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Oil Cons.
N.M. DIV-Dist. 2
~~1301 W. Grand Avenue~~
~~Artesia, NM 88210~~

Form 3160 -3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No NMNM-119274	
6 If Indian, Allotee or Tribe Name	
Ia Typeofwork- ☒ DRILL ☐ REENTER	7 If Unit or CA Agreement, Name and No
Ib Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8, Lease Name and Well No. Peery Federal #6 (303941)
2 Name of Operator Mack Energy Corporation (13837)	9 API Well No. 30-005-29074
3a Address P.O. Box 960 Artesia, NM 88211-0960	3b PhoneNo *(include area code)* (575)748-1288
	10. Field and Pool, or Exploratory Wildcat; Abo
4 Location of Well *(Report location clearly andinaccorounce with any State requirements*)* At surface 875 FSL & 330 FEL Unit P At proposed prod zone 965 FSL & 330 FWL Unit M	11. Sec., T R M or Blk and Survey or Area Sec. 29 T15S R30E
14 Distance in miles and direction from nearest town or post office* 10 miles northwest of Loco Hills, NM	12 County or Parish Chaves 13 State 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 640
	17. Spacing Unit dedicated to this well 160
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft N/A	19. Proposed Depth MD 12,185' TVD 7,765'
	20 BLM/BIA Bond No on file NMB000286
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3973' GR	22 Approximate date work will start* 9/21/08
	23 Estimated duration 35 days

24. Attachments ROSWELL CONTROLLED WATER BASIN

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 8/22/08
Title Production Clerk		
Approved by *(Signature)* /S/ Angel Mayes	Name *(Printed/Typed)* /S/ Angel Mayes	Date DEC 15 2008
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 2 YEARS

Application approval does not warrantor certify that the applicant holds lega orequitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
Conditions of approval, if any, are attached

Title 18 U.S C Section 1001 and Tide 43 U S C Section 1212, make it a crime for any person knowirilly and willfully to make to any department or agency ofthe United States any false, fictitious or fraudulent statements or representations as to any matter within its juris iction

**(Instructions on page 2)*

DECLARED WATER BASIN

CEMENT BEHIND THE 13⅜" CASING MUST BE CIRCULATED

WITNESS

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

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
30-005-29074	—	Wildcat; Abo

Property Code	Property Name	Well Number
303941	PEERY FEDERAL	6

OGRID No.	Operator Name	Elevation
~~013937~~ 13837	MACK ENERGY CORPORATION	3973'

Surface Location

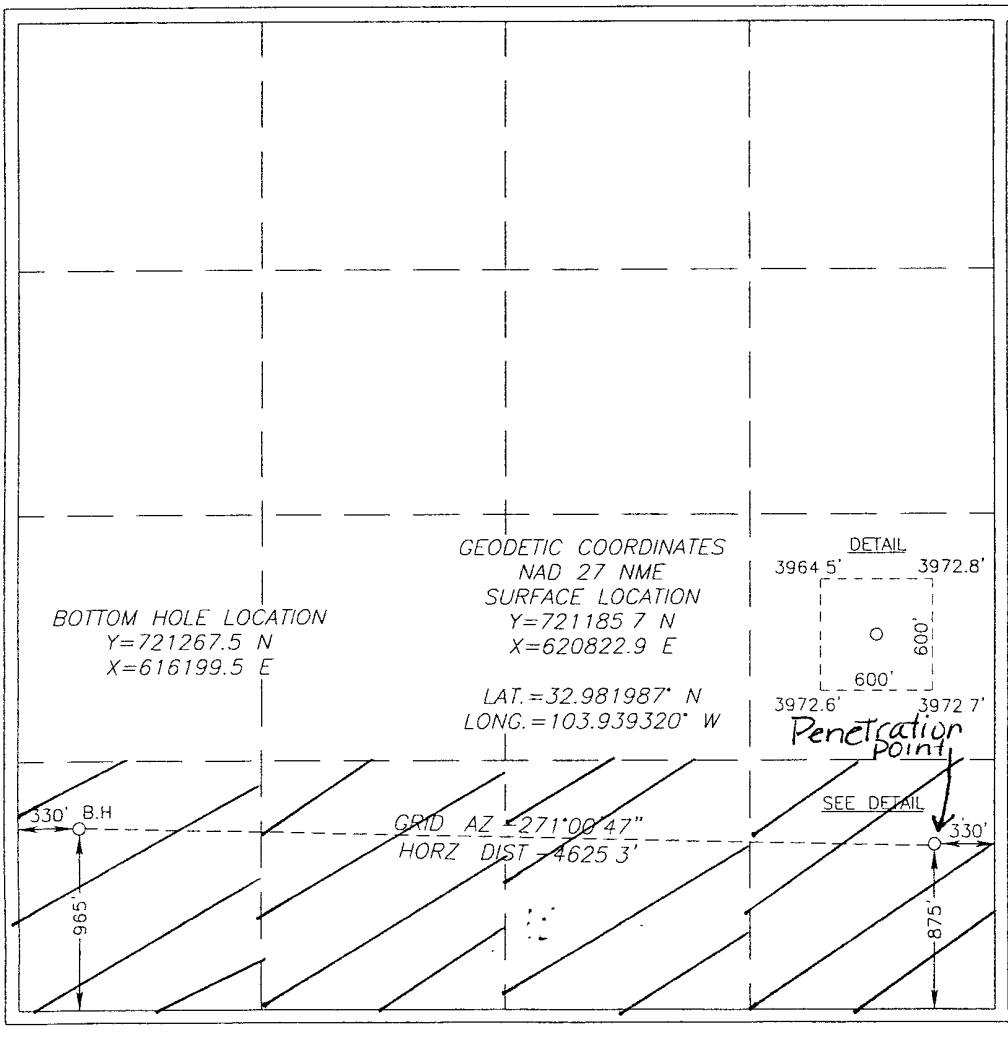
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	29	15-S	30-E		875	SOUTH	330	EAST	CHAVES

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
M	29	15-S	30-E		965	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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 8-21-08
Signature Date

Jerry W. Sherrell
Printed Name

SURVEYOR CERTIFICATION

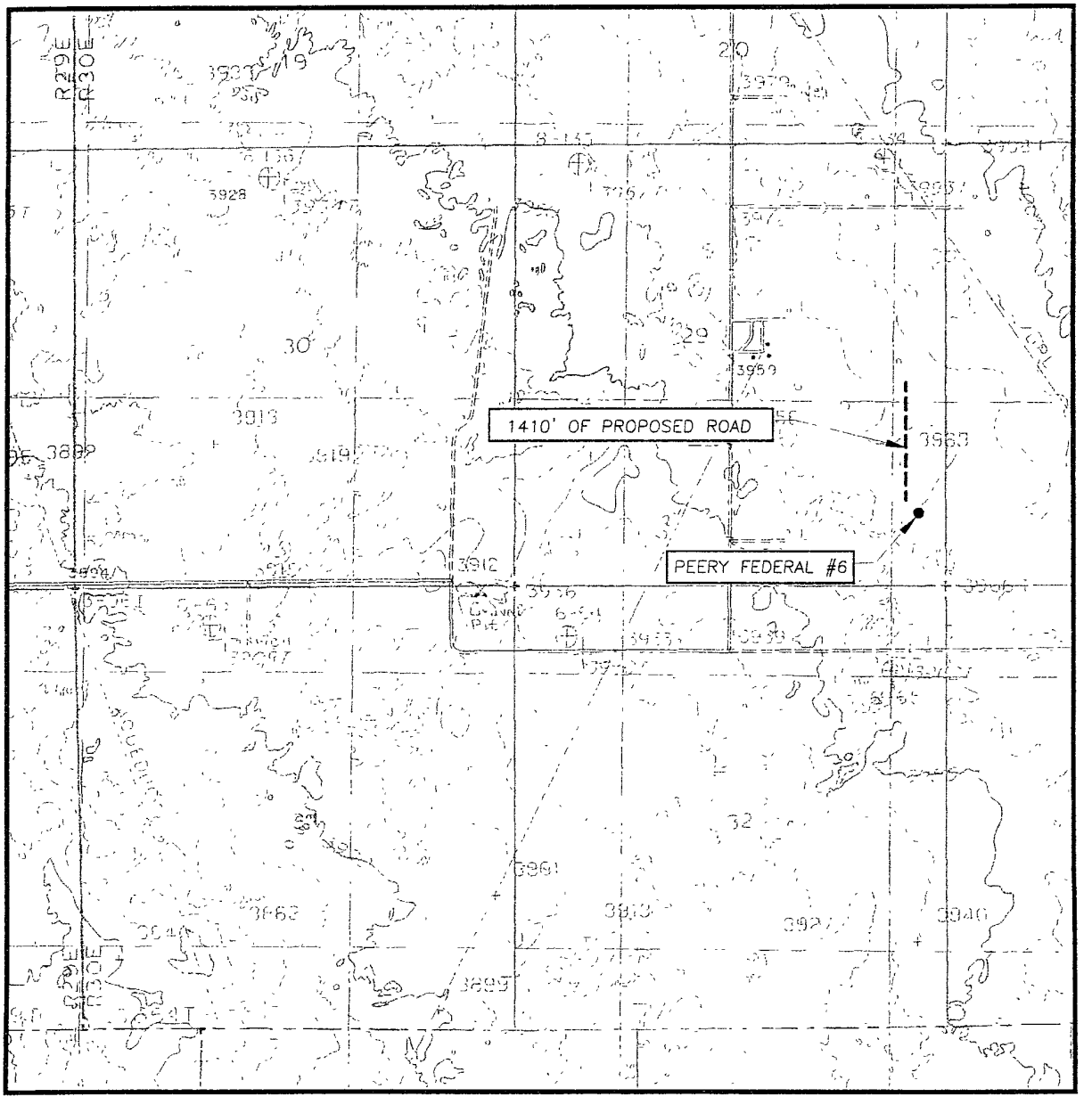
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

RONALD J. EIDSON
JULY 18, 2008
NEW MEXICO
3239
REGISTERED PROFESSIONAL SURVEYOR

Date Surveyed: LA
Signature & Seal of Professional Surveyor
Ronald J. Eidson 7/23/08

Certificate No. GARY EIDSON 12641
RONALD EIDSON 3239

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HENSHAW TANK, N.M. – 10'

SEC 29 TWP. 15-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 875' FSL & 330' FEL

ELEVATION 3973'

