

3. Location of Existing Wells

Exhibit #4 shows all existing wells within a one-mile radius of the proposed Right Hand Canyon 34 Federal #4.

4. Location of Existing and/or Proposed Facilities

A. Exhibit #5 shows the proposal for flowlines which will be laid along road ROW's and tied into existing pipelines should the Right Hand Canyon 34 Federal #4 be completed as a producer. In Eddy County, NM, the production facilities are located as follows (as per commingling order 400): for produced gas located at 660' FNL & 1980' FEL in Section B-7-T22S-R24E; and for produced oil at 960' FSL & 1980' FWL in Section N-8-T22S-R24E.

1. All connections and all lines will adhere to API standards.
2. The well may be operated by means of an electric sub pump. Electric power poles will be set along side of the access road.

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 drill 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 Right Hand Canyon 34 Federal #4 will be drilled using a combination of fresh water/paper mud systems (outlined in Drilling Program). The water will be obtained from commercial sources and will be transported over the access roads. Additionally, produced salt water from lease gathering tanks may be utilized. No water well will be drilled on the location.