

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires March 31 2007

5 Lease Serial No
NMNM-119274

6 If Indian, Allottee or Tribe Name

1a Type of work- ☒ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No

1b Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8, Lease Name and Well No
Peery Federal #10 # *(30394)*

2 Name of Operator

Mack Energy Corporation

9 API Well No.

30-005-29118

3a Address

P.O. Box 960 Artesia, NM 88211-0960

3b Phone No. (include area code)

(575)748-1288 *(1383)*

10 Field and Pool, or Exploratory

Little Lucky Lake; Wolfcamp *(97247)*

4 Location of Well (Report location clearly and in accordance with any State requirements*)

At surface

1395 FNL & 305 FEL *Unit H*

At proposed prod zone

1675 FNL & 330 FWL *Unit E*

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*

15 miles north 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 drilg unit line, if any) **305**

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 **1320'**

19 Proposed Depth

MD 13,157'
TVD 8,700'

20 BLM/BIA Bond No. on file

NMB000286

21 Elevations (Show whether DF, KDB, RT, GL, etc)

3989' GR

22 Approximate date work will start*

1/1/2010

23 Estimated duration

35 days

24. Attachments

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

1 Well plat certified by a registered surveyor

2 A Drilling Plan

3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)

4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above),

5 Operator certification

6 Such other site specific information and/or plans as may be required by the authorized officer

25 Signature

Jerry W. Sherrell

Name (Printed/Typed)

Jerry W. Sherrell

Date

1/11/10

Title

Production Clerk

Approved by (Signature)

/s/ Angel Mayes

Name (Printed/Typed)

Angel Mayes

Date

JAN 27 2010

Title

**Assistant Field Manager,
Lands And Minerals**

Office

ROSWELL FIELD OFFICE

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

APPROVED FOR 2 YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*(Instructions on page 2)

Oil Conservation Division

Conditions of approval : Approval for drilling/workover
**ONLY--- CANNOT produce Downhole Commingled until
DHC is approved in Santa Fe.**

DISTRICT I
1625 N. FRENCH DR. BOHNS, NM 88210

State of New Mexico
Energy, Minerals and Natural Resources Department

DEC 28 2009

Form C-102

DISTRICT II
1301 W. GRAND AVENUE ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 RIO BRAZOS RD., AZUL, NM 87410

11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT IV
11885 S. ST. FRANCIS DR. SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

XX AMENDED REPORT

API Number 30-005-29118	Pool Code 97247	Pool Name Little Lucky Lake; Wolfcamp
Property Code 303941	Property Name PEERY FEDERAL	Well Number 10H
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3989'

Surface Location

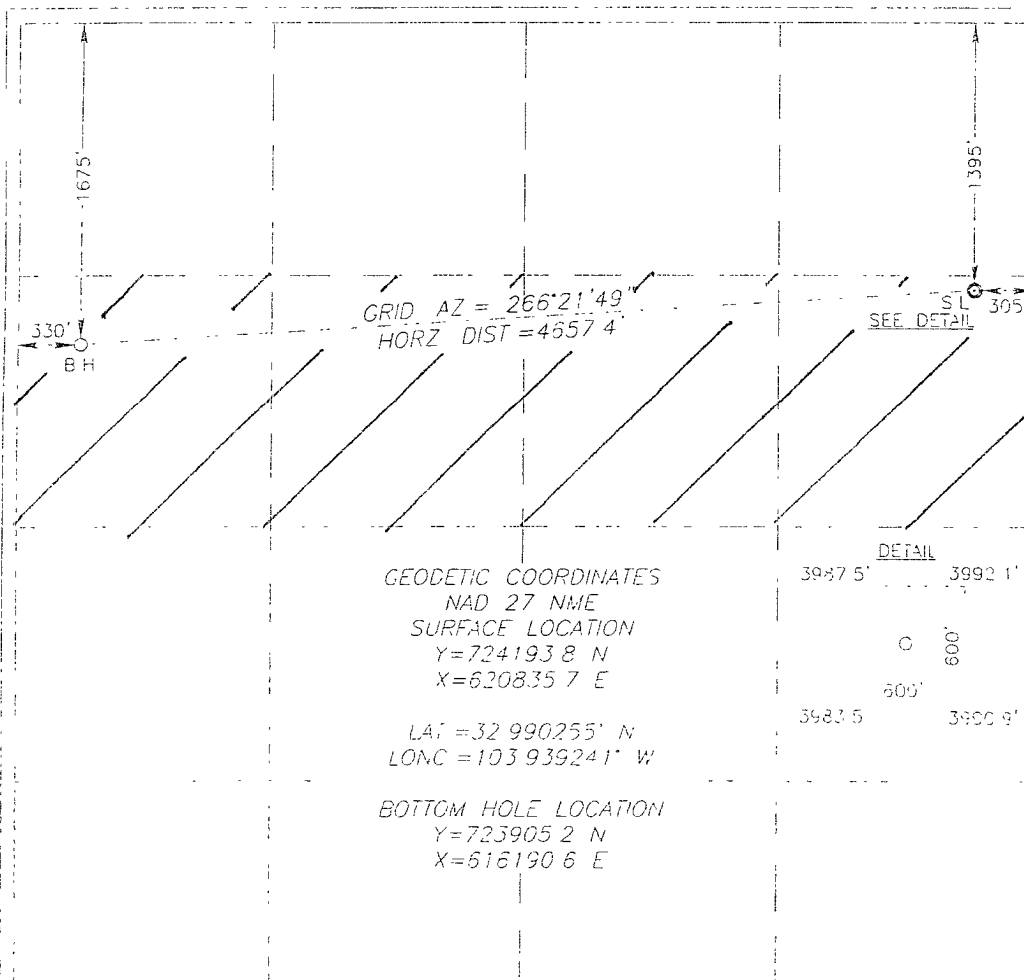
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	15-S	30-E		1395	NORTH	305	EAST	CHAVES

