6. SOURCE OF CONSTRUCTION MATERIALS.

   A. Caliche for construction of the drilling pad and the new access road, as well as for any resurfacing of the existing access road, will be obtained from an existing state-owned pit in section 21-T18S-R29E.

7. METHODS OF HANDLING WASTE DISPOSAL.

   A. Drill cuttings will be disposed of in the reserve pits.

   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

   C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the U.S.G.S. for appropirate approval.

   D. Oil produced during operations will be stored in tanks until sold.

   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.

   F. 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.

   G. 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.

   A. None required.

9. WELLSITE LAYOUT.

   A. Exhibit D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.

   B. Relatively little leveling will be necessary to construct the location. The ground surface at the wellsite is relatively flat, with minor undulations of approximately two feet or less. The northwest corner of the drilling pad area will require a small amount of cut, and a small amount of fill will be necessary at the southwest corner. The pad surface will be covered with six inches of compacted caliche.

   C. The reserve pits will be plastic lined.

   D. The pad and pit area has been staked and flagged.