

3. Location of Existing Wells

The proposed Unit No. 21 (Smith No. 3) well is located in Section 13, Township 24 North, Range 8 West in San Juan County, New Mexico. It is located 1980 feet from the north line and 990 feet from the east line of said section. Its location is depicted on Exhibit 1 by a circle with an arrow pointing to this proposed location and also the proposed access road. The location of other wells in this area has been reflected on Exhibit 1 by a solid dot. To comply with New Mexico Oil Commission rules we may be required to move this location 130 feet north. If the B. L. M. should prefer this alternative site, we will do so.

4. Lateral Roads to all Locations

It is believed that this information is furnished by Exhibit 1 and in answer to 1 and 2 above with additional roads not reflected on the USGS map written in pencil.

5. Location of Tank Battery and Flow Lines

A flow line to carry gas produced would run immediately adjacent to the proposed access road to the Smith No. 3 location. This line between the Smith 4 and the Smith 3 would only carry gas. At the Smith 3 location, the flow line would be extended from that point to an existing separator at the Smith 2 well situated in the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of said Section 13. The location of this well is shown on Exhibit 1 wherein the words appear "Smith 2 existing well, separator and tank battery with an arrow pointing to the location". Also see Exhibit 3 which reflects information on proposed roads and existing roads and flow lines. See Exhibit 4 and 5 for additional information relating to planned work.

6. Location and Type of Water Supply

BCO, Inc. has a water well that is located in the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 18. This well was formerly used as a source well for water flooding in the Escrito Unit. The source of the water is the Ojo Alamo. Water would be obtained from this well and used for drilling purposes and all other related purposes.