

HOBBS OCD

MAY 15 2012

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 Co Rd #126 (Maljamar Rd) & Mescalero, go southwest 1 mile, turn west .3 mile, north .6 mile to the Pintail Fed #1. Follow road survey 1000' west, then 1000' south, then 820' east to location.
- 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.

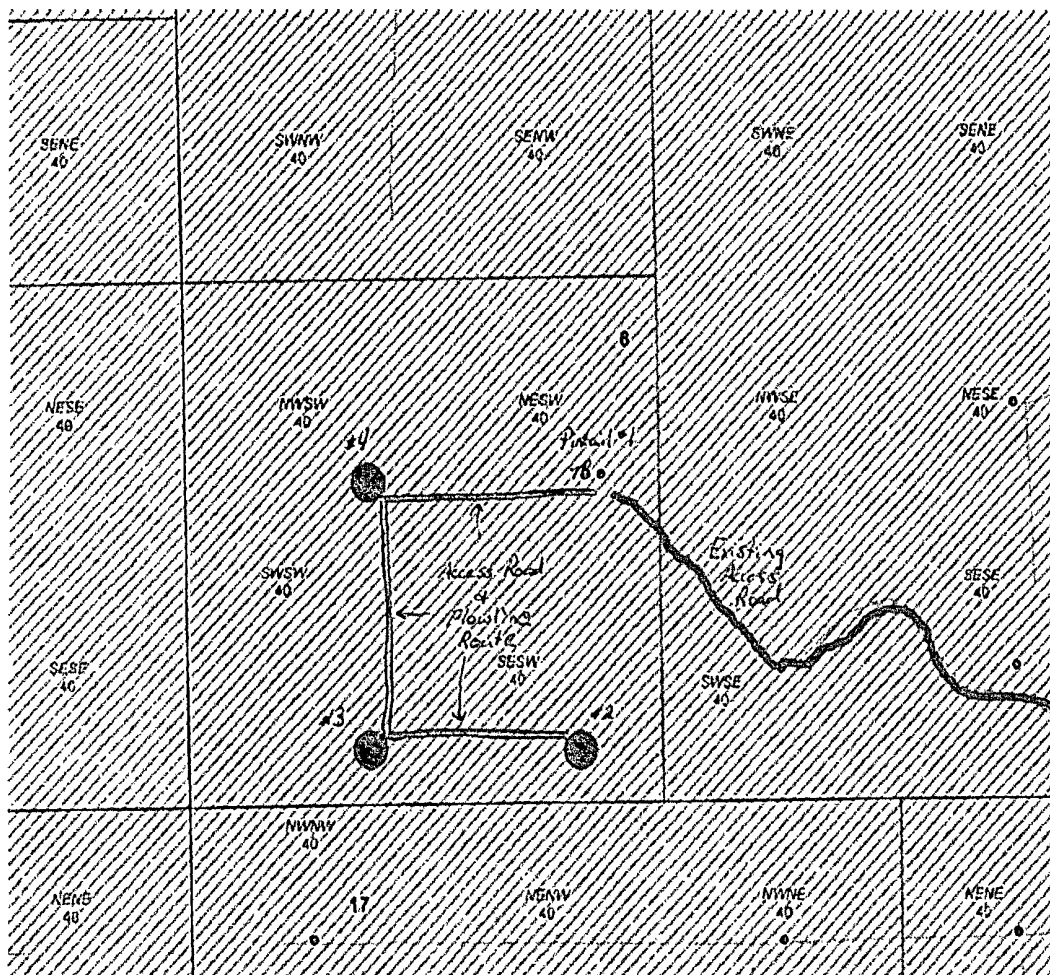


Exhibit #6

MAY 21 2012

1. Proposed Access Road:

Exhibit #6 shows the 820' 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 #6 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 operate a production facility on this lease.
- B. If the well is productive, contemplated facilities will be as follows:
 - 1) Maljamar Yeso Completion: Will be sent to the Pintail 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 CVE and they will send in a separate plan for power.
- C. Proposed flow lines will follow proposed access roads to TB at well #1. Flowline will be a 2" poly surface line, 2820' in length with a 40 psi working pressure.

