



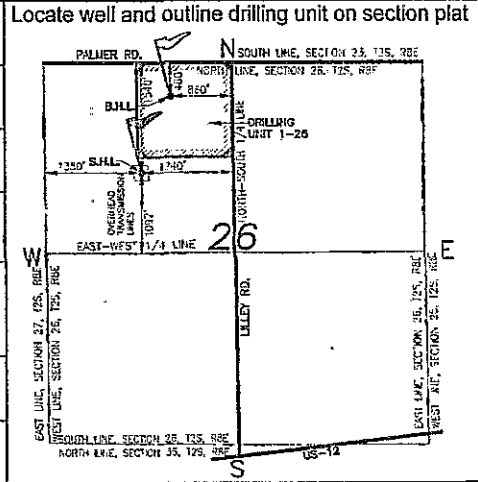
APPLICATION FOR PERMIT TO:

DRILL DEEPEN CONVERT AND OPERATE A WELL

By authority of Part 615 or Part 625 of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

- 1a. Part 615 Supervisor of Wells
1b. Part 625 Mineral Wells
1c. Fee enclosed
Oil and Gas
Waste Disposal
Brine Production
Processed brine disposal
Storage
Injection for Secondary Recovery
Test, fee sched. on rev.
Yes no, revision of application
No, leg of horz drainhole

2. List all previous permit numbers
3. Fed. ID. No.
4. Conformance bond
5. Attached
6. Bond number
7. Bond amount
8. Applicant
9. Address
10. Lease or well name
11. Surface owner



12. Surface location
13. If directional, bottom hole location
14. The surface location for this well is
15. Is this a directional well?
16. The bottom hole location
17. Kind of tools
18. Is sour oil or gas expected?
19. Base of lowest known fresh water aquifer
20. Intended total depth
21. Formation at total depth
22. Producing/Injection formation(s)
23. Objective pool, field, or project

Table with 4 columns: HOLE, CASING, CEMENT, MUD. Rows include depth, geol. formation, bit dia, O.D. size, Wt/Ft, grade, condition, depth, sacks, T.O.C., W.O.C., wt., and vis.

25. DETAIL CEMENTING PROGRAM. IDENTIFY ALL CEMENT CLASSES, ADDITIVES, AND VOLUMES (IN CU. FT.) FOR EACH CASING STRING.

26. Send correspondence and permit to
Name
Address
E-mail
Phone

CERTIFICATION
27. Application prepared by
28. Signature
Permit number
API number
Date issued
Owner number

Enclose permit fee of \$300 for all Part 615 wells; \$2,500 for a Part 625 waste disposal well; or \$500 for a brine production, processed brine disposal, or storage well.
DEQ Cashier use only.
RECEIVED
MAY 07 2009
OFFICE OF GEOLOGICAL SURVEY
PERMITS & BONDING UNIT

A090150

A090150



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY - OFFICE OF GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO:

DRILL  DEEPEN  CONVERT AND OPERATE A WELL

By authority of Part 615 or Part 625 of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

1a. Part 615 Supervisor of Wells
 Oil and Gas
 Brine Disposal
 Hydrocarbon Storage
 Injection for Secondary Recovery

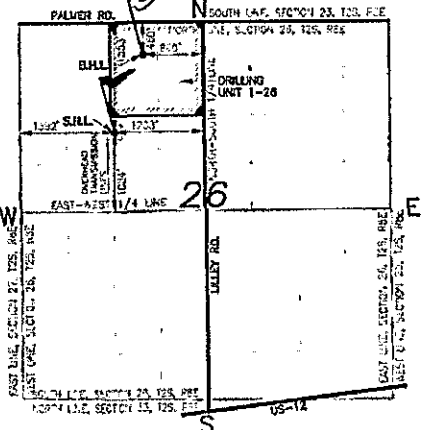
1b. Part 625 Mineral Wells
 Waste Disposal
 Brine Production
 Processed brine disposal
 Storage
 Test, fee sched. on rev.

1c. Fee enclosed
 Yes
 No, revision of application
 No, leg of horz drainhole

2. List all previous permit numbers
52481 & 59764

3. Fed. ID. No. (do not use SSN)
38-2348162

Locate well and outline drilling unit on section plat



4. Conformance bond
 Blanket  Single well

5.  Attached  On file

6. Bond number
08784181

7. Bond amount
250,000

8. Applicant (name of permittee as bonded)
West Bay Exploration Company

9. Address
13685 South West Bay Shore Drive
Suite 200
Traverse City, MI 49684

Phone
(231) 946-0200
I authorize DEQ 4 additional days to process this application.
 Yes  No

10. Lease or well name (be as brief as possible)
Steigerwald

Well number
1-26

11. Surface owner
Raymond & Barbara Steigerwald

12. Surface location
NW 1/4 of SE 1/4 of NW 1/4 of Sec 26 T 2S R 8E Township Canton County Wayne

13. If directional, bottom hole location
NW 1/4 of NE 1/4 of NW 1/4 of Sec 26 T 2S R 8E Township Canton County Wayne

14. The surface location for this well is
1553 feet from nearest (N/S) N section line AND 1382 feet from nearest (E/W) W section line

15. Is this a directional well?  No  Yes If yes, complete line 15. The bottom hole location for this well is
460 feet from nearest (N/S) N section line AND 1733 feet from nearest (E/W) W section line

16. The bottom hole location (whether straight or directional) of this well is
460 feet from nearest (N/S) N drilling unit line AND 436.5 feet from nearest (E/W) W drilling unit line

17. Kind of tools
 Rotary  Cable  Combination

18. Is sour oil or gas expected?
 No  Yes  H2S Cont. plan enclosed

19. Base of lowest known fresh water aquifer
Formation Bedford Shale Depth 120 ft

20. Intended total depth
MD 3411' TVD 3120'

21. Formation at total depth
Niagaran

22. Producing/Injection formation(s)
Niagaran

23. Objective pool, field, or project
Exploratory

24. PROPOSED DRILLING, CASING AND CEMENTING AND SEALING PROGRAM

Table with 4 main columns: HOLE, CASING, CEMENT, and MUD. Rows show data for depths 400, 1300, and 3411 feet, including geology, bit diameter, O.D. size, casing grade/condition, cement sacks, and mud weight/viscosity.

25. DETAIL CEMENTING PROGRAM. IDENTIFY ALL CEMENT CLASSES, ADDITIVES, AND VOLUMES (IN CU. FT.) FOR EACH CASING STRING.

Surface Lead-150sx lite w/ 3% CaCl-1.56 yield=234 cu/ft Tail-100sx CI A-w/ 3% CaCl 1.18 yield=118 cu/ft x2=352 cu/ft AV=142 x 100%
Intermediate Lead 175sx Lite w/ 3% CaCl-1.56 yield=273 cu/ft Tail-200sx CI A w/ 3% CaCl 1.18 yield=236 cu/ft=509 cu/ft 86% excess AV 273 cu/ft
Production/Injection 200sx Lite w/ 150sx CI A w/ 3% CaCl

26. Send correspondence and permit to
Name West Bay Exploration Company - Tim Baker E-mail tim@wbeco.net
Address P.O. Box 1203, Fowlerville, MI 48836 Phone (517) 223-4011

CERTIFICATION "I state that I am authorized by said applicant. This application was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Enclose permit fee of \$300 for all Part 615 wells; \$2,500 for a Part 625 waste disposal well; or \$500 for a brine production, processed brine disposal, or storage well. Make checks payable to State of Michigan.

27. Application prepared by (print or type) Phone
Tjm L. Baker, Operations Manager (517) 223-4011

DEQ Cashier use only.

28. Signature Date

Office of Geological Survey Use Only
Table with 4 columns: Permit number, API number, Date issued, Owner number

Revised



State of Michigan  
 Department of Environmental Quality  
 Geological and Land Management Division  
 P.O. Box 30256  
 Lansing, MI 48909-7756

**PERMIT TO**

**DRILL AND OPERATE**     **DEEPEN AND OPERATE**

GRANTED UNDER THE PROVISIONS OF  
 Part 615 Supervisor of Wells, Act 451, PA 1994, as amended

Violation of and/or non-compliance with the provisions of this act or its rules, instructions or orders of the supervisor, or these permit conditions may result in penalties. This permit includes as requirements all the operations and methods proposed by the applicant in the application to drill, unless rejected or altered by the DEQ. This permit is also subject to the general and specific conditions identified on this page and/or attached to it. Initiation of any work under this permit confirms the permittee's acceptance and agreement to comply with its terms and conditions.

PERMIT NO. 59922	ISSUE DATE 8/14/2009	EXPIRATION DATE 8/14/2011
WELL NAME AND NUMBER <b>STEIGERWALD 1-26</b>		
FORMATION AT TOTAL DEPTH NIAGARAN	COMPLETION FORMATION NIAGARAN	
PERMITTED TOTAL DEPTH (MEASURED) 3411 ft.	PERMITTED TOTAL DEPTH (TVD) 3120 ft.	
TYPE OF PERMIT Oil/Gas Well	API NUMBER 21-163-59922-00-00	
ISSUED TO: WEST BAY EXPLORATION CO STE 200 13685 S WEST BAYSHORE DR TRAVERSE CITY, MI 49684		

**LOCATION AND FOOTAGES:** SHL: NW SE NW, SEC 26, 2S 8E, CANTON TWP, WAYNE CO.  
 1553 FT. FROM N AND 1382 FT. FROM W SECTION LINE.  
 BHL: NW NE NW, SEC 26, 2S 8E, CANTON TWP, WAYNE CO.  
 460 FT. FROM N AND 1733 FT. FROM W SECTION LINE.  
 460 FT. FROM N AND 437 FT. FROM W DRILLING UNIT LINE.

**CASING AND SEALING REQUIREMENTS**

HOLE DEPTH	HOLE DIA.	CASING O.D.	WT./FT.	GRADE	CONDITION	DEPTH (M.D.)	SACKS CMT	CEMENT TOP	MUD WT.
400'	14 1/4"	11 3/4"	42	K-55	NEW	400'	250	SURFACE	8.4
1300'	10 5/8"	8 5/8"	24	J-55	NEW	1300'	375	SURFACE	8.4
3411'	7 7/8"	5 1/2"	15.5	J-55	NEW	3411'	350	750	10.0

**SPECIFIC PERMIT CONDITIONS**

1. No earthen reserve pit is to be dug. Steel tanks are to be used to contain drilling fluids and cuttings.
2. Salt cuttings are to be dissolved and removed from the mud system for proper disposal.

**GENERAL PERMIT CONDITIONS**

1. The permittee is required to give notice to public utilities in accordance with Act 53, PA 1974, M.C.L. 460.701-460.718.
2. This permit does not convey property rights in either real estate or material, neither does it authorize any injury to any public or personal property.
3. This permit does not preclude the necessity of obtaining other local, state, or federal permits which may apply to the drilling or operation of this well.
4. All trash and garbage shall be removed from the drill site at the completion of drilling, no garbage may be buried on site.
5. This permit allows a well containing hydrogen sulfide to be drilled and tested subject to the Hydrogen Sulfide Management Provisions of the Rules promulgated under Part 615, 1994 PA 451, as amended. Contact the Air Quality Division prior to producing a sour well to determine if an Air Quality Installation or Operation Permit is required.

OFFICE TO BE NOTIFIED PRIOR TO PREPARING LOCATION  
 AND PRIOR TO MOVING IN DRILLING EQUIPMENT

Southeast Michigan Office (586) 753-3700

PERMIT ISSUED FOR THE SUPERVISOR OF WELLS BY

*Jennifer A. Jernigan*

**TRANSMITTAL AND FIELD REVIEW FOR  
PROPOSED WELL SITE**

- 
- Part 615 Supervisor of Wells, Act 451 PA 1994, as amended
- 
- 
- Part 625 Mineral Wells, Act 451 PA 1994, as amended

1a. Application number A090150	1b. Revision <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1c. Coordinator JEN JENNINGS	1d. District/Field Office SOUTHEAST	1e. Date recvd 5-7-09	1f. Date sent 5-8-09	1g. Date due 6-6-09
2a. Applicant WEST BAY EXPLORATION					2b. Owner number 104	
3a. Well name and number STEIGERWALD 1-26				3b. Previous permit numbers		
4a. Surface location NW 1/4 SE 1/4 NW 1/4 Sec. 26 T 2S R 8E			Township CANTON		County WAYNE	
4b. Footages 1553 feet from N line of Section		1382 feet from W line of Section				
5a. Surface Ownership <input checked="" type="checkbox"/> Private <input type="checkbox"/> State <input type="checkbox"/> Federal			5b. Mineral ownership <input checked="" type="checkbox"/> Private <input type="checkbox"/> State <input type="checkbox"/> Federal			
6a. <input type="checkbox"/> Within Gas Storage Field <input type="checkbox"/> Rule 413 applies Storage field name		6b. <input type="checkbox"/> Contains H <sub>2</sub> S Part 11 rules apply		6c. Well site area local zoning <input checked="" type="checkbox"/> Res, date 01/1996 see R407(3), 505,506 <input type="checkbox"/> Other: _____		
7. Endangered species, state leases, or additional information NO NATURAL FEATURES HITS; NO STATE INTERESTS OR LEASES; PERMIT WILL REPLACE 59764 (EXISTING STEIGERWALD 1-26) DUE TO A SLIGHT LOCATION MOVE						

**FIELD REVIEW AND RECOMMENDATIONS**

8. Field review by: name and date Bruce Waldo 5-11-09	8a. Land use Wildlife habitat & utility corridor, high tower powerlines	8b. Cover type/density Pad now clearcut
9. Topography - (slope, % grade) level	10. Soil type and drainage, field tiles, etc. Kibbie fine sandy loam. Surface drainage to east. No field tiles.	
11a. Area involved Drill pad 170' X 170' Acres .66	11b. Is any area of the drill pad closer than 150' to a structure or water well? If yes, approval req. No	11c. Area involved Access road 1550' X 20' Acres .72
12. Are soil erosion and sedimentation control measures for well site, access, flowline, and surface facilities adequate? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	For well site, access, flowline. Surface facilities not addressed.	
13. Buildings, public roads, pipelines and power lines, private water wells within 600 feet and public water wells within 800 or 2,000'.  Are all features shown on attached plat? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	High tower powerlines (N-S) within 150 ft. to west. Several residences within 600 ft., especially in a subdivision to west. No public water wells. This site is about 14 ft. south of previously permitted one due to that being within 450 ft. of a house deck. It has to be at least 450 ft. away.	
14. Type, direction and distance to surface waters, waterways, wet lands, flood plains, natural rivers within 1320 feet, and Great Lakes shorelines within 1500 feet.  Are all features shown on attached plat? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Seasonally wet drainage ditches are 200 ft. N, 150 ft. S, & 160 ft. E.	
15. Nearby scenic, historical, recreational, environmentally sensitive, or critical dune areas, and threatened and endangered species within 1320 feet.  Are all features shown on attached plat? <input type="checkbox"/> Yes <input type="checkbox"/> No	None	
16. Is casing and sealing adequate? Conductor <input type="checkbox"/> Yes <input type="checkbox"/> No Surface <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Intermediate <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Production <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Expected depth to base of fresh water <u>120 ft.</u> formation <u>BOD, BED top</u>	
17. Is Intermediate Casing Exception recommended? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA		
18. B.O.P. Program adequate? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If certified tests required, give details.		

19. H2S, Part 11 rules apply? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Contingency plan reviewed and approved <input type="checkbox"/> Deficiencies in contingency plan, specify <input type="checkbox"/> Class IV, plan not required Well location complies with Rule 1106(1), (2), Isolation Distances <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Surface facility complies with Rule 506, Residential Areas <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Don't know, surface facility not identified.		
20. Source of freshwater: <input type="checkbox"/> Municipal source <input checked="" type="checkbox"/> Temporary well <input type="checkbox"/> Permanent well <input type="checkbox"/> Other, specify		
21. Drilling pit requirements <i>If no, specify disposition of mud and cuttings. Contained in steel mud tanks and landfilled.</i> a. On-site in-ground pit allowed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Specific requirements? <i>If yes, specify requirements, such as location of pit on drill pad.</i> <input type="checkbox"/> Yes <input type="checkbox"/> No c. Remote pit will be used <i>If yes, identify location of remote pit.</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Are all surface owner approvals and surveys filed? <input type="checkbox"/> Yes <input type="checkbox"/> No d. Rule 407(3) applies <i>If yes, is in-ground pit exception requested by applicant AND recommended by GLMD</i> <input type="checkbox"/> Yes <input type="checkbox"/> No Zoned residential prior to 1/8/93? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No e. Rule 407(7)(b) (iv) applies <i>If yes, what is contingency for disposal of muds if they fail paint filter test?</i> Paint filter test required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
f. Salt cuttings to be (give details) <input checked="" type="checkbox"/> Removed for disposal <input checked="" type="checkbox"/> Dissolved & removed <input type="checkbox"/> None	Specify landfill BFI Arbor Hills Specify disposal well or waste hauler Chartier	g. Area Geologist notification prior to: <input type="checkbox"/> Yes <input type="checkbox"/> No Pit excavation <input type="checkbox"/> Yes <input type="checkbox"/> No Pit liner installation <input type="checkbox"/> Yes <input type="checkbox"/> No Pit encapsulation
22. Is EIA for surface facilities included in application or described elsewhere? <i>If no and greater than 300' from wellhead, does feasible location for surface facilities exist?</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No, R504 (4) applies <input type="checkbox"/> No, less than 300' from well head Wooded area to the southwest (WD).		
23. DEQ and/or DNR comments		
24. Items continued and/or not covered above (attach additional sheets if needed)		
25. Revision included (describe if applicable)		
26. Representative of permittee contacted regarding additional requirements? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Name _____ Date _____ Phone _____		
27. Area geologist: recommend a permit: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (provide reasons) <input type="checkbox"/> Needs corrections or additional information <input type="checkbox"/> Memo attached		
<u>Bruce Waldo</u> Signature	<u>Senior Geologist</u> Title	<u>8-12-09</u> Date
28. District Geologist: Recommend a permit: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (provide reasons) <input type="checkbox"/> Needs corrections or additional information <input type="checkbox"/> Memo attached		
<u>Walter Danyluk</u> Signature	<u>District Supervisor</u> Title	<u>8/12/2009</u> Date

**SURVEY RECORD OF WELL LOCATION**

This information is required by authority of Part 615 Supervisor of Wells, or Part 625 Mineral Wells, of Act 451 PA 1994, as amended, in order to obtain a drilling permit.

Applicant

West Bay Exploration Company

Well name and number

Steigerwald 1-26

1a. Surface location

NW 1/4 of SE 1/4 of NW 1/4 of section 26 T 2S R 8E

Township

Canton

County

Wayne

1b. If this is a directional well, bottom hole location will be

NW 1/4 of NE 1/4 of NW 1/4 of section 26 T 2S R 8E

Township

Canton

County

Wayne

**Instructions:** Outline drilling unit for oil/gas wells (Part 615) or property boundary for mineral wells (Part 625) and spot well location on plat shown. Locate the well in two directions from the nearest section, quarter section, and unit (or property, Part 625) lines.

2. The surface location is

1553 ft. from nearest (N/S) N section line

1382 ft. from nearest (E/W) W section line and

1084 ft. from nearest (N/S) S quarter section line

1208 ft. from nearest (E/W) E quarter section line

3. Bottom hole will be (if directional)

460 ft. from nearest (N/S) N section line

1733 ft. from nearest (E/W) W section line and

2180 ft. from nearest (N/S) S quarter section line

860 ft. from nearest (E/W) E quarter section line

4. Bottom hole will be (directional or straight)

460 ft. from nearest (N/S) N drilling unit line

436.5 ft. from nearest (E/W) W drilling unit line

5. Show access to stake on plat and describe if it is not readily accessible. I-275 south to Fellows Road Exit, go west 1 mile to Lilley Road, go south 2 miles to Palmer Road, go west 1/4 mile to Electric Transmission Lines, go south 3/8 mile to flagged site to east.

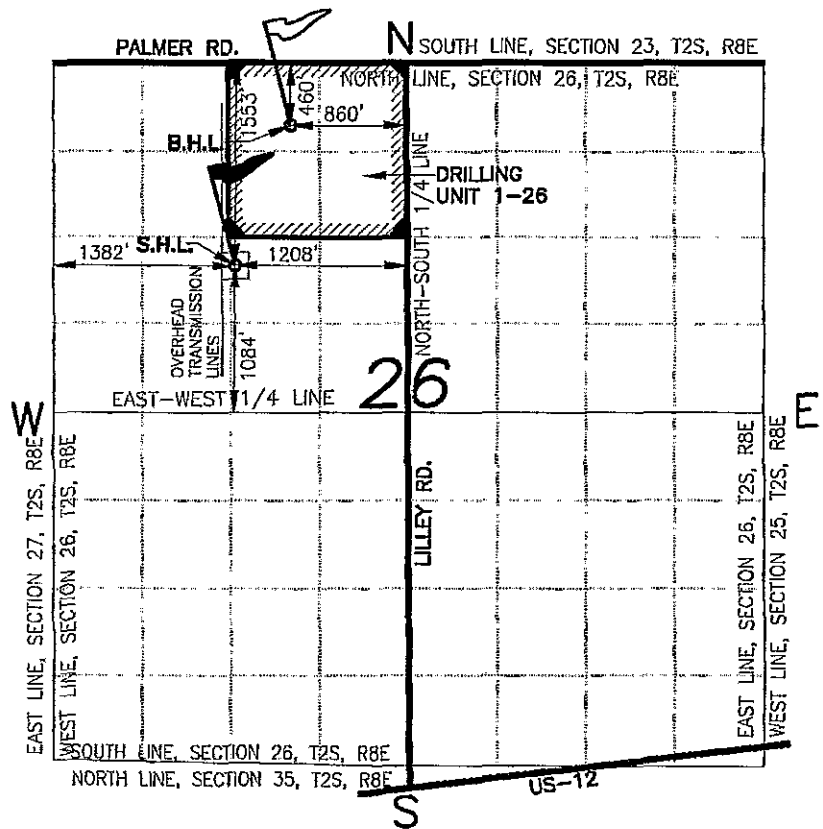
6. Zoning  Residential, effective date 04/1996

Initial date of residential zoning 01/1996

 Other

PLAT BELOW REPRESENTS ONE FULL SECTION  
(1 MILE SQUARE)

N ↑



ON SEPARATE PLAT OR PLOT PLAN, LOCATE, IDENTIFY AND SHOW DISTANCES TO:

- All roads, power lines, buildings, residences, fresh water wells, and other man-made features, within 600 feet of the stake.
- All lakes, streams, wetlands, drainage-ways, floodplains, environmentally sensitive areas, natural rivers, critical dune areas, and threatened or endangered species within 1320 feet of the stake.
- All type I and IIa public water supply wells within 2000 feet and all type IIb and III public water supply wells within 800 feet of the well stake.

Name of individual who surveyed site

Stephen V. Vallier, P.S.

Company

Westshore Consulting

Date of survey

09/23/08, Revised 03/18/09 ✓

Address

2534 Black Creek Road, Muskegon, MI 49444

Phone

(231) 777-3447

I CERTIFY THE ABOVE INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature of licensed surveyor (affix seal)

Surveyor

No.

28422

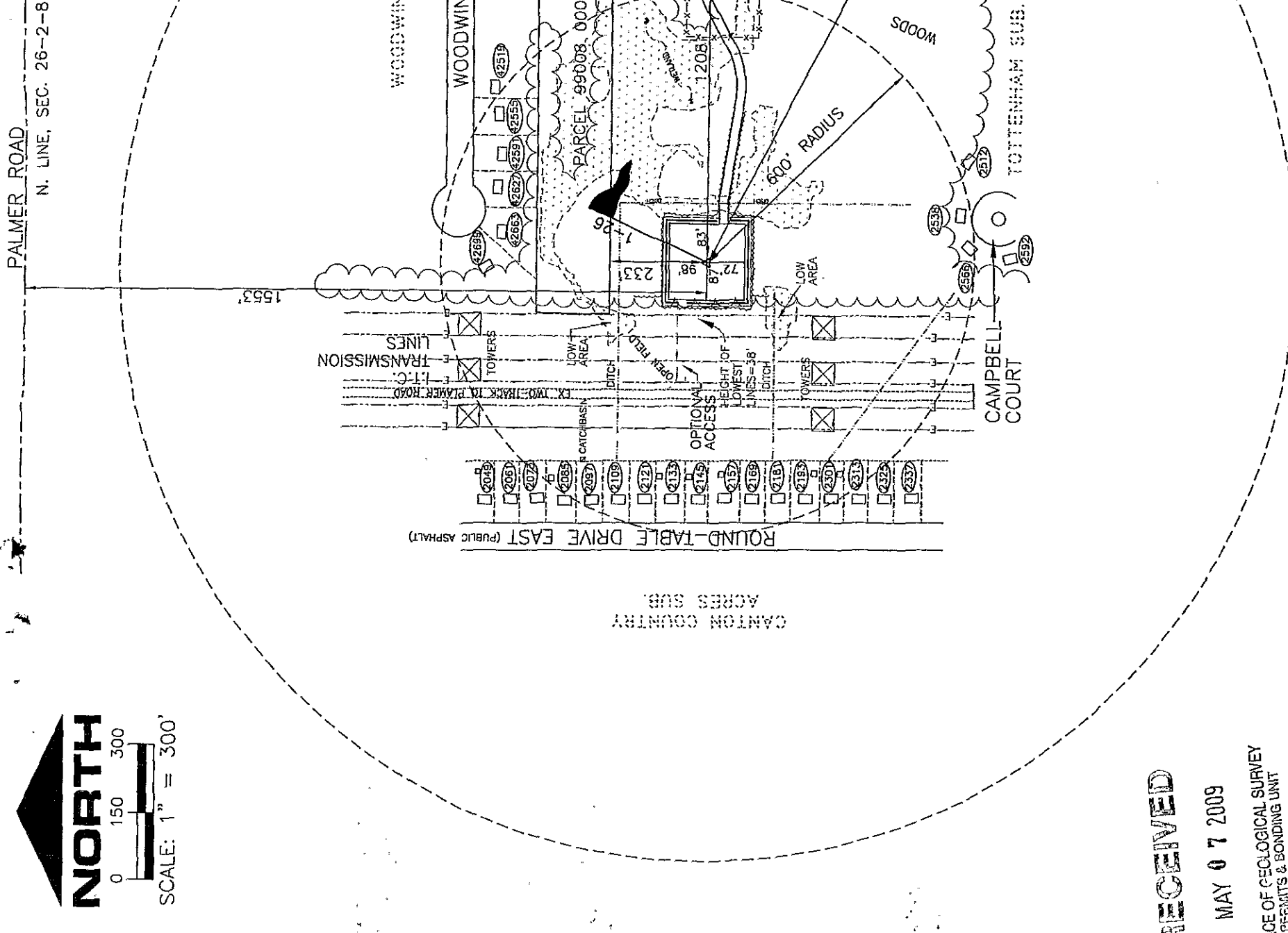
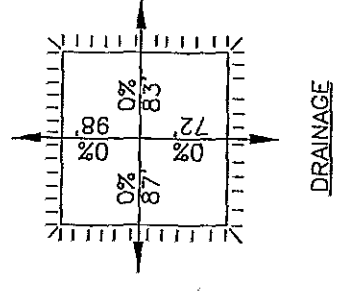
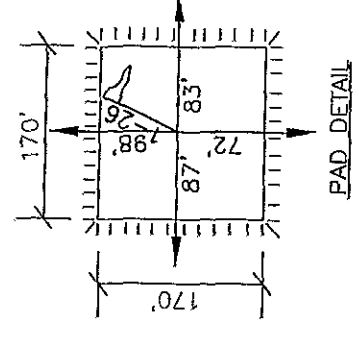
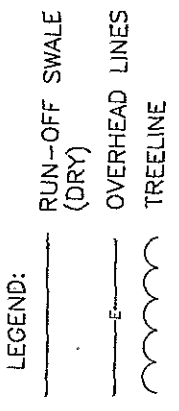
Date

3/10/09

PROPOSED WELL: WEST BAY STEIGERWALD 1-26.  
 SURFACE LOCATION: 1553 FT. FROM NORTH LINE AND  
 1208 FT. FROM THE WEST N-S 1/4 LINE;  
 OF THE NORTHWEST 1/4 OF SECTION 26,  
 T2S, R8E, CANTON TWP., WAYNE COUNTY, MI

DISTANCE AND DIRECTION TO FEATURES

- N38°07'E 596' HOUSE
- N33°56'E 555' HOUSE
- N26°02'E 506' HOUSE
- N17°42'E 493' HOUSE
- N06°17'E 451.6' #42663 WOOD STAIRS TO DECK
- N01°42'W 479' HOUSE
- N54°22'W 580' SHED
- N59°54'W 597' HOUSE
- N65°08'W 567' HOUSE
- N70°50'W 544' HOUSE
- N76°50'W 525' HOUSE
- N78°24'W 476' SHED
- N83°25'W 487' HOUSE #2133 SUN PORCH CORNER
- N86°30'W 468' SHED
- N89°52'W 486' HOUSE #2145 CORNER DECK
- S86°08'W 462' SHED
- S86°W 451' HOUSE #2157 POOL DECK
- S83°15'W 512' HOUSE
- S79°50'W 519' HOUSE
- S73°34'W 530' HOUSE
- S67°28'W 557' HOUSE
- S62°23'W 521' SHED
- S62°01'W 580' HOUSE
- S57°00'W 551' SHED
- S01°34'W 554' HOUSE
- S03°45'E 568' HOUSE
- S09°29'E 551' HOUSE
- N57°55'W 524' CATCHBASIN
- NORTH 210' DRAINAGE DITCH
- EAST 128' DRAINAGE DITCH
- S26°51'W 165' DRAINAGE DITCH
- S37°08'W 480' DRAINAGE DITCH
- WEST 121' OVERHEAD POWER LINES
- N11°29'E 580' WOODWIND LN. (CENTER OF CUL-DE-SAC)
- S89°37'W 609' CENTERLINE OF ROUND TABLE DR. E.
- S08°42'W 653' CAMPBELL CT. (CENTER OF CUL-DE-SAC)



**WESTSHORE CONSULTING**  
 Engineers ■ Scientists ■ Surveyors

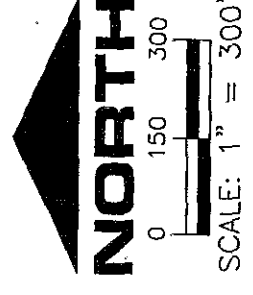
www.WestshoreConsulting.com  
 2534 Black Creek Road  
 Muskegon, MI 49444  
 (231) 777-3447

238 Parkdale Avenue, Suite 2  
 Marquette, MI 49860  
 (231) 723-2202

Checked:	SW
Date:	1/16/09
Drawn by:	JJS/WAY
Rev. Date:	5/6/09
File No.:	323-26
Figure:	1

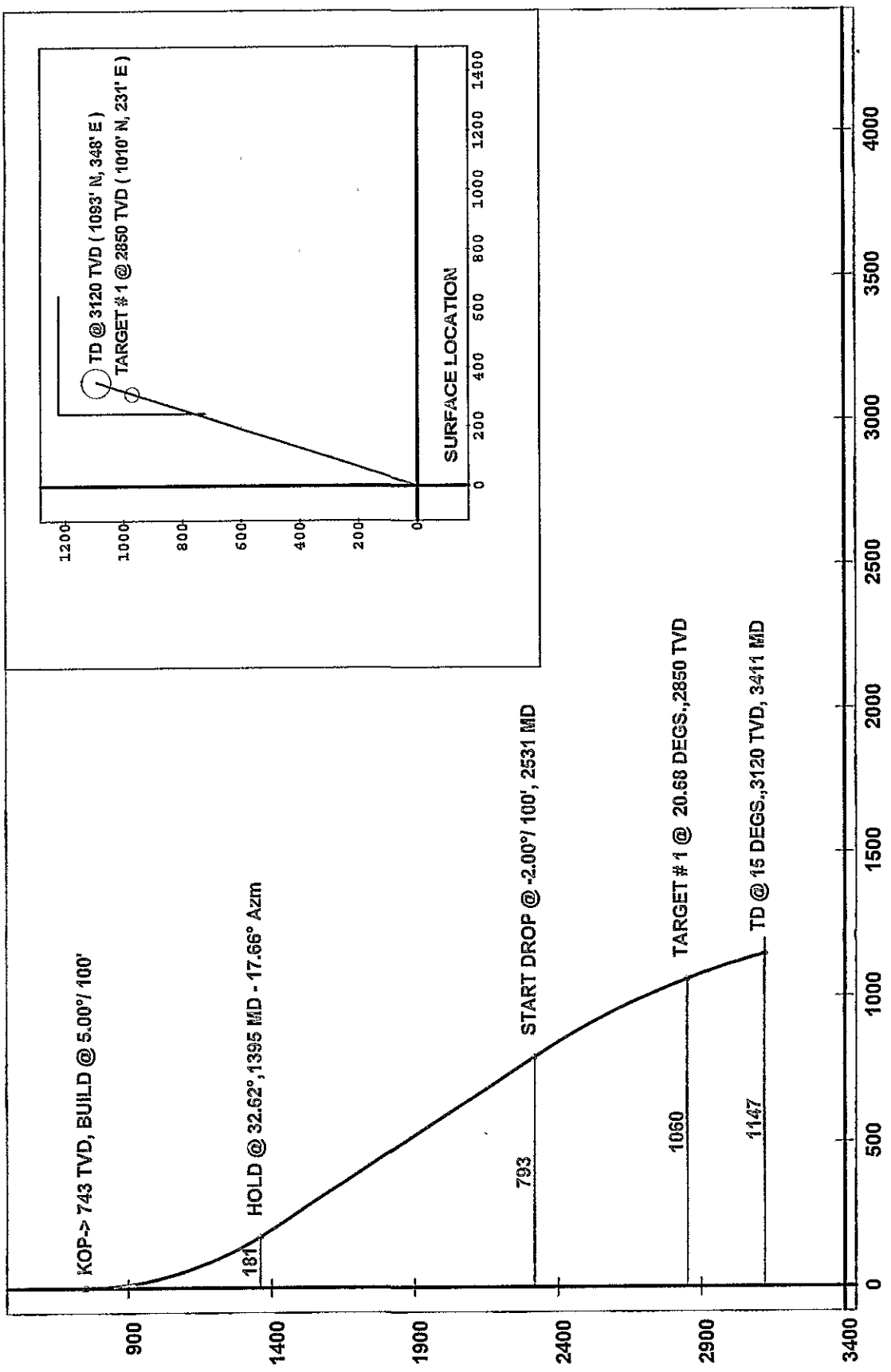
**WEST BAY**  
**EXPLORATION COMPANY**  
 5555 Hogback Road  
 Fowlerville, MI 48836

STEIGERWALD 1-26 WELL  
 SITE MAP



**RECEIVED**  
 MAY 07 2009  
 OFFICE OF GEOLOGICAL SURVEY  
 PERMITS & BONDING UNIT

Company: WEST BAY EXPLORATION  
 Lease/Well: STEIGERWALD # 1-26  
 Location: CANTON TWP., WAYNE CO.  
 State/Country: MICHIGAN / USA  
 File name: C:\WINSERVER\PEPENDING\2009\STEIGER.SVY  
 Date/Time: 24-Apr-09 / 17:10







Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
1343.00	30.00	17.66	1315.96	146.29	46.58	153.52	5.00
1373.00	31.50	17.66	1341.74	160.90	51.23	168.86	5.00
<b>HOLD @ 32.62°, 1395 MD - 17.66° Azm</b>							
1395.33	32.62	17.66	1360.66	172.19	54.82	180.71	5.00
1495.33	32.62	17.66	1444.89	223.56	71.18	234.61	.00
1595.33	32.62	17.66	1529.12	274.92	87.53	288.51	.00
1695.33	32.62	17.66	1613.35	326.28	103.88	342.41	.00
1795.33	32.62	17.66	1697.58	377.64	120.24	396.32	.00
1895.33	32.62	17.66	1781.81	429.00	136.59	450.22	.00
1995.33	32.62	17.66	1866.04	480.36	152.94	504.12	.00
2095.33	32.62	17.66	1950.27	531.72	169.29	558.02	.00
2195.33	32.62	17.66	2034.50	583.08	185.65	611.92	.00
2295.33	32.62	17.66	2118.73	634.44	202.00	665.82	.00
2395.33	32.62	17.66	2202.96	685.80	218.35	719.72	.00
2495.33	32.62	17.66	2287.19	737.16	234.70	773.62	.00
<b>START DROP @ -2.00'/ 100', 2531 MD</b>							
2531.09	32.62	17.66	2317.31	755.53	240.55	792.90	.00
2561.09	32.02	17.66	2342.67	770.81	245.42	808.94	2.00
2591.09	31.42	17.66	2368.18	785.84	250.20	824.71	2.00
2621.09	30.82	17.66	2393.87	800.61	254.91	840.21	2.00
2651.09	30.22	17.66	2419.71	815.13	259.53	855.44	2.00
2681.09	29.62	17.66	2445.72	829.38	264.07	870.41	2.00
2711.09	29.02	17.66	2471.87	843.38	268.52	885.10	2.00
2741.09	28.42	17.66	2498.18	857.11	272.90	899.51	2.00
2771.09	27.82	17.66	2524.64	870.59	277.19	913.65	2.00
2801.09	27.22	17.66	2551.25	883.79	281.39	927.51	2.00
2831.09	26.62	17.66	2578.00	896.73	285.51	941.09	2.00
2861.09	26.02	17.66	2604.89	909.41	289.55	954.39	2.00
2891.09	25.42	17.66	2631.92	921.81	293.49	967.40	2.00
2921.09	24.82	17.66	2659.08	933.94	297.36	980.14	2.00
2951.09	24.22	17.66	2686.38	945.81	301.13	992.59	2.00
2981.09	23.62	17.66	2713.80	957.39	304.82	1004.75	2.00
3011.09	23.02	17.66	2741.35	968.71	308.43	1016.62	2.00
3041.09	22.42	17.66	2769.02	979.75	311.94	1028.21	2.00
3071.09	21.82	17.66	2796.82	990.51	315.37	1039.50	2.00
3101.09	21.22	17.66	2824.73	1000.99	318.71	1050.51	2.00
<b>TARGET # 1 @ 2850 TVD</b>							
3128.15	20.68	17.66	2850.00	1010.21	321.64	1060.18	2.00
3131.09	20.62	17.66	2852.75	1011.20	321.96	1061.22	2.00
3161.09	20.02	17.66	2880.88	1021.12	325.12	1071.63	2.00
3191.09	19.42	17.66	2909.12	1030.77	328.19	1081.75	2.00
3221.09	18.82	17.66	2937.47	1040.13	331.17	1091.58	2.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
3251.09	18.22	17.66	2965.92	1049.21	334.06	1101.10	2.00
3281.09	17.62	17.66	2994.46	1058.00	336.86	1110.33	2.00
3311.09	17.02	17.66	3023.10	1066.51	339.57	1119.26	2.00
3341.09	16.42	17.66	3051.83	1074.73	342.18	1127.89	2.00
3371.09	15.82	17.66	3080.65	1082.67	344.71	1136.22	2.00
3401.09	15.22	17.66	3109.56	1090.31	347.14	1144.24	2.00
<b>TD @ 3120 TVD, 3411 MD</b>							
3411.90	15.00	17.66	3120.00	1093.00	348.00	1147.06	2.00

**ENVIRONMENTAL IMPACT ASSESSMENT**

Required for issuance of well permit pursuant to Part 615, 1994 PA 451, as amended. Falsification of this information may result in fines and/or imprisonment. Check all boxes and fill in all blanks which apply to this drilling application. Attach additional pages as necessary.

**A. DESCRIPTION OF PROJECT**

<b>1. Applicant's name</b> West Bay Exploration Company	<b>Well name and number</b> Steigerwald 1-26	<b>Intended use of well</b> Exploratory
<b>2. Mineral ownership</b> , check each category of mineral owners in drilling unit or Antrim Uniform Spacing Plan <input checked="" type="checkbox"/> Private <input type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Other, identify		
<b>3. Applicable spacing order and drilling unit size</b> <input type="checkbox"/> S.O. 14-9-94 N. Mich. Antrim, 80 acres <input type="checkbox"/> S.O. 3-3-95 S. Mich. Antrim, 40 acres <input type="checkbox"/> S.O. 1-73 Niagaran, 80 acres <input type="checkbox"/> S.O. 2-81 Oakland Co. Niagaran, 40 acres <input checked="" type="checkbox"/> R 324.301 General rule, 40 acres <input type="checkbox"/> S.O. 1-86 P.D.C., 640 acres <input type="checkbox"/> Field Spacing or Unitization Order (identify below) <input type="checkbox"/> Antrim USP (identify name, number of acres, and number of drilled and permitted wells) <input type="checkbox"/> Administrative exception requested per R324.303 (2). See instructions for applying for an administrative spacing exception <input type="checkbox"/> Exception to spacing requested, petition for hearing filed <input type="checkbox"/> Non-producing well, no drilling unit		
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reference: Compulsory Pooling Order 04-2009</div>		
<b>4. Applicant's right to drill and produce</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are all mineral interests in the drilling unit under lease and controlled by the applicant/permittee? If no, <input type="checkbox"/> petition filed for compulsory pooling OR <input type="checkbox"/> certified efforts to obtain leases are attached (if allowed by spacing order) <input type="checkbox"/> Not applicable, no drilling unit. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Has applicant obtained all contractual rights needed to locate the well where it is proposed? If no, <input type="checkbox"/> what additional approvals are needed? _____		
<b>5. Special considerations</b> <input checked="" type="checkbox"/> Replacement well for permit no. <u>52481 &amp; 59764</u> or <input type="checkbox"/> Existing well pad <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is well expected to encounter H <sub>2</sub> S? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is well located in a city, township, or village with a population greater than 70,000? <input type="checkbox"/> Other (describe) _____		

**B. IMPACTS AS A RESULT OF DRILLING**

<b>1. Access route dimensions</b> <u>1540</u> feet x <u>20</u> feet / 43,560 = <u>0.71</u> acres. Provide a detailed description of topography, drainage, soil type(s), direction and percentage of slopes, land cover and present land use for the access route while drilling. Identify route on attached plat. The area to the west of the well site has been cleared to maintain the right-of-way for the overhead electric line. Slopes are approximately 1 percent down to the north, east, west, and south. The access route will be along the existing powerline easement. The easement is relatively flat (0 to 3%) and is clear of vegetation. The soils are Kibbie fine sandy loam and Pella silt loam.
<b>2. Well site dimensions</b> <u>170</u> feet x <u>170</u> feet / 43,560 = <u>0.66</u> acres. Provide a detailed description of topography, drainage, soil types(s), direction and percentage of slopes, land cover and present land use for the well site. Identify well site on attached plat. The proposed well site is presently wooded with numerous trees and saplings in the drilling area. The existing grade is approximately 1% easterly at the well site. The soils are Kibbie fine sandy loam.
<b>3. Is well site located in residentially zoned area?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, R324.407(3) and R324.505 apply.
<b>4. Are drain tiles present?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, identify where they exist on attached plat or project map. How will they be handled if they are encountered? .
<b>5. Identify the distance and direction to all of the following, also identify on attached plat</b> a. All buildings, fresh water wells, public roads, power lines and other man-made features within 600' of the well site. Several residences are located within 600 feet, overhead electric transmission lines are within 150 feet, and a residential subdivision road is located within 600 feet. The complete list of buildings, fresh water wells, public roads, power lines, and other man-made features within 600 feet of the site can be found on the supplemental plat. <b>RECEIVED</b> b. All Type I and Type IIa public water supply wells within 2000' of the well site and all Type IIb and Type III public water wells within 800' of the well site. No Type I, II, or III public water wells were identified within 2000 feet of the well site. <b>MAY 07 2009</b>

(Type I is a community water supply with year-round service  $\geq$  15 living units or  $\geq$  25 residents. Type II is a non-community water supply with  $\geq$  15 service connections or  $\geq$  25 individuals for not less than 60 days per year. Average daily water production: IIA  $\geq$  20,000 GPD IIB  $<$  20,000 GPD Type III is a public water supply which is neither Type I or II.)

