

4. Location and Type of Water Supply:

N. Lusk "29" Federal #1 will be drilled using a combination of Brine and Fresh water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to the location by transport truck. Additionally, produced salt water from the lease gathering tanks may be used. No water well will be drilled on the location.

5. Source of Construction Materials:

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche.

6. Methods of Handling Water Disposal:

- A. Drill cuttings will be disposed into the reserve pit.
- B. Drilling Fluids will be contained in steel mud tanks. The reserve pit will contain excess drilling fluids or fluid from the well during drilling, cementing, and completion operations. The reserve pit will be earthen pit roughly 125' x 125' x 6', or smaller, in size.
- C. The reserve pit will be fenced on three sides throughout drilling operations and will be totally isolated upon removal of the rotary rig. The pit will be lined using 6 mil plastic to minimize loss of drilling fluids and saturation of the ground with brine water used to drill from 1200' - 4200'.
- D. Water produced from the well during completion operations will be disposed into steel tanks or the reserve pit, if volumes prove excessive. After placing production through the production facilities, all water will be collected in tanks. Produced oil will be separated into steel stock tanks until sold.
- E. A portable chemical toilet will be available on location for human waste during drilling operations.
- F. Garbage, trash and waste paper produced during drilling operations will be collected in a container trailer and disposed at an approved landfill. All waste material will be contained to prevent scattering by the wind. All water, fluids, salt or other chemicals will be disposed in the reserve pit. No toxic waste or hazardous chemicals will be generated by this operation.
- G. All waste material will be removed within 30 days after the well is either completed or abandoned. The reserve pit will be completely fenced until it has dried. At the point the reserve pit is found sufficiently dry, it will be backfilled and reclaimed as outlined by the BLM specifications. Only the portion of the drilling pad used by production equipment (pumping unit and tank battery) will remain in use. If the well is deemed non-commercial, only a dry hole marker will remain.