

JUL 19 2012

SURFACE USE AND OPERATING PLAN

RECEIVED

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 #249 and County RD #217, go south 5.0 miles, turn left/east .6 mile, turn north .1 mile to a P&A well, turn northeast .2 mile to proposed Barney Fed Com #1.
- 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.

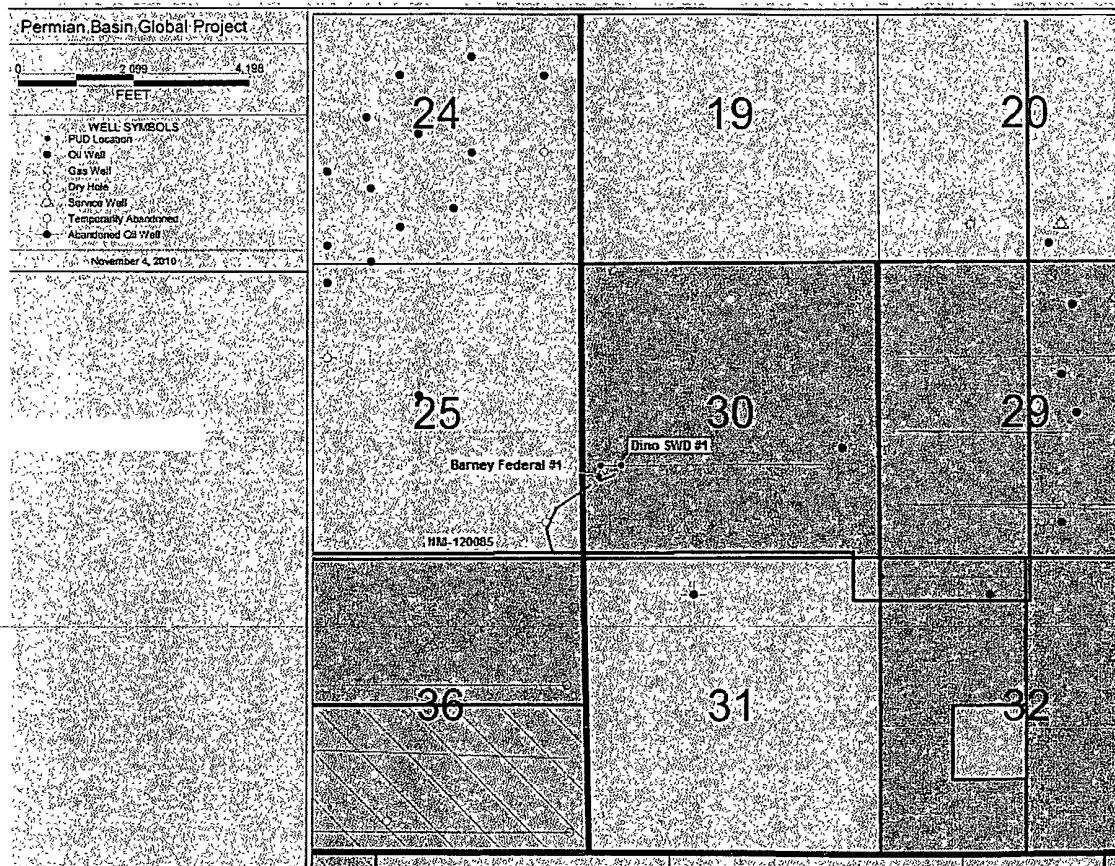


Exhibit #4

2. Proposed Access Road:

JUL 26 2012

Exhibit #3 shows the 1624' 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, 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 #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 this location.

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) Wolfcamp Completion: Will be sent to the Barney Federal Com 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.
 - 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.

