

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a one mile radius are shown on Exhibit "B".

4. LOCATION OF EXISTING AND PROPOSED PRODUCTION FACILITIES:

- A. All existing tank batteries, production facilities and flow lines within a one mile radius of the proposed well site location and which are owned by Read & Stevens, Inc. are located on the existing well pads for the respective wells they serve. None of these existing facilities will be utilized for the proposed well.
- B. If the proposed well is completed for production, the tank battery, separator and flow lines will be located on the well pad and no additional surface disturbance will occur. Proposed location of these facilities is shown on Exhibit "C" - Wellsite Layout.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. Water for drilling will be purchased from the City of Hagerman and trucked to the wellsite over the existing and proposed roads shown on Exhibits "A" and "B".

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Any caliche necessary for surfacing the existing ranch road, proposed access road and the well pad will be obtained from an existing pit on the NW/4 NE/4 of Section 13-15S-27E. The pit is on Federal owned land.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling mud pits.
- B. Drilling fluids will be allowed to evaporate in the drilling mud pits until the pits are dry.
- C. Water produced during tests will be disposed of in the drilling mud pits. Any oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".
- F. All trash and debris will be buried or removed within 30 days after finishing drilling and/or completion operations, and will be contained during this period to prevent scattering.