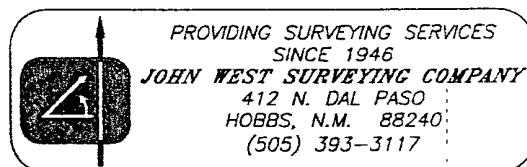
ELEVATION 3823'

OPERATOR MACK ENERGY CORPORATION

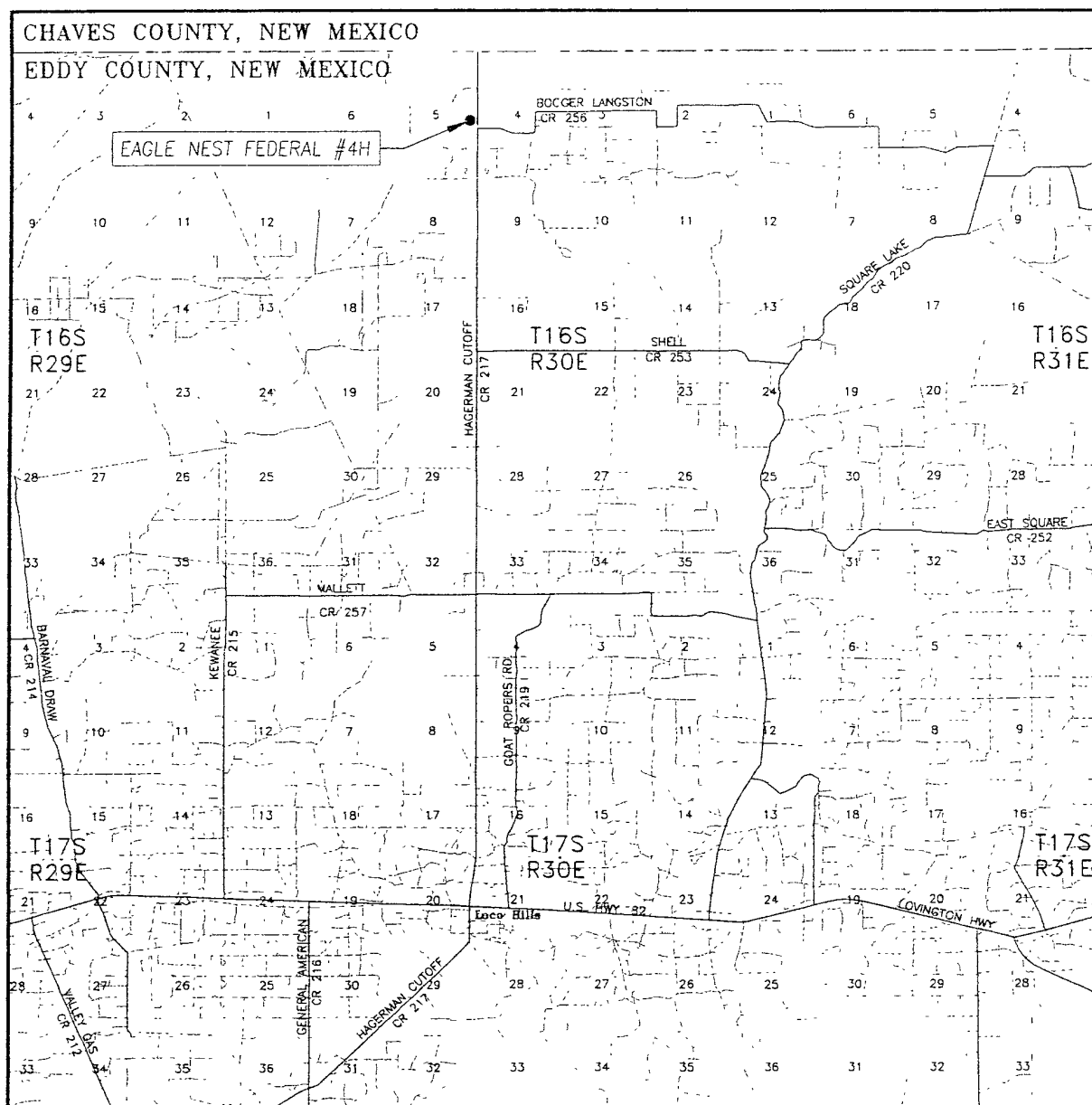
LEASE            EAGLE NEST FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

HENSHAW TANK, N.M.



# VICINITY MAP



SCALE. 1" = 2 MILES

SEC. 5 TWP. 16-S RGE. 30-E

SURVEY N.M.P.M.

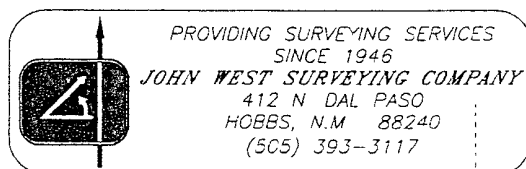
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 3605' FSL & 180' FEL

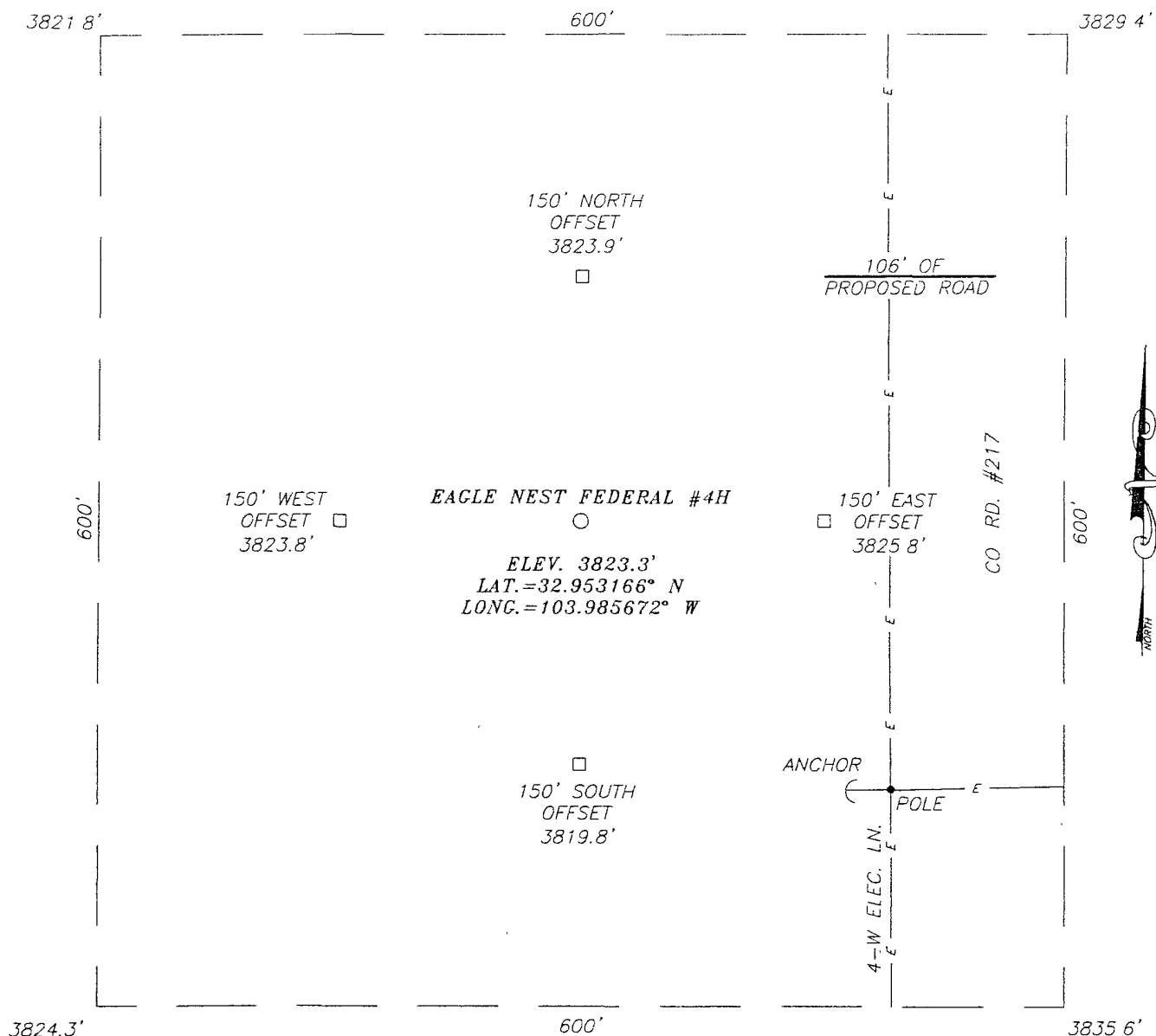
ELEVATION 3823'

