OCD Artesia

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Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

5 Lease Serial No
NMLC-060199B

6 If Indian, Allottee or Tribe Name

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

1 Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Brook Federal #3

2 Name of Operator
Mack Energy Corporation

9 API Well No
30-025-40338

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

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

10 Field and Pool or Exploratory Area
~~Baish Wolfcamp~~ Mal Yates Yeso W

4 Location of Well *(Footage, Sec., T,R,M. or Survey Description)*
SL 785 FNL & 10 FEL Sec. 30 T17S R32E BHL 990 FNL & 330 FEL Sec. 30 T17S R32E

11 Country or Parish, State
Lea
~~Eddy~~, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change TD Depth/Casing
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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 proposes to change TD depth to 10,231'. Proposed change to casing, cement program.

Proposed Casing

Hole	Depth	Casing	WT	Collar	Grade	Collapse	Burst	Tension
17 1/2	0-760'	13 3/8	48#	ST&C	H-40	1.950	3.353	3.46
12 1/4	0-2100'	8 5/8	24#	ST&C	J-55	1.218	6.313	5.90
7 7/8	0-10231'	5 1/2	17#	LT&C	L-80	1.248	2.369	2.580

Proposed Cement

13 3/8-100% excess Lead 475sx Class C, 4%PF20, 2%PF1, .125#/sxPF29, .2%PF46(13.5 wt, 1.75 yld). Tail 200sx Class C, 1%PF1(14.8 wt, 1.33 yld).

8 5/8-100% excess Lead 675sx Class C, 4%PF20, 2%PF1, .125#/sxPF29, .2%PF46(12.9 wt, 1.98 yld). Tail 200sx Class C, 1%PF1(14.8 wt, 1.34 yld).

5 1/2-35% excess Lead 525sx 35/65/POZ H + 5%PF44 + 6%PF20 + .25#sxPF46 + 3#/sxPF42 + .6%PF13 + .125#/sxPF29(12.6 wt, 2.05 yld). Tail 850sx PVL + 1.3%PF44 + PF174 + .5%PF606 + .1% PF153 + .6% PF13(13.0 wt, 1.47 yld).

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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 10/22/12

APPROVED
NOV 14 2012
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by — Title — Date

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. — Office

11-19-2012

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.

(Instructions on page 2)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

NOV 19 2012

Fernandez, Edward

From: Jerry Sherrell <jerrys@mec.com>
Sent: Thursday, November 15, 2012 9:30 AM
To: Fernandez, Edward
Cc: Deana Weaver
Subject: Brook Federal #3 Sundry

Ed,
I spoke with our drilling dept. about this issue.

Surface 0-760' drilled with fresh water 8.5lb mud.
Intermediate 0-2100' drilled with brine 10lb mud.
Production 0-10,231' drilled with cut brine 9.0-9.2lb mud.

Jerry W. Sherrell
Mack Energy Corporation
Office 575-748-1288
Cell 432-260-8363
jerrys@mec.com

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CONDITIONS OF APPROVAL

Sundry dated Oct 22, 2012

OPERATOR'S NAME:	Mack Energy Corporation
LEASE NO.:	LC-060199B
WELL NAME & NO.:	Brook Federal #3
SURFACE HOLE FOOTAGE:	0785' FNL & 0010' FEL
BOTTOM HOLE FOOTAGE	0990' FNL & 0330' FEL
LOCATION:	Section 30, T. 17 S., R. 32 E., NMPM
COUNTY:	Lea County, New Mexico

Original COA still applies with the following changes

A. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible water and brine flows in the Salado and Artesia groups.
Possible high pressure gas pockets in Wolfcamp Formation.

1. The **8-5/8** inch surface casing shall be set at **approximately 760 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:

   ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi. **Operator installing a 3M system, but testing as a 2M.**

   a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8 inch** intermediate casing shoe shall be **3000 (3M)** psi.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    a. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

    d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

    e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Proposed mud weight may not be adequate for drilling through Wolfcamp.

EGF 111512