

stations in the area and hauled to the location by transport truck over the existing access roads. If a commercial fresh water source is nearby, pipeline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

5. Source of Construction Materials:

All caliche required for construction of the drill pad and the proposed new access road (approximately 500 cubic yards) will be obtained from a BLM approved caliche pit. All roads and pads will be constructed of 6" of rolled and compacted caliche.

6. Methods of Handling Water Disposal:

- A) Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B) Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The reserve pit will be plastic-lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation to the ground with any fluids.
- C) Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending on the rates). After the well is permanently placed on production, produced water will be collected in tanks (fiberglass or steel) until hauled by transport to an approved disposal system; produced oil will be collected in steel tanks until sold.
- D) A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.
- E) All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.
- F) After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has