

3. Location of Existing Wells:

See Exhibits "B" and "D".

4. Location of Existing and/or Proposed facilities:A. Tank Batteries:

The existing tank battery is located at the Leonard Brothers #1 in unit P, SE/4 SE/4 Sec. 13, T 26S, R 37E. (See Exhibit "B").

B. Proposed Facilities:

If production is encountered, battery will be located on an extension of the well mat as shown on Exhibit "C".

C. Lease Pipelines:

(1) Existing - None.

(2) Planned - If production is encountered, all lease lines are to be constructed on well mat.

(3) Other lines - no additional gas gathering, injection or disposal lines will be required.

D. Rehabilitation:

Pits will be backfilled and leveled as soon as practical to original condition. Commencement of rehabilitation operations will immediately follow removal of drilling and completion equipment from the location.

5. Water Supply:

Supply water will be hauled from Jal New Mexico.

6. Source of Construction Materials:

A. Caliche for surfacing the new road and location will be obtained from an existing pit located in NW/4 Sec. 23, T 26S, R 37E as shown on Exhibit "A".

B. Caliche to be purchased from surface owner - Mr. Dublin.

C. Caliche to be hauled over existing roads shown in Exhibit "A".

7. Waste Disposal:

Well cuttings will be disposed in reserve pit. Barrel trash containers to be in accessible locations within drill site area during drilling and completion procedures. All detrimental waste will be hauled away, burned or buried with a minimum cover of 24" of dirt. See Exhibit "C" for location of pits. If well is productive, maintenance waste will be placed in special trash cans or hauled away periodically. Any produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the Survey for appropriate approval.

8. Ancillary Facilities: None9. Well Site Layout:

Exhibit "C" shows the relative location and dimensions of the well pad, mud pit, reserve pit, trash pits, etc. The reserve pit will be lined with plastic. The pad and pits are staked.