



Waste Management Plan

Drilling

All waste during the drilling process is handled onsite by SRC Energy Inc. contracted Drilling Operator in conjunction with a solids control company and any secondary drying equipment on location.

All drilling mud utilized during operations is circulated through a closed-loop system. All mud stored on location is in steel upright tanks, no pits are utilized during operations.

A water based spud mud will be utilized on the surface holes. Water based spud mud and associated cuttings will be disposed of as per COGCC requirements and is hauled using secured trucks to a commercial disposal facility. After a pad is completed, a portion of the mud may be hauled to the next pad to be used in the subsequent operations.

An oil based mud (OBM) system will be utilized for the production hole. Cuttings and associated liquids are hauled accordingly and disposed of per COGCC requirements to certified commercial disposal facilities and are tracked and documented. After a pad is completed, a portion of the OBM system will be transported and utilized on the next drilling location.

In the event a water based mud (WBM) is utilized for the production hole, the same liquid and cuttings disposal process will take place utilizing a commercial disposal facility.

Any unused drilling water will be transported and utilized on the next drilling location.