

SURFACE USE AND OPERATIONS PLAN (Continued)CANDY BUTTE #4SANDOVAL COUNTY, NEW MEXICOC. Rehabilitation of disturbed areas:

If production is established, following completion of tank battery erection, necessary well producing equipment, etc., all pits with the exception of a flare pit, will be filled, after all fluids have been removed and the surrounding location leveled. Disturbed area no longer needed for operations will then be reseeded using as much topsoil as possible and utilizing seed types and quantities as recommended for this area by agronomist and the Bureau of Land Management. All reseeded will be done with a reasonable effort to establish as near as possible a growth of vegetation as previously existed. Reseeding will take place at the first opportunity following completion of well in accordance with the recommended seasonal seeding periods (late Spring). The unused disturbed area then will be fenced from time of reseeded until grass is established.

5. Location and Type of Water Supply

- A. Water to be used in drilling the proposed well will be hauled from private sources.
- B. Said water will be transported by truck over improved and existing access road shown on Exhibit #1.
- C. No water wells are planned to be drilled on the lease in connection with the drilling of the proposed well.

6. Source of Construction Materials

- A. All construction material will be of local origin and no surface areas will be disturbed except for the actual grading of the road and drill site.
- B. No construction material will be moved from Federal or Indian land.
- C. Materials such as sand, gravel and stone, if used, will be moved from a private source.
- D. See Exhibit #1

7. Methods for Handling Waste Disposal

- (1) Cuttings: Drill cuttings will be accumulated in the earthen reserve pit and after the pit has dried will be bladed into the bottom of the pit and buried.