



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

| DEP USE ONLY                           |                          |
|--|--------------------------|
| Permittee's eFACTS ID<br><b>237396</b> | Auth ID<br><b>692110</b> |
| Watershed Name                         | Quality                  |

## WELL PERMIT

|  |   |   |  |                                  |
|--|---|---|--|----------------------------------|
| Permittee<br><b>GUARDIAN EXPLORATION LLC</b> |   | OGO.#<br><b>OGO-63845</b>                     | Permit Number<br><b>37-105-21392-00</b>  | Date Issued<br><b>09/05/2007</b> |
| Address<br><b>PO BOX 225</b>                 |   | Farm Name & Well Number<br><b>KAPLE YX202</b> |  | Well Serial #                    |
|  |   | Municipality<br><b>Roulette</b>               | County<br><b>Potter</b>  |                                  |
| <b>HUNT, TX 78024</b>                        |   | 7½' Quadrangle Name<br><b>Roulette</b>        |  | Map Section #<br><b>8</b>        |
| Phone<br><b>(830) 367-6022</b>               | Project #                                   | Latitude<br><b>41-47-13.7000</b>              | Longitude<br><b>-78-10-3.8500</b>  |                                  |
| Surf Elev at Site<br><b>1540 feet</b>        | Anticipated Total Depth<br><b>6000 feet</b> | Well Type<br><b>GS</b>                        | Offset distances referenced to NE corner of map section.<br><b>South 1649 feet West 291 feet</b> |                                  |

This permit covering the well operator and well location shown above is evidence of permission granted to conduct activities in accordance with the Oil and Gas Act and the Oil and Gas Conservation Law, if the well is subject to that act and any rules and regulations promulgated thereunder, subject to the conditions contained herein and in accordance with the application submitted for this permit.

This permit and the permittee's authority to conduct the activities authorized by this permit are conditioned upon operator's compliance with applicable law and regulations.

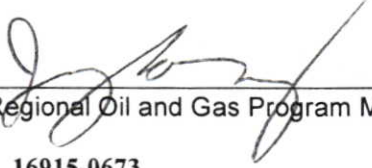
Notification must be given to the district oil and gas inspector, the surface landowner and political subdivision of the date well drilling will begin at least 24 hours prior to commencement of drilling activities.

The permittee hereby authorizes and consents to allow, without delay, employees or agents of the Department to have access to and to inspect all areas upon presentation of appropriate credentials, without advance notice or a search warrant. This includes any property, facility, operation or activity governed by the Oil and Gas Act, the Oil and Gas Conservation Law, the Coal and Gas Resource Coordination Act and other statutes applicable to oil and gas activities administered by the Department. The authorization and consent shall include consent to the Department to collect samples of wastewaters or gases, to take photographs, to perform measurements, surveys, and other tests, to inspect any monitoring equipment, to inspect the methods of operation and disposal, and to inspect and copy documents required by the Department to be maintained. The authorization and consent includes consent to the Department to examine books, papers, and records pertinent to any matter under investigation pursuant to the Oil and Gas Act or pertinent to a determination of whether the operator is in compliance with the above referenced statutes. This condition in no way limits any other powers granted to the Department under the Oil and Gas Act and other statutes, rules and regulations applicable to these activities as administered by the Department.

This permit does not relieve the operator from the obligation to comply with the Clean Streams Law and all statutes, rules and regulations administered by the Department.

**Special Permit Conditions:**

This permit expires **09/05/2008** unless drilling is commenced on or before that date and prosecuted with due diligence.

  
 \_\_\_\_\_  
 Regional Oil and Gas Program Manager

**HERB KARLINSEY**  
Oil and Gas Inspector

**P O Box 673, Coudersport, PA 16915-0673**  
Address

**814-274-3611**  
Telephone



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL & GAS MANAGEMENT PROGRAM

|              |                  |
|--------------|------------------|
| DEP USE ONLY |                  |
| APS #        | CNC              |
| Check # 3369 | Amount \$ 350.00 |

PERMIT APPLICATION FOR DRILLING OR ALTERING A WELL

|             |            |                                       |                           |
|-------------|------------|---------------------------------------|---------------------------|
| Notes       |            | DEP USE ONLY                          |                           |
| OGO #       | 63845      | Objection Date - Do not issue before: | Well Permit # 105-213 92  |
| Bond #      | 9965       | 8/29/07                               | Special Cond. A B C D E F |
| C: 8/22/07  | G: 8/28/07 | Date Approved: 201                    | Watershed Name:           |
| INV: 9-5-07 |            |                                       | Designation: HQ EV        |

Please read instructions before you begin filling in this form.

|   |                          |                              |                            |   |
|---|--------------------------|------------------------------|----------------------------|---|
| Applicant (Operator) Name<br><b>GUARDIAN EXPLORATION, LLC</b> | DEP ID#<br><b>237396</b> | Phone<br><b>830-367-6022</b> | FAX<br><b>830-367-6066</b> | Check if new address.<br><input type="checkbox"/> |
| Mailing Address (Street or PO Box)<br><b>P.O. Box 225</b>     | City<br><b>HUNT</b>      | State<br><b>TX</b>           | Zip +4<br><b>78024</b>     | Country (if not USA)                              |

|   |  |                      |  |  |  |
|---|--|----------------------|--|--|--|
| (Well) Farm Name<br><b>KAPLE</b>  | Well #<br><b>YX-202</b>                  | Serial #             | PERMIT TYPE<br>Check one.  | TYPE OF WELL<br>Check one.   | APPLICATION FEE<br>Check one.  |
| County<br><b>POTTER</b>   | Municipality<br><b>ROULETTE TOWNSHIP</b> | Project # (from DEP) | Application is to:<br><input checked="" type="checkbox"/> Drill a new well<br><input type="checkbox"/> Deepen a well<br><input type="checkbox"/> Redrill a well<br><input type="checkbox"/> Alter a well<br><input type="checkbox"/> Other (specify) | <input checked="" type="checkbox"/> Gas<br><input type="checkbox"/> Oil<br><input type="checkbox"/> Comb. (gas & oil)<br><input type="checkbox"/> Injection, recovery<br><input type="checkbox"/> Disposal<br><input type="checkbox"/> Coalbed Methane<br><input type="checkbox"/> Gas Storage<br><input type="checkbox"/> Other (specify) | <input checked="" type="checkbox"/> \$ 350 (Gas; Comb.; Coal Meth; Storage)<br><input type="checkbox"/> \$ 250 (Oil; Inj- Rec)<br><input type="checkbox"/> \$ 150 (Injection - Waste Disposal)<br><input type="checkbox"/> \$ 100 (Redrill, Drill Deeper, Alter a Well, or Change Use)<br><input type="checkbox"/> \$ 0 (Rehab orphan) |
| If you are applying for a permit to redrill, drill deeper, or alter a well that was previously permitted or registered, or for a well site that was previously permitted but not drilled, check this box <input type="checkbox"/> and enter the permit or registration number here: |  |                      | <b>RECEIVED</b>  |  |  |
| If applying for a permit to rework an existing well not registered or permitted, check this box <input type="checkbox"/> and enter date drilled, if known: (see instructions)   |  |                      |  |  |  |

COORDINATION WITH REGULATIONS AND OTHER PERMITS

|   | Yes                                 | No                                  | DEP USE ONLY   |
|---|-------------------------------------|-------------------------------------|--|
| <b>Oil And Gas Conservation Law</b>   |                                     |                                     | Date Stamps and Notes  |
| 1. Will the well be subject to the Oil and Gas Conservation Law? If "No," go to 2.  |                                     |                                     | <p style="text-align: center; color: red; font-weight: bold;">AUG 22 2007</p> <p style="text-align: center; color: red; font-weight: bold;">ENVIRONMENTAL PROTECTION<br/>NORTHWEST REGIONAL OFFICE</p> <p>AUTH # 692110</p> <p>SITE # 693958</p> <p>CLNT # 237396</p> <p>APS # 622875</p> <p>PF# 697097</p> <p>SF# 952064</p> <p>Acct 602011</p> |
| a. If "Yes" to #1, is the well at least 330 feet from outside lease or unit boundary?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |  |
| b. Does the location fall within an area covered by a spacing order?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| <b>Coal Mining &amp; Coal Resources</b>   |                                     |                                     |  |
| 2. Will the well penetrate a workable coal seam? If "No," include written justification and supporting documentation.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| 3. If the well will penetrate a workable coal seam, and the well is a "non-conservation" gas well, does the location comply with the distance requirements of Section 7 of the Coal and Gas Resource Coordination Act? (At least 1,000 feet from all existing wells, and 330 feet from the tract boundary). | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| a. If "No," is the required exception request attached? (Check here if re-working an existing well: <input type="checkbox"/> N/A)   | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 4. If the well will penetrate a workable coal seam, will it be drilled at a location where the coal has been removed?   | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 5. Will the well be drilled through an active (operating or projected) coal mine, or within 1,000 feet of the boundary?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| a. If "Yes," print the names of... Mine: Operator:  |                                     |                                     |  |
| <b>Gas Storage Fields</b>   |                                     |                                     |  |
| 6. Will the well penetrate or be within 2,000 feet of an active gas storage reservoir?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| a. If Yes, print the names of... Storage Field: Operator:   |                                     |                                     |  |
| <b>Landfills</b>  |                                     |                                     |  |
| 7. Is the proposed well location within the permitted area of a landfill?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| <b>Location Waivers And Variances</b>   |                                     |                                     |  |
| 8. Will the well site be within 100 feet (measured horizontally) of a stream, spring or body of water identified on the most current 7 1/2' topographic map?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| a. If "Yes," is a request for a waiver (form 5500-FM-OG0057), and E&S control plan for the well site attached?  | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 9. Will the well site be within 100 feet of a wetland one acre or larger in size?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| a. If "Yes," is a request for a waiver (form 5500-FM-OG0057), and E&S control plan for the well site attached?  | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 10. Will the well be drilled within 200 feet (horizontally) from any existing building or an existing water supply?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| a. If "Yes," is written consent from the owner attached?  | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| b. If written consent is not attached, is a variance request (form 5500-FM-OG0058) attached?  | <input type="checkbox"/>            | <input type="checkbox"/>            |  |

|   |                          |                                     |
|---|--------------------------|-------------------------------------|
| <b>Public Resources</b>   |                          |                                     |
| 11. Will the well be located where it may impact a public resource as outlined on "Coordination of a Well Location with Public Resources" form 5500-PM-OG0076? If yes, attached a completed copy of the form. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Special Protection Watersheds</b>  |                          |                                     |
| 12. Is the well site in a High Quality (HQ) or Exceptional Value (EV) watershed?  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>NPDES Stormwater Permit</b>  |                          |                                     |
| 13. Is this well part of a development where an NPDES Permit for Stormwater Discharges Associated with Construction Activities is needed?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

|  |  |                         |                |
|--|--|-------------------------|----------------|
| <b>Signature of Applicant</b>  | The person signing this form attests that they have the authority to submit this application on behalf of the applicant, and that the information, including all related submissions, is true and accurate to the best of their knowledge. |                         |                |
| Signature of Person Authorized to Submit Applications<br><i>Daniel L. Schoen</i> | (Print or Type)<br>Name of Signer: <b>DANIEL L. SCHOEN</b>   | Title: <b>PRESIDENT</b> | Date<br>8/6/07 |





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|   |        |                   |
|---|--------|-------------------|
| Farm Name - Well #<br><b>KAPLE</b>          | YX-202 | DEP ID#<br>237396 |
| Applicant Name<br>GUARDIAN EXPLORATION, LLC |        |                   |
| DEP USE<br>ONLY                             | APS #  |                   |

**PERMIT APPLICATION FOR DRILLING OR ALTERING A WELL**  
 Page 2 --- Record of Notification / Written Consent / Written Consent  
 NORTHWEST REGIONAL OFFICE

List the following: surface landowner; all landowners or water purveyors whose water supplies are within 1,000 feet of this proposed well location; gas storage operator; if within 2000 feet; all coal owners and lessees of all underlying workable coal seams; operators of underground coal mines at the proposed location; and coal operators with a deep mine within 1,000 feet. Mark the boxes, "X," which show the parties' interests. Use additional forms if you need more space. You are required to notify each of these parties.

| Name:                     | Address:                                      | Surface Landowner | Coal Owner | Coal Lessee | Coal Mine Operator | Gas Storage Operator | Within 1,000 feet     |                |                    | Notification         |         |                |                   |
|---------------------------|---|-------------------|------------|-------------|--------------------|----------------------|-----------------------|----------------|--------------------|----------------------|---------|----------------|-------------------|
|                           |   |                   |            |             |                    |                      | Surf Owner With Water | Water Purveyor | Coal Mine Operator | Certified Mail Dates | Sent    | Return Receipt | Address Affidavit |
| <b>THEODORE RAY KAPLE</b> | <b>242 MAIN STREET<br/>ROULETTE, PA 16746</b> | <b>X</b>          |            |             |                    |                      |                       |                |                    | 8-7-07               | 8-10-07 |                |                   |
| [REDACTED]                | [REDACTED]                                    |                   |            |             |                    |                      |                       |                |                    |                      | 19/07   |                |                   |
| Name:                     | Address:                                      |                   |            |             |                    |                      |                       |                |                    |                      |         |                |                   |
| Name:                     | Address:                                      |                   |            |             |                    |                      |                       |                |                    |                      |         |                |                   |
| Name:                     | Address:                                      |                   |            |             |                    |                      |                       |                |                    |                      |         |                |                   |
| Name:                     | Address:                                      |                   |            |             |                    |                      |                       |                |                    |                      |         |                |                   |
| Name:                     | Address:                                      |                   |            |             |                    |                      |                       |                |                    |                      |         |                |                   |

**Optional: Signature below indicates the party's approval of the well location, and waives the 15-day objection period. Check applicable box.**

|  |  |      |
|--|--|------|
| <input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft. | Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee | Date |
| <input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft. | Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee | Date |
| <input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft. | Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee | Date |
| <input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft. | Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee | Date |
| Surface Landowner at proposed location   | Coal Operator within 1,000 feet of proposed location   | Date |
| Surface Landowner at proposed location   | Gas Storage Operator within 2,000 feet   | Date |

Signature below indicates written consent. Check applicable box.

