

INEXCO OIL COMPANY
PLAN OF OPERATION

DATE: September 12, 1978
WELL NAME: Federal-Com 7 #2
LOCATION: SW/4 NW/4 SEction 7, T19S-R33E

#1 Existing Roads:

- A. Proposed well site as staked: See Survey Plat and Diagram "D".
- B. Route and distance from nearest locatable reference point to where well access route leaves main road:

From intersection of Highway 62 and 176, go north nine (9) miles on 176. Turn right at Phillips Plant and proceed east 5.8 miles where road turns north. Proceed .1 miles to intersection. Continue north .4 miles through cattleguard to Llano Pipeline right-of-way, 1600' north to location.
- C. Access road(s) to location color-coded or labeled:

No new road.
- D. If exploratory well, all existing roads within a three (3) mile radius of well site:

Not Applicable.
- E. If development well, all existing roads within a one (1) mile radius of well site:

See Map "B".
- F. Plans for improvement and/or maintenance of existing roads:

1600' of existing road will need to be bladed off. Balance of existing road is gravelled all-season road and no improvement will be made

#2 Planned Access Road:

Map showing all necessary access roads to constructed or reconstructed, showing:

- (1) Width: 12'

- (2) Maximum Grades: Area is generally flat and no appreciable grade will be required.
- (3) Turnouts: One turnout per 1000' of road.
- (4) Drainage Design: Terrain does not dictate the need for designed drainage patterns. Any construction of drainage ditches would provoke undue wind erosion.
- (5) Location and size of culverts and brief description of any major cuts and fills:

There will be no cut or fill required in the construction of the road. There are no drainage crossings which would require any culverts.

(6) Surfacing Material:

Material will be caliche hauled from the B.L.M. quarry located NE/4 SE/4 Section 15, T19S-R32E.

- (7) Necessary gates, cattleguards, or fence cuts:





None

- (8) New or reconstructed roads are to be center-line flagged at the time of location staking:

A 400' square work area has been flagged within which boundaries the work will be confined.

#3 Location of Existing Wells:

Two (2) mile radius map if exploratory, or one (1) mile radius map of development well, showing and identifying existing:

- (1) Water Wells: See Map "B" Green Circles. 
- (2) Abandoned Wells: See Map "B" symbol 
- (3) Temporarily Abandoned Wells: None.
- (4) Disposal Wells: None.
- (5) Drilling Wells: Two (See Map "B" attached). 
- (6) Producing Wells: See Map "B" Symbol 
- (7) Shut-in Wells: None.
- (8) Injection Wells: None.
- (9) Monitoring or Observation Wells for Other Resources: None.

#4 Location of Existing and/or Proposed Facilities:

- A. Within one (1) mile radius of location, show the following existing facilities owned or controlled by lessee or operator:
- (1) Tank Batteries: See Diagram "F".
 - (2) Production Facilities: See Diagram "F".
 - (3) Oil Gathering Lines: See Diagram "F".
 - (4) Gas Gathering Lines: None.
 - (5) Injection Lines (indicate if any of the above lines are buried: None.
 - (6) Disposal Lines: None.
- B. If new facilities are contemplated, in the event of production, show:
- (1) Proposed location and attendant lines by flagging if off of well pad:

All facilities will be kept on the well pad. Gas sales will not be determined until after well is completed.
 - (2) Dimensions of Facilities: See Diagram "E" attached.
 - (3) Construction Methods and Materials:

Tank Battery will consist of a production unit, one (1) 210 barrel stock tank, and one (1) barrel water tank. All lines will be on the surface and a 3' berm will surround the stock tanks. (See Diagram "E").
 - (4) Protective measures and devices to protect livestock and wildlife.

Wellhead will be fenced and water storage tank will be flagged overhead. No pits will be left open after clean-up, but will be fenced until then.
- C. Plan for Rehabilitation of Disturbed Areas no Longer Needed for Operations After Construction Completed:
- Any unneeded area which has been calched will be ripped up to below sand level and left for natural vegetation to re-occur. Sand area will not be disturbed.

#5 Location and Type of Water Supply:

- A. Show location and type of water supply, either on map or by written description:

Fresh water will be purchased from a commercial supply. If attempts to procure water from the Amoco water well in Section 18 (see Map "B") are successful, fresh water will be pumped in a line along the road right-of-way.

- B. State method of transporting water, and show any roads or pipelines needed:

The water will be hauled by tank truck to the drill site, except as mentioned above.

