Reno Federal Com. No. 1 Page 2

6. SOURCES OF CONSTRUCTION MATERIALS:

A. Caliche for restoring the old access road and well site pad will be obtained from the surface owner, Texas Ten, Ltd., P.O. Box 305, Cedar Hills, TX 75106-0305. No surface materials will be disturbed except as necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Cement cuttings and other drill cuttings will be disposed of in the earthen working pits.

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

C. All pits will be fenced if necessary with normal fencing materials to prevent livestock from entering the area.

D. Water produced during operations will be collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the BLM for appropriate approval.

E. Oil produced during operations will be stored in tanks until sold.

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

A. Exhibit "G" shows the dimensions of the well pad and reserve pits and the location of major rig components.

B. Cut and fill requirements will be minor if any, and will only be required on surface that was disturbed when the original road and location were built. Clearing and leveling of the old wellsite and road will be necessary. Pad and road will be covered with at least six inches of compacted caliche.

C. The reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.

B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.

C. If the proposed well is non-productive, all rehabilitation requirements will be performed according to agreement with fee owner. All pits will be filled and leveled as soon as they have sufficiently dried.