(Part B-5 continued)

c. Surface waters, floodplains, wetlands, natural rivers, critical dune areas, threatened or endangered species within 1320' and Great Lake shorelines within 1500' of the well site Three drainage ditches for surface water runoff are located near the well site, one is approx. 200 ft north, one approx. 150 ft south, and one approx. 160 ft east of the well location. All of the drainage ditches appear to be dry during the majority of the year. There are two low wet areas approx. 50 ft x 50 ft located near the site, one is approx. 200 ft north, and one approx. 150 ft south. No floodplains, natural rivers, or critical dune areas are within 1320 feet & no Great Lake shoreline is within 1500 feet of the well site. The USFWS indicates that the endangered Indiana Bat (*Myotis sodalis*) that summer habitat, the endangered Northern Riffleshell (*Dysnomia torulosa rangiana*) found in large streams and small rivers in firm sand of riffle areas, and the threatened Eastern Prairie Fringed Orchid (*Plantathera leucophaea*) found in mesic to wet prairies and meadows, may occur in this area, but this project is unlikely to affect these species because suitable habitat is not available.

d. Describe the actions to be taken to mitigate impacts to any of the items identified in Part B-5 a-c above. A series of rip-rap check dams & a sediment trap will be constructed to filter the sediments from the runoff water prior to entering the stream/wetland areas.

**6. Identify the source of fresh water used to drill this well**

- "Permanent" water well, to be retained after final completion OR used for drinking water (shall be drilled and installed pursuant to Part 127 of 1979 PA 368, as amended)
- "Temporary" water well, will be plugged upon final completion and not used for drinking water (consult R 324.403 (2) for minimum construction requirements)
- Fresh water will be hauled from existing water well or municipal source (identify) \_\_\_\_\_
- No fresh water will be used in drilling this well

**7. Pit location and handling and disposal of drill cuttings, muds and fluids**

- Anticipated depth to groundwater 5 feet Method determined by map and field review
- On site in-ground pit, anticipated dimensions: L \_\_\_\_\_ W \_\_\_\_\_ D \_\_\_\_\_
  - Remote in-ground pit, anticipated dimensions: L \_\_\_\_\_ W \_\_\_\_\_ D \_\_\_\_\_  
Attach approval of landowner and attach survey of remote pit location
  - Well drilled below base of Detroit River Anhydrite. Describe how mud and cuttings pursuant to R324.407(7)(iv) will be handled.  
Pit fluids below DRA disposed by \_\_\_\_\_ licensed liquid waste hauler OR  
Pit fluids below DRA disposed at the \_\_\_\_\_ disposal well.  
If drill cuttings & mud don't pass paint filter test, they will be disposed at \_\_\_\_\_ landfill.  
 No salt cuttings OR  
 Salt cuttings dissolved and disposed by Seller Tank Truck Service, Inc. licensed liquid waste hauler OR  
 Salt cuttings hauled to BGI Arbor Hills, 6 Mile & Napier Road, Wayne, Michigan landfill
  - Temporary pit, cuttings and muds disposed at (identify) \_\_\_\_\_
  - No in-ground pit, cuttings and muds disposed at (identify) BGI Arbor Hills, 6 Mile & Napier Road, Wayne, Michigan
  - Pit will be solidified.

**C. IMPACTS AS A RESULT OF PRODUCTION**

1. Kind of well  exploratory  development  Other (describe) \_\_\_\_\_  
 Antrim project (submit separate project EIA, form EQP 7200-21, for access roads, flow lines, and surface facilities)  
where is project EIA found? \_\_\_\_\_ and complete C-2, omit C-3 and C-4

2. Location of surface facilities (Prior to construction, the District Geologist, pursuant to R324.1002, must also approve all surface facility secondary containment plans.)  
 Greater than 300' from wellhead. Identify facility location on attached plat and complete C-3 and C-4.  
 Less than 300' from wellhead. Identify facility location on attached plat, complete C-3, omit C-4  
 Surface facility exists or was previously approved for construction and is known as \_\_\_\_\_ complete C-3, omit C-4.  
 Surface facility location was not determined for this exploratory well (omit C-3 and C-4). Submit a separate request for Surface Facility Location Approval (form 7200-22), which includes a Facility Plan, Environmental Impact Assessment, and Soil Erosion and Sedimentation Control Plan, to District Geologist prior to construction pursuant to R324.504.

3. Flow Line Environmental Impact Assessment  
 Identify flow line location and course from well to the surface facility on attached plat.  
Flow line route dimensions \_\_\_\_\_ feet x \_\_\_\_\_ feet / 43,560 = \_\_\_\_\_ acres.  
Describe the topography, drainage, soil type(s), direction and percentage of slopes, land cover and present land use along the flow line route

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4. Surface Facility Environmental Impact Assessment  
a. Dimensions of surface facility \_\_\_\_\_ feet x \_\_\_\_\_ feet / 43,560 = \_\_\_\_\_ acres  
b. Describe the topography, drainage, soil type(s), direction and percentage of slopes, land cover, and present land use  
1. Along access route to surface facility

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Part C-4, continued

2. At surface facility site

c. Are surface facilities likely to receive oil or gas with H<sub>2</sub>S concentration greater than 300 ppm?  Yes  No, if yes, R324.1106(2) applies.

d. Will surface facilities be located in residentially zoned area?  Yes  No, if yes, R324.506 may apply

e. Identify the distance and direction to all of the following, and identify on attached plat

1. Distance and direction to all buildings, fresh water wells, public roads, power lines and other man-made features within 600' of surface facility

2. Distance and direction to any surface waters, floodplains, wetlands, natural rivers, critical dune areas, and threatened or endangered species within 1320' and Great Lakes shorelines within 1500' of the surface facility site

3. Describe the actions to be taken to mitigate impacts to any of the items identified in Part C-4e 1 and 2 above.

4. Distance and direction to all Type I and Type IIa public water supply wells within 2000' of the surface facility site and all Type IIb and Type III wells within 800' of the surface facility

Type I is a community water supply with year-round service  $\geq 15$  living units or  $\geq 25$  residents. Type II is a non-community water supply with  $\geq 15$  service connections or  $\geq 25$  individuals for not less than 60 days per year. Average daily water production: IIa  $\geq 20,000$  GPD IIb  $< 20,000$  GPD Type III is a public water supply which is neither type I or II.

5. Method of brine disposal

Dedicated flow line to disposal well \_\_\_\_\_, permit number \_\_\_\_\_

Transported by tanker.  Other \_\_\_\_\_

6. Method of transporting hydrocarbons past the point of sale

Oil sold through transmission line

Gas sold through transmission line

Oil transported by tanker for sale

Gas flared on site (production restrictions may apply)

Other \_\_\_\_\_

D. MITIGATION OF IMPACTS FROM DRILLING AND/OR PRODUCTION

Describe additional measures to be taken to protect environmental and/or land use values Groundwater and subsurface soils will be protected by surface casing through the glacial drift and into the bedrock. Drilling waste materials will be captured and contained onsite prior to appropriate offsite disposal. The well site berm will contain any accidental releases and control storm water, and the soil erosion plan will be followed. The isolated location will minimize noise and disturbances to nearby residents and hospital-type mufflers will be used. The access road and well pad were located so as to minimize impacts. All applicable environmental and safety requirements will be followed.

E. ADDITIONAL PERMITS

Identify additional permits to be sought

F. SOIL EROSION AND SEDIMENTATION PLAN

Submit a soil erosion and sedimentation plan (form 7200-18) which addresses each well site, surface facility, and flow line route identified in this application. (Refer to requirements under Part 91, 1994 PA 451)

G. ALTERNATE WELL AND SURFACE FACILITY LOCATIONS

Were alternate surface locations considered for this well or surface facility?

No, alternate sites did not seem necessary or more desirable

Yes, the following locations were considered

Why were they rejected in favor of the proposed location?

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H. CERTIFICATION

"I state that I am authorized by said applicant to prepare this document. It was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Wade A. VandenBosch, PE

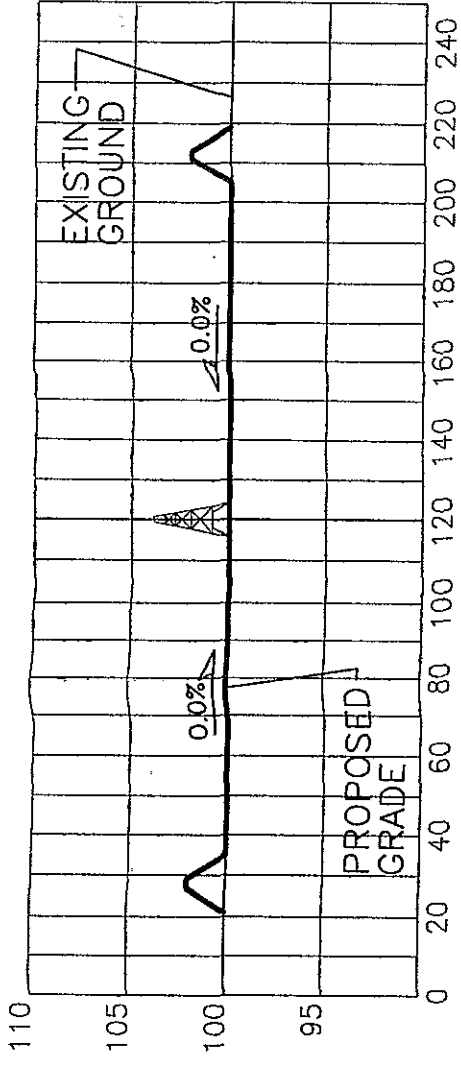
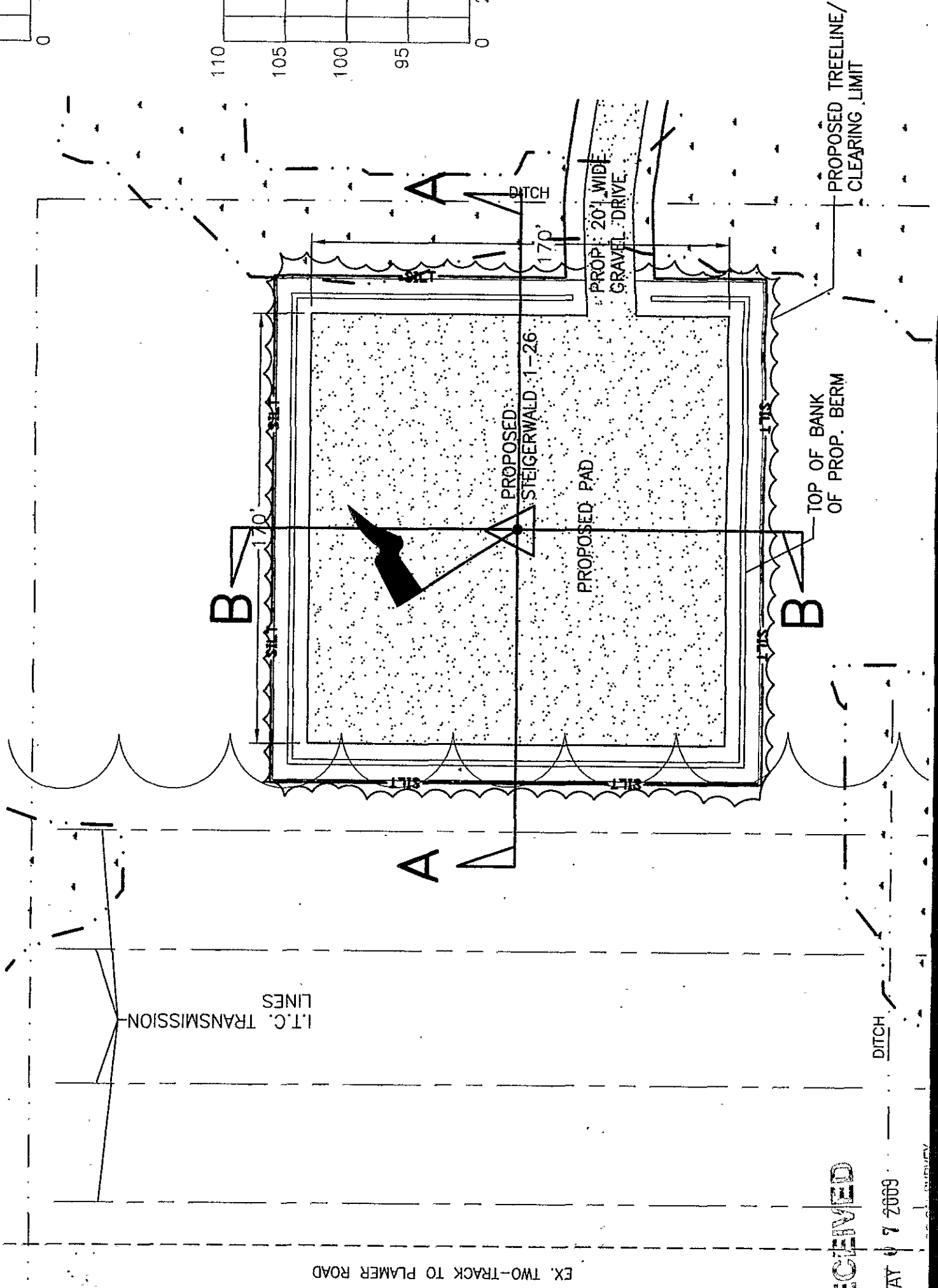
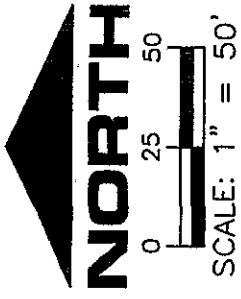
Name and title (printed or typed)

*Wade A. VandenBosch*  
Authorized Signature

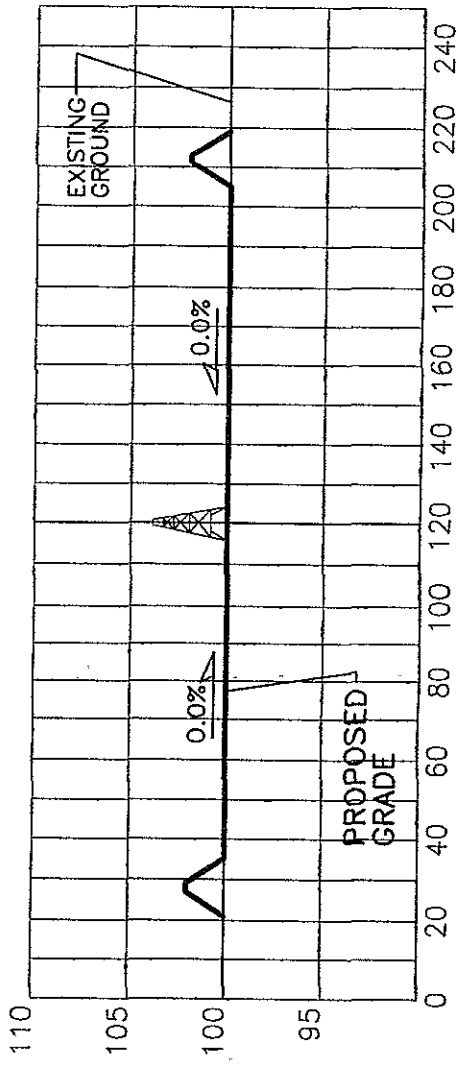
5/6/09  
Date

Enclose with Application For Permit To Drill





**SECTION A-A**  
 HOR SCALE: 1"=100'  
 VERT SCALE: 1"=20'



**SECTION B-B**  
 HOR SCALE: 1"=100'  
 VERT SCALE: 1"=20'



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 Engineers ■ Scientists ■ Surveyors

www.WestshoreConsulting.com  
 2534 Black Creek Road, Muskegon, MI 49444 (231) 777-3447  
 2508 Washington Avenue, Grand Haven, MI 49417 (231) 777-3447  
 Parkdale Avenue, Suite 2, Manistee, MI 49660 (231) 723-2202

<b>WEST BAY EXPLORATION COMPANY</b> 5555 Hogback Road Fowlerville, MI 48836	Checked: SW Date: 1/16/09 Drawn by: BJA Date: 1/16/09 File No.: 323-26
<b>STEIGERWALD 1-26 WELL CROSS SECTIONS</b>	Figure: <b>2</b>

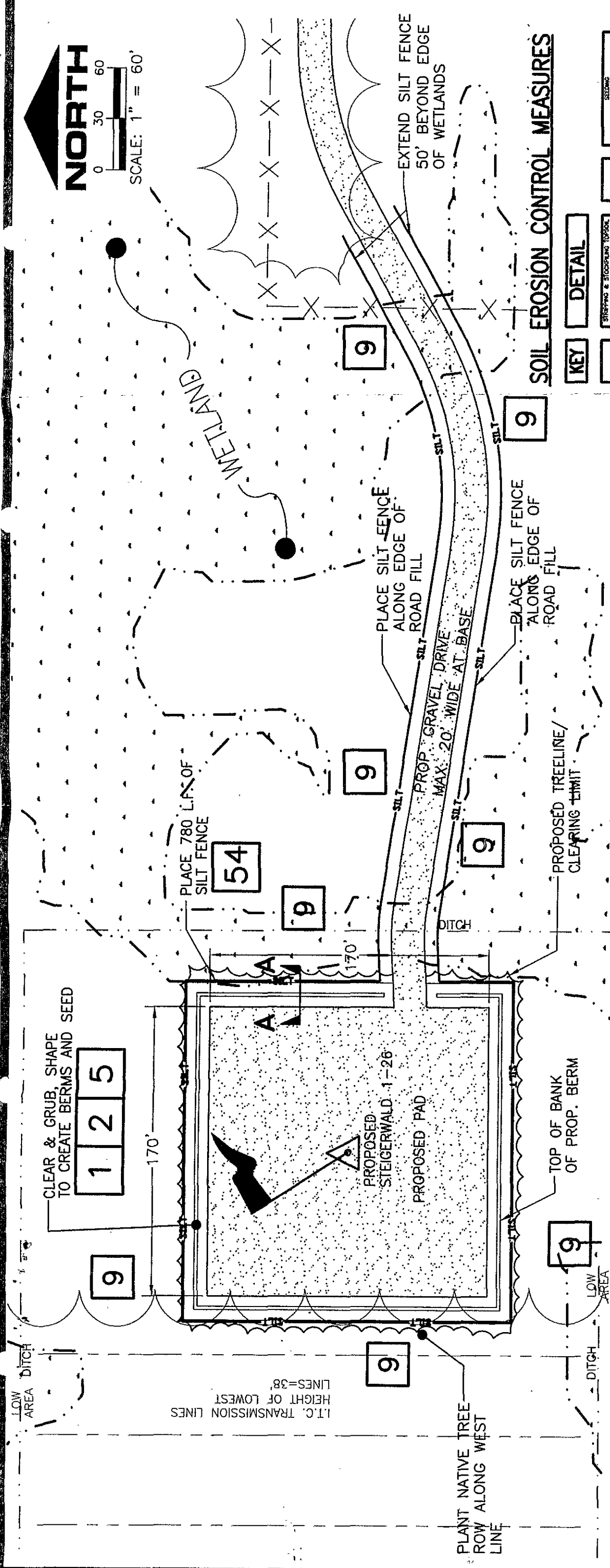
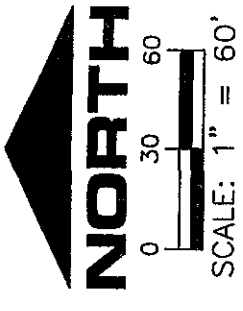
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EX. TWO-TRACK TO PLAMER ROAD





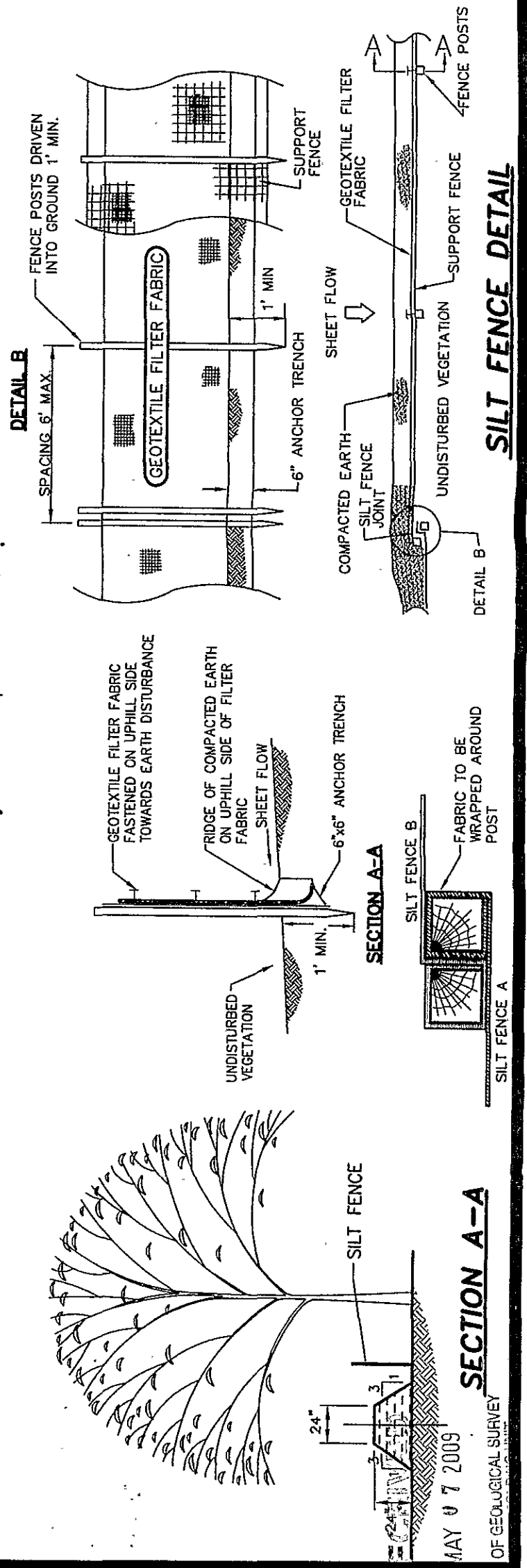
**SOIL EROSION CONTROL MEASURES**

KEY	DETAIL
1	STREPPING & STORING TOPSOIL
2	SELECTIVE GRUBBING & SHAPING
9	VEGETATIVE BUFFER STRIP
5	SEEDING
54	SILT FENCE

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www.WestshoreConsulting.com  
 2534 Black Creek Road Muskegon, MI 49444 (231) 777-3447  
 2508 Washington Avenue Grand Haven, MI 49417 (616) 844-1260  
 238 Parkdale Avenue, Suite 2 Manistee, MI 49660 (231) 723-2202

<b>WEST BAY EXPLORATION COMPANY</b> 5555 Hogback Road Fowlerville, MI 48836		Checked: SW
STEIGERWALD 1-26 WELL SOIL EROSION CONTROL PLAN		Date: 1/16/09
		Drawn by: BJA
		Date: 1/16/09
		File No.: 323-26
		Figure: <b>3</b>



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**SILT FENCE DETAIL**

# WELLHEAD BLOWOUT CONTROL SYSTEM

Worksheet supplement for "Application for Permit to Drill or Deepen a Well"

This information is required by authority of Part 615  
Supervisor of Wells or Part 625 Mineral Wells, Act 451  
PA 1994, as amended, in order to obtain a permit.

Applicant  
West Bay Exploratic Company  
13685 South West Bay Shore, Suite #200  
Traverse City, MI 49884

Well name and number  
Steigerwald ##1-26

Max. anticipated surface pressure 900 psi

Annular B.O.P. 11 3/4" \_\_\_\_\_", 3000 \_\_\_\_\_ W.P.

B.O.P. Blind \_\_\_\_\_ Rams 11 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.  
(Pipe/Blind)

B.O.P. Pipe \_\_\_\_\_ Rams 11 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.  
(Pipe/Blind)

Check Valve 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Valve 3 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Valve 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Valve 3 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

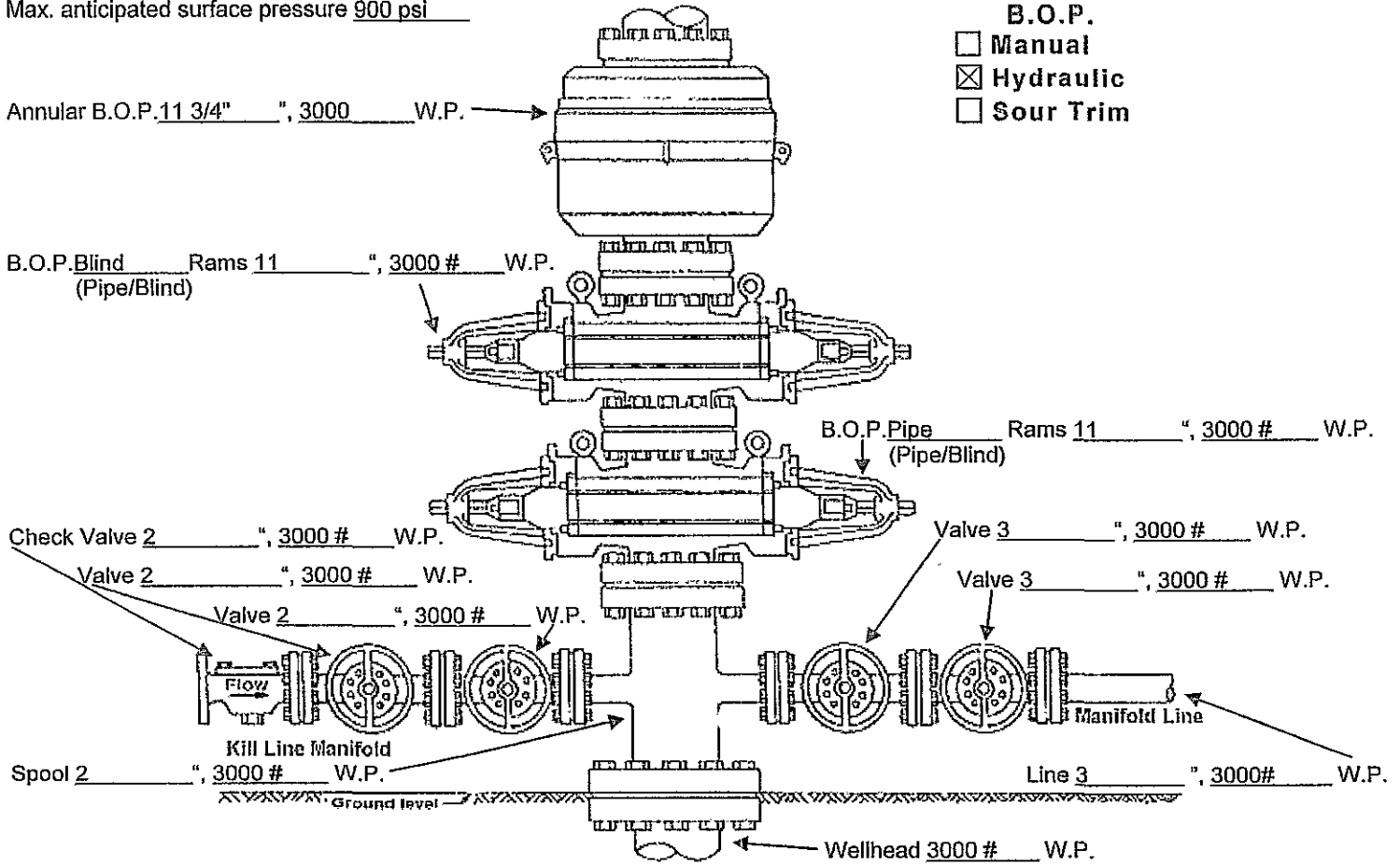
Valve 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Spool 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Line 3 \_\_\_\_\_", 3000# \_\_\_\_\_ W.P.

Wellhead 3000 # \_\_\_\_\_ W.P.

- B.O.P.**
- Manual
  - Hydraulic
  - Sour Trim



Fill above blanks with applicable information. If not applicable, enter "N.A." or cross-out item shown.  
Describe test pressures and procedure for conducting pressure test. Identify any exceptions to R324.406 being requested.

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West Bay  
Exploration  
company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

May 6, 2009

Mr. & Mrs. Steigerwald  
6443 Mayburn Street  
Dearborn Heights, MI 48127

RE: Application for Permit to Drill  
Steigerwald #1-26

Dear Mr. & Mrs. Steigerwald;

As the surface owner of the property in Canton , this letter is to notify you of the intent of West Bay Exploration to drill a well on the subject location. We received the first permit, and then chose to move the surface location several feet, so that a new permit is required. We are in the process of terminating the first permit, and obtaining a new one, with the correct, new location.

It is our intent to drill the well in the near future, with the original parameters in mind. Enclosed, please find a copy of the revised permit application, noting the footage change.

We hope to obtain the new permit, and be able to move in by the end of the month. In the meantime, please feel free to contact either myself or my husband Tim Baker in the operations office

Sincerely,



Anni Baker  
517-223-4011

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West Bay  
Exploration  
company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

May 6, 2009

Wayne County Clerks Office-Westland Office  
3100 Henry Ruff Road  
Westland, MI 48186

RE: Application to Drill & Operate a well  
Steigerwald #1-26

To Whom it May Concern:

This letter serves to notify you of the intent of West Bay Exploration Company to drill the subject well.

Enclosed, please find a copy of the Application for Permit to drill the Steigerwald #1-26. The drilling operation should commence in the near future. We obtained our permit, and then we were asked to move the surface location to accommodate some of the land features on the property. We are only moving the surface location by several feet.

If you have any questions, please feel free to contact us at 517-223-4011.

Sincerely,



Ann M Baker  
Operations Office

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Parcel to West Shore 3/11/09

# MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT

### ISSUED TO:

West Bay Exploration  
Mr. Tim Baker  
P. O. Box 1203 5555 Hogback Road  
Fowlerville, MI 48836

Permit No.	09-82-0015-P
Issued	March 10, 2009
Extended	
Revised	
Expires	March 10, 2014

This permit is being issued by the Michigan Department of Environmental Quality (MDEQ) under the provisions of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA) and specifically:

- |  |  |
|--|--|
| <input type="checkbox"/> Part 301 Inland Lakes and Streams             | <input type="checkbox"/> Part 315 Dam Safety                           |
| <input type="checkbox"/> Part 325 Great Lakes Submerged Lands          | <input type="checkbox"/> Part 323 Shorelands Protection and Management |
| <input checked="" type="checkbox"/> Part 303 Wetlands Protection       | <input type="checkbox"/> Part 353 Sand Dune Protection and Management  |
| <input type="checkbox"/> Part 31 Floodplain/Water Resources Protection |  |

Permission is hereby granted, based on permittee assurance of adherence to State requirements and permit conditions to:

**Permitted Activity:** Place 60 cubic yards of fill in 1,612 square feet of wetland for construction of an access road at 2292 Lilley Road, Canton Township, Wayne County. All work shall be completed in accordance with DEQ approved plans and specific conditions of this permit.

**Water Course Affected:** N/A

**Property Location:** Wayne County, Canton Township, Section 26

**Subdivision, Lot**                      **Town/Range** 2S, 8E    **Property Tax No.** 82-71-102-99-0010-001- and 002

### Authority granted by this permit is subject to the following limitations:

- A. Initiation of any work on the permitted project confirms the permittee's acceptance and agreement to comply with all terms and conditions of this permit.
- B. The permittee in exercising the authority granted by this permit shall not cause unlawful pollution as defined by Part 31, Floodplain/Water Resources Protection of the NREPA.
- C. This permit shall be kept at the site of the work and available for inspection at all times during the duration of the project or until its date of expiration.
- D. All work shall be completed in accordance with the plans and the specifications submitted with the application and/or plans and specifications attached hereto.
- E. No attempt shall be made by the permittee to forbid the full and free use by the public of public waters at or adjacent to the structure or work approved herein.
- F. It is made a requirement of this permit that the permittee give notice to public utilities in accordance with Act 53 of the Public Act of 1974 and comply with each of the requirements of that act.
- G. This permit does not convey property rights in either real estate or material, nor does it authorize any injury to private property or invasion of public or private rights, nor does it waive the necessity of seeking federal assent, all local permits or complying with other state statutes.
- H. This permit does not prejudice or limit the right of a riparian owner or other person to institute proceedings in any circuit court of this state when necessary to protect his rights.
- I. Permittee shall notify the MDEQ within one week after the completion of the activity authorized by this permit, by completing and forwarding the attached, preaddressed post card to the office addressed thereon.
- J. This permit shall not be assigned or transferred without the written approval of the MDEQ.
- K. Failure to comply with conditions of this permit may subject the permittee to revocation of permit and criminal and/or civil action as cited by the specific State Act, Federal Act and/or Rule under which this permit is granted.
- L. Work to be done under authority of this permit is further subject to the following special instructions and specifications:

1. This permit is being issued for the maximum time allowed under Part 301; Inland Lakes and Streams and Part 303, Wetlands Protection, of the Natural Resources and Environmental Protection Act, PA 451 of 1994, as amended, including all permit extensions allowed under the administrative rules R 281.813 and R 281.923. Therefore, no extensions of this permit will be granted. Initiation of the construction work authorized by this permit indicates the permittee's acceptance of this condition. The permit, when signed by the MDEQ, will be for a five-year period beginning at the date of issuance.
2. Authority granted by this permit does not waive permit requirements under Part 91, Soil Erosion and Sedimentation Control, of the NREPA, or the need to acquire applicable permits from the County Enforcing Agent (CEA). To locate the Soil Erosion Program Administrator for your county visit [www.deq.state.mi.us/sesca/](http://www.deq.state.mi.us/sesca/).
3. The authority to conduct the activity as authorized by this permit is granted solely under the provisions of the governing act as identified above. This permit does not convey, provide, or otherwise imply approval of any other governing act, ordinance, or regulation, nor does it waive the permittee's obligation to acquire any local, county, state or federal approval or authorization, necessary to conduct the activity.
4. A storm water discharge permit may be required under the Federal Clean Water Act for construction activities that disturb one or more acres of land and discharge to surface waters. For sites over five (5) acres, the permit coverage may be obtained by a Part 91, Soil Erosion and Sedimentation Control (SESC), permit and filing a "Notice of Coverage" form to the MDEQ's Water Bureau. For sites with disturbance from one acre up to five acres, storm water coverage is automatic once the SESC permit is obtained. These one to five acre sites are not required to apply for coverage, but are required to comply with storm water discharge permit requirements. Information on the storm water discharge permit is available from the Water Bureau's Storm Water Permit Program by calling 517-373-8088 or at [www.michigan.gov/deqwater](http://www.michigan.gov/deqwater). Select "surface water" and then select "storm water."
5. Prior to initiating construction, authorized by this permit, the permittee is required to provide a copy of the permit to the contractor(s) for review.
6. The property owner, contractor(s), **and any agent involved in exercising this permit** are held responsible to ensure the project is constructed in accordance with all drawings and specifications contained in this permit. The contractor is required to provide a copy of the permit to all subcontractors doing work authorized by this permit.
7. **IDENTIFICATION OF NON-WORK AREAS**  
Prior to the start of construction, all non-work wetland areas shall be bounded by properly trenched filter fabric fence and orange construction fencing to prevent sediment from entering the wetland and to prohibit construction personnel from entering or performing work in these areas. Fence shall be maintained daily throughout the construction process. Upon project completion, the accumulated materials shall be removed and disposed of at an upland site. The erosion barrier shall then be removed in its entirety and the area restored to its original configuration and cover.
8. This permit is limited to authorizing the construction as specified above and carries with it no assurances or implications that associated wetland or floodplain areas can be developed and serviced by the structures authorized by this permit.
9. Prior to the initiation of any permitted construction activities, a siltation barrier shall be constructed immediately down gradient of the construction site. Siltation barriers shall be specifically designed to handle the sediment type, load, water depth, and flow conditions of each construction site throughout the anticipated time of construction and unstable site conditions. The siltation barrier shall be maintained in good working order throughout the duration of the project. Upon project completion, the accumulated materials shall be removed and disposed of at an upland (non-wetland, non-floodplain) site. The siltation barrier shall then be removed in its entirety and the area restored to its original configuration and cover.

10. All fill/backfill shall consist of clean inert material that will not cause siltation nor contain soluble chemicals, organic matter, pollutants, or contaminants. All fill shall be **CONTAINED** in such a manner so as not to erode into any surface water, floodplain, or wetland. All raw areas associated with the permitted activity shall be **STABILIZED** with sod and/or seed and mulch, riprap, or other technically effective methods as necessary to prevent erosion.

11. Equalization culverts shall be placed at an elevation *within the roadway* to insure that water will reach equal levels on either side of the road. An equalization culvert shall be placed to provide adequate water transport.

12. All wetland areas disturbed for the installation of the utility lines shall be restored by replacing the excavated soils in the reverse order in which they were excavated, ie last soils out are the first soils back into the excavated trench. In addition, all raw wetland soils shall be seeded with an appropriate **NATIVE** wetland seed mix. According to the Michigan Native Plant Producers Association the following companies provide Michigan Native wetland Seeds and Plants:

Michigan Wildflower Farm  
[WWW.michiganwildflowerfarm.com](http://WWW.michiganwildflowerfarm.com)  
517-647-6010

The Native Plant Nursery  
[www.nativeplant.com](http://www.nativeplant.com)  
734-677-5860

Sandhill Farm  
[CherylT@iserv.net](mailto:CherylT@iserv.net)  
616-691-7872

Wetlands Nursery  
[www.wetlands-nursery.com](http://www.wetlands-nursery.com)  
989-752-3492

Wildtype Native Plants  
[www.wildtypeplants.com](http://www.wildtypeplants.com)  
517-244-1140

13. Unless specifically stated under the "Permitted Activity" of this permit, construction pads, haul roads, temporary structures, or other structural appurtenances to be placed in a wetland or on bottomland of the waterbody are not authorized and shall not be constructed unless authorized by a separate permit or permit revision granted in accordance with the applicable law. The permittee is cautioned that grade changes resulting in increased runoff onto adjacent property is subject to civil damage litigation.

14. The permittee is responsible for acquiring all necessary easements or rights-of-way before commencing any work authorized by this permit. All construction operations relating to or part of this project shall be confined to the existing right-of-way limits or other acquired easements.

15. The permittee shall indemnify and hold harmless the State of Michigan and its departments, agencies, officials, employees, agents and representatives for any and all claims or causes of action arising from acts or omissions of the permittee, or employees, agents, or representatives of the permittee, undertaken in connection with this permit. This permit shall not be construed as an indemnity by the State of Michigan for the benefit of the permittee or any other person.

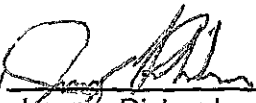
16. In issuing this permit, the MDEQ has relied on the information and data that the permittee has provided in connection with the permit application. If, subsequent to the issuance of this permit, such information and data prove to be false, incomplete, or inaccurate, the MDEQ may modify, revoke, or suspend the permit, in whole or in part, in accordance with the new information.

17. If any change or deviation from the permitted activity becomes necessary, the permittee shall request, in writing, a revision of the permitted activity and/or mitigation plan from the MDEQ. Such revision requests shall include complete documentation supporting the modification and revised plans detailing the proposed modification. Proposed modifications must be approved, in writing, by the MDEQ prior to being implemented.

18. This permit may be transferred to another person upon written approval of the MDEQ. The permittee must submit a written request to the MDEQ to transfer the permit to the new owner. The new owner must also submit a written request to accept transfer of the permit. The new owner must agree, in writing, to accept all conditions of the permit. A single letter signed by both parties which includes all the above information may be provided to the MDEQ. The MDEQ will review the request and if approved, will provide written notification to the new owner.