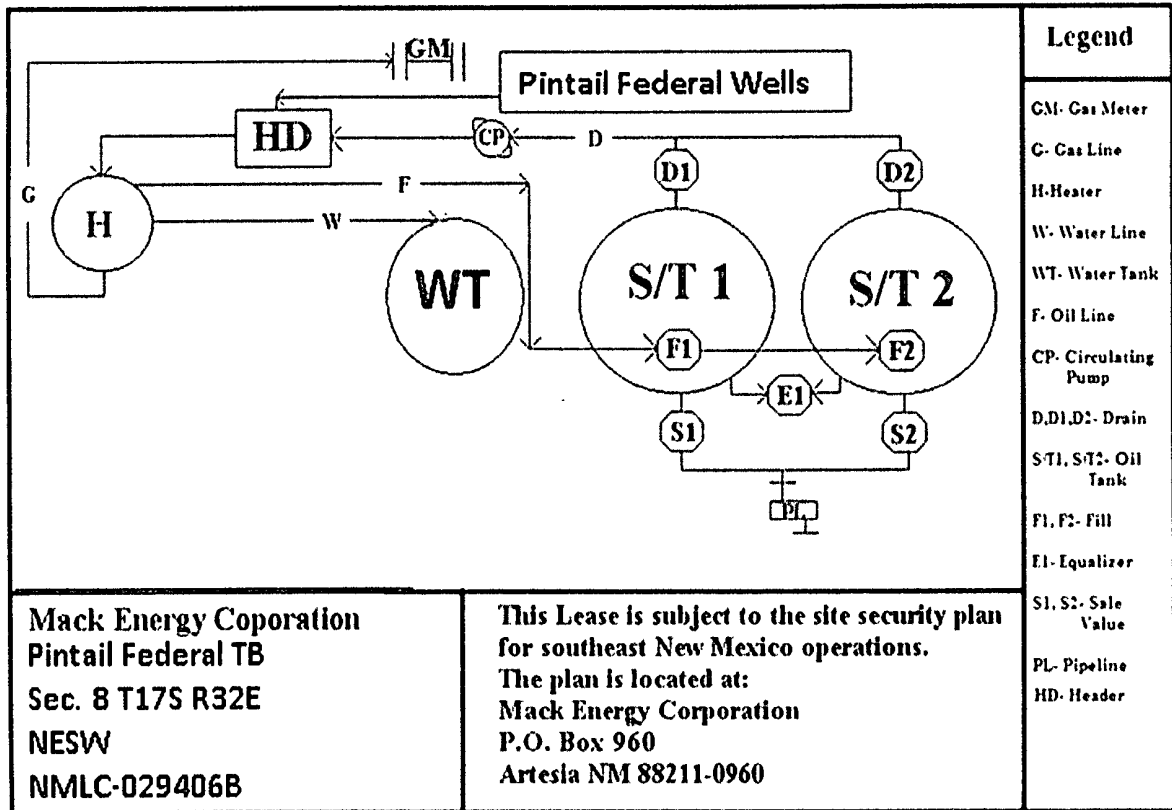


Exhibit #13

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:

