

5. Location & Type of Water Supply:

- A. Fresh & Brine water will be purchased by - Fresh water source will be purchased from Double Eagle-Caprock, Loco Hills, N.M.. Brine water will be furnished by I&W, Inc, Loco Hills, N.M.

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. The caliche pit is located in the NW/4, SW/4, Section 3-18S-28E, Eddy County. This is a state owned pit.

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.