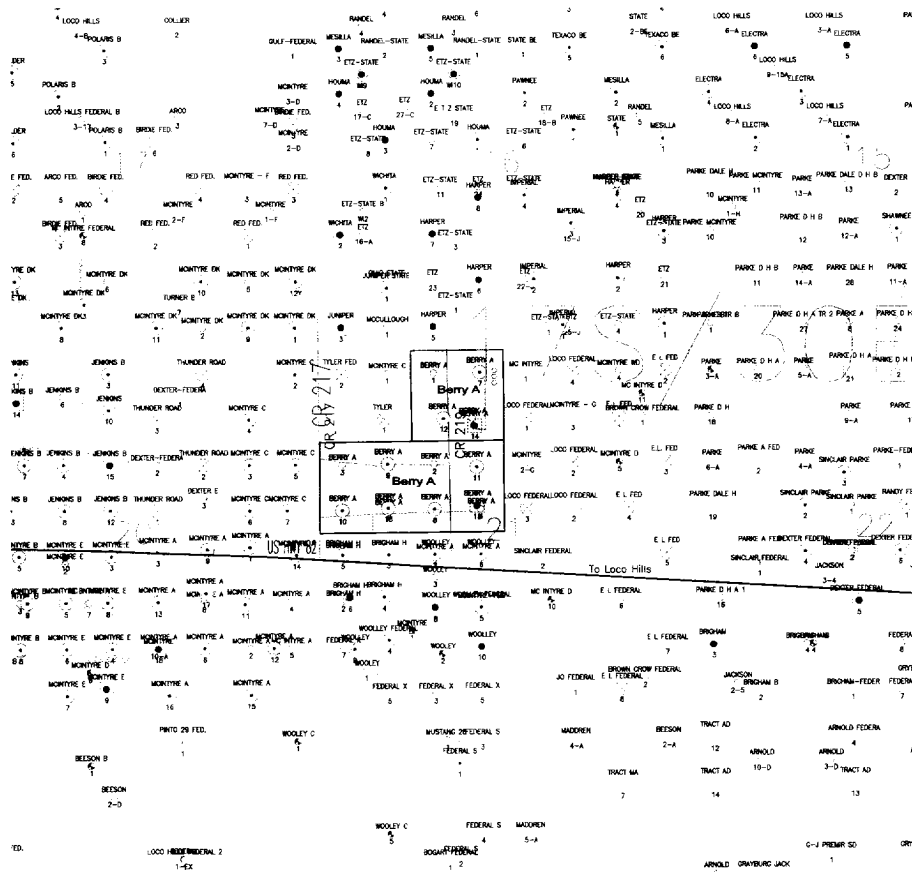


## SURFACE USE AND OPERATING PLAN

### 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 in Blue 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 Loco Hills, go north 3/10 mile on County road 217 then turn east to 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



Attached to For 160-3  
Mack Energy Corporation  
Berry A Federal #14  
1100 FNL & 2230 FWL  
NE/4 NW/4, Sec 21 T17S R30E  
Eddy County, NM

## **2. Proposed Access Road:**

Exhibit #3 shows the 0' of new access road to be constructed. 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 or reserve pit area.
- 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. As shown on this plat there are numerous wells producing Paddock formations. Proposed flow lines, in green, will follow an archaeologically approved route to the existing battery.

## **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) Paddock Completion: Will be sent to the Berry A Federal tank battery. 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.

Attached to For 60-3  
Mack Energy Corporation  
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- 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.

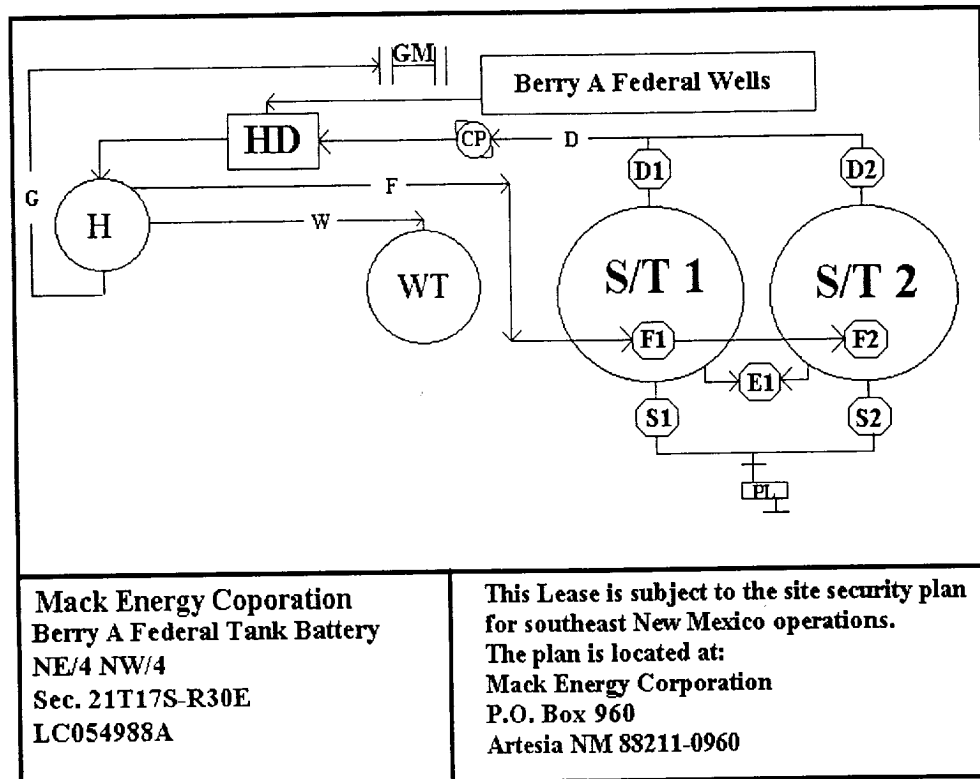


Exhibit #5

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

- 1) The reserve pit will be back filled after the contents of the pit are dry (within 120 days after the well is completed).
- 2) Topsoil removed from the drill site will be used to recontour the pit 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.

