

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a one-mile radius are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Location of the proposed tank battery, production unit and flow line from Felmont Federal No. 2 are shown on Exhibit "C". If well produces salt water it will be collected in a 210 barrel fiberglass tank by the production unit. It will be hauled to disposal to Laguna Gatuna Salt Lake. The flow line will not be buried. A Hi-Lo safety valve will be installed on the wellhead to shut in the well in the event of a line failure.
- B. If the proposed well is completed for production, the tank battery, production unit and flow line will be located as shown on Exhibit "C". An extension of approximately 75' by 100' to the proposed well pad will be necessary to accommodate the proposed tank battery facilities.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. There is no adequate water supply in the area for drilling. Water will be purchased and trucked to the wellsite over the existing roads shown on Exhibit "A" and "C".

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Any necessary caliche will be purchased from Fee Owner.

7. METHODS 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 pits are dry.
- C. Water proposed during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage, and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of trash pits are shown on Exhibit "D".

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RODRS. N. M.