

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. OIL CONSERVA DIVISION
811 S. FIRST STREET
ARTESIA, NM 88210

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM-101106
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Mack Energy Corporation

3a. Address
P.O. Box 960 Artesia, NM 88210-0960

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

4. Location of Well (Footage, Sec., T,R,M, or Survey Description)
Unit J Sec. 7 T15S R29E

7. If Unit of CA/Agreement. Name and/or No.

8. Well Name and No.
Blue Bomber Federal #1

9. API Well No.
30-005-64059

10. Field and Pool or Exploratory Area
Round Tank; San Andres

11. Country or Parish. State
Chaves, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Build Fresh Water</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Frac Pit</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Mack Energy Corporation proposes to Build and Maintain a lined Fresh Water Frac Pit at this location. This pit will be filled by transport trucks. Water will be purchased from an(undesignated at this time) source in the area. This frac pit will be used to stimulate The Blue Bomber Federal #1 well. Pit will be closed and reclaimed as per BLM requiremnts. See attached Plat.

Accepted for record
NMOC D

U. Wade 5/10/13
Accepted for record
NMOC D

RECEIVED
MAY 02 2013
NMOC D ARTESIA

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Jerry W. Sherrell

Title Production Clerk

Signature *Jerry W. Sherrell*

Date 3/7/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *ISI Angel Mayes*

Assistant Field Manager, Date *5-1-13*

Title *Lands And Minerals*

Office **ROSWELL FIELD OFFICE**

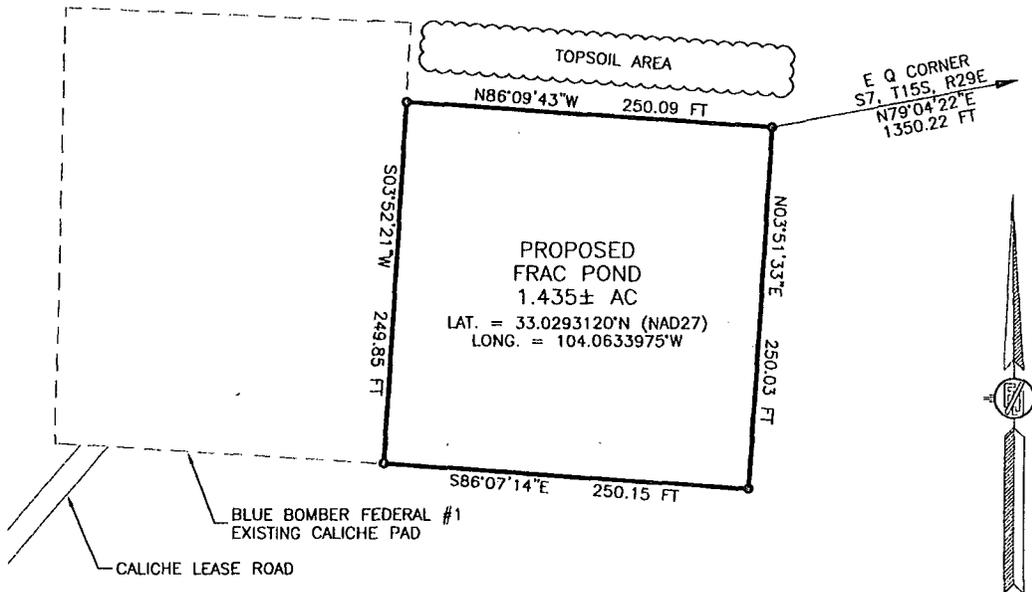
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for my 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.

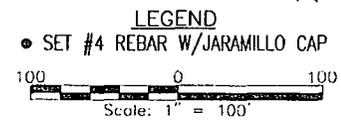
BLUE BOMBER FEDERAL #1 FRAC POND

MACK ENERGY CORPORATION
IN THE N/2 NW/4 SE/4 OF
SECTION 7, TOWNSHIP 15 SOUTH, RANGE 29 EAST, N.M.P.M.
CHAVES COUNTY, STATE OF NEW MEXICO

MARCH 5, 2013



DIRECTIONS TO LOCATION
FROM THE INTERSECTION OF CR 249 AND CR 217 (HAGERMAN CUTOFF)
GO WEST ON CR 249 FOR APPROX. 3.5 MILES. GO SOUTH ON CALICHE
LEASE ROAD APPROX. 2.9 MILES. GO NORTHWEST ON CALICHE LEASE
ROAD APPROX. 0.55 OF A MILE. CONTINUE NORTH 0.25 OF A MILE TO
BLUE BOMBER FEDERAL #1 WELL. FRAC PIT IS ON EAST SIDE OF PAD.