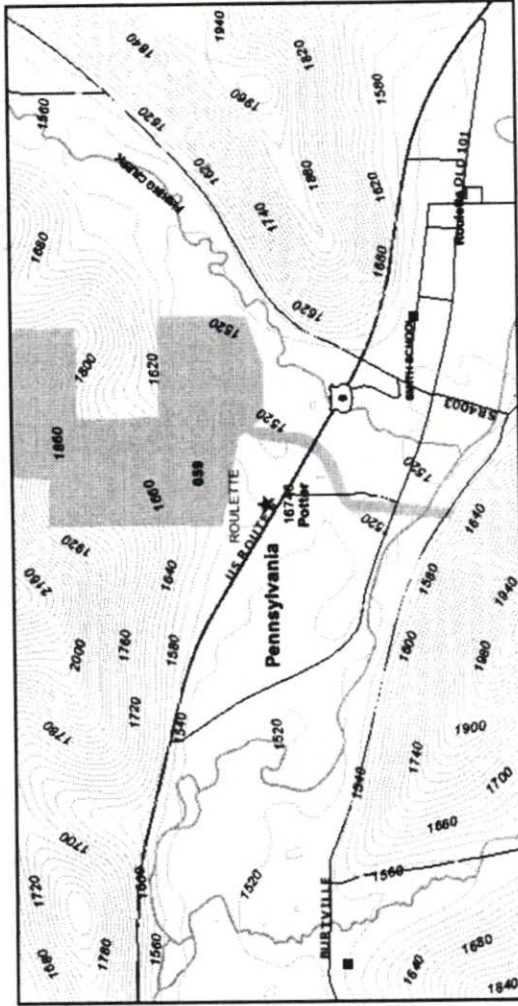
|   |      |
|---|------|
| Owner of: <input type="checkbox"/> water supply, or <input type="checkbox"/> building within 200 feet | Date |
| Address (of above)  |      |
| Owner of: <input type="checkbox"/> water supply, or <input type="checkbox"/> building within 200 feet | Date |
| Address (of above)  |      |



# PNDI Project Environmental Review Receipt

Project Search ID: 20070806104243  
Project Name: GUARDIAN EXPLORATION WELL KAPLE YX-202  
Date: 8/6/2007 8:17:30 AM

## Project Location



Project Name: GUARDIAN EXPLORATION WELL KAPLE YX-202

On Behalf Of: Self

Project Search ID: 20070806104243

Date: 8/6/2007 8:17:22 AM

# of Potential Impacts: 0

Jurisdictional Agency:

Project Category: Mining, Oil or Gas (including roads and pipelines), New Well

Project Location

Decimal Degrees: 41.787139 N, -78.167736 W

Degrees Minutes Seconds: 41° 47' 13.70" N, 78° 10' 03.85" W

Lambert: -45748.60726647, 1015504.07343341 ft

ZIP Code: 16746

County: Potter

Township/Municipality: ROULETTE

USGS 7.5 Minute Quadrangle ID: 133

Quadrangle Name: ROULETTE

Project Area: N/A

## Location Accuracy

Project locations are assumed to be both precise and accurate for the purposes of environmental review. The creator/owner of the Project Review Receipt is solely responsible for the project location and thus the correctness of the Project Review Receipt content.

## 0 Known Impacts

Under the Following Agencies' Jurisdiction:  
None

*[Handwritten Signature]*

Page 1 of 4      APPLICANT INITIALS:

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## PNDI Project Environmental Review Receipt

Project Search ID: 20070806104243  
Project Name: GUARDIAN EXPLORATION WELL KAPLE YX-202  
Date: 8/6/2007 8:17:30 AM

provided, including the exact project location; the project type, description, and features; and any responses to questions that were generated during this search. If any of the information you provided does not accurately reflect this project, or if project plans change, DEP and the jurisdictional agencies require that another PNDI review be conducted.

Pennsylvania Natural Diversity Inventory (PNDI) records do **NOT** indicate any known impacts on special concern species and resources within the project area. DEP requires a signed copy of this receipt with permit applications being submitted as indication that an environmental review has been conducted and completed. See DEP PNDI policy at [www.naturalheritage.state.pa.us](http://www.naturalheritage.state.pa.us) for more information.

**This response represents the most up-to-date summary of the PNDI data files and is good for one(1) year from the date of this PNDI Project Environmental Review Receipt.**

Based on the information you provided, no further coordination is required by the Pennsylvania Game Commission, the Pennsylvania Fish and Boat Commission, or the Pennsylvania Department of Conservation and Natural Resources with regard to special concern species, natural communities, or outstanding geologic features. This response does not reflect potential agency concerns regarding impacts to other ecological resources, such as wetlands.

### DISCLAIMER

The PNDI environmental review website is a preliminary environmental screening tool. It is not a substitute for information obtained from a field survey of the project area conducted by a biologist. Such surveys may reveal previously undocumented populations of species of special concern. In addition, the PNDI only contains information about species occurrences that have actually been reported to the Pennsylvania Natural Heritage Program.

### TERMS OF USE

Upon signing into the PNDI environmental review website, and as a condition of using it, you agreed to certain terms of use. These are as follows:

The web site is intended solely for the purpose of screening projects for potential impacts on resources of special concern in accordance with the instructions provided on the web site. Use of the web site for any other purpose or in any other way is prohibited and subject to criminal prosecution under federal and state law, including but not limited to the following: Computer Fraud and Abuse Act of 1986, as amended, 18 U.S.C. § 1030; Pennsylvania Crimes Code, § 4911 (tampering with public records or information), § 7611 (unlawful use of computer and other computer crimes), § 7612 (disruption of service), § 7613 (computer theft), § 7614 (unlawful duplication), and § 7615 (computer trespass).

Based on the project-specific information you provided, no impacts to federally listed, proposed, or candidate species are anticipated. Therefore, no further consultation under the Endangered Species Act (87 Stat. 884, as amended; 16 U.S.C. 1531 *et seq.*) is required with the U.S. Fish and Wildlife Service. Because no take of federally listed species is anticipated, none is authorized. For a list of species that could occur in your project area (but have not been documented in PNDI), please see the county lists of threatened, endangered, and candidate species. A field visit or survey may reveal previously undocumented populations of one or more threatened or endangered species with a project area. If it is determined that any federally listed species occur in your project area, the U.S. Fish and Wildlife Service requires that you initiate consultation to identify and resolve any conflicts. This response does not reflect potential Fish and Wildlife Service concerns under the Fish and Wildlife Coordination Act or other authorities.

These determinations were based on the project-specific information you

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# PNDI Project Environmental Review Receipt

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Date: 8/6/2007 8:17:30 AM

The PNHP reserves the right at any time and without notice to modify or suspend the web site and to terminate or restrict access to it.

The terms of use may be revised from time to time. By continuing to use the web site after changes to the terms have been posted, the user has agreed to accept such changes.

This review is based on the project information that was entered. The jurisdictional agencies and DEP require that the review be redone if the project area, location, or the type of project changes. If additional information on species of special concern becomes available, this review may be reconsidered by the jurisdictional agency.

## PRIVACY and SECURITY

This web site operates on a Commonwealth of Pennsylvania computer system. It maintains a record of each environmental review search result as well as contact information for the project applicant. These records are maintained for internal tracking purposes. Information collected in this application will be made available only to the jurisdictional agencies and to the Department of Environmental Protection, except if required for law enforcement purposes see paragraph below.

This system is monitored to ensure proper operation, to verify the functioning of applicable security features, and for other like purposes. Anyone using this system consents to such monitoring and is advised that if such monitoring reveals evidence of possible criminal activity, system personnel may provide the evidence to law enforcement officials. See Terms of Use.

**Print this Project Review Receipt using your Internet browser's print function and keep it as a record of your search.**

Signature: W. Hart Simpson  
Date: 8-6-07

Project applicant on whose behalf this search was conducted:

### APPLICANT

GUARDIAN EXPLORATION, LLC

Contact Name:

40 HART SIMPSON

Address:

P.O. Box 225

City, State, Zip:

HUNT, TX 78024

Phone:

830-367-6022

Email:

Asimpson@guardianexploration.com

### PERSON CONDUCTING SEARCH (if not applicant)

Contact Name:

CHARLES G. LANG, PLS, CONSULTANT

Address:

1059 LAFFEY LANE

City, State, Zip:

BRADFORD, PA 16701

Phone:

814-368-4139

Email:

Chuck.Lang@suplexim.com

The following contact information is for the agencies involved in this Pennsylvania Natural Diversity Inventory environmental review process. Please read this entire receipt carefully as it contains instructions for how to contact these agencies for further review of this particular project.

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APPLICANT INITIALS: HS

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ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE



**PNDI Project Environmental Review Receipt**  
Project Search ID: 20070806104243  
Project Name: GUARDIAN EXPLORATION WELL KAPLE YX-202  
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**APPLICANT INITIALS:**

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**ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE**



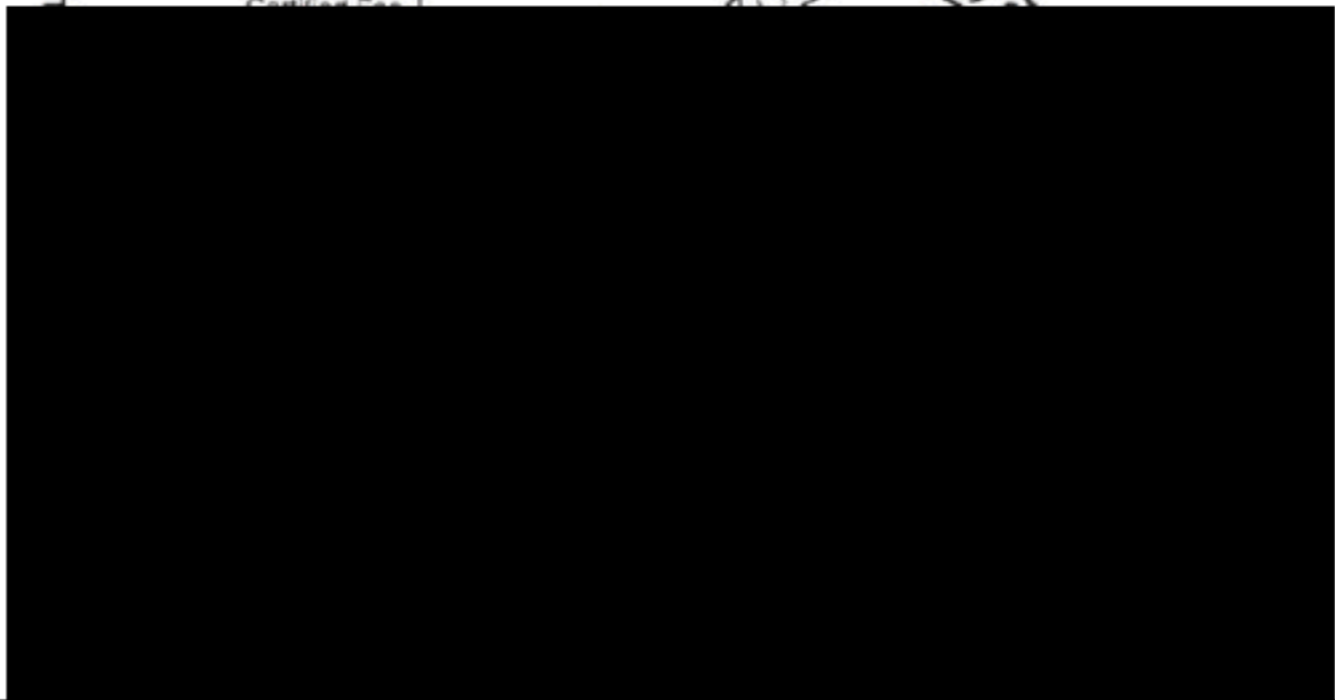
4 5532 3480

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ROULETTE PA 16746

Postage \$ 1.31



4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
*(Transfer from service label)*