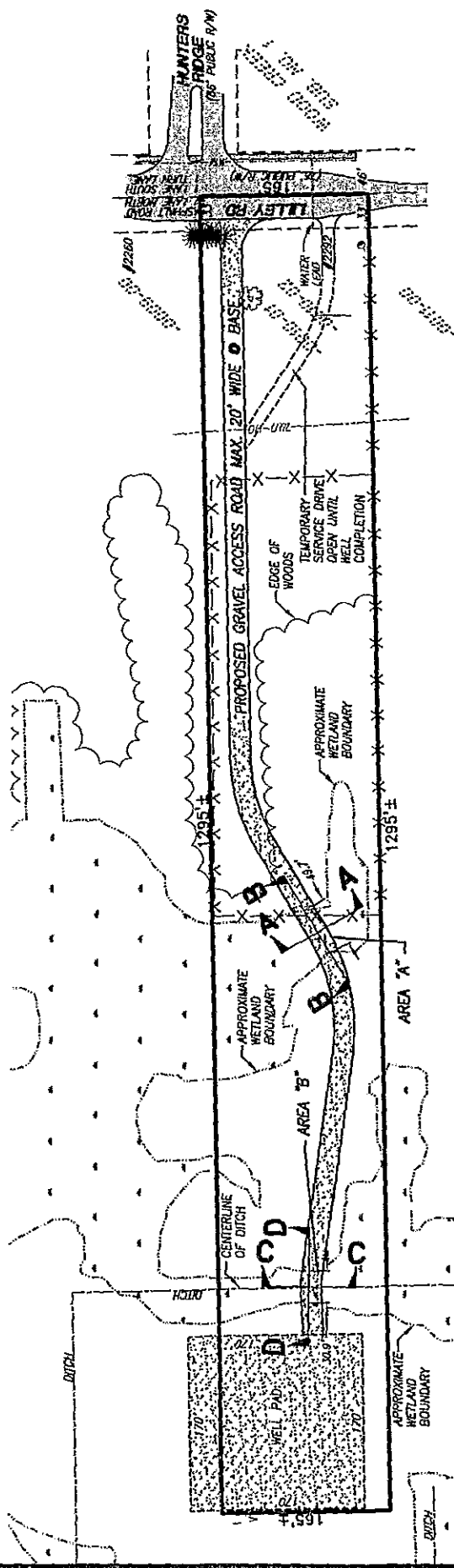
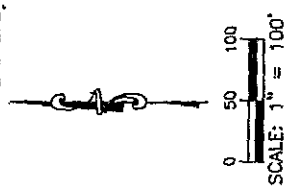
19. Noncompliance with these terms and conditions, and/or the initiation of other regulated activities not specifically authorized by this permit shall be cause for the modification, suspension, or revocation of this permit, in whole or in part. Further, the MDEQ may initiate criminal and/or civil proceedings as may be deemed necessary to correct project deficiencies, protect natural resource values, and secure compliance with statutes.

Steven E. Chester, Director  
Department of Environmental Quality

By   
Jeremy Richardson  
District Representative  
Land and Water Management Division

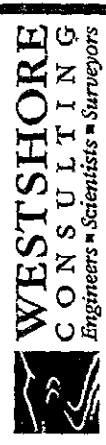
cc: Mr. John Jones, Wayne CEA  
Wayne County DPS  
Canton Township Clerk  
Mr. Eric Johnson, Westshore Consulting





**LEGEND**

- GUY POLE
- ASPHALT
- CONCRETE
- GRAVEL
- DECIDUOUS TREE
- CONIFEROUS TREE
- FENCE
- TREE LINE

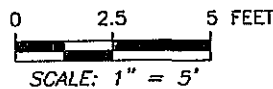
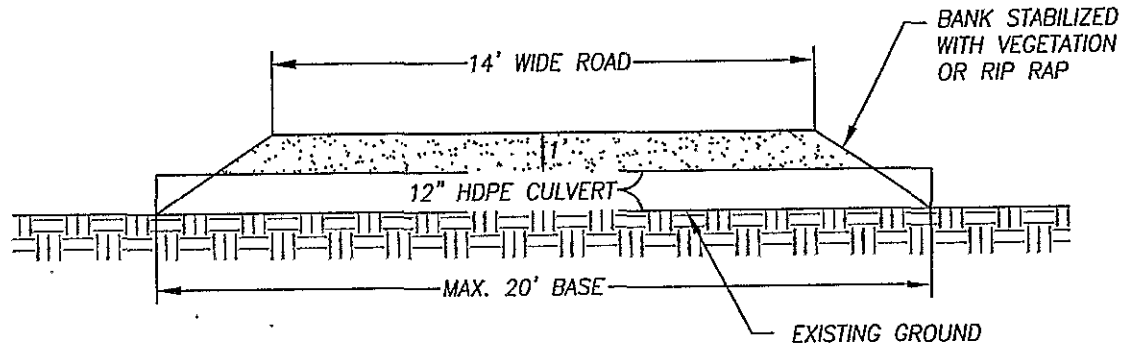


<b>WESTSHORE CONSULTING</b> Engineers & Scientists & Surveyors www.westshoreconsulting.com 2531 Black Creek Road Madison, MI 48146 (313) 725-3477		238 Paradise Avenue, Suite 2 Westland, MI 48180 (313) 841-1280	
Checked:	SWW	Date:	1/30/08
Drawn by:	BLA	Date:	1/30/08
File No.:	323-26	Figure:	<b>2</b>
<b>WEST BAY EXPLORATION COMPANY</b> 5555 Higback Road Fowlerville, MI 48836			
<b>STEIGERWALD 1-26 WELL          PROPOSED ACCESS ROAD</b>			

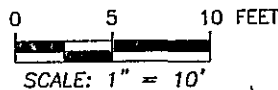
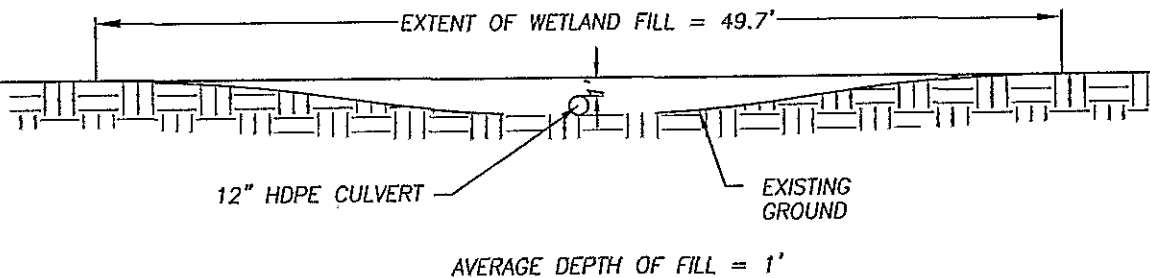
**DEQ-LWMD**  
**FILE #04-82-001S-P**  
**APPROVED PLANS**  
**1 OF 3**  
**DIST - 10**

# AREA "A" CROSS SECTIONS

## CROSS SECTION A-A



## CROSS SECTION B-B



DEQ-LWMD  
 FILE #09-82-0015-P  
 APPROVED PLANS  
2 OF 3  
 DIST - 10



**WESTSHORE**  
**CONSULTING**  
 Engineers ■ Scientists ■ Surveyors

www.WestshoreConsulting.com

2534 Black Creek Road  
 Muskegon, MI 49444  
 (231) 777-3447

250B Washington Avenue  
 Grand Haven, MI 49417  
 (616) 844-1260

238 Parkdale Avenue, Suite 2  
 Manistee, MI 49660  
 (231) 723-2202

**WEST BAY**  
**EXPLORATION COMPANY**

5555 Hogback Road  
 Fowlerville, MI 48836

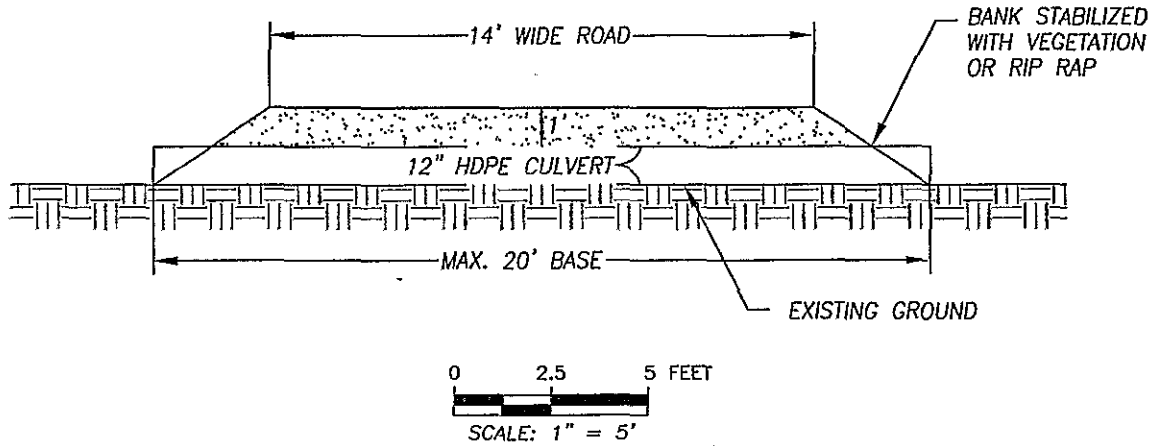
**STEIGERWALD 1-26 WELL**  
**PROPOSED ACCESS ROAD**

Checked: ERJ  
 Date: 02/04/09  
 Drawn by: BJA  
 Date: 02/04/09  
 File No.: 323-26  
 Figure:

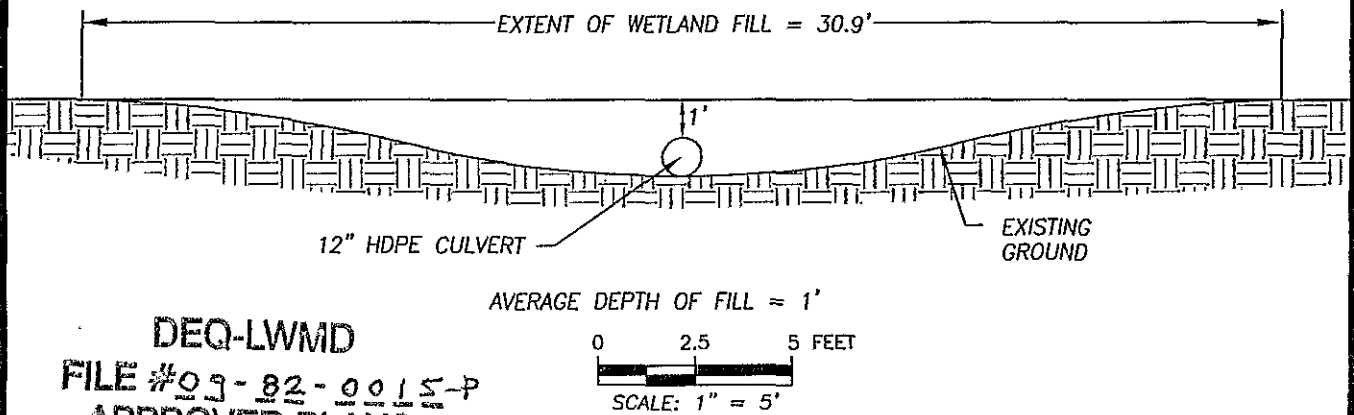
**3**

# AREA "B" CROSS SECTIONS

## CROSS SECTION C-C



## CROSS SECTION D-D



DEQ-LWMD  
 FILE #09-82-0015-P  
 APPROVED PLANS  
 3 OF 3  
 DIST - 10



**WESTSHORE**  
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 Engineers ■ Scientists ■ Surveyors

www.WestshoreConsulting.com

2534 Black Creek Road  
 Muskegon, MI 49444  
 (231) 777-3447

2508 Washington Avenue  
 Grand Haven, MI 49417  
 (616) 844-1260

238 Parkdale Avenue, Suite 2  
 Manistee, MI 49660  
 (231) 723-2202

**WEST BAY**  
**EXPLORATION COMPANY**  
 5555 Hogback Road  
 Fowlerville, MI 48836

Checked: ERJ

Date: 02/04/09

Drawn by: BJA

Date: 02/04/00

File No.: 323-26

Figure:

**STEIGERWALD 1-26 WELL**  
**PROPOSED ACCESS ROAD**

**4**

**Land and Water Management Division - Spatial Interests** 5/7/2009

**Spatial Location Lookup:**

**2S, 8E**

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

# Spatial Interest Search

2S, 8E Section:26

**New Search**

**Spatial Resources:**

- SiteMap
- IMap
- Lat/Lon Search
- Aerial Imagery
- Live Search Maps
- Mapquest
- TerraServer-USA
- National Maps
- Digital Map Store

**Spatial Data:**

- Geographic Data Library
- Geography Network

**Help**

**Spatial Mapping Resources**

Aerial Imagery Archive
MapQuest - Internet Mapping and Imagery
TopoZone - Internet Topographic Quads

**CIWPIS Special Interests**

Organization	Description	Comment
Land and Water Management	Conservation Easement	96100973
Land and Water Management	Conservation Easement	98100320
Land and Water Management	Wetlands Assessment Program	01820008

**CIWPIS Permits**

Permit Number	Applicant	Activity
05820177		Condominiums
06820054		Condominiums
06820149		Sewer Line
06820198		Fills
07820109		Path
09820014		Pedestrian Bridge
09820015		Driveway
88140382	CHARTER CANTON TWP	Submerged Pipeline
89141349		Discharge Structure
93140978		Fills
94101145		Miscellaneous
96100973		Culverts
96101158		Fills
98100320		Fills
99100008		Fills
99100009		Fills
99100086		Fills

**Compliance Tracking**

File Number	Waterbody	Complaint
01820044	wetlands	Homeowner claims that developer has filled in wetlands and created flooding on his property.
05820058	wetland	Permittee did not monitor mitigation for the proper length of time.
05820071	wetland	Complainant states that homeowners in Woodcreek subdivision are filling wetland to expand yards and landscaping. The complainant sent an email to Canton then Canton forwarded it to LWMD.
08820019	Lower Rouge River	Compliance inspection on June 19, 2008. No restoration activities have been completed to date and four temporary river crossings are still in place.
06820056	wetland	complainant alleges 50-60 property owners have expanded their home sites into wetland with a conservation easement required under 99-10-0009-P. Homes are located primarily on Graham Ct. Complainant, Mike Farrachi at 313-258-0441 can be contacted for additional information, but would like to remain anonymous.
99820021	Wetland	Cleared forested wetland. DEQ WAP staff Pamela Rice did an assessment on-site and discovered violation. Owner previously listed as ProCoil...not true...Procoil is prospective purchaser..AJH
06820058	wetland	Several homeowners have encroached upon a conservation easement required as part of DEQ File No. 99-10-0009-P. One of the addresses is 2421 Graham Court.

**Conservation Easements**

Easement Number	Grantor	Acreage
99100008	Frankel Associates,	
99100009	Tottenham Woods Singh (2 of 2)	
96100973	EF Partners, L.L.C.	7.4
98100320	Charrington Estates LLC	10.341

**Wetland Assesments**

File Number	Applicant	Comments
00820021		1/25/01 File closed refund requested \$255.
01820008		
02820021		

<b>Flood Discharge Requests</b>		
File Number	Watercourse	Location
20070522-1	Lower River Rouge	Upstream of McKinstry Drain
20070522-2	Lower River Rouge	Downstream of McKinstry Drain
20070522-3	McKinstry Drain	Mouth
20010418	Wiles Creek	mouth
20050602	Lower River Rouge	Downstream of McKinstry Drain
20050604	Lower River Rouge	Lilley Road
20060498-5	Lower River Rouge	Lilley Road
20060498-6	Lower River Rouge	Downstream of McKinstry Drain
H-98066	Lower River Rouge	Lilley Road
H-92093	Lower River Rouge	Haggerty Road
H-96167	Lower River Rouge	downstream of McKinstry Drain

<b>Lowflow Discharge Requests</b>		
File Number	Watercourse	Location
1513	LOWER RIVER ROUGE	

**1** My Town, Range and Section are:  
 |2s                    |8e                    |26  
 Use the Spatial Location Lookup for resolving place names into Town and Range.

**2** Begin Search:  
  
 A search requires the Town, Range and Section values.

**Spatial Interest Data:**  
 Data is retrieved from various DEQ SQL databases. The data displayed here is only those data sets which have been made available to Intranet users to search and have records matching the town, range and section criteria. To include additional data bases to this search page please have the appropriate IT staff contact DEQ-Webmaster@michigan.gov.

## Jennings, Jennifer (DEQ)

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, May 06, 2009 12:01 PM  
**To:** 'tim@wbeco.net'; 'Ann Baker'  
**Cc:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Duszynski, James (DEQ); Bricker, Mike (DEQ); Fitch, Hal (DEQ)  
**Subject:** Steigerwald 1-26

Tim-

West Bay Exploration has submitted documents to revise the location for the proposed Steigerwald 1-26 well. It is currently permitted under PN 59764. Once a location is permitted, any change to the location requires a new permit and additional application fee. Please submit the fee so we can get a new application entered into our system.

In addition to submitting the required fee, the following revisions will be necessary:

- EQP 7200-1 #1c: new application, not revision, fee required
- EQP 7200-1 #28: needs signature
- PN 59764 was returned. Please submit a written request as to how West Bay would like us to handle the existing permit, for example if West Bay wants the permit terminated upon issuing a permit for the new location
- Supplemental Plat: points out several houses using house numbers, please show numbers on map
- EIA #A3: reference Compulsory Pooling Order 04-2009
- EIA #B5a: please add a comment referencing that the complete list of buildings, fresh water wells, public roads, power lines, and other man made features within 600' of the site can be found on the supplemental plat.
- Soil Erosion and Sediment Control Plan: new plan needs to be submitted, CEA needs to be sent updated copies
- BOP: needed for a complete application
- Landowner Notification: needed for new location
- County Clerk Notification: needed for new location

Thank you,

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

## Jennings, Jennifer (DEQ)

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, May 06, 2009 4:39 PM  
**To:** 'Ann Baker'  
**Subject:** RE: Steigerwald 1-26

Anni-

Thanks for faxing over the credit card authorization form for the fee. We need to have the application page with the original signature, so if you can drop off the front page and whatever else you have in the morning, that'd be great. The West Shore Engineering items can be sent when you receive them.

Thanks!

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Ann Baker [mailto:anni@wbeco.net]  
**Sent:** Wednesday, May 06, 2009 4:26 PM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Re: Steigerwald 1-26

Jennifer;

I'm sorry that this one has turned into another West Bay pain in the -ss. I faxed the credit card authorization just a bit ago, and the other items that I can complete are done, and here. West Shore Engineering is taking care of the items that they can. Would you like everything in one packet, or should I just drop off the things that I can tomorrow in the morning, and then bring in the Surveying items when they come in? Either way is fine with me.

Thanks so much. Sorry to dump all of this on you as soon as you get back after sick leave!

Anni Baker  
Production  
West Bay Exploration Company

----- Original Message -----

**From:** "Jennings, Jennifer (DEQ)" <JENNINGSJ@michigan.gov>  
**To:** <tim@wbeco.net>; "Ann Baker" <anni@wbeco.net>  
**Cc:** "Waldo, Bruce (DEQ)" <WALDOB@michigan.gov>; "Danyluk, Walter (DEQ)" <DANYLUKW@michigan.gov>; "Duszynski, James (DEQ)" <DUSZYNSKIJ@michigan.gov>; "Bricker, Mike (DEQ)" <BRICKERM@michigan.gov>; "Fitch, Hal (DEQ)" <FITCHH@michigan.gov>  
**Sent:** Wednesday, May 06, 2009 12:01 PM  
**Subject:** Steigerwald 1-26

Tim-

West Bay Exploration has submitted documents to revise the location for the proposed Steigerwald 1-26 well. It is currently permitted under PN 59764. Once a location is permitted, any change to the location requires a new permit and additional application fee. Please submit the fee so we can get a new application entered into our system.

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terminated upon issuing a permit for the new location -Supplemental Plat: points out several houses using house numbers, please show numbers on map -EIA #A3: reference Compulsory Pooling Order 04-2009 -EIA #B5a: please add a comment referencing that the complete list of buildings, fresh water wells, public roads, power lines, and other man made features within 600' of the site can be found on the supplemental plat.  
-Soil Erosion and Sediment Control Plan: new plan needs to be submitted, CEA needs to be sent updated copies  
-BOP: needed for a complete application  
-Landowner Notification: needed for new location -County Clerk Notification: needed for new location

Thank you,

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov



**Jennings, Jennifer (DEQ)**

---

**From:** InterScan MSS Notification [coreosmtp1@Michigan.gov]  
**Sent:** Thursday, May 07, 2009 3:52 PM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Mail could not be delivered

**Attachments:** West Bay Exploration, Permit Application A090150: Steigerwald 1-26



West Bay  
Exploration, Permit A.

\*\*\*\*\* Message from InterScan Messaging Security Suite \*\*\*\*\*

The following mail could not be delivered.  
Reason: Unable to deliver message to <plajoy@canton-mi.org>.

\*\*\*\*\* End of message \*\*\*\*\*

## Jennings, Jennifer (DEQ)

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Thursday, May 07, 2009 4:01 PM  
**To:** 'plajoy@canton-mi.org'  
**Cc:** Duszynski, James (DEQ)  
**Subject:** FW: West Bay Exploration, Permit Application A090150: Steigerwald 1-26

**Attachments:** A090150 loc.pdf



A090150 loc.pdf  
(108 KB)

Resending...

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Thursday, May 07, 2009 3:18 PM  
**To:** plajoy@canton-mi.org  
**Cc:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Duszynski, James (DEQ); Bricker, Mike (DEQ); Fitch, Hal (DEQ); Tefertiller, Rex (DEQ); Snow, Mark (DEQ)  
**Subject:** West Bay Exploration, Permit Application A090150: Steigerwald 1-26

Dear Supervisor LaJoy-

The Department of Environmental Quality - Office of Geological Survey (DEQ-OGS) is in the process of reviewing the above-referenced permit application to drill an oil & gas well. Since this application is proposed to be located in a city, village, or township with a population exceeding 70,000, by statute, it is our responsibility to provide the following information to the Township of Canton:

- (a) Name and address of applicant: West Bay Exploration Company, 13685 South West Bay Shore Drive, Suite 200, Traverse City, MI 49684
- (b) Location of the proposed well- NW 1/4 of SE 1/4 of NW 1/4 of Section 26 T2S R8E.
- (c) Well name and number - Steigerwald 1-26
- (d) Proposed depth of the well - 3120 feet Total Vertical Depth (TVD), 3411 feet Measured Depth (MD). (This is a directional well: the measured depth is the total length of the well bore).
- (e) Proposed formation - Niagaran
- (f) Surface owners - Raymond and Barbara Steigerwald
- (g) Whether hydrogen sulfide gas is expected - No hydrogen sulfide (H2S) gas is expected

I've attached a copy of form EQP 7200-1 showing the location of the proposed well.

We realize that the Township of Canton may be acquainted with this project and that you may already be aware of these specific. With that in mind, OGS would like, and is required, to ask you to provide our office with any comments and recommendations pertaining to this application. We consider all such comments and recommendations in our review of these applications. If there may be any issues that you would like to have added significance and possibly incorporated into our permit conditions, please feel free to let myself and Bruce Waldo, Senior Geologist, SE Michigan District, know.

OGS will allow 10 days for the Canton Township Supervisor to comment.

Thank you,

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

## Jennings, Jennifer (DEQ)

---

**From:** Tim Faas [tim.faas@canton-mi.org]  
**Sent:** Friday, May 08, 2009 9:33 AM  
**To:** Michael O'Callaghan  
**Cc:** Phil LaJoy; Jennings, Jennifer (DEQ)  
**Subject:** Steigerwald 1-26 Oil & Gas Well (Application #A090150)

Mr. O'Callaghan

Late yesterday we received a notice from the MDEQ regarding the permit filed by West Bay Exploration for the above oil & gas well. I have examined the application and it appears to be very similar to the last permit; however, the applicant is moving the well location thirteen feet to the south. The new location will be out of the influence of the deck of the home on Woodwind that you raised a concern over previously.

If you have any questions, or concerns, regarding the permit, those must be filed on/or before May 17th, 2009. The geologist reviewing the permit application would be happy to field those concerns. Her contact information is below.

Jennifer Jennings  
(517) 335-0432  
jenningsj@michigan.gov

Thanks!

TIM

**Jennings, Jennifer (DEQ)**

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, June 03, 2009 2:26 PM  
**To:** 'tim@wbeco.net'  
**Cc:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ); Duszynski, James (DEQ); Bricker, Mike (DEQ)  
**Subject:** West Bay application A090150: Steigerwald 1-26

Tim-

This email is to notify West Bay that application A090150 for the proposed Steigerwald 1-26 well is being tolled, pending compulsory pooling of minerals in the proposed drilling unit, and also pending return of PN 59764 with request to terminate the permit upon issuance of a permit for this application.

This notification meets the requirements of Act 324 of 2005.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

**Jennings, Jennifer (DEQ)**

---

**From:** Fitch, Hal (DEQ)  
**Sent:** Tuesday, June 09, 2009 1:21 PM  
**To:** Linteau, Carol (DEQ)  
**Cc:** Sygo, Jim (DEQ); Ruswick, Frank (DEQ); McCord, Nikki (DEQ)  
**Subject:** RE: Canton Twp - oil/gas well

West Bay reapplied for a location 13 feet away from the original, which more than meets the setback requirement. We notified the township of the application, and they forwarded the information to the complainant, Mr. O'Callaghan. We have not received any comments from either the township or the complainant.

However, the application has been tolled because not all of the mineral owners in the 80-acre drilling unit are pooled (i.e., incorporated into the unit either by lease or other voluntary agreement, or by a compulsory pooling order). We had issued a compulsory pooling order previously, but it expired and West Bay did not request an extension in time. We have not heard anything further from West Bay, but we anticipate they may file a petition for another compulsory pooling order, unless they can come to some agreement with the mineral owner holdout(s).

Hal

---

**From:** Linteau, Carol (DEQ)  
**Sent:** Tuesday, June 09, 2009 12:33 PM  
**To:** Fitch, Hal (DEQ)  
**Cc:** Sygo, Jim (DEQ); Ruswick, Frank (DEQ); McCord, Nikki (DEQ)  
**Subject:** Canton Twp - oil/gas well

Hal, what is the status on this issue and permit?

Carol Linteau  
DEQ Legislative Director  
517.241.7396

**Jennings, Jennifer (DEQ)**

---

**From:** tim baker [timb46@hotmail.com]  
**Sent:** Thursday, July 16, 2009 12:00 PM  
**To:** Jennings, Jennifer (DEQ); Fitch, Hal (DEQ)  
**Cc:** Anni Baker; Jeff Schwartz  
**Subject:** FW: West Bay Exploration Company Request for Lease  
**Attachments:** 20090714172140668.pdf

Hal and Jennifer;

Attached please find a copy of the signed agreement approving the lease (pooling ) for the final lease on the Stegierwald (Canton Twp) well. I believe this will allow us to receive the Drilling permit given all other requirements have been satisfied. Will there still be a public hearing required in the Township? Please let me know your view.

Thank you,

Tim

---

**From:** Gotch616@aol.com  
**Date:** Thu, 16 Jul 2009 11:13:24 -0400  
**Subject:** Fwd: FW: West Bay Exploration Company Request for Lease  
**To:** timb46@hotmail.com

---

**From:** WHorn@mmbjlaw.com  
**To:** jeff@eqi.tc, gotch616@aol.com  
**Sent:** 7/15/2009 7:23:36 A.M. Eastern Daylight Time  
**Subj:** FW: West Bay Exploration Company Request for Lease

Good news.

---

**From:** Rene Johnson [mailto:Rene.Johnson@ahmsi3.com]  
**Sent:** Tuesday, July 14, 2009 6:26 PM  
**To:** William A. Horn  
**Cc:** Jeanette White  
**Subject:** RE: West Bay Exploration Company Request for Lease  
**Importance:** High

The Original is being overnighted to your attention.

Regards'

Rene' M. Johnson  
 Paralegal - Litigation Management  
 AMERICAN HOME MORTGAGE SERVICING INC.  
 \*\*\*Please note New Address as of June 29, 2009\*\*\*  
 1525 S. BELTLINE ROAD  
 COPPELL, TEXAS 75019  
 Main 469-645-3196  
 Fax: 469.648.3858  
[Rene.Johnson@ahmsi3.com](mailto:Rene.Johnson@ahmsi3.com)

8/14/2009

=====  
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 =====

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**From:** William A. Horn [mailto:WHorn@mmbjlaw.com]  
**Sent:** Tuesday, June 30, 2009 1:40 PM  
**To:** Jeanette White; Rene Johnson  
**Cc:** Jeff Schwartz; Wood-Wagner, Kathleen  
**Subject:** RE: West Bay Exploration Company Request for Lease

Ms. White and Ms. Johnson,  
 Attached is a Notice of Hearing pertaining to the pooling proceeding for the oil and gas interest owned or held by AHMS. Please give me a call and I will explain what is going on and how you can avoid the need to participate in the hearing. Thanks.



**William A. Horn**  
**Mika Meyers Beckett & Jones PLC**  
 900 Monroe Avenue NW  
 Grand Rapids, MI 49503  
 Tel: 616-632-8000  
[mmbjlaw.com](http://mmbjlaw.com)

Direct Phone/Fax: 616-632-8016  
 E-mail: [whorn@mmbjlaw.com](mailto:whorn@mmbjlaw.com)  
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**From:** Wood-Wagner, Kathleen [mailto:kathleen.woodwagner@citi.com]  
**Sent:** Friday, June 05, 2009 5:47 PM  
**To:** William A. Horn; 'Jeanette White'; 'Rene Johnson'  
**Cc:** Jeff Schwartz  
**Subject:** RE: West Bay Exploration Company Request for Lease

Thank you for that information. By copy of this email I'm advising my colleagues at American Home Mortgage Servicing Inc of this information. I had already forwarded your letter and pleadings.

Jeanette White – [jeanette.white@ahmsi3.com](mailto:jeanette.white@ahmsi3.com) (Attorney)  
 Rene Johnson – [rene.johnson@ahmsi3.com](mailto:rene.johnson@ahmsi3.com) (paralegal)

*Kathy Wood-Wagner*  
 Citibank, NA - Sr. Counsel-Litigation  
 CBCA-771-D  
 17400 Brookhurst Street, Suite 201  
 Fountain Valley, Ca. 92708

8/14/2009



714-593-5351 Direct  
 714-965-4013 Fax  
[kathleen.woodwagner@citi.com](mailto:kathleen.woodwagner@citi.com)

**From:** William A. Horn [mailto:WHorn@mmbjlaw.com]  
**Sent:** Friday, June 05, 2009 2:41 PM  
**To:** Wood-Wagner, Kathleen [LEGL]  
**Cc:** Jeff Schwartz  
**Subject:** West Bay Exploration Company Request for Lease

Kathleen,

Thank you for responding to my letter about the pooling order. The street address for the property is: 42263 Palmer Road, Canton, Michigan. The borrowers' last name is Hawes. Please let me know to whom you will be forwarding my request so that I may follow up if I do not hear anything. Thanks.

**MMB&J**

**William A. Horn**

**Mika Meyers Beckett & Jones PLC**

900 Monroe Avenue NW

Grand Rapids, MI 49503

Tel: 616-632-8000

[mmbjlaw.com](http://mmbjlaw.com)

Direct Phone/Fax: 616-632-8016

E-mail: [whorn@mmbjlaw.com](mailto:whorn@mmbjlaw.com)

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Snoop, Lil Wayne, Lady GaGa -- land the fix you need for this summer's biggest tours. [Tourtracker.com](http://Tourtracker.com)

Lauren found her dream laptop. [Find the PC that's right for you.](#)

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
SUPERVISOR OF WELLS

---

IN THE MATTER OF: )  
)  
THE PETITION OF WEST BAY EXPLORATION )  
COMPANY FOR THE COMPULSORY POOLING )  
OF ALL TRACTS AND INTERESTS WITHIN A )  
40-ACRE UNIT CONSISTING OF THE NE 1/4 OF ) CAUSE NO. 07-2009  
THE NW 1/4, SECTION 26, TOWN 2 SOUTH, )  
RANGE 8 EAST, WAYNE COUNTY, MICHIGAN. )  
\_\_\_\_\_ )

William A. Horn (P33855)  
Mika Meyers Beckett & Jones PLC  
Attorneys for Petitioner West Bay Exploration Company  
900 Monroe Avenue, NW  
Grand Rapids, MI 49503  
(616) 632-8000  
\_\_\_\_\_ )

**STIPULATION FOR ENTRY OF CONSENT ORDER**

Petitioner, West Bay Exploration Company ("West Bay"), and Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriqwest Mortgage Securities, Inc., Series 2002-A, hereby agree and stipulate as follows:

1. West Bay has applied for a permit to drill a well (the Steigerwald #1-26 Well) into the Guelph Dolomite/Ruff formation underlying the following described lands (hereinafter the "Proposed Unit"):

Northeast 1/4 of the Northwest 1/4, Section 26, Town 2 South, Range 8 East, Wayne County, Michigan.

2. West Bay owns or controls, and has the right to develop and operate under currently effective oil and gas leases 39.343 acres within the proposed drilling unit. A total of .657 acres

within the proposed drilling unit are unleased. As of the date of this Petition, the identity of the unleased owner is as follows:

<u>Name</u>	<u>Legal Description</u>	<u>Gross Acres</u>	<u>Net Acres</u>
Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities Inc., Series 2002-A, c/o American Home Mortgage Servicing Inc. 1525 S. Beltline Road Coppell, TX 75019	Lot 2 of the Walling Subdivision as recorded at Liber 90, Page 20 of Plats, Wayne County Register of Deeds	0.657	0.657
<b>Total:</b>		<b>0.657</b>	<b>0.657</b>

3. While West Bay has made numerous attempts to obtain an agreement with Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A with regard to obtaining a lease of the interest, the parties have been unable to reach an agreement.

4. Compulsory pooling of interests is necessary so as not to deprive West Bay and the other mineral owners of the opportunity to recover their just and equitable share of the oil or gas in the pool.

5. The proposed well is being drilled based on geological and geophysical data, and it is reasonable to postulate that the proposed unit represents an area of Niagaran reefing.

6. West Bay should be designated as the operator of the Steigerwald #1-26 well.

7. The reasonable estimated cost of drilling will be \$632,700; the cost of completing the well will be \$261,220; and the cost of equipping the well will be \$313,000.

8. The risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of wells, supports additional compensation to be assessed of 300 percent for drilling costs, 150 percent for completing costs and 25 percent for equipping costs for the Steigerwald #1-26 well.

9. West Bay and Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A agree that the Supervisor may enter a Consent Order in the form attached hereto and that no further hearing or proceeding need be held in this matter.

Respectfully submitted,

MIKA MEYERS BECKETT & JONES PLC  
Attorneys for Petitioner West Bay Exploration  
Company

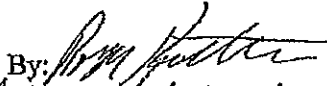
Dated: \_\_\_\_\_

By:

\_\_\_\_\_  
William A. Horn (P33855)  
900 Monroe Avenue, NW  
Grand Rapids, MI 49503  
(616) 632-8000

AMERICAN HOME MORTGAGE SERVICING,  
INC.  
As Attorney-In-Fact for Deutsche Bank National  
Trust Company f.k.a. Bankers Trust Company of  
California, N.A., as Trustee, in trust for registered  
Holders of Ameriquest Mortgage Securities, Inc.,  
Series 2002-A

Dated: JULY 14, 2009

By:   
ROGER KISTNER

Its: ASSISTANT VICE PRESIDENT

**Jennings, Jennifer (DEQ)**

---

**From:** Shimko, Kristine (DEQ)  
**Sent:** Tuesday, July 21, 2009 11:44 AM  
**To:** 'Ann Baker'  
**Cc:** Tefertiller, Rex (DEQ); Jennings, Jennifer (DEQ)  
**Subject:** RE: Jennings/Steigerwald  
**Attachments:** JENNINGS 1-32.pdf; STEIGERWALD 1-26.pdf

Hello Anni-

I've attached the correspondence that is requiring further 303 spacing information for the Jennings 1-32.

I've also attached the notice of the compulsory pooling hearing (Aug 11, 2009) for the Steigerwald 1-26. A determination whether the permit will/will not be issued follows the hearing.

Kristy

---

**From:** Ann Baker [mailto:[anni@wbeco.net](mailto:anni@wbeco.net)]  
**Sent:** Tuesday, July 21, 2009 9:17 AM  
**To:** Jennings, Jennifer (DEQ)  
**Cc:** Shimko, Kristine (DEQ)  
**Subject:** Jennings/Steigerwald

Good Morning Jennifer!

We're wondering, when the permit for the Jennings #1-32 might be issued, or the Steigerwald # 1-26, now that the Consent Order for Compulsory Pooling has been issued for the Steigerwald. Thanks so very much.

We just need to know as we can let the drilling rig go if we don't have somewhere for him to go.

You've all been most helpful with all of these, and we appreciate it so very much. Thanks

Anni Baker  
Production / Permitting  
West Bay Exploration Company

**Jennings, Jennifer (DEQ)**

---

**From:** Maul, Sue (DEQ)

**Sent:** Tuesday, August 11, 2009 2:38 PM

**To:** Jennings, Jennifer (DEQ); Duszynski, James (DEQ)

**Subject:** Steigerwald 1-26 well

FYI: Hal just signed the Order granting West Bay's Petition to compulsory pool interests into the drilling unit of the Steigerwald 1-26 well in Canton Twp. Jo will be making copies to distribute.

## **Jennings, Jennifer (DEQ)**

---

**From:** Danyluk, Walter (DEQ)  
**Sent:** Wednesday, August 12, 2009 9:03 AM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

I don't understand you comments? We just did the electronic field review in T drive???

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253) danylukw@michigan.gov

-----Original Message-----

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Tuesday, August 11, 2009 4:01 PM  
**To:** Danyluk, Walter (DEQ); Waldo, Bruce (DEQ)  
**Cc:** Duszynski, James (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

Walt & Bruce-

Here is the field review and transmittal form for the Steigerwald 1-26 application (A090150). It has the correct dates and location. We don't have the electronic version of the field review for the currently permitted location (PN 59764). When a permit is issued, we print a hardcopy of the field review form and put it in the permit file. We don't keep the electronic versions of the field reviews once a permit has been issued.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Danyluk, Walter (DEQ)  
**Sent:** Tuesday, August 11, 2009 3:55 PM  
**To:** Waldo, Bruce (DEQ)  
**Cc:** Duszynski, James (DEQ); Jennings, Jennifer (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

The field review has to reflect the 14' move and have a current date.

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253) danylukw@michigan.gov

-----Original Message-----

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Tuesday, August 11, 2009 3:01 PM  
**To:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ)  
**Cc:** Duszynski, James (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

Walt and Bruce-

The CPOOL order has been issued for the new location of the Steigerwald 1-26. I need to have field approval prior to issuing this permit. Please advise.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Waldo, Bruce (DEQ)

Sent: Tuesday, May 12, 2009 8:42 AM  
To: Jennings, Jennifer (DEQ)  
Cc: Danyluk, Walter (DEQ)  
Subject: RE: West Bay Application A090150: Steierwald 1-26

I don't believe another field review is necessary. I went there yesterday, just to check that there were no further developments. As the stake has only been moved about 14 ft. and the pad has already been clearcut, another review is unwarranted.

-----Original Message-----

From: Jennings, Jennifer (DEQ)  
Sent: Friday, May 08, 2009 9:08 AM  
To: Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Duszynski, James (DEQ); Tefertiller, Rex (DEQ); Snow, Mark (DEQ)  
Subject: West Bay Application A090150: Steierwald 1-26

Bruce-

This application is ready for field review. Please note the following:

- New location for Steigerwald 1-26; PN 59764 to be terminated after this permit is issued.
- Compulsory Pooling Order 04-2009 for PN 59764 expired Monday, 5-4-09, so West Bay doesn't have mineral rights under the existing permit. West Bay will seek a new compulsory pooling order.
- Application was originally submitted with many documents and the fee missing. Tim Baker dropped off revisions yesterday, including a signed front page. Additionally, the fee was faxed on a credit card form & is being processed.
- Canton Township Supervisor Phil LaJoy has been notified of the application details, due to Canton Twp having a population greater than 70,000.

Please let me know if you have any concerns regarding this application.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov



**Jennings, Jennifer (DEQ)**

**From:** Ann Baker [anni@wbeco.net]  
**Sent:** Thursday, August 13, 2009 1:31 PM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Re: Steigerwald  
**Attachments:** August 13 permit termination.doc

----- Original Message -----

**From:** Jennings, Jennifer (DEQ)  
**To:** Ann Baker  
**Sent:** Thursday, August 13, 2009 11:43 AM  
**Subject:** RE: Steigerwald

Anni-

I am processing the application as we speak. One thing that I know is still needed is a written request from West Bay to terminate the existing permit (PN 59764). This can be done via email. I cannot issue the new permit until we've received this request.

I will let you know if there is anything else needed.

Jennifer A. Jennings  
 Geologist - Permit Reviewer  
 DEQ-OGS, Permits & Bonding  
 (517)335-0432  
 jenningsj@michigan.gov

---

**From:** Ann Baker [mailto:anni@wbeco.net]  
**Sent:** Thursday, August 13, 2009 11:35 AM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Steigerwald

Good Morning;  
 Tim asked me to find out if the Steigerwald permit has been issued, as the hearing was set for the 11th, and I see that it was approved? We have a couple of people hot on this one. Thanks!

Anni Baker  
 Production / Permitting  
 West Bay Exploration Company

Thanks so much! I attached the "formal" letter, and have one in the mail addressed on West Bay letterhead.

At the moment, this is all. However, I've got some new ones for Jackson coming in a week or so...Looks like Sheridan/Marengo all over again. Busy, busy.....

Anni Baker  
 Production / Permitting  
 West Bay Exploration Company

8/13/2009

August 13, 2009

Michigan DEQ  
ATTN: Ms Jennifer Jennings  
Geological Survey Division  
Permits and Bonding Unit  
PO Box 30256  
Lansing, MI 49684

RE: Steigerwald (PN 59764)

Dear Ms. Jennings:

I am in receipt of your e-mail dated August 13, 2009, requesting termination of the above referenced permit. West Bay waited upon approval of the compulsory pooling, prior to asking for a termination of the existing permit.

At this time, West Bay Exploration respectfully requests termination of Permit #59764, upon issuance of a new permit for the Steigerwald #1-26, given the approval of the compulsory pooling on August 11, 2009.

If you have any questions, please give me a call at 517-223-4011.


Sincerely,

Ann M Baker  
Operations Office

**Wood, Kimberly (DEQ)**

**From:** Marinangeli, Lois (DEQ)  
**Sent:** Friday, May 08, 2009 11:50 AM  
**To:** Wood, Kimberly (DEQ)  
**Cc:** Jennings, Jennifer (DEQ)  
**Subject:** A090150

Kim,  
 Jennifer gave me the permit number for this payment. Can you please contact Mr. Baker and have him update the credit card form he is using. He is still sending it in with an incorrect CVV2 number (he shows 559 and it's really 054). I happened to remember it this time, but we should have the correct info on his form.  
 Thanks!