- C. If water well is to be drilled on lease, so state. No APD for water well is necessary, however, unless it will penetrate potential hydrocarbon horizons:

None Anticipated.

#6 Source of Construction Materials:

- A. Show information, either on map or by written description:

Material from B.L.M. quarry Section 15, T19S-R32E.

- B. Identify if from Federal or Indian Land: Federal.

- C. Describe where materials, such as sand, gravel, stone, soil material are to be obtained and used:

See 6-A above.

- D. Show any needed access roads crossing Federal or Indian Lands under Item 2:

See Map "B". All access is on B.L.M. land.

#7 Methods of Handling Waste Disposal:

Describe methods and location of proposed containment disposal of waste material, including:

- (1) Cuttings: Reserve Pit.
- (2) Drilling Fluids: Reserve Pit- primary reserve pits will be lined with four (4) mil plastic.
- (3) Produced Fluids (oil, water): Storage Tanks.

#7 Methods of Handling Waste Disposal (cont.):

- (4) Sewage: Porta Potty
- (5) Garbage and other waste material (trash pits should be fenced with small mesh wire to prevent wind scattering trash before being burned or buried):

To be contained in a trash pit for burial at completion of well.

- (6) Statement regarding proper clean-up of well site area when rig moves out:

At the completion of drilling, the site and surrounding area will be cleaned up and all burnable material will be put in the burn pit and burned. All foreign material will be buried.

#8 Ancillary Facilities:

Identify all proposed camps and airstrips on a map as to their location, area required, and construction methods. (Camp center and airstrip center lines to be staked on the ground):

None Planned.

#9 Well Site Layout:

A plat (not less than 1"- 50') showing:

- (1) Cross Sections of drill pad with cuts and fills: See Diagram "D" (attached). No cut or fill will be necessary.
- (2) Location of mud tanks, reserve, burn and trash pits, pipe racks, living facilities, and soil material stockpiles:

See Diagram "D" (attached)
- (3) Rig orientation, parking areas, and access roads.
- (4) Statement as to whether pits are to be lined or unlined. (Approval as used in this section means field approval of location. All necessary staking of facilities may be down at time of field inspection. A registered surveyor is not mandatory of such operations):

Primary reserve pits will be lined.

#10 Plans for Restoration of Surface:

State restoration program upon completion of operations, including:

- (1) Backfilling, leveling, contouring, and waste disposal, segregation of spoils materials as needed:

The drill site will be cleaned and waste material will be put in the trash burn pit, which will be covered at the finish of the drilling operation. The reserve pit will be backfilled as soon as it is dry enough.

- (2) Revegetation and rehabilitation - including access roads (normally per B.L.M. recommendations):

Caliche will be ripped and loosened but will remain to collect seeds for revegetation and to protect from erosion.

- (3) Prior to rig release, pits will be fenced and so maintained until clean-up:

At the completion of the drilling, all pits will be fenced.

- (4) If oil on pit, remove oil or install overhead flagging:

If there is oil on the reserve pit, it will be removed or flagged with overhead flagging.

- (5) Timetable for commencement and completion of rehabilitation operations:

Depending upon climatic conditions, restorations should be completed from six months to one year after spud date.

#11 Other Information:

General Information of :

- (1) Topography, soil characteristics, geologic features, flora, and fauna.
- (2) Flat land, desert sand 4' to 8' deep. Covered very sparsely with scrub oak brush and yucca.

#11 Other Information (cont.):

- (3) Other surface use activities and surface ownership of all involved lands:

All land is B.L.M. managed. Grazing rights are of William Snyder Ranch.

- (4) Proximity of water, occupied dwellings, archaeological, historical, or cultural sites:

No fresh water.

#12 Lessee's or Operator's Representatives:

Include the name, address, and phone number of the lessee's or operator's field representative who is responsible for assuring compliance with the approved surface use and operations plan:

Inexco Oil Company
1100 Milam Bldg. Suite 1900
Houston, TX 77002
Attn: Mr. Tom Foster
713-651-3452

#13 Certificates:

The following statement is to be incorporated in the plan and must be signed by the lessee's or operator's field representative who is identified in Item Number 12 of the plan:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access roads; that I am familiar with the conditions which presently exist; and that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Inexco Oil Company and its contractors, subcontractors in conformity with this plan and terms and conditions under which it is approved.



R. T. Foster
Drilling Administrator

September 12, 1978