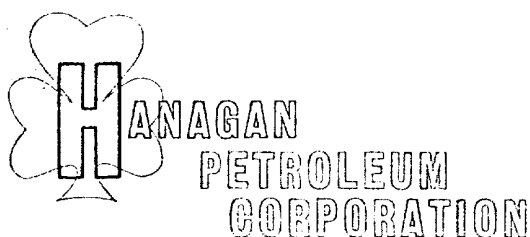


1500 SERIES

MORANCO RIGS 2-3-7-8



PHONE 505 - 623-5053
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO

October 21, 1976

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Hanagan Petroleum Corporation
No. 1 Rifle-Federal
510' FNL & 2180' FEL-Sec. 29-T21S-R26E
Eddy County, New Mexico
Lease: New Mexico 16624
(Development Well)

RECEIVED
OCT 26 1976
U. S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

- I. EXISTING ROADS: Exhibit "A" is a U.S.G.S. topographic map with existing roads and other pertinent information in the area of the subject drillsite. The proposed location is situated approximately 1600 feet east of the paved truck by-pass road located on the west side of Carlsbad, New Mexico. The well site is located 2 miles south of where the truck by-pass intersects the Artesia/Carlsbad highway #285 (colored orange) and 4 miles northwest on truck by-pass where it leaves the western city limits of Carlsbad (colored green) as shown on Exhibit "A".

Exhibit "A" also shows all existing roads within 1 mile radius of the well-site (colored yellow) and the planned access road (colored blue). Since the access road would come directly off the paved road, none of the existing roads would require repairs.

II. PLANNED ACCESS ROAD:

- (A). Length and Width - New road required will be 10 feet wide and 1600 feet long (colored blue on Exhibit "A"). The center line of the proposed new road from the paved road to the well site has been staked and flagged and is visible from one stake to the next.
- (B). Turnouts - None required.
- (C). Culverts - None required.
- (D). Cuts & Fills - None required except where cattleguard installed. Plan to just scrape off the surface, which is very rocky, and use a grind roller and water to make road. Do not anticipate hauling in any caliche for the road. There is only one small gully to cross, which is solid rock and consequently not cut deep at all by water and should require no fill. Road will connect on the southwest corner of drilling pad (see figure #1).
- (E). Gates, Cattleguards - One cattleguard necessary at the present fence just east of the paved road right-of-way (see Exhibit "A", solid black circle).

III. LOCATION OF EXISTING WELLS:

All existing wells to our knowledge are shown on Exhibit "A" within a mile of the subject well site. Deep gas wells outlined in green, water wells colored brown. Note the two water (SW of Sec. 29 & NW/SW of Sec. 28) both belong to Hanagan Petroleum Corporation. Above the wells (labeled HPC) are wells operated by Hanagan Petroleum Corporation.

IV. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- (A). All of the existing surface facilities on wells operated by Hanagan Petroleum Corporation in the area are located at the well site.
- (B). If the proposed well is a producer, all the surface facilities will be located at the well site (see Figure 1). Tank battery, gas separator and flowlines will be on or near edge of the pad and the flowlines will not be