

If the well is found to be productive, presumably of oil, it will be necessary to install a flowline from the wellhead to the oil production unit and oil tanks which are located on the drill site pad of Well No. 1.

Portions of the drill site pad not required for producing operations, if any, will be restored as closely as possible to the original ground contours and seeded with native grasses as directed by the BLM.

5. Water for drilling will be purchased and trucked to location.
6. Surface material at the drill site is a sandy, rocky soil, and would not be adequate for construction of the pad and road surface.
7. Drill cuttings from the well will be disposed of in the reserve pit. Drilling fluids will be trucked away to approved disposal facilities or allowed to dry in the reserve pit before closing. Water produced from the well, if any, will be retained in the reserve pit during testing of the well. If the well produces water on a continuing basis, such water will be stored in a corrosion resistant vessel and transported to approved disposal facilities. Any oil or condensate produced will be stored on site until sold and trucked to market by approved carriers. Current regulations pertaining to the disposal of human waste will be complied with. Trash, waste paper, garbage, and junk will be collected and buried in a separate trash pit and covered with two feet of soil. All waste materials will be collected in such a manner as to prevent scattering by the wind.
8. No auxiliary facilities will be required for the drilling of this well.
9. Exhibit "E" is a drill site layout drawn to No Scale showing the dimensions of the well pad and the location of the major drilling components, pits, etc. Exhibit "F" shows cross sections of the pad with approximate cuts and fills. Pits will be plastic lined.
10. After all drilling and completion operations are finished, excess and unnecessary equipment will be removed. The location will be cleared and cleaned and insofar as possible restored to original contours of the land. The pits will be allowed to dry before being closed and restored, and will remain fenced until closed. If the well is dry, all compacted areas, including the access road, will be ripped to a depth of at least 12", and reseeded if so directed by the BLM.
11. The proposed well site is located on the Llano Escondido and is 1½ miles north east of Button Mesa. This is an arid region and vegetation is sparse consisting of prickly pear, mesquite, oak brush and yucca. The soil is mainly sand with some caliche & rocks.

The contemplated operations are on FEE owned surface, and the land is not fenced. No livestock was noted, but it is assumed the land is used for grazing. No wildlife was observed in the vicinity. Typical desert fauna should be expected to be present, however. There are no dwellings or other buildings in proximity of the site. A letter agreement between Adams and Mr. Tom Gainer is enclosed for your information.