OPERATOR MACK ENERGY CORPORATION

LEASE EAGLE NEST FEDERAL

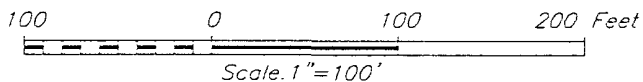


SECTION 5, TOWNSHIP 16 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF COUNTY ROAD 217 (HAGERMAN CUTOFF) AND COUNTY ROAD 257 (MALLET ROAD), GO NORTH ON HAGERMAN CUTOFF APPROX. 5.4 MILES. TURN LEFT AT PROPOSED ROAD SURVEY AND GO WEST APPROX. 256 FEET. THIS LOCATION IS SOUTHWEST APPROX. 106 FEET.



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

**MACK ENERGY CORPORATION**

EAGLE NEST FEDERAL #4H WELL  
LOCATED 3605 FEET FROM THE SOUTH LINE  
AND 180 FEET FROM THE EAST LINE OF SECTION 5,  
TOWNSHIP 16 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO

Survey Date. 5/13/08	Sheet 1 of 1 Sheets
W.O. Number 08 11 0745	Dr By: LA
Date 5/15/08	08110745
	Scale 1"=100'

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No 1004-0135  
Expires March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

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Use "APPLICATION FOR PERMIT—" for such proposals

**SUBMIT IN TRIPLICATE**

**I Type of Well**

☒ Oil Well ☐ Gas Well ☐ Other

**2 Name of Operator**

Mack Energy Corporation

**3 Address and Telephone No.**

P.O. Box 960 Artesia, NM 88211-0960

(505)748-1288

**4 Location of Well (Footage, Sec, T R, M or Survey Description)**

Sec. 5 T17S R30E

**5 Lease Designation and Serial No**

NMNM-118716

**6. If Indian, Allottee or Tribe Name**

**7 If Unit or CA, Agreement Designation**

**8 Well Name and No**

Eagle Nest Federal Lease

**9 API Well No**

Multiple

**10. Field and Pool, or Exploratory Area**

Wildcat Wolfcamp

**11. County or Parish, State**

Eddy, NM

**12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

**TYPE OF SUBMISSION**

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

**TYPE OF ACTION**

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☐ Other
- ☒ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

**13 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)\***

Mack Energy Corporation would like to change the TB location from the #2 well to the #4 well 360<sup>4</sup> FSL & 330 FEL Sec. 5 T16S R30E. On the request of the BLM.

**14 I hereby certify that the foregoing is true and correct**

Signed

*Gerry W. Shewell*

Title

Production Clerk

Date

4/18/08

(This space for Federal or State office use)

Approved by

Conditions of approval

**DAVID D. EVANS**

Title

FIELD MANAGER

Date

**SEP 22 2008**

**CARLSBAD FIELD OFFICE**

Title 18 U S C Section 1001, makes 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

\*See Instruction on Reverse Side

Attached to Form 3160-3  
Mack Energy Corporation  
Eagle Nest Federal #4 <sup>180</sup>  
SHL 3605 FSL & ~~330~~ FEL Lot 16, Sec. 5 T16S R30E  
BHL 3605 FSL & 330 FWL Lot 13, Sec 5 T16S R30E  
Eddy County, NM

## DRILLING PROGRAM

### 1. Geologic Name of Surface Formation

Quaternary

### 2. Estimated Tops of Important Geologic Markers:

Quaternary	Surface		
Yates	1280'	Glorieta	4400'
Queen	2070'	Tubb	5600'
Seven Rivers	2300'	Abo	6350'
Grayburg	2500'	Wolfcamp	7650'
San Andres	2800'		

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

Water Sand	150'	Fresh Water
San Andres	2800'	Oil/Gas
Abo	6350'	Oil/Gas
Wolfcamp	7650'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 400' 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 Size	Interval	OD Casing	Wt, Grade, Jt, cond, collapse/burst/tension
17 1/2"	0-400' <sup>475'</sup>	13 3/8"	48#, H-40, ST&C, New, 3.785/3.46/3.46
12 1/4"	0-1800'	9 5/8"	36#, J-55, ST&C, New, 2.137/3.767/3.52
8 3/4"	0-2000'	5 1/2"	17#, LS-110, LT&C, New, 7.494/2.86/2.37
8 3/4"	2000'-6600'	5 1/2"	17#, L-80, LT&C, New, 1.569/2.08/2.20
8 3/4"	6600'- <del>11,750'</del>	5 1/2"	17#, HCL-80, Buttress, New, 2.27/2.521/4.14

<sup>12018</sup>



**5. Cement Program:**

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

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

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

**6. Minimum Specifications for Pressure Control:**

see COA → 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 nipped up on the 13 3/8" surface casing and tested to 1000 psi using the rig pump. The BOP will then be nipped up on the 8 5/8" intermediate casing and tested by a 3<sup>rd</sup> 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:

see COA →

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-400' 475	Fresh Water	8.5	28	N.C.
400-1800' 475	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:**

Attached to Form 3160-3  
Mack Energy Corporation  
Eagle Nest Federal #4 / 80  
SHL 3605 FSL & 330 FEL Lot 16, Sec. 5 T16S R30E  
BHL 3605 FSL & 330 FWL Lot 13, Sec 5 T16S R30E  
Eddy County, NM

