

5. Location & Type of Water Supply:

- A. Fresh & Brine water will be purchased by - the fresh water will be purchased from city of Carlsbad & transported by pipeline as shown on Exhibit "C". The brine wtr will be purchased from local brine water trucking contractor.

6. Source of Construction Materials:

- A. Road and well pad construction materials will be furnished by a contractor. Any caliche permits or royalties to be paid will be responsibility of Contractor. Contractor not selected as of this date. Caliche material to be obtained from existing BLM caliche pit in NE/4 of SW/4 Sec 17-17S-30E. Location of pit shown on Exhibit "B".

7. Methods of Handling Waste Disposal:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws & 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 trash pits is shown on Exhibit "D".
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. Ancillary Facilities: none

9. Wellsite Layout:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, mud pits, reserve pit, trash pit & location of major rig components.
- B. Only minor leveling of the wellsite will be required. No significant cuts and fills will be necessary.
- C. The reserve pit will be plastic lined.
- D. The pad and pit area has been staked and flagged.