

6. CONSTRUCTION MATERIAL - We will use caliche available in the construction of the drillsite. Additional caliche will be obtained from the existing pit located in the SE/4 SE/4 of Section 28, T-23-S, R-29-E. This is the same pit where caliche was obtained for the construction of the Laguna Grande Unit (Federal), Well No. 1, which is on Federal Land. The construction contractor, which is Globe Construction Company, Hobbs, New Mexico, will file a contract for Cash Sale of Materials Application (Form 3600-4) with the BLM.
7. WASTE DISPOSAL -
  - a. Drill cuttings will be disposed of in the reserve pit.
  - b. Drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry.
  - c. Trash, waste paper, garbage and junk will be burned or buried with a minimum of 24" cover. Waste material will be contained to prevent scattering by wind prior to ultimate disposal.
  - d. Any produced water will be contained in tanks and be disposed of in an approved manner. Oil produced will be stored in tanks until sold, at which time it will be hauled from location.
  - e. Current laws and regulations pertaining to disposal of human waste will be complied with.
  - f. If productive, maintenance waste will be placed in special containers and buried or hauled away periodically.
8. ANCILLARY FACILITIES - No camps, airstrips, etc., will be constructed.
9. WELLSITE LAYOUT -
  - a. Refer to Exhibit "C" for wellsite layout.
  - b. Caliche pad size will be 210' x 300'. Pad size may vary slightly depending on size of drilling rig available.
  - c. Terrain at wellsite is almost flat. Minimum cut and fill will be required.
  - d. The pad will be topped with 6 inches of beaded, watered and compacted caliche.
  - e. Reserve pit will be approximately 150' x 150' adjoining the caliche pad on the north.
10. RESTORATION OF SURFACE - At the completion of the well, the pits will be back-filled and leveled as soon as practical after allowing them to dry. Waste materials will be burned or buried with at least 24" of cover. At the time of final abandonment, other USGS and BLM restoration stipulations will be complied with.
11. OTHER INFORMATION -
  - a. Terrain - Low rolling hills. Location in draw. See Exhibit "A", topographic map of area.
  - b. Soil - Rocky and sandy.
  - c. Sparse vegetation - Greasewood, mesquite and some native grasses exist in area.
  - d. There are no buildings, ponds, or water wells within one mile.