DESCRIPTION

A CERTAIN PIECE OR PARCEL OF LAND AND REAL ESTATE LYING IN THE N/2 NW/4 SE/4 OF SECTION 7, TOWNSHIP 15 SOUTH, RANGE 29 EAST N.M.P.M., CHAVES COUNTY, NEW MEXICO.

BEGINNING AT THE NORTHEAST CORNER OF THE PARCEL, WHENCE THE EAST QUARTER CORNER OF SECTION 7, TOWNSHIP 15 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N79°04'22"E, A DISTANCE OF 1350.22 FEET;
THENCE N86°09'43"W A DISTANCE OF 250.09 FEET TO THE NORTHWEST CORNER OF THE PARCEL;
THENCE S03°52'21"W A DISTANCE OF 249.85 FEET TO THE SOUTHWEST CORNER OF THE PARCEL;
THENCE S86°07'14"E A DISTANCE OF 250.15 FEET TO THE SOUTHEAST CORNER OF THE PARCEL;
THENCE N03°51'33"E A DISTANCE OF 250.03 FEET TO THE NORTHEAST CORNER OF THE PARCEL, THE POINT OF BEGINNING;
CONTAINING 1.435 ACRES MORE OR LESS.

SURVEYOR CERTIFICATE

I, FILMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAN MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD, NEW MEXICO, THIS 5 DAY OF MARCH 2013

GENERAL NOTES

- 1.) THE INTENT OF THIS SURVEY IS TO ACQUIRE A BUSINESS LEASE FOR THE PURPOSE OF BUILDING A FRAC. POND
- 2.) BASIS OF BEARING IS NEW MEXICO STATE PLANE EAST ZONE

MADRON SURVEYING, INC.
201 SOUTH CANAL
CARLSBAD, NEW MEXICO 88220
PHONE (575) 234-3341

FILMON F. JARAMILLO, PLS. 12797
11281136

SURVEY NO. 1640

SHEET: 1-3

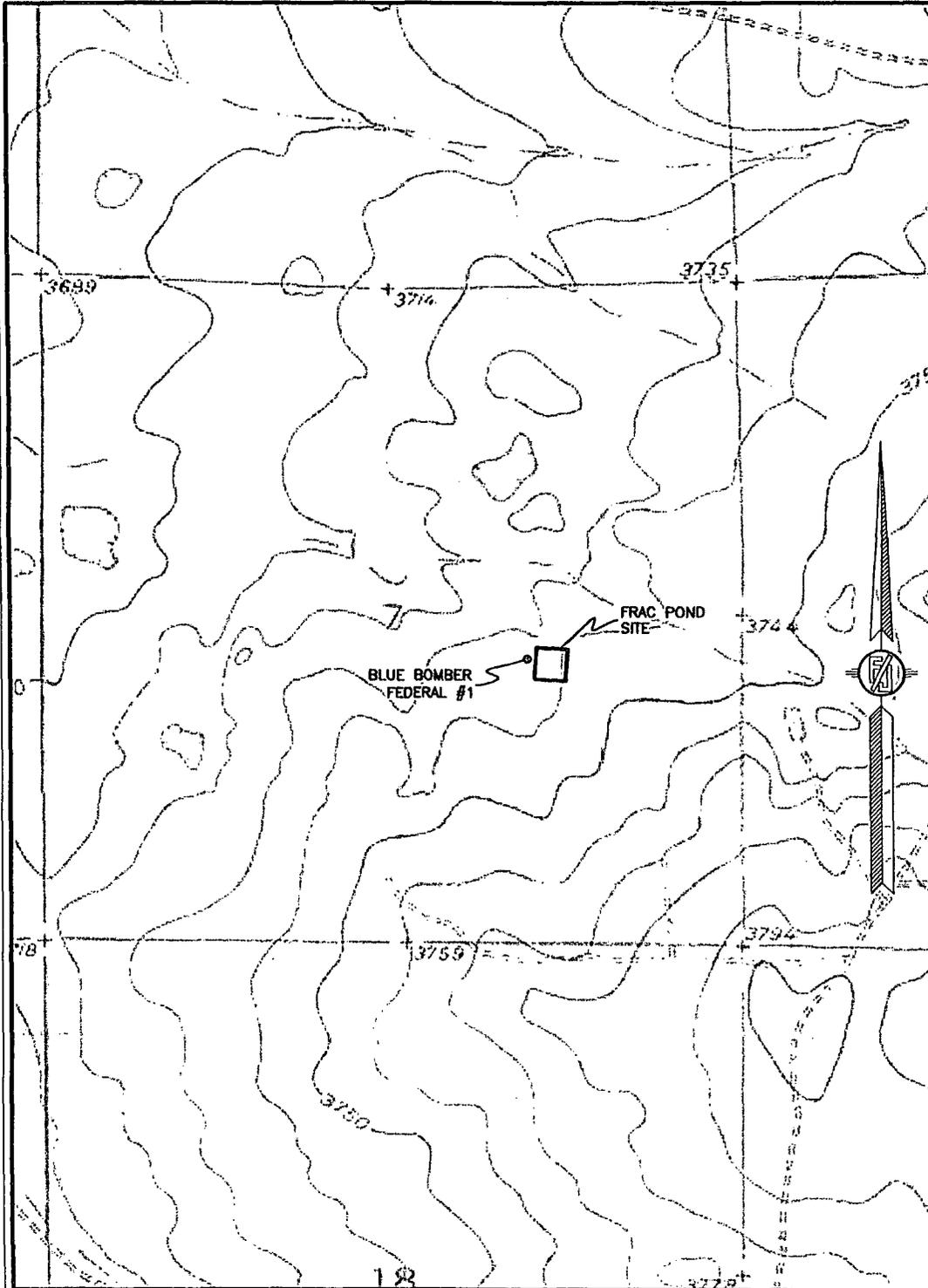
MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO (575) 234-3341

