

30-015-38986

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 Hwy #82 and County RD #214, go north 6.9 miles, turn left/northwest .25 mile, turn right/northwest .96 mile, turn right/northeast .1 mile to a proposed road survey, location is 365' north.
- 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.

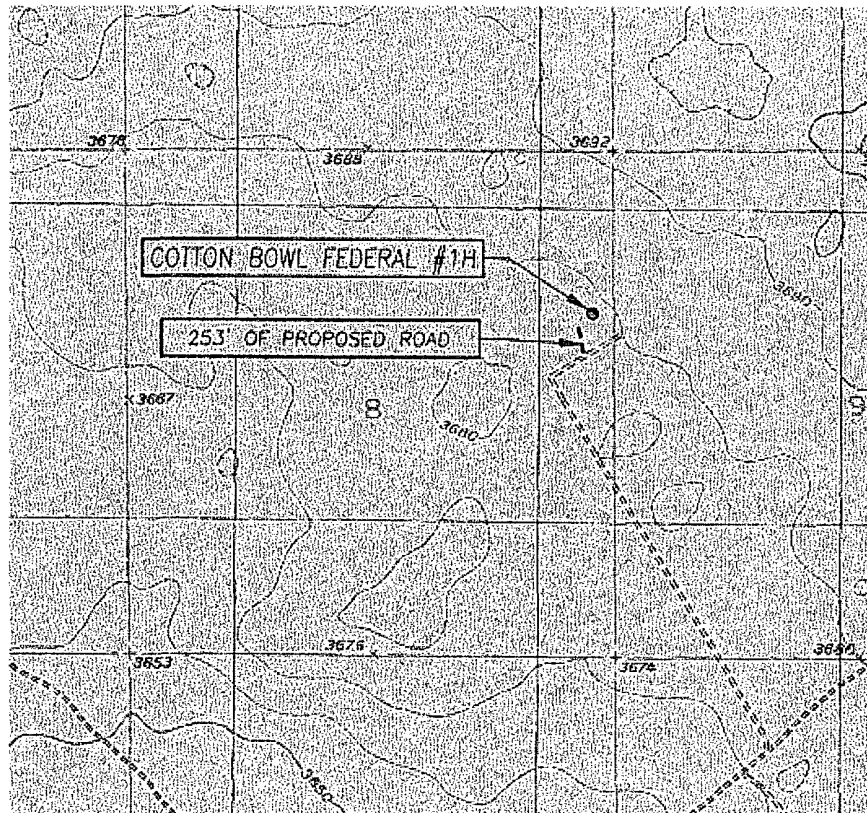
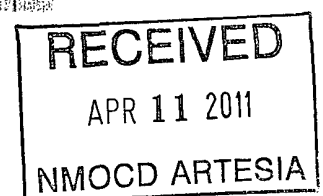


Exhibit #4



2. Proposed Access Road:

Exhibit #3 shows the 253' 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~~. *2 feet wide* ← Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.

TEN 9/13/10

- 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 stay on location, TB at the #1 well.

4. 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) Abo Completion: Will be sent to the Cotton Bowl Federal TB located at the #1 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.

Attached to Form 3160-3
Mack Energy Corporation
Cotton Bowl Federal #1
SL 1675 FNL & 230 FEL, Unit II, Sec. 8 T16S R29E
BHL 1675 FNL & 330 FWL, Unit E, Sec. 8 T16S R29E
Eddy County, NM

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*Replaced
TEN 9/13/10*

- 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.

