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DEC 17 2008

Form 3160-3
(April 2004)

HOBBSOCD **N.M. Oil Cons. Division**
1625 N. French Dr.
Hobbs, NM 88240
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work- <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-119274
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Mack Energy Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 960 Artesia, NM 88211-0960		8. Lease Name and Well No. Peery Federal #7
3b. Phone No (include area code) (575)748-1288		9. API Well No. 30-005-29075
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 2285 FSL & 330 FEL Unit I At proposed prod. zone 2285 FSL & 330 FWL Unit L		10. Field and Pool, or Exploratory Wildcat; Abo
14. Distance in miles and direction from nearest town or post office* 10 miles northwest of Loco Hills, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 29 T15S R30E
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	12. County or Parish Chaves
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft N/A	19. Proposed Depth MD 12,148' TVD 7,729'	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3974' GR	22. Approximate date work will start* 9/25/08	17. Spacing Unit dedicated to this well 160
20. BLM/BIA Bond No. on file NMB000286		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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above), |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer |

25. Signature <i>Jerry W. Sherrell</i>	Name (Printed/Typed) Jerry W. Sherrell	Date 8/25/08
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Title Production Clerk		
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Approved by (Signature) <i>/s/ Angel Mayes</i>	Name (Printed/Typed) <i>/s/ Angel Mayes</i>	Date DEC 15 2008
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Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 2 YEARS
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached

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)

DECLARED WATER BASIN

CEMENT BEHIND THE 133"
CASING MUST BE CIRCULATED

WITNESS

ROSWELL FIELD OFFICE

800 740 51

RECEIVED

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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

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 30-005-29075	Pool Code ✓	Pool Name Wildcat; Abo
Property Code 303941	Property Name PEERY FEDERAL	Well Number 7
OGRID No. 013937 13837	Operator Name MACK ENERGY CORPORATION	Elevation 3974'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	15-S	30-E		2285	SOUTH	330	EAST	CHAVES

Bottom Hole Location If Different From Surface

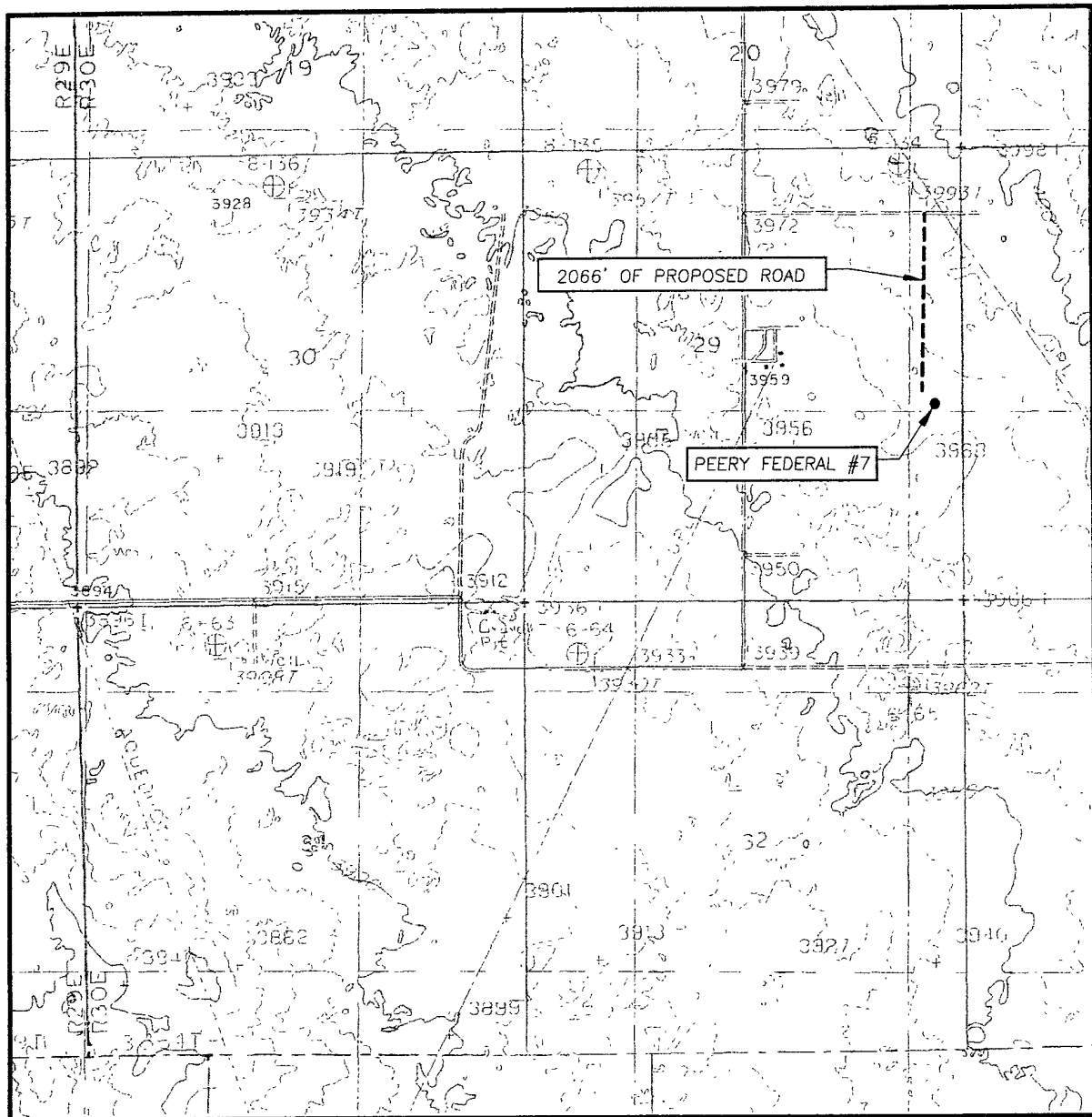
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	15-S	30-E		2285	SOUTH	330	WEST	CHAVES

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

<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=722595.3 N X=620817.6 E</p> <p>LAT.=32.985862° N LONG.=103.939320° W</p> <p>GRID AZ -269°53'54" HORZ. DIST -4623.9'</p> <p>BOTTOM HOLE LOCATION Y=722587.2 N X=616194.9 E</p> <p>330' BH</p> <p>2285'</p> <p>Penetration Point</p> <p>330'</p> <p>SEE DETAIL</p>			
<p>DETAIL</p> <p>3974.9' 3981.3'</p> <p>600'</p> <p>3974.6' 3972.4'</p>			
<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Jerry W. Sherrell</i> 8-25-08 Signature Date</p> <p>Jerry W. Sherrell Printed Name</p>			
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>RONALD J. EIDSON JULY 18 2008 MEXICO LA Date Surveyed Signature & Seal of Professional Surveyor 7/23/08</p> <p>Certificate No. GARY EIDSON 12641 RONALD EIDSON 3239</p>			

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

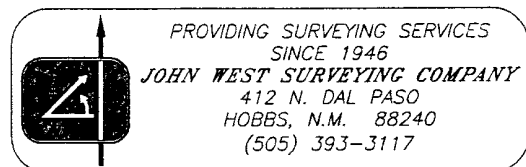
DESCRIPTION 2285' FSL & 330' FEL

ELEVATION _____ 3974'

