

D. Drainage Design: 6" of watered and compacted caliche will be used on the new roads and that portion of existing roads which need repairs and the finished surface will be crowned to allow for drainage.

E. No culverts will be required.

F. Surfacing material: Caliche will be used to surface the roads and the well pad.

G. Gates, Cattleguards, Fences: No new gates or cattleguards will be required and no fences will be crossed.

H. All new roads have been staked and flagged.

3. Location of Existing Wells:

All existing wells within a one mile radius have been shown.

4. Location of Existing Facilities:

A. Exhibit "B" shows all tank batteries, flow line and production facilities.

B. New Facilities: These two (2) wells will be used to produce oil and will require pumping units, flow lines, and electric lines. Exhibit "B" shows the route of the flow line to the existing tank battery serving these wells. The flowline will be 2 3/8" steel line laid on the surface. The electric lines will be built as shown in exhibit "B".

5. Location and Type of Water Supply:

Water for drilling these two (2) wells will be furnished by the drilling contractor. The water will be purchased from commercial supplies and trucked to the locations over the route described in item 1 above.

6. Source of Construction Materials:

A. Caliche for each well pad and road will be obtained from an existing pit located in the NE/4 NW/4 Section 28, T-26-S, R-37-E. This pit is located on land owned by Mr. Tom Linebery of Kermit, Texas.

7. Method for Handling Waste Disposal:

A. Drill cuttings will be disposed of in the drilling pit.

B. Drilling fluids will be allowed to evaporate in the drilling pit until pits are dry.

C. Water produced during tests will be disposed of in the drilling pit. Oil produced during test will be stored in test tanks until sold.

D. Current laws and regulations pertaining to 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" of dirt.

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