HOBBS OCD

ATS 11-625

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Form 3160-3
(April 2004)

RECEIVED

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Split Estate

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No. NM 97857	
6 If Indian, Allotee or Tribe Name	
7 If Unit or CA Agreement, Name and No	
8, Lease Name and Well No. 36143 Duck Federal #2	
9 API Well No. 30-025-40220	
10 Field and Pool, or Exploratory Maljamar Wildcat;Blinebry 97598	
11 Sec, T. R. M or Blk and Survey or Area Sec. 5 T17S R32E	
12 County or Parish Lea	13 State NM

Ia Typeofwork- ☒ DRILL ☐ REENTER

Ib Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator
Mack Energy Corporation 13837

3a Address
P.O. Box 960 Artesia, NM 88211-0960

3b. PhoneNo *(include area code)*
(575)748-1288

4. Location of Well *(Report location clearly and inaccorounce with any State requirements*)*
At surface 990 FSL & 1650 FWL Unit N
At proposed prod zone

14 Distance in miles and direction from nearest town or post office*
1miles west of Maljamar, NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) 330	16 No. of acres in lease 40	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 660	19 Proposed Depth 7000'	20. BLM/BIA Bond No. on file NMB000286
21 Elevations (Show whether DF, KDB, RT, GL, etc) 4065' GR	22 Approximate date work will start* 05/15/2011	23. Estimated duration 12 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form.

1 Well plat certified by a registered surveyor
2. A Drilling Plan.
3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5 Operator certification
6 Such other site specific information and/or plans as may be required by the authorized officer

25 Signature Jerry W. Sherrell	Name *(Printed/Typed)* Jerry W. Sherrell	Date 4-15-2011
Title Production Clerk		
Approved by *(Signature)* /s/ Don Peterson	Name *(Printed/Typed)*	Date JUL 26 2011
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrantor 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, are attached

APPROVAL FOR TWO YEARS

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

*(Instructions on page 2)

KZ 08/11/11

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

MACK Energy Corporation

Post Office Box 960
Artesia, NM 88211-0960
Office (505) 748-1288
Fax (505) 746-9539

January 18, 2007

Caswell Ranches
1702 Gillham Drive
Brownfield, Texas 79316

Re: Duck Federal #2
990' FSL & 1,650' FWL
Sec. 5-T17S-R32E
Lea County, New Mexico
Fee Surface

Dear Mr. Caswell:

Mack Energy Corporation will pay you $5,500.00 in surface damages for the Duck Federal #2 well location. We will also pay you $600.00 (20 rods @ $30.00/rod) for the road into the location.

Enclosed please find our check #11213 in the amount of $6,100.00 to cover these damages.

If this reflects your understanding of our agreement, please sign in the space provided below and return one original of this letter to me at your earliest convenience.

If you have questions or concerns, please feel free to contact Joel Bell at (505) 513-1831.

Sincerely,

Mack Energy Corporation

Su'Ann Greenwood

Su'Ann Greenwood

SG/

AGREED TO this 21 day of Jan, 2007.

Olane Caswell

By: Olane Caswell; Caswell Ranches

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

HOBBS OCD
AUG 03 2011
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Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-40226	97598	~~WILDCAT~~ Maljamar BLINEBRY

Property Code	Property Name	Well Number
36143	DUCK FEDERAL	2

OGRID No.	Operator Name	Elevation
013837	MACK ENERGY CORPORATION	4065'