7006 0810 0004 5532 3480

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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**OFFICIAL USE**  
 ROULETTE PA 16746

|   |           |               |
|---|-----------|---------------|
| Postage   | \$        | \$1.14        |
| Certified Fee                                     |           | \$2.65        |
| Return Receipt Fee<br>(Endorsement Required)      |           | \$2.15        |
| Restricted Delivery Fee<br>(Endorsement Required) |           | \$0.00        |
| <b>Total Postage &amp; Fees</b>                   | <b>\$</b> | <b>\$5.94</b> |



Sent To  
 Street, or PO Box  
 City, State, ZIP+4®  
 PS Form Instructions

**Mr. Theodore Ray Kaple**  
**242 Main Street**  
**Roulette, PA 16746**

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Mr. Theodore Ray Kaple**  
**242 Main Street**  
**Roulette, PA 16746**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
*Diane Manley*

B. Received by (Printed Name) C. Date of Delivery  
*Diane Manley* *8-10-07*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) **7006 0810 0004 5532 3497**

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 NORTHWEST REGIONAL OFFICE**



**Guardian Exploration, LLC**

P.O. Box 225  
Hunt, Texas 78024

Phone: (830) 367-6022 \* Fax: (830) 367-6066

# Memo

**To:** PA DEP, Oil and Gas Management Program  
**From:** Hart Simpson  
**CC:**  
**Date:** 8/17/2007  
**Re:** Well Permit Application, Kaple YX-202

---

Enclosed, please find Permit Applications for Drilling or Altering a Well. Please call if there is anything out of order. My direct line is 830-459-1357. Thank your for your assistance.

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**ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE**





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
Oil and Gas Management Program  
WELL LOCATION PLAT

|                    |                            |           |
|--------------------|----------------------------|-----------|
| DEP<br>USE<br>ONLY | DEP Application Tracking # | G: 33     |
|                    | Permit #                   | 8/28/07   |
|                    | Project #                  | 105-21392 |

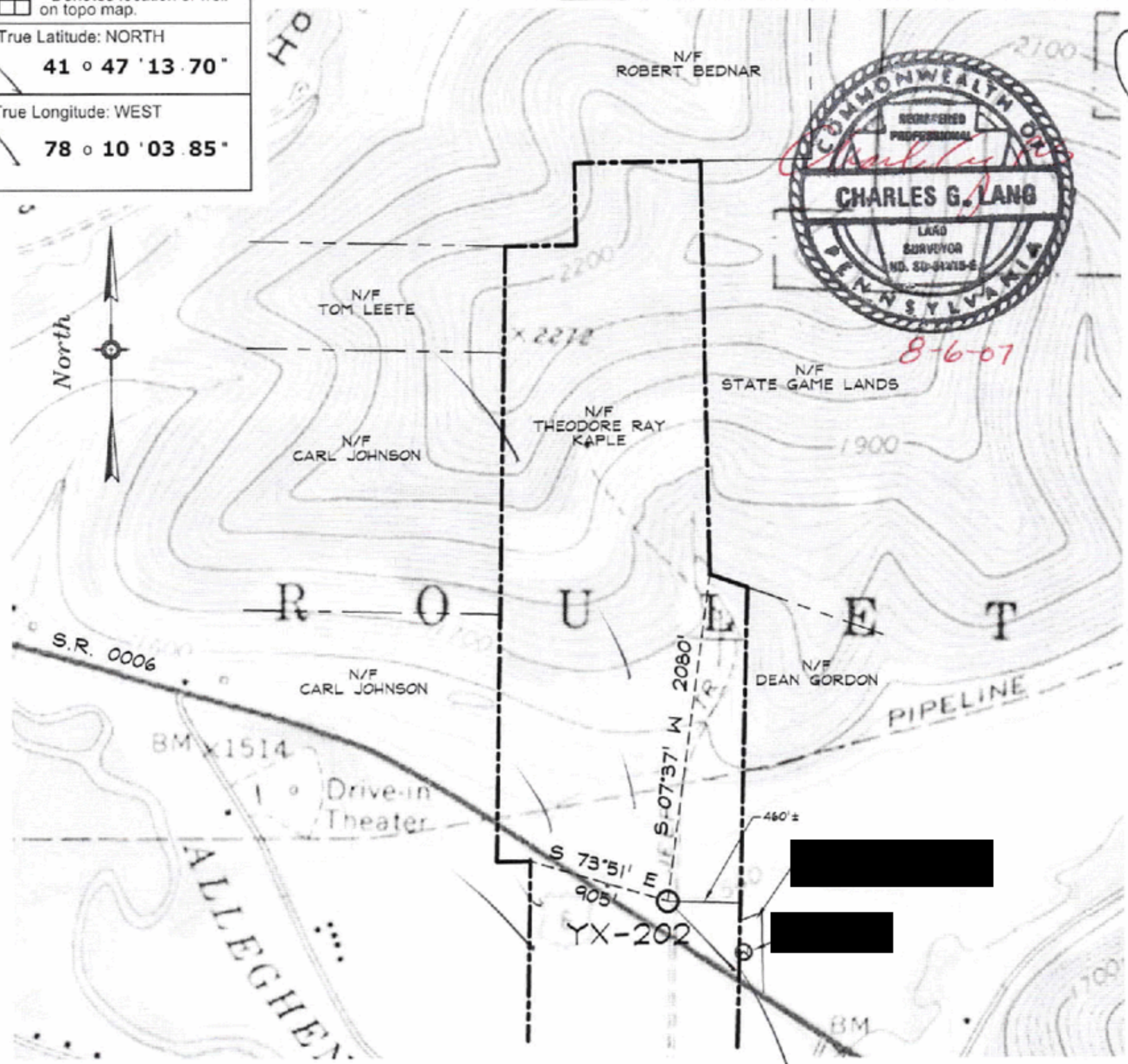
Denotes location of well on topo map.

True Latitude: NORTH  
**41 ° 47 ' 13.70 "**

True Longitude: WEST  
**78 ° 10 ' 03.85 "**

Well is located on topo map **1649** feet south of latitude **41 ° 47 ' 30 "**

Well is located on topo map **291** feet west of longitude **78 ° 10 ' 00 "**



|  |                                |  |  |   |  |
|--|--------------------------------|--|--|---|--|
| Surveyor or Engineer<br><b>CHARLES G. LANG, PLS</b>  | Phone #<br><b>814-368-4139</b> | Dwg. #<br><b>02922.YX-202</b>  | Date<br><b>08-06-07</b>                  | Scale<br><b>1"=1000'</b>                                    | Tract Acreage<br><b>175</b>                |
| Lat. & Long Metadata<br>Method <b>SURVEY GRADE GPS</b> Accuracy <b>SUB-METER</b> ft. Datum <b>NAD 1927</b> |                                | Elevation Metadata<br>Method <b>USGS TOPO</b> Accuracy <b>USGS</b> ft. Datum <b>NAD 1927</b> |  | Survey Date<br><b>7-07</b>                                  |  |
| Applicant / Well Operator Name<br><b>GUARDIAN EXPLORATION, LLC</b>   |                                | DEP ID#<br><b>237396</b>   | Well(Farm) Name<br><b>KAPLE</b>          | Well #<br><b>YX-202</b>                                     | Serial #                                   |
| Address<br><b>P.O. BOX 225, HUNT, TX 78024</b>   |                                | Cobty - Code<br><b>POTTER -53</b>  | Municipality<br><b>ROULETTE TOWNSHIP</b> | Well Type<br><b>GAS</b>                                     |  |
| Surface Landowner<br><b>THEODORE RAY KAPLE</b>   |                                | USGS 7 1/2 Quadrangle Map Name<br><b>ROULETTE, PA 0420</b>                                   |  | Map Section<br><b>8</b>                                     |  |
| Surface Lessor<br><b>NONE</b>  |                                | Angle & Course of Deviation (Drilling)<br><b>NONE</b>  |  | Surface Elevation<br><b>1540</b> ft.                        | Anticipated Total Depth<br><b>6000</b> ft. |
| Surface Owner or Water Right   |                                | Owner, Lessee, or Operator of Workable Coal Seam<br><b>NONE</b>                              |  | Name of Coal Seam Owned, Leased, or Operated<br><b>NONE</b> |  |

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

|                           |                                |
|---------------------------|--------------------------------|
| DEP<br>USE ONLY           | Inspection Record #<br>1891118 |
| Complaint Record #<br>N/A | Enforcement Record #<br>N/A    |

INSPECTION REPORT

|            |                                  |                     |                    |                  |
|------------|----------------------------------|---------------------|--------------------|------------------|
| DEP Office | Northcentral Regional Office     | Phone: 570-327-3636 | Permit or Reg. #   | 37-105-21392     |
| Address    | 208 West Third Street, Suite 101 | Fax: 570-327-3565   | Project #          | N/A              |
|            | Williamsport, PA 17701-6448      |                     | Farm Name & Well # | Kaple YX202      |
| Oper Name  | Guardian Exploration, LLC        |                     | County             | Potter           |
| Address    | P.O. Box 225                     |                     | Municipality       | Roulette         |
|            | Hunt, TX 78024                   |                     | Latitude:          | 41° 47' 13.70" N |
|            | Attn: Hart Simpson - GM          | DEP ID #            | Longitude:         | 78° 10' 3.85" W  |

**Inspection Code:**

|   |   |   |
|---|---|---|
| <input type="checkbox"/> BDREL – Bond Release                   | <input type="checkbox"/> DRALT – Drilling or Alteration | <input type="checkbox"/> RDSPR – Road Spreading   |
| <input checked="" type="checkbox"/> CEI – Compliance Evaluation | <input type="checkbox"/> FLWUP - Following              | <input type="checkbox"/> RESTR – Site Restoration |
| <input type="checkbox"/> COMPL – Complaint Inspection           | <input type="checkbox"/> PLUG – Plugging                | <input type="checkbox"/> RTNC - Routine           |

**Other:**  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location                       | Insp. | Violation | Driller's Log Information    |                        |                        | Depth: N/A                |                               |
|--------------------------------|-------|-----------|------------------------------|------------------------|------------------------|---------------------------|-------------------------------|
| Site ID Sign                   | X     |           | Fresh Water Amt / Depth      | Salt Water Amt / Depth | Coal Thickness / Depth | Oil / Depth               | Formations Gas / Depth        |
| Well Tag                       | X     |           |                              |                        |                        |                           |                               |
| Distance Restrict              |       |           |                              |                        |                        |                           |                               |
| E/S Plan on Site               |       |           |                              |                        |                        |                           |                               |
| E/S Controls                   | X     |           |                              |                        |                        |                           |                               |
| Encroachments                  |       |           |                              |                        |                        |                           |                               |
| Site Restoration               | X     |           |                              |                        |                        |                           |                               |
| <b>Drilling / Plugging</b>     |       |           |                              |                        |                        |                           |                               |
| Drilling-Plugging Notification |       |           | Filling Material & Plugs     | From                   | To                     | Size                      | Casing & Tubing Pulled / Left |
| B.O.P.                         |       |           |                              |                        |                        |                           |                               |
| Casing                         |       |           |                              |                        |                        |                           |                               |
| Monument                       |       |           |                              |                        |                        |                           |                               |
| Well Record                    |       |           |                              |                        |                        |                           |                               |
| Waste Mgmt.                    |       |           |                              |                        |                        |                           |                               |
| Top Hole Water                 |       |           |                              |                        |                        |                           |                               |
| Fluids Mgmt.                   |       |           |                              |                        |                        |                           |                               |
| Impoundment/pit                | X     |           |                              |                        |                        |                           |                               |
| Pollution Prevent.             | X     |           |                              |                        |                        |                           |                               |
| Residual Waste                 | X     |           |                              |                        |                        |                           |                               |
|                                |       |           | <b>Compliance Assistance</b> | Code N/A               | Code N/A               | <b>Inspection Results</b> | Code No VIOLATIONS            |

**Remarks:** Arrived on site at 9:15 a.m. and met Calvin Skaines for soil probes to verify location of Seasonal High Water Table in relation to the drill pit encapsulation; accompanied by Mike Panettieri (DEP O&G Inspector); Calvin said that the backhoe operator called and said it would be noon until he could get there and Mike and I left to perform other inspections. Mike and I returned to the site at 12:30 p.m. and the backhoe was still not there so we left to perform other inspections. Mike and I then returned to the site a approximately 2:30 p.m. and the backhoe was on site digging the second soil probe pit. Neal Parker (Soil Scientist) with Moody and Associates was Guardian's consultant. The two probes were performed between the well pad and pit location, as close to the ends of the pit as deemed possible without encountering the pit. The probes were conducted down 8 - 1/2 to 9 feet. Soil mottling was seen in the soil pit sides towards the pad but not towards the drill pit - (Continue on Page 2)

| Sample No. | Location/Description | DEP Rep:   | Date:                    |
|------------|----------------------|--|--------------------------|
|            | N/A                  | (signature) <i>Robert W. Everett III</i><br>(print name) Robert W. Everett III | 6/10/2010<br>Time: 15:30 |

6-14-10

# INSPECTION REPORT PAGE 2

**Remarks (Continued):**

this most likely is because of the compaction to the subsoil under the pad from the various activity at the site.