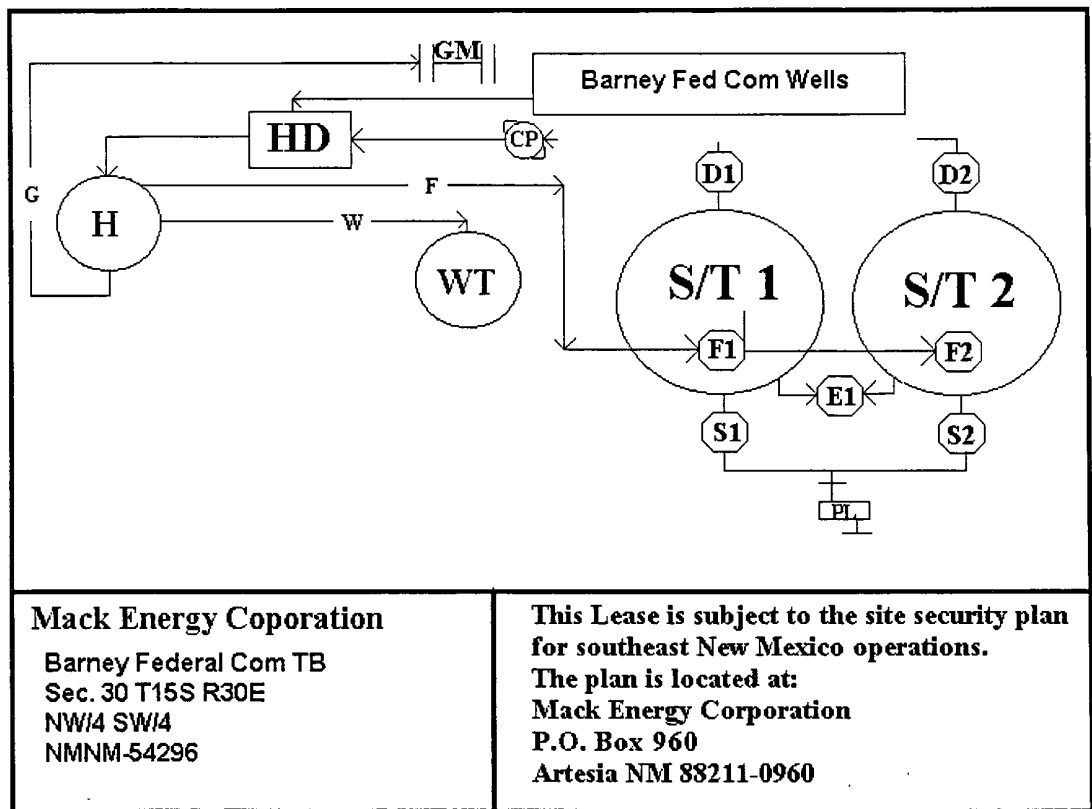


Exhibit #5

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.

8. 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.

9. Ancillary Facilities:

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

10. 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. Interim reclamation will consist of removing portion of well pad not needed for daily or workover operations. Reseeding per BLM specifications.
- C. 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.

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 lessee is Bogel Limited Company, Lewis Derrick, P.O. Box 460 Dexter, NM 88230.

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:

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

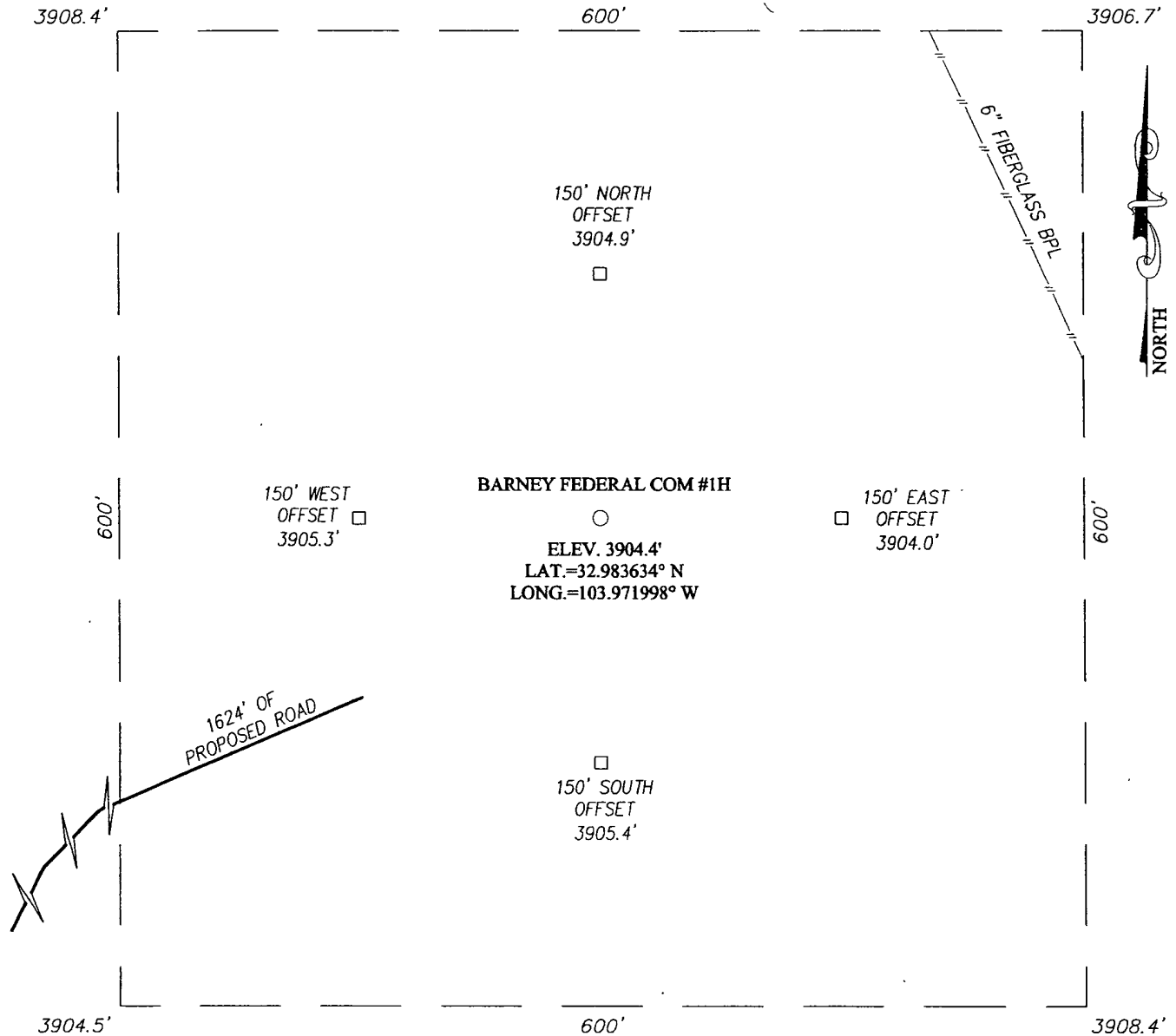
CERTIFICATION

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 APD 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: 12-1-2010

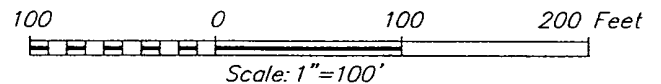
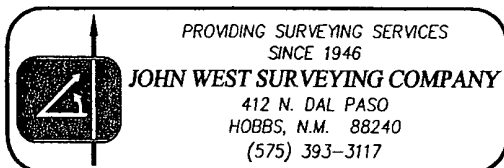
Signed: Deana Weaver
Deana Weaver

SECTION 30, TOWNSHIP 15 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #217
(HAGERMAN CUTOFF) AND CO. RD. #256 (BOOGER
LANGSTON) GO NORTH ON CO. RD. #217 APPROX. 1.9
MILES. TURN RIGHT AND GO EAST APPROX. 0.6
MILES TO A PROPOSED ROAD SURVEY STAKE. TURN
LEFT AT PROPOSED ROAD AND FOLLOW IT NORTH
APPROX. 0.1 MILE TO A PLUGGED AND ABANDONED
WELL. CONTINUE NORTHEAST APPROX. 0.2 MILES.
THIS LOCATION STAKE IS APPROX. 212 FEET
NORTHEAST.

