

1. Proposed Access Road:

Exhibit #6 shows the 547' of new access road to be constructed. Proposed upgrade of existing road will be done along staked centerline survey. Necessary maintenance will be done to insure traffic stays within proposed ROW. 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 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, 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 #6 has been centerline flagged by John West Engineering, Hobbs, New Mexico.

2. Location of Existing Wells:

Exhibit #9 shows all existing wells within a one-mile radius of this well.

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) Vest Ranch Upper Penn Completion: Will be sent to the Milky Way State Com 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 CVE and they will send in a separate plan for power.
- C. Proposed flow lines, will stay on location, TB at the #1 well.

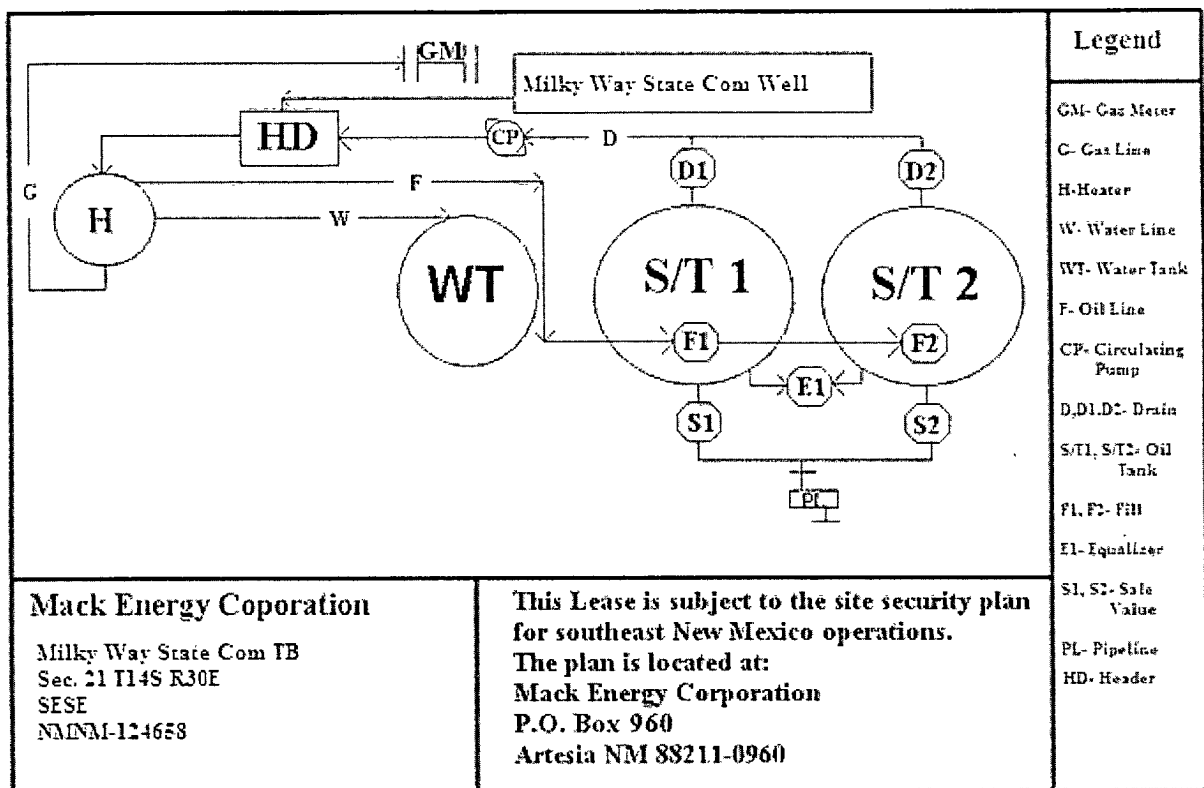


Exhibit #13

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:

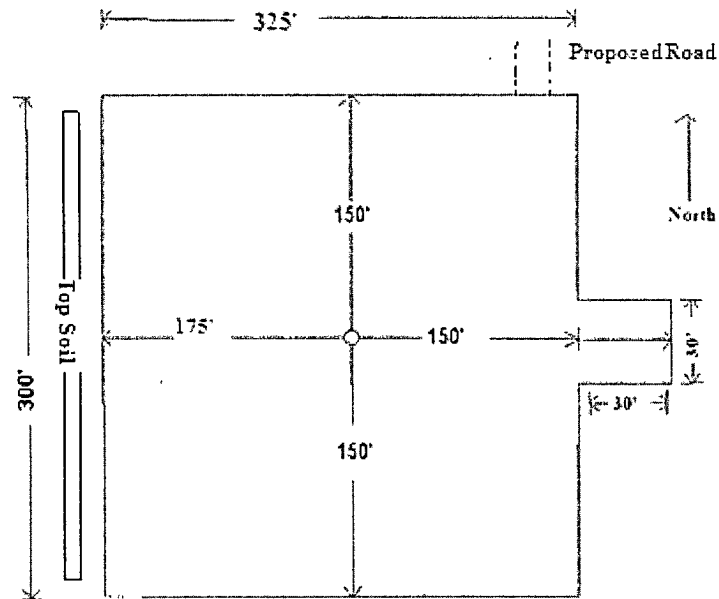
- A. Drill cuttings not retained for evaluation purposes will be disposed into the steel tanks and hauled to an approved facility.
- B. Drilling fluids will be contained in steel tanks using a closed loop system Exhibit #12.
- C. Water produced from the well during completion may be disposed into a steel 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.
- F. Sewage and Gray Water will be place in container and hauled to an approved facility.

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 #1. It was staked by John West Engineering, Hobbs, NM.
- B. The drill pad layout, with elevations staked by John West Engineering, 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.
- C. 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# 14

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.
- 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.