- Thus, the pit appears to meet regulatory requirements for isolation distances.
- All other issues encountered at this site during my last inspection have been properly addressed.
- No other violations noted either.

\* One copy of this report will be mailed to the "Operator" - as listed above, with a Notice of Violation and photographs from my site inspection.

**PERMIT OR REGISTRATION NUMBER**

37-105-21392

**DEP Rep:**

(signature)

(print name) Robert W. Everett III

Date: 6/10/2010

Time: 15:30





**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM**

|                           |                                |
|---------------------------|--------------------------------|
| DEP<br>USE ONLY           | Inspection Record #<br>1880560 |
| Complaint Record #<br>N/A | Enforcement Record #<br>N/A    |

**INSPECTION REPORT**

|                       |                                    |                     |                    |                  |
|-----------------------|------------------------------------|---------------------|--------------------|------------------|
| DEP Office<br>Address | Northcentral Regional Office       | Phone: 570-327-3636 | Permit or Reg. #   | 37-105-21392     |
|                       | 208 West Third Street, Suite 101   | Fax: 570-327-3565   | Project #          | N/A              |
|                       | Williamsport, PA 17701-6448        |                     | Farm Name & Well # | Kaple YX202      |
| Oper Name<br>Address  | Guardian Exploration, LLC          |                     | County             | Potter           |
|                       | P.O. Box 225                       |                     | Municipality       | Roulette         |
|                       | Hunt, TX 78024                     |                     | Latitude:          | 41° 47' 13.70" N |
|                       | Attn: Daniel L. Schoen - President |                     | Longitude:         | 78° 10' 3.85" W  |
|                       |                                    | DEP ID #            |                    |                  |

**Inspection Code:**

|   |   |   |
|---|---|---|
| <input type="checkbox"/> BDREL – Bond Release         | <input type="checkbox"/> DRALT – Drilling or Alteration | <input type="checkbox"/> RDSPR – Road Spreading   |
| <input type="checkbox"/> CEI – Compliance Evaluation  | <input checked="" type="checkbox"/> FLWUP - Following   | <input type="checkbox"/> RESTR – Site Restoration |
| <input type="checkbox"/> COMPL – Complaint Inspection | <input type="checkbox"/> PLUG – Plugging                | <input type="checkbox"/> RTNC - Routine           |

**Other:**  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location                   | Insp. | Violation            | Driller's Log Information    |                        |                        | Depth: N/A                         |            |
|----------------------------|-------|----------------------|------------------------------|------------------------|------------------------|------------------------------------|------------|
| Site ID Sign               | X     |                      | Fresh Water Amt / Depth      | Salt Water Amt / Depth | Coal Thickness / Depth | Formations Oil / Depth Gas / Depth |            |
| Well Tag                   | X     | 58 PS §601.201(h)    |                              |                        |                        |                                    |            |
| Distance Restrict          |       |                      |                              |                        |                        |                                    |            |
| E/S Plan on Site           |       |                      |                              |                        |                        |                                    |            |
| E/S Controls               | X     |                      |                              |                        |                        |                                    |            |
| Encroachments              |       |                      |                              |                        |                        |                                    |            |
| Site Restoration           | X     |                      |                              |                        |                        |                                    |            |
| <b>Drilling / Plugging</b> |       |                      |                              |                        |                        |                                    |            |
| Drilling-Plugging          |       |                      | Filling Material & Plugs     |                        |                        | Casing & Tubing                    |            |
| Notification               |       |                      | From                         | To                     | Size                   | Pulled                             | Left       |
| B.O.P.                     |       |                      |                              |                        |                        |                                    |            |
| Casing                     |       |                      |                              |                        |                        |                                    |            |
| Monument                   |       |                      |                              |                        |                        |                                    |            |
| Well Record                | X     |                      |                              |                        |                        |                                    |            |
| <b>Waste Mgmt.</b>         |       |                      |                              |                        |                        |                                    |            |
| Top Hole Water             |       |                      |                              |                        |                        |                                    |            |
| Fluids Mgmt.               |       |                      |                              |                        |                        |                                    |            |
| Impoundment/pit            | X     | 25 PA Code §78.62(c) |                              |                        |                        |                                    |            |
| Pollution Prevent.         | X     | 35 PS §691.402       |                              |                        |                        |                                    |            |
| Residual Waste             | X     | 35 PS §6018.301      |                              |                        |                        |                                    |            |
|                            |       |                      | <b>Compliance Assistance</b> | Code N/A               | Code N/A               | <b>Inspection Results</b>          | Code VIOLS |

**Remarks:** Arrived on site at 10:30 a.m.; no activity on site; well in production; weather - sunny, windy, high 40's - low 50's  
Inspection being performed as a follow up to purported well fire on 04/26/2010

File Review of this well permit, and my site inspection, revealed the following violations:

- The well restoration report shows that the drill pit on site was encapsulated with soilifiers, which is an alternate method of disposal - as defined in 25 PA Code Section 78.62(c), yet the Department never granted such alternate methods for drill pit disposal. Note that the Department had denied an alternate disposal request for this drill site in 08/2007. (see attached)
- The well does not bare a well tag, as required per Section 601.201(h) of the Pennsylvania Oil and Gas Act (58 P.S.)

(Continued on Page 2)

| Sample No. | Location/Description | DEP Rep:  | Date:                    |
|------------|----------------------|---|--------------------------|
|            | N/A                  | (signature)<br>(print name) Robert W. Everett III | 4/29/2010<br>Time: 10:55 |

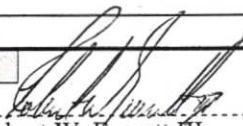
2010 5-3-10

INSPECTION REPORT PAGE 2

Remarks (Continued):

- 3. There are petroleum soaked rags and oil/petroleum stained gravel under the ends of pump jack rods staged on site:
  - This presents a potential pollution to waters of the Commonwealth, in that the petroleum could infiltrate the groundwater on site, and this constitutes a violation of Section 691.402 of the Clean Streams Law (35 P.S.)
  - The spilled petroleum products are considered an unapproved disposal of residual waste, and this constitutes a violation of Section 6018.301 of the Solid Waste Management Act (35 P.S.)
  - Also note that it appeared to me, due to stained soil, that there had been some spills inside the production fluid tank battery containment area (dike).

\* One copy of this report will be mailed to the "Operator" - as listed above, with a Notice of Violation and photographs from my site inspection.

|                                      |  |                 |
|--------------------------------------|--|-----------------|
| <b>PERMIT OR REGISTRATION NUMBER</b> | <b>DEP Rep:</b>  |                 |
| 37-105-21392                         | (signature)  | Date: 4/29/2010 |
|                                      | (print name) Robert W. Everett III   | Time: 10:55     |



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

Notice of Violation(s)

| Law / Reg. | Section    | Description of Violation   |
|------------|------------|--|
| 58 P.S.    | 601.201(h) | Oil and Gas Act - Well Tag Requirements<br>The well operator shall install the well permit number issued by the Department in a legible, visible, and permanent manner on the well upon completion.  |
| 25 PA Code | 78.62(c)   | Disposal of Residual Waste – Pits<br>The owner or operator may request to use solidifiers or other alternate practices for the disposal of residual waste, including contaminated drill cuttings, by submitting a request to the Department for approval. The request shall be made on forms provided by the Department and shall demonstrate that the practice provides equivalent or superior protection to the requirements of this section.  |
| 35 P.S.    | 691.402    | Clean Streams Law - Potential Pollution<br>Whenever the Department finds that any activity, not otherwise requiring a permit under this act, including but not limited to the impounding, handling, storage, transportation, processing or disposing of materials or substances, creates a danger of pollution of the waters of the Commonwealth or that regulation of the activity is necessary to avoid such pollution, the Department may, by rule or regulation, require that such activity be conducted only pursuant to a permit issued by the Department or may otherwise establish the conditions under which such activity shall be conducted, or the Department may issue an order to a person or municipality regulating a particular activity. |
| 35 P.S.    | 6018.301   | Solid Waste Management Act – Management of Residual Waste<br>No person or municipality shall store, transport, process, or dispose of residual waste within this Commonwealth unless such storage, or transportation, is consistent with or such processing or disposal is authorized by the rules and regulations of the Department and no person municipality shall own or operate a residual waste processing or disposal facility unless such person or municipality has first obtained a permit for such facility from the Department.  |

Instructions / Response

Please provide a written response within 10 days receipt of this letter, as to when the above listed violations were or will be corrected, and what steps are being taken to prevent their recurrence. If applicable, please include the description of activities you will pursue to achieve compliance with the statutes or regulations cited above. Address your reply to the DEP representative named below.

Written response requested


Explain what you ...  have done, or will do ... to correct the situation and achieve compliance.

Include the schedule or anticipated time frame for compliance activities you intend to carry out.

**Comments:**

Please provide the written response to Robert W. Everett III at the address provided on page one (1) of the inspection report.

Please provide adequate documentation verifying that the drill pit encapsulation on this site fully complies with Section 78.62 of 25 PA Code, along with a new Alternate Waste Disposal application for this site; or remove and appropriately dispose of the drill pit at this site. Should you remove the pit please provide the appropriate waste manifests showing content removed and the receipt of those contents from a permitted disposal facility.

| Permit Reg. No. | Date       | DEP Rep.  | Cert. Mail #             | Date |
|-----------------|------------|---|--------------------------|------|
| 37-105-21392    | 04/30/2009 | Robert W. Everett III  | 7009 1410 0000 2456 8197 | N/A  |



**Company or Site:** Guardian Exploration LLC

**County:** Potter

**Municipality:** Roulette Township

**Date:** 04/29/2010

**Case Name:** Kaple YX202

**ID Number:** 37-105-21392

**Photos Taken By:** Robert W. Everett III



**Caption:** Well Head, note the lack of a tag on the well head.



**Caption:** Petroleum stained rags and gravel under pump jack roads on site.



**Caption:** Stained soil inside tank battery dike.



**Caption:** Oil/Water separator lines still freezing up.





COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF ENVIRONMENTAL PROTECTION  
 OIL & GAS MANAGEMENT PROGRAM

| DEP USE ONLY           |                      |
|------------------------|----------------------|
| Auth #<br>692110       | APS #<br>622875      |
| Site #<br>693958       | Facility #<br>697097 |
| FIX Client #<br>237396 | Sub-fac #<br>952064  |

**Request for Approval of  
 Alternative Waste Management Practices**

Please read instructions on back before completing this form.

|  |                     |                   |   |          |
|--|---------------------|-------------------|---|----------|
| Well Operator<br>Guardian Exploration, LLC |                     | DEP ID<br>237396  | Well Permit or Registration Number<br>105-21392 |          |
| Address<br>PO Box 225                      |                     |                   | Well Farm Name<br>KAPLE                         |          |
| City<br>Hunt                               | State<br>TX         | Zip Code<br>78024 | Well #<br>YX-202                                | Serial # |
| Phone<br>830-367-6022                      | Fax<br>830-367-6066 | County<br>Potter  | Municipality<br>Roulette Township               |          |

**INTENDED ALTERNATIVE PRACTICE** Check the appropriate box and complete the applicable section of the form.

- For temporary containment of fluids and wastes generated during drilling, altering, or completing a well, complete Section A. PITS AND TANKS FOR TEMPORARY CONTAINMENT. See 25 Pa. Code § 78.56 for regulations.
- For disposal of drill cuttings from above the surface casing seat, complete Section B. ALTERNATE WASTE DISPOSAL PRACTICES. See 25 Pa. Code § 78.61 for regulations.
- For disposal of residual waste and drill cuttings from below the surface casing seat, complete Section B. ALTERNATE WASTE DISPOSAL PRACTICES. See 25 Pa. Code § 78.62 or § 78.63 for regulations.

