

POINT 3: LOCATION OF EXISTING WELLS

Exhibit "A" indicates existing wells within the surrounding area.

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

- A) Existing facilities within one mile owned or controlled by lessee/operator:

Production facilities and wells as shown on Exhibit "A" at Big Eddy Unit #73 and Big Eddy Unit #85.

- B) New Facilities in the Event of Production:

Additional production facilities will be installed as required.

- C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following the construction of production facilities, those access areas required for continued production will be graded to provide drainage and minimize erosion. The areas unnecessary for use will be graded to blend in the surrounding topography - See Point 10.

POINT 5: LOCATION AND TYPE OF WATER SUPPLY

- A) Location and Type of Water Supply

Fresh water and brine will be hauled from the city of Carlsbad. Brine water will be hauled from Champion Brine Water Station, 3.5 miles east and 2.5 miles south of Carlsbad. Alternate source of fresh water may come from water well located approximately 1.75 miles northeast of location.

- B) Water Transportation System

Water hauling to the location will be over the existing and proposed roads.