March 12, 1975

United States Geological Survey P. O. Box 1809 Durango, Colorado 81301

Attention: Mr. Jerry Long

Dear Sir:

Southern Union Gas Company desires to drill the Giovanini #1-14, Las Milpas Gas Storage well. This well is to be located 654' FSL and 300' FEL of Section 19, T-15N, R-1E, N.M.P.M., Sandoval County, New Mexico.

The proposed well site is located approximately west-southwest of an existing well (San Ysidro #1). We anticipate coring the Aqua Zarca Sand of this well through it's entirety.

An access road will be constructed from the existing well (San Ysidro #1) westward to the proposed well site. No tank batteries are to be built. However, a temporary water line will be laid from the San Ysidro #1 to the new location for a drilling water supply. Upon completion of drilling operations, this line will be removed. It is anticipated that a four-inch flow line will be laid and buried from the proposed well site in a northward direction and connected to a segment of the master gathering facility (see attached map).

Waste will be disposed of by placing it in a reserve or burn pit constructed according to the attached specifications. This reserve pit will, when dry, be smoothed, lined and used as an emergency splash pit to handle excess water produced during subsurface development and testing.

A small trailer house will be placed on location for personnel use while drilling operations are in progress.

No air strips or permanent building are to be constructed at the proposed location. An attached plat illustrates the rig and location layout.

Upon completion of drilling operations, the wellhead and related equipment will be painted a color to conform with the surroundings. The location will be cleaned, bladed and re-seeded so as to leave the area in an acceptable natural state.

Should additional information be desired, please advise.

Very truly yours,

SOUTHERN UNION GAS COMPANY

Project Engineer

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HJB:sbr

Attachments