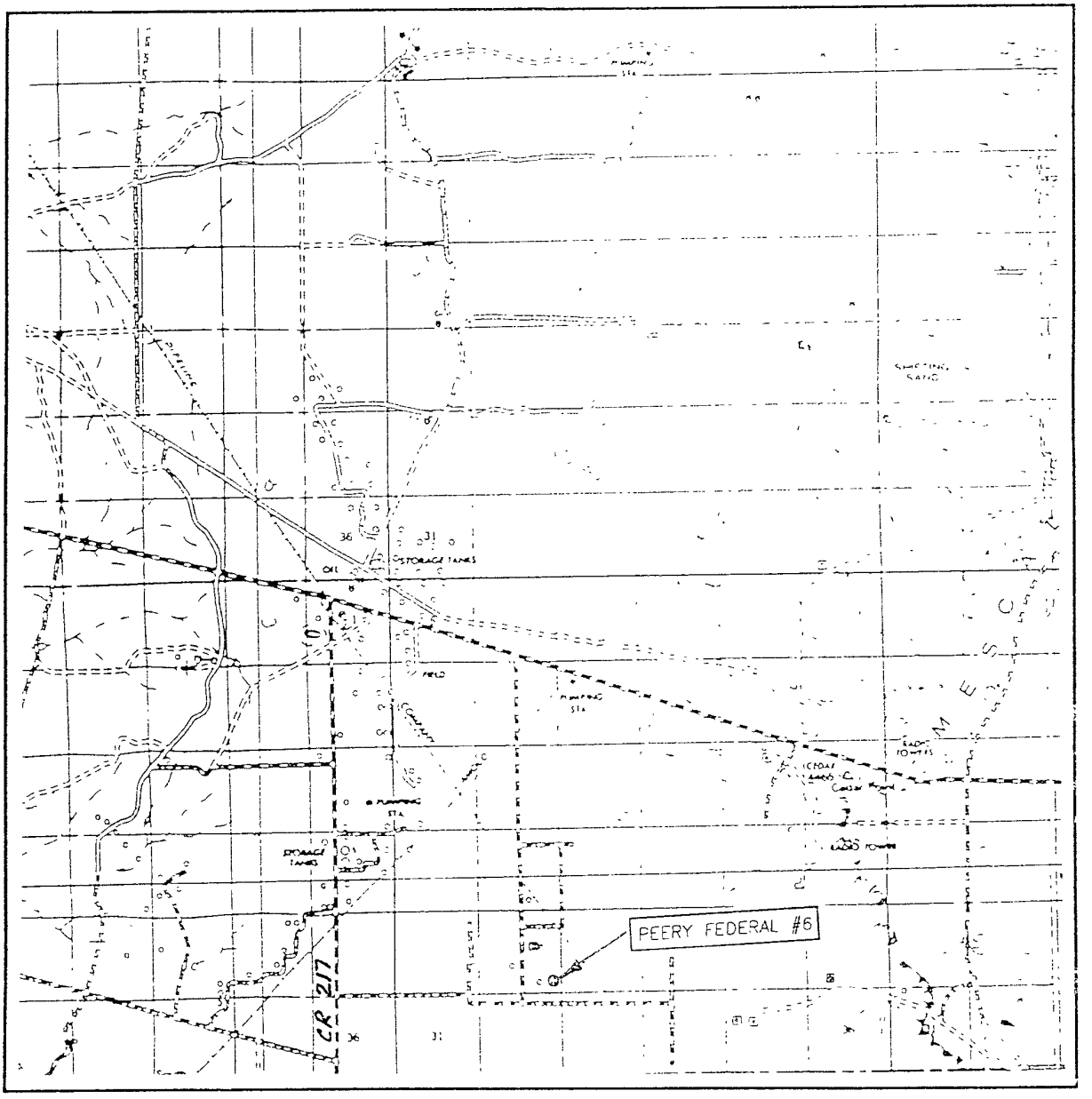
OPERATOR MACK ENERGY CORPORATION

LEASE PEERY FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
HENSHAW TANK, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

VICINITY MAP



SCALE 1" = 2 MILES

SEC 29 TWP 15-S RGE 30-E

SURVEY N M P M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 875' FSL & 330' FEL

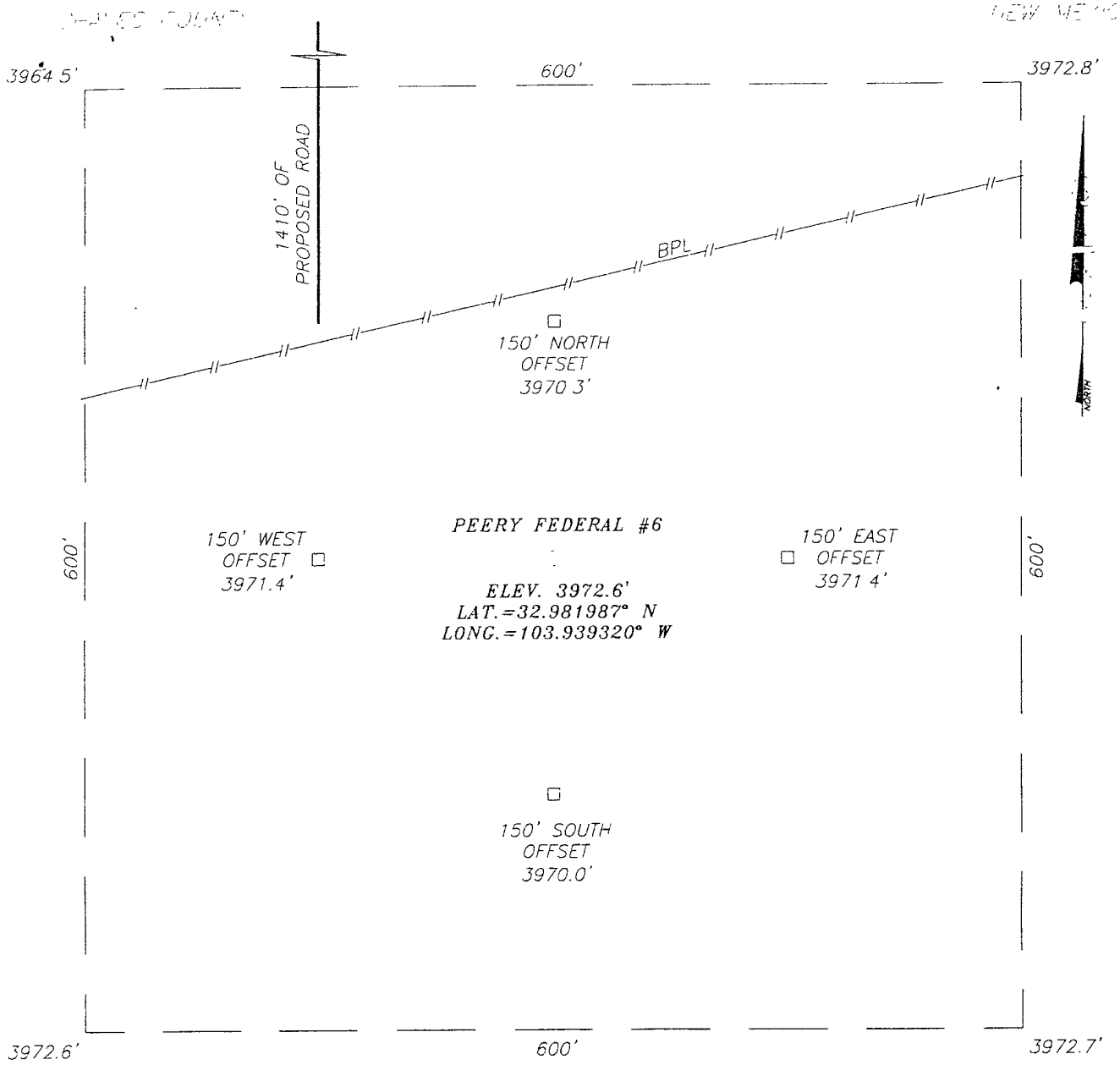
ELEVATION 3973'

OPERATOR MACK ENERGY CORPORATION

LEASE PEERY FEDERAL

PROVIDING SURVEYING SERVICES
SINCE 1946
412 N DAL PASO
HOBBS, N M 88240
(505) 393-3117

SECTION 29, TOWNSHIP 15 SOUTH, RANGE 30 EAST, N.M.P.M.,



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #217 (HAGERMAN CUTOFF) AND CO RD #256 (BOOGER LANGSTON), GO NORTH ON CO. RD #217 APPROX. 1.8 MILES. TURN RIGHT AND GO EAST APPROX 1.5 MILES. TURN RIGHT AND GO SOUTH APPROX. 0.1 MILES. TURN LEFT AND GO EAST APPROX 0.65 MILES TURN LEFT AND GO NORTH APPROX. 1.0 MILE TURN RIGHT AND GO EAST APPROX. 0.4 MILES TO A ROAD SURVEY FOLLOW ROAD SURVEY LINE SOUTH APPROX 3476 TO THIS LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

MACK ENERGY CORPORATION

PEERY FEDERAL #6 WELL
LOCATED 875 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE EAST LINE OF SECTION 29,
TOWNSHIP 15 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO

Survey Date. 7/18/08	Sheet 1 of 1 Sheets		
W.O Number. 08 11.1159	Dr By: LA	Rev 1: N/A	
Date: 7/23/08		08111159	Scale: 1"=100'

Attached to Form 3160-3
Mack Energy Corporation
Peery Federal #6
SHL 875 FSL & 330 FEL, Sec. 29 T15S R30E
BHL 965 FSL & 330 FWL, Sec. 29 T15S R30E
Chaves County, NM

DRILLING PROGRAM

1. Geologic Name of Surface Formation

Quaternary

2. Estimated Tops of Important Geologic Markers:

Yates	1460'	Glorieta	4440'
Seven Rivers	1725'	Tubb	5650'
Queen	2260'	Abo	6425'
San Andres	2905'	WC	7780'
		Strawn	9725'

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

Water Sand	150'	Fresh Water
Queen	2260'	Oil/Gas
San Andres	2905'	Oil/Gas
Abo	6425'	Oil/Gas
WC	7780'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8' casing to 450' and circulating cement back to surface will protect the surface fresh water sand. Salt Section will be protected by setting 8 5/8' casing to 2950' and circulating cement back to surface. 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
17 ½"	0-450'	13 3/8'	48#, H-40, ST&C, New, 3.364/3.365/3.460
12 ¼"	0-2950'	8 5/8"	32#, J-55, ST&C, New, 1.633/13.806/13.100
8 ¾"	0-7850'	5 1/2"	17#, HCP-110, LT&C, New, 2.189/3.364/3.547
6 1/8"	7850-12,185'	4 ½"	11.6#, HCP-110, LT&C, New, 1.422/3.286/3.563

5. Cement Program:

13 3/8" Surface Casing: Class C, 300sx, yield 1.34
8 5/8" Intermediate Casing: Class C, 850sx, yield 1.34
5 1/2" Production Casing: Class C, 850sx, yield 1.34
4 ½" 2nd Production Casing: Set with isolation packers

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 BOP will be nippled up on the 13 3/8" surface casing and tested to 1000 psi using the rig pump. The BOP will then be nippled up on the 8 5/8" intermediate casing and tested by a 3rd party to 2000 psi and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of surface casing. 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, cut brine and polymer mud system. The applicable depths and properties of this system are as follows:

DEPTH	TYPE	WEIGHT	VISCOSITY	WATERLOSS
0-330'	Fresh Water	9.4	28	N.C.
330-1800'	Brine	10.1	30	N.C.
1800'-TD	Cut Brine	9.8	29	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:

A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, Dual Spaced Neutron, CSNG Log and will be ran 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 after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

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

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and estimated maximum bottom hole pressure is 1450 psig. Low levels of Hydrogen sulfide have been monitors 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.