- 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:**

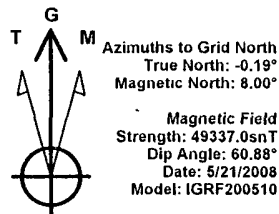
Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is April 1, 2008. Once commenced, the drilling operation should be finished in approximately 35 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

### Original Hole

**21 May, 2008**

1999. 10. 10. 2  
1999. 10. 10. 2

# Mack Energy Corporation



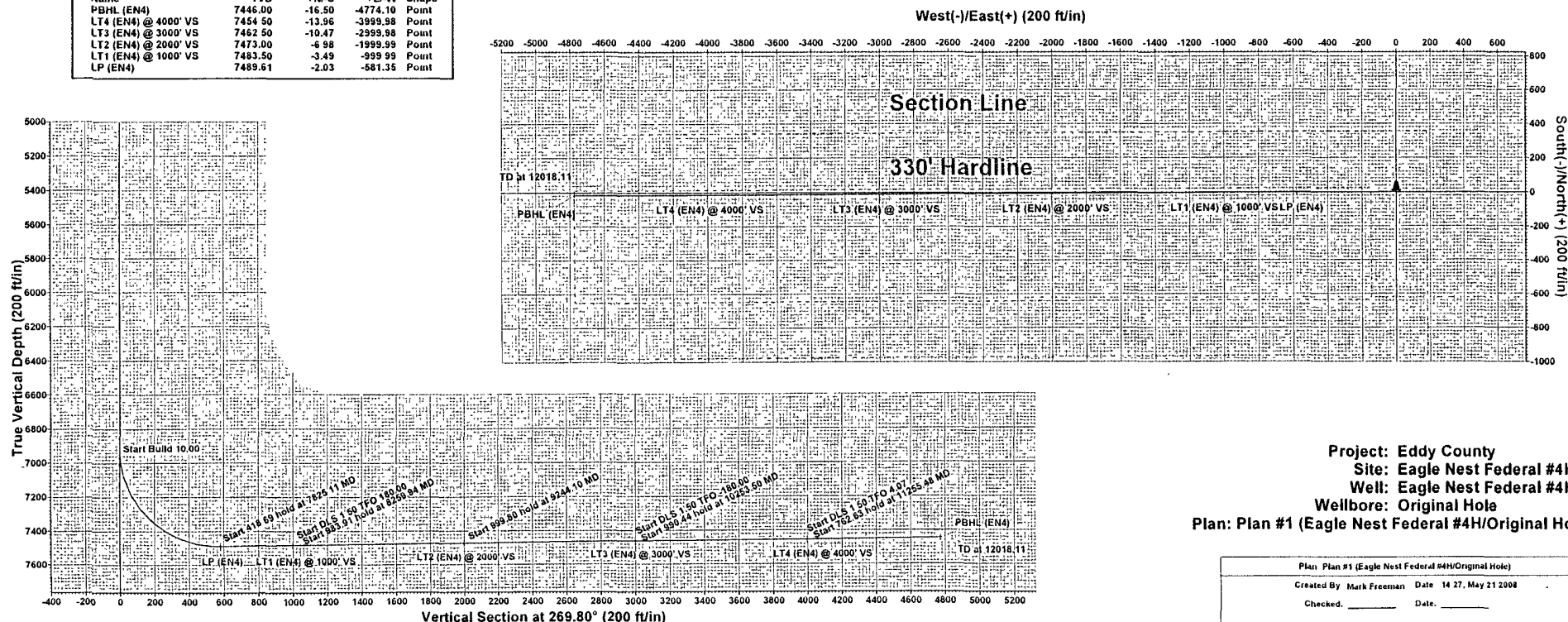
## PATHFINDER ENERGY SERVICES

WELL DETAILS: Eagle Nest Federal #4H						
Ground Elevation: 3823.00						
RKB Elevation EST RKB @ 3841.50ft						
Rig Name						
+N-S	+E-W	North	Easting	Latitude	Longitude	Slot
0.00	0.00	710649.800	605643.600	32° 57' 11.396 N	103° 59' 8.420 W	

PROJECT DETAILS: Eddy County  
 Geodetic System: US State Plane 1927 (Exact solution)  
 Datum: NAD 1927 (NADCON CONUS)  
 Ellipsoid: Clarke 1866  
 Zone: New Mexico East 3001  
 System Datum: Mean Sea Level  
 Local North: Grid

SECTION DETAILS										
Sec	MD	Inc	Azi	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	6916.71	0.00	0.00	6916.71	0.00	0.00	0.00	0.00	0.00	
3	7825.11	90.84	269.80	7489.61	-2.03	-581.35	10.00	269.80	581.36	
4	8243.80	90.84	269.80	7483.47	-3.49	-999.99	0.00	0.00	1000.00	LT1 (EN4) @ 1000' VS
5	8259.94	90.60	269.80	7483.27	-3.55	-1016.14	1.50	180.00	1016.15	
6	9243.85	90.60	269.80	7473.00	-6.98	-1999.99	0.00	0.00	2000.00	LT2 (EN4) @ 2000' VS
7	9244.10	90.60	269.80	7473.00	-6.98	-2000.24	1.50	0.00	2000.25	
8	10243.91	90.60	269.80	7462.50	-10.47	-2999.98	0.00	0.00	3000.00	LT3 (EN4) @ 3000' VS
9	10253.50	90.46	269.80	7462.41	-10.51	-3009.58	1.50	-180.00	3009.59	
10	11243.94	90.46	269.80	7454.50	-13.96	-3999.98	0.00	0.00	4000.00	LT4 (EN4) @ 4000' VS
11	11255.48	90.63	269.81	7454.39	-14.00	-4011.52	1.50	4.07	4011.54	
12	12018.11	90.63	269.81	7446.00	-16.50	-4774.10	0.00	0.00	4774.13	PBHL (EN4)

WELLBORE TARGET DETAILS				
Name	TVD	+N-S	+E-W	Shape
PBHL (EN4)	7446.00	-16.50	-4774.10	Point
LT4 (EN4) @ 4000' VS	7454.50	-13.96	-3999.98	Point
LT3 (EN4) @ 3000' VS	7462.50	-10.47	-2999.98	Point
LT2 (EN4) @ 2000' VS	7473.00	-6.98	-1999.99	Point
LT1 (EN4) @ 1000' VS	7483.50	-3.49	-999.99	Point
LP (EN4)	7489.61	-2.03	-581.35	Point



Project: Eddy County  
 Site: Eagle Nest Federal #4H  
 Well: Eagle Nest Federal #4H  
 Wellbore: Original Hole  
 Plan: Plan #1 (Eagle Nest Federal #4H/Original Hole)

Plan: Plan #1 (Eagle Nest Federal #4H/Original Hole)	
Created By: Mark Freeman	Date: 14 27, May 21 2008
Checked: _____	Date: _____