Surface Location

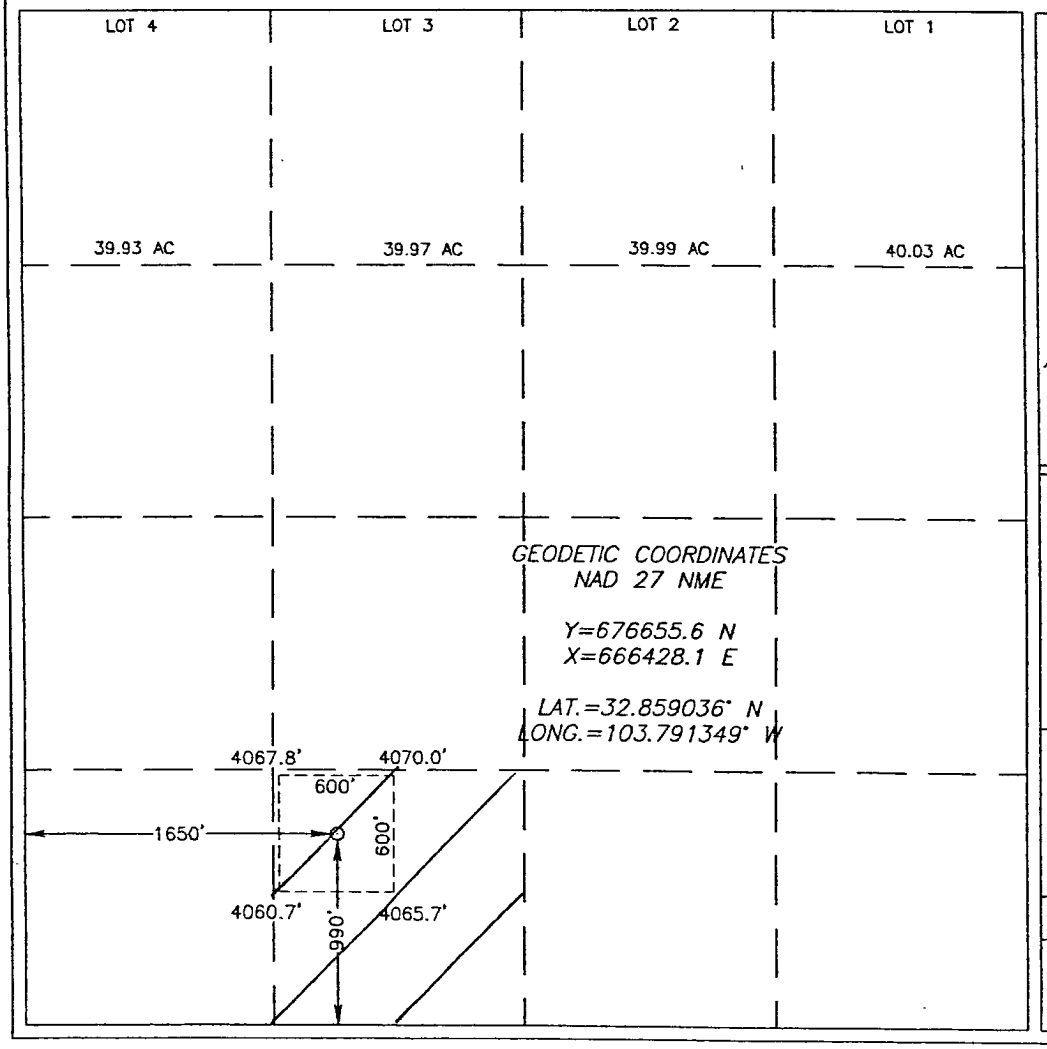
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	5	17-S	32-E		990	SOUTH	1650	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jerry W. Sherrell 1/29/07
Signature Date

Jerry W. Sherrell
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 17, 2007
Date Surveyed AR

Signature & Seal of Professional Surveyor

Ronald J. Eidson 01/26/07

07.11.0075

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

Attached to Form 3160-3
Mack Energy Corporation
Duck Federal #2
SL 990 FSL & 1650 FWL, Unit N, Sec. 5 T17S R32E
Lea County, NM

DRILLING PROGRAM

1. **Geologic Name of Surface Formation**

   Quaternary

2. **Estimated Tops of Important Geologic Markers:**

Quaternary	Surface	Glorietta	5366'
Rustler	890'	Tubb	6840'
Top Salt	990'	Abo	7540'
Base Salt	2116'		
Grayburg	3450'		
San Andres	3850'		

3. **Estimated Depths of Anticipated Fresh Water, Oil and Gas:**

Water Sand	350'	Fresh Water
San Andres	3850'	Oil/Gas
Glorietta	5366'	Oil/Gas
Abo	7540'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 8 5/8" casing to ~~900~~ 940' and circulating cement back to surface will protect the surface fresh water sand. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 1/2" production casing, sufficient cement will be pumped to circulate back to surface.

