

- (4) Any necessary pits will be fenced and flagged to protect livestock and wildlife.
- C. Rehabilitation, whether well is productive or dry, will be made on all unused areas in accordance with the restoration plans presented in ITEM #10 following.

5. Location and Type of Water Supply .

- A. The San Juan River is the source of water. The loading spot will be a loading area in Shiprock, New Mexico, which is approximately 16 miles from the location as shown on EXHIBIT "E".
- B. Water will be transported by truck over existing roadways.
- C. No water well is to be drilled on this lease.

6. Construction Materials

- A. No construction materials are needed for drilling and access roads into the drilling location unless production is obtained. The surface soil materials will be sufficient or will be purchased from private sources as needed.
- B. No construction materials will be taken off this Indian land.
- C. All surface soil materials for construction of access roads are sufficient.
- D. All major access roads presently exist as shown on EXHIBIT "E".

7. Handling of Waste Materials and Disposal

- (1) Drill cuttings will be buried in the reserve pit and covered.
- (2) Drilling fluids will be handled in the reserve pit.
- (3) Any fluids produced during drilling test or while making production test will be collected in a test tank. If a test tank is not available during drilling any fluids or spills of oil, gas, salt waters or other noxious fluids will be cleaned up and removed.
- (4) Any sewage will be covered or removed. A portable chemical toilet will be provided for human waste.
- (5) Garbage and non-flammable waste and salts and other chemicals produced during drilling or testing will be handled in trash pit. Flammable waste will be disposed of in burn pit. Drill fluids, water, drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "H".