

SURFACE USE AND OPERATIONS PLAN

FOR

SUNDANCE OIL COMPANY
WELL NO.1 COTTONWOOD SPRINGS FED COM
2180'FNL & 1780'FEL SEC.18, T.25 S., R.26 E.
EDDY COUNTY, NEW MEXICO

LOCATED: 4 air miles southeast of Whites City, New Mexico.

FEDERAL LEASE NUMBER: NM-14125.

RECORD LESSEE: Sundance Oil Company.

LEASE ISSUED: August 1, 1971, for 10 years. Lease expires July 31, 1981, absent production or diligent drilling operations in progress on such date.

ACRES IN LEASE: 1158.96.

SURFACE OWNERSHIP: Federal.

GRAZING PERMITTEE:

Washington Ranch (Sec.18-25S-26E)	Mr. Elgin Marquart (Sec.17-25S-26E)
Attn: Mr. J. R. Miller	Rt. 1, Box 297
P. O. Box 147	Comfort, Texas 78013
White's City, New Mexico 88268	Phone: 512-995-3680
Phone 505-785-2228	

POOL: Undesignated Morrow.

POOL RULES: Statewide. 320 acre spacing for gas Wolfcamp or deeper.

EXHIBITS:

- A. General Road Map
- B. Plat Showing Existing Wells and Existing Roads
- C. Drilling Rig Layout
- D. Topo Plat

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. Point "A" on the plat is on US 62-180, approximately 17 miles south of Carlsbad, New Mexico, and 3 miles northeast of Whites City, where a surfaced road goes southeasterly through a cattle guard. There are Mesa and Superior Oil Company signs here. To go to the proposed well site from this point, exit US 62-180 through the cattle guard and follow the main road in a southerly direction 5.4 miles to a point 0.8 miles south of where this road crosses Black River. The proposed well site is about 2600 feet west of this point.
- B. Exhibit "B" is a plat showing existing roads in the vicinity of the. proposed well site. Existing roads are color coded.
- C. Any repair to existing roads does not appear necessary at the present time.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The new road will be 12 feet wide and approximately 2500 feet long. The new road is labeled and color coded red on Exhibit "B". The center line of the proposed new road has been staked and flagged.
- B. Surfacing Material: Six inches of caliche, watered, compacted, and graded.
- C. Maximum Grade: Less than one percent.
- D. Turnouts: Probably one.
- E. Drainage Design: The new road will be crowned with drainage to both sides.
- F. Culverts: None necessary.
- G. Cuts and Fills: None necessary.
- H. Gates and Cattle Guards: A cattle guard will be required in the section line fence east of the proposed well site.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells in the immediate area are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. This is not a producing lease at the present time, and there are no production facilities on the leasehold.
- B. If the proposed well is productive, the tank battery and flow line will be located on the well pad and there will be no additional surface disturbance.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is not contemplated that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site over existing and proposed roads, or will be moved to the well site by temporary pipeline layed on the ground alongside existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche needed for construction work will be taken from an existing pit on Federal land in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 8, T. 25 S., R. 26 E., Eddy County, New Mexico, and will be moved to the well site over existing and proposed roads. Location of the caliche pit is shown on Exhibit "B".

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits.
- D. Oil produced during tests will be stored in test tanks until sold.
- E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".
- F. All trash and debris will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None necessary.

9. WELL SITE LAYOUT:

- A. Exhibit "C" shows the relative location and dimensions of the well pad, mud pits, reserve pit, trash pit, and the location of major rig components.
- B. Clearing and leveling of the well site will be required. No significant cut and fill will be necessary.
- C. The pad and pit area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are dry.
- C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION:

- A. Topography: The land surface at the well site is relatively level. Drainage, generally, is to the northwest.
- B. Soil: Top soil at the well site is classified Reagan loam.
- C. Flora and Fauna: The vegetative cover is sparse and consists of mesquite, yucca, creosote bush, weeds and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.
- D. Ponds and Streams: Black River is approximately 1/4 mile northwest of the well site. This stream is normally dry in the immediate area but carries water after rains. There are no lakes or ponds in the area
- E. Residences and Other Structures: There are no occupied dwellings within two miles of the proposed well site. The nearest windmill is about 3/4 mile southeast.

