

### 3. Location of Existing Wells

The nearest producing wells are the Gulf Marquardt Federal No. 2 located approximately 1 mile north of the proposed location and the Grynberg Federal Com No. 11 located one mile northwest of the location.

### 4. Tank Batteries, Production Facilities and Lease Pipe Lines

Should production be encountered, the tank battery and other required production equipment will be located on the well pad. All production lines will be constructed on the well pad and above ground. Refer to Exhibit "C".

5. Water Supply: Water for drilling will be purchased from a supplier and transported by truck to the well site over the existing and proposed roads shown in Exhibits "A" and "B".

6. Source of Construction Material: The caliche for the drilling pad will be obtained from an existing caliche pit located in the NW/4 of the NW/4 of Section 31, T-24-S, R-27-E or NE/4 of SE/4 of Section 31, T-24-S, R-27-E.

### 7. Methods 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 pits are dry.
- c. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- d. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- e. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24" of dirt. All waste material will be contained to prevent scattering by the wind. Location of trash pit is shown on Exhibit "C".
- f. All trash and debris will be buried or removed from the well site within thirty (30) days after finishing drilling and/or completion operations.

8. Ancillary Facilities: None required

### 9. Well Site Layout

- a. Exhibit "D" shows the relative location and dimensions of the well pad, mud pits, reserve pit, trash pit and location of major rig components.
- b. A cut of two (2) feet on the northeast side and a fill of two (2) feet on the southwest side will be necessary.
- c. Reserve pit will be plastic-lined.