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 September 21, 2008. Once commenced, the drilling operation should be finished in approximately 35 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.

Attached to Form 3160-3
Mack Energy Corporation
Peery Federal #6
SHL 875 FSL & 330 FEL, Sec. 29 T15S R30E
BHL 965 FSL & 330 FWL, Sec. 29 T15S R30E
Chaves County, NM

SURFACE USE AND OPERATING PLAN

1. Existing & Proposed Access Roads

A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by John West Engineering, Hobbs, NM.

B. All roads to the location are shown in Exhibit below. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling well will be done where necessary.

C. Directions to Location: From the intersection of CR 217 and CR 256, go north on 217 1.8 miles, turn right/east 1.5 miles, turn right/south 0.1 mile, turn left/east 0.65 miles, turn left/north 1 mile, turn right/east 0.4 miles to a proposed road survey. Follow road survey approx 3476' south to this location.

D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

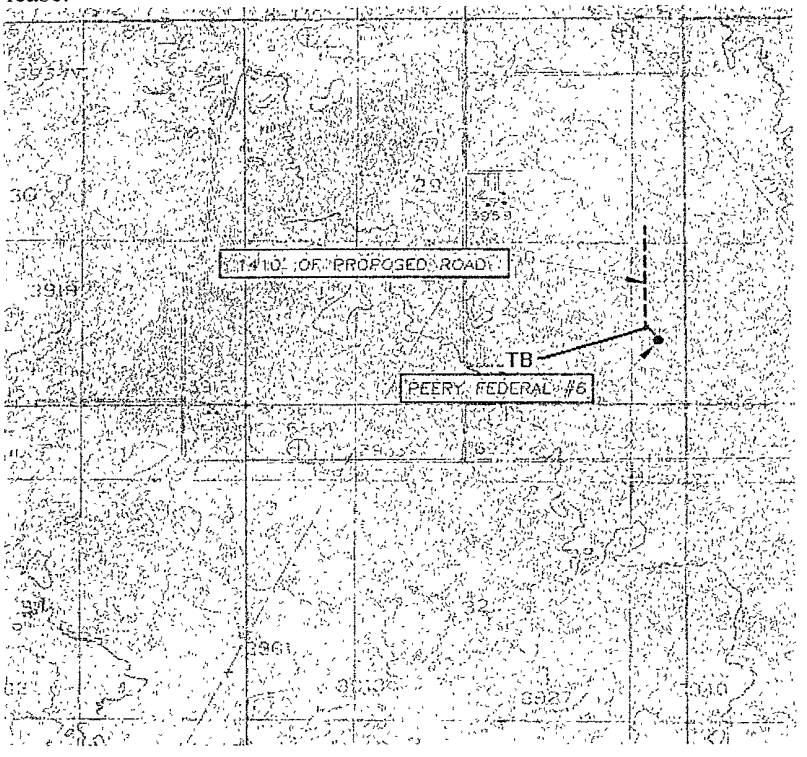


Exhibit #4

2. Proposed Access Road:

Exhibit #3 shows the 1410' of new access road. The road will be constructed as follows:

A. The Maximum width of the running surface will be 14'. The road will be crowned and ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

B. The average grade will be less than 1%.

C. No turnouts are planned.

D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM approved caliche pit.

F. The proposed access road as shown in Exhibit #3 has been centerline flagged by John West Engineering, Hobbs, New Mexico.

3. Location of Existing Wells & Proposed flow lines for New Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well. Proposed flow lines, will follow an archaeologically approved route to the #2 well, where the TB is located.

4. Location of Existing and/or Proposed Facilities:

A. Mack Energy Corporation does operate a production facility on this lease.

B. If the well is productive, contemplated facilities will be as follows:

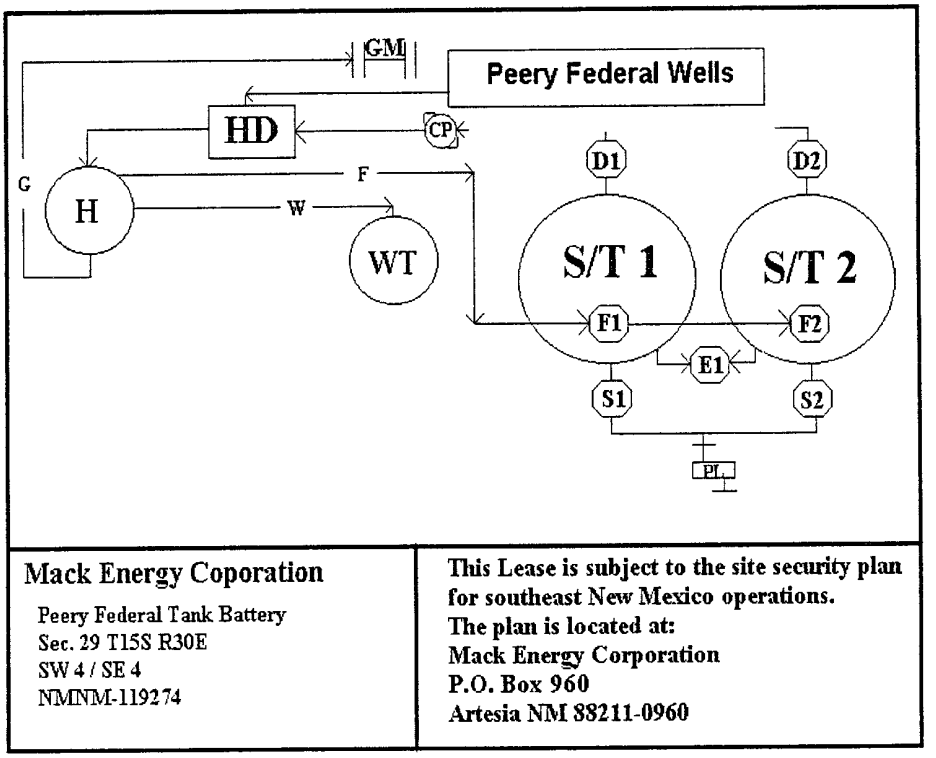
1) Abo Completion: Will be sent to the Peery Federal TB located at the #2 well. The Facility is shown in Exhibit #5.

2) The tank battery and facilities including all flow lines and piping will be installed according to API specifications.

3) Any additional caliche will be obtained from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.

4) **It will be necessary to run electric power if this well is productive. Power will be run by CVE and they will send in a separate plan for power.**

Exhibit #5



A. If the well is productive, rehabilitation plans are as follows:

1) Top soil removed from the drill site will be used to recontour the surrounding area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads shown in Exhibit #4. If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and proposed new access road (approximately 2500 cubic yards) will be obtained from a BLM approved caliche pit.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the steel tanks and hauled to an approved facility.

B. Drilling fluids will be contained in steel tanks using a closed loop system.

C. Water produced from the well during completion may be disposed into a steel tank. After the well is permanently placed on production, produced water will be collected in tanks (fiberglass) until pumped to an approved disposal system; produced oil will be collected in steel tanks until sold.

D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. All water and fluids will be disposed of into an approved facility. No toxic waste or hazardous chemicals will be produced by this operation.

E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. 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.

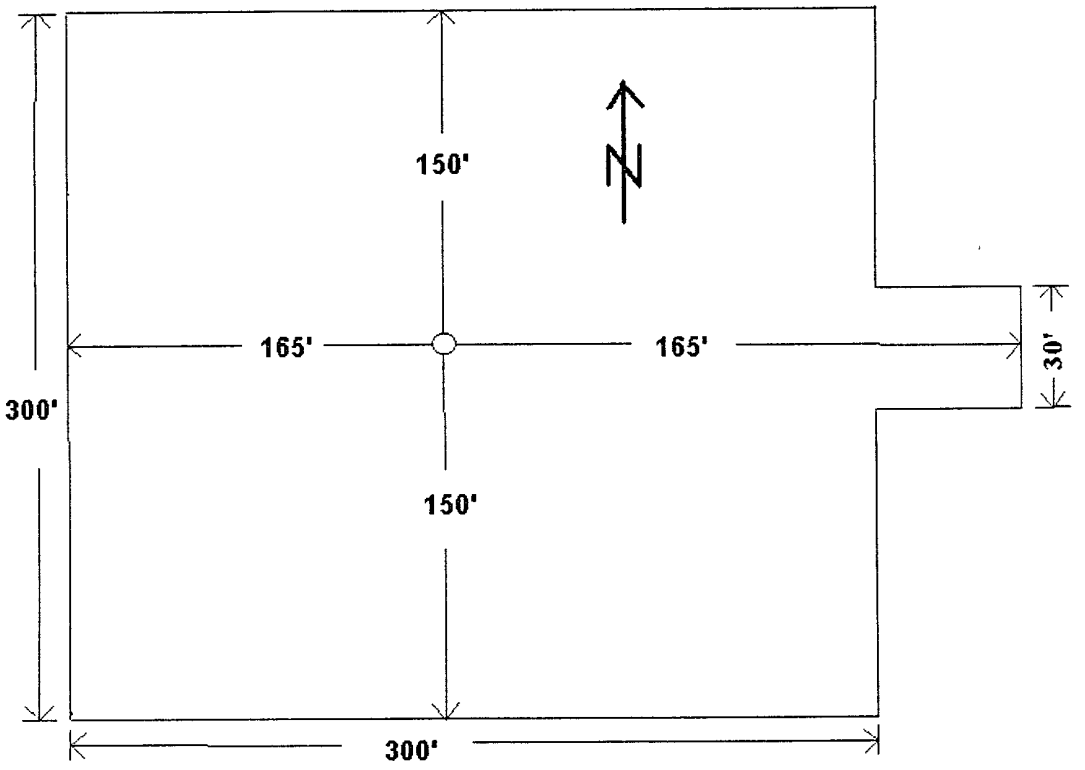


Exhibit #6

Attached to Form 3160-3
Mack Energy Corporation
Peery Federal #6
SHL 875 FSL & 330 FEL, Sec. 29 T15S R30E
BHL 965 FSL & 330 FWL, Sec. 29 T15S R30E
Chaves County, NM

10. Plans for Restoration of the Surface:

A. Upon completion of the proposed operations, if the well is completed, any additional caliche required for facilities will be obtained from a BLM approved caliche pit.