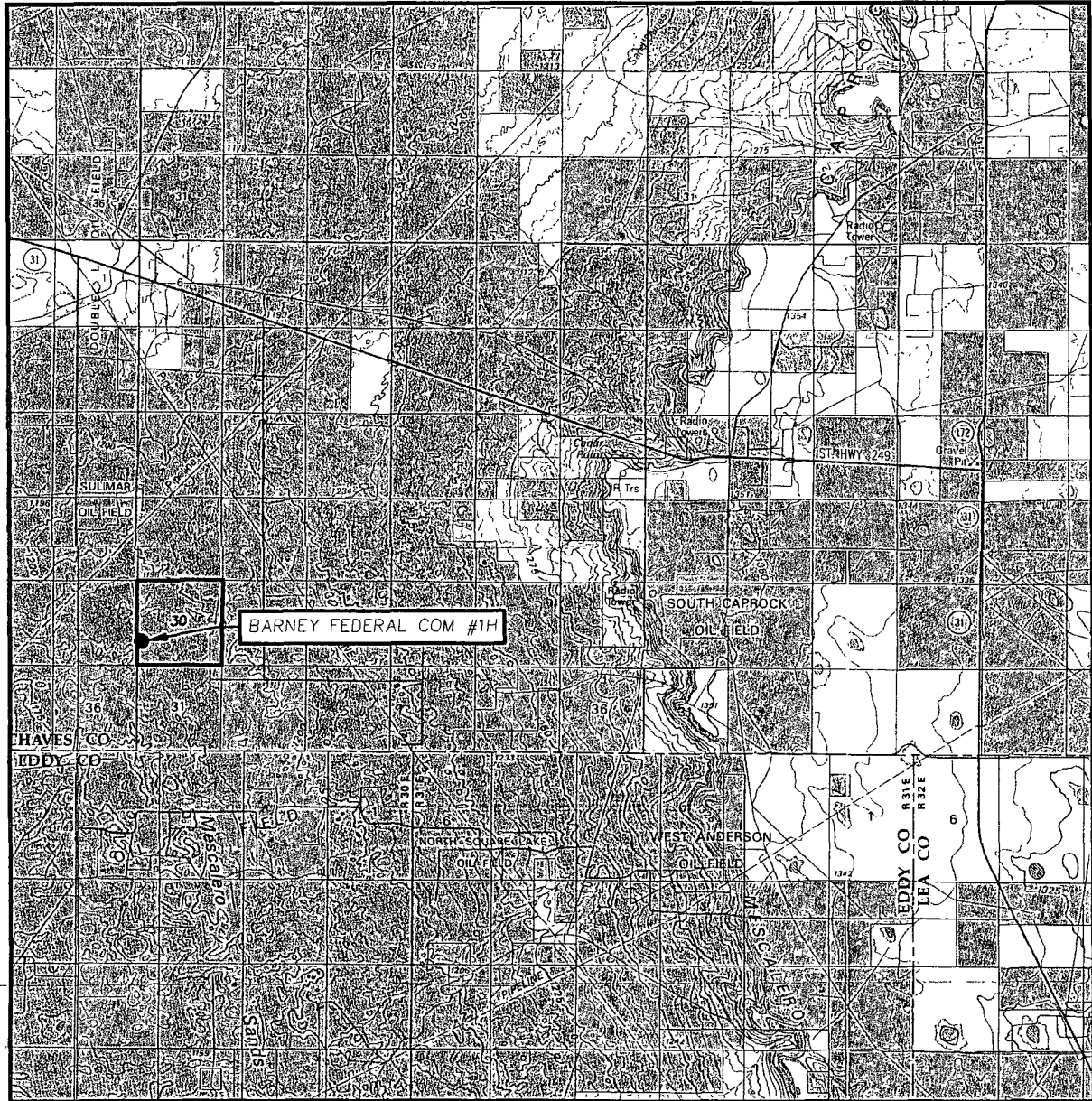


MACK ENERGY CORPORATION

BARNEY FEDERAL COM #1H WELL
LOCATED 1480 FEET FROM THE SOUTH LINE
AND 290 FEET FROM THE WEST LINE OF SECTION 30,
TOWNSHIP 15 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.


Survey Date: 10/07/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.1472	Dr By: DSS
Date: 10/12/10	10111472
	Scale: 1"=100'