BLUE BOMBER FEDERAL #1 FRAC POND

MACK ENERGY CORPORATION
IN THE N/2 NW/4 SE/4 OF
SECTION 7, TOWNSHIP 15 SOUTH, RANGE 29 EAST, N.M.P.M.
CHAVES COUNTY, STATE OF NEW MEXICO

MARCH 5, 2013

QUAD MAP



SHEET: 2-3

SURVEY NO. 1640

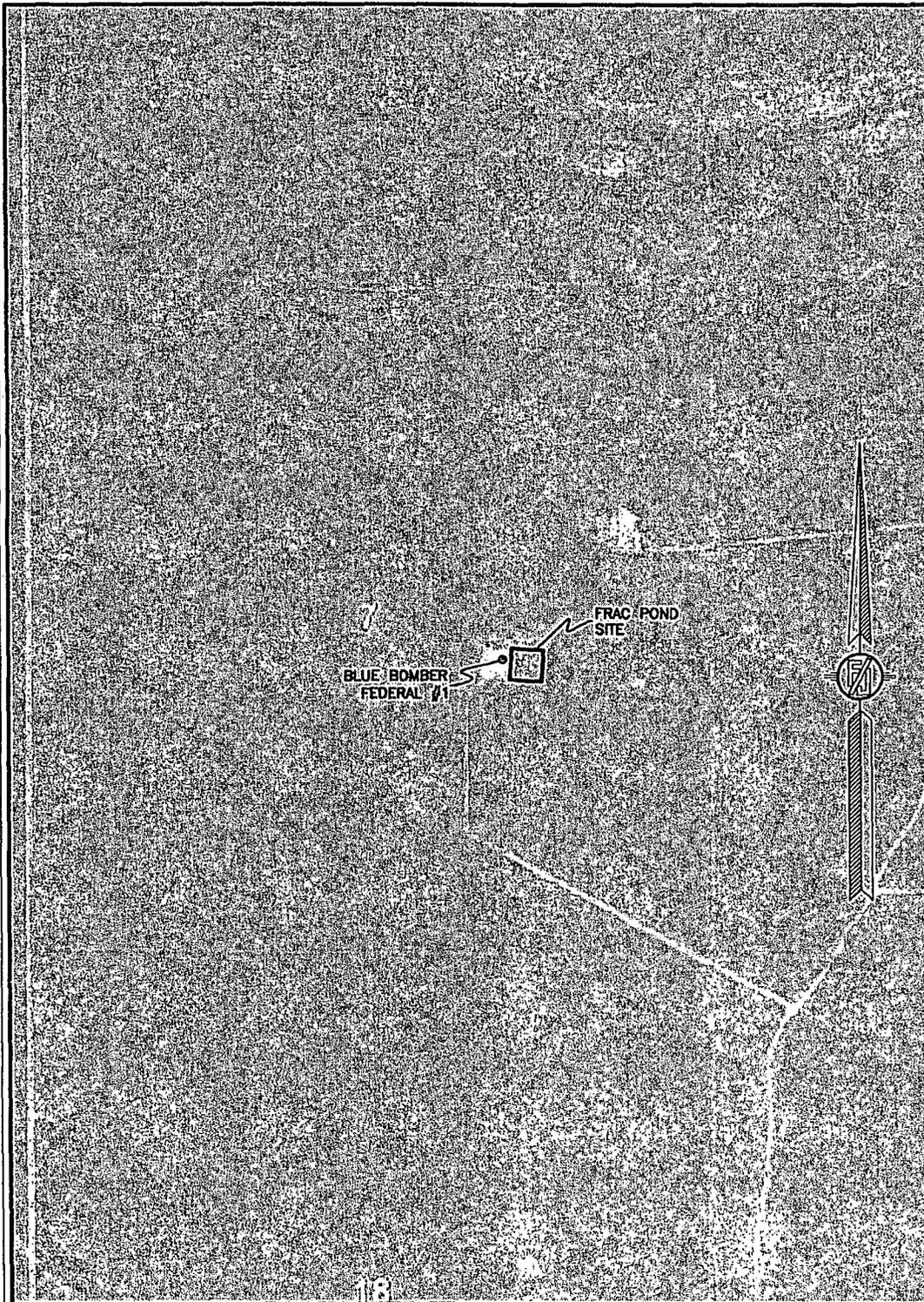
MADRON SURVEYING, INC. 201 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