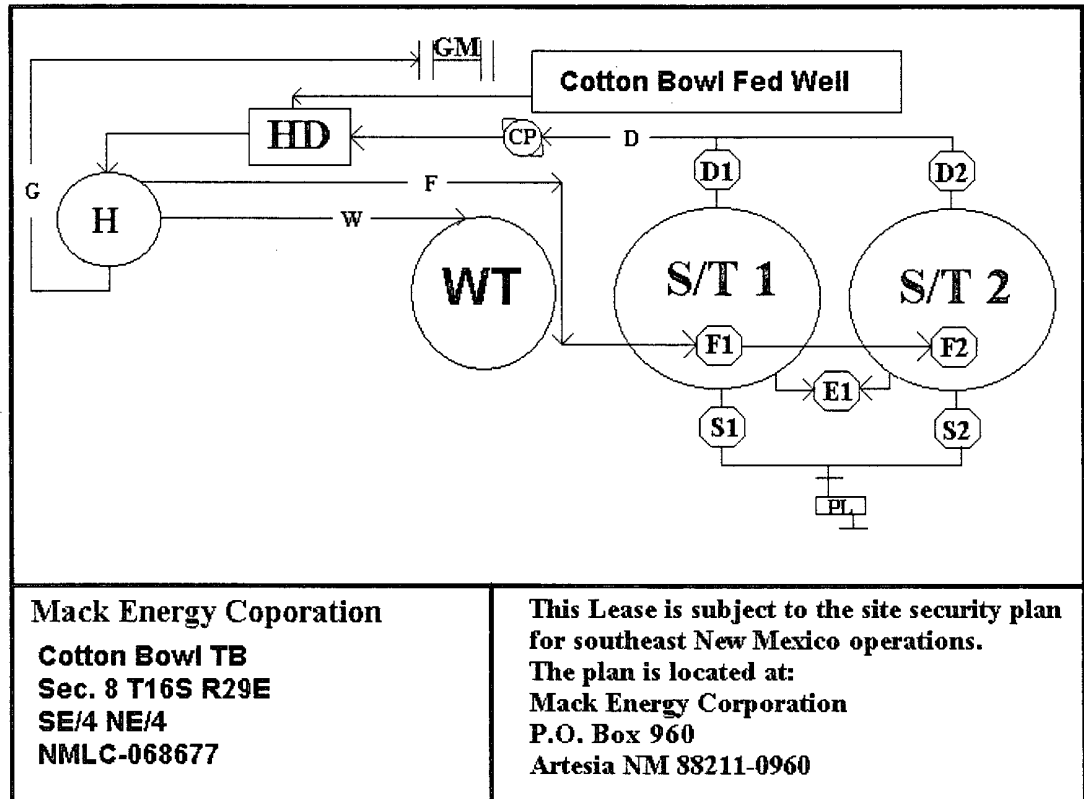


Exhibit #5

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

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

5. Location and Type of Water Supply:

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

6. Source of Construction Materials:

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

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the steel tanks and hauled to an approved facility.
- B. Drilling fluids will be contained in steel tanks using a closed loop system.
- C. Water produced from the well during completion may be disposed into a steel tank. After the well is permanently placed on production, produced water will be collected in tanks (fiberglass) until pumped to an approved disposal system; produced oil will be collected in steel tanks until sold.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. All water and fluids will be disposed of into an approved facility. No toxic waste or hazardous chemicals will be produced by this operation.
- E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. In the event of a dry hole only a dry hole marker will remain.

8. Ancillary Facilities:

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

9. 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.

10. 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, P.O. Box 460 Dexter, NM 88230.

11. 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.

12. Lessee's and Operator's Representative:

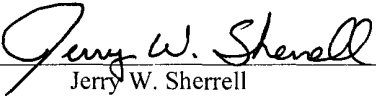
The Mack Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