<b>Payment Application:</b>	STATE DEQ O AND G WELL 8008120928
<b>Payment Status:</b>	Payment Success
<b>Confirmation Number:</b>	09050816517763
<b>Payment Date:</b>	5/8/2009
<b>Billing Address:</b>	TIMOTHY L BAKER WEST BAY EXPLORATION CO 13685 SOUTH WEST BAY SHORE SUITE 200 TRAVERSE CITY, MI 49684 (517) 223-4011
<b>Payment Method:</b>	Credit Card  TIMOTHY L BAKER WEST BAY EXPLORATION CO x0777 02/10
<b>Payment Amount:</b>	\$300.00
<b>Total Amount:</b>	\$300.00
<b>Reference:</b>	A090150 STEIGERWALD #1-26

*Saw*

5/8/2009

**West Bay  
Exploration**  
company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

---

April 28, 2009

Michigan DEQ  
Geological Survey-Permits and Bonding  
PO Box 30256  
Lansing, MI 48909

RE: Steigerwald #1-26

To Whom It May Concern;

Enclosed, please find the existing permit, as well as the survey, and associated forms, showing a new surface location for the Steigerwald well.

We have been working with Canton Township, regarding the plans for construction and site work,(as well as restoration of the site) and have been able to come to an agreement. The requested Wetlands Permit has been received as of March 10, 2009. (Copy enclosed) With all of these requirements in mind, we are requesting that a new drilling permit be issued.

If you have any questions regarding this permit application, please give us a call at 517-223-4011.

Sincerely



Timothy L. Baker  
Operations Manager

**PART 615 - DRILLING PERMIT APPLICATION FLOW SHEET**

Application number <b>A090150</b>	Date application received <b>5-7-09</b>	+ 5 days Date to send to field <b>5-12-09</b>
Applicant <b>West Bay Exp Company</b>	Company No. <b>104</b>	+ 25 days Adm complete <b>6-6-09</b>
Well Name & No. <b>Steigerwald 1-26</b>	Revision date	+ 20 days Permit decision <b>6-26-09</b>
<input type="checkbox"/> New Company	Pre-revision app no.	Days tolled
<input checked="" type="checkbox"/> Correct address and phone number		New date for permit dec.
<input type="checkbox"/> State Surface Date e-mailed to FMFM		
<input type="checkbox"/> Horizontal - no fee <input type="checkbox"/> Drilling or Deepening <input type="checkbox"/> Check #, Bank, City _____		

**INITIAL REVIEW**

Reviewer: Jon Jennings

<input checked="" type="checkbox"/> Admin complete application	<input checked="" type="checkbox"/> EQP 7200-1	<input checked="" type="checkbox"/> EQP 7200-2	<input checked="" type="checkbox"/> Supplemental plat	<input checked="" type="checkbox"/> BOP diagram	<input checked="" type="checkbox"/> Full dring unit
	<input checked="" type="checkbox"/> EIA	<input checked="" type="checkbox"/> Notice to landowner	<input checked="" type="checkbox"/> Directional plan	<input checked="" type="checkbox"/> Soil erosion	<input checked="" type="checkbox"/> Proper spacing
	<input checked="" type="checkbox"/> Notice to Co Clerk	<input type="checkbox"/> Inj. well supplements	<input type="checkbox"/> Antrim EIA	<input type="checkbox"/> H <sub>2</sub> S cont plan	<input checked="" type="checkbox"/> Has surf rights
	<input checked="" type="checkbox"/> Valid bond No. <b>00704181</b>		<input checked="" type="checkbox"/> Blanket	<input type="checkbox"/> Single	<input type="checkbox"/> Half
<input checked="" type="checkbox"/> Natural Features	<input checked="" type="checkbox"/> No match found <input type="checkbox"/> Match found    Program _____				
	<input checked="" type="checkbox"/> Application activity entered    Personnel contacted _____				
<input checked="" type="checkbox"/> Distribution	Area geologist: <input type="checkbox"/> Cadillac <input type="checkbox"/> Gaylord <input type="checkbox"/> Lansing <input checked="" type="checkbox"/> SE MI <input type="checkbox"/> Saginaw Bay <input type="checkbox"/> Kalamazoo				
	District geologist: <input type="checkbox"/> Cadillac <input checked="" type="checkbox"/> Lansing <input type="checkbox"/> Saginaw Bay <b>Bruce Waldo</b>				
	<input type="checkbox"/> Copy sent to local emergency coord				
	<input type="checkbox"/> Confidential, copy provided to PGP				
	<input checked="" type="checkbox"/> Application activities entered				
	Date sent to field <b>5-8-09</b>				

**REVIEW FOR COMPLETE AND ACCURATE INFORMATION**

Reviewer: Jon Jennings

<input checked="" type="checkbox"/> Location	<input type="checkbox"/> 7200-1 deficiencies or conflicts	<input type="checkbox"/> 7200-2 deficiencies or conflicts	<input checked="" type="checkbox"/> Zoning <b>Residential</b>	Residential zoning date: <b>01/1996</b>	
	<input checked="" type="checkbox"/> Posted on map <input type="checkbox"/> Special management area or wellhead protection zone				
<input checked="" type="checkbox"/> Drilling Unit <i>CPool is exp. 04-2009</i>	Well type: <input checked="" type="checkbox"/> Oil/Gas <input checked="" type="checkbox"/> Complete drilling unit		<input checked="" type="checkbox"/> Unleased interests		
	<input checked="" type="checkbox"/> General Rule	<input type="checkbox"/> S.O. 1-73 <input type="checkbox"/> S.O. 1-86	<input checked="" type="checkbox"/> Field spacing order <b>CPool 04-2009</b>		
	<input type="checkbox"/> (A) 14-9-94	<input type="checkbox"/> USP Request	<input type="checkbox"/> Approved USP <b>expired 5-4-09</b>		
	<input type="checkbox"/> 303 (2)	<input type="checkbox"/> USP density	<input type="checkbox"/> 1320' Conflicts		
	<input type="checkbox"/> Spacing problems	<input type="checkbox"/> Administrative approval	<input checked="" type="checkbox"/> Hearing petition <b>Order 07-2009</b>		
<input checked="" type="checkbox"/> Injection wells	Well type: <input type="checkbox"/> BDW <input type="checkbox"/> Gas storage <input type="checkbox"/> Secondary recovery				
	<input type="checkbox"/> Supplemental survey, all producing/plugged wells within 1320'		<input type="checkbox"/> All records of wells within 1320'		
	<input type="checkbox"/> 7200-14 complete		<input type="checkbox"/> No migration of inj fluids into wells within area of review		
	<input type="checkbox"/> Inj pressure below fracture gradient		<input type="checkbox"/> Injection into a producing pool		
	<input type="checkbox"/> Deficiencies				
<input checked="" type="checkbox"/> Ownership	<input checked="" type="checkbox"/> Private surface		<input checked="" type="checkbox"/> Private minerals		
	<input type="checkbox"/> State surface		<input type="checkbox"/> State minerals    State lease number _____		
	<input type="checkbox"/> Federal surface		<input type="checkbox"/> Federal minerals		
	<input type="checkbox"/> Deficiencies				
<input checked="" type="checkbox"/> H <sub>2</sub> S	<input checked="" type="checkbox"/> Received H <sub>2</sub> S Determination		<input checked="" type="checkbox"/> Sweet		<input type="checkbox"/> Sour, Class _____
	<input type="checkbox"/> Contingency plan enclosed		<input type="checkbox"/> Deficiencies		
<input checked="" type="checkbox"/> Casing & Sealing	<input checked="" type="checkbox"/> Rotary		<input type="checkbox"/> Combination		<input type="checkbox"/> Cable
	<input checked="" type="checkbox"/> Surface adequate R 408		<input type="checkbox"/> BOP adequate		<input checked="" type="checkbox"/> Proper hole/casing size R 410(4)
	<input type="checkbox"/> Int csg S.O. 2-73		<input type="checkbox"/> 30% exception		<input type="checkbox"/> Short int exception
	<input type="checkbox"/> Through gas storage R 417		<input type="checkbox"/> Notice to storage operator		<input type="checkbox"/> LS csg, meets R 410(3)
	<input type="checkbox"/> Deficiencies				
<input checked="" type="checkbox"/> EIA review <b>14/9</b> <b>247</b>	Features < 1320': <input type="checkbox"/> Wetland <input type="checkbox"/> Endangered specie <input type="checkbox"/> Natural river <input type="checkbox"/> Critical dune				
	<input type="checkbox"/> Surface Water <input type="checkbox"/> Floodplain <input type="checkbox"/> Great Lake less than 1500'				
	Man made features: <input type="checkbox"/> Residence < 300' <input type="checkbox"/> Private ww < 300' <input type="checkbox"/> Public ww < 800 or 2000'				
	<input type="checkbox"/> Need additional information				
<input checked="" type="checkbox"/> Reconcile Field & Lansing review	<input checked="" type="checkbox"/> Tolled, Date <b>6-3-09</b> Reason <b>Need CPool, terminated PN 99704</b>				
	<input type="checkbox"/> Technical Deficiency, Date _____ Reason _____				
	<input checked="" type="checkbox"/> Adm Complete, Date <b>8-14-09</b> Reason _____				
	<input checked="" type="checkbox"/> Lansing staff recommend issuance    Date <b>8-14-09</b>				
	<input type="checkbox"/> Denial recommended to Division Chief    Date _____				
	<input type="checkbox"/> Previously drilled wells at this surface location    API# 11th, 12th digits _____				

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY

**ORDER OF THE SUPERVISOR OF WELLS**

IN THE MATTER OF

THE PETITION OF WEST BAY EXPLORATION )  
COMPANY FOR AN ORDER FROM THE )  
SUPERVISOR OF WELLS FORMING A FULL ) ORDER NO. 07-2009  
GUELPH DOLOMITE/RUFF FORMATION DRILLING )  
UNIT BY COMPULSORY POOLING ALL )  
INTERESTS INTO THE DRILLING UNIT. )

**OPINION AND ORDER**

This case involves the Petition of West Bay Exploration Company (Petitioner). The Petitioner proposes to drill and complete a well for oil and gas exploration (the Steigerwald 1-26 well) within a drilling unit in the stratigraphic interval known as the Guelph Dolomite/Ruff Formation (formerly known as the Niagaran and Salina Formations). Under R 324.301, the drilling unit size for a Guelph Dolomite/Ruff Formation well in Wayne County is 40 acres. Since not all of the mineral owners within the proposed drilling unit have agreed to voluntarily pool their interests, the Petitioner seeks an Order of the Supervisor of Wells (Supervisor) designating Petitioner as operator of the 40-acre drilling unit and requiring compulsory pooling of all tracts and interests within that geographic area for which the owners have not agreed to voluntary pooling. The Proposed Unit consists of the NE 1/4 of NW 1/4 of Section 26, T2S, R8E, Canton Township, Wayne County, Michigan.

**Jurisdiction**

The development of oil and gas in this state is regulated under Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). MCL 324.61501 *et seq.* The purpose of Part 615 is to ensure the orderly development and production of the oil and gas resources of this state. MCL 324.61502. To that end, the Supervisor may establish drilling units and compulsorily pool mineral interests within said units. MCL 324.61513(2) and (4). However, the formation of drilling units by compulsory pooling of interests can only be effectuated after an evidentiary hearing. 1996 MR 9, R 324.302 and R 324.304. The evidentiary hearing is

governed by the applicable provisions of the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et seq.* See 1996 MR 9, R 324.1203. R 324.1205(6) provides that the parties to a matter within the jurisdiction of the Supervisor may agree to dispose of all or a part of the matter at issue by stipulation and consent order. There are only two parties to this matter, Petitioner and the unleased owner, Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, by its attorney-in-fact American Home Mortgage Servicing Inc. Petitioner and American Home Mortgage Servicing Inc. have entered into a stipulation for entry of this Order.

### FINDINGS OF FACT

Petitioner specifically requests that the Supervisor issue an Order that:

1. Requires compulsory pooling of all tracts and mineral interests within the proposed drilling unit that have not agreed to voluntary pooling.
2. Names Petitioner as operator of the Steigerwald 1-26 well.
3. Authorizes Petitioner to recover certain costs and other additional compensation from the parties subject to the compulsory pooling order.

The Supervisor finds that the notice of hearing was properly served and published. Pursuant to stipulation entered into between Petitioner and American Home Mortgage Servicing Inc., the parties have stipulated to the entry of this Order.

#### I. Drilling Unit

The spacing of wells targeting the Guelph Dolomite/Ruff Formation in Wayne County is governed by R 324.301. This Order establishes drilling units of 40 acres, more or less, consisting of a governmental surveyed quarter-quarter section of land with allowances being made for the differences in the size and shape of sections. Under 1996 MR 9, R 324.301, it is presumed that one well will efficiently and economically drain the entire unit of hydrocarbons. The Petitioner's proposed drilling unit is described as the NE 1/4 of NW 1/4 of Section 26, T2S, R8E, Canton Township, Wayne County. I find that the proposed drilling unit is consistent with R 324.301; and, as such, it is a proper drilling unit for the proposed well.

## II. Drilling Unit Operator

The Petitioner owns or controls all oil and gas leases in the proposed drilling unit except for approximately 0.657 net mineral acres. Given this, the Petitioner seeks to be designated as the operator of the Steigerwald 1-26 well. I find, as a Matter of Fact, the Petitioner is eligible to be designated operator of the Steigerwald 1-26 well.

## III. Compulsory Pooling

Petitioner was unable to obtain the agreement of all mineral owners to gain full control of the Proposed Unit. The Petitioner may not produce a well on the drilling unit without first obtaining control of all the oil and gas interests. In cases like this, it is necessary for the Petitioner to request compulsory pooling from the Supervisor. As discussed, a mineral owner who does not agree to voluntarily pool his or her interest in a drilling unit may be subject to compulsory pooling. 1996 MR 9, R 324.304. The compulsory pooling of an interest must be effectuated in a manner that ensures "each owner...is afforded the opportunity to receive his or her just and equitable share of the production of the unit." *Id.* In addition to protecting correlative rights, the compulsory pooling must prevent waste. MCL 324.61502. An operator must first seek voluntary pooling of mineral interests within a proposed drilling unit prior to obtaining compulsory pooling through an Order of the Supervisor.

All of the owners of oil and gas interests within the proposed drilling unit agreed to voluntarily pool their interests, with the exception of 0.657 undivided net acres of mineral rights owned by Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A. Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A is not interested in leasing. However, Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, by its attorney-in-fact American Home Mortgage Servicing Inc. has stipulated to the entry of this Consent Order.



Based on the foregoing, I find, as a Matter of Fact:

1. The Petitioner was able to voluntarily pool all of the mineral interests in the proposed 40-acre Guelph Dolomite/Ruff Formation drilling unit except for the acreage described above.
2. Compulsory pooling is necessary to form a full drilling unit, to protect correlative rights of unpooled lease owners, and to prevent waste by preventing the drilling of unnecessary wells.

Now that it has been determined compulsory pooling is necessary and proper in this case, the terms of such pooling must be addressed. When pooling is ordered, the owner of the compulsorily pooled lands (Pooled Owner) is provided an election on how he or she wishes to share in the costs of the project. 1996 MR 9, R 324.1206(4). A Pooled Owner may participate in the project, or in the alternative be "carried" by the operator. If the Pooled Owner elects to participate, he or she assumes the economic risks of the project, specifically, by paying his or her proportionate share of the costs or giving bond for the payment. Whether the well drilled is ultimately a producer or dry hole is immaterial to this obligation. Conversely, if a Pooled Owner elects not to participate, the Pooled Owner is, from an economic perspective, "carried" by the operator. Under this option, if the well is a dry hole the Pooled Owner has no financial obligation because they did not assume any risk. If the well is a producer, the Supervisor considers the risks associated with the proposal and awards the operator compensation, out of production, for assuming all of the economic risks.

In order for a Pooled Owner to decide whether he or she will "participate" in the well or be "carried" by the operator, it is necessary to provide reliable cost estimates. In this regard, Petitioner must present proofs on the estimated costs involved in drilling, completing, and equipping the proposed well. Petitioner's Authorization for Expenditure (AFE) form for the Steigerwald 1-26 well (Exhibit 6 to the Petition) itemizes the estimated costs to be incurred in the drilling, completing, equipping, and plugging of the well. The estimated costs are \$632,700.00 for drilling; \$261,220.00 for completion; and \$313,000.00 for equipping. The total estimated producing well cost for the Steigerwald 1-26 well is \$1,206,920.00. *Id.* Petitioner and American Home Mortgage Servicing Inc. have stipulated

that the costs set out in the AFE are reasonable and appropriate. There is no evidence on this record refuting these estimated costs.

I find, as a Matter of Fact, the estimated costs in Exhibit 6 to the Petition are reasonable for the purpose of providing the pooled owners a basis on which to elect to participate or be carried. However, I find actual costs shall be used in determining the final share of costs and additional compensation assessed against a Pooled Owner.

The next issue is the allocation of these costs. Part 615 requires the allocation be just and equitable. MCL 324.61513(4). Petitioner and American Home Mortgage Servicing Inc. have stipulated that the proposed well is being drilled based on geological and geophysical data, and it is reasonable to postulate that the proposed unit represents an area of Niagaran reefing. The Petitioner requests the actual well costs and production from the well be allocated based upon the ratio of the number of surface acres in the tracts of various owners to the total number of surface acres in the drilling unit. Established practices and industry standards suggest this to be a fair and equitable method of allocation of production and costs. Therefore, I find, as a Matter of Fact, utilizing acreage is a fair and equitable method to allocate to the various tracts in the proposed drilling unit each tract's just and equitable share of unit production and costs. However, I find that an owner's share in production and costs should be in proportion to their net mineral acreage.

The final issue is the additional compensation for risk to be assessed against a Pooled Owner who elects to be carried. The administrative rules under Part 615 provide for the Supervisor to assess appropriate compensation for the risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of wells. 1996 MR9, R 324.1206(4)(b). Petitioner requests additional compensation of 300 percent for the costs of drilling, 150 percent of the cost of completing, and 25 percent of the cost of equipping the Steigerwald 1-26 well. Petitioner and American Home Mortgage Servicing Inc. have stipulated to the reasonableness of these amounts given the risks associated with drilling a dry hole and the mechanical and engineering risks associated with the completing and equipping of wells.

I find, as a Matter of Fact, the risk of the proposed Steigerwald 1-26 well being a dry hole supports additional compensation from the Pooled Owners of 300 percent of the actual

drilling costs incurred. The mechanical and engineering risks associated with the well support additional compensation of 150 percent of the actual completing, and 25 percent of the actual equipping costs incurred. Operating costs are not subject to additional compensation for risk.

### CONCLUSIONS OF LAW

Based on the findings of fact, I conclude, as a matter of law:

1. Petitioner was unable to voluntarily pool the mineral interests of Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A within the proposed drilling unit. The Supervisor may compulsorily pool properties when pooling cannot be agreed upon. Compulsory pooling is necessary to prevent waste and protect the correlative rights of the Pooled Owners in the proposed drilling unit. MCL 324.61513(4).

2. This order is necessary to provide for conditions under which each mineral owner who has not voluntarily agreed to pool all of their interest in the pooled unit may share in the working interest share of production. 1996 MR 9, R 324.1206(4).

3. The Petitioner is an owner within the drilling unit and, therefore, is eligible to drill and operate the Steigerwald 1-26 well. 1996 MR 9, R 324.1206(4).

4. The Petitioner is authorized to take from each nonparticipating interest's share of production the cost of drilling, completing, equipping, and operating the well, plus an additional percentage of the costs as identified in the Determination and Order section of this Order for the risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of the well. 1996 MR 9, R 324.1206(4).

5. The applicable spacing for the proposed drilling unit is 40 acres, as established by 1996 MR 9, R 324.301.

6. Petitioner and the party owning the interest to be pooled, Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, by its attorney-in-fact American Home Mortgage Servicing Inc., have stipulated to the entry of this Consent Order.

7. The Supervisor has jurisdiction over the subject matter and the persons interested therein.

8. Due notice of the time, place, and purpose of the hearing was given as required by law and all interested persons were afforded an opportunity to be heard. 1996 MR 9, R 324.1204.

#### **DETERMINATION AND ORDER**

Based on the Findings of Fact and Conclusions of Law, the Supervisor determines that compulsory pooling to form a 40-acre Guelph Dolomite/Ruff Formation drilling unit is necessary to protect correlative rights and prevent waste by the drilling of unnecessary wells.

#### **NOW, THEREFORE, IT IS ORDERED:**

1. A 40-acre Guelph Dolomite/Ruff Formation drilling unit is established for the following area: NE 1/4 of NW 1/4 of Section 26, T2S, R8E, Canton Township, Wayne County, Michigan. All properties, parts of properties, and interests in this area are pooled into the drilling unit. This pooling is for the purpose of forming a drilling unit only and neither establishes a right, nor diminishes any independent right, of the Petitioner to operate on the surface or subsurface lands of a Pooled Owner.

2. Each Pooled Owner shall share in production and costs in the proportion that their net mineral acreage in the drilling unit bears to the total acreage in the drilling unit.

3. The Petitioner is named Operator of the Steigerwald 1-26 well. The Operator shall commence the drilling of the Steigerwald 1-26 well within 90 days of the effective date of this Order, or the compulsory pooling authorized in this Order shall be null and void as to all parties and interests. This pooling Order applies to the drilling of the Steigerwald 1-26 well only.

4. A Pooled Owner shall be treated as a working interest owner to the extent of 100 percent of the interest owned in the drilling unit. The Pooled Owner is considered to hold a 1/8 royalty interest, which shall be free of any charge for costs of drilling, completing, or equipping the well, or for compensation for the risks of the well or operating the proposed well including post-production costs.

5. A Pooled Owner shall have 10 days from the effective date of this Order to select one of the following alternatives and advise the Supervisor and the Petitioner, in writing, accordingly:

a. To participate, then within 10 days of making the election (or within a later date as approved by the Supervisor), pay to the Operator the Pooled Owner's share of the estimated costs for drilling, completing, and equipping the well, or give bond to the Operator for the payment of the Pooled Owner's share of such cost promptly upon completion; and authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production, the Pooled Owner's share of the actual costs of operating the well; or

b. To be carried, then if the well is put on production, authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production:

(i) The Pooled Owner's share of the actual cost of drilling, completing, and equipping the well.

(ii) An additional 300 percent of the actual drilling costs, 150 percent of the actual completion costs, and 25 percent of the actual equipping costs

attributable to the Pooled Owner's share of production, as compensation to the Operator for the risk of a dry hole.

(iii) The Pooled Owner's share of the actual cost of operating the well.

6. In the event the Pooled Owner does not notify the Supervisor in writing of the decision within 10 days from the effective date of this Order, the Pooled Owner will be deemed to have elected the alternative described in ¶ 5(b). If a Pooled Owner who elects the alternative in ¶ 5(a) does not, within 10 days of making their election (or within any alternate date approved by the Supervisor), pay their proportionate share of costs or give bond for the payment of such share of such costs, the Pooled Owner shall be deemed to have elected the alternative described in ¶ 5(b), and the Operator may proceed to withhold and allocate proceeds for costs from the Pooled Owners' 7/8 share of production as described in ¶ 5(b)(i)(ii)&(iii).

7. For purposes of the Pooled Owners electing alternatives, the amounts of \$632,700.00 for estimated drilling costs (dry hole costs); \$261,220.00 for estimated completion costs; and \$313,000.00 for estimated equipping costs are fixed as well costs. Actual costs shall be used in determining the Pooled Owner's final share of well costs and in determining additional compensation for the risk of a dry hole. If a Pooled Owner has elected the alternative in ¶ 5(a) and the actual cost exceeds the estimated cost, the Operator may recover the additional cost from the Pooled Owner's 7/8 share of production. Within 60 days after commencing drilling of the well, and every 30 days thereafter until all costs of drilling, completing, and equipping the well are accounted for, the Operator shall provide to the Pooled Owner a detailed statement of actual costs incurred as of the date of the statement and all costs and production proceeds allocated to that Pooled Owner.

8. The Operator shall certify to the Supervisor that the following information was supplied to each pooled owner no later than the effective date of the Order:

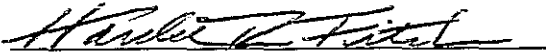
- a. The Order
- b. The AFE

c. Each Pooled Owner's percent of charges from the AFE if the Pooled Owner were to choose option "a" in ¶ 5 above. Each Pooled Owner's percentage of charges shall be based on the pooled owner's actual net mineral acreage in the drilling unit and the actual acreage in the drilling unit as a whole, as determined by survey or title opinion.

9. The Supervisor retains jurisdiction in this matter.

10. The Order is effective immediately.

DATED: *Aug. 11, 2009*

  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Geological Survey  
P.O. Box 30256  
Lansing, MI 48909

**Jennings, Jennifer (DEQ)**

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**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, November 25, 2009 8:50 AM  
**To:** Danyluk, Walter (DEQ); Waldo, Bruce (DEQ); Duszynski, James (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ)  
**Subject:** RE: Steigerwald Facility Landowner Lease

Thanks Walt, I will add these documents to the permit file.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

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**From:** Danyluk, Walter (DEQ)  
**Sent:** Wednesday, November 25, 2009 8:49 AM  
**To:** Waldo, Bruce (DEQ); Duszynski, James (DEQ); Jennings, Jennifer (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ)  
**Subject:** FW: Steigerwald Facility Landowner Lease

FYI  
P&B – info I had requested - approval for Steigerwald facility location

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253)  
danylukw@michigan.gov

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**From:** Joline Dorer [mailto:joline@wbeco.net]  
**Sent:** Wednesday, November 25, 2009 8:15 AM  
**To:** Danyluk, Walter (DEQ)  
**Subject:** Steigerwald Facility Landowner Lease

Attached please find Mrs. Steigerwald's Lease to allow us to build our facility on her property.

Also, the Surface Facility EIA has been completed, and we should be receiving it today.

Thank you,

Joline Dorer  
Safety/Operations Specialist  
West Bay Exploration  
517-223-4011



## AMENDMENT OF OIL & GAS LEASE

Whereas, under the date of June 16<sup>th</sup>, 2006, Raymond A. Steigerwald and Barbara A. Steigerwald, husband and wife of 2292 Lilley Road South, Canton, Michigan 48188, now of 8443 Mayburn Street, Dearborn Heights, Michigan 48127 as "Lessor" did execute and deliver unto Energy Quest, Inc., a Michigan corporation, whose address is 3016 Cass Road, Traverse City, MI 49684, as "Lessee", an Oil and Gas Lease recorded January 18, 2008 in Liber 46934, Page 1473 of the Wayne County, Michigan, Register of Deeds records. And whereas said Oil and Gas Lease was amended on the 5<sup>th</sup> day of February, 2009 and recorded in Liber 48120, Page 1260 of the Wayne County, Michigan, Register of Deeds records.

Said Oil and Gas Lease covers land described as follows, to wit:

### Township 2 South-Range 3 East, Canton Township

Section 26: Part of the Northwest ¼ described as beginning S 0° 13' 40" E 1485.0 feet from the North ¼ post of said section, thence S 0° 13' 40" E 165.0 feet, thence S 89° 57' 32" W 1294.91 feet, thence N 0° 17' 52" W 165.0 feet, thence N 89° 57' 32" E 1295.11 feet to the point of beginning. Containing 4.90 acres, more or less. Parcel #71-102-99-0010-001 & 71-102-99-0010-002

And, whereas said Oil and Gas Lease contains clauses and provisions that reads as follows:

19. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that any and all access to the lands described in the body of the lease, including, but not limited to power and communication lines, pipelines and roadways shall be from the West property line and via the ITC right-of-way.

20. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that all operations shall be conducted on the West 250 feet of the lands covered hereby.

Now therefore, in consideration of the premises and for the purpose of further amending said lease. The undersigned does hereby stipulate and agree that the aforesaid lease is hereby amended to allow for the placement of an access route, turnaround, load-out pad, power and communication lines and pipelines, running from Lilley Road over and across the leased premises for the purpose of accessing the well location known as the Steigerwald #1-26 Well (See attached drawing). It is understood that it is Lessee's sole responsibility to maintain said access route. Lessee further agrees to pay an access fee in the amount of \$1,000.00 to Lessor, annually on or before February 5, for so long as said land is utilized by Lessee for such purposes.

It is further understood and agreed that upon cessation of operations at the Steigerwald #1-26 well site, Lessee agrees to remove said access route, turnaround and other structures and restore said lands to as near its original condition as is reasonable and practicable.

The undersigned do hereby adopt, ratify and confirm the same lease as amended herein and except as hereby amended, or previously amended, the aforesaid Oil and Gas Lease shall remain in full force and effect as originally written.

Executed as of the 24<sup>th</sup> day of November, 2009.

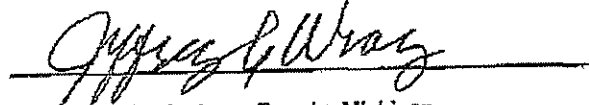
  
Barbara A. Steigerwald, a widow

ACKNOWLEDGEMENT

STATE OF MICHIGAN            }  
  } S.S.  
COUNTY OF WAYNE            }

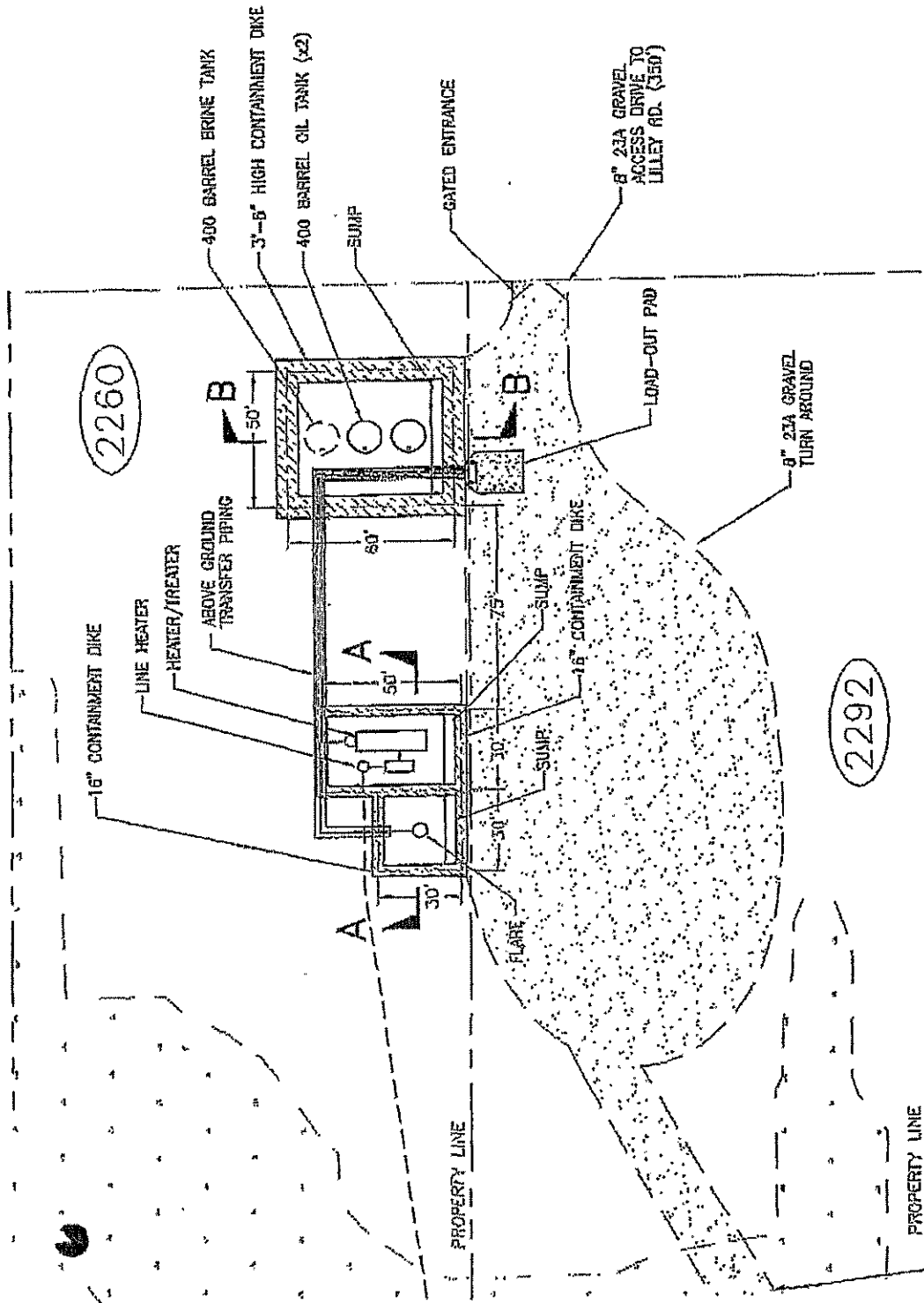
The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of November, 2009, by Barbara A. Steigerwald, a widow.

My Commission Expires: 5/15/11

  
\_\_\_\_\_  
Notary Public, Jackson County, Michigan  
Acting in Wayne County, Michigan

Prepared by: Jeffrey G. Wray, P.O. Box 4215, Jackson, MI 49204-4215

Attached to and to become a part of an Amendment of Oil and Gas Lease dated NOVEMBER 24 2009 between Barbara A. Steigerwald, a widow, as Grantor, and Energy Quest, Inc., as Grantee.



**Jennings, Jennifer (DEQ)**

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**From:** Danyluk, Walter (DEQ)  
**Sent:** Wednesday, November 25, 2009 8:51 AM  
**To:** Waldo, Bruce (DEQ); Duszynski, James (DEQ); Jennings, Jennifer (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ)  
**Subject:** FW: Steigerwald Facility Landowner Lease  
**Attachments:** scan0050.jpg; scan0051.jpg; scan0052.jpg

Second landowner approval

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253)  
danylukw@michigan.gov

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**From:** Joline Dorer [mailto:joline@wbeco.net]  
**Sent:** Wednesday, November 25, 2009 8:15 AM  
**To:** Danyluk, Walter (DEQ)  
**Subject:** Steigerwald Facility Landowner Lease

Attached please find Mrs. Steigerwald's Lease to allow us to build our facility on her property.

Also, the Surface Facility EIA has been completed, and we should be receiving it today.

Thank you,

Joline Dorer  
Safety/Operations Specialist  
West Bay Exploration  
517-223-4011

## AMENDMENT OF OIL & GAS LEASE

Whereas, under the date of January 10<sup>th</sup>, 2006, Gary Griffiths, a single man of 2280 Lilley Road South, Canton, Michigan 48188, as "Lessor" did execute and deliver unto Energy Quest, Inc., a Michigan corporation, whose address is 3016 Cass Road, Traverse City, MI 49684, as "Lessee", an Oil and Gas Lease recorded January 16, 2008 in Liber 46934, Page 1483 of the Wayne County, Michigan, Register of Deeds records. And whereas said Oil and Gas Lease was amended on the 9<sup>th</sup> day of February, 2009 and recorded in Liber 48120, Page 1263 of the Wayne County, Michigan, Register of Deeds records.

Said Oil and Gas Lease covers land described as follows, to wit:

Township 2 South-Range 8 East, Canton Township

Section 26: The North  $\frac{1}{2}$  of the North 9.79 acres of the Southeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ . Containing 4.90 acres, more or less. Parcel #71-102-99-0009-000.

And, whereas said Oil and Gas Lease contains a clause and provision that reads as follows:

19. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that any and all access to the lands described in the body of the lease, including, but not limited to power and communication lines, pipelines and roadways shall be from the West property line and via the ITC right-of-way.

20. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that all operations shall be conducted on the South 50 feet of the West 250 feet of the lands covered hereby.

Now therefore, in consideration of the premises and for the purpose of further amending said lease. The undersigned does hereby stipulate and agree that the aforesaid lease is hereby amended to allow for the placement of an access route, power and communication lines and pipelines, running from Lilley Road over and across the Raymond & Barbara Steigerwald properties (Parcel Nos. 71-102-99-0010-001 & 71-102-99-0010-002) for the purpose of accessing the well location known as the Steigerwald #1-26 Well. It is understood that it is Lessee's sole responsibility to maintain said access route. It is further understood and agreed that Lessor hereby grants the right for Lessee to construct and operate a production facility on the above-described property and to bore a flow line to connect the well to said facility (see attached drawing).

It is further understood and agreed that upon cessation of operations at the Steigerwald #1-26 well site, and the herein granted production facility location, Lessee agrees to remove said access route and all equipment placed on said lands and restore said lands to as near its original condition as is reasonable and practicable.

The undersigned does hereby adopt, ratify and confirm the same lease as amended herein and except as hereby amended, or previously amended, the aforesaid Oil and Gas Lease shall remain in full force and effect as originally written.

Executed as of the 19<sup>th</sup> day of November, 2009.

  
\_\_\_\_\_  
Gary Griffis

ACKNOWLEDGEMENT

STATE OF MICHIGAN  
COUNTY OF WAYNE

} S.S.

The foregoing instrument was acknowledged before me this 19<sup>th</sup> day of November, 2009, by Gary Griffis, a single man.

My Commission Expires: 5/15/11

  
\_\_\_\_\_  
Notary Public, Jackson County, Michigan  
Acting in Wayne County, Michigan

Prepared by: Jeffrey G. Wray, P.O. Box 4215, Jackson, MI 49204-4215

DE

WATER WELL PLUGGING RECORD  
FOR OIL & GAS WELL OPERATIONS

Prepared under authority of Part 615 Supervisor of Wells,  
of Act 451 PA 1994, as amended.  
A false statement or omission and/or falsification of this information  
may result in fines and/or imprisonment.

1. County Wayne Township CANTON  
 Surface location NW 1/4 NE 1/4 NW 1/4 Sec 26 - 28 T 8 E  
 Well name, number, and permit number of oil or gas well  
Steigerwald 1-26 ~~59~~  
 Street address & city of well (if any) 922

12. Name and address of permittee  
West Bay Exploration Co  
STE 200 13685 West Bayshore Dr  
TRAVERSE CITY MI 49684

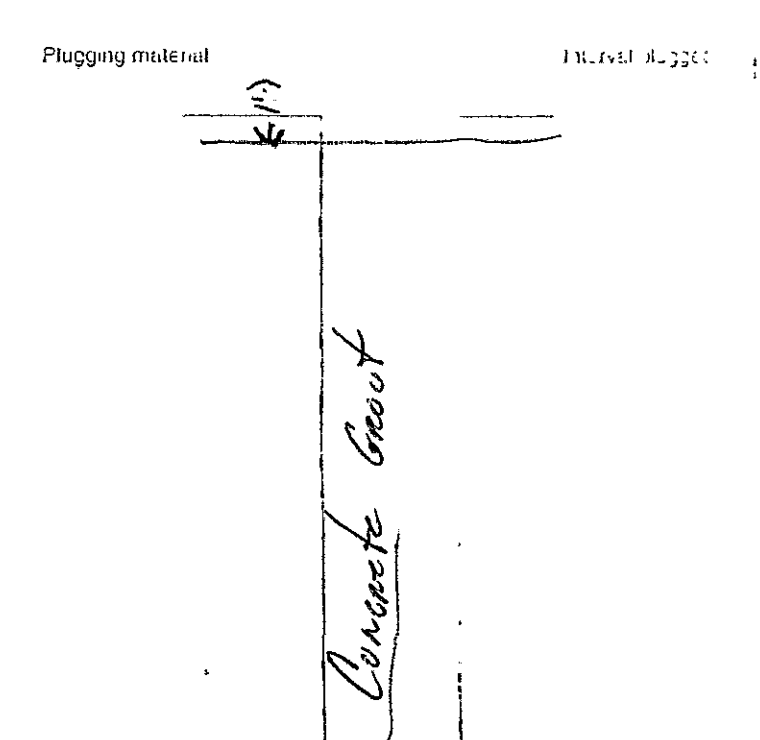
13. Drop pipe/pumping equipment removed  
 Yes  No (explain in comments)

14. Plugging material

Bentonite chips	from _____ ft. to _____ ft.	50+ bags
Bentonite pellets	from _____ ft. to _____ ft.	50+ bags
Bentonite grout	from _____ ft. to _____ ft.	50+ bags
Neat cement	from _____ ft. to _____ ft.	50+ bags
Cement grout	from <u>Surface</u> ft. to <u>103</u> ft.	<u>24</u> 50+ bags
Other	from _____ ft. to _____ ft.	50+ bags

15. Lost circulation zone materials used  Yes  No  
 Type \_\_\_\_\_ Quantity \_\_\_\_\_ Placed from \_\_\_\_\_ to \_\_\_\_\_

16. Plugging sketch:  
 Show type of plugging materials and interval plugged



**RECEIVED**  
 NOV 25 2009

OFFICE OF GEOLOGICAL SURVEY  
 PERMITS & BONDING UNIT

Well 103 ft. Date plugging completed 11/23/09

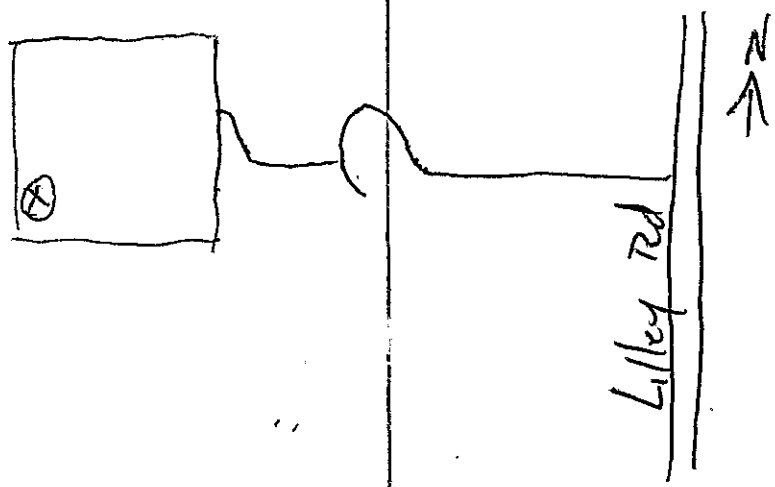
Use  Stop  Case

Reason for plugging well  
 Gas well plugged  New well drilled  
Not Used  Unrepairable

Casing material  
 Steel  Plastic  
 Other

Casing depth 83 ft. depth.  
 Casing depth 1 ft. below grade  Removed  
 Yes  No

plugged well(s) relative to buildings, drives, roads,  
 trees or landmarks on site. Include a North arrow.



Comments

STATEMENT: "This report was prepared under my  
 supervision and direction. The facts stated herein are true,  
 accurate and complete to the best of my knowledge."

Name Kate Well Drilling Inc Registration (if any) 13-1593

Address 1479 E. Mc Ave B.C. MI 49014

Signature [Signature] Date 11/23/09

# West Bay Exploration

company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

P.O. Box 1203  
5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

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December 15, 2009

Office of Geological Survey  
MIDEQ  
PO Box 30256  
Lansing, MI 48909

Re: Steigerwald #1-26 PN59922

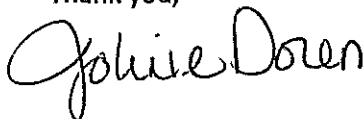
To Whom It May Concern:

Enclosed please find the following for our Steigerwald #1-26 location:

- 7200-5 Record of Well Drilling or Deepening
- 7130 Record of Well Completion
- 7200-12 Certification of Casing and Sealing of Surface Hole
- Dual Laterolog/Micro Laterolog /Gamma Ray Log
- Compensated Nuetron/Gamma Ray Log/Casing Collar Locator

If you have any questions or concerns, please feel free to contact us at 517-223-4011.