4. **Casing Program:**

Hole Size	Interval	OD Casing	Wt, Grade, Jt, cond, collapse/burst/tension
12 1/4"	0-~~900~~ 940'	8 5/8"	24#,J-55, ST&C, New, 3.114/5.586/5.900
7 7/8"	0-7000'	5 ½"	17#,L-80,LT&C, New, 1.728/2.712/2.580

5. **Cement Program:**

8 5/8" Surface Casing: Lead 350 sx, 35:65:0 Class C + 2.0% CaCl 2 +.13#/ sk Cello Flake +3#/sk LCM-1 +1.5% Sodium Metasilicate + 6% MPA 5, yield 1.78, excess 100% ,Tail 200sx Class C 1% CaCl2 yield 1.34, excess 100%
5 ½" Production Casing: Lead 525sx Class H + 2.55% bwoc R-3 + 3#/ sk LCM-1 + .005 GPS FP-6L + 4% Bwoc Sodium Metasilicate , yield 2.15, excess 35%, Tail 525sx H 50:50:0 POZ Class H + 2% Sodium Chloride + 3#/sk LCM-1 + 2% FL-52 + 1% FL-62 + .05% ASA-301 + .005 gps FP-6L + 2% Sodium Metasilicate, yield 1.20, excess 35%.

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #9 will consist of a double ram-type (3000 psi WP) minimum preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on bottom. The 11" BOP will be nipped up on the 8 5/8" surface casing and tested by a 3rd party to 2000 psi used continuously until TD is reached. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment (Exhibit #10) will include a Kelly cock and floor safety valve and choke lines and choke manifold (Exhibit #11) with a minimum 3000 psi WP rating

7. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of brine and cut brine mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-900' 940	Fresh Water	8.5	28	N.C.
900-TD	Brine	10	30	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

8. Auxiliary Well Control and Monitoring Equipment:

A. Kelly cock will be kept in the drill string at all times.
B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring Program: See COA

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log from T.D. to 8 5/8 casing shoe.
B. Drill Stem test is not anticipated.
C. No conventional coring is anticipated.
D. Further testing procedures will be determined at TD.

10. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 3031 psig. Low levels of Hydrogen sulfide has been monitored in producing wells in the area, so H2S may be present while drilling of the well; a plan is attached to the Drilling program. No major loss of circulation zones has been reported in offsetting wells.

If H2S is encountered in quantities under 10ppm fans will be place in the substructure, rig floor area of drilling rig to prevent accumulation of gas. If higher levels of H2S are detected the well will be shut in and a gas separator installed with a flare line.

11. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is May 15, 2011. Once commenced, the drilling operation should be finished in approximately 30 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

1. Well Site Layout:

A. The drill pad layout, with elevations staked by John West Engineering, is shown in Exhibit #6. Dimensions of the pad are shown. Topsoil, if available, will be stockpiled per BLM specifications. Because the pad is almost level no major cuts will be required.

B. Diagram below shows the proposed orientation of the location. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

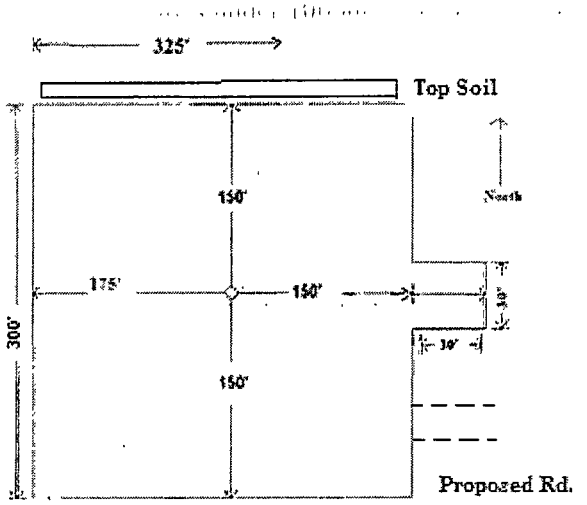


Exhibit #6

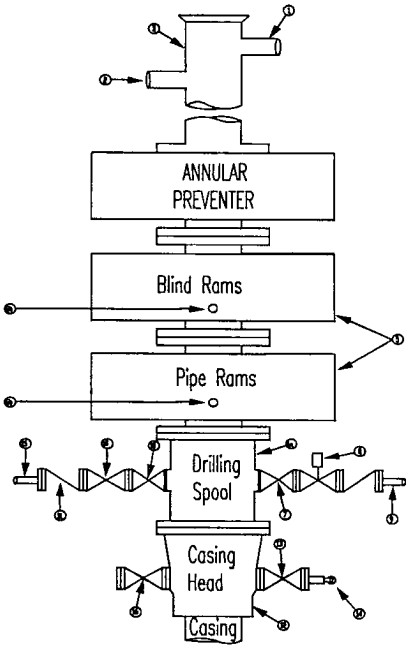
Mack Energy Corporation
Minimum Blowout Preventer Requirements
3000 psi Working Pressure
13 3/8 inch- 3 MWP
11 Inch - 3 MWP
EXHIBIT #10

