

SHUGART 25 FEDERAL COM #1
SURFACE USE AND OPERATING PLAN
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3. Location of Existing Wells

Exhibit #4 shows all existing wells within a one-mile radius of the proposed SHUGART 25 FEDERAL COM #1.

4. Location of Existing and/or Proposed Facilities

A. In the event the well is found productive, a tank battery would be constructed at the well site.

- 1) Exhibit #5 shows the battery facility to be utilized by the SHUGART 25 FEDERAL COM #1.
- 2) The tank battery, all connections and all lines will adhere to API standards.

B. If the well is productive, rehabilitation plans are as follows.

- 1) The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
- 2) Caliche from unused portions of the drilling pad will be removed. The original topsoil from the well site will be returned to the location. The drill site will then be contoured to the original natural state.

5. Location and Type of Water Supply

The SHUGART 25 FEDERAL COM #1 will be drilled using a combination of brine and fresh water mud systems (outlined in Drilling Program). The water will be obtained from commercial sources and will be transported over the existing and proposed roads. No water well will be drilled on the location.