# WHS

## Pathfinder Survey Report

<b>Company:</b>	Mack Energy	<b>Local Co-ordinate Reference:</b>	Well Eagle Nest Federal #4H
<b>Project:</b>	Eddy County	<b>TVD Reference:</b>	EST RKB @ 3841.50ft
<b>Site:</b>	Eagle Nest Federal #4H	<b>MD Reference:</b>	EST RKB @ 3841.50ft
<b>Well:</b>	Eagle Nest Federal #4H	<b>North Reference:</b>	Grid
<b>Wellbore:</b>	Original Hole	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Design:</b>	Plan #1	<b>Database:</b>	EDM 2003.16 Single User Db

Project:	Eddy County		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Eagle Nest Federal #4H					
Site Position:		Northing:	710,649.800 ft	Latitude:	32° 57' 11.396 N
From:	Map	Easting:	606,643.600 ft	Longitude:	103° 59' 8.420 W
Position Uncertainty:	0.00 ft	Slot Radius:	"	Grid Convergence:	0.19 °

Well	Eagle Nest Federal #4H					
Well Position	+N/-S	0.00 ft	Northing:	710,649.800 ft	Latitude:	32° 57' 11.396 N
	+E/-W	0.00 ft	Easting:	606,643.600 ft	Longitude:	103° 59' 8.420 W
Position Uncertainty		0.00 ft	Wellhead Elevation:	ft	Ground Level:	3,823.00 ft

<b>Wellbore:</b>	Original Hole
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<b>Magnetics:</b>	<b>Model Name</b>	<b>Sample Date</b>	<b>Declination</b>	<b>Dip Angle</b>	<b>Field Strength</b>
			(°)	(°)	(nT)
	IGRF200510	5/21/2008	8.19	60.88	49,337

<b>Design:</b>	Plan #1
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Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W	Direction
	(ft)	(ft)	(ft)	(°)
	0.00	0.00	0.00	269.80

Survey Tool Program		Date: 5/21/2008		
From	To	Survey (Wellbore)	Tool Name	Description
(ft)	(ft)			
0.00	12.018 11	Plan #1 (Original Hole)	MWD	MWD - Standard

<b>Planned Survey:</b>	<b>MD</b>	<b>Inc</b>	<b>Azi</b>	<b>TVD</b>	<b>N/S</b>	<b>E/W</b>	<b>V. Sec</b>	<b>DLeg</b>
	(ft)	(°)	(°)	(ft)	(ft)	(ft)	(ft)	(°/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
	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

<b>Company:</b>	Mack Energy	<b>Local Co-ordinate Reference:</b>	Well Eagle Nest Federal #4H
<b>Project:</b>	Eddy County	<b>TVD Reference:</b>	EST RKB @ 3841.50ft
<b>Site:</b>	Eagle Nest Federal #4H	<b>MD Reference:</b>	EST RKB @ 3841.50ft
<b>Well:</b>	Eagle Nest Federal #4H	<b>North Reference:</b>	Grid
<b>Wellbore:</b>	Original Hole	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Design:</b>	Plan #1	<b>Database:</b>	EDM 2003 16 Single User Db

Planned Survey								
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (-/+100ft)	
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	

# WHS

## Pathfinder Survey Report

<b>Company:</b>	Mack Energy	<b>Local Co-ordinate Reference:</b>	Well Eagle Nest Federal #4H
<b>Project:</b>	Eddy County	<b>TVD Reference:</b>	EST RKB @ 3841 50ft
<b>Site:</b>	Eagle Nest Federal #4H	<b>MD Reference:</b>	EST RKB @ 3841 50ft
<b>Well:</b>	Eagle Nest Federal #4H	<b>North Reference:</b>	Grid
<b>Wellbore:</b>	Original Hole	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Design:</b>	Plan #1	<b>Database:</b>	EDM 2003.16 Single User Db

Planned Survey								
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00	
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	
6,100.00	0.00	0.00	6,100.00	0.00	0.00	0.00	0.00	
6,200.00	0.00	0.00	6,200.00	0.00	0.00	0.00	0.00	
6,300.00	0.00	0.00	6,300.00	0.00	0.00	0.00	0.00	
6,400.00	0.00	0.00	6,400.00	0.00	0.00	0.00	0.00	
6,500.00	0.00	0.00	6,500.00	0.00	0.00	0.00	0.00	
6,600.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	
6,700.00	0.00	0.00	6,700.00	0.00	0.00	0.00	0.00	
6,800.00	0.00	0.00	6,800.00	0.00	0.00	0.00	0.00	
6,900.00	0.00	0.00	6,900.00	0.00	0.00	0.00	0.00	
6,916.71	0.00	0.00	6,916.71	0.00	0.00	0.00	0.00	
6,950.00	3.33	269.80	6,949.98	0.00	-0.97	0.97	10.00	
7,000.00	8.33	269.80	6,999.71	-0.02	-6.04	6.04	10.00	
7,050.00	13.33	269.80	7,048.80	-0.05	-15.43	15.43	10.00	
7,100.00	18.33	269.80	7,096.89	-0.10	-29.07	29.07	10.00	
7,150.00	23.33	269.80	7,143.61	-0.16	-46.84	46.84	10.00	
7,200.00	28.33	269.80	7,188.60	-0.24	-68.62	68.62	10.00	
7,250.00	33.33	269.80	7,231.52	-0.33	-94.23	94.23	10.00	
7,300.00	38.33	269.80	7,272.04	-0.43	-123.49	123.49	10.00	
7,350.00	43.33	269.80	7,309.87	-0.55	-156.17	156.17	10.00	
7,400.00	48.33	269.80	7,344.70	-0.67	-192.02	192.03	10.00	
7,450.00	53.33	269.80	7,376.27	-0.81	-230.77	230.78	10.00	
7,500.00	58.33	269.80	7,404.34	-0.95	-272.13	272.13	10.00	
7,550.00	63.33	269.80	7,428.70	-1.10	-315.77	315.78	10.00	
7,600.00	68.33	269.80	7,449.17	-1.26	-361.38	361.38	10.00	
7,650.00	73.33	269.80	7,465.59	-1.43	-408.59	408.59	10.00	
7,700.00	78.33	269.80	7,477.82	-1.60	-457.05	457.05	10.00	
7,750.00	83.33	269.80	7,485.79	-1.77	-506.40	506.40	10.00	
7,800.00	88.33	269.80	7,489.42	-1.94	-556.25	556.25	10.00	
7,825.11	90.84	269.80	7,489.61	-2.03	-581.35	581.36	10.00	
7,900.00	90.84	269.80	7,488.51	-2.29	-656.24	656.24	0.00	
8,000.00	90.84	269.80	7,487.04	-2.64	-756.22	756.23	0.00	
8,100.00	90.84	269.80	7,485.58	-2.99	-856.21	856.22	0.00	
8,200.00	90.84	269.80	7,484.11	-3.34	-956.20	956.21	0.00	
8,243.80	90.84	269.80	7,483.47	-3.49	-999.99	1,000.00	0.00	
8,259.94	90.60	269.80	7,483.27	-3.55	-1,016.14	1,016.15	1.50	
8,300.00	90.60	269.80	7,482.85	-3.69	-1,056.19	1,056.20	0.00	
8,400.00	90.60	269.80	7,481.80	-4.04	-1,156.19	1,156.19	0.00	
8,500.00	90.60	269.80	7,480.76	-4.38	-1,256.18	1,256.19	0.00	
8,600.00	90.60	269.80	7,479.72	-4.73	-1,356.17	1,356.18	0.00	