F. Archaeological, Historical, and Other Cultural Sites: None observed in the area.

G. Land Use: Grazing and wildlife habitat.

H. Surface Ownership: Federal.

12. OPERATOR'S REPRESENTATIVE:

The representative responsible for assuring compliance with the approved Surface Use and Operations Plan is:

Mr. Bob Wilcox
Sundance Oil Company
1776 Lincoln St., Suite 910
Denver, Colorado 80203
Office Phone: 303-861-4694
Home Phone: 403-964-5148

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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 SUNDANCE OIL COMPANY and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

June 9, 1981
Date:


Arthur R. Brown, Agent for
SUNDANCE OIL COMPANY

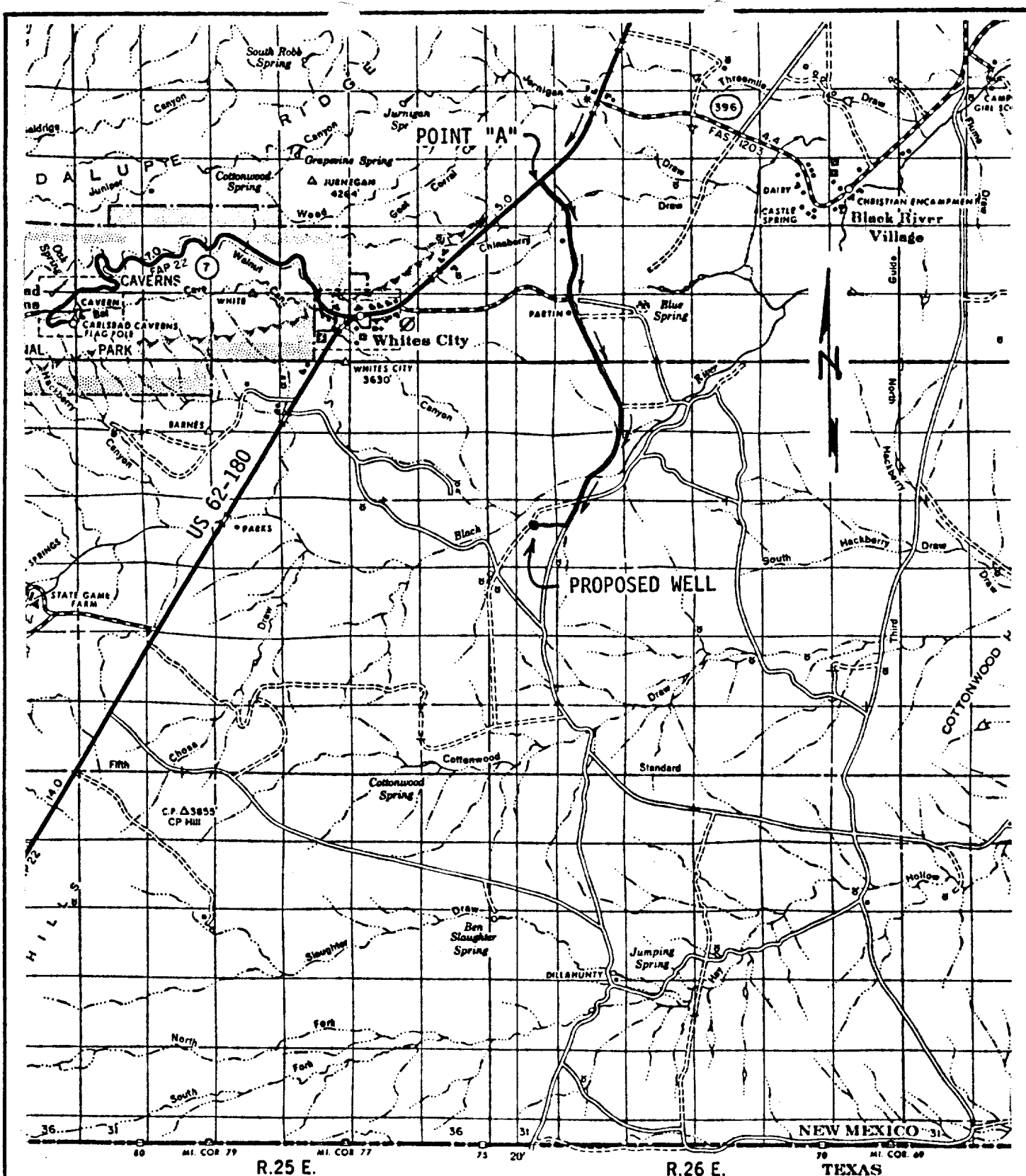


EXHIBIT "A"

SUNDANCE OIL COMPANY
 WELL NO.1 COTTONWOOD SPRINGS FED COM
 2180' FNL & 1780' FEL SEC.18, T.25 S., R.26 E.
 EDDY COUNTY, N.M. SCALE: 1/2" = 1 MI.

