

AUG 08 2014

SURFACE USE AND OPERATING PLAN

RECEIVED

1. Existing Access Roads

- A. All roads to the location are shown in Exhibit #6. 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.
- B. Directions to Location: From the intersection of State Hwy 529 and Dog Lake Rd.. Go west on 529 .75 mile, turn left and go southwest 1.8 miles, location is 430' northwest.
- C. 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.

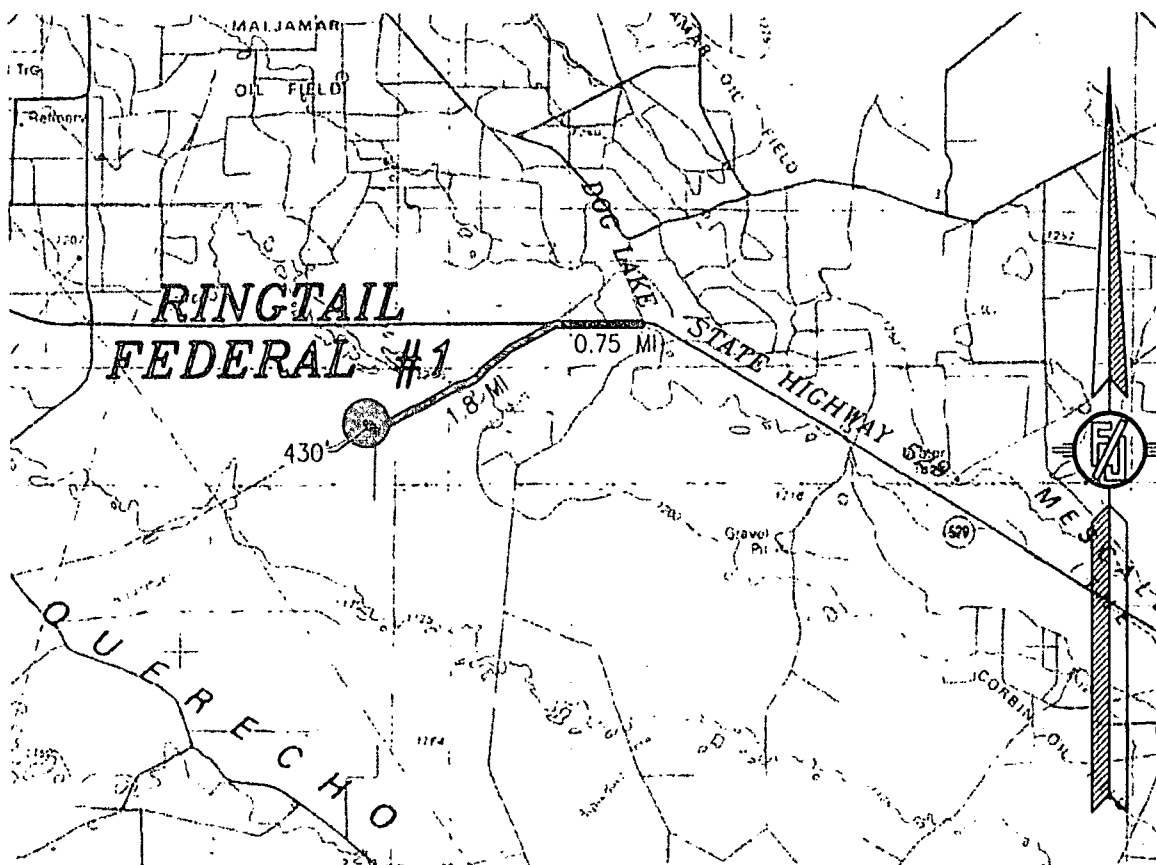


Exhibit #6

1. Proposed Access Road:

Location Verification map shows 430' of new access road to be upgraded. Necessary maintenance will be done to insure traffic stays within proposed ROW. The road will be constructed as follows:

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- 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 3 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, cattle guard, 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 #6 has been centerline flagged by Madron Surveying, Carlsbad, New Mexico.

2. Location of Existing Wells:

Exhibit #16 shows all existing wells within a one-mile radius of this well.

