

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.