B. In the event of a dry hole. Topsoil removed from the drill site will be used to recontour the area to its original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

The well site and lease is located entirely on Federal surface. We have notified the surface lessee of the impending operations. According to BLM the leasee is Bogel Limited Company, Lewis Derrick, PO Box 460 Dexter, NM 88230.

12. Other Information:

A. The area around the well site is grassland and the topsoil is sandy. The vegetation is native scrub grass with sagebrush.

B. There is no permanent or live water in the immediate area.

C. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The Mack Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

Jerry W. Sherrell
Mack Energy Corporation
P.O. Box 960
Artesia, NM 88211-0960
Phone (575) 748-1288 (office)

Mack Energy Corporation

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards an characteristics of hydrogen sulfide (H2S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors alarms warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubular are to be used, personnel well be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H2S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. **Well Control Equipment:**

   A. Flare line.

   B. Choke manifold.

   C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

   D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. **Protective equipment for essential personnel:**

   A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. **H2S detection and monitoring equipment:**

   A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. **Visual warning systems:**

   A. Wind direction indicators as shown on well site diagram (Exhibit #8).

   B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. **Mud program:**

   A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. **Metallurgy:**

   A. All drill strings, casings, tubing, wellhead, blowout preventer; drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

   B. All elastomers used for packing and seals shall be H2S trim.

7. **Communication:**

   A. Radio communications in company vehicles including cellular telephone and 2-way radio.

   B. Land line (telephone) communication at Office.

8. **Well testing:**

   A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H2S environment will use the closed chamber method of testing.

   B. There will be no drill stem testing.

EXHIBIT #7

WARNING

YOU ARE ENTERING AN H2S

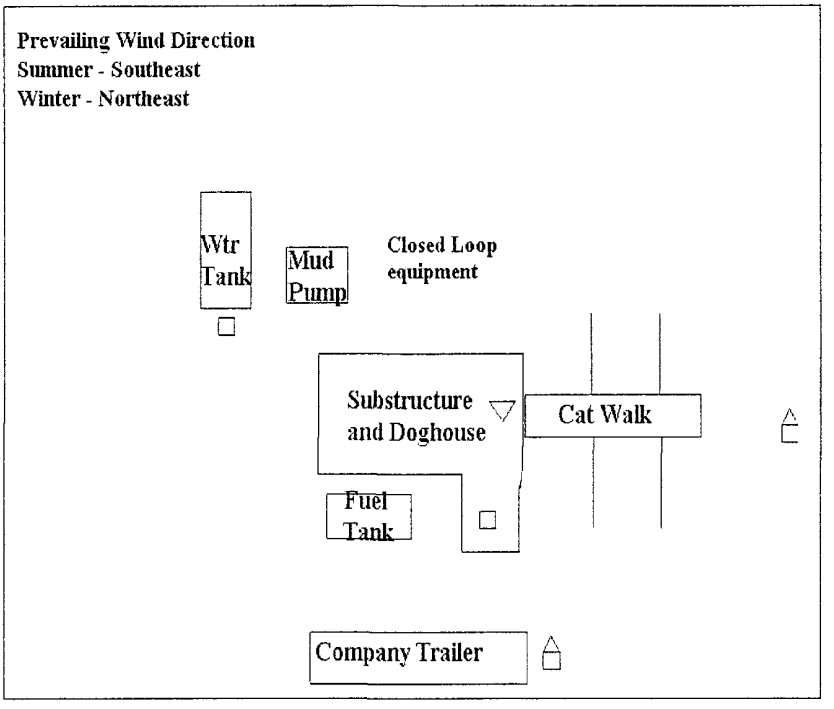
AUTHORIZED PERSONNEL ONLY

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH MACK ENERGY FOREMAN AT OFFICE

MACK ENERGY CORPORATION

1-575-748-1288

DRILLING LOCATION H2S SAFTY EQUIPMENT
Exhibit # 8



▽ H2S Monitors with alarms at the bell nipple

□ Wind Direction Indicators

△ Safe Briefing areas with caution signs and breathing equipment min 150 feet from

Attachment to Exhibit #9
NOTES REGARDING THE BLOWOUT PREVENTERS
Peery Federal #6
Chaves 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

Minimum Blowout Preventer Requirements

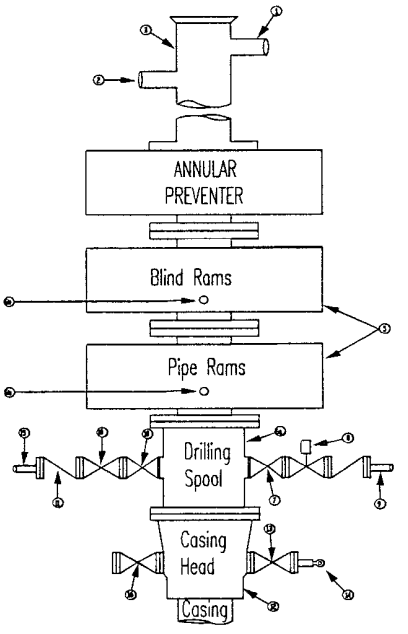
3000 psi Working Pressure

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 FURNISH.

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 2000 psi minimum
2. Automatic accumulator (80 gallon, 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

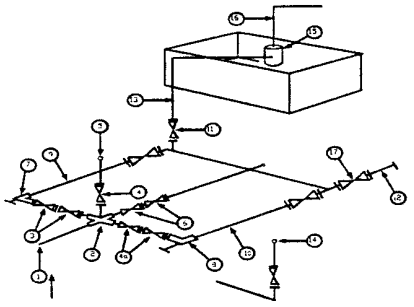
1. Bradenhead or casing head and side valves.
2. Wear bushing If required.

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. Do 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 Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes As an 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

CERTIFICATION

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mack Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 8-22-08 Signed: Jerry W. Sherrell
Jerry W. Sherrell

Mack Energy

Chaves County
Peery Federal #6
Peery Federal #6
OH

Plan: Plan #1

Pathfinder X & Y Survey Report

15 August, 2008

PATHFINDER
ENERGY SERVICES

Mack Energy Corporation

Azimuths to Grid North
True North -0.21°
Magnetic North. 7.93°

Magnetic Field
Strength 49335.9snT
Dip Angle· 60.91°
Date: 2008/08/15
Model: IGRF200510

PATHFINDER ENERGY SERVICES

PROJECT DETAILS Chaves County
Geodetic System US State Plane 1927 (Exact solution)
Datum· NAD 1927 (NADCON CONUS)
Ellipsoid. Clarke 1866
Zone New Mexico East 3001
System Datum Mean Sea Level
Local North Grid

WELL DETAILS Peery Federal #6

Ground Elevation 3973 00
RKB Elevation WELL @ 3991 00ft (Original Well Elev)
Rig Name Original Well Elev

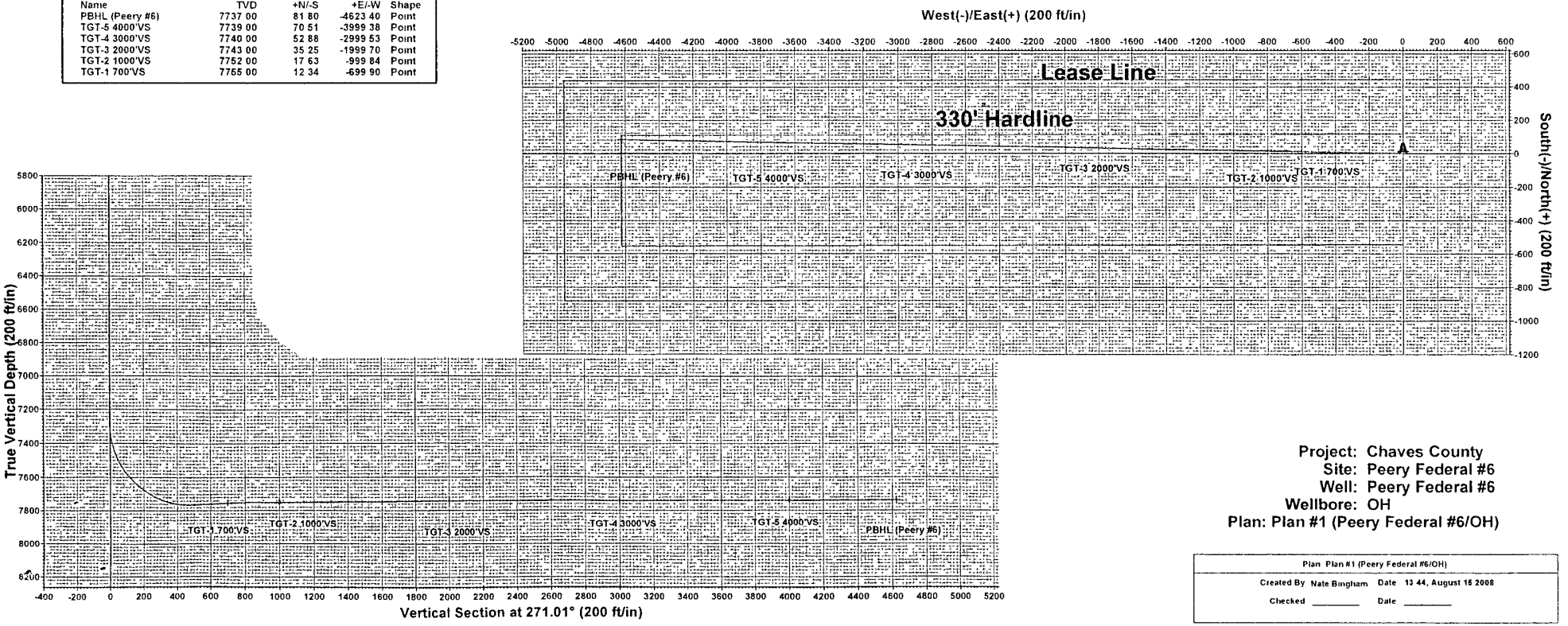
+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0 00	0 00	721185 700	620822 900	32° 58' 55 155 N	103° 56' 21 551 W	

