

Exploration and Production Waste Handling Operations

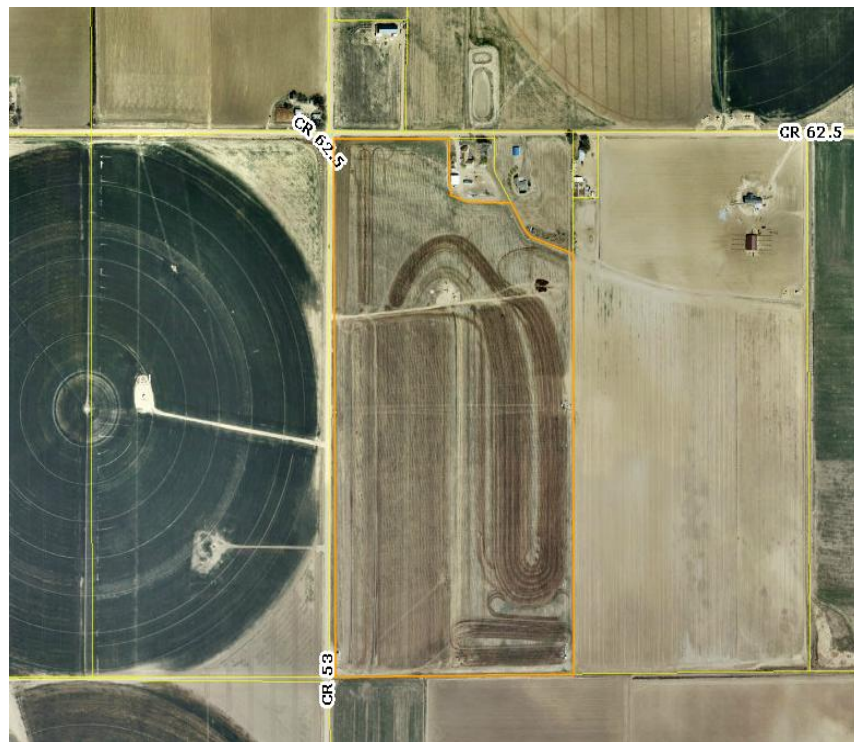
The following outlines the typical procedures that St. James Energy Operating (SJE) will use to handle and dispose of exploration and production (E&P) waste.

Drilling Fluids

- Water based bentonitic drilling fluids and associated drill cuttings will be disposed of through land application at a COGCC approved mud farm.
- Cuttings and mud will be spread no deeper than 3" and will be tilled in less than 10 days.
- A soil sample of the ground will be taken prior to dumping.
- A berm will be constructed around the site prior to dumping.

Mud Farm:

St. James Mud Dump
PT W2SW4 Sec. 33 T6N R64W
Lot B Rec Exempt RE-4079
WCR 62.5 and WCR 53



Petroleum Contaminated Waste

- Petroleum contaminated soils will be disposed of at a commercial solid waste disposal facility.
- Tank bottoms will be disposed of at a commercial solid waste disposal facility.

Solid Waste Disposal Facility:

Waste Management CSI
41800 East 88th Ave
Bennett, CO 80102

Produced Water

- Flowback fluids recovered after hydraulic fracturing is complete are temporarily stored on-site in tanks. When necessary, the tanks will be pumped and trucked off-site to a Class II Injection Facility.
- Produced water is stored on-site in a concrete pit located within the tank battery. Produced water will be collected and trucked off-site to a Class II Injection Facility at an appropriate interval determined by production.

Class II Injection Facility: Apollo Operating 15-18 I Facility
33525 Highway 392
Gill, CO 80624

or

High Sierra Water Services, LLC

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| C1-Kersey 25849 WCR 46 Kersey, CO 80644 | C2- Brighton 1191 WCR 19 Brighton, CO 80601 |
| C3-LaSalle 19094 WCR 40 La Salle, CO 80645 | C4-Greeley 22625 WCR 64 Greeley, CO 80631 |
| C6-Platteville 13159 WCR 39 Platteville, CO 80651 | C7-Cornish 35857 WCR 74 Briggsdale, CO 80611 |

Transportation

- All E&P wastes will be trucked off-site. Truck transport frequency will vary depending on the site and the volume of waste produced.
- Fluids and produced water will be hauled in tanker or vacuum trucks and cuttings will be hauled in dump trucks.

Transporter: Integrity Trucking
23466 WCR 55
Kersey, CO 80644
(970) 356-4487