Stack Requirements

NO	Items	Min I D	Min. Nominal
1	Flowline		2"
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		2" Choke
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above)		
7	Valve Gate Plug	3 1/8	
8	Gate valve-power operated	3 1/8	
9	Line to choke manifold		3"
10	Valve Gate Plug	2 1/16	
11	Check valve	2 1/16	
12	Casing head		
13	Valve Gate Plug	1 13/16	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged Valve	1 13/16	



CONTRACTOR'S OPTION TO CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 2000 psi minimum.
2. Automatic accumulator (80 gallons, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3 BOP controls, to be located near drillers' position.
4 Kelly equipped with Kelly cock
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7 Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9 Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Bradenhead or casing head and side valves.
2. Wear bushing. If required.

10.

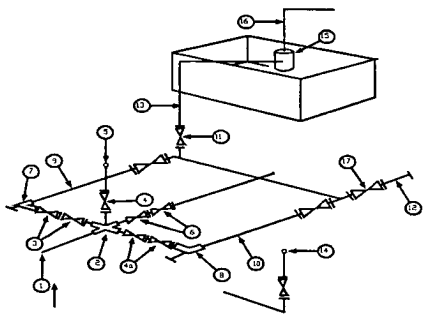
ME

GENERAL NOTES.

1 Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke valves must be full opening and suitable for high pressure mud service.
3 Controls to be of standard design and each marked, showing opening and closing position
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, or bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with hand-wheels or handles ready for immediate use.
6 Choke lines must be suitably anchored
7. Handwheels and extensions to be connected and ready for use.
8 Valves adjacent to drilling spool to be kept open Use outside valves except for emergency.
9. All seamless steel control piping (2000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted
10. Casinghead connections shall not be used except in case of emergency
11 Does not use kill line for routine fill up operations.

Mack Energy Corporation

Exhibit #11
MIMIMUM CHOKE MANIFOLD
3,000, 5,000, and 10,000 PSI Working Pressure
3M will be used
3 MWP - 5 MWP - 10 MWP



Mud Pit

Reserve Pit

*** Location of separator optional**

Below Substructure

Mimimum requirements

		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	Nominal	Rating	I.D.	Nominal	Rating	I.D.	Nominal	Rating
1	Line from drilling Spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 2"			3,000			5,000			
2	Cross 3" x 3" x 3" x 2"									10,000
3	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
4	Valve Gate Plug	1 13/16		3,000	1 13/16		5,000	1 13/16		10,000
4a	Valves (1)	2 1/16		3,000	2 1/16		5,000	2 1/16		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		2"	10,000
11	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000
12	Line		3"	1,000		3"	1,000		3"	2,000
13	Line		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound Standpipe pressure quage			3,000			5,000			10,000
15	Gas Separator		2' x5'			2' x5'			2' x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valve Gate Plug	3 1/8		3,000	3 1/8		5,000	3 1/8		10,000

(1) Only one required in Class 3M
(2) Gate valves only shall be used for Class 10 M
(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTION

1 All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2 All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4 Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6 Line from drilling spool to choke manifold should bee as straight as possible Lines downstream from chokes shall make turns by large bends or 90 degree bends using bull plugged tees

Attached to Form 3160-3
Mack Energy Corporation
Duck Federal #2
SL 990 FSL & 1650 FWL, Unit N, Sec. 5 T17S R32E
Lea County, NM

Attachment to Exhibit #9
NOTES REGARDING THE BLOWOUT PREVENTERS
Duck Federal #2
Lea County, New Mexico

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.

2. Wear ring to be properly installed in head.

3. Blow out preventer and all fittings must be in good condition, 2000 psi WP minimum.

4. All fittings to be flanged.

5. Safety valve must be available on rig floor at all times with proper connections, valve to be full 2000 psi WP minimum.

6. All choke and fill lines to be securely anchored especially ends of choke lines.

7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.