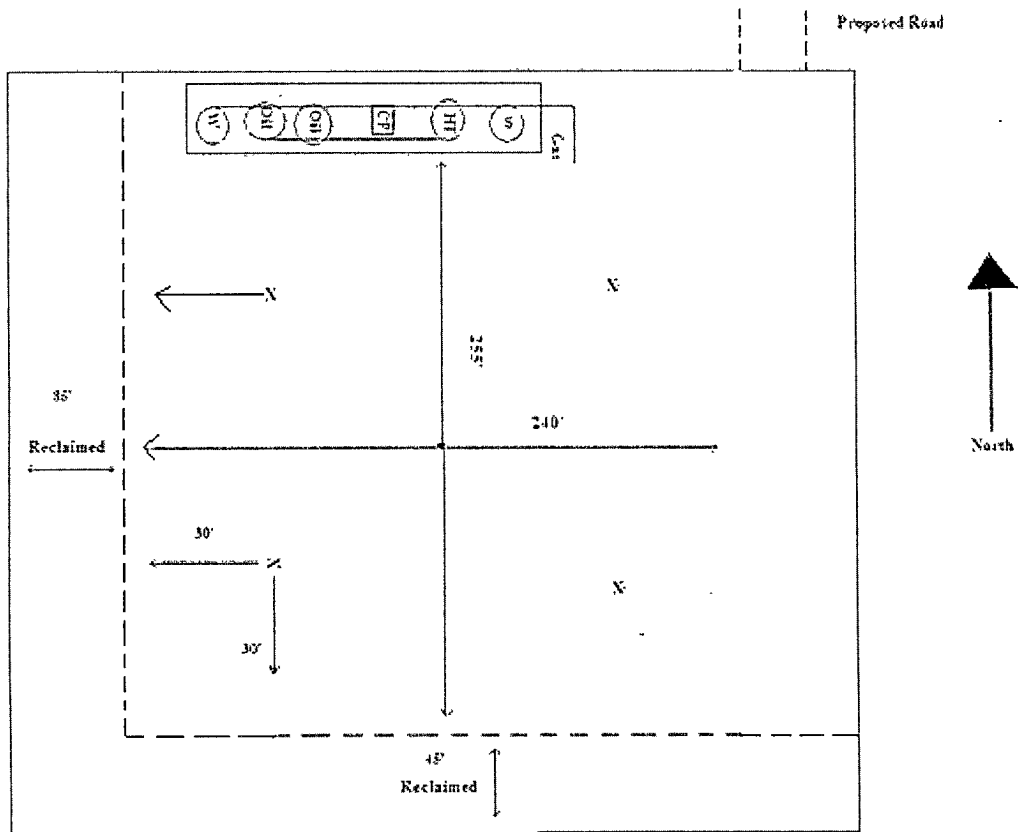


Exhibit #15

Attached to Form 3160-3
Mack Energy Corporation
Milky Way State Com #1
SL 660 FSL & 330 FEL, Unit P, Sec. 21 T14S R30E
BH 660 FSL & 355 FWL, Unit M, Sec. 21 14S R30E
Chaves County, NM

- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined at TD.

10. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole at TD is 120 degrees and estimated maximum bottom hole pressure is 3,683 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.

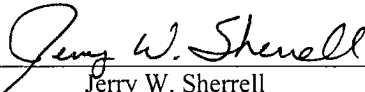
11. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is June 19, 2011. Once commenced, the drilling operation should be finished in approximately 30 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.

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.