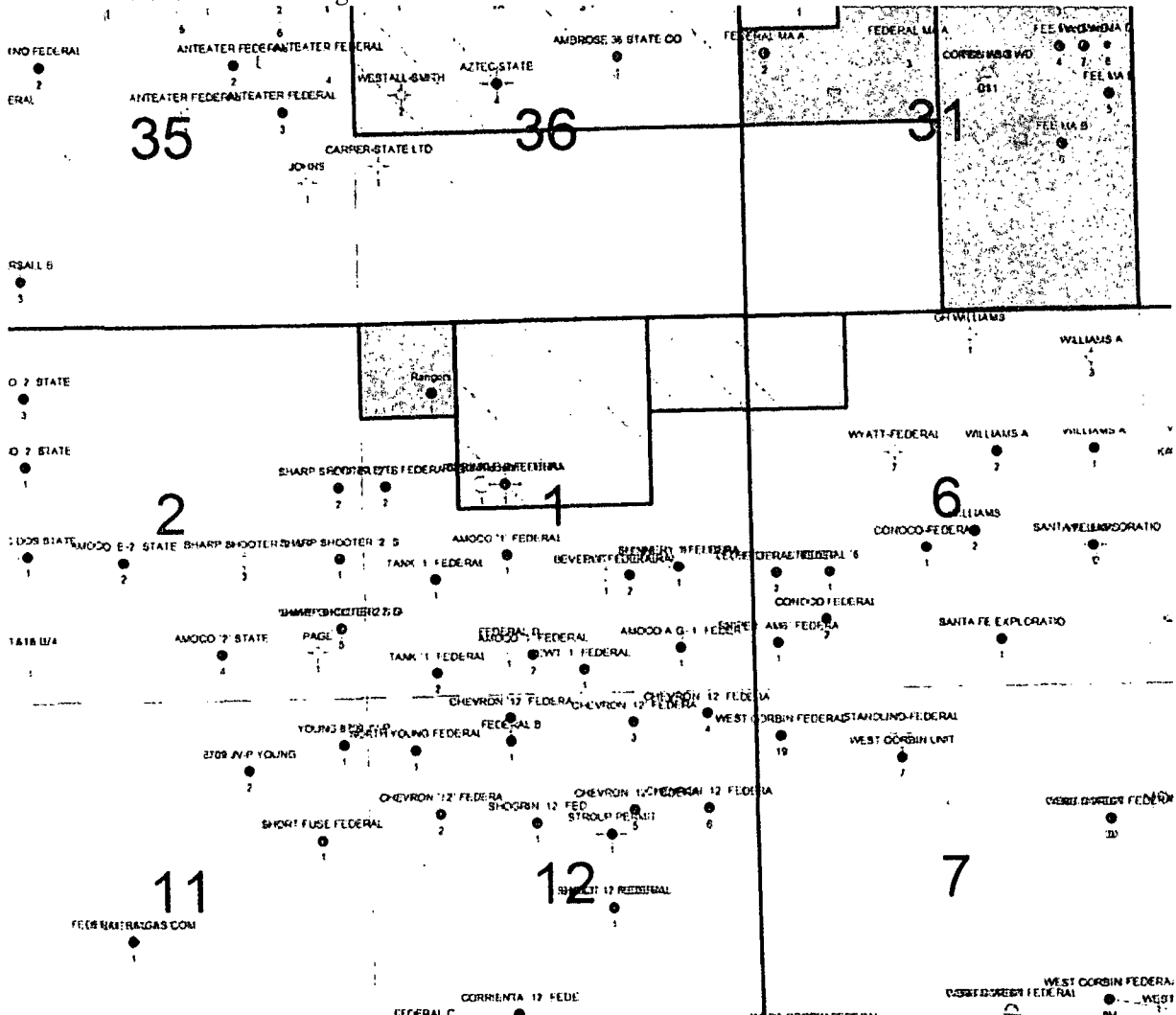


Exhibit #16

3. Location of Existing and/or Proposed Facilities:

- A. Mack Energy Corporation does not operate a production facility on this lease.
- B. If the well is productive, contemplated facilities will be as follows:
- 1) Bone Spring Completion: Will be sent to the Ringtail Federal TB located at the #1 well. The Facility is shown in Exhibit #13.
 - 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 Lea County Electric and they will send in a separate plan for power.
- C. Proposed flow lines will stay on location, the TB will be located at well #1. Flowline will be a 3" poly surface line, 150' in length with a 40 psi working pressure.

