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ANADARKO PRODUCTION COMPANY

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LOVINGTON, NEW MEXICO 88260
CABLE ADDRESS: ANDARK

P. O. Box 67
Loco Hills, New Mexico 88255
April 12, 1978

United States Geological Survey
P. O. Drawer U
Artesia, New Mexico 88210

Gentlemen:

Following is the "Surface Use and Operation Plan" for the drilling of Anadarko Production Company's Power Federal Comm. No. 1, located 2200' FSL & 1650' FEL, Section 26, T-17S, R-30E, Eddy County, New Mexico.

1. Existing Roads - A small scale map is attached (Exhibit #1). It shows the location of this well in relation to Loco Hills, New Mexico Townsite.

A larger scale map (Exhibit #2) shows State Highway #82 in blue. The existing caliche lease roads are shown in orange. An existing road will intersect this drill site.

2. Planned Access Roads - No access roads are needed since this location will include an existing caliche road. This road will need to be rerouted around the South side of the caliche pad as shown on the attached well site layout plat. There will be no fence to cut or cattleguard to set.

3. Location of Existing Wells - All existing wells on lease are indicated on enclosed map. There are no exploratory wells being drilled within a two mile radius. Exhibit #1.

4. Location of Tank Batteries, Production Facilities and Lines - Tank battery is indicated on a separate attached plat. The drilling pad will be converted into the production pad where all production facilities tank battery and lines will be located. Exhibit #3.

5. Location and Type of Water Supply - Fresh water to be used at drilling site will be furnished by two sources: (1) A fresh water tap will be installed on the location by General Operating Company to supply a portion of the needed water. (2) The remainder will be supplied by I & W Trucking Company and will be hauled from connections operated by Double Eagle Water Company in the Loco Hills Area.

Salt water might possibly be used while drilling the intermediate hole. This water will be obtained from local Potash Mines.

6. Source of Construction Material - Primary source of caliche will be the reserve pit area of the new drilling location. Alternate source will be an existing caliche pit located approximately one mile North of the drilling location and shown on Exhibit #1. Location of this pit is NE/4 NE/4, Sec. 23, T-17S, R-30E.