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

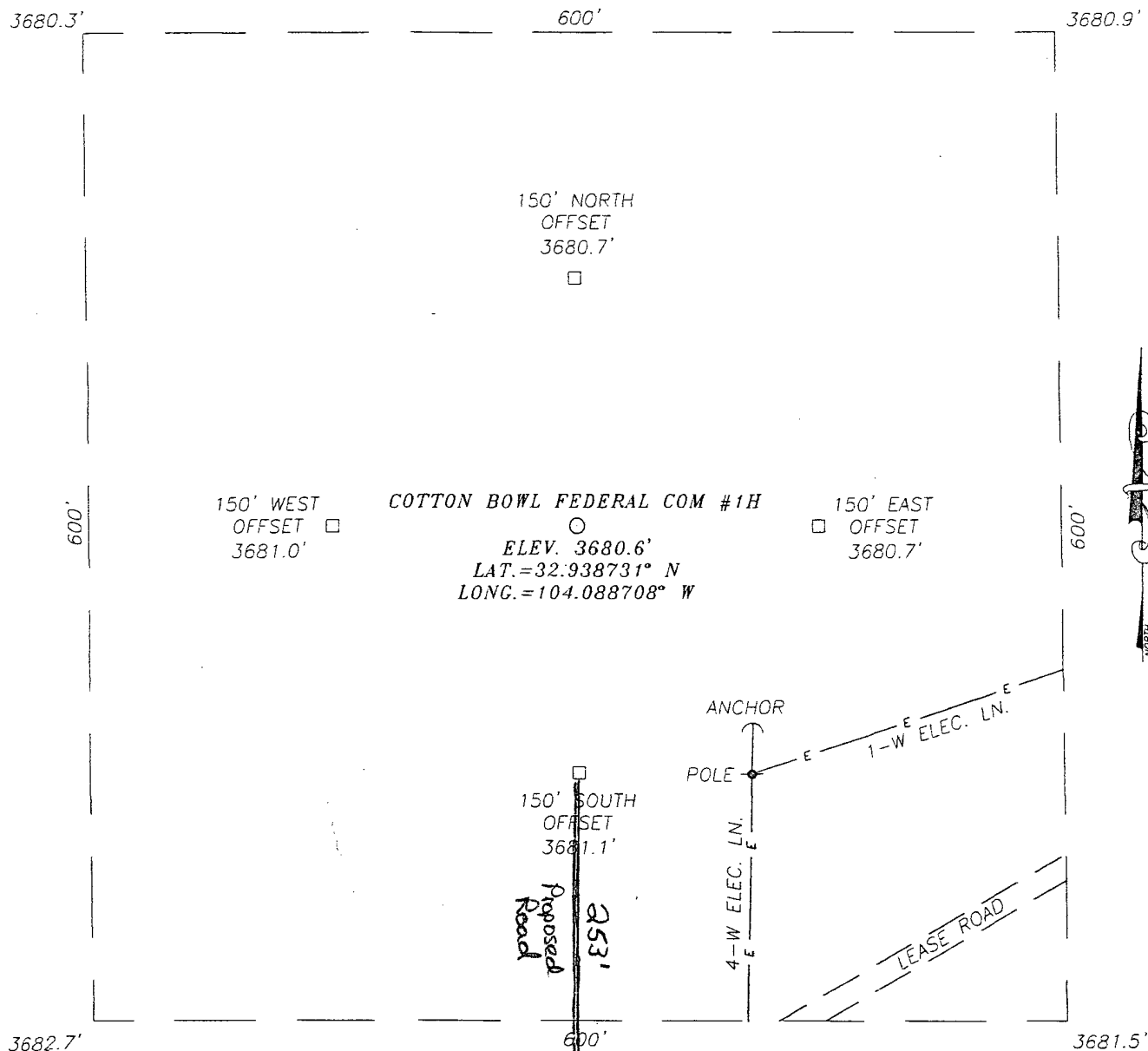
APD CERTIFICATION

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed in conformity with this APD package and terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Date: 10-27-2010

Signed: 
Jerry W. Sherrell

SECTION 8, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND CO. RD. #214 (BARNAVAL DRAW RD.), GO NORTHERLY ON CO. RD. #214 APPROX. 6.9 MILES. TURN LEFT AND GO NORTHWEST APPROX. 0.25 MILES. TURN RIGHT AND CONTINUE NORTHWEST APPROX. 0.9 MILES. TURN RIGHT AND GO NORTHEAST APPROX. 0.1 MILE. THE LOCATION STAKE IS APPROX. 365 FEET NORTH OF LEASE ROAD.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