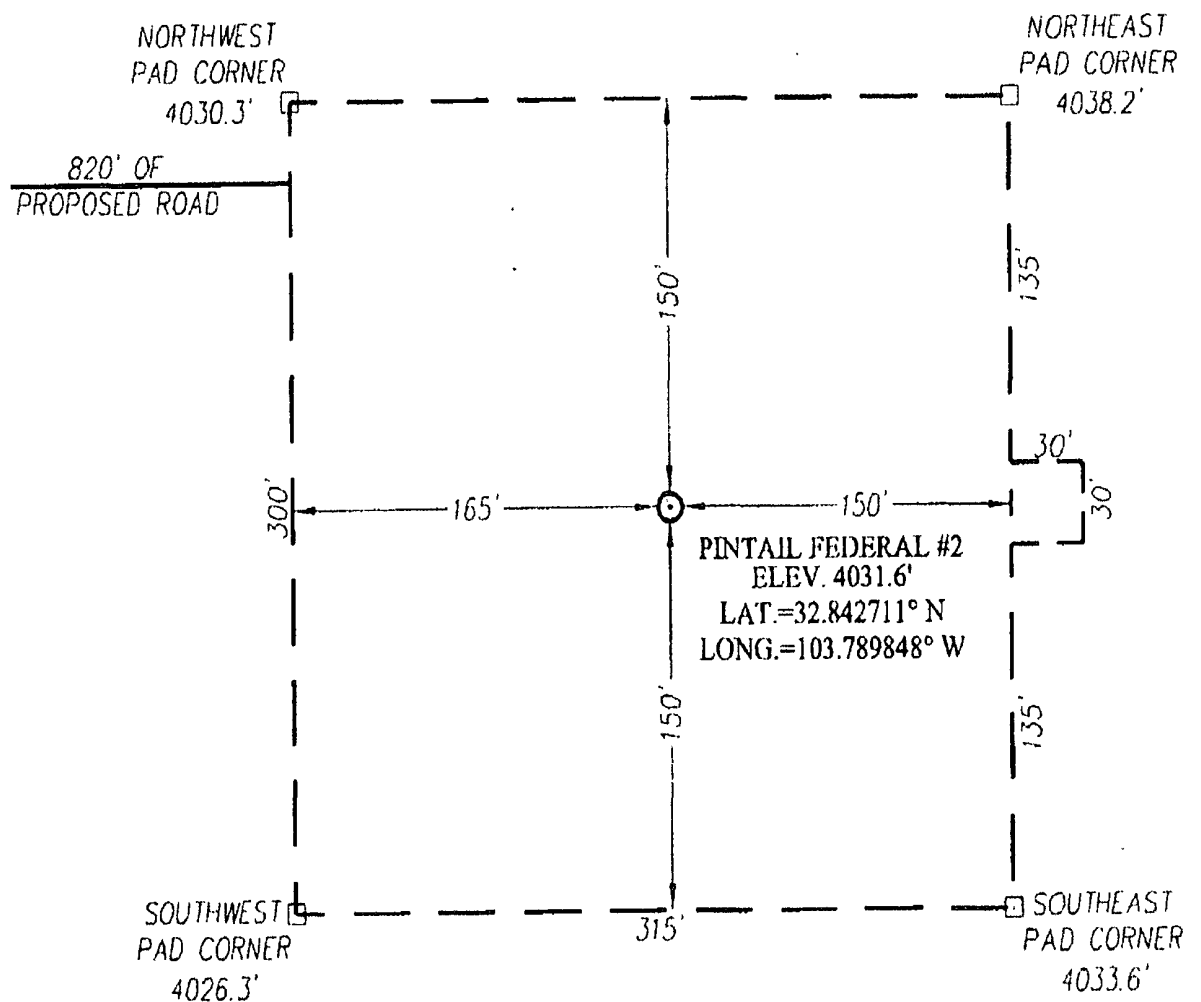
-
- A. Drill cuttings not retained for evaluation purposes will be disposed into the steel tanks and hauled to an approved facility.
 - B. Drilling fluids will be contained in steel tanks using a closed loop system Exhibit #12.
 - C. Water produced from the well during completion may be disposed into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