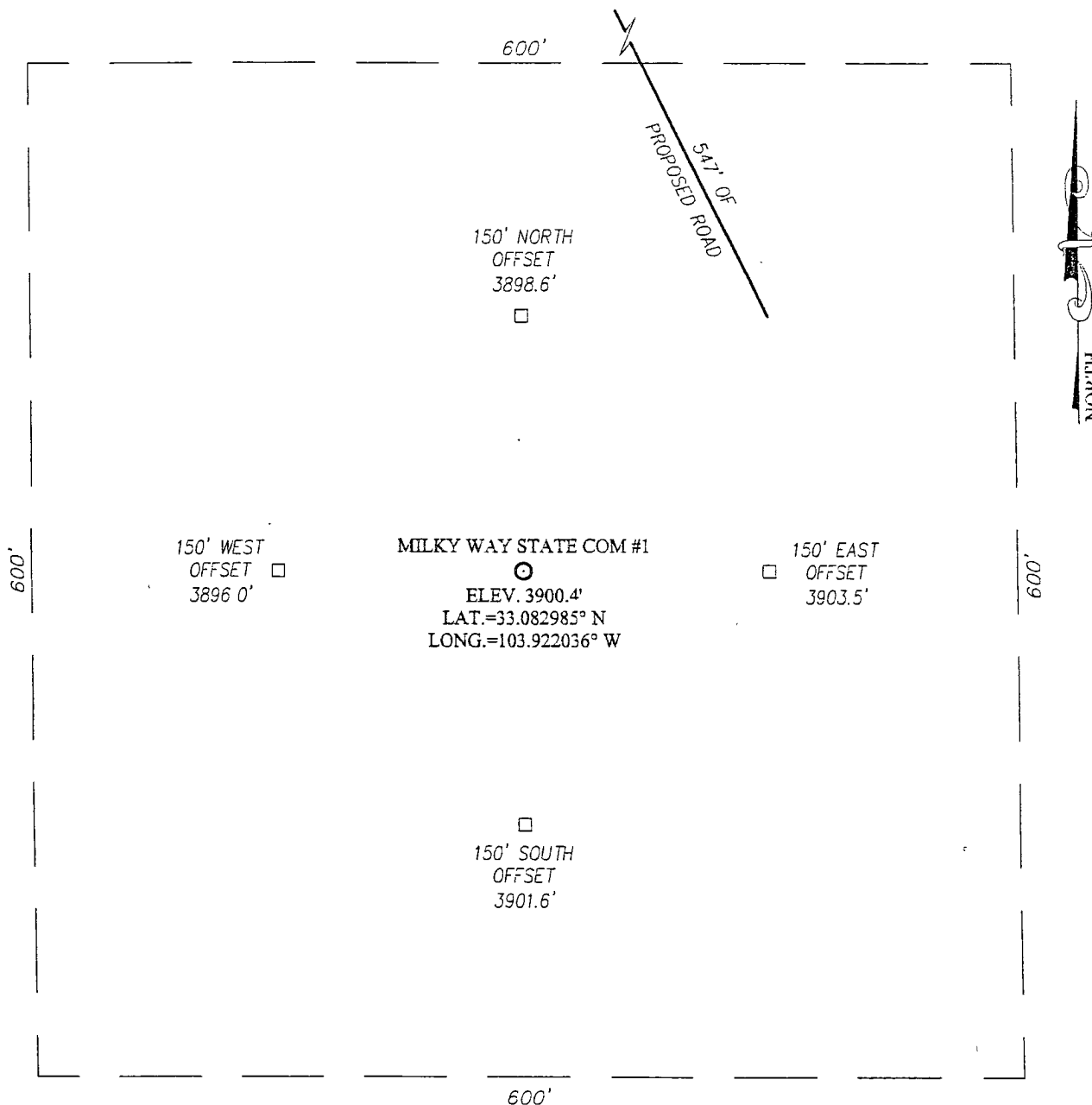
Date: 5-19-2011

Signed: 
Jerry W. Sherrell

SECTION 21, TOWNSHIP 14 SOUTH, RANGE 30 EAST, N.M.P.M.

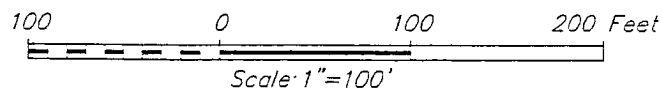
CHAVES COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION

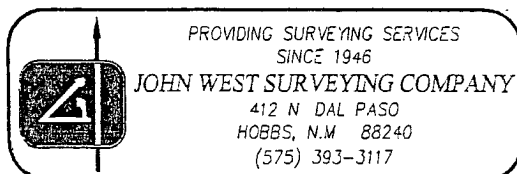
FROM THE INTERSECTION OF CO. RD #349
(HAGERMAN CUT-OFF) AND CINDY LANE, GO NORTH
ON CINDY LANE APPROX. 2.9 MILES. TURN RIGHT
AND GO EAST APPROX. 1.8 MILES. VEER LEFT AND
GO NORTHEAST APPROX. 0.5 MILES TURN RIGHT AND
GO SOUTHEAST APPROX. 700 FEET TO A PROPOSED
ROAD SURVEY. FOLLOW ROAD SURVEY STAKES
SOUTHEAST APPROX. 547 FEET. THIS LOCATION
STAKE IS APPROX. 212 FEET SOUTHWEST



