

3. LOCATION OF EXISTING WELL:

- A. There is no drilling activity within a one-mile radius of the wellsite.
- B. Exhibit #4 shows existing wells within a one-mile radius of the proposed wellsite. (See attachment to Exhibit #4.)

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive of oil, a gasm electric, or diesel powered self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas. (See Exhibit #5.)

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water/cut brine system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit #3 and #3A.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. The dirt contractor will be responsible for obtaining any construction materials needed and for paying any royalties due on these materials.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pit until the pits are dry.
- C. Water produced during operations will be disposed of in the reserve pit.
- D. If any oil is produced during operations, it will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill.