

6. Source of Construction Material:

Caliche for surfacing access road and pad will be obtained from existing pit located as shown on Exhibit "A" in SW/4 NW/4 of Section 4. The pit has been approved by BLM and suggested as a source of caliche for pad and road construction.

7. Handling Waste Disposal:

- a. Drill cuttings - disposed into drilling pits.
- b. Drill fluids - allowed to evaporate in drill pits until pits dry.
- c. Produced water during testing - drill pits.
- d. Produced oil during testing - storage tank until sold.
- e. Current laws and regulations pertaining to disposal of human waste will be observed.
- f. Reserve pit will be plastic lined.
- g. Waste paper, garbage, junk disposed of into special trash pit as location and covered with minimum of 24 inches of dirt upon completion of well. All waste material will be contained to prevent scattering by wind.

8. All trash and debris will be buried or removed from well site within 30 days after finish drilling and/or completion operations.

9. Ancillary Facilities:

None

10. Plans for Restoration of Surface:

- a. After completion of drilling and/or completion of operations, all equipment and other material not needed for operations will be removed. Pits will be filled and locations cleaned of trash and junk to leave well site in as aesthetically pleasing a condition as possible.
- b. Any unguarded pits containing fluids will be fenced until filled.
- c. After abandonment of well, surface restoration will be in accordance with the State of New Mexico Surface Requirements.

11. Topography and Soil:

See attached Eastern New Mexico University Report by Dr. Colleen Beck.

12. Land Use:

Grazing and hunting - Federal

Surface leasee - Blaine Haines
Star Route E
Artesia, New Mexico
88210

William & Son Cattle Co.
803 Clayton
Artesia, New Mexico
88210

13. Surface Ownership: Bureau of Land Management (Federal)