**A. PITS AND TANKS FOR TEMPORARY CONTAINMENT**

Complete this section if requesting approval of an alternative practice for temporary containment of pollutional substances and wastes from drilling, altering, or completing a well. See 25 Pa. Code § 78.56.

- a) Check the box below and fill in the dates the pit will be used if you are requesting a variance from the requirement that the bottom of the pit be at least 20 inches above the seasonal high groundwater table for a pit that exists only during dry times of the year and is located above groundwater. See 25 Pa. Code § 78.56(a)(4)(iii).
  - Variance requested; dates to be used, from \_\_\_\_\_ to \_\_\_\_\_
- b) Check the box below if you are requesting approval of an alternative practice for temporary containment.
  - Approval of an other alternative practice is requested. Describe the type of waste and the temporary containment method. Include information which will demonstrate that the proposed alternative practices will provide equivalent or superior protection to the practices identified in 25 Pa. Code § 78.56.

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SEP 04 2007

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AUG 22 2007

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ENVIRONMENTAL PROTECTION  
 NORTHWEST REGIONAL OFFICE

(continued over)

**ALTERNATIVE WASTE DISPOSAL PRACTICES**

Complete this section if requesting approval of an alternative practice to dispose of drill cuttings or residual wastes at the well site. Describe the type of waste, including any additives, and the proposed alternative practice. Include information that will demonstrate the proposed practice will provide protection equivalent or superior to the practices identified in 25 Pa. Code § 78.61, 78.62, or 78.63.

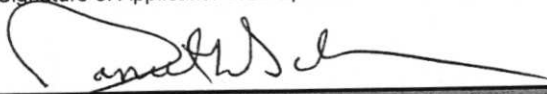
Guardian Exploration, LLC is requesting DEP approval for the "Dusting" of uncontaminated drill cuttings to the surface.

Drill cuttings and top hole water will be dispersed directly to the environment on site rather than into a pit. Where the drilling operation is located in proximity to a watercourse and dusting is to be employed, the water will be contained by a temporary drill pit or a steel tank, if enough vegetative filter strip does not exist to prevent discharges to the ground from flowing overland and directly reaching a watercourse. When implementation of a temporary drill pit or steel tank is necessary, fluid will be pumped directly from the pit or tank through a piece of pipe for a sufficient distance away from the stream prior to discharge to insure that sufficient vegetative filter strip is provided. Dispersal lines will be employed as necessary to prevent the discharge from creating channels and flowing directly to surface waters.

Fluid handling will be performed in a manner to insure sufficient distribution to prevent erosion as a result of discharge.

**SIGNATURE OF APPLICANT**

Signature of Applicant / Well Operator



Print or Type Signer's Name and Title  
Daniel L. Schoen, President

Date  
8/6/07

**DEP USE ONLY**

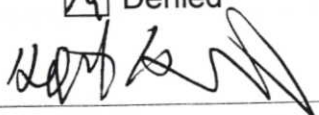
Approved

Denied

Conditions:  YES, see below or attached.

Date

DEP Representative:



NO

8-30-07

Conditions:

TOO CLOSE TO WATER SUPPLY

**Instructions**

Use this form to apply for approval of alternative waste management practices under 25 Pa. Code § 78.56, 78.61, 78.62, or 78.63.

Complete this form and submit it with all other necessary documentation. Label each attachment with applicant's name and the information item it refers to.

Send your application to the Oil and Gas Management Program at the appropriate DEP regional office:

PA DEP  
Oil & Gas Management Program  
Northwest Regional Office  
230 Chestnut Street  
Meadville, PA 16335-3481  
Phone: 814-332-6860  
Fax: 814-332-6121

**RECEIVED**

SEP 04 2007

ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE

PA DEP  
Oil & Gas Management Program  
Southwest Regional Office  
400 Waterfront Drive  
Pittsburgh, PA 15222-4745  
Phone: 412-442-4015  
Fax: 412-442-4328

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AUG 16 2007

ENVIRONMENTAL PROTECTION  
SOUTHWEST REGIONAL OFFICE





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

| DEP USE ONLY    |            |
|-----------------|------------|
| Auth #          | APS #      |
| Site #          | Facility # |
| eFACTS Client # | Sub-fac #  |

### Well Site Restoration Report

|   |  |  |   |
|---|--|--|---|
| <b>A. Operator and Well Information</b>   |  | <i>Please read instructions on back before completing this form.</i>                   |   |
| Well Operator<br><b>Guardian Exploration, LLC</b>   |  | DEP ID #<br><b>237396</b>  | Well API # (Permit / Reg)<br><b>37-105-21392-00</b> |
| Address<br><b>P.O. Box 225</b>  |  | Well Farm Name<br><b>Kaple</b>   | Well #<br><b>YX-202</b>                             |
| City<br><b>Hunt</b>   | State<br><b>TX</b>   | Zip Code<br><b>78024</b>   | Serial #  |
| County<br><b>Potter</b>   | Municipality<br><b>Roulette</b>                                |  |   |
| Phone<br><b>830-367-6022</b>  | Fax<br><b>830-367-6066</b>                                     |  |   |
| <b>B. Land Application of Tophole Water</b>   |  | <b>E. Pit Disposal</b>   |   |
| Date applied  | pH   | Describe pit closure procedures.<br>Pit back filled with original material to dig pit. |   |
| Volume (bbbls)  | Spec. cond.<br>(μmhos/cm)                                      |  |   |
| <b>C. Off-site Waste Disposal</b>   |  |  |   |
| Type: <input type="checkbox"/> Drilling Fluid (803)   | Amount: bbls   |  |   |
| <input checked="" type="checkbox"/> Fracing Fluid (804)   | <b>7569</b> bbls   |  |   |
| <input type="checkbox"/> Other, specify:  | Qty: bbls or tons  |  |   |
| <b>Method of disposal or reuse</b>  | <input type="checkbox"/> Sewage Treatment Plant (10)           | Subbase, material: Thickness: inches   |   |
| <input type="checkbox"/> Disposal Well (04)   | <input checked="" type="checkbox"/> Brine Treatment Plant (12) | Pit liner, material: Plastic Thickness: 20 mils  |   |
| <input type="checkbox"/> Landfill (05)  | <input type="checkbox"/> Other (08)                            | Pit dimensions (feet) Length: 70 Width: 30 Depth: 8                                    |   |
| <b>Facility Information</b>   |  | <b>F. Land Application</b>   |   |
| Name<br>Waste Treatment Corp  | Permit #<br>PA0102784  | Area: Length: N/A feet Width: feet   |   |
| <b>Hauler Information</b>   |  | Waste-to-soil ratio (by volume):   |   |
| Name<br>Magee & Magee   |  | <b>Chemical analysis of waste</b>  |   |
| Address<br>1441 Looker Mt. Trl  |  | Cadmium (Cd) ppm   | Nickel (Ni) ppm                                     |
| City<br>Rixford   | State<br>PA  | Copper (Cu) ppm  | Zinc (Zn) ppm                                       |
| Zip Code<br>16745   |  | Chromium (Cr) ppm  | Oil and Grease %                                    |
| <b>D. On-site Disposal – Drill Cuttings or Waste</b>  |  | Lead (Pb) ppm  | Spec. Cond. μmhos/cm                                |
| Location of center of disposal area in relation to the well:  |  | Mercury (Hg) ppm   |   |
| Course<br>South degrees   | Distance<br>50 feet  | <b>Well Operator's Signature</b><br><i>Anthony Chosen</i><br>President                 |   |
| Describe the <b>material disposed</b> , including additives.<br>Drill cuttings, plug back gravel, frac sand |  | Title: President   | Date: 3-30-09                                       |
| <b>Specify disposal method</b>  |  | <b>DEP USE ONLY</b>  |   |
| <input type="checkbox"/> Unlined pit, complete Section E.   | <input type="checkbox"/> Dusting                               | Reviewed by:<br><i>John Hill</i>   | Date:<br>5/11/09                                    |
| <input checked="" type="checkbox"/> Lined pit, complete Section E.  | <input checked="" type="checkbox"/> Solidification             | Comments:  |   |
| <input type="checkbox"/> Land application, complete Section F.  | <input type="checkbox"/> Other                                 |  |   |

RECEIVED

APR 13 2009

Guardian Exploration, LLC

File

May 26, 2010

Pennsylvania Department of Environmental Protection  
Attn. Mr. Robert W. Everett III  
Northcentral Regional Office  
208 West Third Street, Suite 101  
Williamsport, PA 17701

RECEIVED

JUN 01 2010

OIL & GAS

RE: Inspection Record # 1880560, Kaple YX202, Permit #37-105-21392

Dear Mr. Everett:

This letter is in response to your inspection record #1880560 as indicated above. In response to the violation notices, the following actions have been taken:

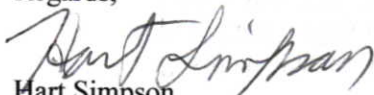
1. Well Tags: A well tag has been placed on the well.
2. Residual Waste: The petroleum soaked rags and oil/petroleum stained gravel and stained soil has been placed in sealed containers on the site. As our field representative, Calvin Skaines, mentioned when he contacted you by phone to discuss resolution of these issues, you may wish to inspect the site and the materials prior to removal by a permitted residual waste hauling and disposal company. Please advise Calvin if you would prefer that we leave the material at the site until after your follow up inspection, or if you would prefer that we have the material removed and disposed of prior to your follow up inspection.

Actions that are being pursued to achieve compliance:

1. Residual Waste: The residual waste referenced in item #2 above will be removed and disposed of in a permitted facility once we hear from you as to whether or not you prefer to inspect the site prior to removal.
2. Disposal of Residual Waste – Pits: Guardian has located and engaged a hydro-geologist to generate a proposal for an appropriate methodology to determine the seasonal high ground water table at the site. We request that our hydro-geologist be allowed to contact you by phone, if needed, to review options for such a determination and work with you to choose the option you believe to be most appropriate for the situation in an effort to submit an acceptable plan from the beginning. Guardian proposes that the proposal for the methodology to be employed to determine the seasonal high ground water table be submitted to the department within 21 days of the date of this letter. Once the proposal is approved by the department, Guardian will implement the plan within 30 days. Should it be demonstrated to the satisfaction of the department that the bottom of the pit is at least 20" above the seasonal high ground water table, Guardian requests that we be allowed to re-apply for an Alternate Waste Disposal permit.
3. Alternatively, the contents of pit will be removed and disposed of in a permitted residual waste disposal facility if it is determined that bottom of the pit is not at least 20" above the seasonal high ground water table or if Guardian determines that this is a preferable option to performing the procedures necessary to determine the seasonal high ground water table.

Should you need to contact us, you may reach Calvin Skaines at 814-573-7465, and my direct line/cell phone number is 830-459-1357. We look forward to working with you to resolve these issues to the satisfaction of the department.