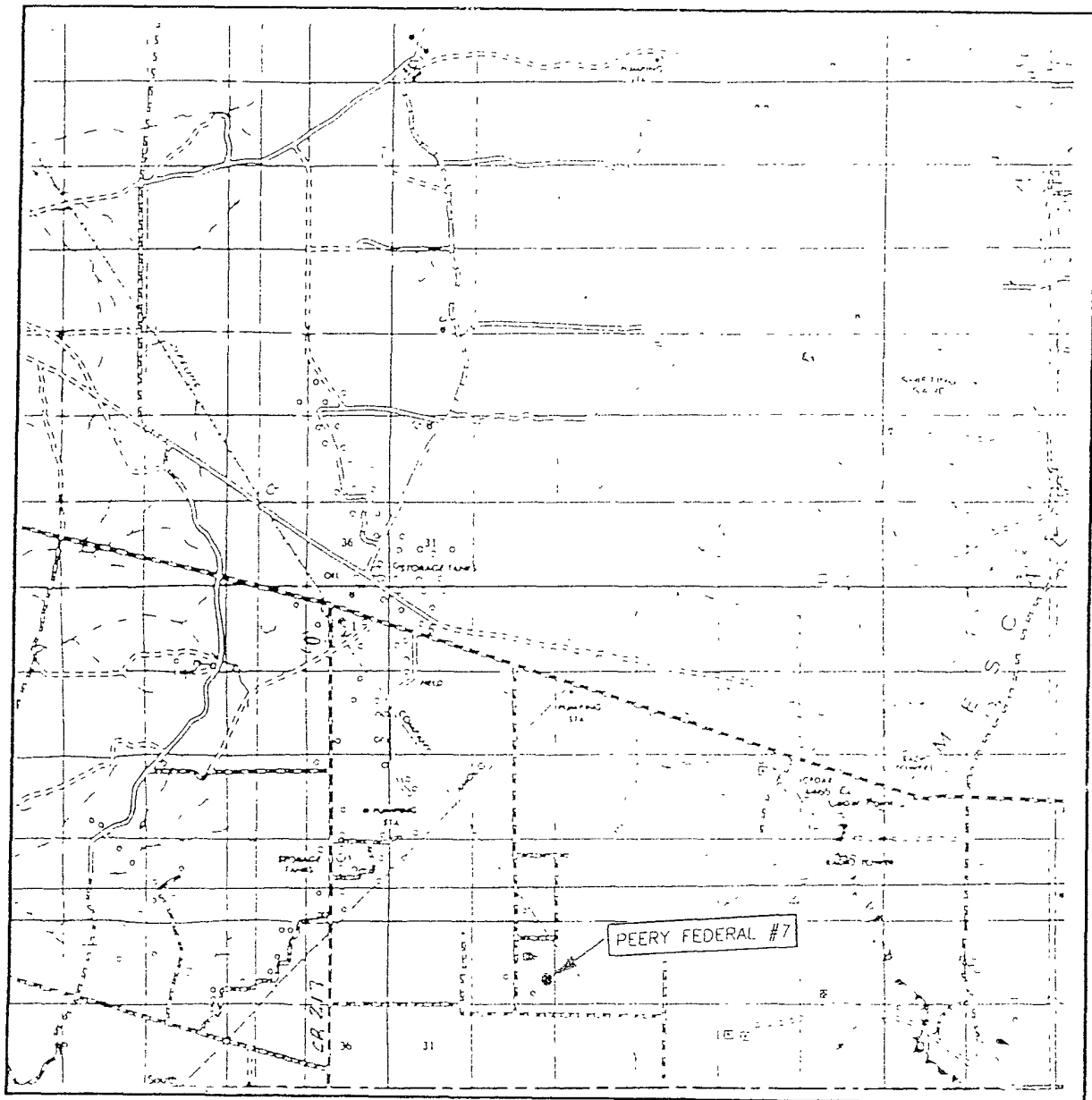
OPERATOR _____ MACK ENERGY CORPORATION

LEASE _____ PEERY FEDERAL

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




VICINITY MAP



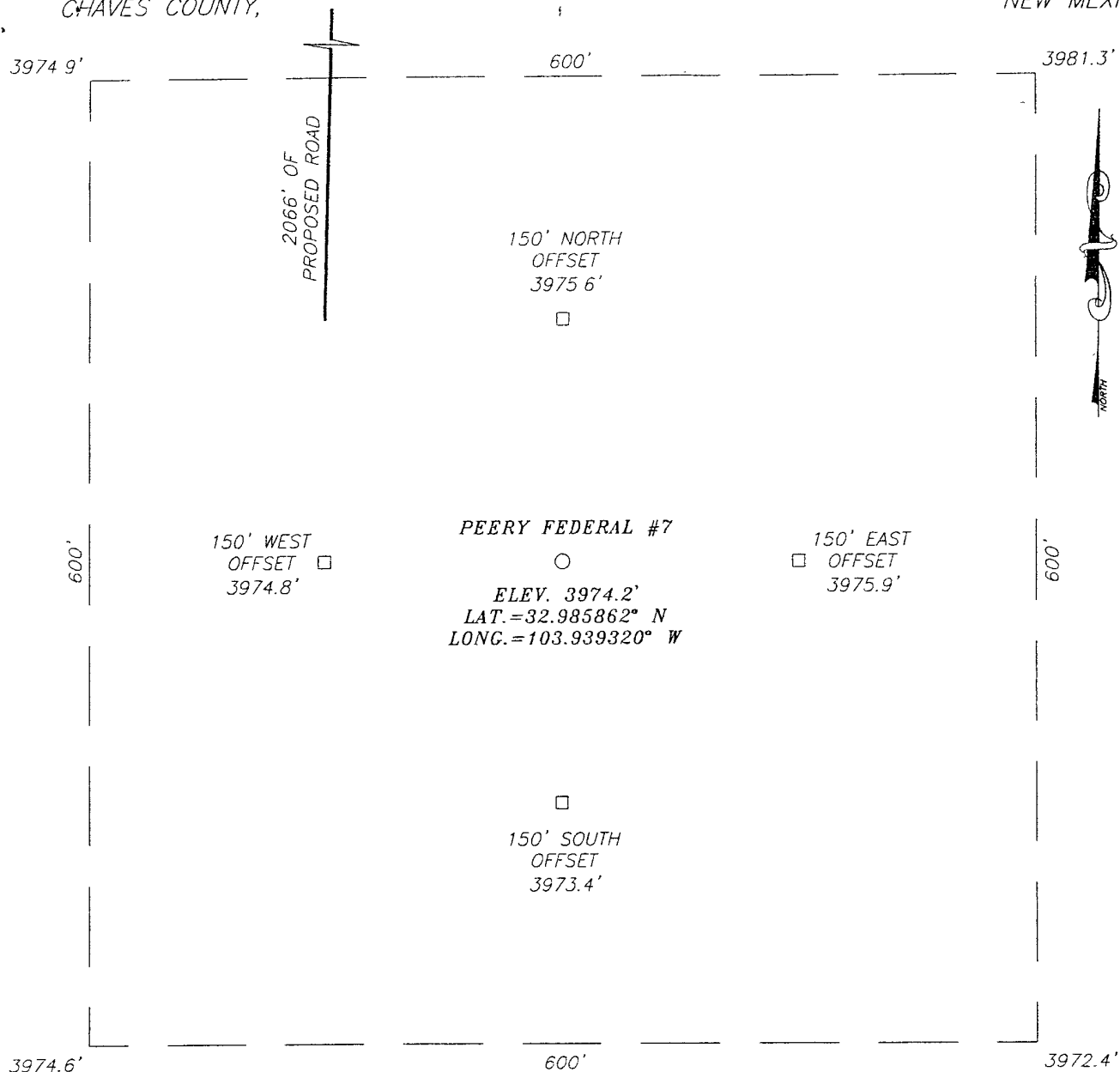
SCALE 1" = 2 MILES

SEC 29 TWP 15-S RGE 30-E
 SURVEY N.M.P.M.
 COUNTY CHAVES STATE NEW MEXICO
 DESCRIPTION 2285' FSL & 330' FEL
 ELEVATION 3974'
 OPERATOR MACK ENERGY CORPORATION
 LEASE PEERY FEDERAL



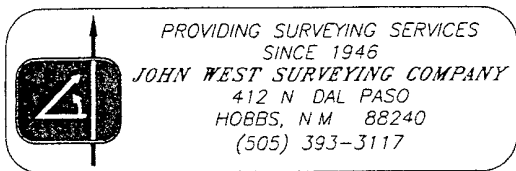
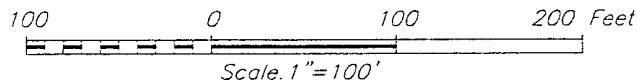
PROVIDING SURVEYING SERVICES
 SINCE 1946
 JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOSES, N.M. 88240
 (505) 393-3117

SECTION 29, TOWNSHIP 15 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



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 MILES. TURN RIGHT AND GO EAST 0.4 MILES TO A ROAD SURVEY. FOLLOW ROAD SURVEY LINE SOUTH 2066 FEET TO THIS LOCATION.