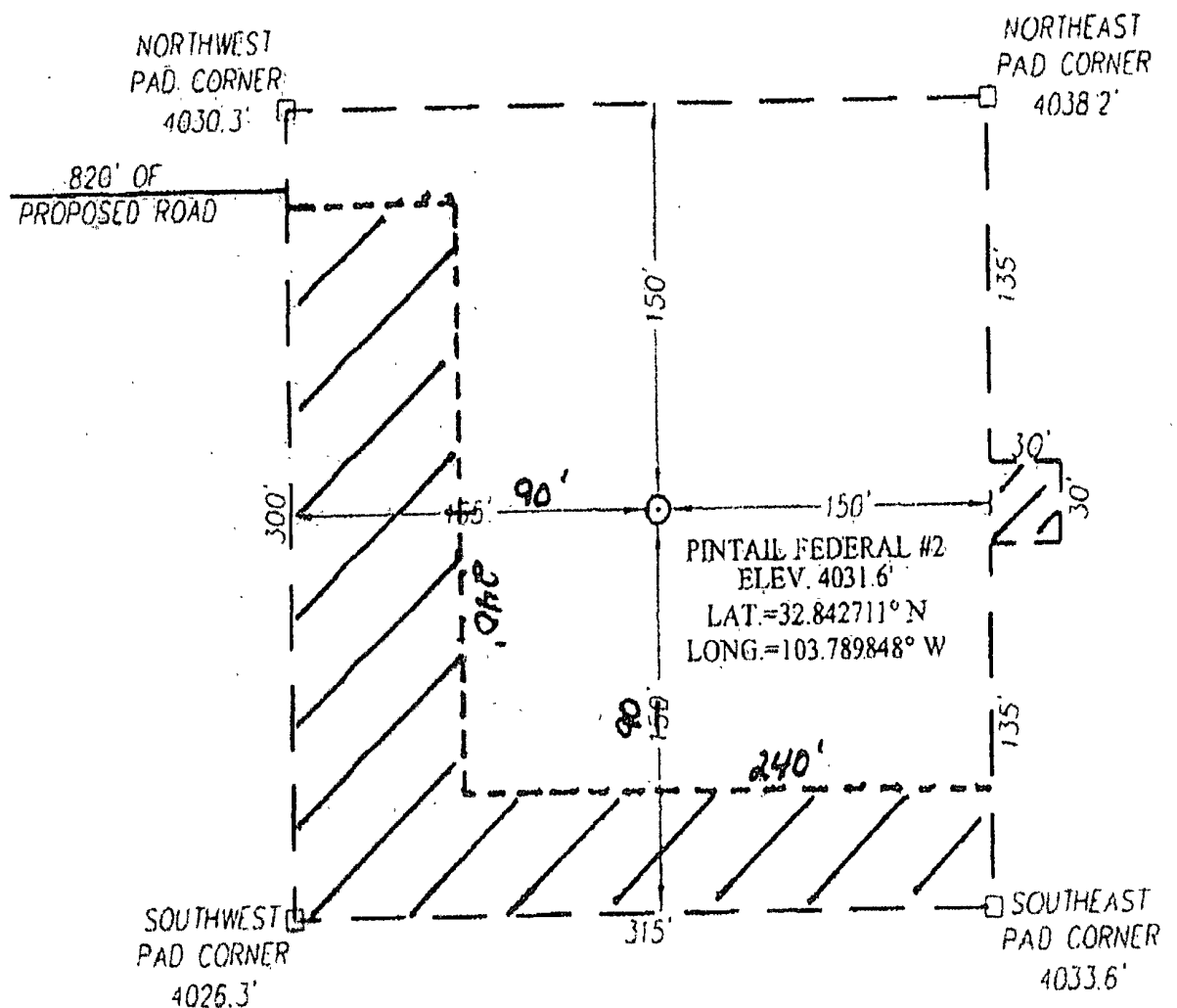


Exhibit #15

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 Olane Caswell, 1702 Gillham Dr. Brownfield, TX 79316 (806) 637-7004.

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:

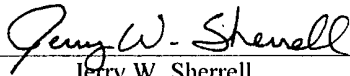
The Mack Energy Corporation representative responsible for assuring compliance with the surface use plan is as follows:

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

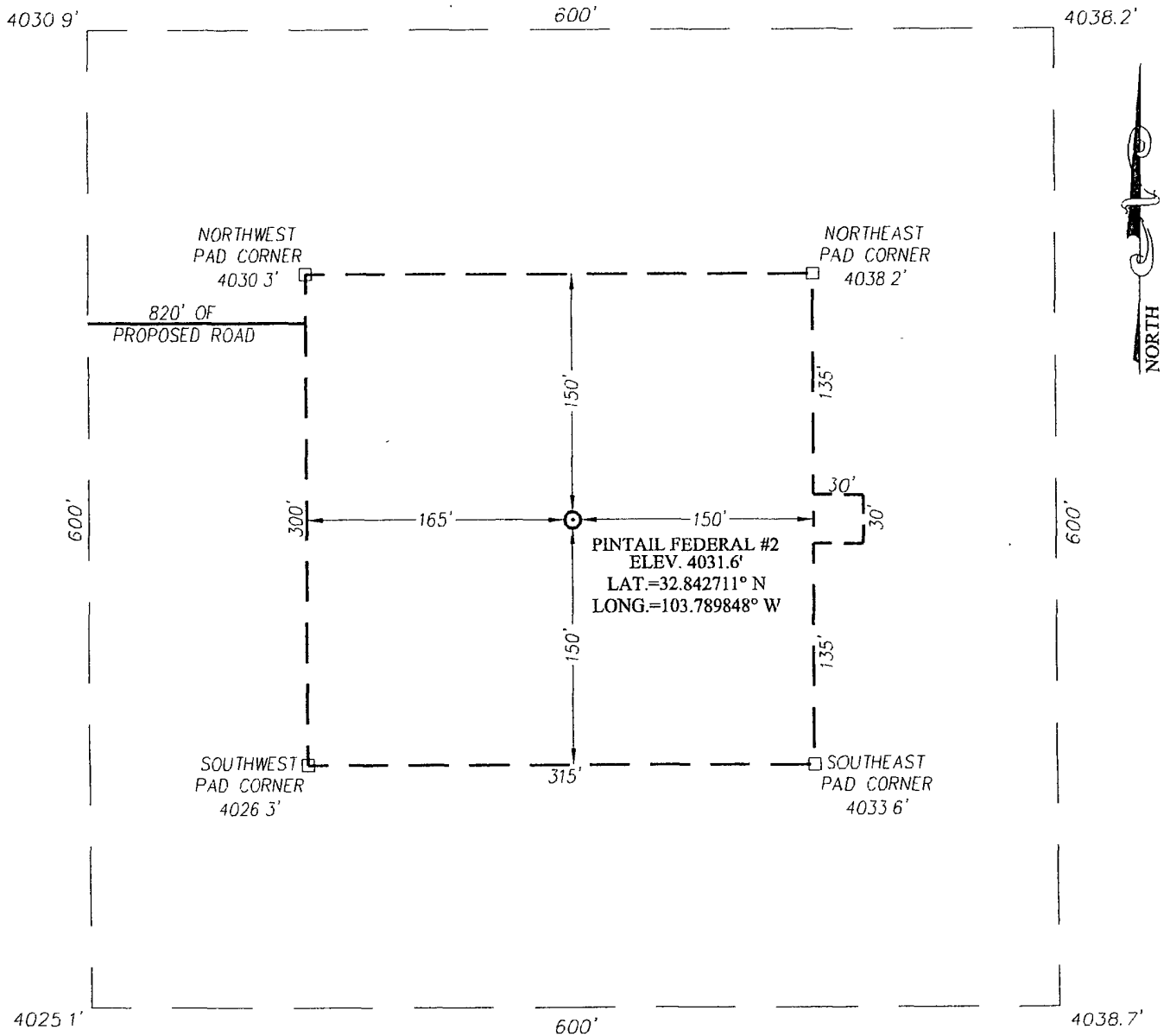
APD CERTIFICATION

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: 3-29-2012

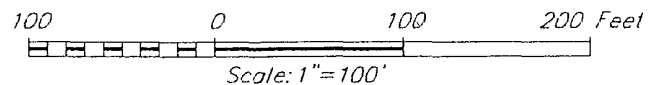
Signed: 
Jerry W. Sherrell

SECTION 8, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY **NEW MEXICO**



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO RD #125 AND CO RD #126
 GO SOUTH ON CO RD #126 (MALJAMAR RD) APPROX 1.0
 MILE, TURN RIGHT AND GO WEST APPROX 0.3 MILES TURN
 RIGHT AND GO NORTH APPROX 0.7 MILES. TURN LEFT AND GO
 APPROX 205 FEET VEER RIGHT AND GO SOUTHWEST APPROX
 0.2 MILES VEER RIGHT AND GO NORTHWEST APPROX 0.3 MILES
 TO THE EXISTING PINTAIL LOCATION FOLLOW ROAD SURVEY
 WEST APPROX 1028 FEET, THEN SOUTH APPROX 1061, THEN
 EAST APPROX 820 FEET EAST TO THE LOCATION



