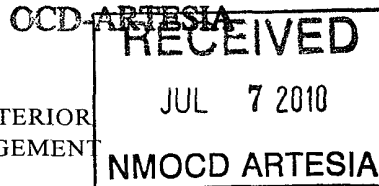


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



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

SUNDRY NOTICES AND REPORTS ON WELLS

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

☒ 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

(575) 748-1288

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

1675 FNL & 330 FWL, Sec. 9 T16S R29E

5 Lease Designation and Serial No

NMLC-068677

6 If Indian, Allottee or Tribe Name

7 If Unit or CA, Agreement Designation

8 Well Name and No

Forty-Niners Federal #1

9 API Well No

30-015-36742

10 Field and Pool, or Exploratory Area

Ishee Lake; San Andres

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 **Onshore Order 7**
☐ 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)*

Name (s) of formation (s) producing water on the lease **Ishee Lake; San Andres**

Amount of water produced from each formation in barrels per day **483**

A water analysis of produced water from each zone showing at lease the total dissolved solids, ph, and concentration of chlorides and sulfates.

Attached

How water is stored on lease

Fiberglass Tank

How water is moved to disposal facility

Trucked

Operator's name, well name and location, by 1/4 1/4, section township, and range, of the disposal facility. If the disposal facility is an approved disposal system, the operator's name and the name of the disposal system should suffice.

COG Operating LLC

Aid State 14 #1

SW/4 SE/4 Sec 14-T17S-R28E

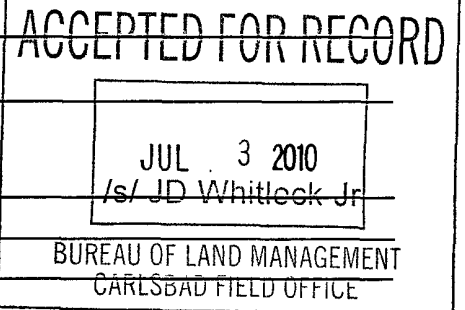
Disposal Permit

Accepted for record

NMOCD RE

7/8/10

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**



14 I hereby certify that the foregoing is true and correct

Signed *Paul W. Shenell*

Title Production Clerk

Date 6/11/10

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any

Title _____

Date _____



Catalyst Oilfield Services
11999 E Hwy 158
Gardendale, TX 79758
(432) 563-0727
Fax: (432) 224-1038

Water Analysis Report

Customer: Mack Energy Corporation Sample #: 1646
Area: Artesia Analysis ID #: 3848
Lease: 49ers
Location: 0
Sample Point: Wellhead

		Anions		Cations	
		mg/l	meq/l	mg/l	meq/l
Sampling Date:	4/21/2010	Chloride:	113458.5	Sodium:	71730.0
Analysis Date:	4/30/2010	Bicarbonate:	394.1	Magnesium:	612.8
Analyst:	Catalyst	Carbonate:		Calcium:	2248.0
TDS (mg/l or g/m3):	193106.6	Sulfate:	4200.0	Potassium:	429.5
Density (g/cm3):	1.129			Strontium:	33.3
				Barium:	0.0
Hydrogen Sulfide:	70			Iron:	0.4
Carbon Dioxide:	106			Manganese:	0.000
Comments:		pH at time of sampling:	7		
		pH at time of analysis:			
		pH used in Calculation:	7		
		Temperature @ lab conditions (F):	75	Conductivity (micro-ohms/cm):	202680
				Resistivity (ohm meter):	.0493