Regards,



Hart Simpson  
General Manager





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

|                    |                                |
|--------------------|--------------------------------|
| DEP<br>USE ONLY    | Inspection Record #<br>1723166 |
| Complaint Record # | Enforcement Record #           |

INSPECTION REPORT

|            |  |       |          |                    |               |
|------------|--|-------|----------|--------------------|---------------|
| DEP Office | WARREN DISTRICT                          | Phone | 723-3273 | Permit or Reg. #   | 105-21392     |
| Address    | 321 N. STATE ST.<br>N. WARREN, PA. 16365 |       |          | Project #          |               |
| Oper Name  | GUARDIAN Exploration, LLC                |       |          | Farm Name & Well # | Kaple YX-202  |
| Address    | P.O. Box 225<br>Hunt, Texas 78024        |       |          | County             | POTTER        |
|            |  |       |          | Municipality       | ROULETTE TWP. |
|            |  |       |          | Latitude:          | 0 ' " N       |
|            |  |       |          | Longitude:         | 0 ' " W       |

Inspection Code:

|   |  |   |
|---|--|---|
| <input type="checkbox"/> BDREL - Bond Release         | <input checked="" type="checkbox"/> DRALT - Drilling or Alteration | <input type="checkbox"/> RDSPR - Road Spreading   |
| <input type="checkbox"/> CEI - Compliance Evaluation  | <input type="checkbox"/> FLWUP - Follow-up                         | <input type="checkbox"/> RESTR - Site Restoration |
| <input type="checkbox"/> COMPL - Complaint Inspection | <input type="checkbox"/> PLUG - Plugging                           | <input type="checkbox"/> RTNC - Routine           |

Other:  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location          | Insp. | Violation | Driller's Log Information  |                           |                           | Depth:                                |      |            |
|-------------------|-------|-----------|----------------------------|---------------------------|---------------------------|---------------------------------------|------|------------|
| Site ID Sign      | X     |           | Fresh Water<br>Amt / Depth | Salt Water<br>Amt / Depth | Coal<br>Thickness / Depth | Formations<br>Oil / Depth Gas / Depth |      |            |
| Well Tag          |       |           |                            |                           |                           |                                       |      |            |
| Distance Restrict | X     |           |                            |                           |                           |                                       |      |            |
| E/S Plan on Site  |       |           |                            |                           |                           |                                       |      |            |
| E/S Controls      |       |           |                            |                           |                           |                                       |      |            |
| Encroachments     |       |           |                            |                           |                           |                                       |      |            |
| Site Restoration  |       |           |                            |                           |                           |                                       |      |            |
|                   |       |           | Drilling / Plugging        |                           |                           |                                       |      |            |
| Drilling-Plugging |       |           | Filling Material & Plugs   |                           |                           | Casing & Tubing                       |      |            |
| Notification      |       |           | From                       | To                        | Size                      | Pulled                                | Left |            |
| B.O.P.            |       |           |                            |                           |                           |                                       |      |            |
| Casing            |       |           |                            |                           |                           |                                       |      |            |
| Monument          |       |           |                            |                           |                           |                                       |      |            |
| Waste Mgmt.       |       |           | Compliance Assistance      |                           |                           | Inspection Results                    |      |            |
| Top Hole Water    |       |           | Code                       | Code                      |                           |                                       |      | Code NOVIO |
| Fluids Mgmt.      | X     |           |                            |                           |                           |                                       |      |            |
| Impoundment/pit   | X     |           |                            |                           |                           |                                       |      |            |
| Pollution Prevent |       |           |                            |                           |                           |                                       |      |            |
| Residual Waste    |       |           |                            |                           |                           |                                       |      |            |

Remarks: Well was being fraced at time of inspection. First stage was completed and operator was preparing to reenter hole and set packer for second stage. 3200 PSI on valve assembly. Frac fluids were diverted to lined pit. Well site appeared clean and stable. Toured location with Jon Smith (Operator). No violations noted.

|            |                        |                                  |             |
|------------|------------------------|----------------------------------|-------------|
| Sample No. | Location / Description | DEP Rep:                         | Date:       |
|            |                        | (signature) Robert J. Maykowski  | 1/22/08     |
|            |                        | (print name) ROBERT J. MAYKOWSKI | Time: 11:00 |





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

|                    |                                |
|--------------------|--------------------------------|
| DEP<br>USE ONLY    | Inspection Record #<br>1713832 |
| Complaint Record # | Enforcement Record #           |

INSPECTION REPORT

|            |  |       |              |                    |               |
|------------|--|-------|--------------|--------------------|---------------|
| DEP Office | WARREN District                          | Phone | 814-723-3273 | Permit or Reg. #   | 105-21392     |
| Address    | 321 N. STATE ST.<br>N. WARREN, PA. 16365 |       |              | Project #          |               |
| Oper Name  | GUARDIAN Exploration LLC                 |       |              | Farm Name & Well # | Kaple YX-202  |
| Address    | P.O. Box 225<br>HUNT, TEXAS 78024        |       |              | County             | POTTER        |
|            |  |       |              | Municipality       | ROULETTE TWP. |
|            |  |       |              | Latitude:          | 0 ' " N       |
|            |  |       |              | Longitude:         | 0 ' " W       |

Inspection Code:

|   |   |  |
|---|---|--|
| <input type="checkbox"/> BDREL - Bond Release         | <input type="checkbox"/> DRALT - Drilling or Alteration | <input type="checkbox"/> RDSPR - Road Spreading    |
| <input type="checkbox"/> CEI - Compliance Evaluation  | <input type="checkbox"/> FLWUP - Follow-up              | <input type="checkbox"/> RESTR - Site Restoration  |
| <input type="checkbox"/> COMPL - Complaint Inspection | <input type="checkbox"/> PLUG - Plugging                | <input checked="" type="checkbox"/> RTNC - Routine |

Other:  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location                 | Insp. | Violation | Driller's Log Information    |                        |                        | Depth:                             |        |      |
|--------------------------|-------|-----------|------------------------------|------------------------|------------------------|------------------------------------|--------|------|
| Site ID Sign             | X     |           | Fresh Water Amt / Depth      | Salt Water Amt / Depth | Coal Thickness / Depth | Formations Oil / Depth Gas / Depth |        |      |
| Well Tag                 |       |           |                              |                        |                        |                                    |        |      |
| Distance Restrict        | X     |           |                              |                        |                        |                                    |        |      |
| E/S Plan on Site         | X     |           |                              |                        |                        |                                    |        |      |
| E/S Controls             | X     |           |                              |                        |                        |                                    |        |      |
| Encroachments            | X     |           |                              |                        |                        |                                    |        |      |
| Site Restoration         |       |           |                              |                        |                        |                                    |        |      |
| <b>Drilling-Plugging</b> |       |           | <b>Drilling / Plugging</b>   |                        |                        | <b>Casing &amp; Tubing</b>         |        |      |
| Notification             |       |           | Filling Material & Plugs     | From                   | To                     | Size                               | Pulled | Left |
| B.O.P.                   |       |           |                              |                        |                        |                                    |        |      |
| Casing                   |       |           |                              |                        |                        |                                    |        |      |
| Monument                 |       |           |                              |                        |                        |                                    |        |      |
| <b>Waste Mgmt.</b>       |       |           | <b>Compliance Assistance</b> |                        |                        | <b>Inspection Results</b>          |        |      |
| Top Hole Water           |       |           | Code                         |                        | Code                   |                                    |        | Code |
| Fluids Mgmt.             | X     |           |                              |                        |                        |                                    |        |      |
| Impoundment/pit          | X     |           |                              |                        |                        |                                    |        |      |
| Pollution Prevent        |       |           |                              |                        |                        |                                    |        |      |
| Residual Waste           |       |           |                              |                        |                        |                                    |        |      |

Remarks: Well is drilled but not fraced. Well site and pit comprise 1.4 acres of disturbance, BMP's were installed. There is a 60'x100'x12' storage impoundment for freshwater on site. It is lined with a 50 mil liner. Impoundment is excavated down into well site with a 2-3 ft berm. There is also a 100 BBI poly tank set in dyking for frac returns. No violations noted.

|            |                        |                                  |            |
|------------|------------------------|----------------------------------|------------|
| Sample No. | Location / Description | DEP Rep:                         | Date:      |
|            |                        | (signature) Robert J. Maykowski  | 6/11/08    |
|            |                        | (print name) ROBERT J. MAYKOWSKI | Time: 2:00 |



6/11/08  
2:00pm

GUARDIAN  
drilled not found

### MARCELLUS NATURAL GAS WELLS JOINT INSPECTION CHECKLIST

#### A. Well Site – General

1. Permit Number or Farm Name/Well Number 105-21392 Kaple, YX-202

2. Proper Permits Obtained? (Y/N) Y.

3. Pollution, Prevention and Contingency Plan for site? (Y/N) Y.

Does PPC plan address all activities at site? (Y/N) Y.

#### 4. Erosion & Sedimentation Control

Are BMP's properly installed (check where applicable):

a. At well? Y.

b. Along access roads? Y.

c. At storage impoundment(s)? Y.

d. Along pipeline(s)? NA

Is there an Erosion and Sedimentation Control Plan on site? (Y/N) Y.

Was a permit required? (Y/N) N.

Do they have a permit? (Y/N) N.

5. Compliance with Chapter 105 stream/wetland protection provisions? (Y/N) Y.

#### 6. Estimated size of disturbed area:

a. well site: Length 255 (ft) Width 240 (ft)

b. access road: Avg. width 25 (ft) Length 100 (ft)

c. storage impoundment: Length 100 (ft) Width 60 (ft)

d. pipeline: Width \_\_\_\_\_ (ft) Length \_\_\_\_\_ (ft) NA

61,200

1.4 acres

**B. Well Site – Well**

1. Well Type (check where applicable)

Vertical well Y.

Vertical well with horizontal laterals N. Number of laterals NA.

Approximate length of laterals NA.

2. Depth of water protective casing (ft) 95/8 500.

Cement return on casing string? (Y/N) 10 BBL

3. Leakage/Spills/Discharges from well? (Y/N) N.

a. Type (oil, gas, brine, fresh water, unknown, etc.) NA.

4. Drilling occurring at time of inspection? (Y/N) N.

**C. Water Withdrawal Location/Information**

NOT FRACED

1. Source type of water withdrawal (SW= surface water (specify stream name)); GW= groundwater; O= Other (specify)

SW - OWN LAKE

2. Location of water (lat/long) \_\_\_\_\_.

3. Stream flow rate (cfs) \_\_\_\_\_.

4. Type of Intake Device \_\_\_\_\_.

5. Water used for Drilling (D); Hydro-fracing (H); Both (B) \_\_\_\_\_.

6. Duration of water withdrawal \_\_\_\_\_.

7. Volume of water withdrawal \_\_\_\_\_.

8. SRBC and/or DRBC water withdrawal permit? (Y/N, not applicable) \_\_\_\_\_.

9. Act 220 registration? (Y/N) \_\_\_\_\_.



**D. Storage Impoundments and Tanks for Frac Water and flowback.**

1. Impoundment use (FW= fresh water; FR= frac water; B= mix/both) FR.
2. Located on stream or watercourse? (Y/N) N.
3. Stream Location NA.
4. Storage impoundment dimensions (ft x ft x ft) 60 X 100 X 12.
5. Storage Capacity of Impoundment(s) \_\_\_\_\_.
6. Volume of water used for drilling \_\_\_\_\_.
7. Volume of water used for fracing \_\_\_\_\_.
8. If frac water, percent of flowback into impoundment from fracing operation \_\_\_\_\_.
9. Impoundment liner type RUPCO.
10. Impoundment liner thickness 20MIC.
11. Area affected by impoundment (acres) \_\_\_\_\_.
12. Structural stability of impoundment (describe) dyk in ground.
13. Height of embankment at upstream toe and deepest part (ft) \_\_\_\_\_.

**E. Storage Tanks for Frac Water and flowback.**

14. Storage tanks on well site? (Y/N) Y.
15. Tank use ((FW= fresh water; FR= frac water; B= mix/both) FR.
16. Tank located on stream or watercourse? (Y/N) N.
17. Stream Location NA.
18. Tank capacity (gal) ~~2000~~ 4500 GAC.
19. Area affected by tank (acre) .001.
20. Structural stability of tank (describe) Poly in dyking.

