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MULTI-POINT SURFACE USE OPERATION PLAN

Hanagan Petroleum Corporation
No. 2 Rifle-Federal
660' FNL & 1980' FWL - Sec. 28-T21S-R26E
Eddy County, New Mexico
Lease: New Mexico 16624
(Development Well in Avalon Field)

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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 proposed drillsite. The proposed location is situated approximately $1\frac{1}{4}$ miles east of the paved truck by-pass road located on the west side of Carlsbad, New Mexico. The proposed route to the wellsite would be to turn off of Highway 285 (Artesia-Carlsbad Highway) on to the truck by-pass just northwest of Carlsbad and proceed south on the by-pass road for 2 miles (colored orange in Exhibit "A"), then turn east through a cattleguard (presently not installed) on to a lease road (colored pink) which goes to an abandoned dry hole (HPC #1 Rifle-Fed.). From this point propose to build a new access road on eastward (approx. $\frac{3}{4}$ mile) to the drillsite (colored purple). In order to inspect the drillsite and planned access road, proceed on south on truck by-pass for approximately 1 mile (colored green), turn east on gravel road that goes to the rifle range facilities. Go just past the small tin building and proceed north on a dim road (colored grey) that goes past a caliche pit and almost to the proposed wellsite.

None of the existing roads on the proposed route to the drillsite would require repairs, only a cattleguard (where one was previously installed) would be installed.

II. PLANNED ACCESS ROAD:

- (A). Length & Width - New road would be 10 feet wide and approximately $\frac{3}{4}$ mile long (colored purple Exhibit "A"). The center line of proposed new road has been staked and flagged.
- (B). Turnouts - None
- (C). Culverts - None
- (D). Cuts & Fills - Surface is very rocky, plan to just scrape off the surface slightly and use a grind roller and water to make the road. Do not anticipate hauling in any caliche for the road. Road would connect on the northwest corner of drilling pad (see Figure #1), no cuts or fills.
- (E). Gates, Cattleguards - A cattleguard would be installed at the same place as it was on our first well in the area, just off the truck by-pass road (where the orange and pink line intersect on Exhibit "A").

III. LOCATION OF EXISTING WELLS:

All existing wells to our knowledge are shown on Exhibit "A", deep gas wells colored orange, deep dry holes colored grey, and water wells colored purple. Wells labeled HPC above them 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 wellsite.
- (B). If the proposed well is a producer, all surface facilities will be located at the wellsite. Tank battery, gas separator and flowlines will be on