BLUE BOMBER FEDERAL #1 FRAC POND

MACK ENERGY CORPORATION
IN THE N/2 NW/4 SE/4 OF
SECTION 7, TOWNSHIP 15 SOUTH, RANGE 29 EAST, N.M.P.M.
CHAVES COUNTY, STATE OF NEW MEXICO

MARCH 5, 2013

AERIAL PHOTO



SHEET: 3-3

SURVEY NO. 1640

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

**PECOS DISTRICT
Roswell Field Office
2909 West Second
Roswell, NM 88201**

CONDITIONS OF APPROVAL

Exhibit B

DOI-BLM-NM-P010-2013-430-EA

Project: Frac pond for Blue Bomber Federal #1
Lease Number: NM-101106 and Federal minerals File Code: 3160
Location: Section 7, T. 15S., R. 29E.
Applicant: Mack Energy Corporation

A. 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. Approval of the Sundry Notice does not warrant that any party holds equitable or legal title. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

The Operator shall submit a Sundry Notice (Form 3160-5) to the Bureau of Land Management, Roswell Field Office (address above) for approval prior to beginning any new surface-disturbing activities or operations that are not specifically addressed and approved by this Sundry.

B. 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).

C. 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. A valuation 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.

D. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). 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.

E. CONSTRUCTION

NOTIFICATION: The BLM shall administer compliance and monitor construction of the frac pond. Notify the Roswell Field Office at (505) 627-0272 at least three (3) working days prior to commencing construction of the access road and/or well pad.

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

Construction over and/or immediately adjacent to existing pipelines shall be coordinated, and in accordance with, the relevant pipeline companies' policy.

Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, an agency approved monitor shall walk the entire length of the open trench and remove all trapped fauna. The bottom surface of the trench will be disturbed a minimum of 2 inches in order to arouse any buried fauna. All fauna will be released a minimum of 100 yards from the trench.

For trenches left open for eight (8) hours or more, earthen escape ramps (built at nor more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench. Structures will also be authorized within the trench. Metal structures will not be authorized. Structures

used as escape ramps will be placed at no more than a 30 degree slope and spaced no more than 500 feet apart.

F. TOPSOIL:

The topsoil will be stripped to approximately 6 inches in depth within the area designated for construction of the well pad. The operator shall stockpile the stripped topsoil in shallow rows adjacent to the constructed well pad. The topsoil will be used for interim and final reclamation of the surface disturbance created by the construction of the well pad. The topsoil will not be used to construct the containment structure or earthen dike that is constructed and maintained on the outside boundaries of the constructed well pad or the fresh water frac pond.

- 1) The fresh water frac pond will be lined with a 20 mil liner. Water for the fresh water Frac Pond will be. No mixing or additives will be allowed to occur in the fresh water frac pond. The water stored in the fresh water frac pond will not be contaminated during the stimulation of the well.

G. FEDERAL MINERAL MATERIALS PIT:

The well pads and access roads have been constructed and surfaced with caliche. If additional material is needed payment shall be made to the BLM prior to removal of any federal mineral materials from any site other than the reserve pit. Call the Roswell Field Office (575) 627-0270.