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
2	7288 30	0 00	0 00	7288 30	0 00	0 00	0 00	0 00	0 00	
3	8061 95	92 87	271 01	7765 00	8 83	-501 12	12 00	271 01	501 20	
4	8062 42	92 88	271 01	7764 98	8 84	-501 59	2 00	1 75	501 67	
5	8261 01	92 88	271 01	7755 00	12 34	-699 90	0 00	0 00	700 01	TGT-1 700'VS
6	8416 76	89 76	271 01	7751 41	15 09	-855 56	2 00	180 00	855 69	
7	8561 06	89 76	271 01	7752 00	17 63	-999 84	0 00	0 00	1000 00	TGT-2 1000 VS
8	8599 34	90 53	271 01	7751 90	18 30	-1038 12	2 00	-0 07	1038 28	
9	9561 12	90 53	271 01	7743 00	35 25	-1999 70	0 00	0 00	2000 01	TGT-3 2000'VS
10	9579 20	90 17	271 01	7742 89	35 57	-2017 78	2 00	179 90	2018 09	
11	10561 11	90 17	271 01	7740 00	52 88	-2999 53	0 00	0 00	3000 00	TGT-4 3000 VS
12	10566 69	90 06	271 01	7739 99	52 98	-3005 11	2 00	-179 99	3005 58	
13	11561 11	90 06	271 01	7739 00	70 51	-3999 38	0 00	0 00	4000 00	TGT-5 4000'VS
14	11567 61	90 18	271 04	7738 99	70 63	-4005 88	2 00	11 75	4006 50	
15	12185 24	90 18	271 04	7737 00	81 80	-4623 40	0 00	0 00	4624 12	PBHL (Peery #6)

WELLBORE TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
PBHL (Peery #6)	7737 00	81 80	-4623 40	Point
TGT-5 4000'VS	7739 00	70 51	-3999 38	Point
TGT-4 3000'VS	7740 00	52 88	-2999 53	Point
TGT-3 2000'VS	7743 00	35 25	-1999 70	Point
TGT-2 1000'VS	7752 00	17 63	-999 84	Point
TGT-1 700'VS	7765 00	12 34	-699 90	Point



Project: Chaves County
Site: Peery Federal #6
Well: Peery Federal #6
Wellbore: OH
Plan: Plan #1 (Peery Federal #6/OH)

Plan Plan #1 (Peery Federal #6/OH)

Created By Nate Bingham Date 13 44, August 15 2008

Checked _____ Date _____

Pathfinder Energy Services

Pathfinder X & Y Survey Report

PATHFINDER ENERGY SERVICES

Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #6
Project:	Chaves County	TVD Reference:	WELL @ 3991 00ft (Original Well Elev)
Site:	Peery Federal #6	MD Reference:	WELL @ 3991.00ft (Original Well Elev)
Well:	Peery Federal #6	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Project Chaves County

Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Peery Federal #6

Site Position:		Northing:	721,185 700 ft	Latitude:	32° 58' 55 155 N
From:	Map	Easting:	620,822 900 ft	Longitude:	103° 56' 21.551 W
Position Uncertainty:	0 00 ft	Slot Radius:	"	Grid Convergence:	0 21 °

Well Peery Federal #6

Well Position	+N/-S	0 00 ft	Northing:	721,185 700 ft	Latitude:	32° 58' 55.155 N
	+E/-W	0 00 ft	Easting:	620,822.900 ft	Longitude:	103° 56' 21 551 W
Position Uncertainty		0.00 ft	Wellhead Elevation:	ft	Ground Level:	3,973 00 ft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2008/08/15	8 14	60 91	49,336

Design Plan #1

Audit Notes:

Version:		Phase:	PLAN	Tie On Depth:	0 00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0 00	0 00	0 00	271 01

Survey Tool Program Date 2008/08/15

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.00	12,184.76	Plan #1 (OH)	MWD	MWD - Standard

Pathfinder Energy Services

Pathfinder X & Y Survey Report

PATHFINDER ENERGY SERVICES

Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #6
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Site:	Peery Federal #6	MD Reference:	WELL @ 3991.00ft (Original Well Elev)
Well:	Peery Federal #6	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
0 00	0 00	0 00	0.00	-3,991.00	0 00	0.00	0.00	0 00	721,185 70	620.822 90
100 00	0 00	0 00	100 00	-3,891.00	0 00	0.00	0 00	0.00	721,185 70	620,822 90
200.00	0 00	0 00	200 00	-3,791 00	0 00	0.00	0.00	0 00	721,185 70	620,822.90
300 00	0 00	0 00	300 00	-3,691.00	0 00	0 00	0.00	0 00	721,185.70	620,822 90
400 00	0 00	0 00	400.00	-3,591 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
500 00	0 00	0 00	500 00	-3,491 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
600 00	0 00	0.00	600 00	-3,391.00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
700 00	0 00	0 00	700 00	-3,291 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
800 00	0 00	0 00	800 00	-3,191 00	0 00	0.00	0 00	0 00	721,185.70	620,822 90
900 00	0 00	0 00	900 00	-3,091 00	0.00	0.00	0.00	0 00	721,185 70	620,822 90
1,000 00	0 00	0 00	1,000 00	-2,991.00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
1,100 00	0 00	0 00	1,100 00	-2,891 00	0 00	0 00	0 00	0 00	721,185.70	620,822 90
1,200 00	0.00	0 00	1,200.00	-2,791 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
1,300 00	0 00	0 00	1,300 00	-2,691.00	0 00	0.00	0 00	0 00	721,185.70	620,822 90
1,400 00	0 00	0 00	1,400 00	-2,591 00	0.00	0.00	0 00	0 00	721,185 70	620,822 90
1,500 00	0 00	0 00	1,500 00	-2,491 00	0 00	0 00	0 00	0 00	721,185.70	620,822 90
1,600 00	0.00	0 00	1,600.00	-2,391 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
1,700 00	0.00	0 00	1,700 00	-2,291.00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
1,800 00	0 00	0 00	1,800 00	-2,191 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
1,900 00	0 00	0 00	1,900 00	-2,091 00	0 00	0 00	0.00	0.00	721,185 70	620,822.90
2,000 00	0 00	0.00	2,000 00	-1,991 00	0 00	0 00	0.00	0 00	721,185 70	620,822 90
2,100.00	0 00	0.00	2,100.00	-1,891 00	0 00	0 00	0 00	0.00	721,185.70	620,822.90
2,200.00	0 00	0 00	2,200 00	-1,791.00	0 00	0.00	0.00	0 00	721,185 70	620,822 90
2,300 00	0 00	0 00	2,300.00	-1,691.00	0.00	0 00	0 00	0 00	721,185 70	620,822 90
2,400.00	0 00	0 00	2,400.00	-1,591.00	0 00	0 00	0.00	0 00	721,185 70	620,822 90
2,500 00	0.00	0 00	2,500 00	-1,491 00	0 00	0.00	0 00	0 00	721,185.70	620,822 90
2,600.00	0 00	0.00	2,600.00	-1,391.00	0 00	0.00	0 00	0 00	721,185 70	620.822 90

Pathfinder Energy Services

Pathfinder X & Y Survey Report

PATHFINDER ENERGY SERVICES

Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #6
Project:	Chaves County	TVD Reference:	WELL @ 3991.00ft (Original Well Elev)
Site:	Peery Federal #6	MD Reference:	WELL @ 3991.00ft (Original Well Elev)
Well:	Peery Federal #6	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003 16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,700 00	0 00	0 00	2,700 00	-1,291 00	0.00	0 00	0 00	0 00	721,185 70	620,822 90
2,800 00	0 00	0 00	2,800 00	-1,191.00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
2,900 00	0 00	0 00	2,900 00	-1,091 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
3,000.00	0 00	0 00	3,000.00	-991 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
3,100 00	0 00	0 00	3,100 00	-891 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
3,200 00	0 00	0.00	3,200 00	-791 00	0.00	0.00	0 00	0 00	721,185.70	620,822.90
3,300 00	0 00	0 00	3,300 00	-691 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
3,400 00	0.00	0 00	3,400 00	-591 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
3,500 00	0 00	0 00	3,500 00	-491 00	0 00	0 00	0.00	0 00	721,185 70	620,822 90
3,600 00	0.00	0 00	3,600 00	-391 00	0.00	0.00	0.00	0 00	721,185 70	620,822 90
3,700 00	0 00	0.00	3,700 00	-291.00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
3,800 00	0 00	0 00	3,800 00	-191 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
3,900 00	0 00	0 00	3,900.00	-91 00	0 00	0 00	0 00	0 00	721,185 70	620,822.90
4,000.00	0 00	0 00	4,000 00	9 00	0.00	0.00	0.00	0 00	721,185 70	620,822 90
4,100 00	0 00	0.00	4,100 00	109 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
4,200 00	0 00	0.00	4,200 00	209.00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
4,300 00	0 00	0 00	4,300.00	309.00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
4,400 00	0 00	0.00	4,400 00	409 00	0 00	0.00	0.00	0 00	721,185 70	620,822 90
4,500 00	0.00	0 00	4,500 00	509 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
4,600 00	0 00	0 00	4,600 00	609.00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
4,700 00	0 00	0 00	4,700 00	709 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
4,800.00	0 00	0.00	4,800 00	809.00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
4,900 00	0 00	0 00	4,900 00	909 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
5,000 00	0 00	0 00	5,000 00	1,009 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
5,100 00	0 00	0 00	5,100.00	1,109 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
5,200 00	0 00	0.00	5,200 00	1,209 00	0 00	0 00	0 00	0 00	721,185.70	620,822 90
5,300 00	0.00	0.00	5,300 00	1,309 00	0 00	0.00	0.00	0 00	721,185 70	620,822.90

Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #6
Project:	Chaves County	TVD Reference:	WELL @ 3991.00ft (Original Well Elev)
Site:	Peery Federal #6	MD Reference:	WELL @ 3991.00ft (Original Well Elev)
Well:	Peery Federal #6	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
5,400 00	0 00	0 00	5,400 00	1,409 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
5,500 00	0.00	0.00	5,500 00	1,509 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
5,600 00	0 00	0 00	5,600 00	1,609 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
5,700 00	0 00	0 00	5,700.00	1,709 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
5,800 00	0 00	0.00	5,800 00	1,809 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
5,900 00	0 00	0.00	5,900 00	1,909 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
6,000 00	0 00	0 00	6,000 00	2,009 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
6,100 00	0 00	0 00	6,100 00	2,109 00	0 00	0 00	0 00	0.00	721,185 70	620,822 90
6,200 00	0 00	0.00	6,200 00	2,209.00	0.00	0.00	0 00	0 00	721,185 70	620,822 90
6,300 00	0.00	0 00	6,300 00	2,309 00	0.00	0 00	0 00	0 00	721,185.70	620,822.90
6,400 00	0 00	0 00	6,400.00	2,409 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
6,500 00	0 00	0 00	6,500 00	2,509 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
6,600 00	0 00	0.00	6,600 00	2,609 00	0 00	0 00	0.00	0 00	721,185 70	620,822 90
6,700 00	0 00	0 00	6,700.00	2,709 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
6,800 00	0 00	0 00	6,800 00	2,809 00	0 00	0.00	0 00	0 00	721,185 70	620,822 90
6,900 00	0 00	0 00	6,900 00	2,909 00	0 00	0 00	0.00	0 00	721,185 70	620,822 90
7,000.00	0 00	0 00	7,000 00	3,009 00	0 00	0 00	0 00	0 00	721,185 70	620,822 90
7,100 00	0 00	0 00	7,100 00	3,109 00	0 00	0 00	0.00	0 00	721,185 70	620,822.90
7,200 00	0 00	0 00	7,200 00	3,209 00	0.00	0 00	0 00	0 00	721,185 70	620,822 90
7,288 30	0 00	0 00	7,288.30	3,297 30	0 00	0.00	0 00	0 00	721,185 70	620,822 90
7,300 00	1 40	271.01	7,300 00	3,309.00	0 00	-0 14	0 14	12 00	721,185 70	620,822 76
7,325 00	4 41	271 01	7,324.96	3,333 96	0 02	-1 41	1.41	12 00	721,185 72	620,821 49
7,350 00	7 41	271 01	7,349 83	3,358.83	0 07	-3 98	3 98	12 00	721,185 77	620,818 92
7,375.00	10 41	271 01	7,374.52	3,383.52	0.14	-7.85	7 85	12 00	721,185.84	620,815.05
7,400 00	13.41	271.01	7,398.98	3,407.98	0 23	-13 01	13.01	12 00	721,185 93	620,809 89
7,425 00	16.41	271.01	7,423.14	3,432 14	0 34	-19.44	19.44	12 00	721,186 04	620,803.46
7,450.00	19.41	271 01	7,446 92	3,455.92	0 48	-27.13	27 13	12 00	721,186 18	620,795 77

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Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003 16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
7,475 00	22 41	271 01	7,470 28	3,479 28	0 64	-36 05	36 05	12 00	721,186 34	620,786 85
7,500 00	25.41	271 01	7,493 13	3,502 13	0 81	-46 18	46 18	12 00	721,186 51	620,776 72
7,525.00	28 41	271 01	7,515 42	3,524 42	1 01	-57 49	57.50	12 00	721,186 71	620,765 41
7,550 00	31 41	271.01	7,537 08	3.546 08	1 23	-69 95	69 96	12 00	721,186 93	620,752 95
7.575 00	34 42	271 01	7,558 07	3,567 07	1 47	-83 54	83 55	12 00	721,187 17	620,739 36
7,600 00	37 42	271 01	7,578 31	3,587 31	1 73	-98 20	98 21	12 00	721,187 43	620,724 70
7,625 00	40 42	271 01	7,597 76	3.606 76	2 01	-113 90	113 92	12 00	721,187 71	620,709 00
7,650 00	43.42	271 01	7,616 36	3,625 36	2 30	-130 59	130 61	12 00	721,188 00	620,692 31
7,675.00	46 42	271.01	7,634 06	3,643 06	2 61	-148.24	148 27	12 00	721,188 31	620,674.66
7,700 00	49 42	271 01	7,650.81	3,659 81	2 94	-166 79	166 82	12 00	721,188 64	620,656 11
7,725 00	52 42	271.01	7,666.57	3,675 57	3 28	-186 20	186 22	12 00	721,188 98	620,636 70
7,750 00	55.42	271 01	7,681 29	3,690 29	3.64	-206.40	206 43	12 00	721,189 34	620,616 50
7,775 00	58 42	271.01	7,694 93	3,703 93	4.01	-227 34	227 37	12 00	721,189 71	620,595 56
7,800 00	61 43	271 01	7,707 46	3,716.46	4.39	-248.97	249 01	12 00	721,190 09	620,573.93
7,825 00	64.43	271 01	7,718 84	3,727 84	4 78	-271 22	271 26	12 00	721,190 48	620,551 68
7,850 00	67 43	271 01	7,729 03	3,738 03	5 18	-294 04	294 09	12 00	721,190 88	620,528.86
7,875.00	70.43	271 01	7,738 02	3,747 02	5.59	-317.36	317 41	12 00	721,191 29	620,505 54
7,900 00	73.43	271 01	7,745.78	3,754 78	6 01	-341 12	341 18	12 00	721,191 71	620,481 78
7,925.00	76 43	271 01	7,752 28	3.761.28	6 44	-365.26	365.31	12 00	721,192.14	620,457 64
7,950 00	79 43	271.01	7,757 50	3,766 50	6 87	-389 70	389 76	12 00	721,192 57	620,433.20
7,975 00	82 43	271 01	7,761.44	3,770 44	7.31	-414.38	414.44	12 00	721,193.01	620,408 52
8,000 00	85 43	271 01	7,764.08	3,773 08	7 74	-439 23	439 30	12 00	721,193.44	620,383 67
8,025 00	88 43	271.01	7,765 42	3,774 42	8.18	-464.19	464 26	12 00	721,193 88	620,358.71
8,050 00	91 44	271 01	7,765 45	3,774.45	8 62	-489 18	489 26	12 00	721,194.32	620,333.72
8,061.95	92 87	271 01	7,765 00	3,774 00	8 83	-501 12	501 20	12 00	721,194 53	620,321 78
8,062.42	92 88	271.01	7,764.98	3,773.98	8 84	-501 59	501.67	2 00	721,194.54	620,321.31
8,100 00	92 88	271.01	7,763.09	3,772 09	9.50	-539.12	539 20	0 00	721,195 20	620,283 78

Pathfinder Energy Services

Pathfinder X & Y Survey Report

PATHFINDER ENERGY SERVICES

Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #6
Project:	Chaves County	TVD Reference:	WELL @ 3991 00ft (Original Well Elev)
Site:	Peery Federal #6	MD Reference:	WELL @ 3991 00ft (Original Well Elev)
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Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
8,200 00	92 88	271.01	7,758 06	3,767.06	11 27	-638 98	639 08	0 00	721,196 97	620,183 92
8,261 01	92 88	271.01	7,755.00	3,764 00	12 34	-699 90	700 01	0 00	721,198 04	620,123 00
TGT-1 700'VS										
8,300 00	92 10	271 01	7,753 31	3,762 31	13 03	-738 85	738 96	2 00	721,198 73	620,084 05
8,400 00	90 10	271 01	7,751 39	3,760 39	14 79	-838 81	838 94	2 00	721,200 49	619,984 09
8,416 76	89 76	271.01	7,751 41	3,760 41	15 09	-855 56	855 69	2.00	721,200 79	619,967 34
8,500.00	89.76	271 01	7 751 75	3,760 75	16 55	-938 79	938 94	0 00	721,202 25	619,884 11
8,561 06	89.76	271 01	7,752.00	3,761 00	17 63	-999 84	1,000 00	0 00	721,203 33	619,823 06
TGT-2 1000'VS										
8,599.34	90 53	271.01	7,751.90	3,760.90	18 30	-1,038.12	1,038.28	2 00	721,204 00	619,784.78
8,700 00	90 53	271.01	7,750 97	3,759.97	20 08	-1,138.75	1,138 93	0 00	721,205 78	619,684 15
8,800 00	90.53	271.01	7,750 04	3,759 04	21 84	-1,238.73	1,238 93	0.00	721,207 54	619,584 17
8,900 00	90 53	271.01	7,749 12	3,758.12	23 60	-1,338 72	1,338 92	0 00	721,209 30	619,484 18
9,000 00	90.53	271 01	7,748 19	3,757 19	25.36	-1,438.70	1,438 92	0.00	721,211 06	619,384 20
9,100 00	90 53	271 01	7,747 27	3,756 27	27.13	-1,538.68	1,538 91	0 00	721,212 83	619,284 22
9,200 00	90 53	271 01	7,746 34	3,755 34	28 89	-1,638.66	1,638.91	0 00	721,214 59	619,184.24
9,300 00	90 53	271 01	7,745.42	3,754 42	30.65	-1,738 64	1,738 91	0 00	721,216 35	619,084 26
9,400 00	90 53	271 01	7,744.49	3,753.49	32.41	-1,838 62	1,838 90	0 00	721,218 11	618,984 28
9,500 00	90.53	271 01	7,743 57	3,752 57	34 17	-1,938.60	1,938 90	0 00	721,219 87	618,884 30
9,561 12	90.53	271 01	7,743 00	3,752 00	35 25	-1,999 70	2,000 01	0 00	721,220 95	618,823 20
TGT-3 2000'VS										
9,579 20	90 17	271 01	7,742.89	3,751 89	35 57	-2,017.78	2,018.09	2 00	721,221 27	618,805.12
9,600 00	90 17	271.01	7,742.83	3,751 83	35 94	-2,038 58	2,038 89	0 00	721,221 64	618,784 32
9,700 00	90.17	271 01	7,742 53	3,751.53	37 70	-2,138 56	2,138 89	0 00	721,223 40	618,684.34
9,800.00	90 17	271 01	7,742 24	3,751 24	39 46	-2,238.55	2,238.89	0 00	721,225 16	618,584 35
9,900 00	90 17	271 01	7,741 95	3,750 95	41 22	-2,338.53	2,338 89	0 00	721,226 92	618,484 37
10,000 00	90 17	271 01	7,741 65	3,750 65	42 99	-2,438 51	2,438 89	0 00	721,228 69	618,384.39

