

5. Location & Type of Water Supply:

- A. Fresh & Brine water will be purchased by: the fresh water will be purchased from City of Carlsbad & trucked over existing and proposed access road. Brine water to be purchased and trucked from nearest supply point over existing & proposed access roads.

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. Caliche for surfaceing the road & location site will be hauled from an existing caliche pit owned by the State of New Mexico located in the SE/4, Sec 10-21-25, See Exhibit "B" for location of 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. The southeast half of well location will require approximately a 7' cut and the northwest half of well location will require a 10' fill.
- C. The reserve pit will be plastic lined.
- D. The pad and pit area has been staked and flagged.
access road,