**F. Sampling Information**

List locations of samples taken and sample number

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**G. Compliance**

2. Previous Notice of Violation(s) (NOV) issued for site? (Y/N) \_\_\_\_\_.

3. List follow-up actions of any previous NOV's for this site: \_\_\_\_\_.

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

|                    |                                |
|--------------------|--------------------------------|
| DEP<br>USE ONLY    | Inspection Record #<br>1713493 |
| Complaint Record # | Enforcement Record #           |

**INSPECTION REPORT**

|            |  |                    |                                 |
|------------|--|--------------------|---------------------------------|
| DEP Office | Herb Karlinsey                             | Phone 814-274-3611 | Permit or Reg. #: 37- 105-21392 |
| Address    | P.O. Box 673<br>Coudersport, PA 16915-0673 |                    | Project #:                      |
| Oper Name  | Guardian Exploration, LLC                  |                    | Farm Name & Well #: Kaple YX202 |
| Address    | P.O. Box 225<br>Hunt, TX 78024             |                    | County: Potter                  |
|            |  |                    | Municipality: Roulette          |
|            |  |                    | Latitude: ° ' " N               |
|            |  |                    | Longitude: ° ' " W              |

- Inspection Code:**
- |   |   |  |
|---|---|--|
| <input type="checkbox"/> BDREL – Bond Release         | <input type="checkbox"/> DRALT – Drilling or Alteration | <input type="checkbox"/> RDSPR – Road Spreading    |
| <input type="checkbox"/> CEI – Compliance Evaluation  | <input type="checkbox"/> FUI - Following                | <input type="checkbox"/> RESTR – Site Restoration  |
| <input type="checkbox"/> COMPL – Complaint Inspection | <input type="checkbox"/> PLUG – Plugging                | <input checked="" type="checkbox"/> RTNC - Routine |

- Other:**  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location                   | Insp. | Violation | Driller's Log Information    |                           |                           | Depth:                               |                  |
|----------------------------|-------|-----------|------------------------------|---------------------------|---------------------------|--------------------------------------|------------------|
| Site ID Sign               |       |           | Fresh Water<br>Amt / Depth   | Salt Water<br>Amt / Depth | Coal<br>Thickness / Depth | Formation<br>Oil / Depth Gas / Depth |                  |
| Well Tag                   | X     |           |                              |                           |                           |                                      |                  |
| Distance Restrict          |       |           |                              |                           |                           |                                      |                  |
| E/S Plan on Site           | X     |           |                              |                           |                           |                                      |                  |
| E/S Controls               | X     |           |                              |                           |                           |                                      |                  |
| Encroachments              |       |           |                              |                           |                           |                                      |                  |
| Site Restoration           |       |           |                              |                           |                           |                                      |                  |
| <b>Drilling / Plugging</b> |       |           |                              |                           |                           |                                      |                  |
| Drilling-Plugging          |       |           | Filling Material & Plugs     |                           | Casing & Tubing           |                                      |                  |
| Notification               |       |           |                              |                           | From                      | To                                   | Size Pulled Left |
| B.O.P.                     |       |           |                              |                           |                           |                                      |                  |
| Casing                     |       |           |                              |                           |                           |                                      |                  |
| Marker                     |       |           |                              |                           |                           |                                      |                  |
| Waste Mgmt.                |       |           |                              |                           |                           |                                      |                  |
| Top Hole Water             |       |           |                              |                           |                           |                                      |                  |
| Fluids Mgmt.               | X     |           |                              |                           |                           |                                      |                  |
| Impoundment/pit            | X     |           |                              |                           |                           |                                      |                  |
| Pollution Prevent.         |       |           |                              |                           |                           |                                      |                  |
| Residual Waste             |       |           | <b>Compliance Assistance</b> | Code                      | Code                      | <b>Inspection Results</b>            | Code NoVio       |

**Remarks:**

At time of inspection the well has been drilled. The location and pit have not been reclaimed. The pit is lined with a 20 mill liner and has 10' freeboard.

| Sample No. | Location/Description | DEP Rep:                                  | Date:                     |
|------------|----------------------|---|---------------------------|
|            |                      | <i>Herb S Karlinsey</i><br>Herb Karlinsey | 6/11/2008<br>Time: 14 :30 |

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

|                    |                                |
|--------------------|--------------------------------|
| DEP<br>USE ONLY    | Inspection Record #<br>1667953 |
| Complaint Record # | Enforcement Record #           |

**INSPECTION REPORT**

|                       |  |                    |   |
|-----------------------|--|--------------------|---|
| DEP Office<br>Address | Herb Karlinsey<br>P.O. Box 673<br>Coudersport, PA 16915-0673 | Phone 814-274-3611 | Permit or Reg. #: 37- 105-21392   |
| Oper Name<br>Address  | Guardian Exploration, LLC<br>P.O. Box 225<br>Hunt, TX 78024  |                    | Project #:<br>Farm Name & Well #: Kaple YX202                                       |
|                       |  |                    | County: Potter<br>Municipality: Roulette<br>Latitude: ° ' " N<br>Longitude: ° ' " W |

- Inspection Code:**
- |   |  |   |
|---|--|---|
| <input type="checkbox"/> BDREL – Bond Release         | <input checked="" type="checkbox"/> DRALT – Drilling or Alteration | <input type="checkbox"/> RDSPR – Road Spreading   |
| <input type="checkbox"/> CEI – Compliance Evaluation  | <input type="checkbox"/> FUI - Following                           | <input type="checkbox"/> RESTR – Site Restoration |
| <input type="checkbox"/> COMPL – Complaint Inspection | <input type="checkbox"/> PLUG – Plugging                           | <input type="checkbox"/> RTNC - Routine           |

- Other:**  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location                   | Insp. | Violation | Driller's Log Information    |                           |                           |                                      | Depth: 400' |  |
|----------------------------|-------|-----------|------------------------------|---------------------------|---------------------------|--------------------------------------|-------------|--|
| Site ID Sign               | X     |           | Fresh Water<br>Amt / Depth   | Salt Water<br>Amt / Depth | Coal<br>Thickness / Depth | Formation<br>Oil / Depth Gas / Depth |             |  |
| Well Tag                   |       |           |                              |                           |                           |                                      |             |  |
| Distance Restrict          |       |           |                              |                           |                           |                                      |             |  |
| E/S Plan on Site           | X     |           | 4" 170'                      |                           |                           |                                      |             |  |
| E/S Controls               | X     |           |                              |                           |                           |                                      |             |  |
| Encroachments              |       |           |                              |                           |                           |                                      |             |  |
| Site Restoration           |       |           |                              |                           |                           |                                      |             |  |
| Permit                     | X     |           |                              |                           |                           |                                      |             |  |
| <b>Drilling / Plugging</b> |       |           |                              |                           |                           |                                      |             |  |
| Drilling-Plugging          |       |           | Filling Material & Plugs     |                           |                           | Casing & Tubing                      |             |  |
| Notification               | X     |           | From                         | To                        | Size                      | Pulled                               | Left        |  |
| B.O.P.                     |       |           |                              |                           | 113/4                     |                                      | 81'         |  |
| Casing                     |       |           |                              |                           |                           |                                      |             |  |
| Marker                     |       |           |                              |                           |                           |                                      |             |  |
| Waste Mgmt.                |       |           |                              |                           |                           |                                      |             |  |
| Top Hole Water             |       |           |                              |                           |                           |                                      |             |  |
| Fluids Mgmt.               | X     |           |                              |                           |                           |                                      |             |  |
| Impoundment/pit            | X     |           |                              |                           |                           |                                      |             |  |
| Pollution Prevent.         |       |           |                              |                           |                           |                                      |             |  |
| Residual Waste             |       |           | <b>Compliance Assistance</b> | Code                      | Code                      | <b>Inspection Results</b>            | Code NOVIO  |  |

**Remarks:**  
At time of inspection rig is moved off location, pit is lined with 20 mill liner, pit has 5' freeboard.

| Sample No. | Location/Description | DEP Rep:                | Date:       |
|------------|----------------------|-------------------------|-------------|
|            |                      | <i>Herb S Karlinsey</i> | 11/20/2007  |
|            |                      | Herb Karlinsey          | Time: 10:00 |



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

|                    |                                |
|--------------------|--------------------------------|
| DEP<br>USE ONLY    | Inspection Record #<br>1662440 |
| Complaint Record # | Enforcement Record #           |

**INSPECTION REPORT**

|                       |  |                    |   |
|-----------------------|--|--------------------|---|
| DEP Office<br>Address | Herb Karlinsey<br>P.O. Box 673<br>Coudersport, PA 16915-0673 | Phone 814-274-3611 | Permit or Reg. #: 37-105-21392  |
| Oper Name<br>Address  | Guardian Exploration, LLC<br>P.O. Box 225<br>Hunt, TX 78024  |                    | Project #:<br>Farm Name & Well #: KapleYX202  |
|                       |  |                    | County: Potter<br>Municipality: Roulette<br>Latitude: ° ' " N<br>Longitude: ° ' " W |

- Inspection Code:**
- |   |  |   |
|---|--|---|
| <input type="checkbox"/> BDREL – Bond Release         | <input checked="" type="checkbox"/> DRALT – Drilling or Alteration | <input type="checkbox"/> RDSPR – Road Spreading   |
| <input type="checkbox"/> CEI – Compliance Evaluation  | <input type="checkbox"/> FUI - Following                           | <input type="checkbox"/> RESTR – Site Restoration |
| <input type="checkbox"/> COMPL – Complaint Inspection | <input type="checkbox"/> PLUG – Plugging                           | <input type="checkbox"/> RTNC - Routine           |

**Other:**  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

| Location                   | Insp. | Violation | Driller's Log Information    |                           |                           |                                      | Depth: 400'               |             |
|----------------------------|-------|-----------|------------------------------|---------------------------|---------------------------|--------------------------------------|---------------------------|-------------|
| Site ID Sign               | X     |           | Fresh Water<br>Amt / Depth   | Salt Water<br>Amt / Depth | Coal<br>Thickness / Depth | Formation<br>Oil / Depth Gas / Depth |                           |             |
| Well Tag                   |       |           |                              |                           |                           |                                      |                           |             |
| Distance Restrict          |       |           |                              |                           |                           |                                      |                           |             |
| E/S Plan on Site           | X     |           | 4" 170'                      |                           |                           |                                      |                           |             |
| E/S Controls               | X     |           |                              |                           |                           |                                      |                           |             |
| Encroachments              |       |           |                              |                           |                           |                                      |                           |             |
| Site Restoration           |       |           |                              |                           |                           |                                      |                           |             |
| Permit                     | X     |           |                              |                           |                           |                                      |                           |             |
| <b>Drilling / Plugging</b> |       |           |                              |                           |                           |                                      |                           |             |
| Drilling-Plugging          |       |           | Filling Material & Plugs     |                           |                           | Casing & Tubing                      |                           |             |
| Notification               | X     |           |                              |                           | From                      | To                                   | Size                      | Pulled Left |
| B.O.P.                     |       |           |                              |                           |                           |                                      | 113/4                     | 81'         |
| Casing                     |       |           |                              |                           |                           |                                      |                           |             |
| Marker                     |       |           |                              |                           |                           |                                      |                           |             |
| Waste Mgmt.                |       |           |                              |                           |                           |                                      |                           |             |
| Top Hole Water             |       |           |                              |                           |                           |                                      |                           |             |
| Fluids Mgmt.               |       | 78.60(a)  |                              |                           |                           |                                      |                           |             |
| Impoundment/pit            |       |           |                              |                           |                           |                                      |                           |             |
| Pollution Prevent.         |       |           |                              |                           |                           |                                      |                           |             |
| Residual Waste             |       |           | <b>Compliance Assistance</b> | Code                      | Code                      |                                      | <b>Inspection Results</b> | Code VIOC   |

**Remarks:**

At time of inspection rig crew is drilling 11" hole with a mud pump and fluid. The relief valve on mud pump tripped and pumped fluid on the location. The valve was reset and the fluid was gathered and put in the pit.

| Sample No. | Location/Description | DEP Rep:                |                 |
|------------|----------------------|-------------------------|-----------------|
|            |                      | <i>Herb S Karlinsey</i> | Date: 11/1/2007 |
|            |                      | Herb Karlinsey          | Time: 10:00     |

## Ryder, John

---

**From:** McKernan, Byron (Jack)  
**Sent:** Monday, April 26, 2010 9:52 PM  
**To:** Means, Jennifer; Ryder, John; Jankura, Bruce  
**Cc:** Erich, John; Wright, Dennis; Hamilton, John  
**Subject:** ER Notification



4-26-10 Guardian  
Well Fire ERT...

A gas well fire that was out by the time we got the report from PEMA. The 911 Center told me that Guardian cleared the fire, but they didn't have any well # ,etc.

The ER notification is attached and the PEMA report is below.

---

From: stateeoc@state.pa.us [stateeoc@state.pa.us]  
Sent: Monday, April 26, 2010 9:23 PM  
To: EM-CENTRAL AREA; Mann, Edward; Stapleton, George; Metro, Paul; Leib, Kerry; Erich, John; McKernan, Byron (Jack); Lesperance, Joseph  
Subject: Notification for PEIRS Report #20100426-0003

Report Status: GAS WELL FIRE - Potter County, 8:55 p.m., 4/26/10 - A gas well fire occurred in Roulette Township. Emergency units and the utility company responded and extinguished the fire and secured the gas leak. Incident terminated at 9:10 p.m.