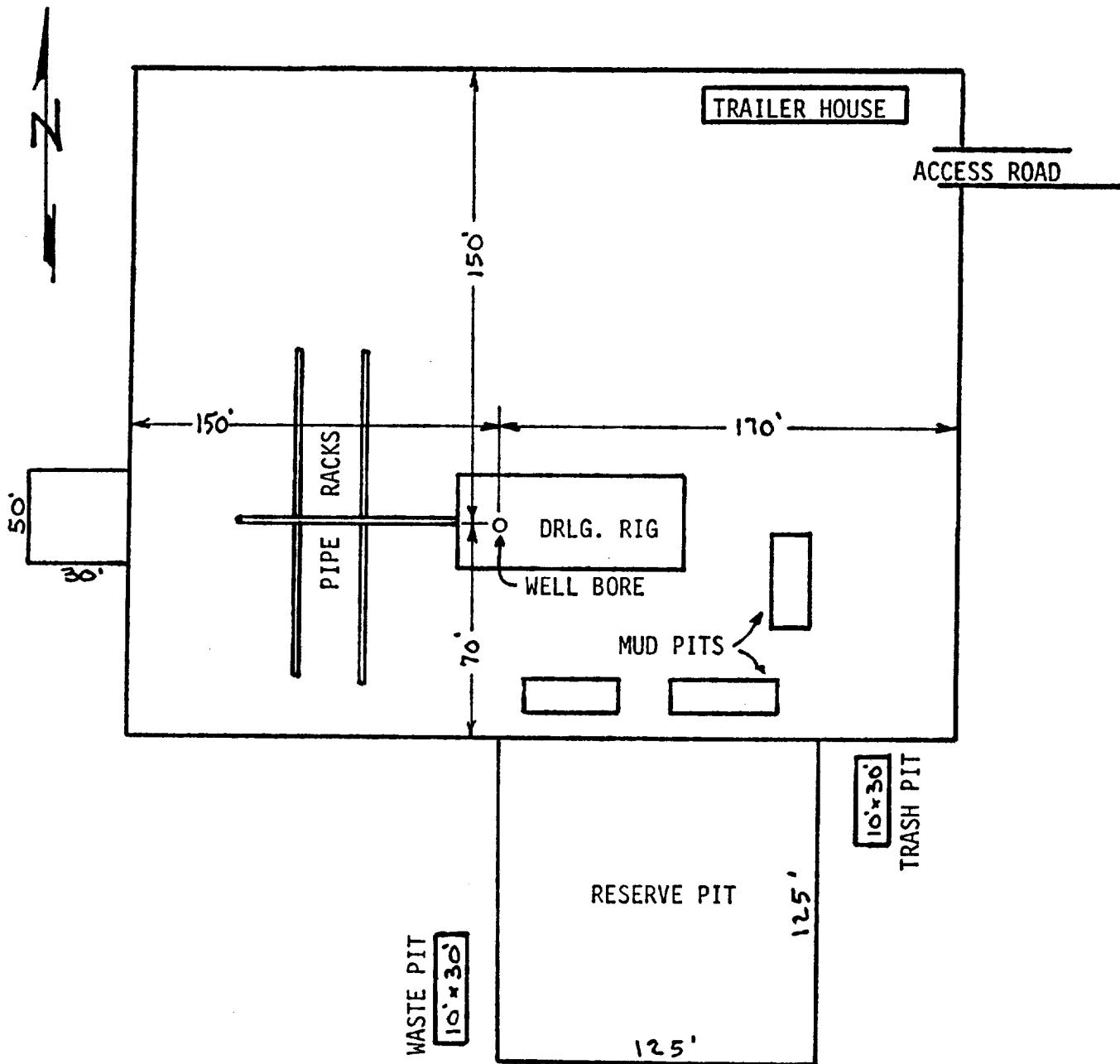


EXHIBIT "C"

SUNDANCE OIL COMPANY
WELL NO.1 COTTONWOOD SPRINGS FED COM
DRILLING RIG LAYOUT
SCALE: None

