Merit Energy Company Dana Federal, Well No. 7 Page 2



- 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;
 - A. There are production facilities on the lease at this time.
 - B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if needed, will be installed on the drilling pad. A 2 3/8" gas pipeline will be buried a maximum of 24" and will run parallel with and 25 feet from the edge of the proposed access road and 10 feet from the pipeline road to an existing pipeline at the Dana Fed. #5 well site.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads. The water will be obtained from a well belonging to Marley and Rogers in NE% Sec. 33-T9S-R25E.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing the proposed access road and well site pad will be obtained from the location if possible or from a private commercial source, the Beavers Sand & Gravel Co., across the highway southeast of the location. The topsoil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve/mud pit.
- B. Drilling fluids will be allowed to evaporate in the reserve/mud pit until the pit is dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.