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88201

June 17, 1977

MULTI-POINT SURFACE USE & OPERATIONS PLAN

Hanagan Petroleum Corporation
No. 1 Round Mountain
1650' FSL & 1650' FEL Section 34, T-21-S, R-25-E
Eddy County, New Mexico
Lease: New Mexico 0112134-A
(Development Well)

RECEIVED

JUN 20 1977

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 well-site is located approximately 4 miles southwest of the intersection of Highway US 285 (Artesia-Carlsbad) colored orange with the Carlsbad truck by-pass (west side of town) colored yellow on Exhibit "A". A few hundred feet west of the truck by-pass, and on the south side of the highway, is a gravel county road to the Gas Co. of N.M. gas plant (also a sign at cattleguard as you turn off pavement). The road from the highway to the turnoff onto the planned access road into the location is colored green. No work is necessary on the existing roads. All existing roads in immediate area are shown.
- II. PLANNED ACCESS ROAD:
 - (A). Length & Width - New road will be caliched, 10 feet wide and approx. 900 feet long (colored purple, Exhibit "A"). The route of the new road has been flagged and can be easily followed to location.
 - (B). Turnouts - None required.
 - (C). Culverts - None required.
 - (D). Cuts & Fills - No appreciable amount of cut or fill, just scrape and smooth off surface and then surface with caliche. Access road will connect on the southwest corner of drilling pad (see Figure #1).
 - (E). Gates, Cattleguards - None required.
- III. LOCATION OF EXISTING WELLS: All existing wells to our knowledge are shown on Exhibit "A".
- 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 surface facilities will be located at the well site. Tank battery, gas separator, metering equipment will be on or near edge of the drilling pad and the flowlines will not be buried.
- V. LOCATION & TYPE OF WATER SUPPLY: Water for drilling will be obtained from a water well located in SW/NW of Section 2, T-22-S, R-25-E, (colored blue) approx. 1½ miles south-east of the drillsite (route of temporary water line purple dashed line on Exhibit "A"). The water line will not cause any surface disturbance (will be laid on top ground) and will be removed after drilling is finished.
- VI. SOURCE CONSTRUCTION MATERIALS: The pad will be caliched, it appears we can get part of it from the location when levelling the pad. The road also needs to be caliched. The caliche needed can be obtained from an open pit at the top of the hill and on lease road going to Catclaw Draw #9 well in the NW/4 of Section 35 (see Exhibit "A" colored orange). The pit is on federal land.

VII. METHOD OF HANDLING WASTE:

- (A). Drill cuttings will be disposed of in reserve pit.
- (B). Drilling fluids will be allowed to evaporate in reserve pit until pit is dried.
- (C). Water produced during tests will be disposed of by allowing to evaporate in pit. Oil produced during testing will be stored in test tank until sold.
- (D). Disposal of human wastes will be complied with as to current laws and regulations.
- (E). Trash, garbage & junk will be kept and later buried in a pit (labelled "burn pit" on Figure #1) with a minimum of 24 inches of dirt. All waste materials will be contained to prevent scattering by the wind.
- (F). All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling operations and/or well completion.

VIII. ANCILLARY FACILITIES: None required.

IX. WELLSITE LAYOUT:

- (A). Figure #1 shows the relative location and dimensions of the drilling pad, reserve pit, burn pit and sump pit. Also shows access road coming in on the southwest corner of the drillsite.
- (B). Levelling of the pad will involve about 2' cut on east side and about that much fill on the west; and about 1' cut on the south side and that much fill on the north side.
- (C). It appears at present time the reserve pit will not have to be plastic lined. After pit is dug, if it looks like they should be lined, we will do so.

X. PLANS FOR RESTORATION OF THE SURFACE:

- (A). After completion of drilling and/or completion operations all equipment and materials not needed will be removed and water line taken up. Pits will be filled and levelled, location cleaned of all trash and junk.
- (B). All unguarded pits containing fluid will be fenced until they are filled.
- (C). After abandonment, surface restoration will be in accordance with the methods set out above under A & B and the BLM requirements. All pits should be filled, if they have dried out sufficiently, within 90 days after abandonment.

XI. OTHER INFORMATION:

- (A). Topography - Land surface is locally flat at the wellsite (see Exhibit "A"). There would be a minimum amount of disturbance to the topography.
- (B). Soil - The surface is covered with soil from the adjacent hills.
- (C). Flora & Fauna - Surface is covered with wild grass and some greasewood. Fauna includes rabbits, quail, pos. deer, and coyotes.
- (D). Ponds & Streams - There are no rivers, streams, lakes, or ponds in the immediate area.
- (E). Residences & Other Structures - The nearest occupied dwelling is approximately 2 miles southeast - the Jones ranch house in NW/4 Section 12, T-22-S, R-25-E (circled brown on Exhibit "A"). Also about 4 miles northeast is the automated Gas Co. of N.M. gas plant that you pass on the route to the location.
- (F). Land Use - The acreage involved is presently under a grazing lease to Mr. J. W. Meadors whose ranch house is approx. 3 miles to the east of the drillsite (also circled brown on Exhibit "A"). Mr. Meadors has been informed of our plans.
- (G). Surface Ownership - The surface is owned by the federal government.