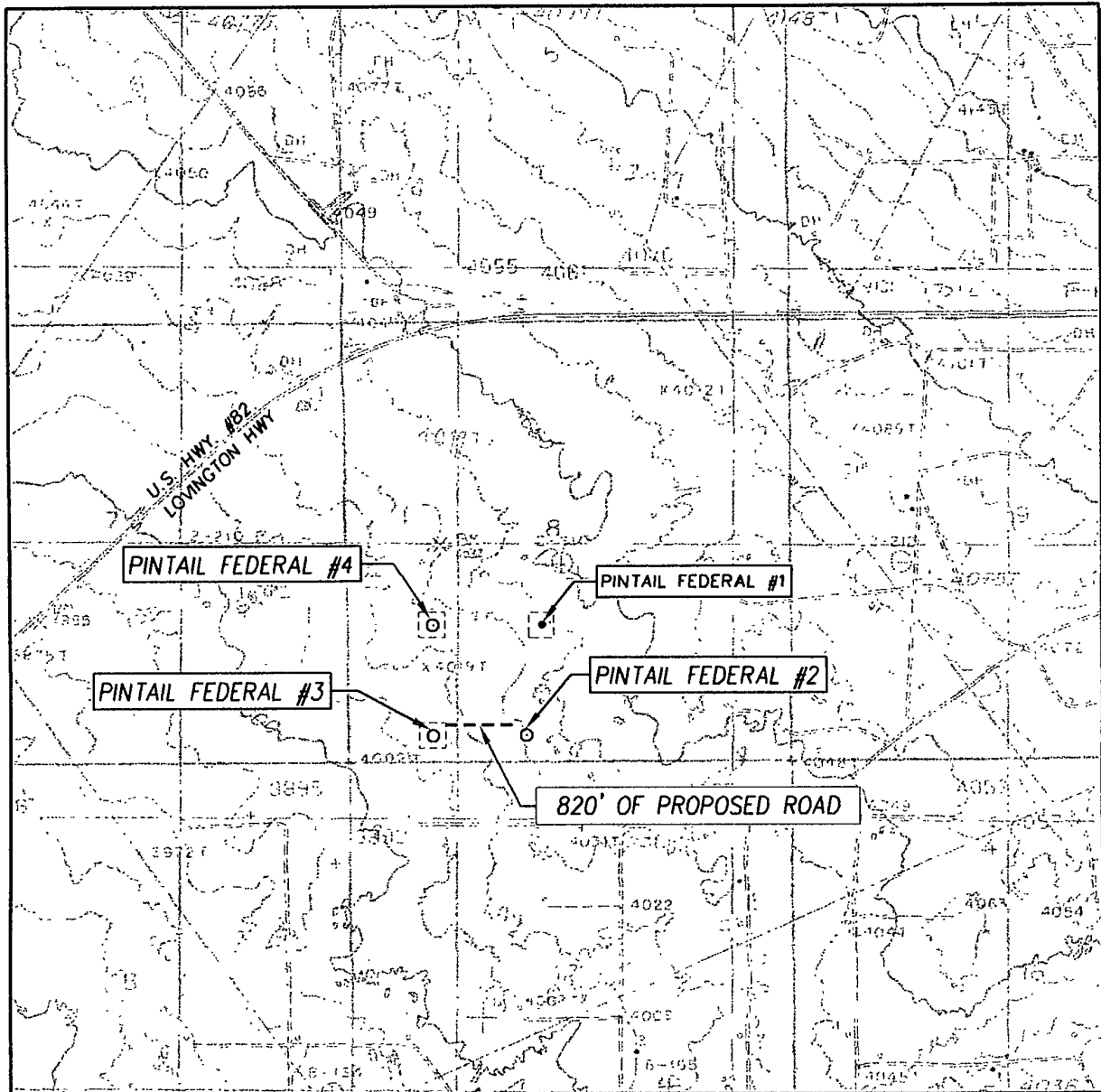
MACK ENERGY CORPORATION

PINTAIL FEDERAL #2 WELL
 LOCATED 330 FEET FROM THE SOUTH LINE
 AND 2110 FEET FROM THE WEST LINE OF SECTION 8,
 TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO

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

Survey Date 3/7/12	CAD Date 3/26/12	Drawn By AF
WO No 12110317	Rev	Rel WO:
		Sheet 1 of 1

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MALJAMAR, N.M. - 10'

SEC. 8 TWP 17-S RGE 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FSL & 2110' FWL

ELEVATION 4032'

OPERATOR MACK ENERGY CORPORATION

LEASE PINTAIL FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR, N.M.

