

Anadarko
PRODUCTION COMPANY

A
Panhandle
Eastern
Company

P. O. Box 67 • Loco Hills New Mexico 88255 • (505) 677-2411

June 5, 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 Ballard Grayburg San Andres Unit Tract No. 3 Well No. 1 located 1980' FNL & 660' FEL Section 7, T-18S, R-29E, 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, N. M., townsite. A larger scale map (Exhibit #2) shows State Highway #360 and County Road #139 in blue. The existing caliche lease roads are shown in orange. The nearest caliche road is now located approximately 660' East of this drill site.

2. Planned Access Roads - A 12' wide caliche road is to be built between this drill site and an existing caliche road which is approximately 660' East. This new road is shown as a dashed green line on Exhibit #2.

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.

4. Location of Tank Batteries, Production Facilities and Lines - There is a central tank battery located on the Ballard Unit located in the SW/4 of NW/4 of Section 8, T-18S, R-29E. All production on the Ballard Unit is piped to this central tank battery. Existing lease lines to central tank battery shown in solid blue; proposed line to location is dashed blue on Exhibit #2.

5. Location & Type of Water Supply - Fresh water to be used at drilling site will be supplied by I & W Trucking Company of Loco Hills and will be hauled from our Ballard Unit Water Plant and from Double Eagle Water Company taps in the Loco Hills area.

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 in the SW/4 of SW/4 of Section 8, T-18S, R-29E.

7. Methods for Handling Waste Disposal - Enclosed drill site plat (Exhibit #4) indicates location of drilling pits, reserve pit and rubbish pit. After sufficient time has elapsed to allow drilling fluids to dry, all pits will be closed and leveled. The rubbish pit adjacent to drilling site will be deep enough to contain all rubbish when covered and leveled.