Thank you,



Joline Dorer  
Safety & Operations Specialist

DEC 16 2009





MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY - OFFICE OF GEOLOGICAL SURVEY  
**CERTIFICATION OF CASING AND SEALING OF SURFACE HOLE**

Required by authority of Part 615 Supervisor of Wells or  
 Part 625 Mineral Wells, of Act 451 PA 1994, as amended  
 Non-submission and/or falsification of this information  
 may result in fines and/or imprisonment

Permit number 59922
Well name Steigerwald #1-26
Surface location NW 1/4 of SE 1/4 of NW1/4 Section 26 T 2S R 8E
Name and address of drilling contractor Advanced Energy Services P.O. Box 85 South Boardman Mi. 49680

Township Canton	County Wayne
Name and address of permittee West Bay Exploration 13685 S. West Bay Shore Drive Traverse City Mi. 49684	

**SURFACE HOLE**

Hole diameter (Note reductions)	Depth to bedrock	Base of specified aquifer (see permit)	Total depth of surface hole	Formation at surface casing seat	Date drilling completed
14 3/4"	137	Drift	417	Dundee	9/17/09

Narrative of unusual drilling circumstances or problems encountered  
 Lost total returns 86'-179' Healed with Fresh water mud and LCM

Name and address of geologist/mud logger  
 T.L. Baker  
 13685 S. West Bay Shore Drive  
 Suite 200  
 Traverse City Mi. 49684

Signature *T. L. Baker* Date 12/13/09

**SURFACE CASING**

Casing O.D. (in)	Casing depth	Cement type and additives	Amount of cement (sacks)	Volume (bbls)		Plug down date & time
				Pumped	Returned to surface	
11 3/4"	417	65/35/poz	150	72 Bbl	15*	11:30 PM
		A	150			9/17/09

Narrative of problems encountered running or cementing casing. Note any cement fallback, grouting, or lost circulation zones.  
 \*Grouted with 35 sx cmt 25 in well 10 in cellar

**I AM RESPONSIBLE FOR THIS REPORT. THE INFORMATION IS COMPLETE AND CORRECT.**

Signature of permittee or company officer *Tina Taylor Baker* Date 12/13/09

Submit the original and one copy, typewritten or legible printed, within 30 days after drilling is completed to:  
 OFFICE OF GEOLOGICAL SURVEY  
 MICHIGAN DEPT OF ENVIRONMENTAL QUALITY  
 PO BOX 30256  
 LANSING MI 48909-7756



## RECORD OF WELL DRILLING OR DEEPENING

Required by authority of Part 615 Supervisor of Wells or Part 625 Mineral Wells, of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

Permit number/Deepening number

59922

(Submit 3 copies within 60 days of drilling completion.)

 Part 615 Oil/Gas Well  Part 625 Mineral Well

Name and address of permittee		API number	
West Bay Exploration 13685 S. West Bay Shore Suite 200 Traverse City Mi. 49684		21-075-59922	
Name and address of drilling contractor		Well name and number	
Advanced Enerav Services P.O. Box 85 South Boardman Mi. 49680		Steigerwald # 1-26	
Date drilling began		Surface location	
9/16/09	Date drilling completed	NW 1/4 of SE 1/4 of NW 1/4 Section 26 T2S R8E	
9/27/09	Township		
Total depth of well	County		
Driller 2912 Log 2912	Canton		
Elevations	Footages North/South East/West		
K.B. 690 ft. R.F. ft. R.T. 687.5 ft. Grd 675.8 ft	1553 ft. from N line and 1382 ft. from W line of sec.		
Formation at total depth		Directionally drilled (check one)	
Niagaran	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Previous permit numbers
Subsurface location (if directionally drilled)		Township	
NW 1/4 of NE 1/4 of NW 1/4 Section 26 T 2S R 8E		County	
Township		Canton	
County		Wayne	
Footages North/South East/West		Footages North/South East/West	
358 ft. from N line and 1762 ft. from W line of sec.		358 ft. from N line and 1762 ft. from W line of sec.	
Feet drilled - cable tools		Feet drilled - rotary tools	
from to		from surf to TD	

Casing, Casing Liners and Cementing, Operating Strings					Water Fill Up (F.U.) or Lost Circulation (L.C.) (X)				
Size	Where set	Cement	T.O.C.	Ft. pulled	Formation	F.U.	L.C.	Depth	Amount
11 3/4"	417'	150 lite/150 A			Drift		x	86-179	full
		Grout w/25 A	surf						
8 5/8"	1345'	200 lite/ 200 A	surf						
5 1/2"	2912'	150 A	1890'						

Gross Pay Intervals				All Other Oil and Gas Shows Observed or Logged								
Formation	Oil or Gas	From	To	Where Observed (X)								
				Formation	Oil or Gas	Depth	Sam- ples	Odor	Pits	Mud Line	Gas Log	Fill Up
Niagaran	both	2711	2822									

Depth Correction		Deviation Survey			Plugged Back		
Depth	Correction	Run at	Degrees	Yes	No	Depth	
see	attached	directional					

Geophysical / Mechanical Logs (list each type run)		
Brand	Log types	Logged intervals
Baker Atlas	DLL/MLL/GR	2912'-1344'
	ZDL/CN/GR	2912-surf

Notice: Report complete sample and formation record, coring record, and drill stem test information on reverse side.

CERTIFICATION "I state that I am authorized by said owner. This report was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Date	Name and title (print)	Signature
12/13/09	Timothy L. Baker	<i>Timothy L. Baker</i>

Submit to: OFFICE OF GEOLOGICAL SURVEY,  
MICHIGAN DEPT OF ENVIRONMENTAL QUALITY  
PO BOX 30256, LANSING, MI 48909-7756

# FORMATION RECORD

Attach additional sheets if necessary

API number

Permit number/Deepening number

59922

Elevation used

960

Geologist name

Fowler/Baker

Tops taken from

Driller's log

Sample log

Electric log

From	To	Formation (type, color, hardness)	From	To	Formation (type, color, hardness)
<p>Note: if well directionally drilled, add true vertical depth formation tops where appropriate</p>					
surf	137	Drift- Unconsolidated sand and gravel loss circulation 86-179 pos base at 137'			
137	272	Shale- Dk brn-gy-Blk, silty at top organic at base			
272	368	Traverse-Md-lt Gy, Arg at top ,Cln at base			
368	620	Dundee and Detroit River-Dolomite, Md Gy Dns Hd			
620	670	No Samples			
670	1060	Dolomite, Md Gy-Gy, Dns, Hld Frac (Bois Blanc?/Bass Island)			
1060	1184	Anhydrite and Dolomite AA, Lt Md Gy, dns, Hd			
1184	1260	Salina G- Limestone,Arg,Dns,Md-Dk Brn/Gy			
1260	1296	Poor Samples			
1296	1360	Anhydrite & Limestone AA			
1360	1724	Salt Intbd with Anhydrite- Dolomitic Lt Gy- Wh, Hd			
1724	1860	Dolomite grading to Anhydrite- Lt-md Gy Brn,Tr Poro- No shows			
1860	1920	Salt- Wh-Trnsl			
1920	2060	Dolomite-Vfxln, Lt-md Gy, Intbd at base with Anhy. AA			
2060	2440	Salt- B Wh-Trnsl			
2440	2610	Dolomite-A2 Md Gy, Vfxln Dns			
2610	2706	Anhydrite- A2 Evaporite Wh-lt GY,Dns<Hd			
2706	2912	Dolomite- A1 Carb-Brown Niagaran,Lt Brn-Brn-Wh, SSO & Gas 2711'-2822' Good cut in porous intervals			
If well was cored, attach core description					
DRILL STEM TEST DATA					
LIST ATTACHMENTS					

DEC 16 2009

59922



Directional Drilling Contractors, LLC.

Job Number: DR090179  
 Company: WEST BAY EXPLORATION  
 Lease/Well: STEIGERWALD # 1-26  
 Location: CANTON TWP., WAYNE CO.  
 Rig Name: B & H # 3  
 RKB:  
 G.L. or M.S.L.:

State/Country: MICHIGAN / USA  
 Declination: 6.93 DEGREES WEST  
 Grid:  
 File name: C:\WINSERVE\ASDRIL~1\2009\STEIGER.SVY  
 Date/Time: 28-Sep-09 / 15:19  
 Curve Name: STEIGERWALD 1-26 ( as drilled )

**Directional Drilling Contractors  
 SURVEY REPORT**

WINSERVE SURVEY CALCULATIONS  
*Minimum Curvature Method*  
*Vertical Section Plane 17.66*  
*Vertical Section Referenced to Wellhead*  
*Rectangular Coordinates Referenced to Wellhead*

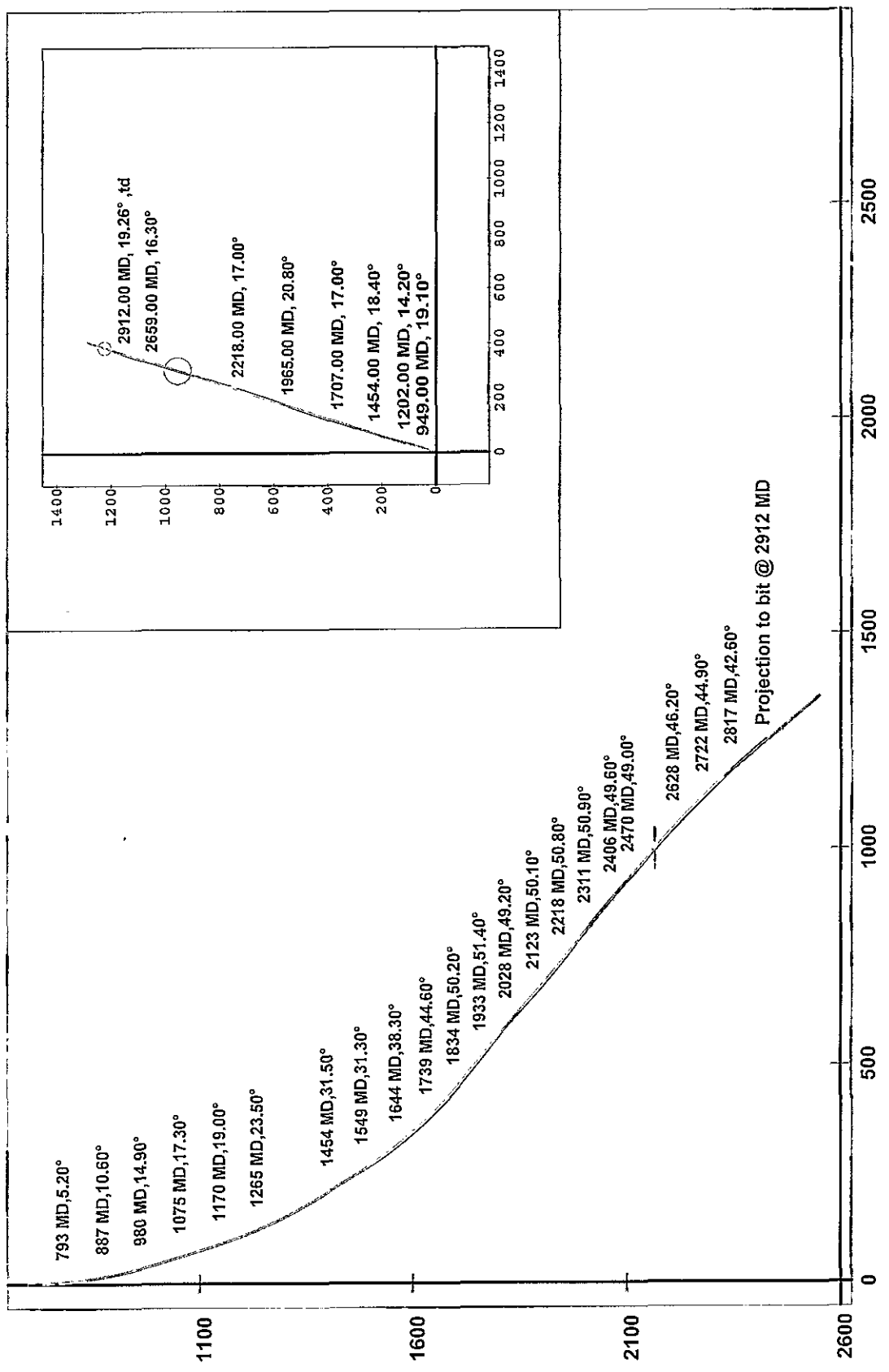
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
<b>Tie in Point @ 700 MD</b>									
700.00	.70	24.70	700.00	.00	.00	.00	.00	.00	.00
731.00	2.10	21.50	730.99	.70	.29	.75	.76	22.30	4.52
763.00	3.70	19.40	762.95	2.22	.85	2.37	2.38	20.84	5.01
793.00	5.20	20.50	792.86	4.41	1.64	4.70	4.70	20.45	5.01
825.00	6.90	18.70	824.68	7.59	2.77	8.07	8.07	20.04	5.34
856.00	8.80	18.00	855.39	11.61	4.10	12.30	12.31	19.44	6.14
887.00	10.60	18.70	885.94	16.56	5.74	17.52	17.53	19.13	5.82
918.00	12.10	19.10	916.33	22.33	7.72	23.62	23.63	19.07	4.85
949.00	13.50	19.10	946.56	28.82	9.97	30.49	30.50	19.08	4.52
980.00	14.90	19.40	976.61	36.00	12.48	38.09	38.10	19.11	4.52
1012.00	16.10	18.40	1007.45	44.09	15.24	46.64	46.65	19.07	3.84
1043.00	16.90	18.70	1037.17	52.44	18.05	55.44	55.46	18.99	2.60
1075.00	17.30	18.40	1067.76	61.36	21.04	64.85	64.87	18.93	1.28
1107.00	17.40	17.70	1098.30	70.43	24.00	74.39	74.41	18.81	.72
1138.00	17.60	17.70	1127.87	79.31	26.83	83.71	83.73	18.69	.65
1170.00	19.00	14.50	1158.25	88.97	29.60	93.75	93.76	18.41	5.38
1202.00	20.40	14.20	1188.38	99.42	32.28	104.52	104.52	17.99	4.39
1233.00	21.80	13.10	1217.30	110.26	34.91	115.65	115.65	17.57	4.69
1265.00	23.50	13.80	1246.83	122.25	37.78	127.94	127.95	17.17	5.38
1297.00	25.10	14.70	1275.99	135.01	41.02	141.09	141.10	16.90	5.13
1328.00	26.50	14.70	1303.90	148.06	44.44	154.56	154.58	16.71	4.52

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
1360.00	28.40	14.70	1332.30	162.32	48.19	169.29	169.33	16.53	5.94
1391.00	30.20	15.20	1359.33	176.98	52.10	184.45	184.49	16.40	5.86
1423.00	30.60	16.30	1386.93	192.57	56.50	200.63	200.68	16.35	2.14
1454.00	31.50	18.40	1413.49	207.82	61.27	216.62	216.67	16.43	4.54
1485.00	31.40	18.70	1439.94	223.16	66.42	232.79	232.83	16.57	.60
1517.00	31.10	18.70	1467.29	238.88	71.74	249.39	249.42	16.72	.94
1549.00	31.30	18.40	1494.66	254.60	77.01	265.96	265.99	16.83	.79
1581.00	33.60	17.70	1521.67	270.92	82.33	283.13	283.16	16.90	7.28
1612.00	36.10	16.30	1547.10	287.86	87.50	300.84	300.87	16.91	8.47
1644.00	38.30	15.90	1572.59	306.45	92.86	320.18	320.21	16.86	6.92
1676.00	40.30	16.60	1597.35	325.91	98.54	340.44	340.48	16.82	6.40
1707.00	42.60	17.00	1620.59	345.55	104.47	360.96	361.00	16.82	7.47
1739.00	44.60	16.60	1643.76	366.67	110.85	383.02	383.06	16.82	6.31
1771.00	45.80	17.30	1666.31	388.39	117.47	405.73	405.77	16.83	4.06
1803.00	47.90	17.00	1688.19	410.70	124.35	429.07	429.11	16.84	6.60
1834.00	50.20	17.30	1708.51	433.07	131.25	452.48	452.52	16.86	7.46
1866.00	50.10	18.40	1729.01	456.46	138.78	477.05	477.09	16.91	2.66
1902.00	50.80	19.40	1751.94	482.72	147.78	504.80	504.83	17.02	2.89
1933.00	51.40	20.10	1771.40	505.42	155.93	528.91	528.93	17.15	2.61
1965.00	51.40	20.80	1791.37	528.85	164.67	553.89	553.90	17.29	1.71
1997.00	51.00	21.50	1811.42	552.11	173.66	578.78	578.78	17.46	2.11
2028.00	49.20	20.80	1831.30	574.29	182.25	602.51	602.52	17.61	6.06
2060.00	48.40	19.40	1852.38	596.90	190.52	626.57	626.57	17.70	4.13
2092.00	48.70	18.70	1873.57	619.57	198.35	650.55	650.55	17.75	1.89
2123.00	50.10	18.70	1893.74	641.87	205.90	674.08	674.08	17.79	4.52
2155.00	49.60	18.40	1914.37	665.05	213.68	698.54	698.54	17.81	1.72
2187.00	50.20	17.30	1934.98	688.35	221.18	723.01	723.02	17.81	3.23
2218.00	50.80	17.00	1954.70	711.21	228.23	746.93	746.93	17.79	2.07
2250.00	51.00	17.00	1974.88	734.96	235.49	771.76	771.77	17.77	.62
2280.00	51.00	16.30	1993.76	757.30	242.17	795.07	795.07	17.73	1.81
2311.00	50.90	16.60	2013.29	780.38	248.99	819.14	819.14	17.70	.82
2343.00	49.80	17.30	2033.71	803.95	256.17	843.78	843.78	17.67	3.83
2375.00	49.90	17.30	2054.35	827.31	263.45	868.24	868.24	17.66	.31
2406.00	49.60	17.30	2074.38	849.89	270.48	891.90	891.90	17.65	.97
2438.00	49.00	16.60	2095.24	873.10	277.56	916.16	916.16	17.64	2.50
2448.00	49.00	16.60	2101.80	880.33	279.71	923.70	923.70	17.63	.00
2470.00	49.00	16.60	2116.24	896.24	284.46	940.30	940.30	17.61	.00
2501.00	49.40	17.30	2136.49	918.69	291.30	963.77	963.77	17.59	2.14
2533.00	49.50	16.60	2157.30	941.95	298.39	988.08	988.08	17.58	1.69
2546.00	49.01	16.60	2165.78	951.39	301.20	997.93	997.93	17.57	3.75
2565.00	48.30	16.60	2178.33	965.06	305.27	1012.19	1012.19	17.55	3.75
2596.00	47.00	17.30	2199.22	986.97	311.95	1035.10	1035.10	17.54	4.51
2628.00	46.20	17.00	2221.20	1009.19	318.81	1058.35	1058.35	17.53	2.59
2659.00	45.90	16.30	2242.72	1030.57	325.20	1080.66	1080.66	17.51	1.89
2691.00	44.90	17.00	2265.19	1052.40	331.73	1103.44	1103.45	17.50	3.49

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
2722.00	44.90	17.70	2287.15	1073.29	338.26	1125.32	1125.33	17.49	1.59
2754.00	45.00	17.70	2309.79	1094.83	345.13	1147.93	1147.94	17.50	.31
2786.00	44.70	18.40	2332.48	1116.28	352.12	1170.50	1170.50	17.51	1.81
2817.00	42.60	19.80	2354.91	1136.50	359.12	1191.89	1191.89	17.54	7.46
2849.00	40.70	20.10	2378.82	1156.49	366.37	1213.14	1213.14	17.58	5.97
2867.00	40.60	19.80	2392.48	1167.51	370.37	1224.85	1224.85	17.60	1.22
2902.00	40.41	19.26	2419.09	1188.94	377.97	1247.57	1247.57	17.64	1.15
<b>Projection to bit @ 2912 MD</b>									
2912.00	40.35	19.10	2426.71	1195.06	380.10	1254.05	1254.05	17.64	1.15

Job Number: DR090179  
 Company: WEST BAY EXPLORATION  
 Lease/Well: STEIGERWALD # 1-26  
 Location: CANTON TWP., WAYNE CO.  
 Rig Name: B & H # 3  
 State/Country: MICHIGAN / USA

Declination: 6.93 DEGREES WEST  
 File name: C:\WINSERVE\ASDRIL~1\2  
 Date/Time: 28-Sep-09 / 15:15







BOTTOM HOLE LOCATION CORRECTION

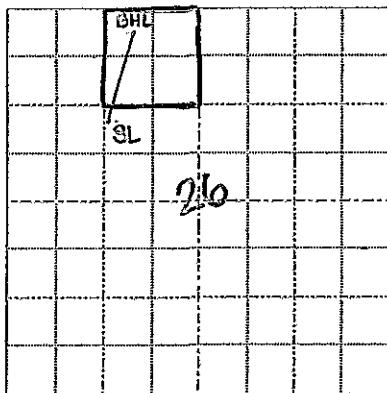
Permit 59922 Well Type \_\_\_\_\_ Date 12-21-09 Checked by: KM/gmct

Operator WEST BAY EXPLORATION

Well Name & Number STEIGERWALD 1-26

Surface Location NW ¼ SE ¼ NW ¼ Sec. 26 T. 2S R. 8E  
CANTON Township, WAYNE County  
1553 ft. from the N line and 1382 ft. from the W line of the sec.

Deepest Total Depth	True Vertical Depth	Rectangular Coordinates
<u>2912'</u>	<u>2427'</u>	<u>1195' N. &amp; 380' E</u>



Bottom Hole Location at Reported Total Depth  
NW ¼ NE ¼ NW ¼ Sec. 26  
T. 2S R. 8E  
CANTON Township, WAYNE County  
358 ft. from the N line and 1762 ft. from the  
W line of the section and  
358 ft. from the N line and 469 ft. from the  
W line of the drilling unit

	Measured Depth	True Vertical Depth	Rectangular Coordinates
Upper Perforations	<u>2794'</u>	<u>2338'</u>	<u>1121' N &amp; 354' E</u>
Lower Perforation	_____	_____	_____ & _____

Upper Perforations 432 ft. from the N line and 1736 ft. from the W line of the sec.  
and 432 ft. from the N line and 443 ft. from the W line of the  
drilling unit.

Lower Perforations \_\_\_\_\_ ft. from the \_\_\_\_\_ line and \_\_\_\_\_ ft. from the \_\_\_\_\_ line of the sec.  
and \_\_\_\_\_ ft. from the \_\_\_\_\_ line and \_\_\_\_\_ ft. from the \_\_\_\_\_ line of the  
drilling unit.



## APPLICATION TO:

- CHANGE WELL STATUS OR  
 PLUG AND ABANDON WELL

Required by authority of Part 615 Supervisor of Wells or Part 625 Mineral Wells, of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

- Part 615 Oil or Gas Well  Part 625 Mineral Well

Change of well status requested to: <input type="checkbox"/> Plug back <input type="checkbox"/> Perforate <input type="checkbox"/> Temporarily abandon <input type="checkbox"/> Convert to _____ <input type="checkbox"/> Other _____	Permit number 59922	Type of well Oil & Gas
Last production/injection rate and type of fluid	API number 21-163-59922-00-00	
Brief description of project Plug and Abandon	Name and address of permittee WEST BAY EXPLORATION CO 13685 South West Bay Shore, Suite #200 Traverse City, MI 49684	
Well name and number Steigerwald #1-26	Well location NW 1/4 of SE 1/4 of NW 1/4 Section 26 T 02S R 08E	
Work to be done by To be determined	Township Canton	County Wayne
	Date drilling completed 09-26-2009	Date last produced/utilized
	Starting date Will notify	

## CASING AND CEMENTING RECORD

Hole dia	Casing dia & wt/ft	Depths set	Cement quantity, type, additives	Cement top	Perforations
14-3/4"	11-3/4" 42#	417'	150 sx lite + 150 sx CI A	C/S	
10-5/8"	8-5/8" 24#	1345'	200sx lite + 200 sx CIA	C/S	
7-7/8"	5-1/2" 15.5#	2912'	150 sx CI A	1890	2810'-22'
			Calc.		2794'-98'

Formation record (formation and depth of top, oil, gas and water shows, etc.):

formation depth  
See attached Fm. record

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DNPE / ERMD  
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Detail proposed procedures:

MIRU. ND wellhead. NU BOP. TIH, circulate hole clean, rig up wireline company. RIH and set 5-1/2" retainer at 2675' and squeeze 50 sx class A cement below retainer. Sting out of retainer and place 10 sx class A cement on top of retainer. TOH w/ tubing. Freepoint, cut and recover 5-1/2" casing (approx. 1890'). RIH with tbg 50' inside 5-1/2" csg stub. \*Circulate hole clean and static. Mix and pump 60 sx class A cement. Pull up to 1445'. Wait 1 hour. Check static. Mix and pump 80 sx class A cement w/ 2% CaCl<sub>2</sub> + LCM at 1445'. POOH. Wait on cement 4 hours. TIH and tag TOC above 1245'. If cement top is below 1245' reset plug and tag above 1245'. Pull up to 517'. Mix and pump 60 sx class A cement. POOH to 30'. Mix and pump 10 sx class A cement to surface. Cut and cap well approximately 4' below ground level, weld a 1/2" steel plate across the top of both the 8-5/8" csg and the 11-3/4" csg, and permanently affix permit number of the well to the top plate.

Name/signature (authorized representative):

Date:

## FOR OFFICE OF GEOLOGICAL SURVEY USE ONLY

DEQ additional requirements:

YOU ARE REQUIRED TO NOTIFY THE LANSING DISTRICT OFFICE (517-335-6263) PRIOR TO THIS PLUGGING.  
 \*Establish static hole conditions throughout procedure and if the fluid level drops during the 1 hour wait, the cement plug shall be tagged and reset as required.

Yes  No  Not applicable Production tests to commence within 10 days of completion and to be filed

Yes  No Service company records are to be filed

Approved by DEQ: <i>Louis E. Schmeeman</i>	Office: Lansing	Approval date: 7/29/2011	Termination Date: 7/29/2012
---	--------------------	-----------------------------	--------------------------------

Submit original and three (3) copies of this application to the District Office within 60 days of change of well status.  
 Note: Three copies of Record of Well Plugging or Change of Well status (EQP 7200-8) and any requested service company records are to be filed within 60 days of completion at the District Office.

From	To	Formation
Surf	137	DRIFT-UNCONSOLIDATED SAND AND GRAVEL LOSS CIRCULATION 86-176 POS BASE AT 137'
137	272	SHALE - DK BRN-GY-BLK, SITLY AT TOP ORGANIC AT BASE
272	368	TRAVERSE-MD-LT GY, ARG AT TOP, CLN AT BASE
368	620	DUNDEE AND DETROIT RIVER-DOLOMITE, MD GY DNS HD
620	670	NO SAPMLES
670	1060	DOLOMITE, MD GY-GY, DNS, HLD FRAC (BOIS BLANC:/BASS ISLAND)
1060	1184	ANHYDRITE AND OLOMITE AA, LT MD GY, DNS, HD
1184	1260	SALINA G-LIMESTONE, ARG, DNS, MD-DK BRN/GY
1260	1296	POOR SAMPLES
1296	1360	ANHYDRITE & LIMESTONE AA
1360	1724	SALT INTBD WITH ANHYDRITE - DOLOMITIC LT GY-WH, HD
1724	1860	DOLOMITE GRADING TO ANHYDRITE - LT-MD GY BRN, TR PORO-NO SHOWS
1860	1920	SALT-WH-TRNSL
1960	2060	DOLOMITE-VFLXN, LT-MD GY, INTBD AT BASE WITH ANHY. AA
2060	2440	SALT-B WH-TRNSL
2440	2610	DOLOMITE-A2 MD GY, VFXLN DNS
2610	2706	ANHYDRITE-A2 EVAPORITE WH-LT GY, DNS, HD
2706	2912	DOLOMITE - A1 CARB-BROWN NIAGARAN, LT BRN-BRN-WH, SSO & GAS 2711' 2822' GOOD CUT IN PORUS INTERVALS

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 JUL 26 2011  
 DEQ LANSING DO  
 GEOLOGICAL SURVEY



**RECORD OF WELL PLUGGING  
OR CHANGE OF WELL STATUS**

Required by authority of Part 615 Supervisor of Wells or Part 625 Mineral Wells of Act 451 PA 1994, as amended  
Non-submission and/or falsification of this information may result in fines and/or imprisonment.

- Part 615 Oil/Gas Well       Plugging  
 Part 625 Mineral Well       Change of Well Status

Permit number <b>59922</b>		Well name and number <b>Steigerwald 1-26</b>	
API number <b>21-163-59922-00-00</b>		Name and address of permittee <b>West Bay Exploration 13685 S. West Bay Shore Dr #200 Traverse City, MI 49684</b>	
Name and address of contractor/service company <b>McConnel &amp; Scully 133 W Main St Homer, MI</b>		Type of well <b>Oil/Gas</b>	Field name <b>Canton 26-2S-8E</b>
		Surface location <b>NW 1/4 SE 1/4 NW 1/4 Sec 26 T 2S R 8E</b>	
		Township <b>Canton</b>	County <b>Wayne</b>
		Date plugging/change started <b>8/3/2011</b>	Date plugging/change completed <b>8/5/2011</b>
DEQ employee issuing plugging permit or approving Change of Well Status.			Date issued <b>7/29/2011</b>
Any change of well status which results in a change of production or a change in injectivity must include production or injection test records. All records must include a narrative or daily chronology and signed certification noted on reverse.			

WELL PLUGGING (Hole conditions after plugging)							
CASING							
Casing size	Where set	Amount casing pulled	Depth casing cut/perfed; or windows milled				
11 3/4"	417'	0					
8 5/8"	1345'	0					
5 1/2"	1912	1476'	cut at 1476'				
PLUGS							
Depth of plug Bottom      Top		Make and type of bridge or plug	Cement plugs: type, amount of cement & mix water	Additives, type and percent	Volume and types of spacers/flushes	Wait time	Tagged Top? Y/N
	2675'	Team cement	50 sacks below retainer		10.3# SW	12 hrs	N
		retainer	10 sacks above retainer		FW		
1526'	1230'	cement plug	85 sacks cement		FW	4 hrs	Y
517'	319'	cement plug	60 sacks cement		FW		N
30'	4'	cement plug	10 sacks cement		FW		N

- Check if NORM or other materials were left or reinserted into wellbore. If so, describe materials fully in the Daily Chronology section on reverse.  
 Check if cores were taken and attach core descriptions

Mail completed original and three copies to the appropriate DEQ district office within 60 days after completion of plugging/change of a Part 615 oil/gas well or within 30 days of a Part 625 mineral well.

OFFICE OF GEOLOGICAL SURVEY  
MICHIGAN DEPT OF ENVIRONMENTAL QUALITY  
PO BOX 30256  
LANSING, MI 48909-7756

*AUG 16 2011*

COMPLETE BOTH SIDES

API number  
21-163-59922-00-00

Permit number  
59922

**CHANGE OF WELL STATUS**

Change was to:  Convert current zone to:  Remediate well:  Plugback (recomplete as)  Redrill:

Production  Perf and test existing zone  New production zone  Horizontal drain hole

Disposal  Repair casing/cement  Disposal  Collapsed casing

Secondary recovery  Other \_\_\_\_\_  Secondary recovery  Underream open hole

Storage  Storage  Storage

Other  Other \_\_\_\_\_  Other \_\_\_\_\_

**Well casing record - BEFORE change**

Casing		Cement		Perforations			Acid or fracture treatment record
Size	Depth	Sacks	Type	From	To	If plugged, HOW?	
11 3/4	417	150/150	Lite/A	Surf			
8 5/8	1345	200/200	Lite/A	Surf			
5 1/2	2912	150	Class A	1890			

**Well casing record - AFTER change (Indicate additions and changes only, complete test record)**

Casing		Cement		Perforations			Acid or fracture treatment record
Size	Depth	Sacks	Type	From	To	If plugged, HOW?	

**BEFORE CHANGE**

**AFTER CHANGE**

Total depth	Completed Fm	Well completed for		Total depth	Completed Fm	Well completed for	
BOPD	MCFGPD	Inj Rate	Pressure	BOPD	MCFGPD	Inj Rate	Pressure

**DAILY PRODUCTION TEST RECORD**

**DAILY INJECTION TEST RECORD**  Injection well  Brine disposal

Date	Oil (bbls)	Water (bbls)	Gas (Mcf)	Pressure		Date	Bbls water or Mcf gas	Pressure		Specific gravity of water
				Tubing	Casing			Beginning	Ending	

**DAILY CHRONOLOGY**

Describe in detail the daily chronology of change/plugging, include days shut down. Describe exceptions to issued plugging instructions. Describe tools, tubing, etc. left in hole and any logs run. Include dates pits filled, surface restored etc. Use additional pages as needed.

Date	Narrative
8/4/2011	Set Team cement retainer at 2675', pump 50 sx below retainer, pull out of retainer and set 10 sx on top of retainer. Free point and cut 5 1/2" at 1475', lay down casing.
8/5/2011	Run tubing to 1526', pump 85 sx plug 1526 to 1193'. Wait 4 hrs, tag plug at 1230'. Pull tubing to 517', pump 60 sx plug 517 to 319', pump 10 sx 30' to surface.

AUG 16 2011

NOTICE: Under Part 615 Supervisor of Wells or Part 625 Mineral Wells, Act 451 PA 1994, as amended, a well owner has continuing liability for the integrity of a plugged well.

CERTIFICATION "I state that I am authorized by said owner. This report was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Name and title (printed or typed) <i>Tim Baker Operations Manager</i>	Authorized signature <i>T.L. Baker</i>	Date 8/15/11
--	---	-----------------

NOTE: Bonds cannot be terminated until plugging is completed, cellar, rat and mouse holes, and pits filled, site leveled and cleaned and records filed.



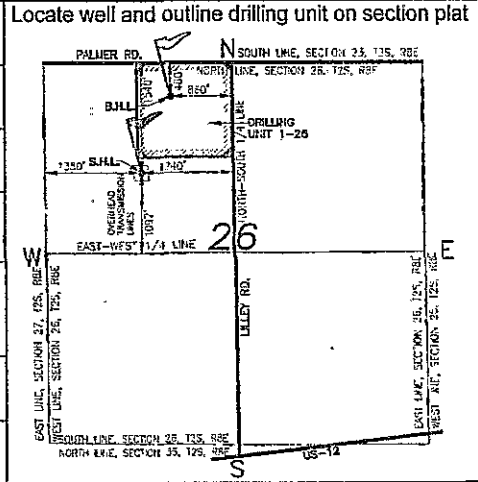
APPLICATION FOR PERMIT TO:

DRILL DEEPEN CONVERT AND OPERATE A WELL

By authority of Part 615 or Part 625 of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

- 1a. Part 615 Supervisor of Wells
1b. Part 625 Mineral Wells
1c. Fee enclosed
Oil and Gas
Waste Disposal
Brine Production
Processed brine disposal
Storage
Injection for Secondary Recovery
Test, fee sched. on rev.
Yes no, revision of application
No, leg of horz drainhole

2. List all previous permit numbers
3. Fed. ID. No.
4. Conformance bond
5. Attached
6. Bond number
7. Bond amount
8. Applicant
9. Address
10. Lease or well name
11. Surface owner



12. Surface location
13. If directional, bottom hole location
14. The surface location for this well is
15. Is this a directional well?
16. The bottom hole location
17. Kind of tools
18. Is sour oil or gas expected?
19. Base of lowest known fresh water aquifer
20. Intended total depth
21. Formation at total depth
22. Producing/Injection formation(s)
23. Objective pool, field, or project

Table with 4 columns: HOLE, CASING, CEMENT, MUD. Rows show depth, geol. formation, bit dia, O.D. size, Wt/Ft, grade, condition, depth, sacks, T.O.C., W.O.C., wt., and vis.

25. DETAIL CEMENTING PROGRAM. IDENTIFY ALL CEMENT CLASSES, ADDITIVES, AND VOLUMES (IN CU. FT.) FOR EACH CASING STRING.

26. Send correspondence and permit to
Name
Address
E-mail
Phone

CERTIFICATION
27. Application prepared by
28. Signature
Permit number
API number
Date issued
Owner number

Enclose permit fee of \$300 for all Part 615 wells; \$2,500 for a Part 625 waste disposal well; or \$500 for a brine production, processed brine disposal, or storage well.

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MAY 07 2009

OFFICE OF GEOLOGICAL SURVEY PERMITS & BONDING UNIT

A090150

A090150



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY - OFFICE OF GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO:

DRILL  DEEPEN  CONVERT AND OPERATE A WELL

By authority of Part 615 or Part 625 of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

1a. Part 615 Supervisor of Wells
 Oil and Gas
 Brine Disposal
 Hydrocarbon Storage
 Injection for Secondary Recovery

1b. Part 625 Mineral Wells
 Waste Disposal
 Brine Production
 Processed brine disposal
 Storage
 Test, fee sched. on rev.

1c. Fee enclosed
 Yes
 No, revision of application
 No, leg of horz drainhole

2. List all previous permit numbers: 52481 & 59764
3. Fed. ID. No. (do not use SSN): 38-2348162

4. Conformance bond:  Blanket  Single well
5.  Attached  On file
6. Bond number: 08784181
7. Bond amount: 250,000

8. Applicant (name of permittee as bonded): West Bay Exploration Company

9. Address: 13685 South West Bay Shore Drive, Suite 200, Traverse City, MI 49684
Phone: (231) 946-0200
I authorize DEQ 4 additional days to process this application.
 Yes  No

10. Lease or well name (be as brief as possible): Steigerwald
Well number: 1-26

11. Surface owner: Raymond & Barbara Steigerwald

12. Surface location: NW 1/4 of SE 1/4 of NW 1/4 of Sec 26 T 2S R 8E Township Canton County Wayne
13. If directional, bottom hole location: NW 1/4 of NE 1/4 of NW 1/4 of Sec 26 T 2S R 8E Township Canton County Wayne

14. The surface location for this well is 1553 feet from nearest (N/S) N section line AND 1382 feet from nearest (E/W) W section line

15. Is this a directional well?  No  Yes If yes, complete line 15. The bottom hole location for this well is 460 feet from nearest (N/S) N section line AND 1733 feet from nearest (E/W) W section line

16. The bottom hole location (whether straight or directional) of this well is 460 feet from nearest (N/S) N drilling unit line AND 436.5 feet from nearest (E/W) W drilling unit line

17. Kind of tools:  Rotary  Cable  Combination
18. Is sour oil or gas expected?  No  Yes  H2S Cont. plan enclosed
19. Base of lowest known fresh water aquifer: Formation Bedford Shale Depth 120 ft

20. Intended total depth: MD 3411' TVD 3120'
21. Formation at total depth: Niagaran
22. Producing/Injection formation(s): Niagaran
23. Objective pool, field, or project: Exploratory

Table with 4 main columns: HOLE, CASING, CEMENT, MUD. Rows show depth (MD), Geol. Formation, Bit Dia., O.D. Size, W/Ft Grade Condition, Depth (MD), Sacks, T.O.C., W.O.C., Wt., Vis.

25. DETAIL CEMENTING PROGRAM. IDENTIFY ALL CEMENT CLASSES, ADDITIVES, AND VOLUMES (IN CU. FT.) FOR EACH CASING STRING.
Surface Lead-150sx lite w/ 3% CaCl-1.56 yield=234 cu/ft Tail-100sx CI A-w/ 3% CaCl 1.18 yield=118 cu/ft x2=352 cu/ft AV=142 x 100%
Intermediate Lead 175sx Lite w/ 3% CaCl-1.56 yield=273 cu/ft Tail-200sx CI A w/ 3% CaCl 1.18 yield=236 cu/ft=509 cu/ft 86% excess AV 273 cu/ft
Production/Injection 200sx Lite w/ 150sx CI A w/ 3% CaCl

26. Send correspondence and permit to Name West Bay Exploration Company - Tim Baker E-mail tim@wbeco.net
Address P.O. Box 1203, Fowlerville, MI 48836 Phone (517) 223-4011

CERTIFICATION "I state that I am authorized by said applicant. This application was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Enclose permit fee of \$300 for all Part 615 wells; \$2,500 for a Part 625 waste disposal well; or \$500 for a brine production, processed brine disposal, or storage well. Make checks payable to State of Michigan.

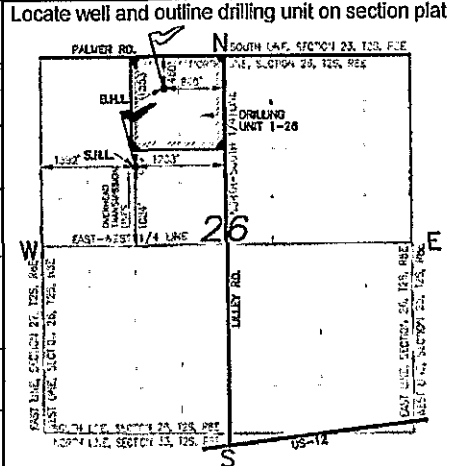
27. Application prepared by (print or type) Phone
Tjm L. Baker, Operations Manager (517) 223-4011

DEQ Cashier use only.

28. Signature Date

Office of Geological Survey Use Only
Table with 4 columns: Permit number, API number, Date issued, Owner number

Revised





State of Michigan  
 Department of Environmental Quality  
 Geological and Land Management Division  
 P.O. Box 30256  
 Lansing, MI 48909-7756

**PERMIT TO**

**DRILL AND OPERATE**     **DEEPEN AND OPERATE**

GRANTED UNDER THE PROVISIONS OF  
 Part 615 Supervisor of Wells, Act 451, PA 1994, as amended

Violation of and/or non-compliance with the provisions of this act or its rules, instructions or orders of the supervisor, or these permit conditions may result in penalties. This permit includes as requirements all the operations and methods proposed by the applicant in the application to drill, unless rejected or altered by the DEQ. This permit is also subject to the general and specific conditions identified on this page and/or attached to it. Initiation of any work under this permit confirms the permittee's acceptance and agreement to comply with its terms and conditions.