# WHS

## Pathfinder Survey Report

<b>Company:</b>	Mack Energy	<b>Local Co-ordinate Reference:</b>	Well Eagle Nest Federal #4H
<b>Project:</b>	Eddy County	<b>TVD Reference:</b>	EST RKB @ 3841.50ft
<b>Site:</b>	Eagle Nest Federal #4H	<b>MD Reference:</b>	EST RKB @ 3841.50ft
<b>Well:</b>	Eagle Nest Federal #4H	<b>North Reference:</b>	Grid
<b>Wellbore:</b>	Original Hole	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Design:</b>	Plan #1	<b>Database:</b>	EDM 2003 16 Single User Db

Planned Survey							
MD (ft)	Inc (°)	Azi (°)	TVD (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)
8,700.00	90.60	269.80	7,478.67	-5.08	-1,456.17	1,456.18	0.00
8,800.00	90.60	269.80	7,477.63	-5.43	-1,556.16	1,556.17	0.00
8,900.00	90.60	269.80	7,476.59	-5.78	-1,656.16	1,656.17	0.00
9,000.00	90.60	269.80	7,475.54	-6.13	-1,756.15	1,756.16	0.00
9,100.00	90.60	269.80	7,474.50	-6.48	-1,856.14	1,856.16	0.00
9,200.00	90.60	269.80	7,473.46	-6.83	-1,956.14	1,956.15	0.00
9,243.85	90.60	269.80	7,473.00	-6.98	-1,999.99	2,000.00	0.00
9,244.10	90.60	269.80	7,473.00	-6.98	-2,000.24	2,000.25	1.50
9,300.00	90.60	269.80	7,472.41	-7.18	-2,056.13	2,056.14	0.00
9,400.00	90.60	269.80	7,471.36	-7.53	-2,156.13	2,156.14	0.00
9,500.00	90.60	269.80	7,470.31	-7.88	-2,256.12	2,256.13	0.00
9,600.00	90.60	269.80	7,469.26	-8.22	-2,356.11	2,356.13	0.00
9,700.00	90.60	269.80	7,468.21	-8.57	-2,456.11	2,456.12	0.00
9,800.00	90.60	269.80	7,467.16	-8.92	-2,556.10	2,556.12	0.00
9,900.00	90.60	269.80	7,466.11	-9.27	-2,656.10	2,656.11	0.00
10,000.00	90.60	269.80	7,465.06	-9.62	-2,756.09	2,756.11	0.00
10,100.00	90.60	269.80	7,464.01	-9.97	-2,856.08	2,856.10	0.00
10,200.00	90.60	269.80	7,462.96	-10.32	-2,956.08	2,956.09	0.00
10,243.91	90.60	269.80	7,462.50	-10.47	-2,999.98	3,000.00	0.00
10,253.50	90.46	269.80	7,462.41	-10.51	-3,009.58	3,009.59	1.50
10,300.00	90.46	269.80	7,462.04	-10.67	-3,056.07	3,056.09	0.00
10,400.00	90.46	269.80	7,461.24	-11.02	-3,156.07	3,156.09	0.00
10,500.00	90.46	269.80	7,460.44	-11.37	-3,256.06	3,256.08	0.00
10,600.00	90.46	269.80	7,459.64	-11.71	-3,356.06	3,356.08	0.00
10,700.00	90.46	269.80	7,458.84	-12.06	-3,456.06	3,456.08	0.00
10,800.00	90.46	269.80	7,458.05	-12.41	-3,556.05	3,556.07	0.00
10,900.00	90.46	269.80	7,457.25	-12.76	-3,656.05	3,656.07	0.00
11,000.00	90.46	269.80	7,456.45	-13.11	-3,756.05	3,756.07	0.00
11,100.00	90.46	269.80	7,455.65	-13.46	-3,856.04	3,856.07	0.00
11,200.00	90.46	269.80	7,454.85	-13.81	-3,956.04	3,956.06	0.00
11,243.94	90.46	269.80	7,454.50	-13.96	-3,999.98	4,000.00	0.00
11,255.48	90.63	269.81	7,454.39	-14.00	-4,011.52	4,011.54	1.50
11,300.00	90.63	269.81	7,453.90	-14.15	-4,056.03	4,056.06	0.00
11,400.00	90.63	269.81	7,452.80	-14.48	-4,156.03	4,156.05	0.00
11,500.00	90.63	269.81	7,451.70	-14.80	-4,256.02	4,256.05	0.00
11,600.00	90.63	269.81	7,450.60	-15.13	-4,356.01	4,356.04	0.00
11,700.00	90.63	269.81	7,449.50	-15.46	-4,456.01	4,456.03	0.00
11,800.00	90.63	269.81	7,448.40	-15.79	-4,556.00	4,556.03	0.00
11,900.00	90.63	269.81	7,447.30	-16.11	-4,655.99	4,656.02	0.00
12,000.00	90.63	269.81	7,446.20	-16.44	-4,755.99	4,756.01	0.00
12,018.11	90.63	269.81	7,446.00	-16.50	-4,774.10	4,774.13	0.00



# WHS

## Pathfinder Survey Report

<b>Company:</b>	Mack Energy	<b>Local Co-ordinate Reference:</b>	Well Eagle Nest Federal #4H
<b>Project:</b>	Eddy County	<b>TVD Reference:</b>	EST RKB @ 3841.50ft
<b>Site:</b>	Eagle Nest Federal #4H	<b>MD Reference:</b>	EST RKB @ 3841.50ft
<b>Well:</b>	Eagle Nest Federal #4H	<b>North Reference:</b>	Grid
<b>Wellbore:</b>	Original Hole	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Design:</b>	Plan #1	<b>Database:</b>	EDM 2003.16 Single User Db

Targets										
Target Name	hit/miss target	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
Shape		(°)	(°)	(ft)	(ft)	(ft)	(ft)	(ft)		
PBHL (EN4)		0 00	0.00	7,446.00	-16 50	-4,774.10	710,633 300	601,869 500	32° 57' 11 385 N	104° 0' 4 449 W
- plan hits target										
- Point										
LT1 (EN4) @ 1000' V:		0 00	0 00	7,483 50	-3 49	-999 99	710,646 309	605,643 606	32° 57' 11 394 N	103° 59' 20 156 W
- plan hits target										
- Point										
LT3 (EN4) @ 3000' V:		0.00	0 00	7,462.50	-10.47	-2,999 98	710,639 328	603,643 618	32° 57' 11 389 N	103° 59' 43.628 W
- plan hits target										
- Point										
LT4 (EN4) @ 4000' V:		0 00	0.00	7,454 50	-13 96	-3,999 98	710,635 837	602,643.624	32° 57' 11 386 N	103° 59' 55.364 W
- plan hits target										
- Point										
LT2 (EN4) @ 2000' V:		0.00	0.00	7,473 00	-6 98	-1,999.99	710,642.819	604,643 612	32° 57' 11 392 N	103° 59' 31 892 W
- plan hits target										
- Point										
LP (EN4)		0 00	0 00	7,489.61	-2 03	-581 35	710,647 770	606,062.250	32° 57' 11.395 N	103° 59' 15 243 W
- plan hits target										
- Point										

Checked By: \_\_\_\_\_ Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

C.L. 05/27/08

## 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 CR 217(Hagerman Cutoff) and CR 257(Mallet Rd) go north on 217 5.4 miles, turn left at proposed road survey 256' to the southeast corner of the location.
- 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.

