

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Production Facilities are already located on well # 1. The existing production facilities will be utilized for further production.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not planned that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site, or will be moved to the well site by a temporary pipeline laid on the ground alongside existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIAL:

A. Caliche needed for construction work will be taken, if present, from a pit opened on-site within the 400' X 450' work area. Otherwise, caliche will be taken from an existing pit located on State land in the SW1/4NE1/4 of Section 32, T-21S, R-32E, Lea County, New Mexico, and will be trucked to the well site over existing and proposed roads. Location of caliche pit is shown on Exhibits "B" & "D".

7. METHODS OF HANDLING WASTE MATERIAL:

- 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. All trash, junk, and other waste material will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill.
- D. Water produced during test will be disposed of in the drilling pits.
- E. Oil produced during tests will be stored in test tanks until sold.

8. ANCILLARY FACILITIES:

A. None necessary.