

of the road. No fences are involved, and no cattleguards or culverts will be necessary.

C. The center line of the proposed new road has been staked and flagged, and is clearly visible.

D. The route of the proposed new road passes through a portion of Section 10, through the northeast corner of Section 9, and into Section 4 to the proposed location. Section 10 is owned by the State of New Mexico, and an application is being submitted to the New Mexico State Land Office in Santa Fe, New Mexico, for a right-of-way easement across the portion of this section which is included in the route of the proposed road.

### 3. LOCATION OF EXISTING WELLS.

A. All wells in the vicinity of the proposed well are indicated in Exhibit B. A well is currently in a drilling status in the northwest quarter of Section 10.

### 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

A. There are no production facilities on this lease at the present time.

B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive of oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

### 5. LOCATION AND TYPE OF WATER SUPPLY.

A. It is planned to drill the proposed well with a brine water system. The water will be obtained from privately owned or commercial sources and will be hauled to the location by truck over the existing and proposed roads described in paragraphs 1 and 2, above.

### 6. SOURCE OF CONSTRUCTION MATERIALS.

A. Caliche for road and drilling pad surfaces will be obtained from the nearest existing open pit and will be hauled to the location over the existing and proposed roads described in paragraphs 1 and 2, above.

### 7. METHODS OF HANDLING WASTE DISPOSAL.

A. Drill cuttings will be disposed of in the reserve pits, which will be plastic lined.

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

C. All pits will be fenced with normal fencing material to prevent livestock from entering the pits.

D. Water produced during operations will be collected in tanks until