

3. Location of Existing and/or Proposed facilities:

New production facilities will be built if the well is productive. A sundry notice will be sent to the BLM upon results of the completion. If the well is productive, rehabilitation plans are as follows:

1. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
2. Caliche from unused portions of the drill pad will be removed. The original topsoil from the well site will be returned to the location. The drill site will then be contoured to the original natural state.

4. Location and Type of Water Supply:

The Scott "E" Federal #1 will be drilled using a combination of Brine and fresh water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to the location by transport truck. Additionally, produced salt water from the lease gathering tanks may be used. No water well will be drilled on the location.

5. Source of Construction Materials:

Any new caliche needed for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be returned to 6" rolled and compacted caliche.

6. Methods of Handling Water Disposal:

- A. Drill cuttings will be disposed into the reserve pit.
- B. Drilling Fluids will be contained in steel mud tanks. The reserve pit will contain excess drilling fluids or fluid from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit roughly 125' x 125' x 6', or smaller, in size.
- C. The reserve pit will be fenced on three sides throughout drilling operations and will be totally isolated upon removal of the rotary rig. The pit will be lined using 6 mil plastic to minimize loss of drilling fluids and saturation of the ground with brine water. It will be constructed entirely within the confines of the original reserve pit area - which has been reclaimed.
- D. Water produced from the well during completion operations will be disposed into steel tanks or the reserve pit, if volumes prove excess. After placing the well on production through the production facilities, all water will be collected in tanks. Produced oil will be separated into steel stock tanks until sold.