

February 1, 1977

Page No. 7

6. Source of Construction Materials.

Caliche for surfacing the road and well pad will be obtained from a private pit located in the NE/SE Section 29-21S-27E immediately south of our Simpson A No. 1. The pit belongs to Frankie V. Laman, 1438 Tokay Avenue, Carlsbad, New Mexico 88220.

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 and 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 pit is shown on the well site layout.
- F. All trash and debris will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.

8. Ancillary Facilities.

- A. None required.

9. Well Site Layout.

- A. A plat of the well site is attached which shows well pad, mud pits, reserve pit, trash pit and location of major rig components.
- B. The reserve pit will be plastic lined.