MACK ENERGY CORPORATION

PEERY FEDERAL #7 WELL
LOCATED 2285 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 08111160	Dr By: LA
Date: 7/23/08	08111160
	Scale: 1"=100'

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 1/2"	0-450'	13 3/8"	48#, H-40, ST&C, New, 3.364/3.365/3.460
12 1/4"	0-2950'	8 5/8"	32#, J-55, ST&C, New, 1.633/13.806/13.100
7 7/8"	0-7850'	5 1/2"	17#, HCP-110, LT&C, New, 2.189/3.364/3.547
6 1/8"	7850-12,148'	4 1/2"	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 1/2" 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 nipped up on the 13 3/8" surface casing and tested to 1000 psi using the rig pump. The BOP will then be nipped 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 25, 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.

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 2066' 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.

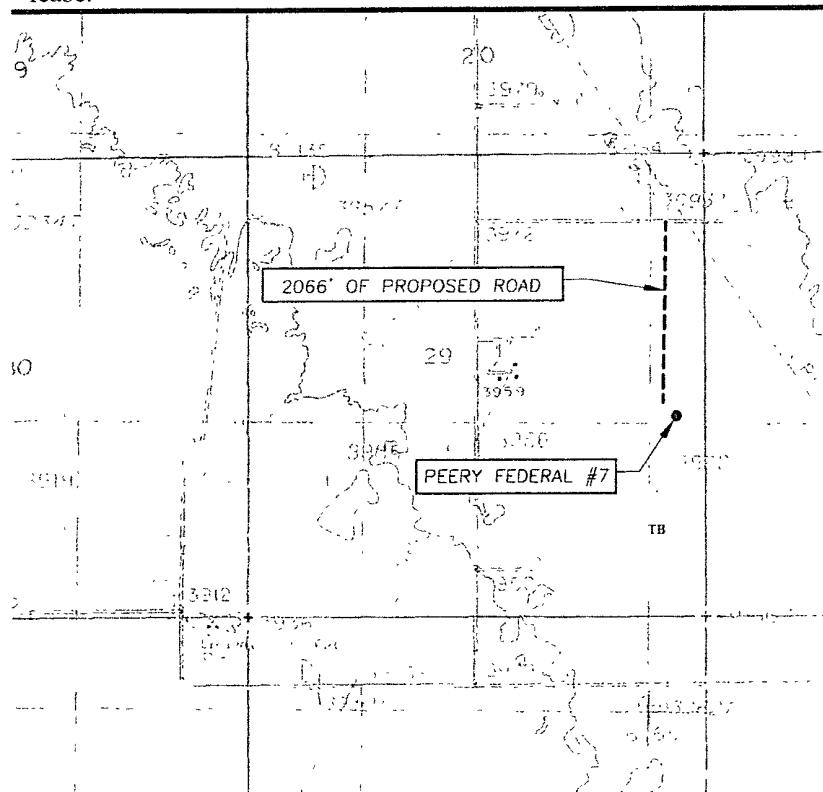


Exhibit #4

2. Proposed Access Road:

Exhibit #3 shows the 2066' 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.

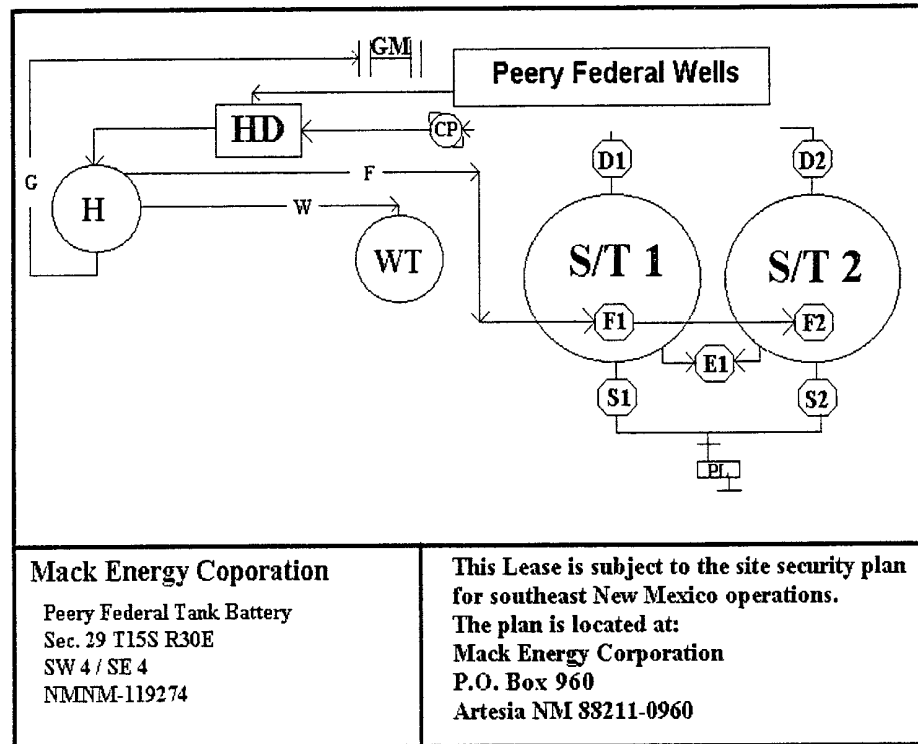
3. Location of Existing Wells & Proposed flow lines for New Wells:

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.



**Attached to Form 3160-3
Mack Energy Corporation
Peery Federal #7
SHL 2285 FSL & 330 FEL, Sec. 29 T15S R30E
BHL 2285 FSL & 330 FWL, Sec. 29 T15S R30E
Chaves County, NM**

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.