XII. OPERATOR'S REPRESENTATIVES: The representatives responsible for assuring compliance with the approved surface and operations plan are:

M. L. (Sonny) Southerland
Home Phone: 622-2812

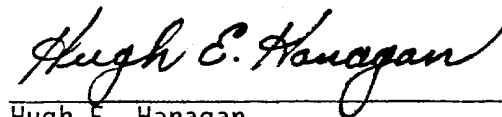
Hugh E. Hanagan
Home Phone: 623-3846

(Address & Office Phone for both: P. O. Box 1737, Roswell, New Mexico 88201,
Phone: 623-5053)

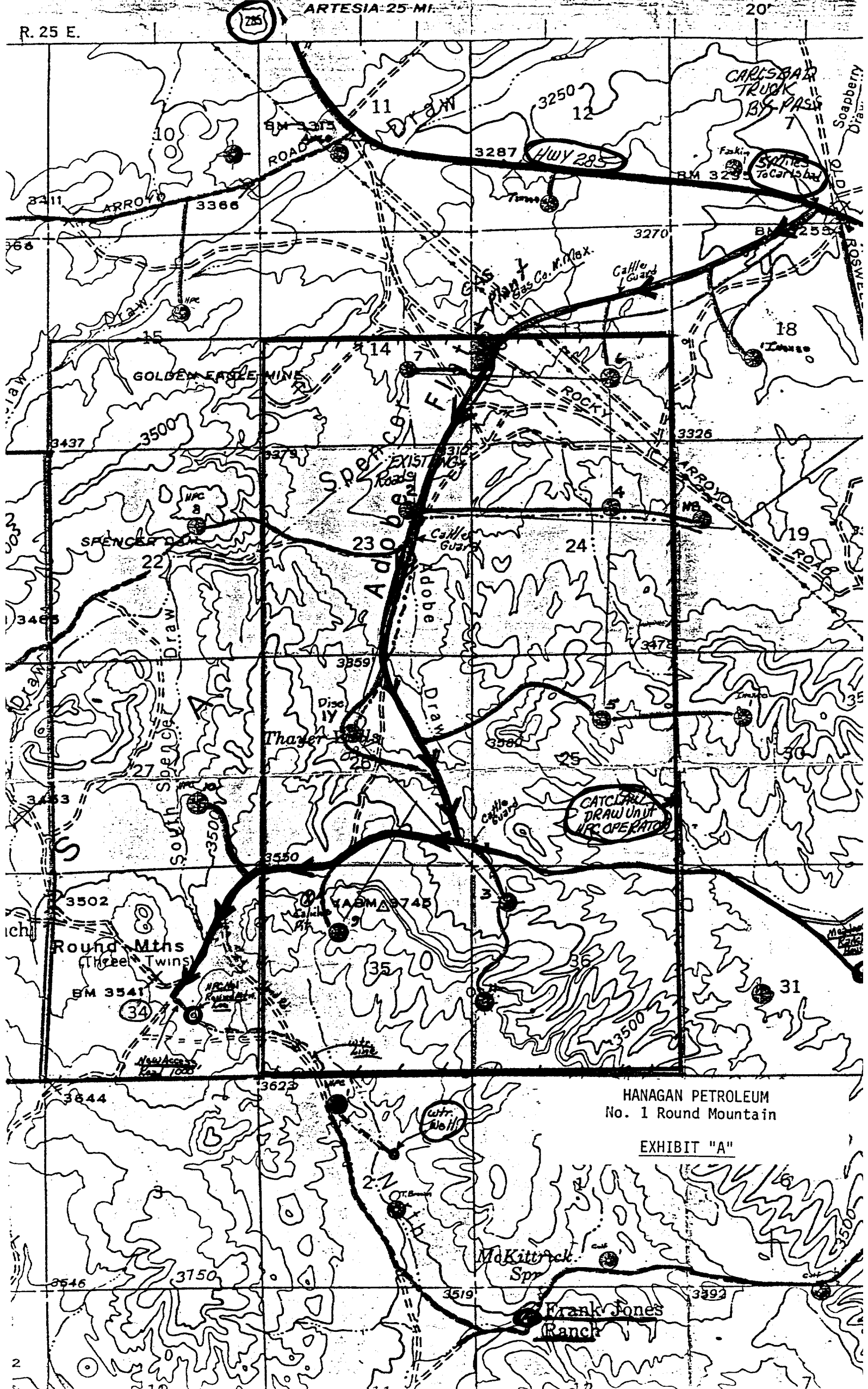
XIII. CERTIFICATION: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by Hanagan Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

HANAGAN PETROLEUM CORPORATION

Date: June 17, 1977



Hugh E. Hanagan
Vice President



ARTESIA 25 MI.

