

1. First well located 660' from the north and east lines of Section 29, T-26-S, R-37-E, Lea County, New Mexico. If productive other wells will be drilled on lease.

2. As noted on map, tank battery, if necessary, will be on the existing pad used for Well No. 1.

3. There is no water supply on lease and water will be hauled. Any produced brine will be hauled away and disposed of.

4. All waste materials as listed in No. 7 will be hauled off or buried in the pits, 24" deep.

10. See plat for location layout. Since this is a rotary rig there will be mud pits and pipe racks. A water tank will be on location for cementing. Small pad for location as shown approximately is 100 feet by 175 feet. Rig will be on north edge of pad with mud pit just north of rig.

11. Surface will be put back to near original contour when well is completed as a producer or plugged.

12. The surface is privately owned although minerals are under federal lease. We have made arrangements with Mr. Tom Lineberry for surface damages which will include road, pad and tank battery location which will be on the pad for the # 1 well.