Attached to Form 60-3  
Mack Energy Corporation  
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**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 or the reserve pit.

**7. Methods of Handling Water Disposal:**

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Drilling fluids will be contained in a lined working pit. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit, approximately 150' X 100' X 10' deep and fenced on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The reserve pit will be only lined 100' X 100' X 10' the remaining 50' of pit will not be lined and used only as an emergency pit. In the event that it is used fluid will be removed in 48 hours. The reserve pit and working pit will be lined (5-7-mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.
- C. Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending on the rates). 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 the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. 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. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to breakout and backfill and reseeded as per BLM specifications as weather permits. 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 and pits 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 reserve pit, working pit and access road. There is a possibility that the pits will be moved around depending on Caliche in the area. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.
- C. The reserve pit will be lined with high quality plastic sheeting (5-7 mil thickness).

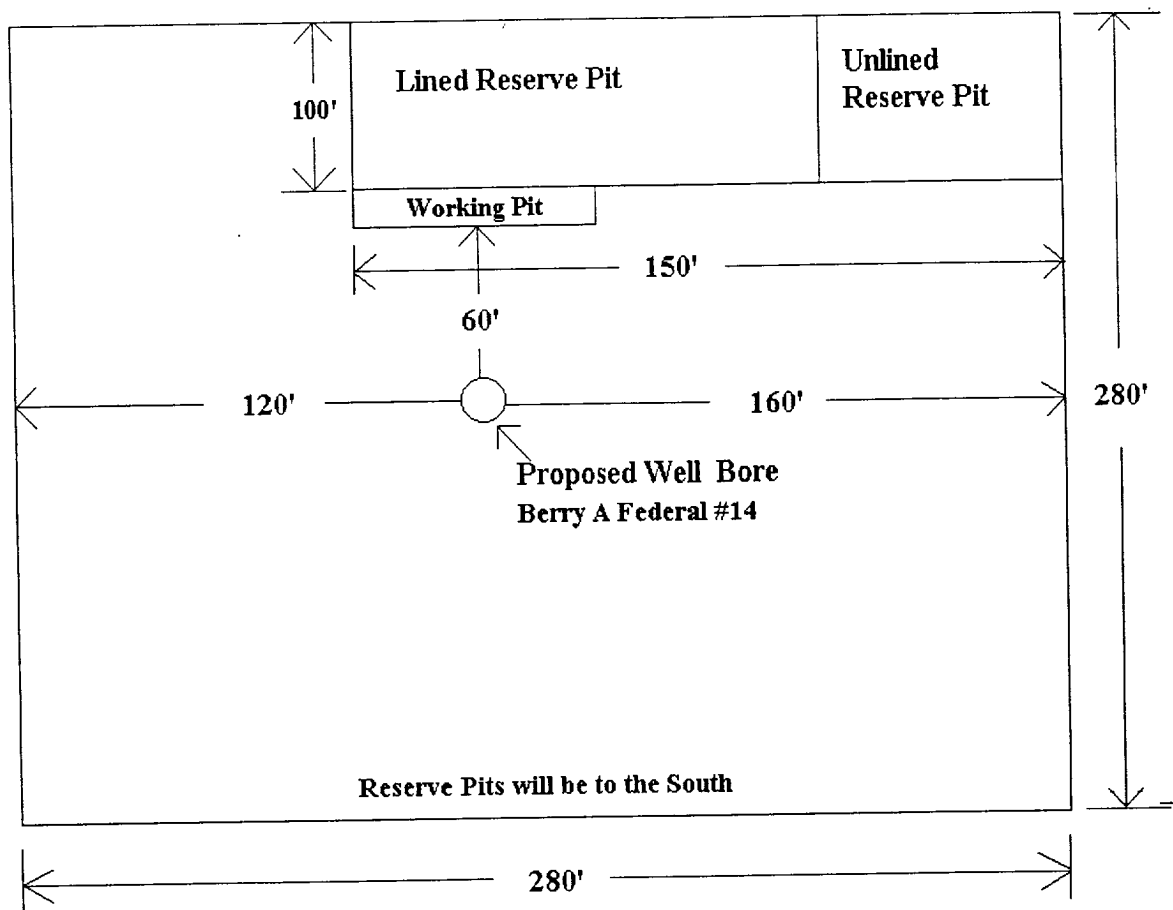


Exhibit #6

Attached to For 60-3  
Mack Energy Corporation  
Berry A Federal #14  
1100 FNL & 2230 FWL  
NE/4 NW/4, Sec 21 T17S R30E  
Eddy County, NM

**10. Plans for Restoration of the Surface:**

- A. Upon completion of the proposed operations, The pit area, after allowing drying, will be broken out and leveled. The original topsoil will be returned to the pit area, which will be leveled and contoured to as nearly the original topography as possible.
- B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.
- C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig (fourth) side to prevent livestock from being entrapped. The fencing will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit.
- D. Upon completion of proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. Any additional caliche required for facilities will be obtained from a BLM approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit 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 Charles Martin, P.O. Box 706, Artesia NM 88211.

**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:

Matt J. Brewer  
Mack Energy Corporation  
P.O. Box 960  
Artesia, NM 88211-0960  
Phone (505) 748-1288 (office)

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### 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 plan 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: 3/1/02

Signed: Crissa D. Carter  
Crissa D. Carter