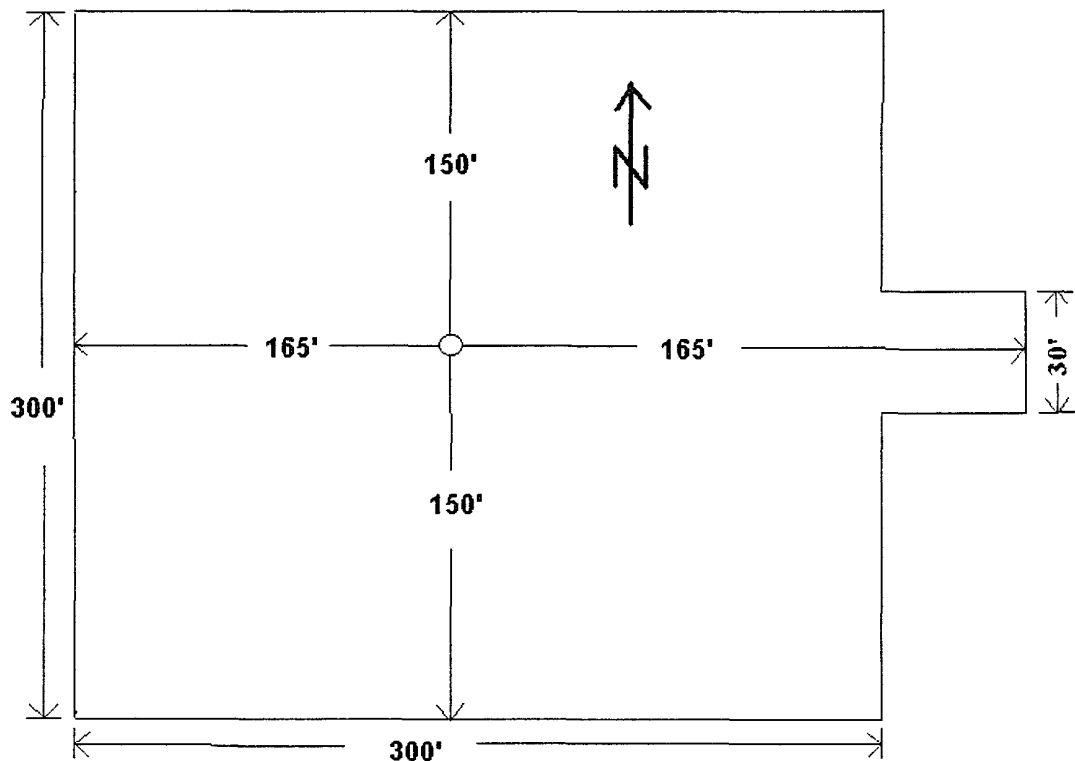


Exhibit #6

Attached to Form 3160-3
Mack Energy Corporation
Peery Federal #7
SHL 2285 FSL & 330 FEL, Sec. 29 T15S R30E
BHL 2285 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 and 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 will 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**

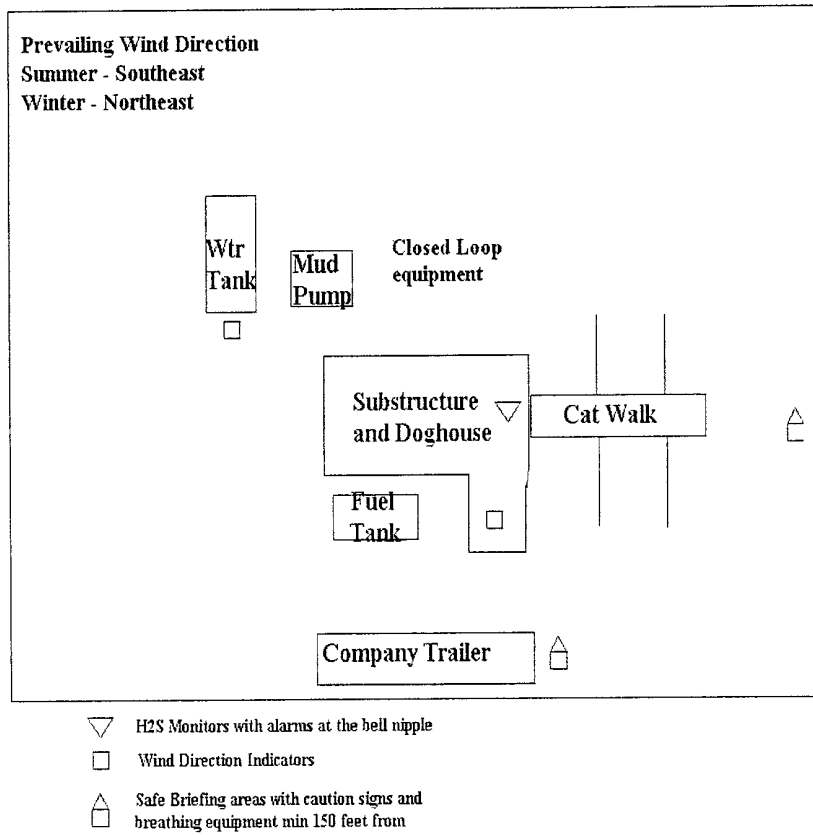
**YOU ARE ENTERING AN H₂S
AUTHORIZED PERSONNEL ONLY**

- 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



Attachment to Exhibit #9
NOTES REGARDING THE BLOWOUT PREVENTERS
Peery Federal #7
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.

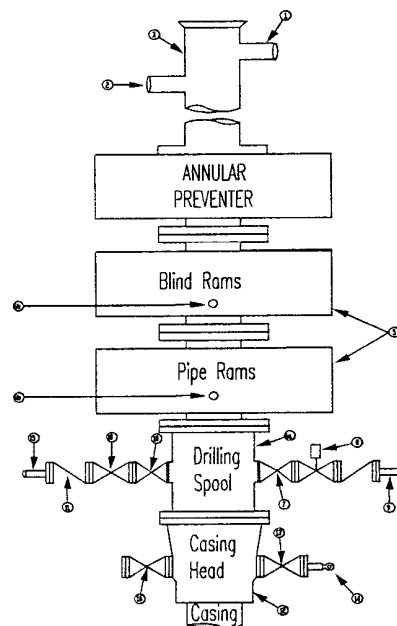
Mack Energy Corporation
Minimum Blowout Preventer Requirements
3000 psi Working Pressure
3 MWP
EXHIBIT #10

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

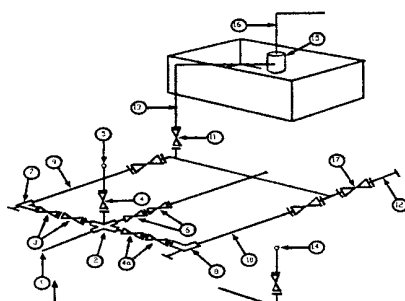
Exhibit #11

MINIMUM 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

Minimum requirements

No.		3,000 MWP			5,000 MWP			10,000 MWP		
		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' x 5'			2' x 5'			2' x 5'	
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

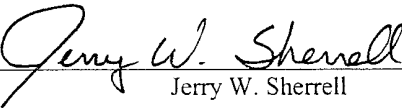
1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide 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 be 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: 8-25-08

Signed: _____


Jerry W. Sherrell

Mack Energy

Chaves County
Peery Federal #7
Peery Federal #7
OH

Plan: Plan #1

Pathfinder X & Y Survey Report

15 August, 2008

PATHFINDER
ENERGY SERVICES

Pathfinder Energy Services
Pathfinder X & Y Survey Report



Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #7
Project:	Chaves County	TVD Reference:	WELL @ 3992.00ft (Original Well Elev)
Site:	Peery Federal #7	MD Reference:	WELL @ 3992.00ft (Original Well Elev)
Well:	Peery Federal #7	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 #7
-------------	------------------

Site Position:		Northing:	722,595.300 ft	Latitude:	32° 59' 9.103 N
From:	Map	Easting:	620,817.600 ft	Longitude:	103° 56' 21.551 W
Position Uncertainty:	0.00 ft	Slot Radius:	"	Grid Convergence:	0.21 °

Well	Peery Federal #7					
Well Position	+N/-S	0.00 ft	Northing:	722,595.300 ft	Latitude:	32° 59' 9.103 N
	+E/-W	0.00 ft	Easting:	620,817.600 ft	Longitude:	103° 56' 21.551 W
Position Uncertainty		0.00 ft	Wellhead Elevation:	ft	Ground Level:	3,974.00 ft

Wellbore	OH
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Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2008/08/15	8.14	60.91	49,369

Design	Plan #1
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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	269.90

Survey Tool Program	Date 2008/08/15			
From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.00	12,147.57	Plan #1 (OH)	MWD	MWD - Standard