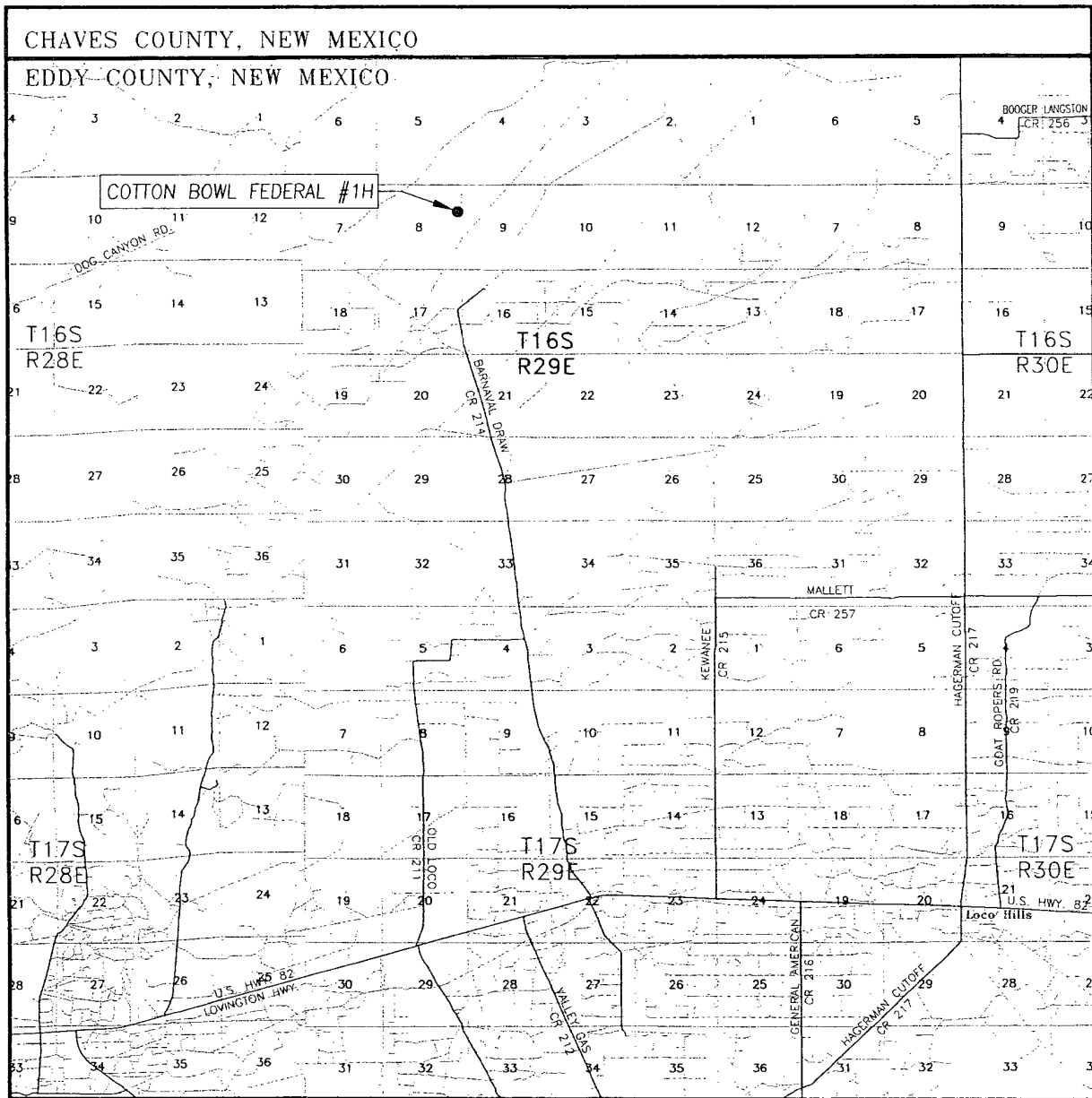
MACK ENERGY CORPORATION

COTTON BOWL FEDERAL #1H WELL
LOCATED 1675 FEET FROM THE NORTH LINE
AND 230 FEET FROM THE EAST LINE OF SECTION 8,
TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 7/12/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.0981	Dr By: LA
Date: 7/16/10	10110981
	Scale: 1"=100'

SCANNED

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 8 TWP. 16-S RGE. 29-E

SURVEY N.M.P.M.


COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1675' FNL & 230' FWL

ELEVATION 3681'

OPERATOR MACK ENERGY CORPORATION

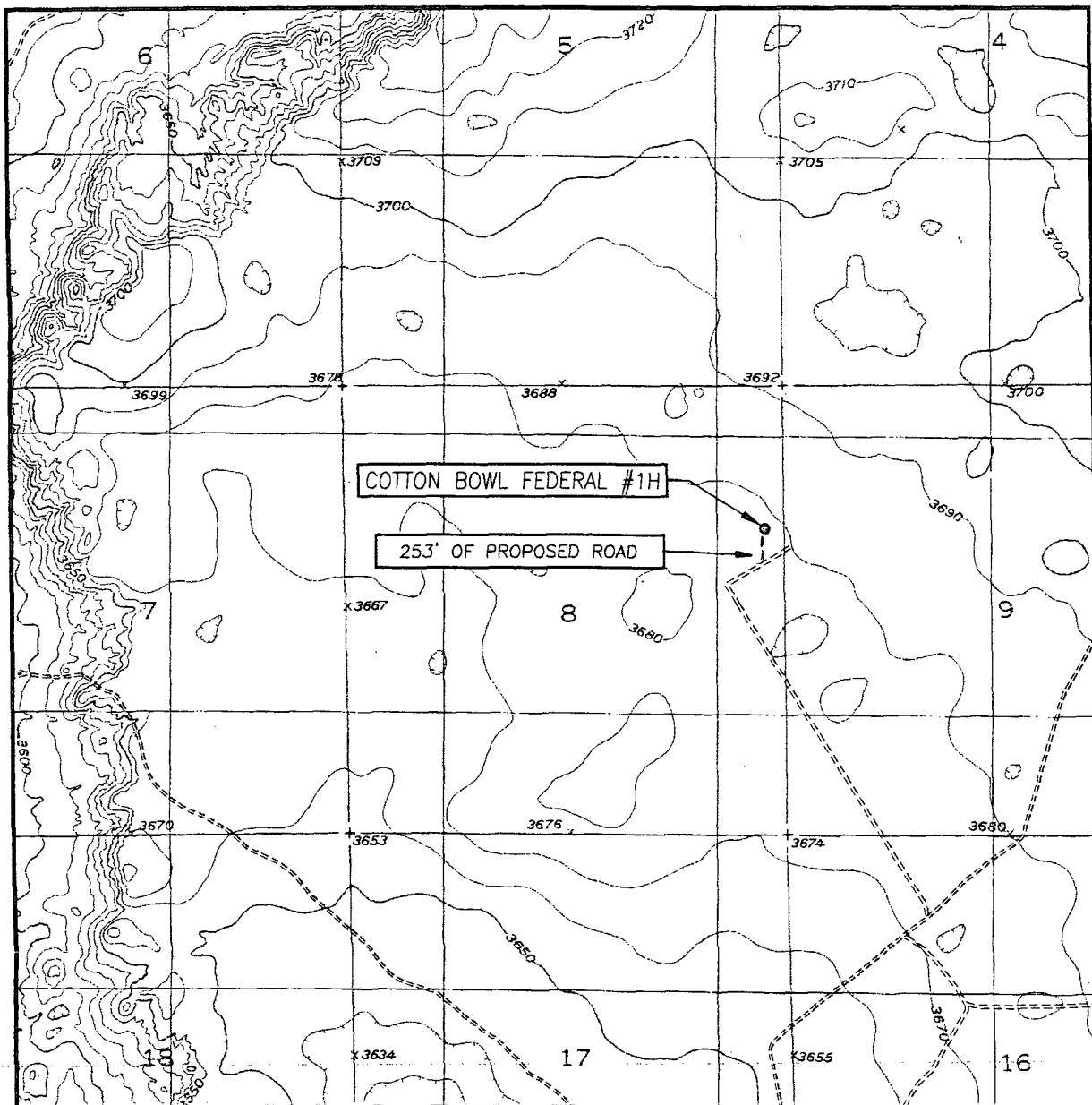
LEASE COTTON BOWL FEDERAL



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SCANNED

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
BASIN WELL, N.M. - 10'

SEC. 8 TWP. 16-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

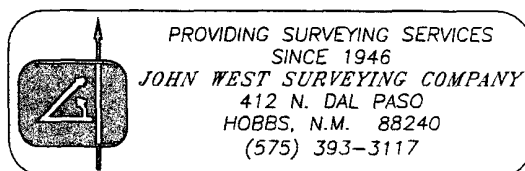
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LEASE COTTON BOWL FEDERAL

