

location). If insufficient quality or quantity of caliche is not available, it will be transported to the proposed road and well site from the existing pit in the NW/4 of the NW/4 of Section 24 T-26-S, R-29-E, NMPM, Eddy County, New Mexico as shown on Exhibit "A" along the existing resource roads. (\$1.25 CY)

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 at commercial or company facilities.
- 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 of operations. All waste material will be contained to prevent scattering by the wind.

8. ANCILLARY FACILITIES

- A. None required.

9. WELL SITE LAYOUT

- A. Exhibit "C" shows the relative location and dimensions of the well pad, mud pits, borrow pit, and the location of the major rig components.
- B. Cut and Fill requirements will be minor, but clearing and leveling of the well site will be necessary.

10. PLANS FOR RECLAMATION OF THE SURFACE

- A. After completion of drilling and/or completion of operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until the pits are dry.
- C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special reclamation and/or special re-vegetation requirements of the Surface Management Agency will be complied with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION

A. Topography: The land surface in the area of the well is relatively level. Regionally, the land slopes to the West with an average slope of approximately two to three percent.

B. Soil: Top soil at the well site is a moderate sandy loam.