

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]
b. TYPE OF WELL: OIL WELL [X] 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: 2185 FNL & 1650 FEL
5. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 9.75 miles east of Artesia

5. LEASE DESIGNATION AND SERIAL NO.: NM-025527
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME: 25184
8. FARM OR LEASE NAME, WELL NO.: Birch Federal #1
9. API WELL NO.: 30-015-30868
10. FIELD AND POOL, OR WILDCAT: Logan Draw Wolfcamp
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 25-T17S-R27E
12. COUNTY OR PARISH: Eddy 13. STATE: NM

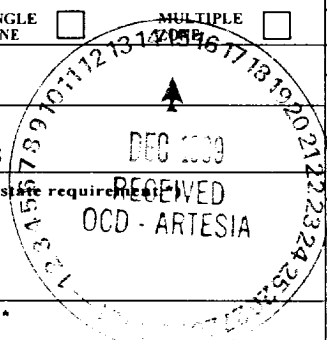


Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes handwritten '300' and 'WITNESS'.

Mack Energy proposes to drill to a depth sufficient to test the Paddock Formation for oil gas. If productive, 5 1/2" casing will be cemented. If non-productive, plugging and abandoning in a manor consistent with federal regulation. Specific programs as per Onshore Oil and Gas Order #1 are outlined in the following attachments:

- 1. Surveys: Exhibit #1- Well Location Plat, #2- Vicinity Map, #3- Location Verification Map
2. Drilling Program
3. Surface Use & Operating Plan: Exhibit #4- One Mile Radius Map, #5- Production Facilities Layout, #6- Location Layout
4. Certification
5. Hydrogen Sulfide Drilling Operation Plan: Exhibit #7- H2S Warning Sign, #8- H2S Safety Equipment
6. Blowout Preventers: Exhibit #9- BOPE Schematic, #10- Blowout Preventer Requirements, #11- Choke Manifold
7. Responsibility Statement

Post FD-1 12-24-99 APE & loc

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: [Signature] TITLE: Geological Engineer DATE: 9/28/99

(This space for Federal or State office use) PERMIT NO. APPROVAL DATE

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: APPROVED BY: [Signature] TITLE: Assistant Field Office Manager, Lands and Minerals DATE: DEC 1 1999

\*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

