

C/SF

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN
 b. TYPE OF WELL
 OIL WELL Gas Well OTHER
 SINGLE ZONE MULTIPLE ZONE

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 (Report location clearly and in accordance with any state requirement.)
 At surface 1650 FNL & 660 FWL
 At proposed prod. zone W.E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 6 miles east of Loco Hills Post Office

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 660

16. NO. OF ACRES IN LEASE 4160

17. NO. OF ACRES IN LEASE TO THIS WELL 320

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. 330

19. PROPOSED DEPTH 12,200'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3761' GR

22. APPROX. DATE WORK WILL START* 8/17/02

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	J-55, 13 3/8	48	400	Circ
12 1/4	J-55, 8 5/8	32	4500	Sufficient to Circ
7 7/8	S-95 & N-80, 5 1/2	17	12,200	Sufficient to Circ

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

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

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 Production Analyst DATE 7/22/02

(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 /S/ JOE G. LARA ACTING TITLE FIELD MANAGER DATE AUG 30 2002

*See Instructions On Reverse Side **APPROVAL FOR 1 YEAR**