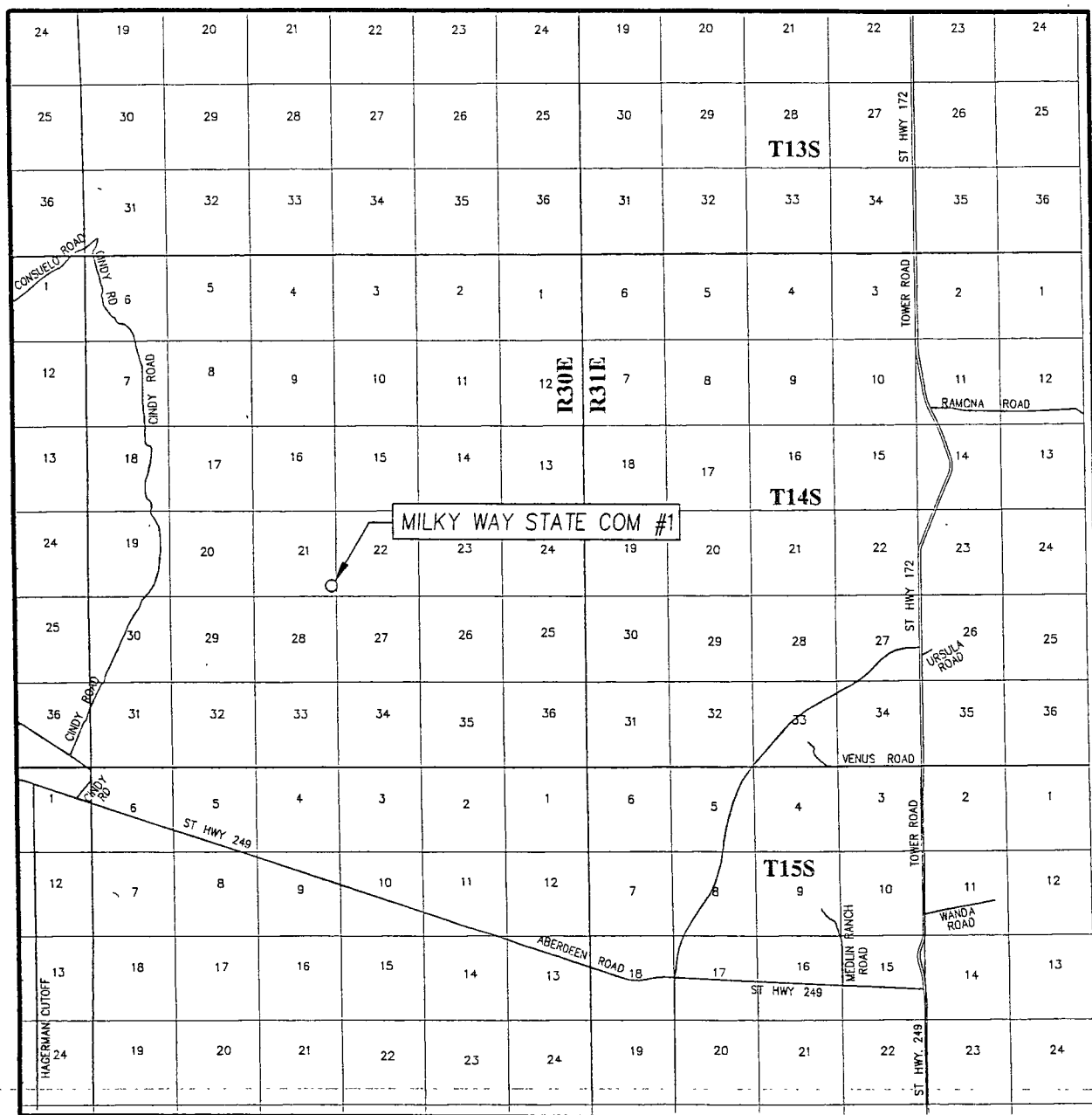
MACK ENERGY CORPORATION

MILKY WAY STATE COM #1 WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE EAST LINE OF SECTION 21,
TOWNSHIP 14 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO

Survey Date: 4/18/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.0887	Dr. By: DSS Rev 1
Date: 4/26/11 Rel W.O.	11110887 Scale: 1"=100'



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 21 TWP. 14-S RGE. 30-E

SURVEY N M P.M.

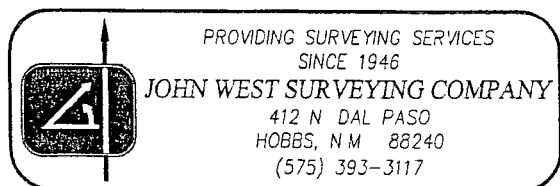
COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 660' FSL & 330' FEL

