

If the well is found to be productive, presumably of gas, it will be necessary to install a flowline from the wellhead to a gas production unit and meter run which will be located on the drill site pad. A small flare pit, approximately 30' x 30' may be required, and if constructed, will be fenced with sheep-tight fence to protect livestock and wildlife. Should the well be productive of oil or condensate, product storage tanks will be required, and can likewise be erected on the well site pad.

Portions of the drill site pad not required for producing operations, if any, will be restored as closely as possible to original ground contours and seeded with native grasses as directed by BLM.

5. Water for drilling probably will be purchased from the Kincade Ranch (11 miles NW on NM 137) and the Indian Basin Water Co. (15 miles NW on NM 137) and trucked to location. The possibility of drilling a water well on the lease is being investigated.
6. Surface material at the drill site is a rocky, clay-loam soil, and should be adequate for construction of the pad and road surface.
7. Drill cuttings from the well will be disposed of in the reserve pit. Drilling fluids will be trucked away to approved disposal facilities or allowed to dry in the reserve pit before closing. Water produced from the well, if any, will be retained in the reserve pit during testing of the well. If the well produces water on a continuing basis, such water will be stored in a corrosion resistant vessel and transported to approved disposal facilities. Any oil or condensate produced will be stored on site until sold and trucked to market by approved carriers. Current regulations pertaining to the disposal of human waste will be complied with. Trash, waste paper, garbage, and junk will be collected and buried in a separate trash pit and covered with two feet of soil. All waste materials will be collected in such a manner as to prevent scattering by the wind.
8. No auxiliary facilities will be required for the drilling of this well.
9. Exhibit "E" is a drill site layout on a scale of 1" = 50' showing the dimensions of the well pad and the location of the major drilling components, pits, etc. Exhibit "F" shows cross sections of the pad with approximate cuts and fills. Pits will be plastic lined.
10. After all drilling and completion operations are finished, excess and unnecessary equipment will be removed. The location will be cleared and cleaned and insofar as possible restored to original contours of the land. The pits will be allowed to dry before being closed and restored, and will remain fenced until closed. If the well is dry, all compacted areas, including the access road, will be ripped to a depth of at least 12", and reseeded if so directed by BLM. The cattle guard will be reclaimed and the fence repaired to original standards.