8. Kelly cock on Kelly.

9. Extension wrenches and hands wheels to be properly installed.

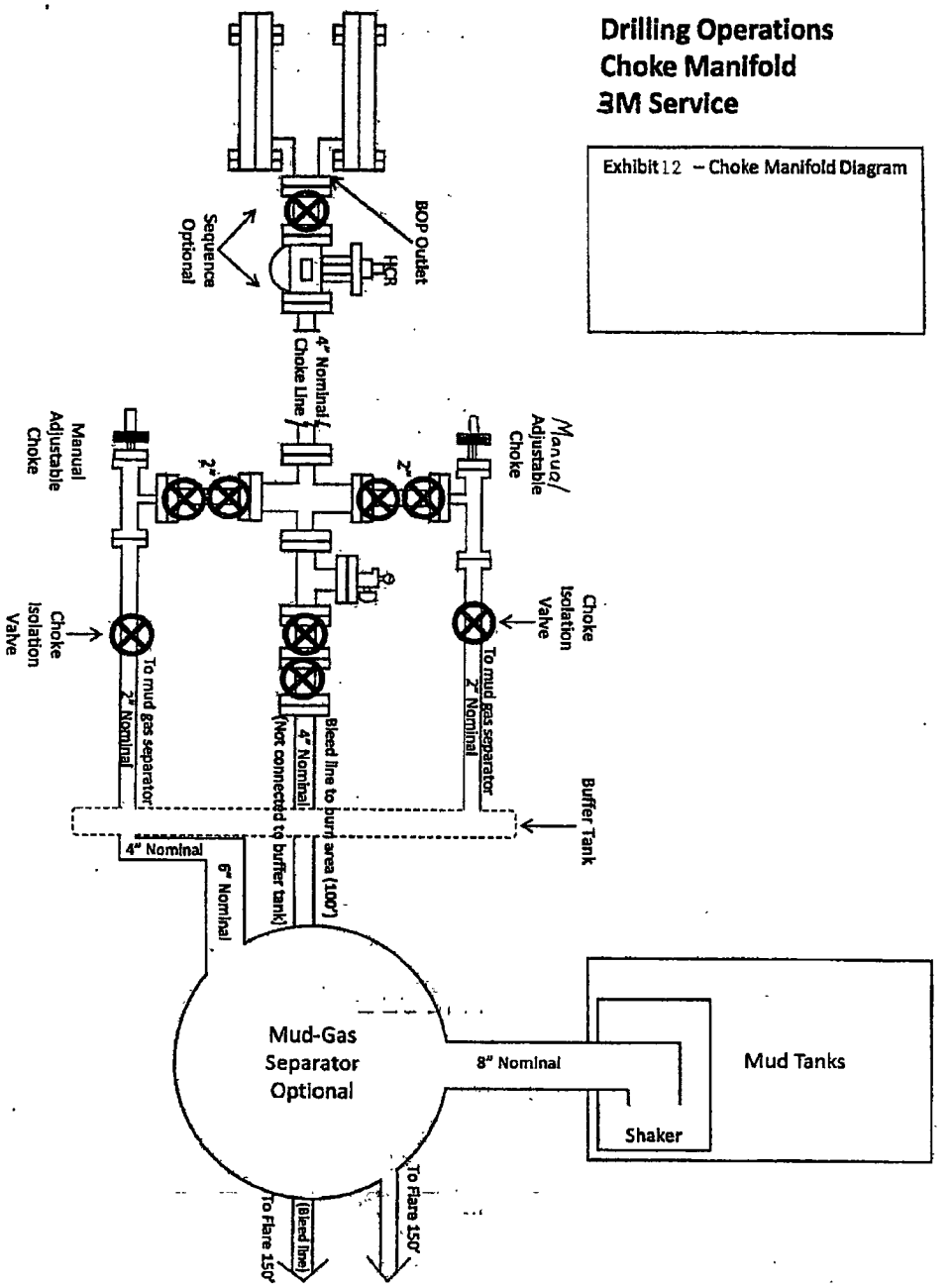
10. Blow out preventer control to be located as close to driller's position as feasible.

11. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation all API specifications.

Mack Energy Corporation

MANIFOLD SCHEMATIC

Exhibit #12



Mack Energy Corporation

MANIFOLD SCHEMATIC

Closed Loop