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Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
10,100 00	90 17	271 01	7,741 36	3,750 36	44 75	-2,538 50	2,538 89	0 00	721,230 45	618,284 40
10,200 00	90 17	271 01	7,741 06	3,750 06	46 51	-2,638 48	2,638 89	0 00	721,232 21	618,184 42
10,300 00	90 17	271 01	7,740 77	3,749 77	48 28	-2,738 47	2,738 89	0 00	721,233 98	618,084 43
10,400 00	90 17	271 01	7,740 47	3,749 47	50 04	-2,838 45	2,838 89	0 00	721,235 74	617,984.45
10,500 00	90 17	271.01	7,740 18	3,749.18	51.80	-2,938.43	2,938.89	0 00	721,237.50	617,884 47
10,561 11	90.17	271 01	7,740 00	3,749.00	52 88	-2,999 53	3,000 00	0 00	721,238 58	617,823 37
TGT-4 3000'VS										
10,566 69	90 06	271 01	7,739 99	3,748 99	52.98	-3,005.11	3,005.58	2 00	721,238 68	617,817.79
10,600 00	90 06	271 01	7,739 96	3,748.96	53 57	-3,038.42	3,038 89	0 00	721,239 27	617.784 48
10,700.00	90 06	271 01	7,739 86	3,748.86	55 33	-3,138 40	3,138 89	0 00	721,241 03	617,684 50
10,800 00	90 06	271 01	7,739 76	3,748 76	57 09	-3,238 39	3,238.89	0.00	721,242 79	617,584.51
10,900.00	90 06	271 01	7,739 66	3,748 66	58 85	-3,338.37	3,338.89	0 00	721,244 55	617,484 53
11,000 00	90 06	271 01	7,739.56	3,748 56	60 62	-3,438.36	3,438 89	0 00	721,246 32	617,384 54
11,100 00	90 06	271 01	7,739.46	3,748 46	62.38	-3,538.34	3,538.89	0 00	721,248 08	617,284.56
11 200 00	90 06	271 01	7,739.36	3,748 36	64 14	-3,638 32	3,638.89	0 00	721,249.84	617,184.58
11,300 00	90 06	271 01	7,739 26	3,748 26	65 91	-3,738 31	3,738 89	0 00	721,251 61	617,084 59
11,400 00	90 06	271 01	7,739 16	3,748.16	67 67	-3,838.29	3,838 89	0 00	721,253 37	616,984 61
11,500 00	90 06	271 01	7,739 06	3,748 06	69 43	-3,938 28	3,938 89	0 00	721,255 13	616,884 62
11,561 11	90 06	271 01	7,739 00	3,748 00	70 51	-3,999.38	4,000 00	0 00	721,256 21	616,823 52
TGT-5 4000'VS										
11,567 61	90 18	271 04	7,738.99	3,747 99	70 63	-4,005.88	4,006 50	2 00	721,256.33	616,817 02
11,600 00	90 18	271 04	7,738 88	3,747 88	71 21	-4,038 26	4,038.89	0 00	721,256 91	616,784 64
11,700.00	90 18	271 04	7,738 56	3,747.56	73.02	-4,138 24	4,138 89	0 00	721,258 72	616,684 66
11,800 00	90 18	271.04	7,738.24	3,747.24	74 83	-4,238 23	4,238 89	0 00	721,260 53	616,584 67
11,900 00	90 18	271 04	7,737.92	3,746 92	76 64	-4,338 21	4,338 89	0 00	721,262 34	616,484 69
12,000 00	90 18	271 04	7,737 60	3,746 60	78 45	-4,438.19	4,438.89	0 00	721,264 15	616,384 71
12,100 00	90.18	271.04	7,737.27	3,746.27	80.26	-4,538 18	4,538.89	0 00	721,265 96	616,284.72

Pathfinder Energy Services

Pathfinder X & Y Survey Report

PATHFINDER ENERGY SERVICES

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12,185 24	90.18	271.04	7,737.00	3,746 00	81.80	-4,623 40	4,624 12	0 00	721,267 50	616,199 50
PBHL (Peery #6)										

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
TGT-4 3000'VS - plan hits target - Point	0.00	0 00	7,740 00	52 88	-2,999 53	721,238.580	617,823 370	32° 58' 55 788 N	103° 56' 56 762 W
TGT-5 4000'VS - plan hits target - Point	0 00	0 00	7,739 00	70.51	-3,999.38	721,256 210	616,823 520	32° 58' 55.998 N	103° 57' 8 500 W
PBHL (Peery #6) - plan hits target - Point	0 00	0 00	7,737 00	81 80	-4,623 40	721,267 500	616,199 500	32° 58' 56.132 N	103° 57' 15 825 W
TGT-2 1000'VS - plan hits target - Point	0.00	0 00	7,752 00	17 63	-999 84	721,203.330	619,823 060	32° 58' 55 366 N	103° 56' 33 288 W
TGT-3 2000'VS - plan hits target - Point	0 00	0.00	7,743 00	35 25	-1,999 70	721,220 950	618,823.200	32° 58' 55 577 N	103° 56' 45 025 W
TGT-1 700'VS - plan hits target - Point	0.00	0.00	7,755 00	12 34	-699 90	721,198 040	620,123 000	32° 58' 55 303 N	103° 56' 29.767 W

Checked By: _____ Approved By: _____ Date _____

EXHIBIT A

PECOS DISTRICT - RFO
CONDITIONS OF APPROVAL

December, 2008

OPERATORS NAME: **Mack Energy Corporation**
LEASE NO.: **NM-119274**
WELL NAME & NO: **Peery Federal #6H**
SURFACE HOLE FOOTAGE: **875' FSL & 330' FEL**
BOTTOM HOLE FOOTAGE: **965' FSL & 330' FWL**
LOCATION: **Section 29, T. 15 S., R. 30 E.**
COUNTY: **Chaves County, New Mexico**

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. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

I. 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).

II. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

The project falls within the area covered by the Permian Basin Memorandum of Agreement (MOA). The Permian Basin MOA is an optional method of compliance with Section 106 of the National Historic Preservation Act for energy related projects in a 28 quadrangle area of the Pecos District a portion of which is within the Roswell Field Office. The proponent chose to participate in the Permian Basin MOA by planning to avoid all known NRHP eligible and potentially eligible cultural resources. The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the MOA serves as mitigation for the effects of this project on cultural resources. If any skeletal remains that might be human or funerary objects are discovered by any activities, the project proponent will cease activities in the area of discovery and notify the BLM within 24 hours as required by the Permian Basin MOA.

III. 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.

IV. CONSTRUCTION

A. NOTIFICATION:

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL:

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall be used for interim and final reclamation. The soil shall be stockpiled on the southeast corner of the well pad.

C. CLOSED LOOP SYSTEM: No reserve pit will be used.

Steel tanks are required for drilling operations: No Pits Allowed.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT:

If the operator elects to surface the access road and/or well pad. Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Roswell Field Office at (505) 627-0236.

E. WELL PAD SURFACING:

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational need.

F. ON LEASE ACCESS ROADS:

Road Egress and Ingress

The access road shall be constructed to access the northwest corner of the well pad. The access road will traverse the west side of the well location and will continue on to another well location

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

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.

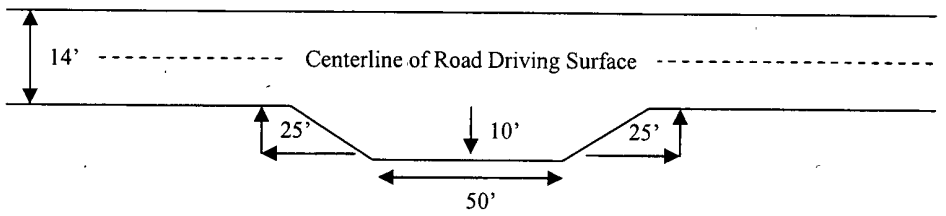
Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

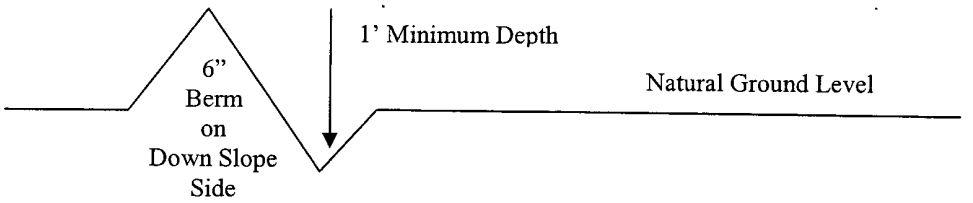


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section Of Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval Of Lead-off Ditches

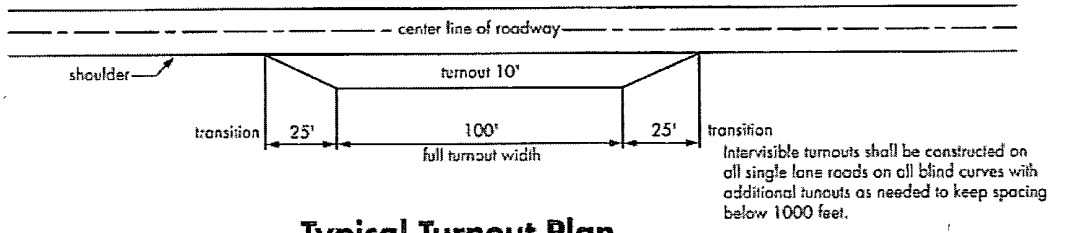
Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$\text{400 foot road with 4\% road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Public Access

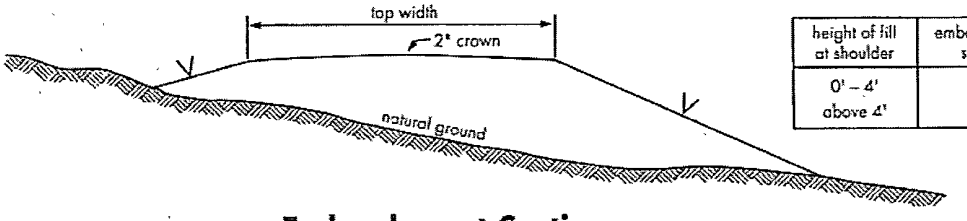
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



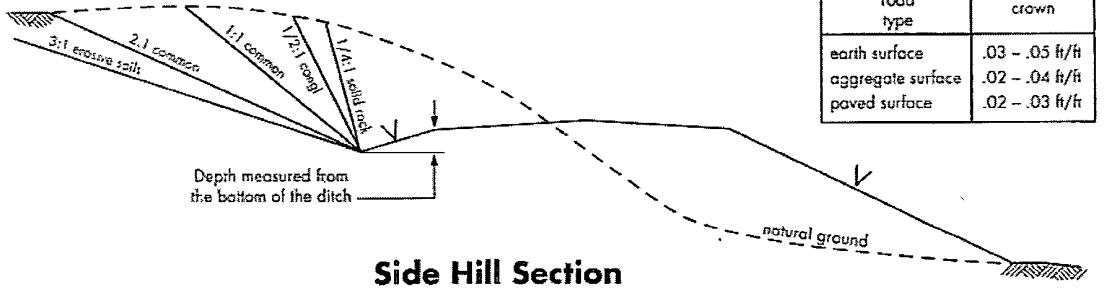
Intervisible turnouts shall be constructed on all single lane roads on all blind curves with additional turnouts as needed to keep spacing below 1000 feet.