20

R. 25 E.

CARLSBAD TRUCK BY PASS

HWY 285

Spencer To Carlsbad

GOLDEN EAGLE MINE

Spencer Draw

Adobe Draw

CATCILL DRAW UNIT NRC OPERATOR

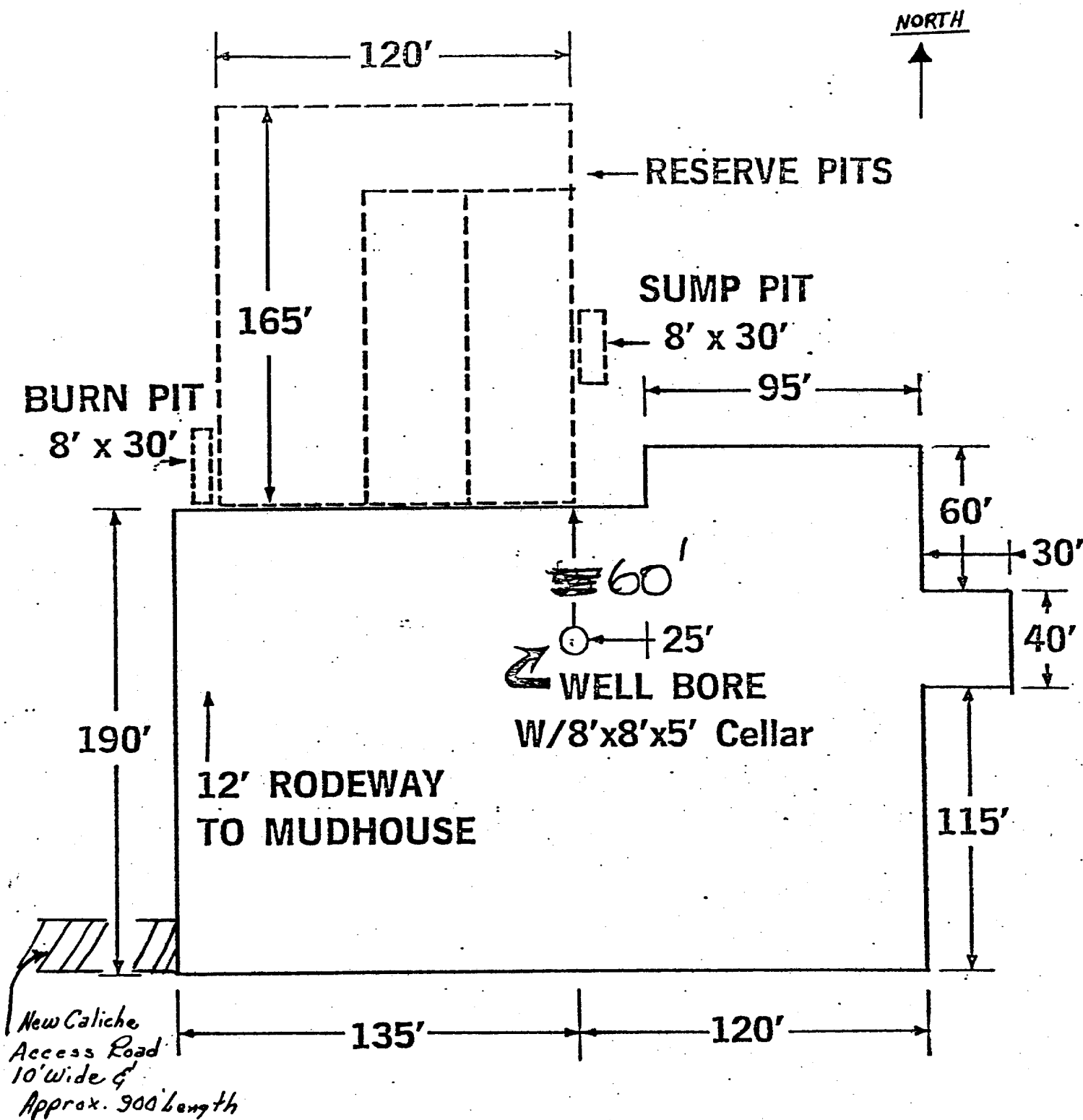
Round Mtns (Three Twins)

HANAGAN PETROLEUM No. 1 Round Mountain

EXHIBIT "A"

McKittick Spr

Frank Jones Ranch



MORANCO RIGS # 6-7-8-9