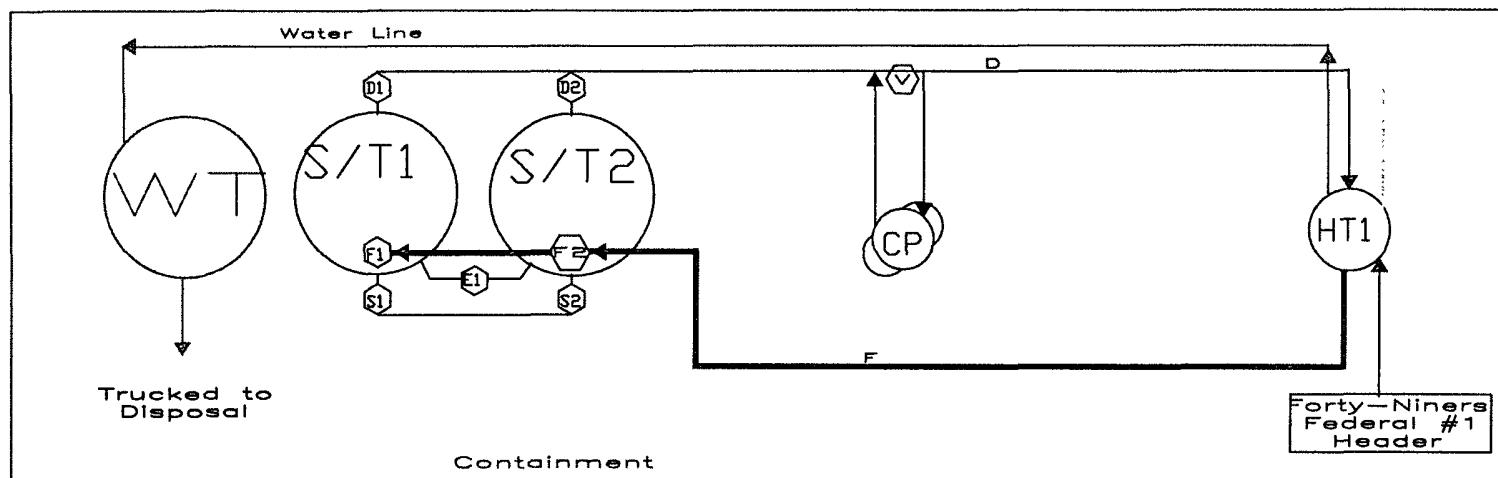
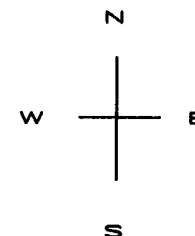
Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl

Values calculated at the given conditions. Amounts of each in 1000 g of											
Temp	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		
°F	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	
80	0.73	24.70	-0.06	0.00	-0.04	0.00	-0.24	0.00	0.00	0.00	
100	0.76	28.18	-0.15	0.00	-0.06	0.00	-0.27	0.00	0.00	0.00	
120	0.78	31.96	-0.22	0.00	-0.04	0.00	-0.29	0.00	0.00	0.00	
140	0.79	36.32	-0.28	0.00	-0.01	0.00	-0.30	0.00	0.00	0.00	
160	0.81	40.68	-0.33	0.00	0.04	92.40	-0.31	0.00	0.00	0.00	
180	0.84	45.62	-0.37	0.00	0.11	242.90	-0.30	0.00	0.00	0.00	
200	0.87	50.56	-0.41	0.00	0.19	407.36	-0.30	0.00	0.00	0.00	
220	0.91	55.79	-0.45	0.00	0.28	575.30	-0.29	0.00	0.00	0.00	

SCANNED

MACK

Energy Corporation



Production Phase

Forty-Niners Federal Battery		Test Battery	
S/T 1	S/T 2		
F1 Open	F1 Closed		
D1 Open	D1 Closed		
E1 Open	E1 Closed		
S1 Closed	S1 Open		
F2 Closed	F2 Open		
D2 Closed	D2 Open		
S2 Closed	S2 Open		

Sales Phase

Forty-Niners Federal Battery		Test Battery	
S/T 1	S/T 2		
F1 Closed	F1 Open		
D1 Closed	D1 Open		
E1 Closed	E1 Open		
S1 Open	S1 Closed		
F2 Open	F2 Closed		
D2 Open	D2 Closed		
S2 Closed	S2 Open		

This Lease is subject to the site Security plan for southeast New Mexico operations.

The Plan is Located at:

Mack Energy Corporation
P.O. Box 960
Artesia NM 88211-0960

Mack Energy Corporation
Forty-Niners Federal Tank Battery
SW/4 NW/4
Section 9 T16S R29E

Forty-Niners Federal Lease
Lease LC-068677

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Disposal of Produced Water From Federal Wells
Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
9. Subject to like approval by NMOCD.
10. If approved facility is down you must obtain approval prior to taking water to any other facility.

3/25/2010