

Multi-Point Surface Use and Operations Plan  
Sundance Federal Well #7  
Page 2 of 3

5. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
  - A. There are production facilities on this lease at the present time.
  - B. In the event that the well is productive the necessary flowline will be laid along road right-of-ways following the east road to production facility on lease Sundance Federal Central Tank Battery(2000' FNL and 50' FWL Section 4-T24S-R31E NM #031963). SDR 11 poly pipe will be used for flowline. See green line exhibit E.
6. LOCATION AND TYPE OF WATER SUPPLY:
  - A. It is planned to drill the proposed well with a fresh and brine water system. The water will be obtained from commercial sources and will be hauled to the location over the existing and proposed roads shown in Exhibit A.
  - B. Fresh water source is Sec 6 T23S R31E (Mills H2O Station) or Sec 23 T23S R28E (Reid Water Station).
  - C. Brine water source is Sec 17 T22S R27E (B&E Brine Station).
7. SOURCE OF CONSTRUCTION MATERIALS:

The material will be taken from a federal pit in the NE 1/4 NE 1/4 Sec 4 T24S R31E will be archeological cleared or from reserve pit area of drilling pad where possible.
8. METHODS OF HANDLING WASTE DISPOSAL:
  - A. Drill cutting will be disposed of in the reserve pits.
  - B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
  - C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
  - D. Oil produced during operations will be stored in tanks until sold.
  - E. Current laws and regulations pertaining to the disposal of human waste will be complied with. Sanitary Port-O-Pottys will be provided during drilling operations, cleaned, sanitized, and/or replaced as necessary.
  - F. Trash, waste paper, garbage and junk will be contained to prevent scattering by the wind. Containment will be obtained by using covered trash bins. Then, hauled off to approved landfill off Hidalgo Road SE of Carlsbad, Eddy County, New Mexico.
  - G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.
9. WELL SITE LAYOUTS:
  - A. Exhibit C shows the relative location and dimensions of well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
  - B. The reserve pits will be plastic lined with 6 mil plastic.
  - C. A 400' x 400' area has been staked and flagged.
10. PLANS FOR RESTORATION:
  - A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and