3. LOCATION OF EXISTING WELLS

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

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

A. A new tank battery will be built at the well site as shown on Exhibit "B".

B. An electric line will be constructed from an existing electric line located in the NW/4, NE/4 Section 2, T-25-S, R-31-E, NMPM, Thence Northerly along the West side of an existing resource road approximately 2830 feet; Thence Westward along the South line of an existing resource road approximately 2430 feet; Thence Southerly along the East line of the proposed resource road approximately 730 feet to the Northeast Corner of the well site. (Route as shown in Red on Exhibit "B")

5. LOCATION AND TYPE OF WATER SUPPLY

A. Water necessary for drilling operations will be transported to the well site by a temporary pipeline laid on the ground along side existing and proposed roads from the existing water well #9 located in the NW/4, NE/4 Section 2, T-25-S, R-31-E, NMPM. (as shown in Blue on Exhibit "B".)

6. SOURCE OF CONSTRUCTION MATERIALS

A. Caliche needed for the road and well pad will be taken from the proposed borrow pit located with the 400 x 400' archaeologically cleared tract at the proposed well site (See Exhibit "C" for 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 NE/4 of Section 2, T-25-S, R-31-E, by the existing and proposed 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 at a commercial or company facility.