H. ON LEASE ACCESS ROADS:

Surfacing

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.

I. INTERIM RECLAMATION

Reclamation earthwork for interim and/or final reclamation shall be completed upon completion of well stimulation (weather permitting), and shall consist of: 1) backfilling pits, 2) re-contouring and stabilizing the frac pond site, cut/fill slopes, drainage channels, utility and pipeline corridors, and all other disturbed areas, to approximately the original contour, shape, function, and configuration that existed before construction (any compacted backfilling activities shall ensure proper spoils placement, settling, and stabilization), 3) surface ripping, prior to topsoil placement, to a depth of 18-24 inches deep on 18-24 inch centers to reduce compaction, 4) final grading and replacement of all topsoil so that no topsoil's remains in the stockpile,

5) seeding in accordance with reclamation portions these COA's.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, 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.

Disturbing re-vegetated areas for production or work over operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be re-vegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

Use a certified noxious weed-free seed mixture. Use seed tested for viability and purity in accordance with State law(s) within nine months prior to purchase. Use a commercial seed mixture certified or registered and tagged in accordance with State law(s). Make the seed mixture labels available for BLM inspection.

J. RANGE REQUIREMENT

The Operator shall keep traffic to a minimum, with the speed limit less than 20 MPH. When conflicts with livestock do arise as a result of the access road and well pad construction, in consultation with the allottee, measures will be taken to resolve the conflicts.

K. WILDLIFE EQUIPMENT

Netting storage tanks and installation of cones on separator stacks would alleviate losses of wildlife species. Interim and final rehabilitation through re-vegetation would return to wildlife previous levels.

L. SPECIAL STIPULATION:

The frac pond will only be authorized to contain freshwater and testing of water quality is required. Additives are not allowed without consent of the authorized officer. If at any time the water in the frac pond becomes polluted with salts or other contaminants, use of the frac pond will cease and desist, and all liquids will be removed from the frac pond and disposed of properly. Mineral materials extracted during construction of the frac pond will be stored on-location and/or used for constructing the frac pond.

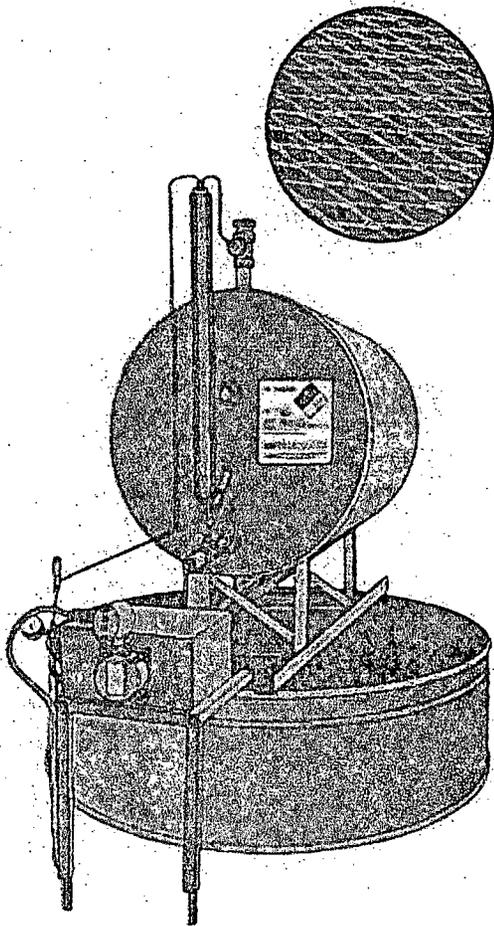
Fenced Pit

- The frac pond will have a dependable non-leak 20 mil liner and a 8 foot high net wire enclosure fence around the entire 1.4± acre area to prevent entry of livestock and wildlife.

A wildlife ramp made of 2 x 6 lumber covered with burlap will be placed into the frac pond that extends from the bottom of the pond to two feet past the liner on the outside of the pond so lizards will have an escape ramp. The wildlife ramp will be spaced every three hundred feet on the outside of the pond. The surface of the frac pond does not require netting.

Screened Secondary Containment Systems

- Any storage tanks with open tops will be netted and or screened. (see illustration below):



Exhaust Stack Wildlife Screens (Bird & Bat Screens)

- Open-vent exhaust stacks will have wire cones to protect bird and bat species from perching, roosting, and nesting in or on these facilities. (see illustration below):

