

### 3. LOCATION OF EXISTING WELLS

A. Existing wells on the lease and in the immediate area are shown on Exhibit "A".

### 4. LOCATION OF EXISTING AND PROPOSED FACILITIES

A. The oil, gas, and/or water that this well will produce will be transported by a 2 or 2 1/2" steel surface flowline (shown in Green on Exhibit "A") laying along the side of the proposed road, crossing Lea County Road C-29 at Point "A", and continuing across country to Texaco's existing Federal Neff "13" Battery located on the East side of the existing well No. 2 pad as shown on Exhibit "A".

B. No electric power line will be built to service this well at this time.

### 5. LOCATION AND TYPE OF WATER SUPPLY

A. It is not contemplated that a water well would be drilled. Water necessary for drilling operations will be purchased and trucked to the well site or will be transported to the well site by a temporary pipeline laid on the ground alongside existing and proposed roads.

### 6. SOURCE OF CONSTRUCTION MATERIALS

A. Caliche needed for the road and well pad will be taken from an existing pit in the NE/4, SW/4 of Section 12, T22S, R31E, Eddy County, New Mexico. It will be transported to the proposed road and well site by Lea County Road C-29 and the existing resource roads.

### 7. METHOD OF HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during tests will be disposed of in the drilling pits.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion operations. All waste material will be contained to prevent scattering by the wind.