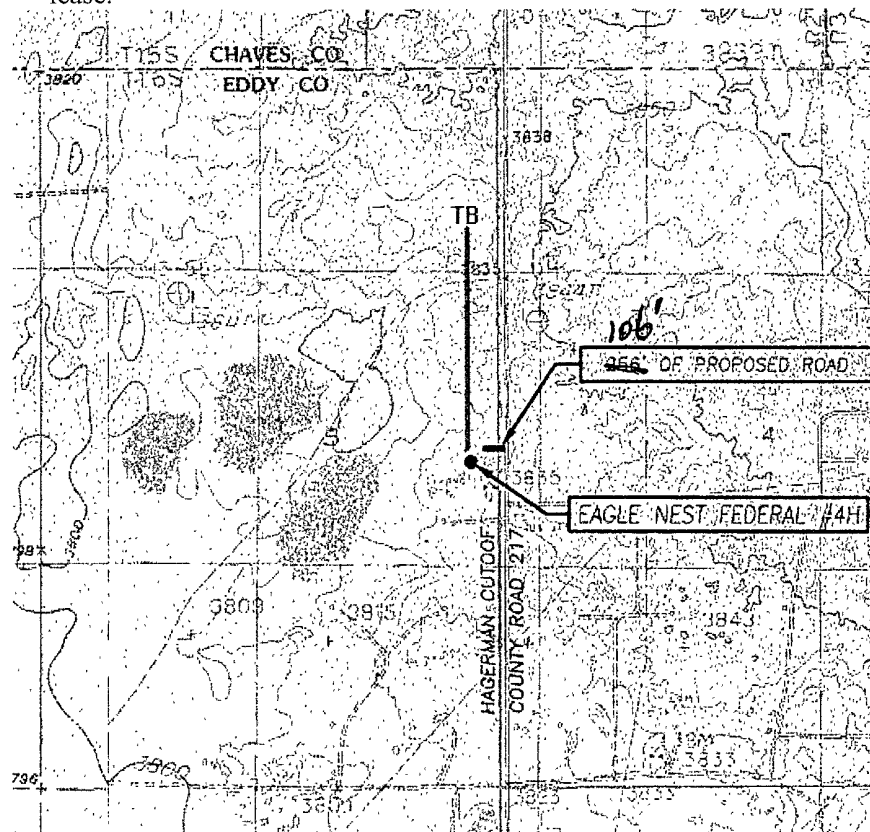


Exhibit #4

2. **Proposed Access Road:**

C.L. 05/27/08

Exhibit #3 shows the <sup>106'</sup>~~252'~~ 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 follow an archaeologically approved route to the Eagle Nest Federal #2 Tank Battery.

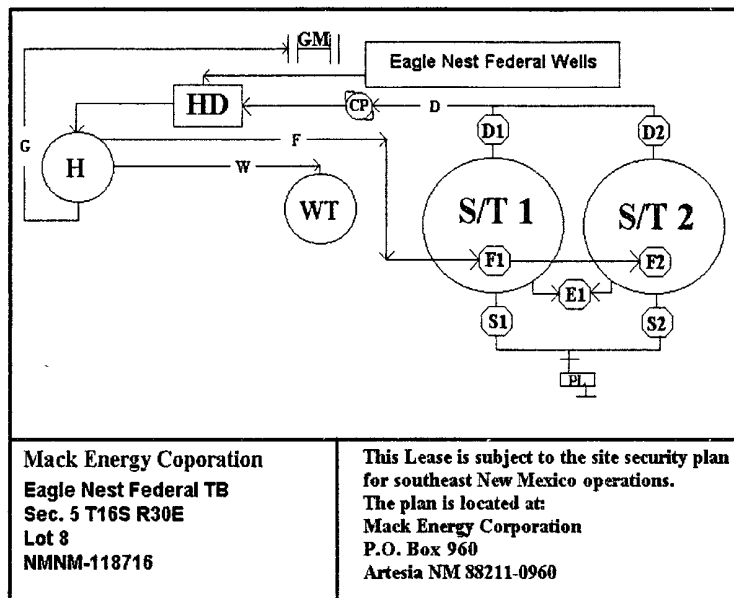
4. **Location of Existing and/or Proposed Facilities:**

- 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 Eagle Nest Federal TB located at the #2 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.

*C.L. 05/27/08*

- 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:

C.L. 05/27/08

- 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.

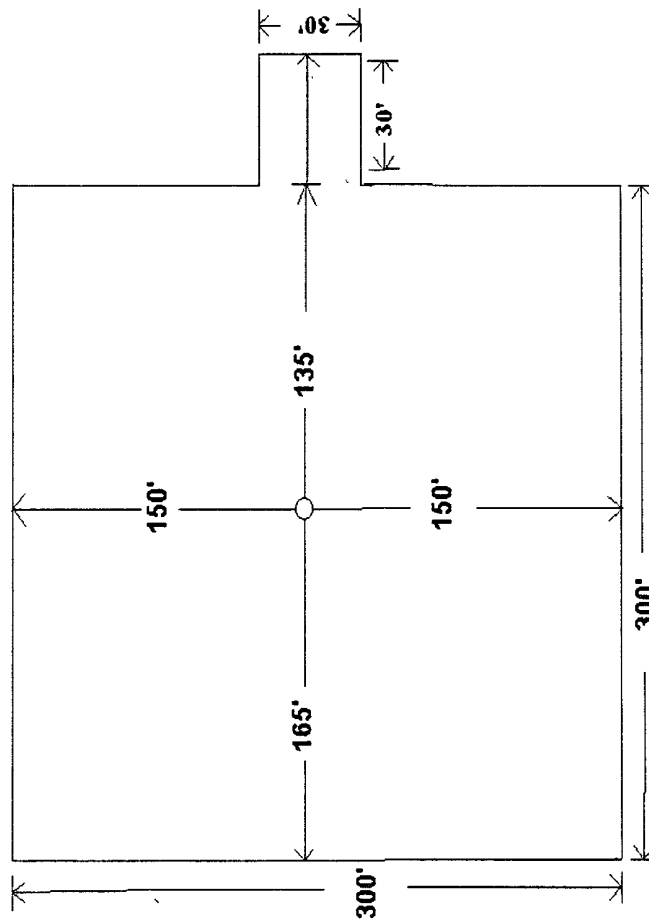


Exhibit #6

**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 leasee 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)

## Mack Energy Corporation

### 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 and characteristics of hydrogen sulfide (H<sub>2</sub>S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H<sub>2</sub>S 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 H<sub>2</sub>S on metal components. If high tensile tubular are to be used, personnel will 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 H<sub>2</sub>S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H<sub>2</sub>S 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 H<sub>2</sub>S service.
- B. All elastomers used for packing and seals shall be H<sub>2</sub>S 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 H<sub>2</sub>S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