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Well:	Peery Federal #7	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	-3,992.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
100.00	0.00	0.00	100.00	-3,892.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
200.00	0.00	0.00	200.00	-3,792.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
300.00	0.00	0.00	300.00	-3,692.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
400.00	0.00	0.00	400.00	-3,592.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
500.00	0.00	0.00	500.00	-3,492.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
600.00	0.00	0.00	600.00	-3,392.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
700.00	0.00	0.00	700.00	-3,292.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
800.00	0.00	0.00	800.00	-3,192.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
900.00	0.00	0.00	900.00	-3,092.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,000.00	0.00	0.00	1,000.00	-2,992.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,100.00	0.00	0.00	1,100.00	-2,892.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,200.00	0.00	0.00	1,200.00	-2,792.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,300.00	0.00	0.00	1,300.00	-2,692.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,400.00	0.00	0.00	1,400.00	-2,592.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,500.00	0.00	0.00	1,500.00	-2,492.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,600.00	0.00	0.00	1,600.00	-2,392.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,700.00	0.00	0.00	1,700.00	-2,292.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,800.00	0.00	0.00	1,800.00	-2,192.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
1,900.00	0.00	0.00	1,900.00	-2,092.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,000.00	0.00	0.00	2,000.00	-1,992.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,100.00	0.00	0.00	2,100.00	-1,892.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,200.00	0.00	0.00	2,200.00	-1,792.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,300.00	0.00	0.00	2,300.00	-1,692.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,400.00	0.00	0.00	2,400.00	-1,592.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,500.00	0.00	0.00	2,500.00	-1,492.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
2,600.00	0.00	0.00	2,600.00	-1,392.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	

Pathfinder Energy Services
Pathfinder X & Y Survey Report



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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)
2,700.00	0.00	0.00	2,700.00	-1,292.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
2,800.00	0.00	0.00	2,800.00	-1,192.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
2,900.00	0.00	0.00	2,900.00	-1,092.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,000.00	0.00	0.00	3,000.00	-992.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,100.00	0.00	0.00	3,100.00	-892.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,200.00	0.00	0.00	3,200.00	-792.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,300.00	0.00	0.00	3,300.00	-692.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,400.00	0.00	0.00	3,400.00	-592.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,500.00	0.00	0.00	3,500.00	-492.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,600.00	0.00	0.00	3,600.00	-392.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,700.00	0.00	0.00	3,700.00	-292.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,800.00	0.00	0.00	3,800.00	-192.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
3,900.00	0.00	0.00	3,900.00	-92.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,000.00	0.00	0.00	4,000.00	8.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,100.00	0.00	0.00	4,100.00	108.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,200.00	0.00	0.00	4,200.00	208.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,300.00	0.00	0.00	4,300.00	308.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,400.00	0.00	0.00	4,400.00	408.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,500.00	0.00	0.00	4,500.00	508.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,600.00	0.00	0.00	4,600.00	608.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,700.00	0.00	0.00	4,700.00	708.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,800.00	0.00	0.00	4,800.00	808.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
4,900.00	0.00	0.00	4,900.00	908.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
5,000.00	0.00	0.00	5,000.00	1,008.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
5,100.00	0.00	0.00	5,100.00	1,108.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
5,200.00	0.00	0.00	5,200.00	1,208.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60
5,300.00	0.00	0.00	5,300.00	1,308.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60

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Well:	Peery Federal #7	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	1,408.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
5,500.00	0.00	0.00	5,500.00	1,508.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
5,600.00	0.00	0.00	5,600.00	1,608.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
5,700.00	0.00	0.00	5,700.00	1,708.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
5,800.00	0.00	0.00	5,800.00	1,808.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
5,900.00	0.00	0.00	5,900.00	1,908.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,000.00	0.00	0.00	6,000.00	2,008.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,100.00	0.00	0.00	6,100.00	2,108.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,200.00	0.00	0.00	6,200.00	2,208.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,300.00	0.00	0.00	6,300.00	2,308.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,400.00	0.00	0.00	6,400.00	2,408.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,500.00	0.00	0.00	6,500.00	2,508.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,600.00	0.00	0.00	6,600.00	2,608.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,700.00	0.00	0.00	6,700.00	2,708.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,800.00	0.00	0.00	6,800.00	2,808.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
6,900.00	0.00	0.00	6,900.00	2,908.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
7,000.00	0.00	0.00	7,000.00	3,008.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
7,100.00	0.00	0.00	7,100.00	3,108.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
7,200.00	0.00	0.00	7,200.00	3,208.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
7,252.00	0.00	0.00	7,252.00	3,260.00	0.00	0.00	0.00	0.00	722,595.30	620,817.60	
7,275.00	2.76	269.90	7,274.99	3,282.99	0.00	-0.55	0.55	12.00	722,595.30	620,817.05	
7,300.00	5.76	269.90	7,299.92	3,307.92	0.00	-2.41	2.41	12.00	722,595.30	620,815.19	
7,325.00	8.76	269.90	7,324.72	3,332.72	-0.01	-5.57	5.57	12.00	722,595.29	620,812.03	
7,350.00	11.76	269.90	7,349.31	3,357.31	-0.02	-10.02	10.02	12.00	722,595.28	620,807.58	
7,375.00	14.76	269.90	7,373.64	3,381.64	-0.03	-15.76	15.76	12.00	722,595.27	620,801.84	
7,400.00	17.76	269.90	7,397.64	3,405.64	-0.04	-22.75	22.75	12.00	722,595.26	620,794.85	
7,425.00	20.76	269.90	7,421.24	3,429.24	-0.05	-31.00	31.00	12.00	722,595.25	620,786.60	

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Well:	Peery Federal #7	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)
7,450.00	23.76	269.90	7,444.37	3,452.37	-0.07	-40.47	40.47	12.00	722,595.23	620,777.13
7,475.00	26.76	269.90	7,466.98	3,474.98	-0.09	-51.14	51.14	12.00	722,595.21	620,766.46
7,500.00	29.76	269.90	7,489.00	3,497.00	-0.11	-62.97	62.97	12.00	722,595.19	620,754.63
7,525.00	32.76	269.90	7,510.37	3,518.37	-0.13	-75.94	75.94	12.00	722,595.17	620,741.66
7,550.00	35.76	269.90	7,531.03	3,539.03	-0.16	-90.01	90.01	12.00	722,595.14	620,727.59
7,575.00	38.76	269.90	7,550.92	3,558.92	-0.18	-105.15	105.15	12.00	722,595.12	620,712.45
7,600.00	41.76	269.90	7,570.00	3,578.00	-0.21	-121.30	121.30	12.00	722,595.09	620,696.30
7,625.00	44.76	269.90	7,588.20	3,596.20	-0.24	-138.43	138.43	12.00	722,595.06	620,679.17
7,650.00	47.76	269.90	7,605.49	3,613.49	-0.27	-156.49	156.49	12.00	722,595.03	620,661.11
7,675.00	50.76	269.90	7,621.80	3,629.80	-0.31	-175.43	175.43	12.00	722,594.99	620,642.17
7,700.00	53.76	269.90	7,637.10	3,645.10	-0.34	-195.20	195.20	12.00	722,594.96	620,622.40
7,725.00	56.76	269.90	7,651.35	3,659.35	-0.38	-215.74	215.74	12.00	722,594.92	620,601.86
7,750.00	59.76	269.90	7,664.50	3,672.50	-0.41	-237.00	237.00	12.00	722,594.89	620,580.60
7,775.00	62.76	269.90	7,676.52	3,684.52	-0.45	-258.91	258.92	12.00	722,594.85	620,558.69
7,800.00	65.76	269.90	7,687.37	3,695.37	-0.49	-281.43	281.43	12.00	722,594.81	620,536.17
7,825.00	68.76	269.90	7,697.04	3,705.04	-0.53	-304.48	304.49	12.00	722,594.77	620,513.12
7,850.00	71.76	269.90	7,705.48	3,713.48	-0.57	-328.01	328.01	12.00	722,594.73	620,489.59
7,875.00	74.76	269.90	7,712.68	3,720.68	-0.61	-351.95	351.95	12.00	722,594.69	620,465.65
7,900.00	77.76	269.90	7,718.62	3,726.62	-0.66	-376.23	376.23	12.00	722,594.64	620,441.37
7,925.00	80.76	269.90	7,723.28	3,731.28	-0.70	-400.79	400.79	12.00	722,594.60	620,416.81
7,950.00	83.76	269.90	7,726.65	3,734.65	-0.74	-425.56	425.56	12.00	722,594.56	620,392.04
7,975.00	86.76	269.90	7,728.71	3,736.71	-0.79	-450.47	450.47	12.00	722,594.51	620,367.13
8,000.00	89.76	269.90	7,729.47	3,737.47	-0.83	-475.46	475.46	12.00	722,594.47	620,342.14
8,023.35	92.56	269.90	7,729.00	3,737.00	-0.87	-498.80	498.80	12.00	722,594.43	620,318.80
8,043.41	92.56	269.90	7,728.10	3,736.10	-0.91	-518.84	518.84	0.00	722,594.39	620,298.76
8,100.00	92.56	269.90	7,725.58	3,733.58	-1.00	-575.37	575.37	0.00	722,594.30	620,242.23
8,200.00	92.56	269.90	7,721.11	3,729.11	-1.18	-675.27	675.27	0.00	722,594.12	620,142.33

Pathfinder Energy Services
Pathfinder X & Y Survey Report



Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #7
Project:	Chaves County	TVD Reference:	WELL @ 3992.00ft (Original Well Elev)
Site:	Peery Federal #7	MD Reference:	WELL @ 3992.00ft (Original Well Elev)
Well:	Peery Federal #7	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)
8,224.75	92.56	269.90	7,720.00	3,728.00	-1.22	-700.00	700.00	0.00	722,594.08	620,117.60
TGT-1 #7										
8,300.00	91.06	269.90	7,717.63	3,725.63	-1.35	-775.21	775.21	2.00	722,593.95	620,042.39
8,350.42	90.05	269.90	7,717.14	3,725.14	-1.44	-825.63	825.63	2.00	722,593.86	619,991.97
8,400.00	90.05	269.90	7,717.10	3,725.10	-1.53	-875.21	875.21	0.00	722,593.77	619,942.39
8,500.00	90.05	269.90	7,717.02	3,725.02	-1.71	-975.21	975.21	0.00	722,593.59	619,842.39
8,524.79	90.05	269.90	7,717.00	3,725.00	-1.75	-1,000.00	1,000.00	0.00	722,593.55	619,817.60
TGT2 #7										
8,545.60	90.46	269.90	7,716.91	3,724.91	-1.79	-1,020.80	1,020.80	2.00	722,593.51	619,796.80
8,600.00	90.46	269.90	7,716.47	3,724.47	-1.88	-1,075.20	1,075.21	0.00	722,593.42	619,742.40
8,700.00	90.46	269.90	7,715.66	3,723.66	-2.06	-1,175.20	1,175.20	0.00	722,593.24	619,642.40
8,800.00	90.46	269.90	7,714.85	3,722.85	-2.23	-1,275.20	1,275.20	0.00	722,593.07	619,542.40
8,900.00	90.46	269.90	7,714.05	3,722.05	-2.41	-1,375.19	1,375.20	0.00	722,592.89	619,442.41
9,000.00	90.46	269.90	7,713.24	3,721.24	-2.58	-1,475.19	1,475.19	0.00	722,592.72	619,342.41
9,100.00	90.46	269.90	7,712.43	3,720.43	-2.76	-1,575.19	1,575.19	0.00	722,592.54	619,242.41
9,200.00	90.46	269.90	7,711.62	3,719.62	-2.93	-1,675.18	1,675.19	0.00	722,592.37	619,142.42
9,300.00	90.46	269.90	7,710.82	3,718.82	-3.11	-1,775.18	1,775.18	0.00	722,592.19	619,042.42
9,400.00	90.46	269.90	7,710.01	3,718.01	-3.28	-1,875.18	1,875.18	0.00	722,592.02	618,942.42
9,500.00	90.46	269.90	7,709.20	3,717.20	-3.46	-1,975.17	1,975.18	0.00	722,591.84	618,842.43
9,524.83	90.46	269.90	7,709.00	3,717.00	-3.50	-2,000.00	2,000.00	0.00	722,591.80	618,817.60
TGT3 #7										
9,530.79	90.34	269.90	7,708.96	3,716.96	-3.51	-2,005.96	2,005.97	2.00	722,591.79	618,811.64
9,600.00	90.34	269.90	7,708.54	3,716.54	-3.63	-2,075.17	2,075.17	0.00	722,591.67	618,742.43
9,700.00	90.34	269.90	7,707.94	3,715.94	-3.81	-2,175.17	2,175.17	0.00	722,591.49	618,642.43
9,800.00	90.34	269.90	7,707.34	3,715.34	-3.98	-2,275.17	2,275.17	0.00	722,591.32	618,542.43
9,900.00	90.34	269.90	7,706.75	3,714.75	-4.16	-2,375.16	2,375.17	0.00	722,591.14	618,442.44
10,000.00	90.34	269.90	7,706.15	3,714.15	-4.34	-2,475.16	2,475.17	0.00	722,590.96	618,342.44

Pathfinder Energy Services
Pathfinder X & Y Survey Report



Company:	Mack Energy	Local Co-ordinate Reference:	Well Peery Federal #7
Project:	Chaves County	TVD Reference:	WELL @ 3992.00ft (Original Well Elev)
Site:	Peery Federal #7	MD Reference:	WELL @ 3992.00ft (Original Well Elev)
Well:	Peery Federal #7	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)
10,100.00	90.34	269.90	7,705.55	3,713.55	-4.51	-2,575.16	2,575.16	0.00	722,590.79	618,242.44
10,200.00	90.34	269.90	7,704.95	3,712.95	-4.69	-2,675.16	2,675.16	0.00	722,590.61	618,142.44
10,300.00	90.34	269.90	7,704.35	3,712.35	-4.86	-2,775.16	2,775.16	0.00	722,590.44	618,042.44
10,400.00	90.34	269.90	7,703.75	3,711.75	-5.04	-2,875.15	2,875.16	0.00	722,590.26	617,942.45
10,500.00	90.34	269.90	7,703.15	3,711.15	-5.22	-2,975.15	2,975.16	0.00	722,590.08	617,842.45
10,524.85	90.34	269.90	7,703.00	3,711.00	-5.26	-3,000.00	3,000.00	0.00	722,590.04	617,817.60
TGT4 #7										
10,530.58	90.23	269.90	7,702.97	3,710.97	-5.27	-3,005.73	3,005.73	2.00	722,590.03	617,811.87
10,600.00	90.23	269.90	7,702.69	3,710.69	-5.39	-3,075.15	3,075.16	0.00	722,589.91	617,742.45
10,700.00	90.23	269.90	7,702.29	3,710.29	-5.57	-3,175.15	3,175.16	0.00	722,589.73	617,642.45
10,800.00	90.23	269.90	7,701.90	3,709.90	-5.74	-3,275.15	3,275.15	0.00	722,589.56	617,542.45
10,900.00	90.23	269.90	7,701.50	3,709.50	-5.92	-3,375.15	3,375.15	0.00	722,589.38	617,442.45
11,000.00	90.23	269.90	7,701.10	3,709.10	-6.09	-3,475.15	3,475.15	0.00	722,589.21	617,342.45
11,100.00	90.23	269.90	7,700.70	3,708.70	-6.27	-3,575.15	3,575.15	0.00	722,589.03	617,242.45
11,200.00	90.23	269.90	7,700.30	3,708.30	-6.44	-3,675.15	3,675.15	0.00	722,588.86	617,142.45
11,300.00	90.23	269.90	7,699.90	3,707.90	-6.62	-3,775.15	3,775.15	0.00	722,588.68	617,042.45
11,400.00	90.23	269.90	7,699.50	3,707.50	-6.79	-3,875.14	3,875.15	0.00	722,588.51	616,942.46
11,500.00	90.23	269.90	7,699.10	3,707.10	-6.97	-3,975.14	3,975.15	0.00	722,588.33	616,842.46
11,524.86	90.23	269.90	7,699.00	3,707.00	-7.01	-4,000.00	4,000.01	0.00	722,588.29	616,817.60
TGT5 #7										
11,531.86	90.37	269.90	7,698.96	3,706.96	-7.02	-4,007.00	4,007.00	2.00	722,588.28	616,810.60
11,600.00	90.37	269.90	7,698.52	3,706.52	-7.14	-4,075.14	4,075.15	0.00	722,588.16	616,742.46
11,700.00	90.37	269.90	7,697.88	3,705.88	-7.32	-4,175.14	4,175.15	0.00	722,587.98	616,642.46
11,800.00	90.37	269.90	7,697.24	3,705.24	-7.49	-4,275.14	4,275.14	0.00	722,587.81	616,542.46
11,900.00	90.37	269.90	7,696.59	3,704.59	-7.67	-4,375.13	4,375.14	0.00	722,587.63	616,442.47
12,000.00	90.37	269.90	7,695.95	3,703.95	-7.84	-4,475.13	4,475.14	0.00	722,587.46	616,342.47
12,100.00	90.37	269.90	7,695.31	3,703.31	-8.02	-4,575.13	4,575.14	0.00	722,587.28	616,242.47

