BAYSWATER
EXPLORATION & PRODUCTION, LLC

Bayswater Exploration & Production, LLC

Waste Management Plan
ADAMS and WASHINGTON COUNTIES, COLORADO

In compliance with COGCC Rule 907, the following describes Bayswater Exploration & Production, LLC's (Bayswater) general plan for handling and disposal of E&P waste, including produced water, drill mud, cuttings and tank bottoms.

Produced Water

Produced water from flowback operations is stored onsite in portable flow back tanks initially during well testing. Produced flowback water will then be transferred through the production facility to evaporation ponds. Said water will be disposed of using evaporation pond as permitted by the COGCC. Bayswater plans to experiment with a mist style aeration system to enhance the surface area of the water thus increasing the evaporation rates. Produced flowback water, if any, should be a minimal volume as frac stimulation operations are either not necessary or scaled back in terms of size when compared to the Wattenberg Field. Produced water from normal operations will be run through the production facility and then allowed to evaporate in the ponds/pits designed and meant for such purpose.

Solid Waste and tank bottoms

Contaminated solids waste and tank bottoms from service rig or other well work operations will be disposed of at licensed third party area landfills. In the incidence of minor site spills resulting in moderately oil contaminated soil, onsite reclamation will be conducted in accordance with COGCC rule 907e.

Water based bentonitic drilling fluids and associated cuttings

Drilling waste product including bentonitic drilling fluids and associated drilling cuttings will be allowed to dry on site as permitted in the approved earthen reserve pit and then covered over with native Samsil clays, Weld loams and sandy clays as represented by soil types on USDA soil maps. Drilling fluids will be transferred when possible to the next drill pad location into a reserve mud pit via a vac truck or mud pumps.