

Eland Energy, Inc.
Federal 1 X #3
695' FSL & 745' FWL
Sec. 3, T. 9 S., R. 26 E.
Chaves County, New Mexico

PAGE 6

4. PROPOSED PRODUCTION FACILITIES

Two 210 bbl tanks (one steel and one fiberglass), one separator, and one meter run will be installed on the west side of the pad. Most surface equipment will be painted a flat Carlsbad tan or flat juniper green color. A guard rail (e.g., tubing) will be placed around the well head once the well is completed and the road returned to its original route across the pad. The guard rail will be painted safety yellow. Anchors will be marked with Carsonite style markers for traffic protection.

A 3" O.D. Schedule 40 Grade X-42 welded steel natural gas pipeline will be laid 50' southwest to an existing Agave-Yates pipeline. Wall thickness ≥ 0.217 ". Burial depth ≥ 36 ". Maximum operating pressure = 1,000 psi. Test pressure = 1,500 psi. Burst pressure = 5,000 psi. Pipe will be pressure tested with water and discharged into the lined reserve pit. The route will be posted with markers and is all on lease.

5. WATER SUPPLY

Water will be trucked from private land in SE4 35-8s-25e.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) and BLM will be notified before construction starts. The top 6" of soil and brush will be stockpiled northwest of the pad. Turn out ditches will be cut in the borrow ditches north of the pad. A minimum 12 mil plastic liner will be installed in the reserve pit.

7. WASTE DISPOSAL