**EXHIBIT #7**

**WARNING**  
**YOU ARE ENTERING AN H<sub>2</sub>S**  
**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**

**Mack Energy Corporation Call List, Eddy County**

<b>Artesia (575)</b>	<b>Cellular</b>	<b>Office</b>	<b>Home</b>
Jim Krogman.....	746-5515.....	748-1288.....	746-2674
Lonnie Archer.....	746-7889.....	748-1288.....	365-2998
Donald Archer.....	748-7875.....	748-1288.....	748-2287
Chris Davis.....	746-7132.....	748-1288.....	
Kevin Garrett.....	746-7423.....	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

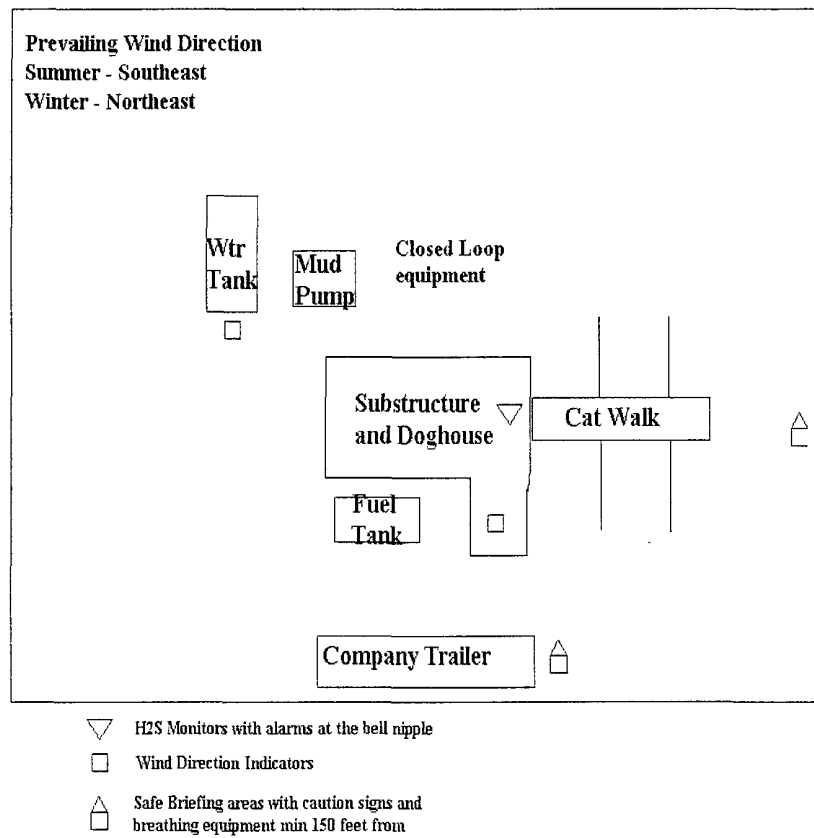
**Carlsbad**

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
B. J. Services.....	746-3569
Flight For Life-Lubbock, TX.....	(806)743-9911
Acrocare-Lubbock, TX.....	(806)747-8923
Med Flight Air Amb-Albuquerque, NM.....	(505)842-4433
Lifeguard Air Med Svc. Albuquerque, NM.....	(505)272-3115

**DRILLING LOCATION H2S SAFTY EQUIPMENT**  
**Exhibit # 8**



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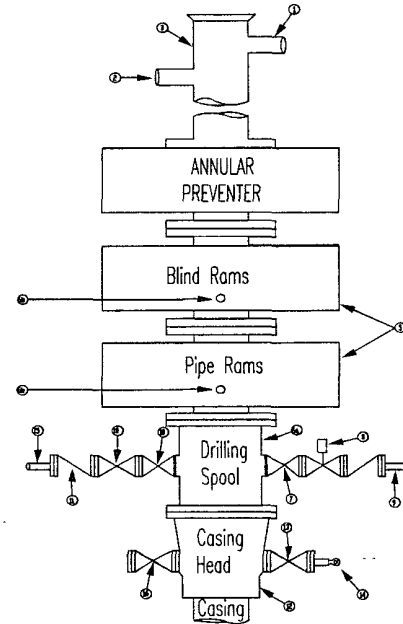
**Attachment to Exhibit #9**  
**NOTES REGARDING THE BLOWOUT PREVENTERS**  
**Eagle Nest Federal #4**  
**Eddy County, New Mexico**

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.

**Mack Energy Corporation**  
**Minimum Blowout Preventer Requirements**  
 3000 psi Working Pressure  
 3 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	
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**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 gallon, 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

**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. Do not use kill line for routine fill up operations

# Mack Energy Corporation

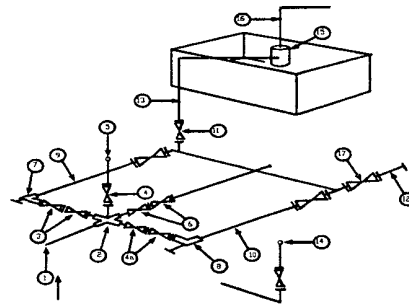
Exhibit #11

## MINIMUM CHOKE MANIFOLD

3,000, 5,000, and 10,000 PSI Working Pressure

3M will be used

3 MWP - 5 MWP - 10 MWP



Mud Pit

Reserve Pit

\* Location of separator optional

Below Substructure

### Minimum 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 gauge			3,000			5,000			10,000
15	Gas Separator		2' x 5'			2' x 5'			2' x 5'	
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

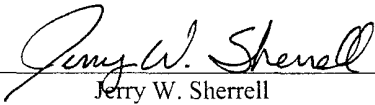
- 1 All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating
- 2 All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- 3 All lines shall be securely anchored
- 4 Chokes shall be equipped with tungsten carbide 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 be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees.

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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: 3-21-08

Signed:   
Jerry W. Sherrell



## PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Mack energy Corporation
LEASE NO.:	NM118716
WELL NAME & NO.:	Eagle Nest Federal No 4
SURFACE HOLE FOOTAGE:	3605' FSL & 180' FEL
BOTTOM HOLE FOOTAGE	3605' FSL & 330' FWL
LOCATION:	Section 5, T. 16 S., R 30 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**

Lesser Prairie Chicken

- ☒ **Construction**
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads

- ☒ **Road Section Diagram**
- ☒ **Drilling**
- ☒ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines

- ☒ **Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

## **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)**

**Mitigation Measures:** The mitigation measures include the Pecos District Conditions of Approval, the standard stipulation for the lesser prairie chicken, the standard stipulation for surface pipelines, and the standard stipulations for permanent resource roads.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 15 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Eagle Nest Federal # 4: Closed Loop V-Door North

## **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.

#### **Eagle Nest Federal # 4: Closed Loop V-Door North**

Tanks are required for drilling operations: No Pits.