Pathfinder Energy Services
Pathfinder X & Y Survey Report



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Project:	Chaves County	TVD Reference:	WELL @ 3992.00ft (Original Well Elev)
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Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey										
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12,147.57	90.37	269.90	7,695.00	3,703.00	-8.10	-4,622.70	4,622.71	0.00	722,587.20	616,194.90
PBHL (Peery Fed #7)										

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-1 #7 - plan hits target - Point	0.00	0.00	7,720.00	-1.22	-700.00	722,594.080	620,117.600	32° 59' 9.116 N	103° 56' 29.770 W
TGT2 #7 - plan hits target - Point	0.00	0.00	7,717.00	-1.75	-1,000.00	722,593.550	619,817.600	32° 59' 9.122 N	103° 56' 33.292 W
TGT5 #7 - plan hits target - Point	0.00	0.00	7,699.00	-7.01	-4,000.00	722,588.290	616,817.600	32° 59' 9.179 N	103° 57' 8.512 W
TGT4 #7 - plan hits target - Point	0.00	0.00	7,703.00	-5.26	-3,000.00	722,590.040	617,817.600	32° 59' 9.160 N	103° 56' 56.772 W
PBHL (Peery Fed #7) - plan hits target - Point	0.00	0.00	7,695.00	-8.10	-4,622.70	722,587.200	616,194.900	32° 59' 9.191 N	103° 57' 15.823 W
TGT3 #7 - plan hits target - Point	0.00	0.00	7,709.00	-3.50	-2,000.00	722,591.800	618,817.600	32° 59' 9.142 N	103° 56' 45.032 W

Checked By: _____	Approved By: _____	Date: _____
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EXHIBIT A

PECOS DISTRICT - RFO CONDITIONS OF APPROVAL

December, 2008

OPERATORS NAME: Mack Energy Corporation
LEASE NO.: NM-119274
WELL NAME & NO: Peery Federal #7H
SURFACE HOLE FOOTAGE: 2285' FSL & 330' FEL
BOTTOM HOLE FOOTAGE: 2285' FSL & 330' FWL
LOCATION: Section 29, T. 15 S., R. 30 E., NMPM
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.

V. 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).

VI. 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.

VII. 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.

VIII. 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.

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.

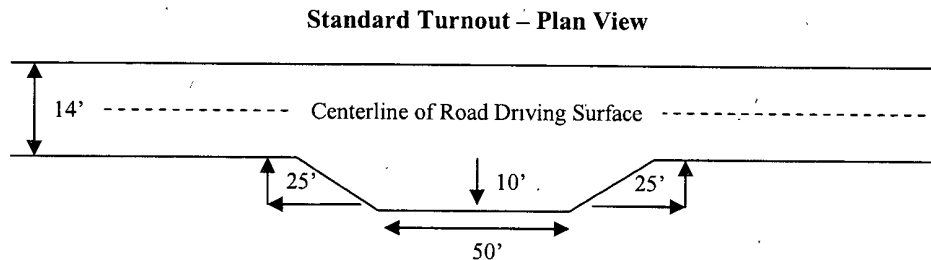
The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing 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

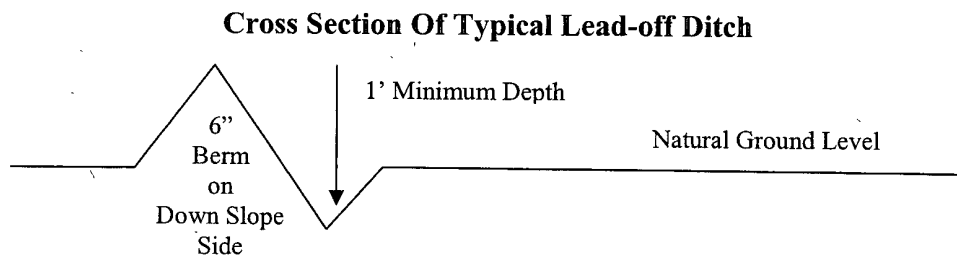
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



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.



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

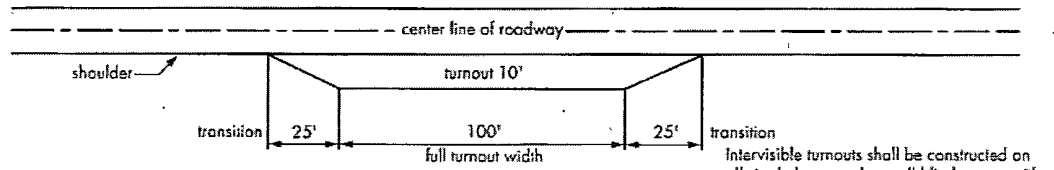
Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

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

Public Access

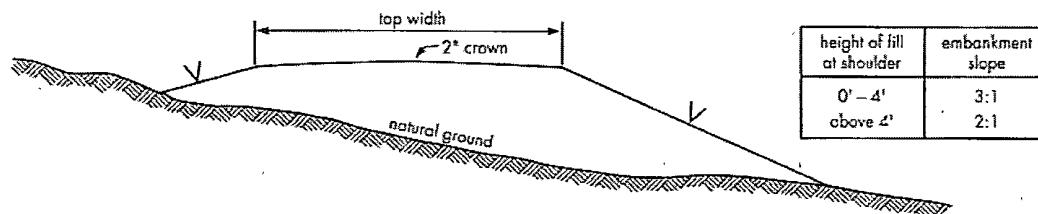
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections

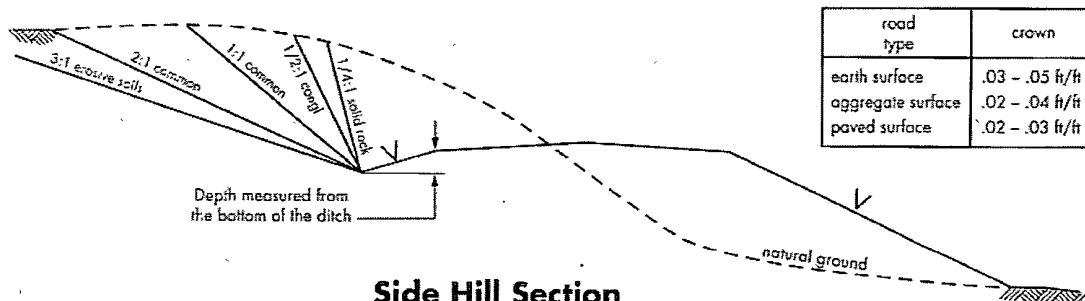


Intervisible turnouts shall be constructed on all single lane roads on all blind curves with additional turnouts as needed to keep spacing below 1000 feet.