Typical Turnout Plan



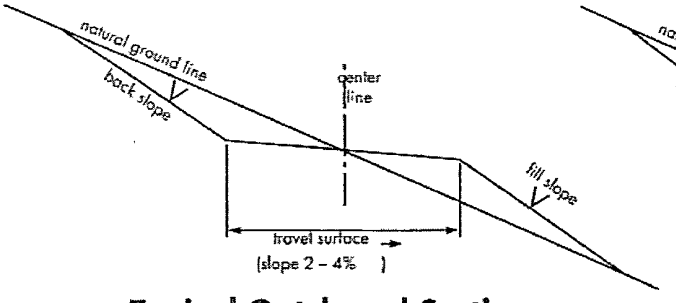
height of fill at shoulder	embankment slope
0' – 4'	3:1
above 4'	2:1

Embankment Section

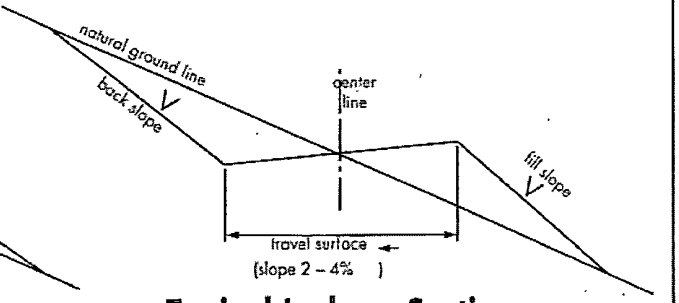


road type	crown
earth surface	.03 – .05 ft/ft
aggregate surface	.02 – .04 ft/ft
paved surface	.02 – .03 ft/ft

Side Hill Section



Typical Outsloped Section



Typical Inslope Section

V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS:

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.

2. The BLM is to be notified a minimum of 24 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

BOPE Tests

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Include the API Number assigned to well by NMOCD on the subsequent report of setting the first casing string.

5. The operator will accurately measure the drilling rate in ft/min to set the base of the usable water protection casing string(s) opposite competent rock. The record of the drilling rate along with the caliper-gamma ray-neutron well log run to surface will be submitted to this office as well as all other logs run on the borehole 30 days from completion

6. Air, air-mist or fresh water and non toxic drilling mud shall be used to drill to the base of the usable water protection casing string(s). Any polymers used will be water based and non-toxic.

B. CASING

1. The **13 3/8** inch usable water protection casing string(s) shall be set at approximately **450** feet opposite competent bedrock. In no way shall the surface casing be set in the Rustler Halite.

If not the operator is required to set usable water protecting casing in the next thick competent bedding (i.e. 15 to 25 ft or greater) encountered and cemented to the surface.

a. If cement does not circulate to the surface, the Roswell Field Office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin or 500 pounds compression strength, whichever is greater. (This is to include the lead cement).

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 compression strength, whichever is greater.

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

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is **sufficient to circulate to the surface.** If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is **sufficient to tie back 500 feet true vertical depth above the uppermost perforation in the pay zone**. If cement does not circulate, a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

4. There is no required fill of cement behind the **4-1/2** inch production liner since a Isolation Packer will be used for lateral and will not require cementing.

5. 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.

C. PRESSURE CONTROL:

1. Before drilling below the **13-3/8** inch surface casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the **9-5/8** inch intermediate casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the **13-3/8** inch surface casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi. Before drilling below the **9-5/8** inch intermediate casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3000** psi.

3. The BOPE shall be installed before drilling below the **13-3/8** inch surface casing and the **9-5/8** inch intermediate casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

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

b. The tests shall be done by an independent service company.

c. 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.

d. 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 BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.

e. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

f. Testing must be done in a safe workman like manner. Hard line connections shall be required.

g. The requested variance to test the BOPE prior to **drilling below the 13-3/8 inch surface casing** to the reduced pressure of **1000** psi using the rig pumps is approved.

D. DRILLING MUD

1. Fresh water and non toxic drilling mud shall be used to 450 feet to drill the 17-1/2 inch hole for the 13-3/8 inch surface casing to be set at 450 feet.

VI. PRODUCTION

A. WELL STRUCTURES & FACILITIES

1. Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim re-contouring and re-vegetation of the well location.

2. Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

3. Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Juniper Green**, Standard Environmental Colors.

VII. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site within 6 months of well completion. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

The operator should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

B. DPC SEED MIXTURE – Closed Loop System

During reclamation, the removal of caliche is important to increasing the success of re-vegetating 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 re-vegetated areas for production or workover 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.

The following seed mixture shall be used for interim reclamation and upon abandonment of the well on all areas of disturbance:

Sand Hills CP-2 Ecological Site

Common Name and Preferred Variety	Scientific Name	Pounds of Pure Live Seed Per Acre
Sand bluestem	(*Andropogon hallii)*	0.50 lb.
Little bluestem	(*Schizachyrium scoparium*)	0.50 lb.
Sideoats grama,	(*Bouteloua curtipendula)*	1.50 lbs.
Sand dropseed	(*Sporobolus cryptandrus)*	0.50 lb.
Spike dropseed	(*S. contractus*)	0.50 lb.
Mesa dropseed	(*S. flexuosus*)	0.50 lb.
Plains bristlegrass	(*Setaria macrostachya)*	2.00 lbs.
Desert or Scarlet Globemallow or Buckwheat	(*Sphaeralcea ambigua*) (*S. coccinea)* (*Eriogonum* spp.)	0.50 lb. 1.50 lbs.
TOTAL POUNDS PURE LIVE SEED (pls) PER ACRE		8.00 lbs.

IF ONE SPECIES IS NOT AVAILABLE, INCREASE ALL OTHER PROPORTIONATELY. NO LESS THAN SIX (6) SPECIES WITH A MINIMUM OF ONE (1) FORB. NO LESS THAN 8.0 POUNDS PLS PER ACRE SHALL BE APPLIED. CERTIFIED WEED FREE SEED.

VIII. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

a. Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

b. All casing shall be cut-off at the base of the cellar or 3-feet below final restored ground level (whichever is deeper). The well bore shall then be covered with a metal plate at least ¼ inch thick and welded in place. The well location and identity shall be permanently inscribed. A weep hole shall be left in the metal plate that is welded in place.

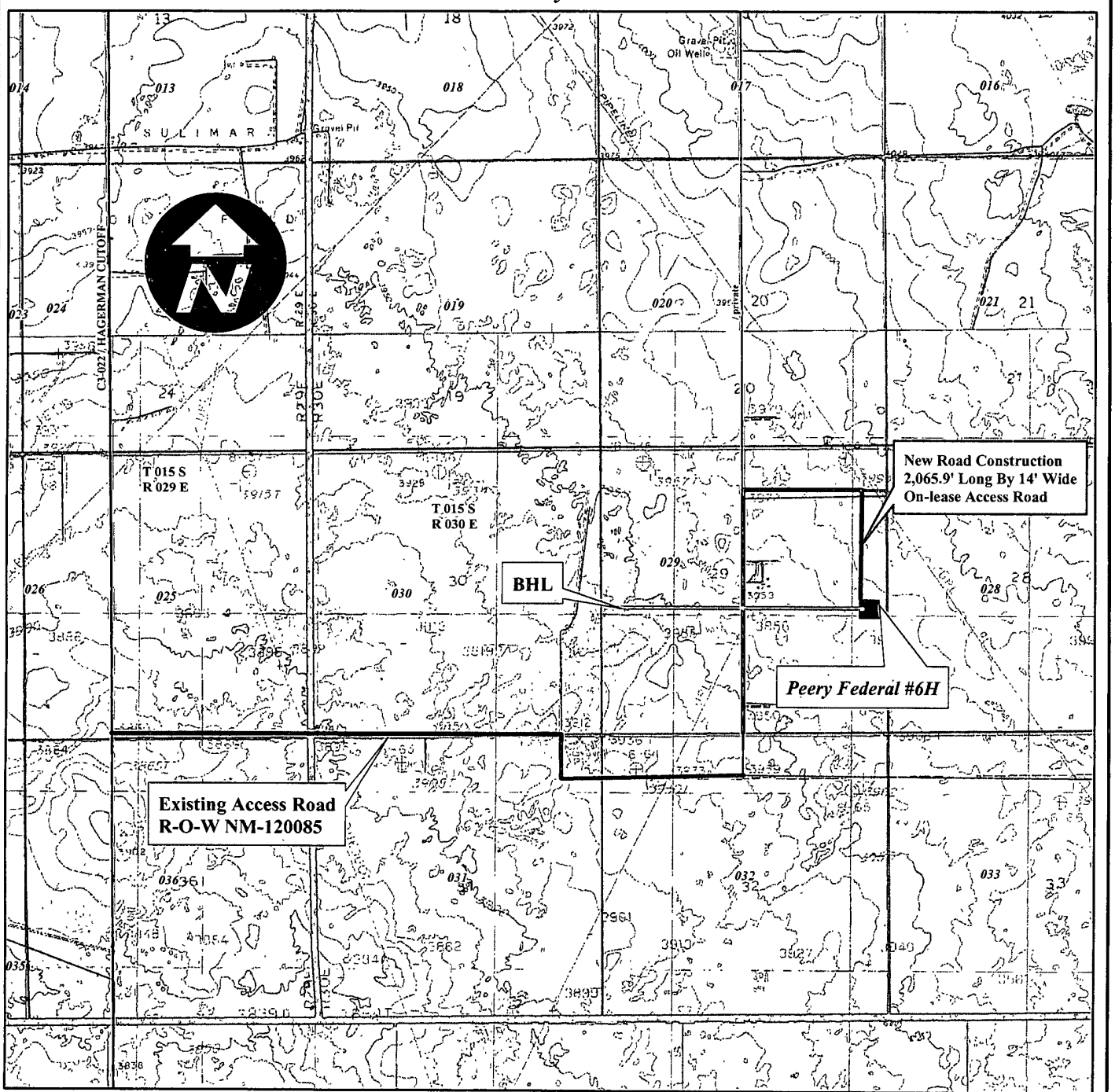
IX. Range Requirement

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.

X. Wildlife Requirement

The operator shall cover with netting open top storage tanks and install cones on separator stacks.

EXHIBIT B
Peery Federal #6H
NMNM-119274
Surface Location; 875' FSL & 330' FEL
Bottom Hole Location; 965' FSL & 330' FWL
Section 29, T. 15 S., R. 30 E.,
Chaves County New Mexico



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Feet
0 660 1,320 2,640 3,960 5,280