Incident Classification: Unrestricted  
Watch Officer Name: Lesperance Joseph P  
Watch Officer Position: PEMA Watch Officer  
PEIRS Report Number: 20100426-0003  
Entry Date: 04/26/2010 20:55:00  
Name: Dispatcher # 12  
Position: Tioga County  
Phone: 570-724-4666  
Fax:  
County: Potter  
Municipality: Roulette Twp  
Address:  
Latitude:  
Longitude:  
Facility:  
Mile Marker:  
City:  
Zip:  
Category: Hazardous Material/Petroleum  
Subcategory: Gas Emergency  
Description: 4/26/2010 21:17:55 - Lesperance Joseph P: PUC Paul Metro notified.

4/26/2010 21:17:55 - Lesperance Joseph P: Tioga County Dispatcher # 12 called the SEOC and reported a gas well fire in Roulette Township. The fire department and the gas company responded and put the fire out and secured the leak. Incident terminated.



# EMERGENCY RESPONSE NOTIFICATION REPORT

|  |                     |                             |
|--|---------------------|-----------------------------|
| DATE: 4/26/10  | TIME: 9:30 PM       | (24 hour designator)        |
| CALLERS NAME: Joe @ PEMA   | PHONE: 717-651-2001 |                             |
| ADDRESS:   |                     |                             |
| CALLERS AFFILIATION TO INCIDENT:   |                     |                             |
| RESPONSIBLE PARTY: Guardian ??   | PHONE:              |                             |
| ADDRESS:   |                     |                             |
| LOCATION OF INCIDENT:  | COUNTY: Potter      | MUNICIPALITY: Roulette Twp. |
| HIGHWAY:   | MILEMARKER:         |                             |
| DIRECTIONS:  |                     |                             |
| WHAT HAPPENED/WHEN: PEMA reported a gas well fire in Roulette Twp and that the fire was secured. The 911 center told me that Guardian declared the site under control. The Center did not have well ID info. |                     |                             |
|  |                     |                             |
|  |                     |                             |
| SUBSTANCES INVOLVED: Natural Gas ?   | QUANTITY: ???       |                             |
|  | QUANTITY:           |                             |
| ENVIRONMENT AFFECTED:  |                     |                             |
|  |                     |                             |
|  |                     |                             |
| RESPONSE IN PROGRESS/WHEN/WHO:   |                     |                             |
|  |                     |                             |
| ERT MEMBERS DISPATCHED   | 1. none             | TIME: 1.                    |
|  | 2.                  | TIME: 2.                    |
|  | 3.                  | TIME: 3.                    |
| ERT MEMBER(S) NOT ABLE TO BE CONTACTED:  |                     |                             |
| ADDITIONAL INFORMATION:  |                     |                             |
|  |                     |                             |
|  |                     |                             |
|  |                     |                             |

cc: O & G / Means, Ryder, Jankura / 4/26/10  
Program Person Date

ERIN-REP 3/96 B. McKernan / 4/26/10  
Your Name Date



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

| DEP USE ONLY    |            |
|-----------------|------------|
| Auth #          | APS #      |
| Site #          | Facility # |
| eFACTS Client # | Sub-fac #  |

### Well Site Restoration Report

**A. Operator and Well Information** *Please read instructions on back before completing this form.*

|   |                            |                                |   |                                 |
|---|----------------------------|--------------------------------|---|---------------------------------|
| Well Operator<br><b>Guardian Exploration, LLC</b> |                            | DEP ID #<br><b>237396</b>      | Well API # (Permit / Reg)<br><b>37-105-21392-00</b> |                                 |
| Address<br><b>P.O. Box 225</b>                    |                            | Well Farm Name<br><b>Kaple</b> |   | Well #<br><b>YX-202</b>         |
| City<br><b>Hunt</b>                               | State<br><b>TX</b>         | Zip Code<br><b>78024</b>       | County<br><b>Potter</b>                             | Municipality<br><b>Roulette</b> |
| Phone<br><b>830-367-6022</b>                      | Fax<br><b>830-367-6066</b> |                                |   |                                 |

**B. Land Application of Tophole Water**

|               |                        |
|---------------|------------------------|
| Date applied  | pH                     |
| Volume (bbls) | Spec. cond. (µmhos/cm) |

**C. Off-site Waste Disposal**

Type:  Drilling Fluid (803)      Amount:      bbls

Fracing Fluid (804)      **7569** bbls

Other, specify:      Qty:      bbls or tons

Method of disposal or reuse

Sewage Treatment Plant (10)

Disposal Well (04)       Brine Treatment Plant (12)

Landfill (05)       Other (08)

**Facility Information**

|                                     |                              |
|-------------------------------------|------------------------------|
| Name<br><b>Waste Treatment Corp</b> | Permit #<br><b>PA0102784</b> |
|-------------------------------------|------------------------------|

**Hauler Information**

|                                       |                    |                          |
|---------------------------------------|--------------------|--------------------------|
| Name<br><b>Magee &amp; Magee</b>      |                    |                          |
| Address<br><b>1441 Looker Mt. Trl</b> |                    |                          |
| City<br><b>Rixford</b>                | State<br><b>PA</b> | Zip Code<br><b>16745</b> |

**D. On-site Disposal – Drill Cuttings or Waste**

Location of center of disposal area in relation to the well:

|                                |                            |
|--------------------------------|----------------------------|
| Course<br><b>South degrees</b> | Distance<br><b>50 feet</b> |
|--------------------------------|----------------------------|

Describe the **material disposed**, including additives.  
**Drill cuttings, plug back gravel, frac sand**

**Specify disposal method**

|  |  |
|--|--|
| <input type="checkbox"/> Unlined pit, complete Section E.          | <input type="checkbox"/> Dusting                   |
| <input checked="" type="checkbox"/> Lined pit, complete Section E. | <input checked="" type="checkbox"/> Solidification |
| <input type="checkbox"/> Land application, complete Section F.     | <input type="checkbox"/> Other                     |

**E. Pit Disposal**

Describe pit closure procedures.  
**Pit back filled with original material to dig pit.**

Subbase, material:      Thickness:      inches

Pit liner, material: **Plastic**      Thickness: **20** mils

Pit dimensions (feet) Length: **70**      Width: **30**      Depth: **8**

**F. Land Application**

Area: Length: **N/A** feet      Width:      feet

**Waste-to-soil ratio (by volume):**

**Chemical analysis of waste**

|               |     |                |          |
|---------------|-----|----------------|----------|
| Cadmium (Cd)  | ppm | Nickel (Ni)    | ppm      |
| Copper (Cu)   | ppm | Zinc (Zn)      | ppm      |
| Chromium (Cr) | ppm | Oil and Grease | %        |
| Lead (Pb)     | ppm | Spec. Cond.    | µmhos/cm |
| Mercury (Hg)  | ppm |                |          |

**Well Operator's Signature** *[Signature]*

Title: **President**      Date: **3-30-09**

**DEP USE ONLY**

Reviewed by: *[Signature]*      Date: **5/11/09**

Comments:

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OIL & GAS MANAGEMENT PROGRAM

| DEP USE ONLY           |                      |
|------------------------|----------------------|
| Auth #<br>692110       | APS #<br>622875      |
| Site #<br>693958       | Facility #<br>697097 |
| FIX Client #<br>237396 | Sub-fac #<br>952064  |

## Request for Approval of Alternative Waste Management Practices

Please read instructions on back before completing this form.

|  |                     |                   |   |          |
|--|---------------------|-------------------|---|----------|
| Well Operator<br>Guardian Exploration, LLC |                     | DEP ID<br>237396  | Well Permit or Registration Number<br>105-21392 |          |
| Address<br>PO Box 225                      |                     |                   | Well Farm Name<br>KAPLE                         |          |
| City<br>Hunt                               | State<br>TX         | Zip Code<br>78024 | Well #<br>YX-202                                | Serial # |
| Phone<br>830-367-6022                      | Fax<br>830-367-6066 | County<br>Potter  | Municipality<br>Roulette Township               |          |

### INTENDED ALTERNATIVE PRACTICE *Check the appropriate box and complete the applicable section of the form.*

- For temporary containment of fluids and wastes generated during drilling, altering, or completing a well, complete Section A. PITS AND TANKS FOR TEMPORARY CONTAINMENT. See 25 Pa. Code § 78.56 for regulations.
- For disposal of drill cuttings from above the surface casing seat, complete Section B. ALTERNATE WASTE DISPOSAL PRACTICES. See 25 Pa. Code § 78.61 for regulations.
- For disposal of residual waste and drill cuttings from below the surface casing seat, complete Section B. ALTERNATE WASTE DISPOSAL PRACTICES. See 25 Pa. Code § 78.62 or § 78.63 for regulations.

### A. PITS AND TANKS FOR TEMPORARY CONTAINMENT

Complete this section if requesting approval of an alternative practice for temporary containment of polluttional substances and wastes from drilling, altering, or completing a well. See 25 Pa. Code § 78.56.

- a) Check the box below and fill in the dates the pit will be used if you are requesting a variance from the requirement that the bottom of the pit be at least 20 inches above the seasonal high groundwater table for a pit that exists only during dry times of the year and is located above groundwater. See 25 Pa. Code § 78.56(a)(4)(iii).
- Variance requested; dates to be used, from \_\_\_\_\_ to \_\_\_\_\_
- b) Check the box below if you are requesting approval of an alternative practice for temporary containment.
- Approval of an other alternative practice is requested. Describe the type of waste and the temporary containment method. Include information which will demonstrate that the proposed alternative practices will provide equivalent or superior protection to the practices indentified in 25 Pa. Code § 78.56.

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(continued over)

**B. ALTERNATIVE WASTE DISPOSAL PRACTICES**

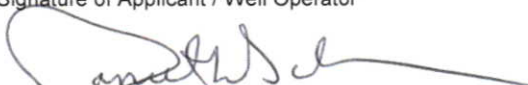
Complete this section if requesting approval of an alternative practice to dispose of drill cuttings or residual wastes at the well site. Describe the type of waste, including any additives, and the proposed alternative practice. Include information that will demonstrate the proposed practice will provide protection equivalent or superior to the practices identified in 25 Pa. Code § 78.61, 78.62, or 78.63.

Guardian Exploration, LLC is requesting DEP approval for the "Dusting" of uncontaminated drill cuttings to the surface.

Drill cuttings and top hole water will be dispersed directly to the environment on site rather than into a pit. Where the drilling operation is located in proximity to a watercourse and dusting is to be employed, the water will be contained by a temporary drill pit or a steel tank, if enough vegetative filter strip does not exist to prevent discharges to the ground from flowing overland and directly reaching a watercourse. When implementation of a temporary drill pit or steel tank is necessary, fluid will be pumped directly from the pit or tank through a piece of pipe for a sufficient distance away from the stream prior to discharge to insure that sufficient vegetative filter strip is provided. Dispersal lines will be employed as necessary to prevent the discharge from creating channels and flowing directly to surface waters.


Fluid handling will be performed in a manner to insure sufficient distribution to prevent erosion as a result of discharge.

**SIGNATURE OF APPLICANT**

|  |  |                |
|--|--|----------------|
| Signature of Applicant / Well Operator<br> | Print or Type Signer's Name and Title<br>Daniel L. Schoen, President | Date<br>8/6/07 |
|--|--|----------------|

**DEP USE ONLY**

|                                   |  |   |                 |
|-----------------------------------|--|---|-----------------|
| <input type="checkbox"/> Approved | <input checked="" type="checkbox"/> Denied | Conditions: <input type="checkbox"/> YES, see below or attached.<br><input type="checkbox"/> NO | Date<br>8-30-07 |
|-----------------------------------|--|---|-----------------|

DEP Representative: 

Conditions: TOO CLOSE TO WATER SUPPLY

**Instructions**

Use this form to apply for approval of alternative waste management practices under 25 Pa. Code § 78.56, 78.61, 78.62, or 78.63.

Complete this form and submit it with all other necessary documentation. Label each attachment with applicant's name and the information item it refers to.

Send your application to the Oil and Gas Management Program at the appropriate DEP regional office:

PA DEP  
Oil & Gas Management Program  
Northwest Regional Office  
230 Chestnut Street  
Meadville, PA 16335-3481  
Phone: 814-332-6860  
Fax: 814-332-6121

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PA DEP  
Oil & Gas Management Program  
Southwest Regional Office  
400 Waterfront Drive  
Pittsburgh, PA 15222-4745  
Phone: 412-442-4015  
Fax: 412-442-4328

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