

3. LOCATION OF EXISTING WELLS:

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

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. This lease is undeveloped at present and there are no existing production facilities on the leasehold.

B. If the proposed well is productive, necessary production facilities will be located on the well pad and there will be no additional surface disturbance.

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche needed for construction work will be taken from an existing pit on Federal land in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ sec. 27, T. 26 S., R. 30 E., Eddy county, New Mexico, and will be moved by truck over existing and proposed roads. Location of the caliche pit is shown on Exhibit "B".

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cutting 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. 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 inches of