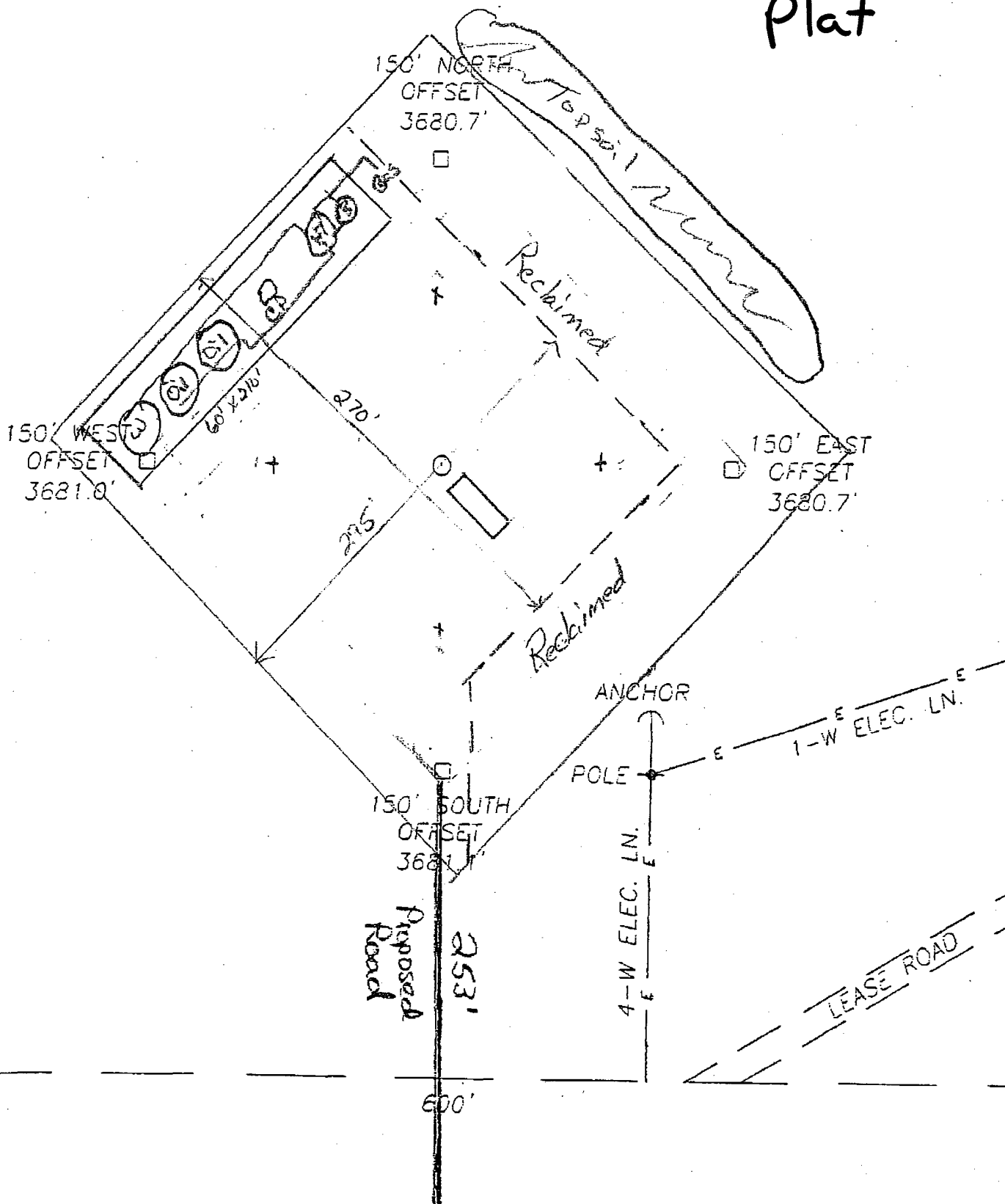
U.S.G.S. TOPOGRAPHIC MAP
BASIN WELL, N.M.



SCANNED

600'

Reclamation Plat



Permian Basin Global Project



- WELL SYMBOLS
- PUD Location
 - Oil Well
 - ☼ Gas Well
 - Dry Hole
 - ⊗ Injection Well
 - ⊖ Abandoned Oil Well
 - Suspended Oil Well

October 18, 2010

Wells in
1-mile Radius