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
E	29	15-S	30-E		1675	NORTH	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 12/9/09
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.

NOVEMBER 12, 2009
Date Surveyed DSS
Signature & Seal of Professional Surveyor
Ronald Eidsen 12-3-09
Certificate No. RONALD EIDSON 1264
RONALD EIDSON 3249

United States Department of the Interior
Bureau of Land Management
Roswell Field Office

Refer To: 3160-3

December 18, 2009

To: AFM, Lands & Minerals, RFO

From: Geologist, RFO

Subject: Geologic Review of Application for Permit to Drill

Operator: Mack Energy Corporation

Well Name and Number: Peery Federal No. 10

Location: 1395' FNL & 305' FEL (SHL)
1675' FNL & 330' FWL (BHL)

Section: 29, T. 15 S., R. 30 E., NMPM

County: Chaves

State: NM

Lease No.: NM-119274

Date APD Rec'd: 12/17/2009

1. Surface Elevation **X** Surface Geology **X**

2. Geologic Marker Tops (from reports on surrounding wells):

<u>Geologic Marker</u>	<u>Depth</u>
T/Salt	520'
B/Salt	1476'
Yates	1476
Queen	2235'
San Andres	2936'
Glorieta	4378'
Tubb	5660'
<u>Abo</u>	6442'
Wolfcamp	7775'
Atoka.	9675'
Mississippian	10,132'
Woodford	10,905'
Fusselman	11,192
Montoya	11,705
Ellemburger	11,989'

Marker beds taken from the IWR of the Perry Federal No. 2 located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 29, T 15 S., R. 30 E., NMPM.

<u>Geologic Marker</u>	<u>Depth</u>
Rustler	495'
Salado	569'
B/Salt	1303'
Yates	1504'
7 Rvrs.	1658'
Bowers Ss. Mbr.	2058'
Queen	2200'
San Andres	2630'

Markers taken directly from the well log of the Peery Federal No. 7 located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 29, T. 15 S., R. 30 E., NMPM.

<u>Geologic Marker</u>	<u>Depth</u>
Rustler	460'
Salado	595'
T/Salt	608'
B/Salt	1312'
Tansill	1425'
Yates	1511'
7 Rvrs.	1649'
Bowers	2016'
Queen	2248'
Grayburg	2450'
San Andres	2920'

Marker tops taken directly from the well log of the Perry Federal No. 6 located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 29, T. 15 S., R. 30 E., NMPM.

3. Fresh Water Information: State Engineers' water listing shows fresh water for stock in the Quaternary Alluvium. Surrounding townships and historical well files suggest water maybe as deep as 400 ft.

Deepest Expected Fresh Water: 400 ft.

Does Surface Casing cover all anticipated usable fresh water zones? Yes, drilling with FW to an approximate depth of 450 ft. could protect the usable water. However, this may be just short of the Rustler Anhydrite if such is the case the operator will continue to drill until the top 25 ft of Rustler Anhydrite has been drilled.

The operator will not set water protection casing in the Rustler Halite (salt)

Any polymers for sweeps and such will be water based and non- toxic this is allowable on said conditions.

Controlled Water Basin: Yes - Roswell.

Remarks: The operator will be required to measure the drilling rate accurately in order to set the usable water protecting casing string opposite competent bedrock The record of the drilling rate in ft/min. will be submitted to this office along with the caliper - gamma ray - neutron log from total depth to surface as well as all other logs run in the borehole thirty days from completion. Witness surface casing.

Remarks: Witness water protection casing.

4. Geologic Hazards? Yes

H2S X Karst **low** Abnormal Pressures Other X

Remarks: Although no H2S has been reported in the area, it is always a potential hazard. Possible Mack Energy Corp., Peery Federal No. 6

Page 3

high pressure water zone in the Queen. Possible lost circulation in the Grayburg and San Andres Formations. There is a low potential for karst type features to occur in this area.

5. Other Mineral Deposits: None

6. References:

New Mexico State Engineer's Water Well Listings;

Chaves County H2S List;

Welder, G.E. 1983, Geohydrologic Framework of the Roswell Ground-Water Basin, Chaves and Eddy Counties, New Mexico

Oil and Gas historical well files

7. No active mining claims are located in this vicinity.

Geologist Signature: /s/ J. S. Simitz

Date: 12/18/2009