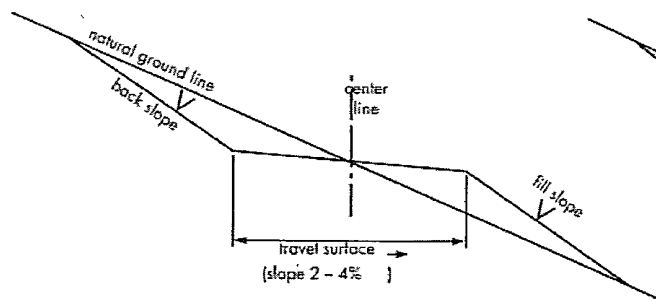
Typical Turnout Plan



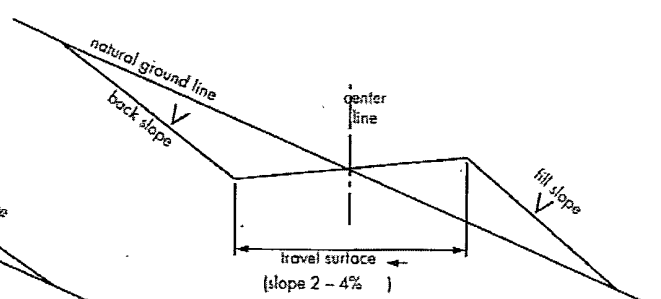
Embankment Section



Side Hill Section



Typical Outslope 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) 910-6024 or after office hours call (575) 627-0205. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.
2. The Roswell Field Office is to be notified a minimum of 4 hours in advance for a representative to witness:
 - a. Spudding
 - b. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch 4-1/2 inch
 - c. 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 No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

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.
 - 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

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	(<i>Andropogon hallii</i>)	0.50 lb.
Little bluestem	(<i>Schizachyrium scoparium</i>)	0.50 lb.
Sideoats grama,	(<i>Bouteloua curtipendula</i>)	1.50 lbs.
Sand dropseed	(<i>Sporobolus cryptandrus</i>)	0.50 lb.
Spike dropseed	(<i>S. contractus</i>)	0.50 lb.
Mesa dropseed	(<i>S. flexuosus</i>)	0.50 lb.
Plains bristlegrass	(<i>Setaria macrostachya</i>)	2.00 lbs.
Desert or Scarlet	(<i>Sphaeralcea ambigua</i>)	0.50 lb.
Globemallow or	(<i>S. coccinea</i>)	
Buckwheat	(<i>Eriogonum</i> spp.)	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.

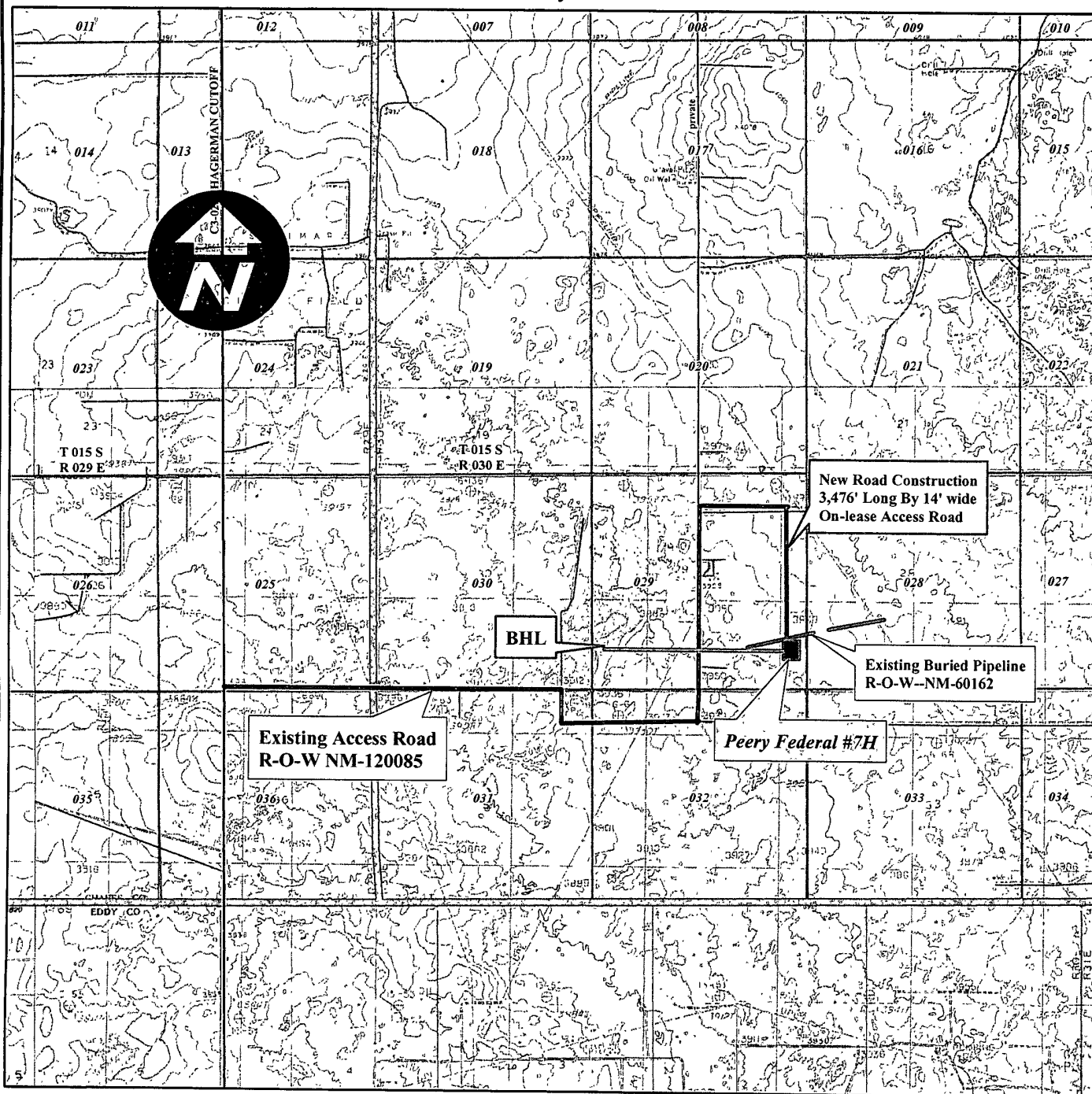
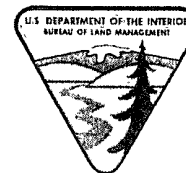
XI. PIPELINE PROTECTION REQUIREMENT

Precautionary measures shall be taken by the operator during construction of the access road to protect existing pipelines that the access road will cross over. An earthen berm; 2 feet high by 3 feet wide and 14 feet across the access road travelway (2' X 3' X 14'), shall be constructed over existing pipelines. The operator shall be held responsible for any damage to existing pipelines. If the pipeline is ruptured and/or damaged the operator shall immediately cease construction operations and will contact the pipeline holder; Nadel & Gussman Permian LLC. The operator shall be held liable for any unsafe construction operations that threaten human life and/or cause the destruction of equipment.



EXHIBIT B
Peery Federal #7H
NMNM-119274

Surface Location; 2285' FSL & 330' FEL
Bottom Hole Location; 2285' FSL & 330' FWL
Section 29, T. 15 S., R. 30 E.,
Chaves County New Mexico



No Warranty is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of these data for individual use or aggregate use with other data, or for purposes not intended by the BLM. Spatial information may not meet National Map Accuracy Standards. This information is subject to change without notification.

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