

**Cub Creek Energy - Markham Pad Siting Rational – NWSE Sec. 32-T4N-R68W.**

The building closest to the pad is to the southwest and is surface owner's house. He requested we place the pad at this location knowing its location with respect to his house. Other locations that were further from the houses in both a southerly and westerly direction were unacceptable to the surface owner as it interfered with his surface sod farming operations. The surface owner was also not open to expanding the existing vertical well pad in the SE corner of the section as it interfered with his surface sod farming operation as well. The operator and surface owner evaluated all possible alternative sites, but found there was not enough area to fit the wells and production facility without disrupting the current sod farming operation.

The most northerly house belongs to Mr. Bromley who signed and returned his surface notice. Cub Creek Energy spoke with Mr. Bromley and addressed his concerns prior to receiving the signed waiver.

The proposed location is on the technical limits of what's possible for drilling east to west 1 mile horizontal laterals. Moving the location further west would make drilling these well impossible. Extensive engineering analysis has already been done to determine if this location was within current technological capabilities.