PERMIT NO. 59922	ISSUE DATE 8/14/2009	EXPIRATION DATE 8/14/2011
WELL NAME AND NUMBER <b>STEIGERWALD 1-26</b>		
FORMATION AT TOTAL DEPTH NIAGARAN	COMPLETION FORMATION NIAGARAN	
PERMITTED TOTAL DEPTH (MEASURED) 3411 ft.	PERMITTED TOTAL DEPTH (TVD) 3120 ft.	
TYPE OF PERMIT Oil/Gas Well	API NUMBER 21-163-59922-00-00	
ISSUED TO: WEST BAY EXPLORATION CO STE 200 13685 S WEST BAYSHORE DR TRAVERSE CITY, MI 49684		

**LOCATION AND FOOTAGES:** SHL: NW SE NW, SEC 26, 2S 8E, CANTON TWP, WAYNE CO.  
 1553 FT. FROM N AND 1382 FT. FROM W SECTION LINE.  
 BHL: NW NE NW, SEC 26, 2S 8E, CANTON TWP, WAYNE CO.  
 460 FT. FROM N AND 1733 FT. FROM W SECTION LINE.  
 460 FT. FROM N AND 437 FT. FROM W DRILLING UNIT LINE.

**CASING AND SEALING REQUIREMENTS**

HOLE DEPTH	HOLE DIA.	CASING O.D.	WT./FT.	GRADE	CONDITION	DEPTH (M.D.)	SACKS CMT	CEMENT TOP	MUD WT.
400'	14 1/4"	11 3/4"	42	K-55	NEW	400'	250	SURFACE	8.4
1300'	10 5/8"	8 5/8"	24	J-55	NEW	1300'	375	SURFACE	8.4
3411'	7 7/8"	5 1/2"	15.5	J-55	NEW	3411'	350	750	10.0

**SPECIFIC PERMIT CONDITIONS**

1. No earthen reserve pit is to be dug. Steel tanks are to be used to contain drilling fluids and cuttings.
2. Salt cuttings are to be dissolved and removed from the mud system for proper disposal.

**GENERAL PERMIT CONDITIONS**

1. The permittee is required to give notice to public utilities in accordance with Act 53, PA 1974, M.C.L. 460.701-460.718.
2. This permit does not convey property rights in either real estate or material, neither does it authorize any injury to any public or personal property.
3. This permit does not preclude the necessity of obtaining other local, state, or federal permits which may apply to the drilling or operation of this well.
4. All trash and garbage shall be removed from the drill site at the completion of drilling, no garbage may be buried on site.
5. This permit allows a well containing hydrogen sulfide to be drilled and tested subject to the Hydrogen Sulfide Management Provisions of the Rules promulgated under Part 615, 1994 PA 451, as amended. Contact the Air Quality Division prior to producing a sour well to determine if an Air Quality Installation or Operation Permit is required.

OFFICE TO BE NOTIFIED PRIOR TO PREPARING LOCATION  
 AND PRIOR TO MOVING IN DRILLING EQUIPMENT

Southeast Michigan Office (586) 753-3700

PERMIT ISSUED FOR THE SUPERVISOR OF WELLS BY

*Jennifer A. Jernigan*



**TRANSMITTAL AND FIELD REVIEW FOR  
PROPOSED WELL SITE**

- 
- Part 615 Supervisor of Wells, Act 451 PA 1994, as amended
- 
- 
- Part 625 Mineral Wells, Act 451 PA 1994, as amended

1a. Application number A090150	1b. Revision <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1c. Coordinator JEN JENNINGS	1d. District/Field Office SOUTHEAST	1e. Date recvd 5-7-09	1f. Date sent 5-8-09	1g. Date due 6-6-09
2a. Applicant WEST BAY EXPLORATION					2b. Owner number 104	
3a. Well name and number STEIGERWALD 1-26				3b. Previous permit numbers		
4a. Surface location NW 1/4 SE 1/4 NW 1/4 Sec. 26 T 2S R 8E			Township CANTON		County WAYNE	
4b. Footages 1553 feet from N line of Section		1382 feet from W line of Section				
5a. Surface Ownership <input checked="" type="checkbox"/> Private <input type="checkbox"/> State <input type="checkbox"/> Federal			5b. Mineral ownership <input checked="" type="checkbox"/> Private <input type="checkbox"/> State <input type="checkbox"/> Federal			
6a. <input type="checkbox"/> Within Gas Storage Field <input type="checkbox"/> Rule 413 applies Storage field name		6b. <input type="checkbox"/> Contains H <sub>2</sub> S Part 11 rules apply		6c. Well site area local zoning <input checked="" type="checkbox"/> Res, date 01/1996 see R407(3), 505,506 <input type="checkbox"/> Other: _____		
7. Endangered species, state leases, or additional information NO NATURAL FEATURES HITS; NO STATE INTERESTS OR LEASES; PERMIT WILL REPLACE 59764 (EXISTING STEIGERWALD 1-26) DUE TO A SLIGHT LOCATION MOVE						

**FIELD REVIEW AND RECOMMENDATIONS**

8. Field review by: name and date Bruce Waldo 5-11-09	8a. Land use Wildlife habitat & utility corridor, high tower powerlines	8b. Cover type/density Pad now clearcut
9. Topography - (slope, % grade) level	10. Soil type and drainage, field tiles, etc. Kibbie fine sandy loam. Surface drainage to east. No field tiles.	
11a. Area involved Drill pad 170' X 170' Acres .66	11b. Is any area of the drill pad closer than 150' to a structure or water well? If yes, approval req. No	11c. Area involved Access road 1550' X 20' Acres .72
12. Are soil erosion and sedimentation control measures for well site, access, flowline, and surface facilities adequate? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	For well site, access, flowline. Surface facilities not addressed.	
13. Buildings, public roads, pipelines and power lines, private water wells within 600 feet and public water wells within 800 or 2,000'.  Are all features shown on attached plat? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	High tower powerlines (N-S) within 150 ft. to west. Several residences within 600 ft., especially in a subdivision to west. No public water wells. This site is about 14 ft. south of previously permitted one due to that being within 450 ft. of a house deck. It has to be at least 450 ft. away.	
14. Type, direction and distance to surface waters, waterways, wet lands, flood plains, natural rivers within 1320 feet, and Great Lakes shorelines within 1500 feet.  Are all features shown on attached plat? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Seasonally wet drainage ditches are 200 ft. N, 150 ft. S, & 160 ft. E.	
15. Nearby scenic, historical, recreational, environmentally sensitive, or critical dune areas, and threatened and endangered species within 1320 feet.  Are all features shown on attached plat? <input type="checkbox"/> Yes <input type="checkbox"/> No	None	
16. Is casing and sealing adequate? Conductor <input type="checkbox"/> Yes <input type="checkbox"/> No Surface <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Intermediate <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Production <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Expected depth to base of fresh water <u>120 ft.</u> formation <u>BOD, BED top</u>	
17. Is Intermediate Casing Exception recommended? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA		
18. B.O.P. Program adequate? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If certified tests required, give details.		

19. H2S, Part 11 rules apply? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Contingency plan reviewed and approved <input type="checkbox"/> Deficiencies in contingency plan, specify <input type="checkbox"/> Class IV, plan not required Well location complies with Rule 1106(1), (2), Isolation Distances <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Surface facility complies with Rule 506, Residential Areas <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Don't know, surface facility not identified.		
20. Source of freshwater: <input type="checkbox"/> Municipal source <input checked="" type="checkbox"/> Temporary well <input type="checkbox"/> Permanent well <input type="checkbox"/> Other, specify		
21. Drilling pit requirements <i>If no, specify disposition of mud and cuttings. Contained in steel mud tanks and landfilled.</i> a. On-site in-ground pit allowed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b. Specific requirements? <i>If yes, specify requirements, such as location of pit on drill pad.</i> <input type="checkbox"/> Yes <input type="checkbox"/> No c. Remote pit will be used <i>If yes, identify location of remote pit.</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Are all surface owner approvals and surveys filed? <input type="checkbox"/> Yes <input type="checkbox"/> No d. Rule 407(3) applies <i>If yes, is in-ground pit exception requested by applicant AND recommended by GLMD</i> <input type="checkbox"/> Yes <input type="checkbox"/> No Zoned residential prior to 1/8/93? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No e. Rule 407(7)(b) (iv) applies <i>If yes, what is contingency for disposal of muds if they fail paint filter test?</i> Paint filter test required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
f. Salt cuttings to be (give details) <input checked="" type="checkbox"/> Removed for disposal <input checked="" type="checkbox"/> Dissolved & removed <input type="checkbox"/> None	Specify landfill BFI Arbor Hills Specify disposal well or waste hauler Chartier	g. Area Geologist notification prior to: <input type="checkbox"/> Yes <input type="checkbox"/> No Pit excavation <input type="checkbox"/> Yes <input type="checkbox"/> No Pit liner installation <input type="checkbox"/> Yes <input type="checkbox"/> No Pit encapsulation
22. Is EIA for surface facilities included in application or described elsewhere? <i>If no and greater than 300' from wellhead, does feasible location for surface facilities exist?</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No, R504 (4) applies <input type="checkbox"/> No, less than 300' from well head Wooded area to the southwest (WD).		
23. DEQ and/or DNR comments		
24. Items continued and/or not covered above (attach additional sheets if needed)		
25. Revision included (describe if applicable)		
26. Representative of permittee contacted regarding additional requirements? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Name _____ Date _____ Phone _____		
27. Area geologist: recommend a permit: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (provide reasons) <input type="checkbox"/> Needs corrections or additional information <input type="checkbox"/> Memo attached		
<u>Bruce Waldo</u> Signature	<u>Senior Geologist</u> Title	<u>8-12-09</u> Date
28. District Geologist: Recommend a permit: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (provide reasons) <input type="checkbox"/> Needs corrections or additional information <input type="checkbox"/> Memo attached		
<u>Walter Danyluk</u> Signature	<u>District Supervisor</u> Title	<u>8/12/2009</u> Date

**SURVEY RECORD OF WELL LOCATION**

This information is required by authority of Part 615 Supervisor of Wells, or Part 625 Mineral Wells, of Act 451 PA 1994, as amended, in order to obtain a drilling permit.

Applicant

West Bay Exploration Company

Well name and number

Steigerwald 1-26

1a. Surface location

NW 1/4 of SE 1/4 of NW 1/4 of section 26 T 2S R 8E

Township

Canton

County

Wayne

1b. If this is a directional well, bottom hole location will be

NW 1/4 of NE 1/4 of NW 1/4 of section 26 T 2S R 8E

Township

Canton

County

Wayne

**Instructions:** Outline drilling unit for oil/gas wells (Part 615) or property boundary for mineral wells (Part 625) and spot well location on plat shown. Locate the well in two directions from the nearest section, quarter section, and unit (or property, Part 625) lines.

2. The surface location is

1553 ft. from nearest (N/S) N section line

1382 ft. from nearest (E/W) W section line and

1084 ft. from nearest (N/S) S quarter section line

1208 ft. from nearest (E/W) E quarter section line

3. Bottom hole will be (if directional)

460 ft. from nearest (N/S) N section line

1733 ft. from nearest (E/W) W section line and

2180 ft. from nearest (N/S) S quarter section line

860 ft. from nearest (E/W) E quarter section line

4. Bottom hole will be (directional or straight)

460 ft. from nearest (N/S) N drilling unit line

436.5 ft. from nearest (E/W) W drilling unit line

5. Show access to stake on plat and describe if it is not readily accessible. I-275 south to Fellows Road Exit, go west 1 mile to Lilley Road, go south 2 miles to Palmer Road, go west 1/4 mile to Electric Transmission Lines, go south 3/8 mile to flagged site to east.

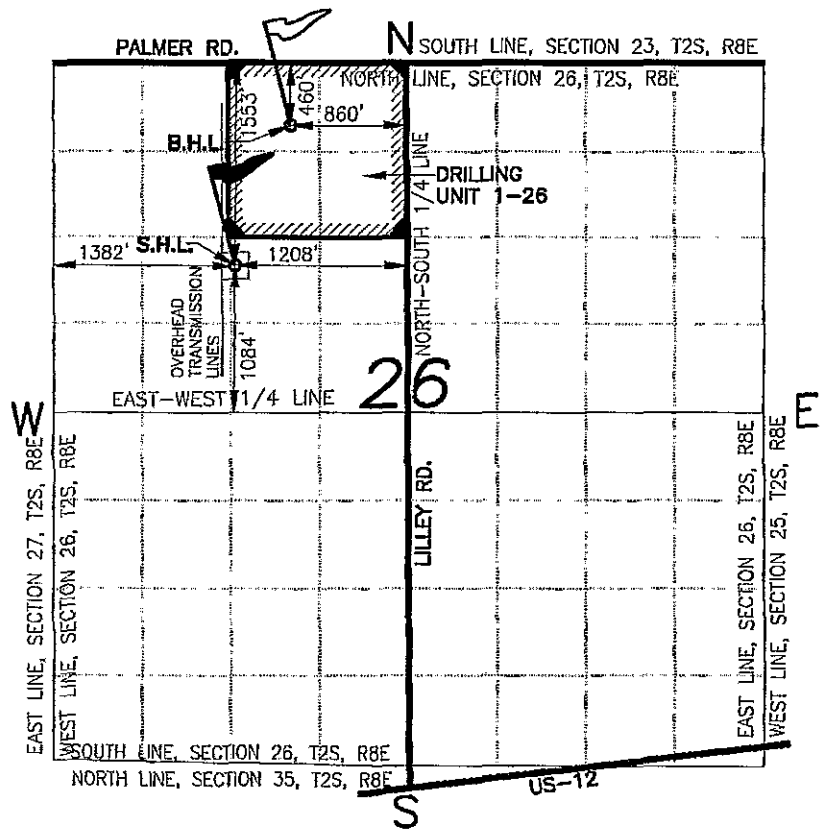
6. Zoning  Residential, effective date 04/1996

Initial date of residential zoning 01/1996

 Other

PLAT BELOW REPRESENTS ONE FULL SECTION  
(1 MILE SQUARE)

N ↑



ON SEPARATE PLAT OR PLOT PLAN, LOCATE, IDENTIFY AND SHOW DISTANCES TO:

- All roads, power lines, buildings, residences, fresh water wells, and other man-made features, within 600 feet of the stake.
- All lakes, streams, wetlands, drainage-ways, floodplains, environmentally sensitive areas, natural rivers, critical dune areas, and threatened or endangered species within 1320 feet of the stake.
- All type I and IIa public water supply wells within 2000 feet and all type IIb and III public water supply wells within 800 feet of the well stake.

Name of individual who surveyed site

Stephen V. Vallier, P.S.

Company

Westshore Consulting

Date of survey

09/23/08, Revised 03/18/09 ✓

Address

2534 Black Creek Road, Muskegon, MI 49444

Phone

(231) 777-3447

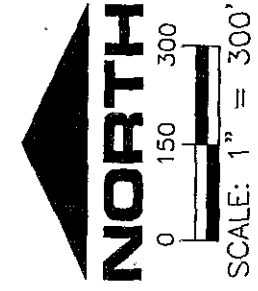
I CERTIFY THE ABOVE INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature of licensed surveyor (affix seal)

*Stephen V. Vallier*  
 No. 28422

Date

3/10/09



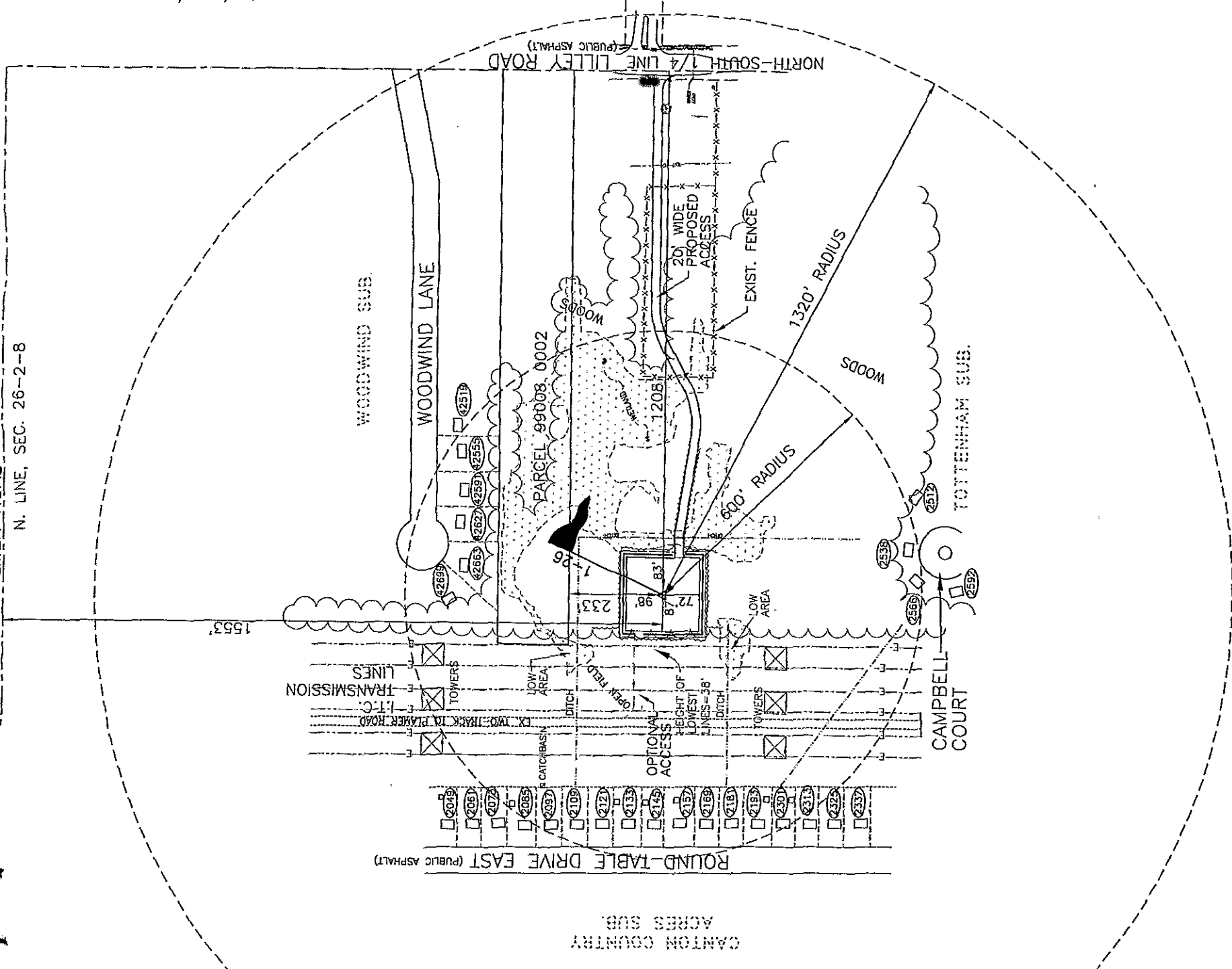
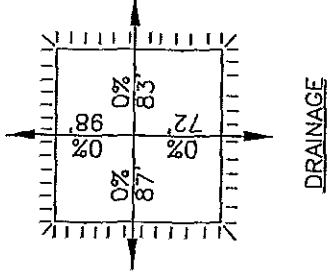
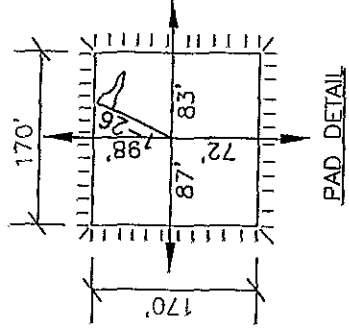
PALMER ROAD  
N. LINE, SEC. 26-2-8

PROPOSED WELL: WEST BAY STEIGERWALD 1-26.  
SURFACE LOCATION: 1553 FT. FROM NORTH LINE AND  
1208 FT. FROM THE WEST N-S 1/4 LINE;  
OF THE NORTHWEST 1/4 OF SECTION 26,  
T2S, R8E, CANTON TWP., WAYNE COUNTY, MI

DISTANCE AND DIRECTION TO FEATURES

- N38°07'E 596' HOUSE
- N33°56'E 555' HOUSE
- N26°02'E 506' HOUSE
- N17°42'E 493' HOUSE
- N06°17'E 451.6' #42663 WOOD STAIRS TO DECK
- N01°42'W 479' HOUSE
- N54°22'W 580' SHED
- N59°54'W 597' HOUSE
- N65°08'W 567' HOUSE
- N70°50'W 544' HOUSE
- N76°50'W 525' HOUSE
- N78°24'W 476' SHED
- N83°25'W 487' HOUSE #2133 SUN PORCH CORNER
- N86°30'W 468' SHED
- N89°52'W 486' HOUSE #2145 CORNER DECK
- S86°08'W 462' SHED
- S86°W 451' HOUSE #2157 POOL DECK
- S83°15'W 512' HOUSE
- S79°50'W 519' HOUSE
- S73°34'W 530' HOUSE
- S67°28'W 557' HOUSE
- S62°23'W 521' SHED
- S62°01'W 580' HOUSE
- S57°00'W 551' SHED
- S01°34'W 554' HOUSE
- S03°45'E 568' HOUSE
- S09°29'E 551' HOUSE
- N57°55'W 524' CATCHBASIN
- NORTH 210' DRAINAGE DITCH
- EAST 128' DRAINAGE DITCH
- S26°51'W 165' DRAINAGE DITCH
- S37°08'W 480' DRAINAGE DITCH
- WEST 121' OVERHEAD POWER LINES
- N11°29'E 580' WOODWIND LN. (CENTER OF CUL-DE-SAC)
- S89°37'W 609' CENTERLINE OF ROUND TABLE DR. E.
- S08°42'W 653' CAMPBELL CT. (CENTER OF CUL-DE-SAC)

- LEGEND:
- RUN-OFF SWALE (DRY)
  - OVERHEAD LINES
  - TREELINE



**WESTSHORE CONSULTING**  
Engineers ■ Scientists ■ Surveyors

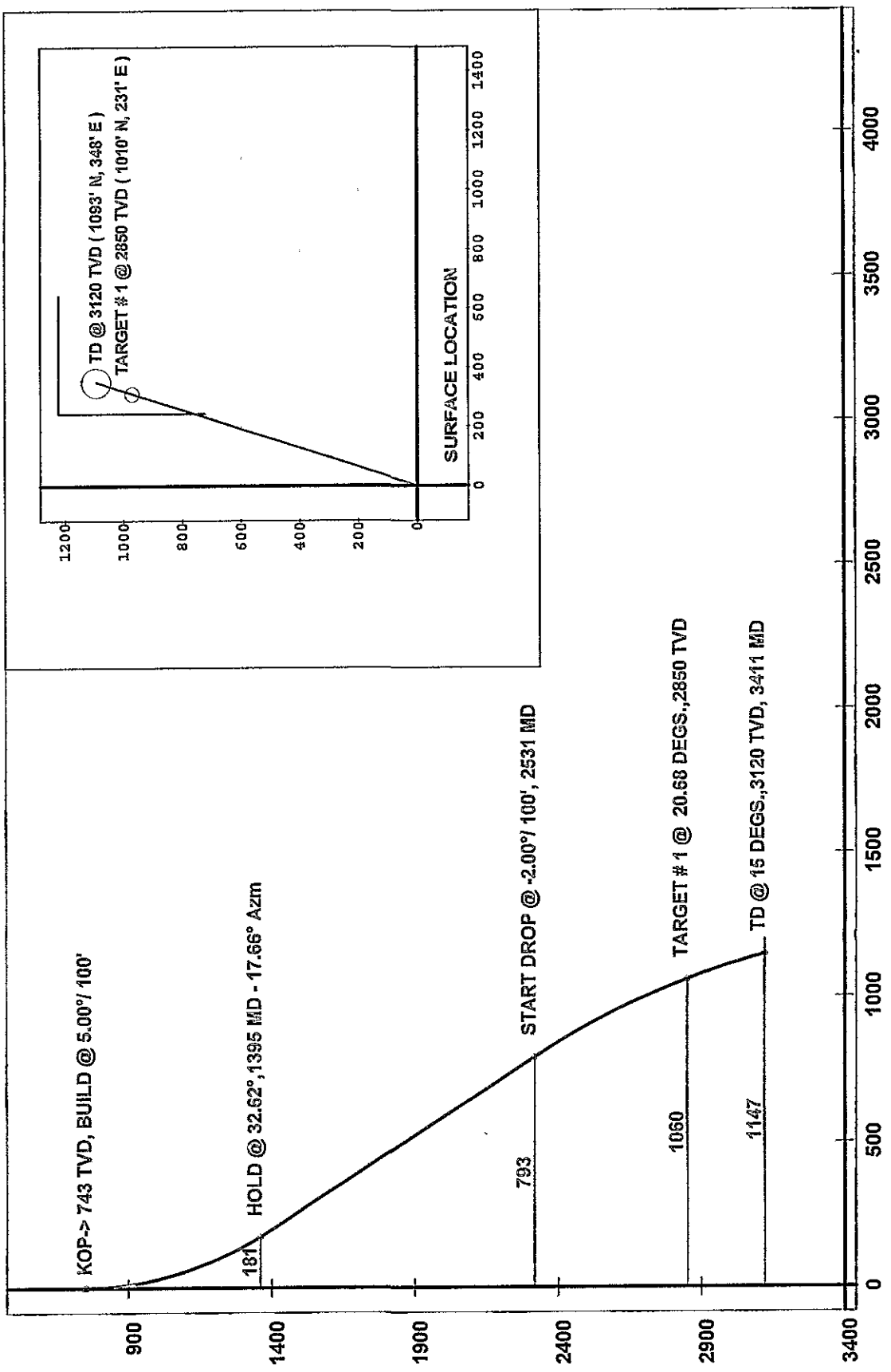
www.WestshoreConsulting.com  
2534 Black Creek Road  
Muskegon, MI 49444  
(231) 777-3447

238 Parkdale Avenue, Suite 2  
Maristee, MI 49660  
(231) 723-2202

<b>WEST BAY EXPLORATION COMPANY</b> 5555 Hogback Road Fowlerville, MI 48836	Checked: SW Date: 1/16/09 Drawn by: JJS/WAY Rev. Date: 5/6/09 File No.: 323-26
STEIGERWALD 1-26 WELL SITE MAP	Figure: 1

**RECEIVED**  
MAY 07 2009  
OFFICE OF GEOLOGICAL SURVEY  
PERMITS & BONDING UNIT

Company: WEST BAY EXPLORATION  
 Lease/Well: STEIGERWALD # 1-26  
 Location: CANTON TWP., WAYNE CO.  
 State/Country: MICHIGAN / USA  
 File name: C:\WINSERVER\PEPENDING\2009\STEIGER.SVY  
 Date/Time: 24-Apr-09 / 17:10





Directional Drilling Contractors, LLC.

Job Number: State/Country: MICHIGAN / USA  
 Company: WEST BAY EXPLORATION Declination:  
 Lease/Well: STEIGERWALD # 1-26 Grid:  
 Location: CANTON TWP., WAYNE CO. File name: C:\WINSERVE\IPENDING\2009\STEIGER.SVY  
 Rig Name: Date/Time: 24-Apr-09 / 17:32  
 RKB: Curve Name: STEIGERWALD # 1-26  
 G.L. or M.S.L.:

Directional Drilling Contractors  
PROPOSAL REPORT

WINSERVE PROPOSAL REPORT  
Minimum Curvature Method  
Vertical Section Plane 17.66  
Vertical Section Referenced to Wellhead  
Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
<b>KOP-&gt; 743 TVD, BUILD @ 5.00°/ 100'</b>							
743.00	.00	.00	743.00	.00	.00	.00	.00
753.00	.50	17.66	753.00	.04	.01	.04	5.00
773.00	1.50	17.66	773.00	.37	.12	.39	5.00
803.00	3.00	17.66	802.97	1.50	.48	1.57	5.00
833.00	4.50	17.66	832.91	3.37	1.07	3.53	5.00
863.00	6.00	17.66	862.78	5.98	1.90	6.28	5.00
893.00	7.50	17.66	892.57	9.34	2.97	9.80	5.00
923.00	9.00	17.66	922.26	13.44	4.28	14.11	5.00
953.00	10.50	17.66	951.83	18.28	5.82	19.19	5.00
983.00	12.00	17.66	981.25	23.86	7.60	25.04	5.00
1013.00	13.50	17.66	1010.51	30.17	9.61	31.66	5.00
1043.00	15.00	17.66	1039.58	37.21	11.85	39.05	5.00
1073.00	16.50	17.66	1068.46	44.97	14.32	47.19	5.00
1103.00	18.00	17.66	1097.11	53.44	17.02	56.09	5.00
1133.00	19.50	17.66	1125.51	62.63	19.94	65.73	5.00
1163.00	21.00	17.66	1153.66	72.52	23.09	76.11	5.00
1193.00	22.50	17.66	1181.52	83.12	26.46	87.23	5.00
1223.00	24.00	17.66	1209.09	94.40	30.06	99.07	5.00
1253.00	25.50	17.66	1236.33	106.37	33.87	111.63	5.00
1283.00	27.00	17.66	1263.23	119.01	37.89	124.90	5.00
1313.00	28.50	17.66	1289.78	132.32	42.13	138.87	5.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
1343.00	30.00	17.66	1315.96	146.29	46.58	153.52	5.00
1373.00	31.50	17.66	1341.74	160.90	51.23	168.86	5.00
<b>HOLD @ 32.62°, 1395 MD - 17.66° Azm</b>							
1395.33	32.62	17.66	1360.66	172.19	54.82	180.71	5.00
1495.33	32.62	17.66	1444.89	223.56	71.18	234.61	.00
1595.33	32.62	17.66	1529.12	274.92	87.53	288.51	.00
1695.33	32.62	17.66	1613.35	326.28	103.88	342.41	.00
1795.33	32.62	17.66	1697.58	377.64	120.24	396.32	.00
1895.33	32.62	17.66	1781.81	429.00	136.59	450.22	.00
1995.33	32.62	17.66	1866.04	480.36	152.94	504.12	.00
2095.33	32.62	17.66	1950.27	531.72	169.29	558.02	.00
2195.33	32.62	17.66	2034.50	583.08	185.65	611.92	.00
2295.33	32.62	17.66	2118.73	634.44	202.00	665.82	.00
2395.33	32.62	17.66	2202.96	685.80	218.35	719.72	.00
2495.33	32.62	17.66	2287.19	737.16	234.70	773.62	.00
<b>START DROP @ -2.00'/ 100', 2531 MD</b>							
2531.09	32.62	17.66	2317.31	755.53	240.55	792.90	.00
2561.09	32.02	17.66	2342.67	770.81	245.42	808.94	2.00
2591.09	31.42	17.66	2368.18	785.84	250.20	824.71	2.00
2621.09	30.82	17.66	2393.87	800.61	254.91	840.21	2.00
2651.09	30.22	17.66	2419.71	815.13	259.53	855.44	2.00
2681.09	29.62	17.66	2445.72	829.38	264.07	870.41	2.00
2711.09	29.02	17.66	2471.87	843.38	268.52	885.10	2.00
2741.09	28.42	17.66	2498.18	857.11	272.90	899.51	2.00
2771.09	27.82	17.66	2524.64	870.59	277.19	913.65	2.00
2801.09	27.22	17.66	2551.25	883.79	281.39	927.51	2.00
2831.09	26.62	17.66	2578.00	896.73	285.51	941.09	2.00
2861.09	26.02	17.66	2604.89	909.41	289.55	954.39	2.00
2891.09	25.42	17.66	2631.92	921.81	293.49	967.40	2.00
2921.09	24.82	17.66	2659.08	933.94	297.36	980.14	2.00
2951.09	24.22	17.66	2686.38	945.81	301.13	992.59	2.00
2981.09	23.62	17.66	2713.80	957.39	304.82	1004.75	2.00
3011.09	23.02	17.66	2741.35	968.71	308.43	1016.62	2.00
3041.09	22.42	17.66	2769.02	979.75	311.94	1028.21	2.00
3071.09	21.82	17.66	2796.82	990.51	315.37	1039.50	2.00
3101.09	21.22	17.66	2824.73	1000.99	318.71	1050.51	2.00
<b>TARGET # 1 @ 2850 TVD</b>							
3128.15	20.68	17.66	2850.00	1010.21	321.64	1060.18	2.00
3131.09	20.62	17.66	2852.75	1011.20	321.96	1061.22	2.00
3161.09	20.02	17.66	2880.88	1021.12	325.12	1071.63	2.00
3191.09	19.42	17.66	2909.12	1030.77	328.19	1081.75	2.00
3221.09	18.82	17.66	2937.47	1040.13	331.17	1091.58	2.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	Dogleg Severity Deg/100
3251.09	18.22	17.66	2965.92	1049.21	334.06	1101.10	2.00
3281.09	17.62	17.66	2994.46	1058.00	336.86	1110.33	2.00
3311.09	17.02	17.66	3023.10	1066.51	339.57	1119.26	2.00
3341.09	16.42	17.66	3051.83	1074.73	342.18	1127.89	2.00
3371.09	15.82	17.66	3080.65	1082.67	344.71	1136.22	2.00
3401.09	15.22	17.66	3109.56	1090.31	347.14	1144.24	2.00
<b>TD @ 3120 TVD, 3411 MD</b>							
3411.90	15.00	17.66	3120.00	1093.00	348.00	1147.06	2.00



**ENVIRONMENTAL IMPACT ASSESSMENT**

Required for issuance of well permit pursuant to Part 615, 1994 PA 451, as amended. Falsification of this information may result in fines and/or imprisonment. Check all boxes and fill in all blanks which apply to this drilling application. Attach additional pages as necessary.

**A. DESCRIPTION OF PROJECT**

<b>1. Applicant's name</b> West Bay Exploration Company	<b>Well name and number</b> Steigerwald 1-26	<b>Intended use of well</b> Exploratory
<b>2. Mineral ownership</b> , check each category of mineral owners in drilling unit or Antrim Uniform Spacing Plan <input checked="" type="checkbox"/> Private <input type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Other, identify		
<b>3. Applicable spacing order and drilling unit size</b> <input type="checkbox"/> S.O. 14-9-94 N. Mich. Antrim, 80 acres <input type="checkbox"/> S.O. 3-3-95 S. Mich. Antrim, 40 acres <input type="checkbox"/> S.O. 1-73 Niagaran, 80 acres <input type="checkbox"/> S.O. 2-81 Oakland Co. Niagaran, 40 acres <input checked="" type="checkbox"/> R 324.301 General rule, 40 acres <input type="checkbox"/> S.O. 1-86 P.D.C., 640 acres <input type="checkbox"/> Field Spacing or Unitization Order (identify below) <input type="checkbox"/> Antrim USP (identify name, number of acres, and number of drilled and permitted wells)		
<input type="checkbox"/> Administrative exception requested per R324.303 (2). See instructions for applying for an administrative spacing exception <input type="checkbox"/> Exception to spacing requested, petition for hearing filed <input type="checkbox"/> Non-producing well, no drilling unit		
Reference: Compulsory Pooling Order 04-2009		
<b>4. Applicant's right to drill and produce</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are all mineral interests in the drilling unit under lease and controlled by the applicant/permittee? If no, <input type="checkbox"/> petition filed for compulsory pooling OR <input type="checkbox"/> certified efforts to obtain leases are attached (if allowed by spacing order) <input type="checkbox"/> Not applicable, no drilling unit. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Has applicant obtained all contractual rights needed to locate the well where it is proposed? If no, <input type="checkbox"/> what additional approvals are needed?		
<b>5. Special considerations</b> <input checked="" type="checkbox"/> Replacement well for permit no. 52481 & 59764 or <input type="checkbox"/> Existing well pad <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is well expected to encounter H <sub>2</sub> S? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is well located in a city, township, or village with a population greater than 70,000? <input type="checkbox"/> Other (describe)		

**B. IMPACTS AS A RESULT OF DRILLING**

<b>1. Access route dimensions</b> <u>1540</u> feet x <u>20</u> feet / 43,560 = <u>0.71</u> acres. Provide a detailed description of topography, drainage, soil type(s), direction and percentage of slopes, land cover and present land use for the access route while drilling. Identify route on attached plat. The area to the west of the well site has been cleared to maintain the right-of-way for the overhead electric line. Slopes are approximately 1 percent down to the north, east, west, and south. The access route will be along the existing powerline easement. The easement is relatively flat (0 to 3%) and is clear of vegetation. The soils are Kibbie fine sandy loam and Pella silt loam.
<b>2. Well site dimensions</b> <u>170</u> feet x <u>170</u> feet / 43,560 = <u>0.66</u> acres. Provide a detailed description of topography, drainage, soil types(s), direction and percentage of slopes, land cover and present land use for the well site. Identify well site on attached plat. The proposed well site is presently wooded with numerous trees and saplings in the drilling area. The existing grade is approximately 1% easterly at the well site. The soils are Kibbie fine sandy loam.
<b>3. Is well site located in residentially zoned area?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, R324.407(3) and R324.505 apply.
<b>4. Are drain tiles present?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, identify where they exist on attached plat or project map. How will they be handled if they are encountered? .
<b>5. Identify the distance and direction to all of the following, also identify on attached plat</b> a. All buildings, fresh water wells, public roads, power lines and other man-made features within 600' of the well site. Several residences are located within 600 feet, overhead electric transmission lines are within 150 feet, and a residential subdivision road is located within 600 feet. The complete list of buildings, fresh water wells, public roads, power lines, and other man-made features within 600 feet of the site can be found on the supplemental plat.
b. All Type I and Type IIa public water supply wells within 2000' of the well site and all Type IIb and Type III public water wells within 800' of the well site. No Type I, II, or III public water wells were identified within 2000 feet of the well site.

(Type I is a community water supply with year-round service  $\geq 15$  living units or  $\geq 25$  residents. Type II is a non-community water supply with  $\geq 15$  service connections or  $\geq 25$  individuals for not less than 60 days per year. Average daily water production: IIA  $\geq 20,000$  GPD IIB  $< 20,000$  GPD Type III is a public water supply which is neither Type I or II.)

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(Part B-5 continued)

c. Surface waters, floodplains, wetlands, natural rivers, critical dune areas, threatened or endangered species within 1320' and Great Lake shorelines within 1500' of the well site Three drainage ditches for surface water runoff are located near the well site, one is approx. 200 ft north, one approx. 150 ft south, and one approx. 160 ft east of the well location. All of the drainage ditches appear to be dry during the majority of the year. There are two low wet areas approx. 50 ft x 50 ft located near the site, one is approx. 200 ft north, and one approx. 150 ft south. No floodplains, natural rivers, or critical dune areas are within 1320 feet & no Great Lake shoreline is within 1500 feet of the well site. The USFWS indicates that the endangered Indiana Bat (*Myotis sodalis*) that summer habitat, the endangered Northern Riffleshell (*Dysnomia torulosa rangiana*) found in large streams and small rivers in firm sand of riffle areas, and the threatened Eastern Prairie Fringed Orchid (*Plantathera leucophaea*) found in mesic to wet prairies and meadows, may occur in this area, but this project is unlikely to affect these species because suitable habitat is not available.

d. Describe the actions to be taken to mitigate impacts to any of the items identified in Part B-5 a-c above. A series of rip-rap check dams & a sediment trap will be constructed to filter the sediments from the runoff water prior to entering the stream/wetland areas.

**6. Identify the source of fresh water used to drill this well**

- "Permanent" water well, to be retained after final completion OR used for drinking water (shall be drilled and installed pursuant to Part 127 of 1979 PA 368, as amended)
- "Temporary" water well, will be plugged upon final completion and not used for drinking water (consult R 324.403 (2) for minimum construction requirements)
- Fresh water will be hauled from existing water well or municipal source (identify) \_\_\_\_\_
- No fresh water will be used in drilling this well

**7. Pit location and handling and disposal of drill cuttings, muds and fluids**

- Anticipated depth to groundwater 5 feet Method determined by map and field review
- On site in-ground pit, anticipated dimensions: L \_\_\_\_\_ W \_\_\_\_\_ D \_\_\_\_\_
  - Remote in-ground pit, anticipated dimensions: L \_\_\_\_\_ W \_\_\_\_\_ D \_\_\_\_\_  
Attach approval of landowner and attach survey of remote pit location
  - Well drilled below base of Detroit River Anhydrite. Describe how mud and cuttings pursuant to R324.407(7)(iv) will be handled.  
Pit fluids below DRA disposed by \_\_\_\_\_ licensed liquid waste hauler OR  
Pit fluids below DRA disposed at the \_\_\_\_\_ disposal well.  
If drill cuttings & mud don't pass paint filter test, they will be disposed at \_\_\_\_\_ landfill.  
 No salt cuttings OR  
 Salt cuttings dissolved and disposed by Seller Tank Truck Service, Inc. licensed liquid waste hauler OR  
 Salt cuttings hauled to BGI Arbor Hills, 6 Mile & Napier Road, Wayne, Michigan landfill
  - Temporary pit, cuttings and muds disposed at (identify) \_\_\_\_\_
  - No in-ground pit, cuttings and muds disposed at (identify) BGI Arbor Hills, 6 Mile & Napier Road, Wayne, Michigan
  - Pit will be solidified.

**C. IMPACTS AS A RESULT OF PRODUCTION**

1. Kind of well  exploratory  development  Other (describe) \_\_\_\_\_  
 Antrim project (submit separate project EIA, form EQP 7200-21, for access roads, flow lines, and surface facilities)  
where is project EIA found? \_\_\_\_\_ and complete C-2, omit C-3 and C-4

2. Location of surface facilities (Prior to construction, the District Geologist, pursuant to R324.1002, must also approve all surface facility secondary containment plans.)  
 Greater than 300' from wellhead. Identify facility location on attached plat and complete C-3 and C-4.  
 Less than 300' from wellhead. Identify facility location on attached plat, complete C-3, omit C-4  
 Surface facility exists or was previously approved for construction and is known as \_\_\_\_\_ complete C-3, omit C-4.  
 Surface facility location was not determined for this exploratory well (omit C-3 and C-4). Submit a separate request for Surface Facility Location Approval (form 7200-22), which includes a Facility Plan, Environmental Impact Assessment, and Soil Erosion and Sedimentation Control Plan, to District Geologist prior to construction pursuant to R324.504.