VICINITY MAP



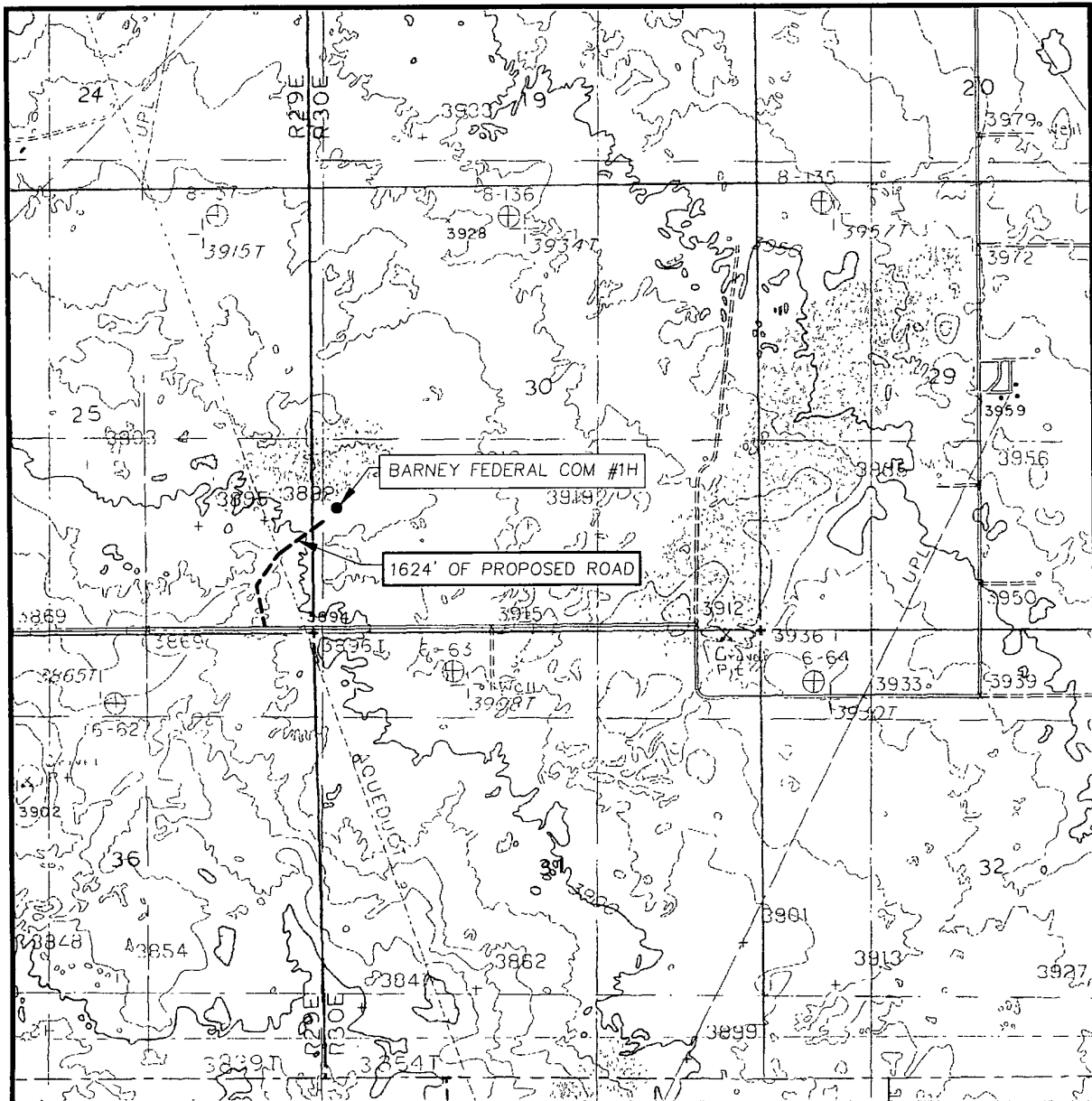
SCALE: 1" = 2 MILES

SEC. 30 TWP. 15-S RGE. 30-E
 SURVEY N.M.P.M.
 COUNTY CHAVES STATE NEW MEXICO
 DESCRIPTION 1480' FSL & 290' FWL
 ELEVATION 3904'
 OPERATOR MACK ENERGY CORPORATION
 LEASE BARNEY FEDERAL COM



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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HENSHAW TANK, N.M. - 10'

SEC. 30 TWP. 15-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

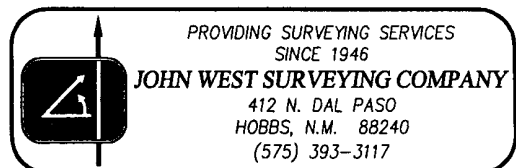
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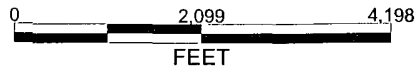
OPERATOR MAC K ENERGY CORPORATION

LEASE BARNEY FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP
HENSHAW TANK, N.M.



Permian Basin Global Project



- WELL SYMBOLS**
- PUD Location
 - Oil Well
 - ☼ Gas Well
 - Dry Hole
 - △ Service Well
 - Temporarily Abandoned
 - Abandoned Oil Well

November 4, 2010

