OCD-ARTESIA

Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR

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

NOV 1 0 2008 BUREAU OF LAND MANAGEMENT 5 Lease Designation and Serial No NMNM-118716 SUNDRY NOTICES AND REPORTS ON WELLSCDARTE 6 If Indian, Allottee or Tribe Name 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 7 If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE I Type of Well X Well 8 Well Name and No Other 2 Name of Operator Eagle Nest Federal #2 Mack Energy Corporation 9 API Well No 3 Address and Telephone No 30-015-36696 (505)748-1288 P.O. Box 960 Artesia, NM 88211-0960 10 Field and Pool, or Exploratory Area 4 Location of Well (Footage, Sec., T.R., M. or Survey Description) County Line Tank; Abo 11 County or Parish, State 1675 FNL & 330 FEL, Sec. 5 T16S R30E Eddy, NM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Altering Casing 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 proposes to change the hole size and casing strings as follows. Surface casing: No change from COA.

Intermediate casing: Drill 12 1/4 hole, set 8 5/8 J-55 32# ST&C @ 1800', cmt w/650sx Class C. Safety factors C/B/T 2.676/8.010/7.860. Production casing: Drill a 7 7/8 pilot hole to 7300', log well. Set cement plug back to KOP of approximately 6550'. Drill 7 7/8 hole to 6800', reduce hole size to 6 1/8" to 11,876'. A split string of production casing will be run. 5 1/2" casing from 0-6800' with a external casing packer and ported collar at 6100' to cement 5 1/2 casing back to surface. 4 1/2 casing from 6800-11,876' with isolation packers and strata ports.

Safety Factors: 5 1/2 17# HCP-110 LT&C C/B/T 2.554/3.349/3.547. 4 1/2 11.6# HCP-110 Buttress C/B/T 3.504/3.593/3.563.

ACCEPTED FOR RECORD SEE ATTACHED FOR CONDITIONS OF APPROVAL

NOV 13 2008

Gerry Guye, Deputy Field Inspector NMOCD District II ARTESIA 14 I hereby certy the foregoing is true Production Clerk Title (This space for Federal or State office use) 2008 Approved by Conditions of approval, if any 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 trade. Entitle 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 trade. Entitle 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 trade. or representations as to any matter within its jurisdiction PETROLEUM ENGINEER

Eagle Nest Federal #2 30-015-36696 Mack Energy Corporation November 5, 2008 Conditions of Approval

- 1. Excess cement on 13-3/8" casing calculates to less than 10% additional cement will probably be required.
- 2. Excess cement on 8-5/8" casing calculates to less than 10% additional cement will probably be required. Cement to surface.
- 3. Solid cement plug required from pilot hole depth to kick off point.
- 4. Kick off point of 6550' does not match original directional plan that had kick off point of 6979'. If plan has changed, submit new directional plan.
- 5. Cement on 5-1/2" casing is to start a minimum of 50' below the top of the Abo. Per operator's information submitted with the APD, the cement for the 5-1/2" casing must start at 6400' or deeper.

WWI 110508