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

### **C. 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.

### **D. 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.

## **E. 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**

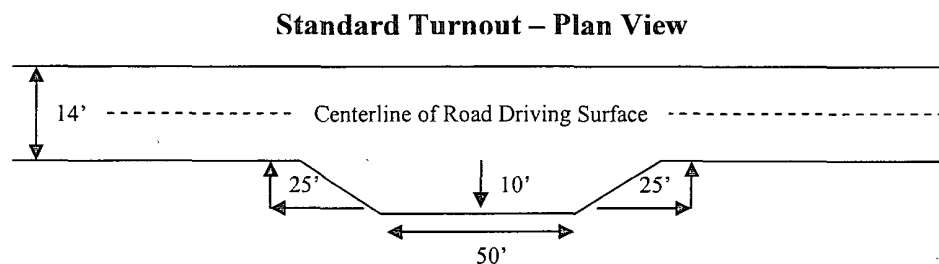
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

### **Ditching**

Ditching shall be required on both sides of the road.

### **Turnouts**

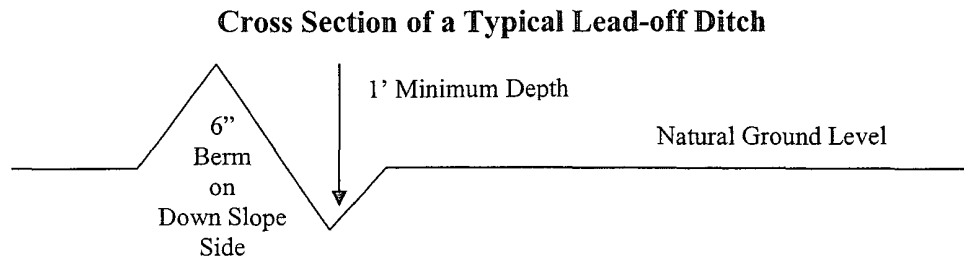
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



## **Drainage**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing 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.



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:

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

## **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**

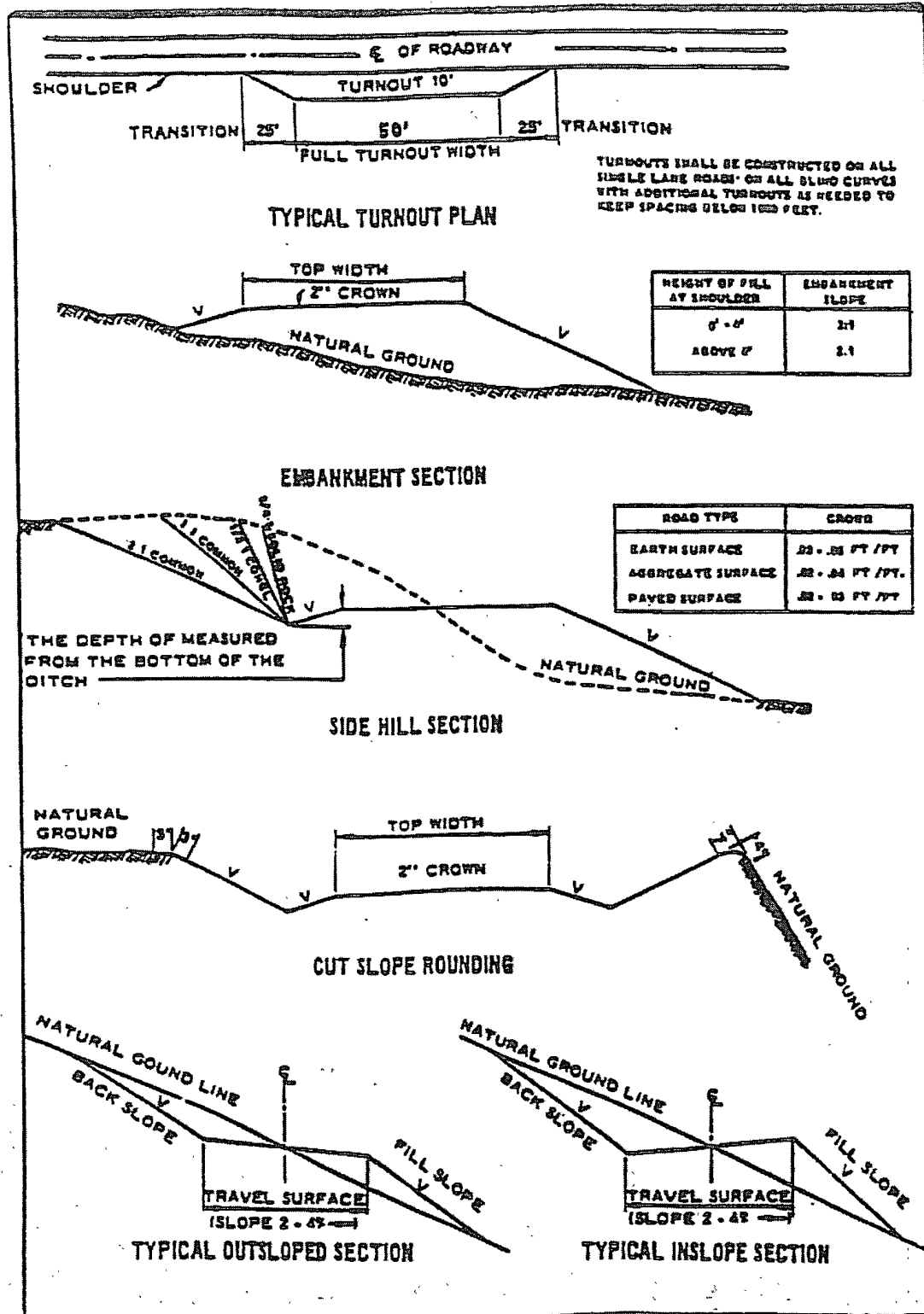
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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 – CASING TO BE API GRADE**

**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 475 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. Fresh water mud to be used to setting depth. Additional cement may be required since with the additional length, the excess cement is less than 10%.**

- 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 9-5/8 inch intermediate casing is:
- ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

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

3. The minimum required fill of cement behind the 5 1/2 inch production casing is:
- ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **Additional cement may be required – excess cement calculates to less than 10%.**
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.
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 073008**

## **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**

#### **STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES**

**A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.**

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
- b. Activities of other parties including, but not limited to:
  - (1) Land clearing.
  - (2) Earth-disturbing and earth-moving work.
  - (3) Blasting.
  - (4) Vandalism and sabotage.
- c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

- 3. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault.
- 4. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems

necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder.

5. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.
6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.
7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.
8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.
9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.
10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.
12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.
13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

## **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.

At the time the well pad is to be reclaimed, 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 2, for Sandy 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 no 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>
Sand dropseed ( <i>Sporobolus cryptandrus</i> )	1.0
Sand love grass ( <i>Eragrostis trichodes</i> )	1.0
Plains bristlegrass ( <i>Setaria macrostachya</i> )	2.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds 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.