3. Flow Line Environmental Impact Assessment  
 Identify flow line location and course from well to the surface facility on attached plat.  
Flow line route dimensions \_\_\_\_\_ feet x \_\_\_\_\_ feet / 43,560 = \_\_\_\_\_ acres.  
Describe the topography, drainage, soil type(s), direction and percentage of slopes, land cover and present land use along the flow line route

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4. Surface Facility Environmental Impact Assessment  
a. Dimensions of surface facility \_\_\_\_\_ feet x \_\_\_\_\_ feet / 43,560 = \_\_\_\_\_ acres  
b. Describe the topography, drainage, soil type(s), direction and percentage of slopes, land cover, and present land use  
1. Along access route to surface facility

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Part C-4, continued

2. At surface facility site

c. Are surface facilities likely to receive oil or gas with H<sub>2</sub>S concentration greater than 300 ppm?  Yes  No, if yes, R324.1106(2) applies.

d. Will surface facilities be located in residentially zoned area?  Yes  No, if yes, R324.506 may apply

e. Identify the distance and direction to all of the following, and identify on attached plat

1. Distance and direction to all buildings, fresh water wells, public roads, power lines and other man-made features within 600' of surface facility

2. Distance and direction to any surface waters, floodplains, wetlands, natural rivers, critical dune areas, and threatened or endangered species within 1320' and Great Lakes shorelines within 1500' of the surface facility site

3. Describe the actions to be taken to mitigate impacts to any of the items identified in Part C-4e 1 and 2 above.

4. Distance and direction to all Type I and Type IIa public water supply wells within 2000' of the surface facility site and all Type IIb and Type III wells within 800' of the surface facility

Type I is a community water supply with year-round service  $\geq 15$  living units or  $\geq 25$  residents. Type II is a non-community water supply with  $\geq 15$  service connections or  $\geq 25$  individuals for not less than 60 days per year. Average daily water production: IIa  $\geq 20,000$  GPD IIb  $< 20,000$  GPD Type III is a public water supply which is neither type I or II.

5. Method of brine disposal

Dedicated flow line to disposal well \_\_\_\_\_, permit number \_\_\_\_\_

Transported by tanker.  Other \_\_\_\_\_

6. Method of transporting hydrocarbons past the point of sale

Oil sold through transmission line

Gas sold through transmission line

Oil transported by tanker for sale

Gas flared on site (production restrictions may apply)

Other \_\_\_\_\_

D. MITIGATION OF IMPACTS FROM DRILLING AND/OR PRODUCTION

Describe additional measures to be taken to protect environmental and/or land use values Groundwater and subsurface soils will be protected by surface casing through the glacial drift and into the bedrock. Drilling waste materials will be captured and contained onsite prior to appropriate offsite disposal. The well site berm will contain any accidental releases and control storm water, and the soil erosion plan will be followed. The isolated location will minimize noise and disturbances to nearby residents and hospital-type mufflers will be used. The access road and well pad were located so as to minimize impacts. All applicable environmental and safety requirements will be followed.

E. ADDITIONAL PERMITS

Identify additional permits to be sought

F. SOIL EROSION AND SEDIMENTATION PLAN

Submit a soil erosion and sedimentation plan (form 7200-18) which addresses each well site, surface facility, and flow line route identified in this application. (Refer to requirements under Part 91, 1994 PA 451)

G. ALTERNATE WELL AND SURFACE FACILITY LOCATIONS

Were alternate surface locations considered for this well or surface facility?

No, alternate sites did not seem necessary or more desirable

Yes, the following locations were considered

Why were they rejected in favor of the proposed location?

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H. CERTIFICATION

"I state that I am authorized by said applicant to prepare this document. It was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Wade A. VandenBosch, PE

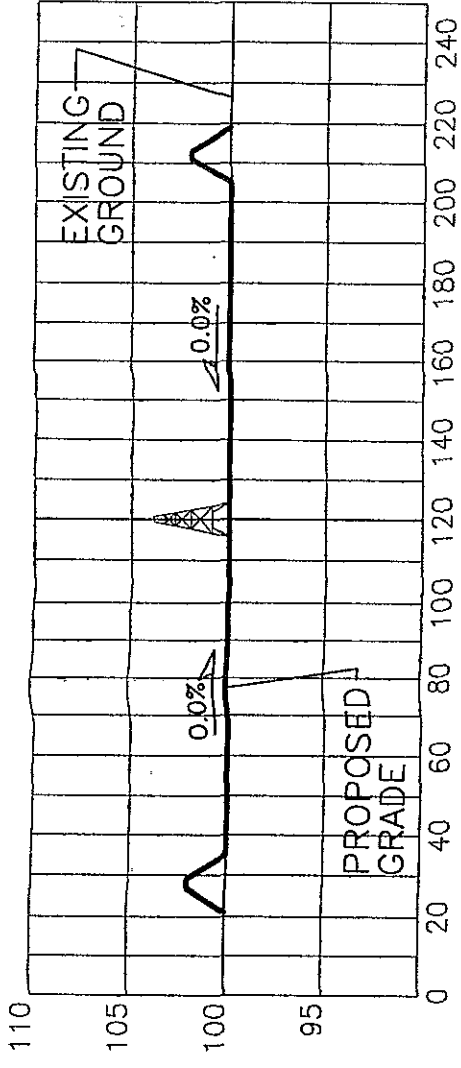
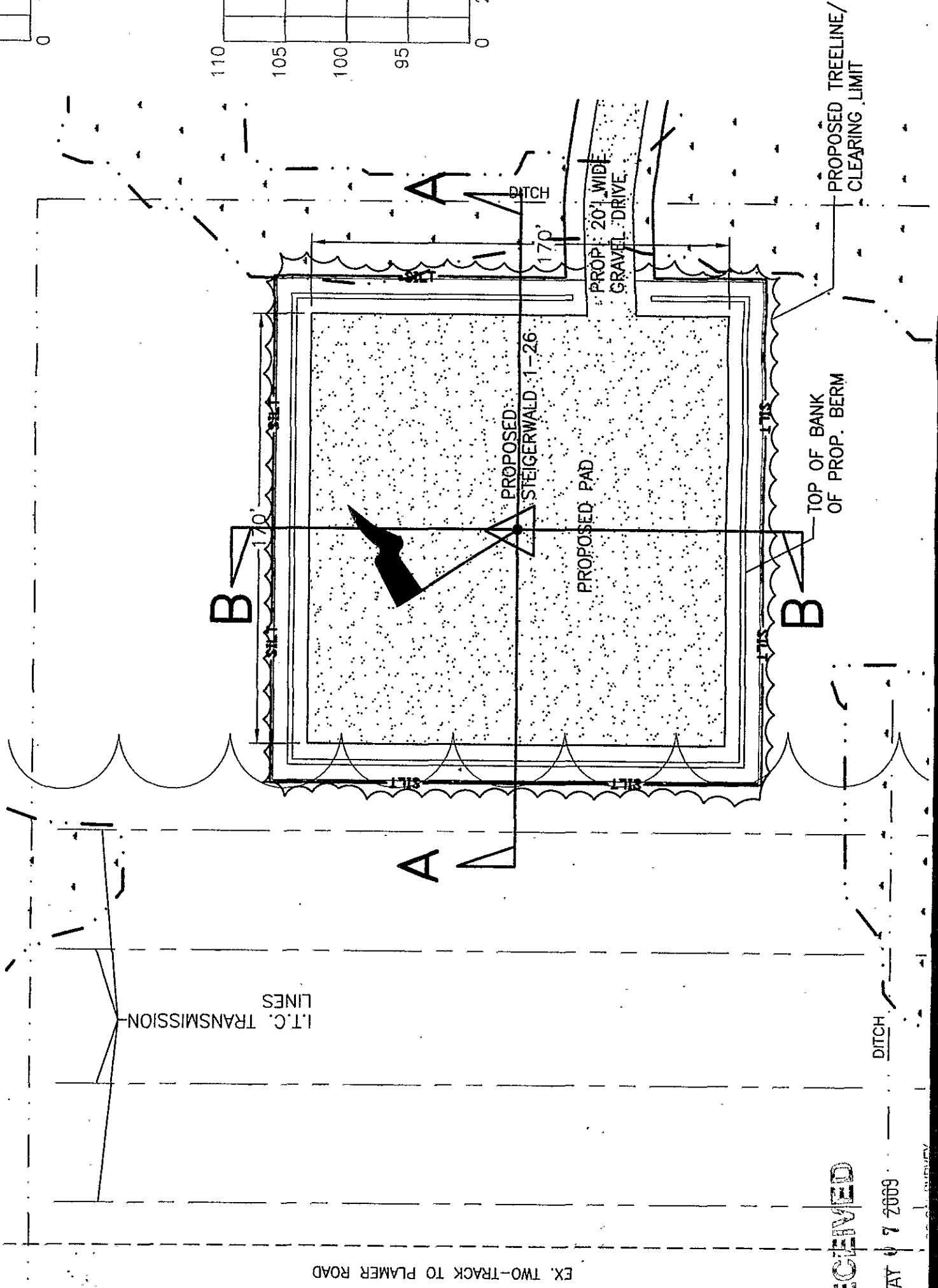
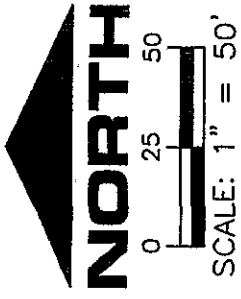
Name and title (printed or typed)

*Wade A. VandenBosch*  
Authorized Signature

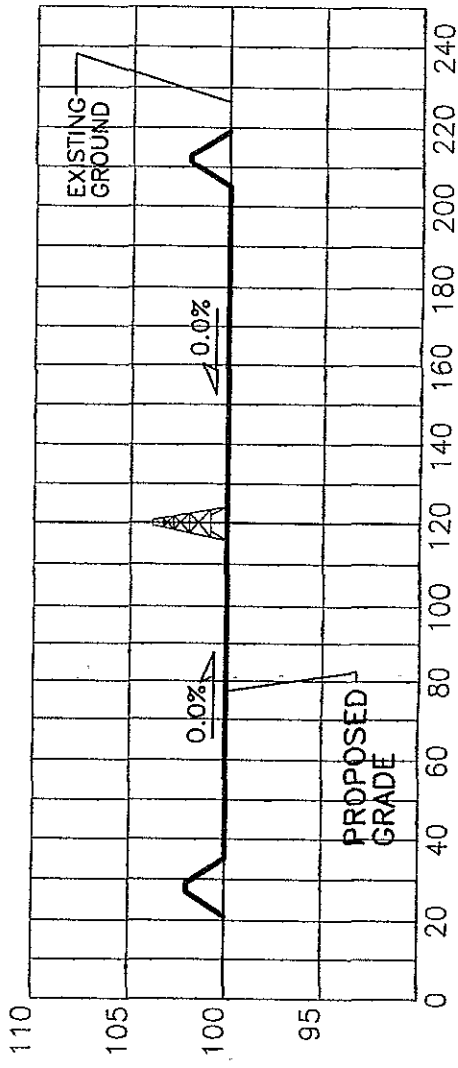
5/6/09  
Date

Enclose with Application For Permit To Drill





**SECTION A-A**  
 HOR SCALE: 1"=100'  
 VERT SCALE: 1"=20'



**SECTION B-B**  
 HOR SCALE: 1"=100'  
 VERT SCALE: 1"=20'



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 2508 Washington Avenue, Grand Haven, MI 49417 (231) 777-3447  
 Parkdale Avenue, Suite 2, Manistee, MI 49660 (231) 723-2202

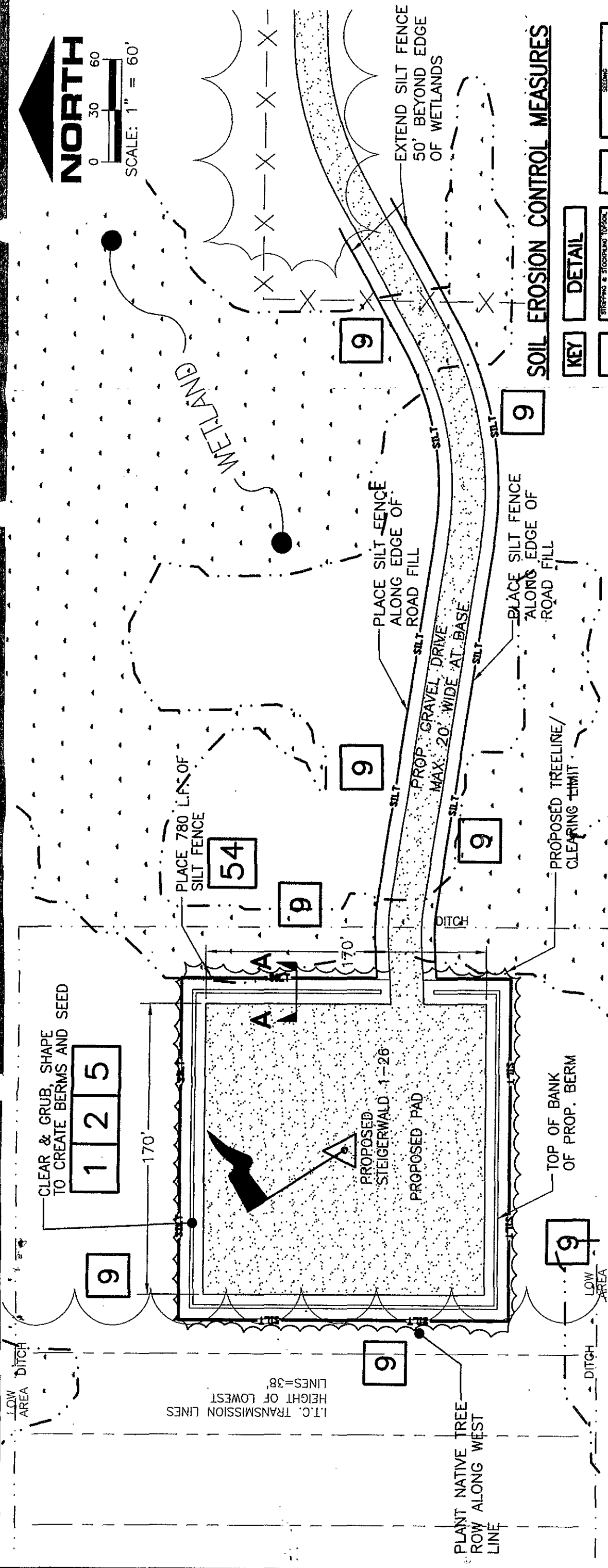
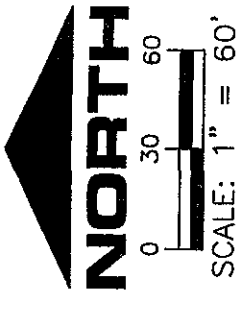
<b>WEST BAY EXPLORATION COMPANY</b> 5555 Hogback Road Fowlerville, MI 48836	Checked: SW Date: 1/16/09 Drawn by: BJA Date: 1/16/09 File No.: 323-26
<b>STEIGERWALD 1-26 WELL CROSS SECTIONS</b>	Figure: <b>2</b>

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EX. TWO-TRACK TO PLAMER ROAD



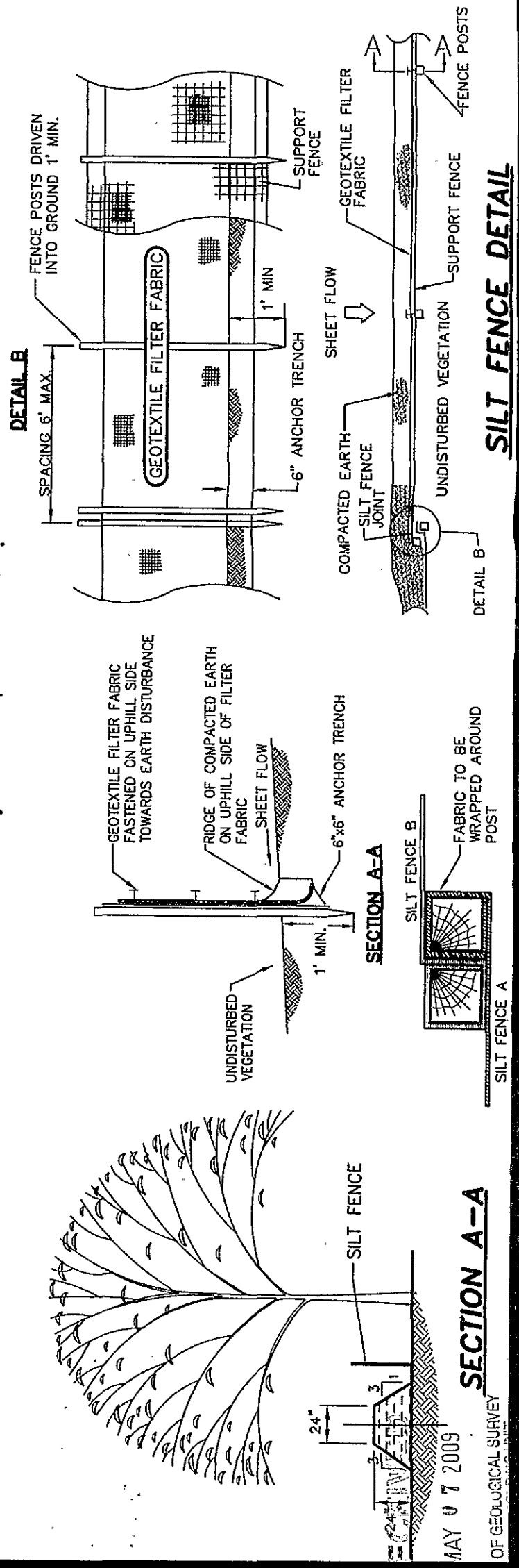
**SOIL EROSION CONTROL MEASURES**

KEY	DETAIL
1	STREPPING & STORING TOPSOIL
2	SELECTIVE GRUBBING & SHAPING
9	VEGETATIVE BUFFER STRIP
5	SEEDING
54	SILT FENCE

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<b>WEST BAY EXPLORATION COMPANY</b> 5555 Hogback Road Fowlerville, MI 48836		Checked: SW
Date: 1/16/09		SW
Drawn by: BJA		1/16/09
Date: 1/16/09		323-26
File No.: 323-26		Figure: <b>3</b>



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**SILT FENCE DETAIL**

# WELLHEAD BLOWOUT CONTROL SYSTEM

Worksheet supplement for "Application for Permit to Drill or Deepen a Well"

This information is required by authority of Part 615  
Supervisor of Wells or Part 625 Mineral Wells, Act 451  
PA 1994, as amended, in order to obtain a permit.

Applicant  
West Bay Exploratic Company  
13685 South West Bay Shore, Suite #200  
Traverse City, MI 49884

Well name and number  
Steigerwald ##1-26

Max. anticipated surface pressure 900 psi

Annular B.O.P. 11 3/4" \_\_\_\_\_", 3000 \_\_\_\_\_ W.P.

B.O.P. Blind \_\_\_\_\_ Rams 11 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.  
(Pipe/Blind)

B.O.P. Pipe \_\_\_\_\_ Rams 11 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.  
(Pipe/Blind)

Check Valve 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Valve 3 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Valve 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Valve 3 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

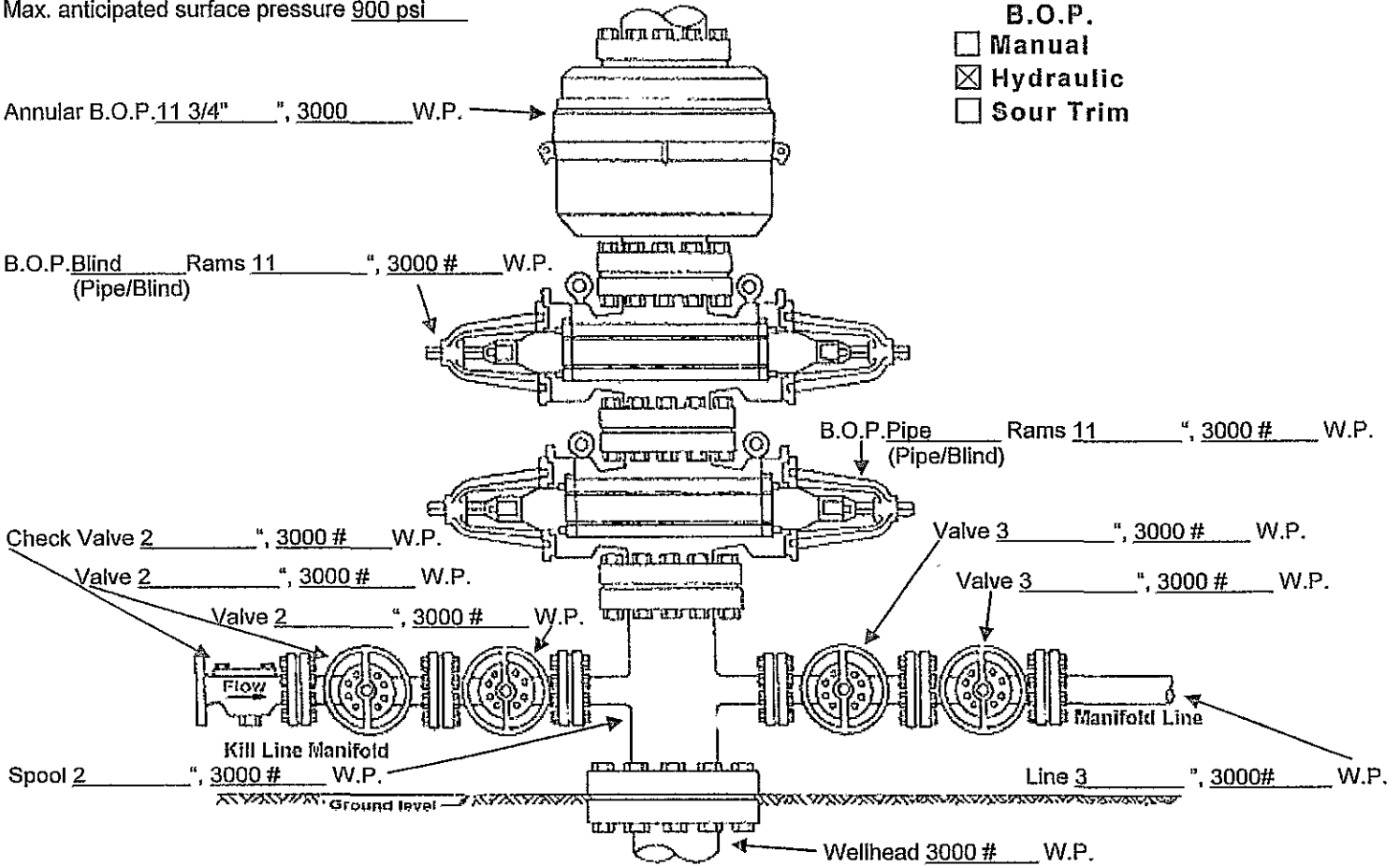
Valve 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Spool 2 \_\_\_\_\_", 3000 # \_\_\_\_\_ W.P.

Line 3 \_\_\_\_\_", 3000# \_\_\_\_\_ W.P.

Wellhead 3000 # \_\_\_\_\_ W.P.

- B.O.P.**
- Manual
  - Hydraulic
  - Sour Trim



Fill above blanks with applicable information. If not applicable, enter "N.A." or cross-out item shown.  
Describe test pressures and procedure for conducting pressure test. Identify any exceptions to R324.406 being requested.

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West Bay  
Exploration  
company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

May 6, 2009

Mr. & Mrs. Steigerwald  
6443 Mayburn Street  
Dearborn Heights, MI 48127

RE: Application for Permit to Drill  
Steigerwald #1-26

Dear Mr. & Mrs. Steigerwald;

As the surface owner of the property in Canton , this letter is to notify you of the intent of West Bay Exploration to drill a well on the subject location. We received the first permit, and then chose to move the surface location several feet, so that a new permit is required. We are in the process of terminating the first permit, and obtaining a new one, with the correct, new location.

It is our intent to drill the well in the near future, with the original parameters in mind. Enclosed, please find a copy of the revised permit application, noting the footage change.

We hope to obtain the new permit, and be able to move in by the end of the month. In the meantime, please feel free to contact either myself or my husband Tim Baker in the operations office

Sincerely,



Anni Baker  
517-223-4011

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West Bay  
Exploration  
company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

May 6, 2009

Wayne County Clerks Office-Westland Office  
3100 Henry Ruff Road  
Westland, MI 48186

RE: Application to Drill & Operate a well  
Steigerwald #1-26

To Whom it May Concern:

This letter serves to notify you of the intent of West Bay Exploration Company to drill the subject well.

Enclosed, please find a copy of the Application for Permit to drill the Steigerwald #1-26. The drilling operation should commence in the near future. We obtained our permit, and then we were asked to move the surface location to accommodate some of the land features on the property. We are only moving the surface location by several feet.

If you have any questions, please feel free to contact us at 517-223-4011.

Sincerely,



Ann M Baker  
Operations Office

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**MAY 07 2009**

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Parcel to West Shore 3/11/09

# MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT

## ISSUED TO:

West Bay Exploration  
Mr. Tim Baker  
P. O. Box 1203 5555 Hogback Road  
Fowlerville, MI 48836

Permit No.	09-82-0015-P
Issued	March 10, 2009
Extended	
Revised	
Expires	March 10, 2014

This permit is being issued by the Michigan Department of Environmental Quality (MDEQ) under the provisions of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA) and specifically:

- |  |  |
|--|--|
| <input type="checkbox"/> Part 301 Inland Lakes and Streams             | <input type="checkbox"/> Part 315 Dam Safety                           |
| <input type="checkbox"/> Part 325 Great Lakes Submerged Lands          | <input type="checkbox"/> Part 323 Shorelands Protection and Management |
| <input checked="" type="checkbox"/> Part 303 Wetlands Protection       | <input type="checkbox"/> Part 353 Sand Dune Protection and Management  |
| <input type="checkbox"/> Part 31 Floodplain/Water Resources Protection |  |

Permission is hereby granted, based on permittee assurance of adherence to State requirements and permit conditions to:

**Permitted Activity:** Place 60 cubic yards of fill in 1,612 square feet of wetland for construction of an access road at 2292 Lilley Road, Canton Township, Wayne County. All work shall be completed in accordance with DEQ approved plans and specific conditions of this permit.

**Water Course Affected:** N/A

**Property Location:** Wayne County, Canton Township, Section 26

**Subdivision, Lot**                      **Town/Range** 2S, 8E    **Property Tax No.** 82-71-102-99-0010-001- and 002

### Authority granted by this permit is subject to the following limitations:

- A. Initiation of any work on the permitted project confirms the permittee's acceptance and agreement to comply with all terms and conditions of this permit.
- B. The permittee in exercising the authority granted by this permit shall not cause unlawful pollution as defined by Part 31, Floodplain/Water Resources Protection of the NREPA.
- C. This permit shall be kept at the site of the work and available for inspection at all times during the duration of the project or until its date of expiration.
- D. All work shall be completed in accordance with the plans and the specifications submitted with the application and/or plans and specifications attached hereto.
- E. No attempt shall be made by the permittee to forbid the full and free use by the public of public waters at or adjacent to the structure or work approved herein.
- F. It is made a requirement of this permit that the permittee give notice to public utilities in accordance with Act 53 of the Public Act of 1974 and comply with each of the requirements of that act.
- G. This permit does not convey property rights in either real estate or material, nor does it authorize any injury to private property or invasion of public or private rights, nor does it waive the necessity of seeking federal assent, all local permits or complying with other state statutes.
- H. This permit does not prejudice or limit the right of a riparian owner or other person to institute proceedings in any circuit court of this state when necessary to protect his rights.
- I. Permittee shall notify the MDEQ within one week after the completion of the activity authorized by this permit, by completing and forwarding the attached, preaddressed post card to the office addressed thereon.
- J. This permit shall not be assigned or transferred without the written approval of the MDEQ.
- K. Failure to comply with conditions of this permit may subject the permittee to revocation of permit and criminal and/or civil action as cited by the specific State Act, Federal Act and/or Rule under which this permit is granted.
- L. Work to be done under authority of this permit is further subject to the following special instructions and specifications:

1. This permit is being issued for the maximum time allowed under Part 301; Inland Lakes and Streams and Part 303, Wetlands Protection, of the Natural Resources and Environmental Protection Act, PA 451 of 1994, as amended, including all permit extensions allowed under the administrative rules R 281.813 and R 281.923. Therefore, no extensions of this permit will be granted. Initiation of the construction work authorized by this permit indicates the permittee's acceptance of this condition. The permit, when signed by the MDEQ, will be for a five-year period beginning at the date of issuance.

2. Authority granted by this permit does not waive permit requirements under Part 91, Soil Erosion and Sedimentation Control, of the NREPA, or the need to acquire applicable permits from the County Enforcing Agent (CEA). To locate the Soil Erosion Program Administrator for your county visit [www.deq.state.mi.us/sesca/](http://www.deq.state.mi.us/sesca/).

3. The authority to conduct the activity as authorized by this permit is granted solely under the provisions of the governing act as identified above. This permit does not convey, provide, or otherwise imply approval of any other governing act, ordinance, or regulation, nor does it waive the permittee's obligation to acquire any local, county, state or federal approval or authorization, necessary to conduct the activity.

4. A storm water discharge permit may be required under the Federal Clean Water Act for construction activities that disturb one or more acres of land and discharge to surface waters. For sites over five (5) acres, the permit coverage may be obtained by a Part 91, Soil Erosion and Sedimentation Control (SESC), permit and filing a "Notice of Coverage" form to the MDEQ's Water Bureau. For sites with disturbance from one acre up to five acres, storm water coverage is automatic once the SESC permit is obtained. These one to five acre sites are not required to apply for coverage, but are required to comply with storm water discharge permit requirements. Information on the storm water discharge permit is available from the Water Bureau's Storm Water Permit Program by calling 517-373-8088 or at [www.michigan.gov/deqwater](http://www.michigan.gov/deqwater). Select "surface water" and then select "storm water."

5. Prior to initiating construction, authorized by this permit, the permittee is required to provide a copy of the permit to the contractor(s) for review.

6. The property owner, contractor(s), **and any agent involved in exercising this permit** are held responsible to ensure the project is constructed in accordance with all drawings and specifications contained in this permit. The contractor is required to provide a copy of the permit to all subcontractors doing work authorized by this permit.

#### 7. IDENTIFICATION OF NON-WORK AREAS

Prior to the start of construction, all non-work wetland areas shall be bounded by properly trenched filter fabric fence and orange construction fencing to prevent sediment from entering the wetland and to prohibit construction personnel from entering or performing work in these areas. Fence shall be maintained daily throughout the construction process. Upon project completion, the accumulated materials shall be removed and disposed of at an upland site. The erosion barrier shall then be removed in its entirety and the area restored to its original configuration and cover.

8. This permit is limited to authorizing the construction as specified above and carries with it no assurances or implications that associated wetland or floodplain areas can be developed and serviced by the structures authorized by this permit.

9. Prior to the initiation of any permitted construction activities, a siltation barrier shall be constructed immediately down gradient of the construction site. Siltation barriers shall be specifically designed to handle the sediment type, load, water depth, and flow conditions of each construction site throughout the anticipated time of construction and unstable site conditions. The siltation barrier shall be maintained in good working order throughout the duration of the project. Upon project completion, the accumulated materials shall be removed and disposed of at an upland (non-wetland, non-floodplain) site. The siltation barrier shall then be removed in its entirety and the area restored to its original configuration and cover.

10. All fill/backfill shall consist of clean inert material that will not cause siltation nor contain soluble chemicals, organic matter, pollutants, or contaminants. All fill shall be **CONTAINED** in such a manner so as not to erode into any surface water, floodplain, or wetland. All raw areas associated with the permitted activity shall be **STABILIZED** with sod and/or seed and mulch, riprap, or other technically effective methods as necessary to prevent erosion.

11. Equalization culverts shall be placed at an elevation *within the roadway* to insure that water will reach equal levels on either side of the road. An equalization culvert shall be placed to provide adequate water transport.

12. All wetland areas disturbed for the installation of the utility lines shall be restored by replacing the excavated soils in the reverse order in which they were excavated, ie last soils out are the first soils back into the excavated trench. In addition, all raw wetland soils shall be seeded with an appropriate **NATIVE** wetland seed mix. According to the Michigan Native Plant Producers Association the following companies provide Michigan Native wetland Seeds and Plants:

Michigan Wildflower Farm  
[WWW.michiganwildflowerfarm.com](http://WWW.michiganwildflowerfarm.com)  
517-647-6010

The Native Plant Nursery  
[www.nativeplant.com](http://www.nativeplant.com)  
734-677-5860

Sandhill Farm  
[CherylT@iserv.net](mailto:CherylT@iserv.net)  
616-691-7872

Wetlands Nursery  
[www.wetlands-nursery.com](http://www.wetlands-nursery.com)  
989-752-3492

Wildtype Native Plants  
[www.wildtypeplants.com](http://www.wildtypeplants.com)  
517-244-1140

13. Unless specifically stated under the "Permitted Activity" of this permit, construction pads, haul roads, temporary structures, or other structural appurtenances to be placed in a wetland or on bottomland of the waterbody are not authorized and shall not be constructed unless authorized by a separate permit or permit revision granted in accordance with the applicable law. The permittee is cautioned that grade changes resulting in increased runoff onto adjacent property is subject to civil damage litigation.

14. The permittee is responsible for acquiring all necessary easements or rights-of-way before commencing any work authorized by this permit. All construction operations relating to or part of this project shall be confined to the existing right-of-way limits or other acquired easements.

15. The permittee shall indemnify and hold harmless the State of Michigan and its departments, agencies, officials, employees, agents and representatives for any and all claims or causes of action arising from acts or omissions of the permittee, or employees, agents, or representatives of the permittee, undertaken in connection with this permit. This permit shall not be construed as an indemnity by the State of Michigan for the benefit of the permittee or any other person.

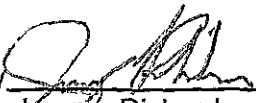
16. In issuing this permit, the MDEQ has relied on the information and data that the permittee has provided in connection with the permit application. If, subsequent to the issuance of this permit, such information and data prove to be false, incomplete, or inaccurate, the MDEQ may modify, revoke, or suspend the permit, in whole or in part, in accordance with the new information.

17. If any change or deviation from the permitted activity becomes necessary, the permittee shall request, in writing, a revision of the permitted activity and/or mitigation plan from the MDEQ. Such revision requests shall include complete documentation supporting the modification and revised plans detailing the proposed modification. Proposed modifications must be approved, in writing, by the MDEQ prior to being implemented.

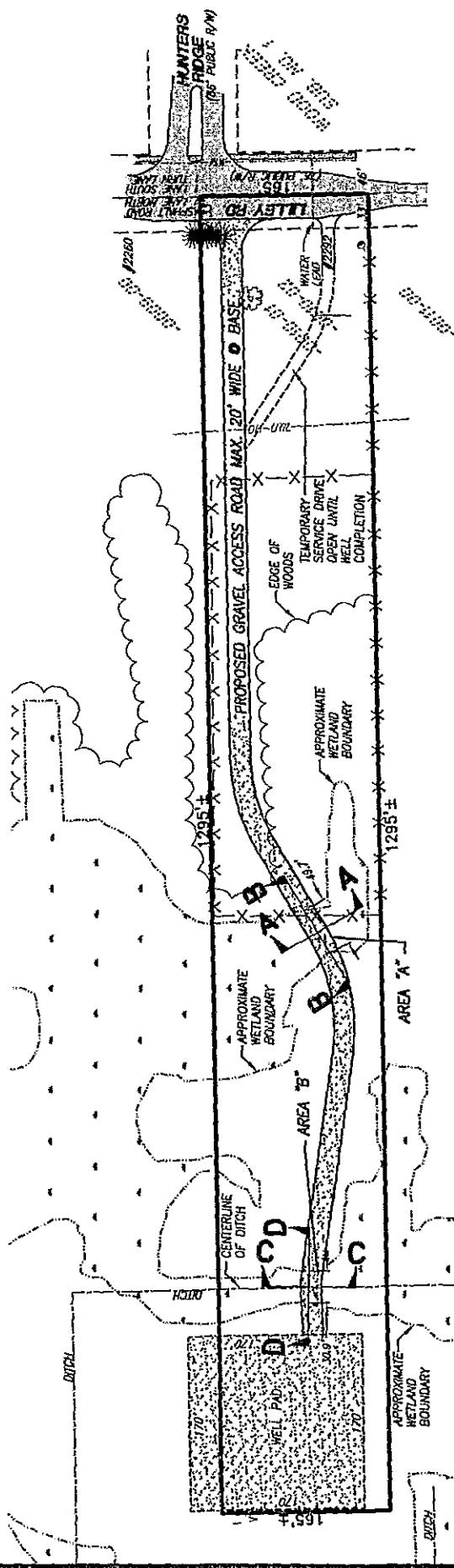
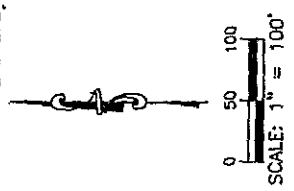
18. This permit may be transferred to another person upon written approval of the MDEQ. The permittee must submit a written request to the MDEQ to transfer the permit to the new owner. The new owner must also submit a written request to accept transfer of the permit. The new owner must agree, in writing, to accept all conditions of the permit. A single letter signed by both parties which includes all the above information may be provided to the MDEQ. The MDEQ will review the request and if approved, will provide written notification to the new owner.

19. Noncompliance with these terms and conditions, and/or the initiation of other regulated activities not specifically authorized by this permit shall be cause for the modification, suspension, or revocation of this permit, in whole or in part. Further, the MDEQ may initiate criminal and/or civil proceedings as may be deemed necessary to correct project deficiencies, protect natural resource values, and secure compliance with statutes.

