3. LOCATION OF EXISTING WELLS

A. The well locations in the vicinity of the proposed well are shown in **Exhibit B.**

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. These facilities will most likely include a stakpak, two 210 barrel steel oil tanks and one 100 barrel fiberglass water tank. No electrical power will be used on the lease.

5. LOCATION AND TYPE OF WATER SUPPLY

A. It is planned to drill the surface hole and production with a fresh water system. The fresh water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads show in **Exhibit A.** We are presently looking for existing fresh water wells that might offer an alternative to trucking. If found, we will notify the BLM and revise our APD.

6. SOURCES OF CONSTRUCTION MATERIALS

A. Any caliche required for construction of the drilling pad and the new access road will be obtained from an existing pit in the NW/4 of the NW/4 of Section 2, T-18-S, R-27-E.

7. METHODS OF HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of as required by the City of Carlsbad.

B. Drilling fluids will be hauled away and disposed of.

C. All pits will be made of steel tanks and will be a closed system.

D. Water produced during operations will be collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the BLM for appropriate approval.

E. Oil produced during operations will be stored in tanks until sold.

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

G. Trash, waste paper, garbage and junk will be stored in a separate trash container and removed from the wellsite. All waste material will be contained to prevent scattering by the wind.

H. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.