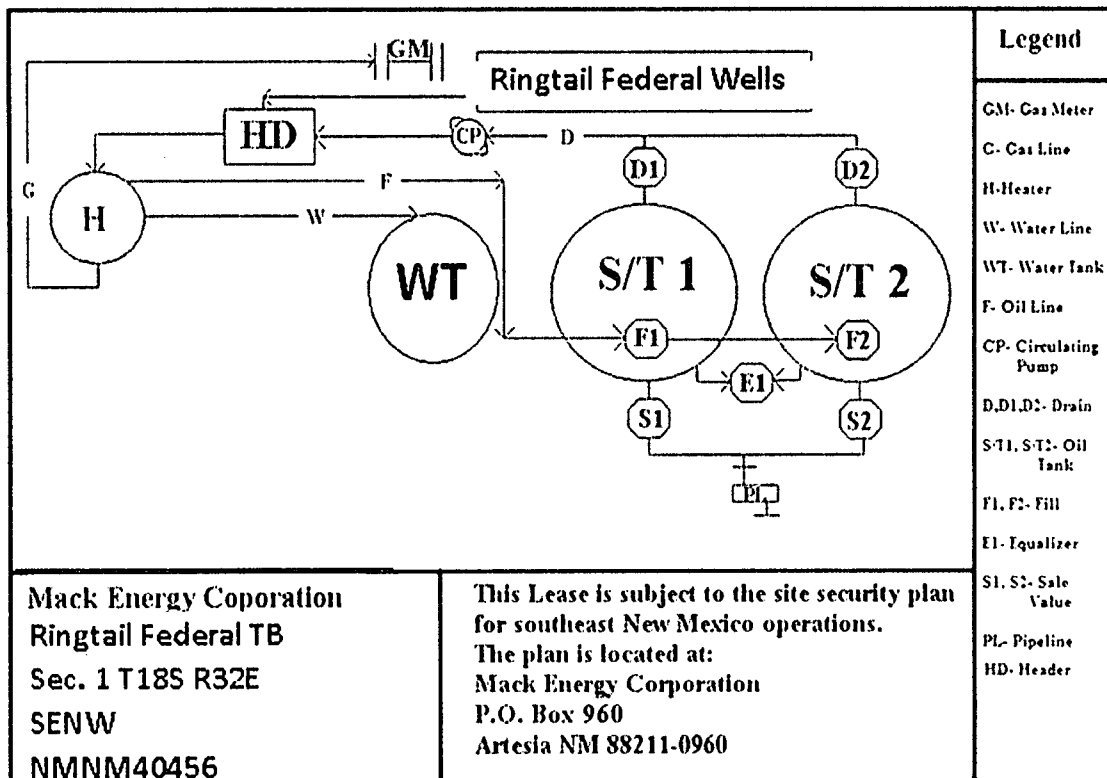


Exhibit #13

4. 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 #6. 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.

5. 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.

6. Methods of Handling Waste:

- A. Drill cuttings and fluids will be disposed into the steel tanks and hauled to R-360 disposal facility, permit number NM-01-0006. Located on Hwy 62 at MM 66.
- B. 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 the Pronghorn SWD; produced oil will be collected in steel tanks until sold.
- C. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved local landfill. No toxic waste or hazardous chemicals will be produced by this operation.
- D. 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.
- E. Sewage and Gray Water will be placed in container and hauled to a approved facility. Container and disposal handled by L&S Septic.

7. Ancillary Facilities:

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

8. Well Site Layout:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #14. It was staked by Madron Surveying Inc. Carlsbad, NM.
- B. The drill pad layout, with elevations staked by Madron Surveying Inc., is shown in Exhibit #14. 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.

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- EL. 3911.6' 600' EL. 3913.0
- 150' NORTH
- TOPSOIL OFFSET AREA
- EL. 3911.0' EL. 3911.0' EL. 3911.6'
- 315' PROPOSED PAD 2.192 ACRES
- 165' 150'
- 150'
- 135'
- RINGTAIL FEDERAL #1**
- ELEV. = 3909.3'
- LAT. = 32.7774195°N (NAD83)
LONG. = 103.7230768°W
N = 647098.12
E = 728897.69
- 165' WEST OFFSET EL. 3910.0'
- 300'
- 150'
- 150' EAST OFFSET EL. 3910.3'
- 30'x30' STINGER
- 135'
- 315' BERM
- EL. 3907.8' 150' SOUTH OFFSET EL. 3908.8' EL. 3909.5'
- 4/W POWER LINE
- POLE
- NOTE: RECLAIM PORTION OF NORTH & WEST SIDE OF PAD.
- PROPOSED 275 LF ACCESS ROAD TO 20' CALICHE LEASE ROAD
- FRONTIER BPL POLE
- 4/W POWER LINE
- EL. 3905.7' 600' EL. 3909.7'

- 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.
- C. If the well is productive, rehabilitation plans are as follows:
- 1) Topsoil removed from the drill site will be used to recontour the surrounding area to the original natural level and reseeded as per BLM specifications.
- D. Exhibit #15 below shows the proposed downsized well site after Interim Reclamation. Dimensions are estimates on present conditions and are subject to change.