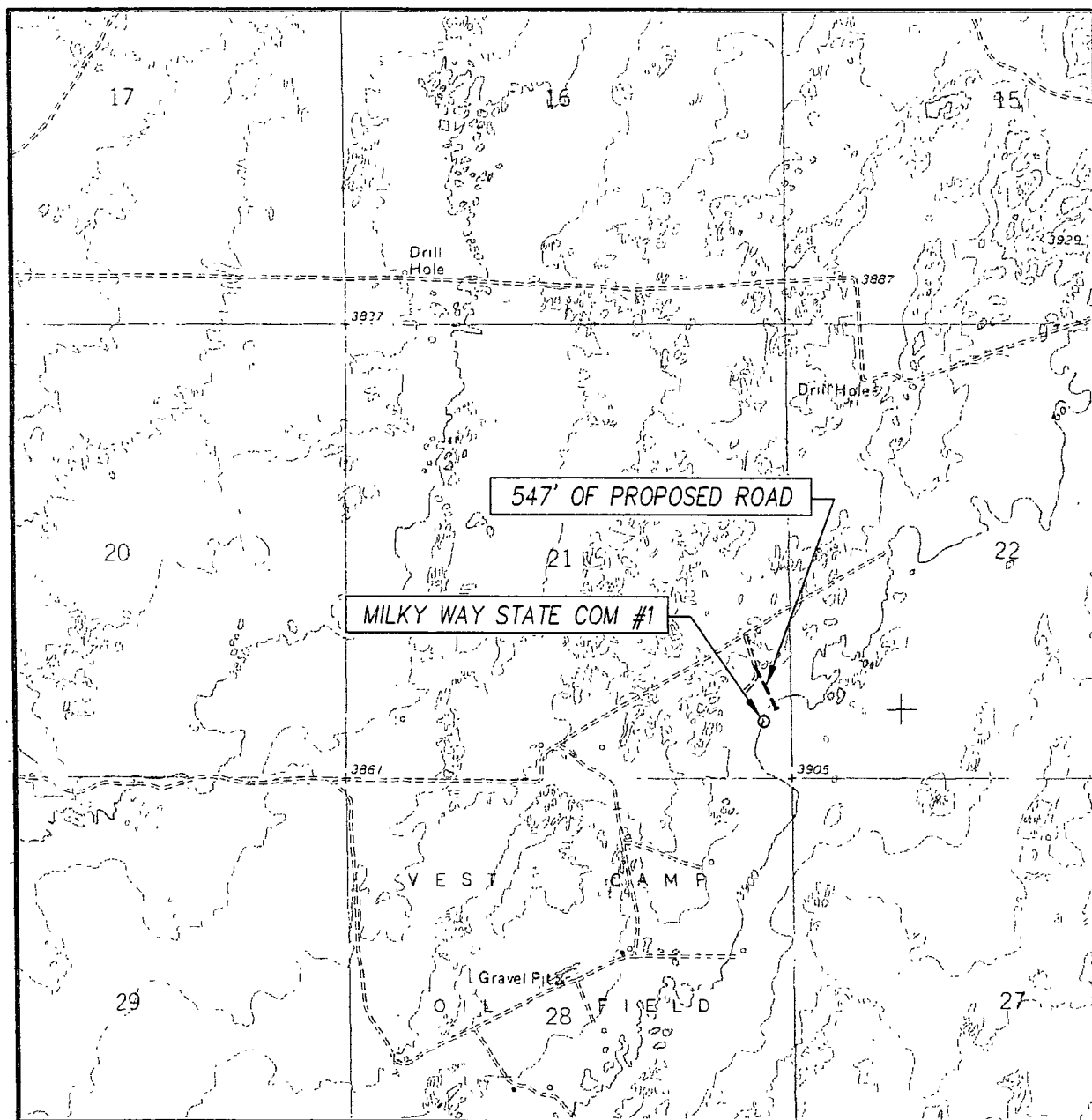
ELEVATION 3900'

OPERATOR MACK ENERGY CORPORATION

LEASE MILKY WAY STATE COM



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CEDAR POINT, N.M. - 10'

SEC. 21 TWP. 14-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 660' FSL & 330' FEL

ELEVATION 3900'

OPERATOR MACK ENERGY CORPORATION

LEASE MILKY WAY STATE COM

U.S.G.S. TOPOGRAPHIC MAP

CEDAR POINT, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