Steven E. Chester, Director  
Department of Environmental Quality

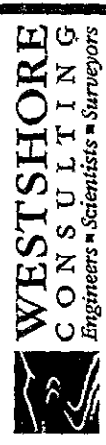
By   
Jeremy Richardson  
District Representative  
Land and Water Management Division

cc: Mr. John Jones, Wayne CEA  
Wayne County DPS  
Canton Township Clerk  
Mr. Eric Johnson, Westshore Consulting



**LEGEND**

- GUY POLE
- ASPHALT
- CONCRETE
- GRAVEL
- DECIDUOUS TREE
- CONIFEROUS TREE
- FENCE
- TREE LINE

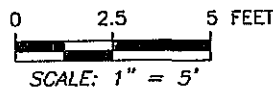
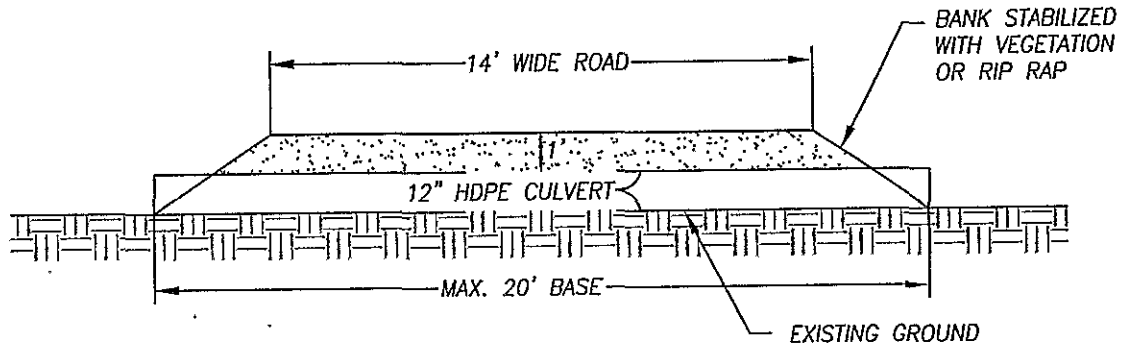


<b>WESTSHORE CONSULTING</b> Engineers & Scientists & Surveyors www.westshoreconsulting.com 2531 Black Creek Road Madison, MI 48146 (203) 725-3477		238 Paradise Avenue, Suite 2 Westport, MI 49117 (616) 841-1280	
Checked:	SWW	Date:	1/30/08
Drawn by:	BLA	Date:	1/30/08
File No.:	323-26	Figure:	<b>2</b>
<b>WEST BAY EXPLORATION COMPANY</b> 5555 Higbock Road Fowler, MI 48836			
<b>STEIGERWALD 1-26 WELL</b> PROPOSED ACCESS ROAD			

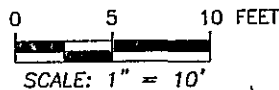
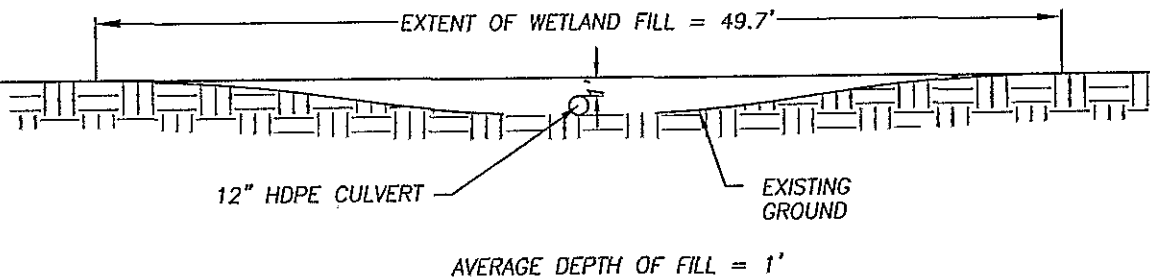
**DEQ-LWMD**  
**FILE #04-82-001S-P**  
**APPROVED PLANS**  
**1 OF 3**  
**DIST - 10**

# AREA "A" CROSS SECTIONS

## CROSS SECTION A-A



## CROSS SECTION B-B



DEQ-LWMD  
 FILE #09-82-0015-P  
 APPROVED PLANS  
2 OF 3  
 DIST - 10



**WESTSHORE**  
**CONSULTING**  
 Engineers ■ Scientists ■ Surveyors

www.WestshoreConsulting.com

2534 Black Creek Road  
 Muskegon, MI 49444  
 (231) 777-3447

250B Washington Avenue  
 Grand Haven, MI 49417  
 (616) 844-1260

238 Parkdale Avenue, Suite 2  
 Manistee, MI 49660  
 (231) 723-2202

**WEST BAY**  
**EXPLORATION COMPANY**  
 5555 Hogback Road  
 Fowlerville, MI 48836

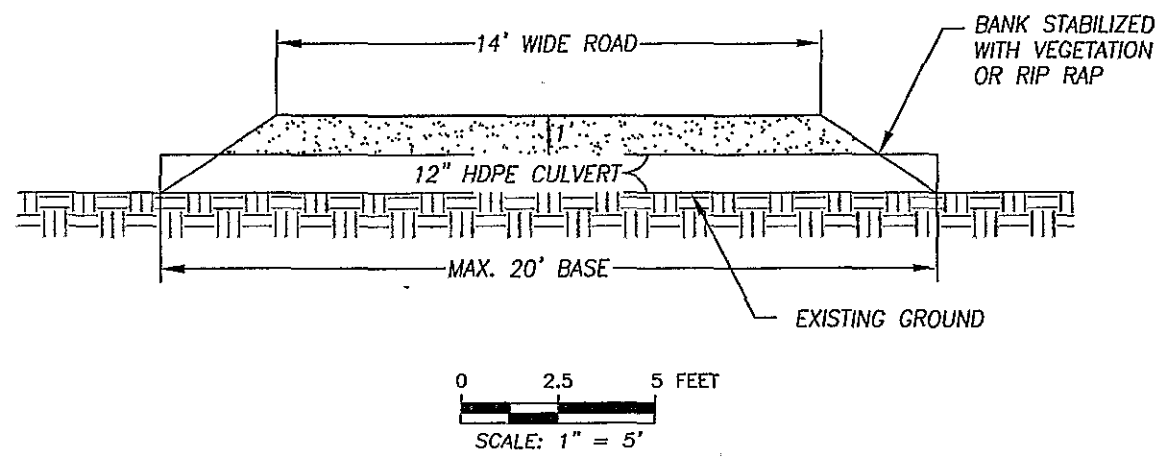
**STEIGERWALD 1-26 WELL**  
**PROPOSED ACCESS ROAD**

Checked: ERJ  
 Date: 02/04/09  
 Drawn by: BJA  
 Date: 02/04/00  
 File No.: 323-26  
 Figure:

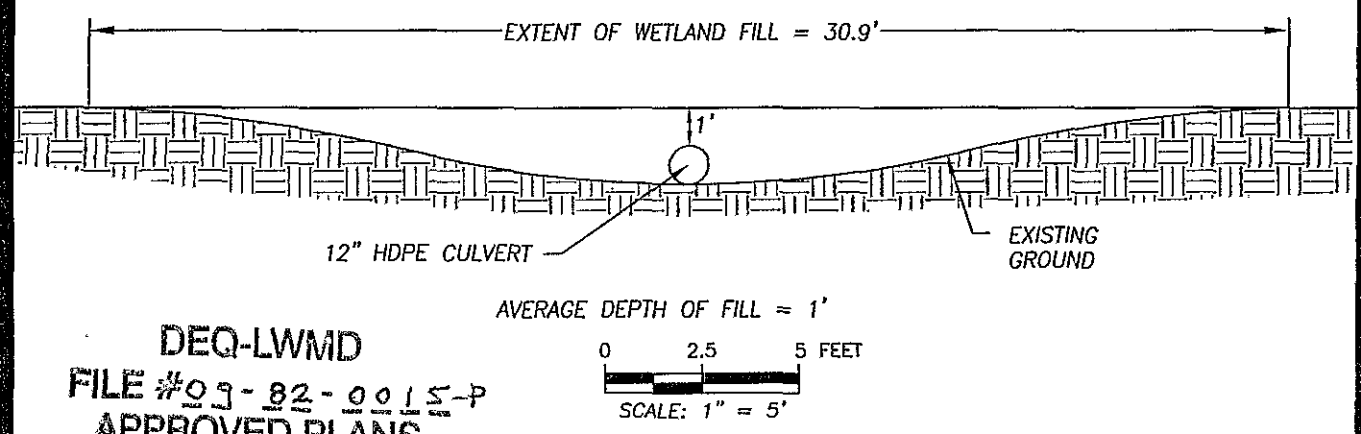
**3**

# AREA "B" CROSS SECTIONS

## CROSS SECTION C-C



## CROSS SECTION D-D



DEQ-LWMD  
 FILE #09-82-0015-P  
 APPROVED PLANS  
 3 OF 3  
 DIST - 10



**WESTSHORE CONSULTING**  
 Engineers ■ Scientists ■ Surveyors  
 www.WestshoreConsulting.com

2534 Black Creek Road  
Muskegon, MI 49444  
(231) 777-3447

2508 Washington Avenue  
Grand Haven, MI 49417  
(616) 844-1260

238 Parkdale Avenue, Suite 2  
Manistee, MI 49660  
(231) 723-2202

**WEST BAY EXPLORATION COMPANY**  
 5555 Hogback Road  
 Fowlerville, MI 48836

**STEIGERWALD 1-26 WELL  
 PROPOSED ACCESS ROAD**

Checked:	ERJ
Date:	02/04/09
Drawn by:	BJA
Date:	02/04/00
File No.:	323-26
Figure:	<b>4</b>



**Land and Water Management Division - Spatial Interests** 5/7/2009

**Spatial Location Lookup:**

**2S, 8E**

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

**New Search**

- Spatial Resources:**
- SiteMap
  - IMap
  - Lat/Lon Search
  - Aerial Imagery
  - Live Search Maps
  - Mapquest
  - TerraServer-USA
  - National Maps
  - Digital Map Store

- Spatial Data:**
- Geographic Data Library
  - Geography Network

**Help**

# Spatial Interest Search

**2S, 8E Section:26**

**Spatial Mapping Resources**

Aerial Imagery Archive
MapQuest - Internet Mapping and Imagery
TopoZone - Internet Topographic Quads

**CIWPIS Special Interests**

Organization	Description	Comment
Land and Water Management	Conservation Easement	96100973
Land and Water Management	Conservation Easement	98100320
Land and Water Management	Wetlands Assessment Program	01820008

**CIWPIS Permits**

Permit Number	Applicant	Activity
05820177		Condominiums
06820054		Condominiums
06820149		Sewer Line
06820198		Fills
07820109		Path
09820014		Pedestrian Bridge
09820015		Driveway
88140382	CHARTER CANTON TWP	Submerged Pipeline
89141349		Discharge Structure
93140978		Fills
94101145		Miscellaneous
96100973		Culverts
96101158		Fills
98100320		Fills
99100008		Fills
99100009		Fills
99100086		Fills

**Compliance Tracking**

File Number	Waterbody	Complaint
01820044	wetlands	Homeowner claims that developer has filled in wetlands and created flooding on his property.
05820058	wetland	Permittee did not monitor mitigation for the proper length of time.
05820071	wetland	Complainant states that homeowners in Woodcreek subdivision are filling wetland to expand yards and landscaping. The complainant sent an email to Canton then Canton forwarded it to LWMD.
08820019	Lower Rouge River	Compliance inspection on June 19, 2008. No restoration activities have been completed to date and four temporary river crossings are still in place.
06820056	wetland	complainant alleges 50-60 property owners have expanded their home sites into wetland with a conservation easement required under 99-10-0009-P. Homes are located primarily on Graham Ct. Complainant, Mike Farrachi at 313-258-0441 can be contacted for additional information, but would like to remain anonymous.
99820021	Wetland	Cleared forested wetland. DEQ WAP staff Pamela Rice did an assessment on-site and discovered violation. Owner previously listed as ProCoil...not true...Procoil is prospective purchaser..AJH
06820058	wetland	Several homeowners have encroached upon a conservation easement required as part of DEQ File No. 99-10-0009-P. One of the addresses is 2421 Graham Court.

**Conservation Easements**

Easement Number	Grantor	Acreeage
99100008	Frankel Associates,	
99100009	Tottenham Woods Singh (2 of 2)	
96100973	EF Partners, L.L.C.	7.4
98100320	Charrington Estates LLC	10.341

**Wetland Assesments**

File Number	Applicant	Comments
00820021		1/25/01 File closed refund requested \$255.
01820008		
02820021		

<b>Flood Discharge Requests</b>		
File Number	Watercourse	Location
20070522-1	Lower River Rouge	Upstream of McKinstry Drain
20070522-2	Lower River Rouge	Downstream of McKinstry Drain
20070522-3	McKinstry Drain	Mouth
20010418	Wiles Creek	mouth
20050602	Lower River Rouge	Downstream of McKinstry Drain
20050604	Lower River Rouge	Lilley Road
20060498-5	Lower River Rouge	Lilley Road
20060498-6	Lower River Rouge	Downstream of McKinstry Drain
H-98066	Lower River Rouge	Lilley Road
H-92093	Lower River Rouge	Haggerty Road
H-96167	Lower River Rouge	downstream of McKinstry Drain

<b>Lowflow Discharge Requests</b>		
File Number	Watercourse	Location
1513	LOWER RIVER ROUGE	

**1** My Town, Range and Section are:

|2s                      |8e                      |26

Use the Spatial Location Lookup for resolving place names into Town and Range.

**2** Begin Search:

A search requires the Town, Range and Section values.

**Spatial Interest Data:**  
 Data is retrieved from various DEQ SQL databases. The data displayed here is only those data sets which have been made available to Intranet users to search and have records matching the town, range and section criteria. To include additional data bases to this search page please have the appropriate IT staff contact DEQ-Webmaster@michigan.gov.

## Jennings, Jennifer (DEQ)

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, May 06, 2009 12:01 PM  
**To:** 'tim@wbeco.net'; 'Ann Baker'  
**Cc:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Duszynski, James (DEQ); Bricker, Mike (DEQ); Fitch, Hal (DEQ)  
**Subject:** Steigerwald 1-26

Tim-

West Bay Exploration has submitted documents to revise the location for the proposed Steigerwald 1-26 well. It is currently permitted under PN 59764. Once a location is permitted, any change to the location requires a new permit and additional application fee. Please submit the fee so we can get a new application entered into our system.

In addition to submitting the required fee, the following revisions will be necessary:

- EQP 7200-1 #1c: new application, not revision, fee required
- EQP 7200-1 #28: needs signature
- PN 59764 was returned. Please submit a written request as to how West Bay would like us to handle the existing permit, for example if West Bay wants the permit terminated upon issuing a permit for the new location
- Supplemental Plat: points out several houses using house numbers, please show numbers on map
- EIA #A3: reference Compulsory Pooling Order 04-2009
- EIA #B5a: please add a comment referencing that the complete list of buildings, fresh water wells, public roads, power lines, and other man made features within 600' of the site can be found on the supplemental plat.
- Soil Erosion and Sediment Control Plan: new plan needs to be submitted, CEA needs to be sent updated copies
- BOP: needed for a complete application
- Landowner Notification: needed for new location
- County Clerk Notification: needed for new location

Thank you,

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

## Jennings, Jennifer (DEQ)

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, May 06, 2009 4:39 PM  
**To:** 'Ann Baker'  
**Subject:** RE: Steigerwald 1-26

Anni-

Thanks for faxing over the credit card authorization form for the fee. We need to have the application page with the original signature, so if you can drop off the front page and whatever else you have in the morning, that'd be great. The West Shore Engineering items can be sent when you receive them.

Thanks!

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Ann Baker [mailto:anni@wbeco.net]  
**Sent:** Wednesday, May 06, 2009 4:26 PM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Re: Steigerwald 1-26

Jennifer;

I'm sorry that this one has turned into another West Bay pain in the -ss. I faxed the credit card authorization just a bit ago, and the other items that I can complete are done, and here. West Shore Engineering is taking care of the items that they can. Would you like everything in one packet, or should I just drop off the things that I can tomorrow in the morning, and then bring in the Surveying items when they come in? Either way is fine with me.

Thanks so much. Sorry to dump all of this on you as soon as you get back after sick leave!

Anni Baker  
Production  
West Bay Exploration Company

----- Original Message -----

**From:** "Jennings, Jennifer (DEQ)" <JENNINGSJ@michigan.gov>  
**To:** <tim@wbeco.net>; "Ann Baker" <anni@wbeco.net>  
**Cc:** "Waldo, Bruce (DEQ)" <WALDOB@michigan.gov>; "Danyluk, Walter (DEQ)" <DANYLUKW@michigan.gov>; "Duszynski, James (DEQ)" <DUSZYNSKIJ@michigan.gov>; "Bricker, Mike (DEQ)" <BRICKERM@michigan.gov>; "Fitch, Hal (DEQ)" <FITCHH@michigan.gov>  
**Sent:** Wednesday, May 06, 2009 12:01 PM  
**Subject:** Steigerwald 1-26

Tim-

West Bay Exploration has submitted documents to revise the location for the proposed Steigerwald 1-26 well. It is currently permitted under PN 59764. Once a location is permitted, any change to the location requires a new permit and additional application fee. Please submit the fee so we can get a new application entered into our system.

In addition to submitting the required fee, the following revisions will be necessary:

-EQP 7200-1 #1c: new application, not revision, fee required -EQP 7200-1 #28: needs signature -PN 59764 was returned. Please submit a written request as to how West Bay would like us to handle the existing permit, for example if West Bay wants the permit

terminated upon issuing a permit for the new location -Supplemental Plat: points out several houses using house numbers, please show numbers on map -EIA #A3: reference Compulsory Pooling Order 04-2009 -EIA #B5a: please add a comment referencing that the complete list of buildings, fresh water wells, public roads, power lines, and other man made features within 600' of the site can be found on the supplemental plat.  
-Soil Erosion and Sediment Control Plan: new plan needs to be submitted, CEA needs to be sent updated copies  
-BOP: needed for a complete application  
-Landowner Notification: needed for new location -County Clerk Notification: needed for new location

Thank you,

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

**Jennings, Jennifer (DEQ)**

---

**From:** InterScan MSS Notification [coreosmtp1@Michigan.gov]  
**Sent:** Thursday, May 07, 2009 3:52 PM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Mail could not be delivered

**Attachments:** West Bay Exploration, Permit Application A090150: Steigerwald 1-26



West Bay  
Exploration, Permit A.

\*\*\*\*\* Message from InterScan Messaging Security Suite \*\*\*\*\*

The following mail could not be delivered.  
Reason: Unable to deliver message to <plajoy@canton-mi.org>.

\*\*\*\*\* End of message \*\*\*\*\*

## Jennings, Jennifer (DEQ)

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Thursday, May 07, 2009 4:01 PM  
**To:** 'plajoy@canton-mi.org'  
**Cc:** Duszynski, James (DEQ)  
**Subject:** FW: West Bay Exploration, Permit Application A090150: Steigerwald 1-26

**Attachments:** A090150 loc.pdf



A090150 loc.pdf  
(108 KB)

Resending...

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Thursday, May 07, 2009 3:18 PM  
**To:** plajoy@canton-mi.org  
**Cc:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Duszynski, James (DEQ); Bricker, Mike (DEQ); Fitch, Hal (DEQ); Tefertiller, Rex (DEQ); Snow, Mark (DEQ)  
**Subject:** West Bay Exploration, Permit Application A090150: Steigerwald 1-26

Dear Supervisor LaJoy-

The Department of Environmental Quality - Office of Geological Survey (DEQ-OGS) is in the process of reviewing the above-referenced permit application to drill an oil & gas well. Since this application is proposed to be located in a city, village, or township with a population exceeding 70,000, by statute, it is our responsibility to provide the following information to the Township of Canton:

- (a) Name and address of applicant: West Bay Exploration Company, 13685 South West Bay Shore Drive, Suite 200, Traverse City, MI 49684
- (b) Location of the proposed well- NW 1/4 of SE 1/4 of NW 1/4 of Section 26 T2S R8E.
- (c) Well name and number - Steigerwald 1-26
- (d) Proposed depth of the well - 3120 feet Total Vertical Depth (TVD), 3411 feet Measured Depth (MD). (This is a directional well: the measured depth is the total length of the well bore).
- (e) Proposed formation - Niagaran
- (f) Surface owners - Raymond and Barbara Steigerwald
- (g) Whether hydrogen sulfide gas is expected - No hydrogen sulfide (H2S) gas is expected

I've attached a copy of form EQP 7200-1 showing the location of the proposed well.

We realize that the Township of Canton may be acquainted with this project and that you may already be aware of these specific. With that in mind, OGS would like, and is required, to ask you to provide our office with any comments and recommendations pertaining to this application. We consider all such comments and recommendations in our review of these applications. If there may be any issues that you would like to have added significance and possibly incorporated into our permit conditions, please feel free to let myself and Bruce Waldo, Senior Geologist, SE Michigan District, know.

OGS will allow 10 days for the Canton Township Supervisor to comment.

Thank you,

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov



## Jennings, Jennifer (DEQ)

---

**From:** Tim Faas [tim.faas@canton-mi.org]  
**Sent:** Friday, May 08, 2009 9:33 AM  
**To:** Michael O'Callaghan  
**Cc:** Phil LaJoy; Jennings, Jennifer (DEQ)  
**Subject:** Steigerwald 1-26 Oil & Gas Well (Application #A090150)

Mr. O'Callaghan

Late yesterday we received a notice from the MDEQ regarding the permit filed by West Bay Exploration for the above oil & gas well. I have examined the application and it appears to be very similar to the last permit; however, the applicant is moving the well location thirteen feet to the south. The new location will be out of the influence of the deck of the home on Woodwind that you raised a concern over previously.

If you have any questions, or concerns, regarding the permit, those must be filed on/or before May 17th, 2009. The geologist reviewing the permit application would be happy to field those concerns. Her contact information is below.

Jennifer Jennings  
(517) 335-0432  
jenningsj@michigan.gov

Thanks!

TIM

**Jennings, Jennifer (DEQ)**

---

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, June 03, 2009 2:26 PM  
**To:** 'tim@wbeco.net'  
**Cc:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ); Duszynski, James (DEQ); Bricker, Mike (DEQ)  
**Subject:** West Bay application A090150: Steigerwald 1-26

Tim-

This email is to notify West Bay that application A090150 for the proposed Steigerwald 1-26 well is being tolled, pending compulsory pooling of minerals in the proposed drilling unit, and also pending return of PN 59764 with request to terminate the permit upon issuance of a permit for this application.

This notification meets the requirements of Act 324 of 2005.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

**Jennings, Jennifer (DEQ)**

---

**From:** Fitch, Hal (DEQ)  
**Sent:** Tuesday, June 09, 2009 1:21 PM  
**To:** Linteau, Carol (DEQ)  
**Cc:** Sygo, Jim (DEQ); Ruswick, Frank (DEQ); McCord, Nikki (DEQ)  
**Subject:** RE: Canton Twp - oil/gas well

West Bay reapplied for a location 13 feet away from the original, which more than meets the setback requirement. We notified the township of the application, and they forwarded the information to the complainant, Mr. O'Callaghan. We have not received any comments from either the township or the complainant.

However, the application has been tolled because not all of the mineral owners in the 80-acre drilling unit are pooled (i.e., incorporated into the unit either by lease or other voluntary agreement, or by a compulsory pooling order). We had issued a compulsory pooling order previously, but it expired and West Bay did not request an extension in time. We have not heard anything further from West Bay, but we anticipate they may file a petition for another compulsory pooling order, unless they can come to some agreement with the mineral owner holdout(s).

Hal

---

**From:** Linteau, Carol (DEQ)  
**Sent:** Tuesday, June 09, 2009 12:33 PM  
**To:** Fitch, Hal (DEQ)  
**Cc:** Sygo, Jim (DEQ); Ruswick, Frank (DEQ); McCord, Nikki (DEQ)  
**Subject:** Canton Twp - oil/gas well

Hal, what is the status on this issue and permit?

Carol Linteau  
DEQ Legislative Director  
517.241.7396

**Jennings, Jennifer (DEQ)**


---

**From:** tim baker [timb46@hotmail.com]  
**Sent:** Thursday, July 16, 2009 12:00 PM  
**To:** Jennings, Jennifer (DEQ); Fitch, Hal (DEQ)  
**Cc:** Anni Baker; Jeff Schwartz  
**Subject:** FW: West Bay Exploration Company Request for Lease  
**Attachments:** 20090714172140668.pdf

Hal and Jennifer;

Attached please find a copy of the signed agreement approving the lease (pooling ) for the final lease on the Stegierwald (Canton Twp) well. I believe this will allow us to receive the Drilling permit given all other requirements have been satisfied. Will there still be a public hearing required in the Township? Please let me know your view.

Thank you,

Tim

---

**From:** Gotch616@aol.com  
**Date:** Thu, 16 Jul 2009 11:13:24 -0400  
**Subject:** Fwd: FW: West Bay Exploration Company Request for Lease  
**To:** timb46@hotmail.com

---

**From:** WHorn@mmbjlaw.com  
**To:** jeff@eqi.tc, gotch616@aol.com  
**Sent:** 7/15/2009 7:23:36 A.M. Eastern Daylight Time  
**Subj:** FW: West Bay Exploration Company Request for Lease

Good news.

---

**From:** Rene Johnson [mailto:Rene.Johnson@ahmsi3.com]  
**Sent:** Tuesday, July 14, 2009 6:26 PM  
**To:** William A. Horn  
**Cc:** Jeanette White  
**Subject:** RE: West Bay Exploration Company Request for Lease  
**Importance:** High

The Original is being overnighted to your attention.

Regards'

Rene' M. Johnson  
 Paralegal - Litigation Management  
 AMERICAN HOME MORTGAGE SERVICING INC.  
 \*\*\*Please note New Address as of June 29, 2009\*\*\*  
 1525 S. BELTLINE ROAD  
 COPPELL, TEXAS 75019  
 Main 469-645-3196  
 Fax: 469.648.3858  
[Rene.Johnson@ahmsi3.com](mailto:Rene.Johnson@ahmsi3.com)

8/14/2009

=====  
 Confidentiality Notice: This e-mail, including any attachments, may contain information that is private, confidential, or protected by attorney-client or other privilege. It is intended only for the use of the intended recipient, and is the property of American Home Mortgage Servicing, Inc. or its affiliates and subsidiaries. If you are not the intended recipient, you are hereby notified that any use of the information contained in or transmitted with the communication or dissemination, distribution, or copying of this communication may be prohibited by law. If you have received this communication in error, please immediately return this communication to the sender and delete the original message and any copy of it in your possession.  
 =====

---

**From:** William A. Horn [mailto:WHorn@mmbjlaw.com]  
**Sent:** Tuesday, June 30, 2009 1:40 PM  
**To:** Jeanette White; Rene Johnson  
**Cc:** Jeff Schwartz; Wood-Wagner, Kathleen  
**Subject:** RE: West Bay Exploration Company Request for Lease

Ms. White and Ms. Johnson,  
 Attached is a Notice of Hearing pertaining to the pooling proceeding for the oil and gas interest owned or held by AHMS. Please give me a call and I will explain what is going on and how you can avoid the need to participate in the hearing. Thanks.



**William A. Horn**  
**Mika Meyers Beckett & Jones PLC**  
 900 Monroe Avenue NW  
 Grand Rapids, MI 49503  
 Tel: 616-632-8000  
[mmbjlaw.com](http://mmbjlaw.com)

Direct Phone/Fax: 616-632-8016  
 E-mail: [whorn@mmbjlaw.com](mailto:whorn@mmbjlaw.com)  
[Download vCard](#)

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Required IRS Circular 230 Disclosure: This communication and any attachments are not intended or written to be used, and cannot be used, for: (i) avoiding Federal tax-related penalties, or (ii) promoting, marketing or recommending anything that is tax-related.

---

**From:** Wood-Wagner, Kathleen [mailto:kathleen.woodwagner@citi.com]  
**Sent:** Friday, June 05, 2009 5:47 PM  
**To:** William A. Horn; 'Jeanette White'; 'Rene Johnson'  
**Cc:** Jeff Schwartz  
**Subject:** RE: West Bay Exploration Company Request for Lease

Thank you for that information. By copy of this email I'm advising my colleagues at American Home Mortgage Servicing Inc of this information. I had already forwarded your letter and pleadings.

Jeanette White – [jeanette.white@ahmsi3.com](mailto:jeanette.white@ahmsi3.com) (Attorney)  
 Rene Johnson – [rene.johnson@ahmsi3.com](mailto:rene.johnson@ahmsi3.com) (paralegal)

*Kathy Wood-Wagner*  
 Citibank, NA - Sr. Counsel-Litigation  
 CBCA-771-D  
 17400 Brookhurst Street, Suite 201  
 Fountain Valley, Ca. 92708

8/14/2009

714-593-5351 Direct  
 714-965-4013 Fax  
[kathleen.woodwagner@citi.com](mailto:kathleen.woodwagner@citi.com)

**From:** William A. Horn [mailto:WHorn@mmbjlaw.com]  
**Sent:** Friday, June 05, 2009 2:41 PM  
**To:** Wood-Wagner, Kathleen [LEGL]  
**Cc:** Jeff Schwartz  
**Subject:** West Bay Exploration Company Request for Lease

Kathleen,

Thank you for responding to my letter about the pooling order. The street address for the property is: 42263 Palmer Road, Canton, Michigan. The borrowers' last name is Hawes. Please let me know to whom you will be forwarding my request so that I may follow up if I do not hear anything. Thanks.

**MMB&J**

**William A. Horn**

**Mika Meyers Beckett & Jones PLC**

900 Monroe Avenue NW

Grand Rapids, MI 49503

Tel: 616-632-8000

[mmbjlaw.com](http://mmbjlaw.com)

Direct Phone/Fax: 616-632-8016

E-mail: [whorn@mmbjlaw.com](mailto:whorn@mmbjlaw.com)

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=====

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Snoop, Lil Wayne, Lady GaGa -- land the fix you need for this summer's biggest tours. [Tourtracker.com](http://Tourtracker.com)

Lauren found her dream laptop. [Find the PC that's right for you.](#)

**STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
SUPERVISOR OF WELLS**

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IN THE MATTER OF: )  
 )  
THE PETITION OF WEST BAY EXPLORATION )  
COMPANY FOR THE COMPULSORY POOLING )  
OF ALL TRACTS AND INTERESTS WITHIN A )  
40-ACRE UNIT CONSISTING OF THE NE 1/4 OF ) CAUSE NO. 07-2009  
THE NW 1/4, SECTION 26, TOWN 2 SOUTH, )  
RANGE 8 EAST, WAYNE COUNTY, MICHIGAN. )  
 )

---

William A. Horn (P33855)  
Mika Meyers Beckett & Jones PLC  
Attorneys for Petitioner West Bay Exploration Company  
900 Monroe Avenue, NW  
Grand Rapids, MI 49503  
(616) 632-8000

---

**STIPULATION FOR ENTRY OF CONSENT ORDER**

Petitioner, West Bay Exploration Company ("West Bay"), and Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, hereby agree and stipulate as follows:

1. West Bay has applied for a permit to drill a well (the Steigerwald #1-26 Well) into the Guelph Dolomite/Ruff formation underlying the following described lands (hereinafter the "Proposed Unit"):

Northeast 1/4 of the Northwest 1/4, Section 26, Town 2 South, Range 8 East, Wayne County, Michigan.

2. West Bay owns or controls, and has the right to develop and operate under currently effective oil and gas leases 39.343 acres within the proposed drilling unit. A total of .657 acres

within the proposed drilling unit are unleased. As of the date of this Petition, the identity of the unleased owner is as follows:

<u>Name</u>	<u>Legal Description</u>	<u>Gross Acres</u>	<u>Net Acres</u>
Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities Inc., Series 2002-A, c/o American Home Mortgage Servicing Inc. 1525 S. Beltline Road Coppell, TX 75019	Lot 2 of the Walling Subdivision as recorded at Liber 90, Page 20 of Plats, Wayne County Register of Deeds	0.657	0.657
<b>Total:</b>		<b>0.657</b>	<b>0.657</b>

3. While West Bay has made numerous attempts to obtain an agreement with Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A with regard to obtaining a lease of the interest, the parties have been unable to reach an agreement.

4. Compulsory pooling of interests is necessary so as not to deprive West Bay and the other mineral owners of the opportunity to recover their just and equitable share of the oil or gas in the pool.

5. The proposed well is being drilled based on geological and geophysical data, and it is reasonable to postulate that the proposed unit represents an area of Niagaran reefing.

6. West Bay should be designated as the operator of the Steigerwald #1-26 well.

7. The reasonable estimated cost of drilling will be \$632,700; the cost of completing the well will be \$261,220; and the cost of equipping the well will be \$313,000.



8. The risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of wells, supports additional compensation to be assessed of 300 percent for drilling costs, 150 percent for completing costs and 25 percent for equipping costs for the Steigerwald #1-26 well.

9. West Bay and Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A agree that the Supervisor may enter a Consent Order in the form attached hereto and that no further hearing or proceeding need be held in this matter.

Respectfully submitted,

MIKA MEYERS BECKETT & JONES PLC  
Attorneys for Petitioner West Bay Exploration  
Company

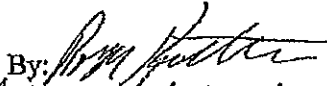
Dated: \_\_\_\_\_

By:

\_\_\_\_\_  
William A. Horn (P33855)  
900 Monroe Avenue, NW  
Grand Rapids, MI 49503  
(616) 632-8000

AMERICAN HOME MORTGAGE SERVICING,  
INC.  
As Attorney-In-Fact for Deutsche Bank National  
Trust Company f.k.a. Bankers Trust Company of  
California, N.A., as Trustee, in trust for registered  
Holders of Ameriquest Mortgage Securities, Inc.,  
Series 2002-A

Dated: JULY 14, 2009

By:   
ROGER KISTNER

Its: ASSISTANT VICE PRESIDENT

**Jennings, Jennifer (DEQ)**

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**From:** Shimko, Kristine (DEQ)  
**Sent:** Tuesday, July 21, 2009 11:44 AM  
**To:** 'Ann Baker'  
**Cc:** Tefertiller, Rex (DEQ); Jennings, Jennifer (DEQ)  
**Subject:** RE: Jennings/Steigerwald  
**Attachments:** JENNINGS 1-32.pdf; STEIGERWALD 1-26.pdf

Hello Anni-

I've attached the correspondence that is requiring further 303 spacing information for the Jennings 1-32.

I've also attached the notice of the compulsory pooling hearing (Aug 11, 2009) for the Steigerwald 1-26. A determination whether the permit will/will not be issued follows the hearing.

Kristy

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**From:** Ann Baker [mailto:[anni@wbeco.net](mailto:anni@wbeco.net)]  
**Sent:** Tuesday, July 21, 2009 9:17 AM  
**To:** Jennings, Jennifer (DEQ)  
**Cc:** Shimko, Kristine (DEQ)  
**Subject:** Jennings/Steigerwald

Good Morning Jennifer!

We're wondering, when the permit for the Jennings #1-32 might be issued, or the Steigerwald # 1-26, now that the Consent Order for Compulsory Pooling has been issued for the Steigerwald. Thanks so very much.

We just need to know as we can let the drilling rig go if we don't have somewhere for him to go.

You've all been most helpful with all of these, and we appreciate it so very much. Thanks

Anni Baker  
Production / Permitting  
West Bay Exploration Company

**Jennings, Jennifer (DEQ)**

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**From:** Maul, Sue (DEQ)

**Sent:** Tuesday, August 11, 2009 2:38 PM

**To:** Jennings, Jennifer (DEQ); Duszynski, James (DEQ)

**Subject:** Steigerwald 1-26 well

FYI: Hal just signed the Order granting West Bay's Petition to compulsory pool interests into the drilling unit of the Steigerwald 1-26 well in Canton Twp. Jo will be making copies to distribute.

## **Jennings, Jennifer (DEQ)**

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**From:** Danyluk, Walter (DEQ)  
**Sent:** Wednesday, August 12, 2009 9:03 AM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

I don't understand you comments? We just did the electronic field review in T drive???

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253) danylukw@michigan.gov

-----Original Message-----

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Tuesday, August 11, 2009 4:01 PM  
**To:** Danyluk, Walter (DEQ); Waldo, Bruce (DEQ)  
**Cc:** Duszynski, James (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

Walt & Bruce-

Here is the field review and transmittal form for the Steigerwald 1-26 application (A090150). It has the correct dates and location. We don't have the electronic version of the field review for the currently permitted location (PN 59764). When a permit is issued, we print a hardcopy of the field review form and put it in the permit file. We don't keep the electronic versions of the field reviews once a permit has been issued.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Danyluk, Walter (DEQ)  
**Sent:** Tuesday, August 11, 2009 3:55 PM  
**To:** Waldo, Bruce (DEQ)  
**Cc:** Duszynski, James (DEQ); Jennings, Jennifer (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

The field review has to reflect the 14' move and have a current date.

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253) danylukw@michigan.gov

-----Original Message-----

**From:** Jennings, Jennifer (DEQ)  
**Sent:** Tuesday, August 11, 2009 3:01 PM  
**To:** Waldo, Bruce (DEQ); Danyluk, Walter (DEQ)  
**Cc:** Duszynski, James (DEQ)  
**Subject:** RE: West Bay Application A090150: Steierwald 1-26

Walt and Bruce-

The CPOOL order has been issued for the new location of the Steigerwald 1-26. I need to have field approval prior to issuing this permit. Please advise.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

-----Original Message-----

**From:** Waldo, Bruce (DEQ)

Sent: Tuesday, May 12, 2009 8:42 AM  
To: Jennings, Jennifer (DEQ)  
Cc: Danyluk, Walter (DEQ)  
Subject: RE: West Bay Application A090150: Steierwald 1-26

I don't believe another field review is necessary. I went there yesterday, just to check that there were no further developments. As the stake has only been moved about 14 ft. and the pad has already been clearcut, another review is unwarranted.

-----Original Message-----

From: Jennings, Jennifer (DEQ)  
Sent: Friday, May 08, 2009 9:08 AM  
To: Waldo, Bruce (DEQ); Danyluk, Walter (DEQ); Duszynski, James (DEQ); Tefertiller, Rex (DEQ); Snow, Mark (DEQ)  
Subject: West Bay Application A090150: Steierwald 1-26

Bruce-

This application is ready for field review. Please note the following:

- New location for Steigerwald 1-26; PN 59764 to be terminated after this permit is issued.
- Compulsory Pooling Order 04-2009 for PN 59764 expired Monday, 5-4-09, so West Bay doesn't have mineral rights under the existing permit. West Bay will seek a new compulsory pooling order.
- Application was originally submitted with many documents and the fee missing. Tim Baker dropped off revisions yesterday, including a signed front page. Additionally, the fee was faxed on a credit card form & is being processed.
- Canton Township Supervisor Phil LaJoy has been notified of the application details, due to Canton Twp having a population greater than 70,000.

Please let me know if you have any concerns regarding this application.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517) 335-0432  
jenningsj@michigan.gov

**Jennings, Jennifer (DEQ)**

**From:** Ann Baker [anni@wbeco.net]  
**Sent:** Thursday, August 13, 2009 1:31 PM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Re: Steigerwald  
**Attachments:** August 13 permit termination.doc

----- Original Message -----

**From:** Jennings, Jennifer (DEQ)  
**To:** Ann Baker  
**Sent:** Thursday, August 13, 2009 11:43 AM  
**Subject:** RE: Steigerwald

Anni-

I am processing the application as we speak. One thing that I know is still needed is a written request from West Bay to terminate the existing permit (PN 59764). This can be done via email. I cannot issue the new permit until we've received this request.

I will let you know if there is anything else needed.

Jennifer A. Jennings  
 Geologist - Permit Reviewer  
 DEQ-OGS, Permits & Bonding  
 (517)335-0432  
 jenningsj@michigan.gov

**From:** Ann Baker [mailto:anni@wbeco.net]  
**Sent:** Thursday, August 13, 2009 11:35 AM  
**To:** Jennings, Jennifer (DEQ)  
**Subject:** Steigerwald

Good Morning;  
 Tim asked me to find out if the Steigerwald permit has been issued, as the hearing was set for the 11th, and I see that it was approved? We have a couple of people hot on this one. Thanks!

Anni Baker  
 Production / Permitting  
 West Bay Exploration Company

Thanks so much! I attached the "formal" letter, and have one in the mail addressed on West Bay letterhead.

At the moment, this is all. However, I've got some new ones for Jackson coming in a week or so...Looks like Sheridan/Marengo all over again. Busy, busy.....

Anni Baker  
 Production / Permitting  
 West Bay Exploration Company

August 13, 2009

Michigan DEQ  
ATTN: Ms Jennifer Jennings  
Geological Survey Division  
Permits and Bonding Unit  
PO Box 30256  
Lansing, MI 49684

RE: Steigerwald (PN 59764)

Dear Ms. Jennings:

I am in receipt of your e-mail dated August 13, 2009, requesting termination of the above referenced permit. West Bay waited upon approval of the compulsory pooling, prior to asking for a termination of the existing permit.

At this time, West Bay Exploration respectfully requests termination of Permit #59764, upon issuance of a new permit for the Steigerwald #1-26, given the approval of the compulsory pooling on August 11, 2009.

If you have any questions, please give me a call at 517-223-4011.


Sincerely,

Ann M Baker  
Operations Office

**Wood, Kimberly (DEQ)**

**From:** Marinangeli, Lois (DEQ)  
**Sent:** Friday, May 08, 2009 11:50 AM  
**To:** Wood, Kimberly (DEQ)  
**Cc:** Jennings, Jennifer (DEQ)  
**Subject:** A090150

Kim,  
 Jennifer gave me the permit number for this payment. Can you please contact Mr. Baker and have him update the credit card form he is using. He is still sending it in with an incorrect CVV2 number (he shows 559 and it's really 054). I happened to remember it this time, but we should have the correct info on his form.  
 Thanks!

<b>Payment Application:</b>	STATE DEQ O AND G WELL 8008120928
<b>Payment Status:</b>	Payment Success
<b>Confirmation Number:</b>	09050816517763
<b>Payment Date:</b>	5/8/2009
<b>Billing Address:</b>	TIMOTHY L BAKER WEST BAY EXPLORATION CO 13685 SOUTH WEST BAY SHORE SUITE 200 TRAVERSE CITY, MI 49684 (517) 223-4011
<b>Payment Method:</b>	Credit Card  TIMOTHY L BAKER WEST BAY EXPLORATION CO x0777 02/10
<b>Payment Amount:</b>	\$300.00
<b>Total Amount:</b>	\$300.00
<b>Reference:</b>	A090150 STEIGERWALD #1-26

*Sawp*

5/8/2009



**West Bay  
Exploration**  
company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

---

April 28, 2009

Michigan DEQ  
Geological Survey-Permits and Bonding  
PO Box 30256  
Lansing, MI 48909

RE: Steigerwald #1-26

To Whom It May Concern;

Enclosed, please find the existing permit, as well as the survey, and associated forms, showing a new surface location for the Steigerwald well.

We have been working with Canton Township, regarding the plans for construction and site work,(as well as restoration of the site) and have been able to come to an agreement. The requested Wetlands Permit has been received as of March 10, 2009. (Copy enclosed) With all of these requirements in mind, we are requesting that a new drilling permit be issued.

If you have any questions regarding this permit application, please give us a call at 517-223-4011.

Sincerely



Timothy L. Baker  
Operations Manager

**PART 615 - DRILLING PERMIT APPLICATION FLOW SHEET**

Application number <b>A090150</b>	Date application received <b>5-7-09</b>	+ 5 days Date to send to field <b>5-12-09</b>
Applicant <b>West Bay Exp Company</b>	Company No. <b>104</b>	+ 25 days Adm complete <b>6-6-09</b>
Well Name & No. <b>Steigerwald 1-26</b>	Revision date	+ 20 days Permit decision <b>6-26-09</b>
<input type="checkbox"/> New Company	Pre-revision app no.	Days tolled
<input checked="" type="checkbox"/> Correct address and phone number		New date for permit dec.
<input type="checkbox"/> State Surface Date e-mailed to FMFM		
<input type="checkbox"/> Horizontal - no fee <input type="checkbox"/> Drilling or Deepening <input type="checkbox"/> Check #, Bank, City _____		

**INITIAL REVIEW**

Reviewer: Jon Jennings

<input checked="" type="checkbox"/> Admin complete application	<input checked="" type="checkbox"/> EQP 7200-1	<input checked="" type="checkbox"/> EQP 7200-2	<input checked="" type="checkbox"/> Supplemental plat	<input checked="" type="checkbox"/> BOP diagram	<input checked="" type="checkbox"/> Full dring unit
	<input checked="" type="checkbox"/> EIA	<input checked="" type="checkbox"/> Notice to landowner	<input checked="" type="checkbox"/> Directional plan	<input checked="" type="checkbox"/> Soil erosion	<input checked="" type="checkbox"/> Proper spacing
	<input checked="" type="checkbox"/> Notice to Co Clerk	<input type="checkbox"/> Inj. well supplements	<input type="checkbox"/> Antrim EIA	<input type="checkbox"/> H <sub>2</sub> S cont plan	<input checked="" type="checkbox"/> Has surf rights
	<input checked="" type="checkbox"/> Valid bond No. <b>00704181</b>		<input checked="" type="checkbox"/> Blanket	<input type="checkbox"/> Single	<input type="checkbox"/> Half
<input checked="" type="checkbox"/> Natural Features	<input checked="" type="checkbox"/> No match found <input type="checkbox"/> Match found    Program _____				
	<input checked="" type="checkbox"/> Application activity entered    Personnel contacted _____				
<input checked="" type="checkbox"/> Distribution	Area geologist: <input type="checkbox"/> Cadillac <input type="checkbox"/> Gaylord <input type="checkbox"/> Lansing <input checked="" type="checkbox"/> SE MI <input type="checkbox"/> Saginaw Bay <input type="checkbox"/> Kalamazoo				
	District geologist: <input type="checkbox"/> Cadillac <input checked="" type="checkbox"/> Lansing <input type="checkbox"/> Saginaw Bay <b>Bruce Valdo</b>				
	<input type="checkbox"/> Copy sent to local emergency coord				
	<input type="checkbox"/> Confidential, copy provided to PGP				
	<input checked="" type="checkbox"/> Application activities entered				
	Date sent to field <b>5-8-09</b>				

**REVIEW FOR COMPLETE AND ACCURATE INFORMATION**

Reviewer: Jon Jennings

<input checked="" type="checkbox"/> Location	<input type="checkbox"/> 7200-1 deficiencies or conflicts			
	<input type="checkbox"/> 7200-2 deficiencies or conflicts			
	<input checked="" type="checkbox"/> Zoning <b>Residential</b>	Residential zoning date: <b>01/1996</b>		
	<input checked="" type="checkbox"/> Posted on map	<input type="checkbox"/> Special management area or wellhead protection zone		
<input checked="" type="checkbox"/> Drilling Unit <i>CPool is exp. 04-2009</i>	Well type: <input checked="" type="checkbox"/> Oil/Gas	<input checked="" type="checkbox"/> Complete drilling unit	<input checked="" type="checkbox"/> Unleased interests	
	<input checked="" type="checkbox"/> General Rule	<input type="checkbox"/> S.O. 1-73 <input type="checkbox"/> S.O. 1-86	<input checked="" type="checkbox"/> Field spacing order <b>CPool 04-2009</b>	
	<input type="checkbox"/> (A) 14-9-94	<input type="checkbox"/> USP Request	<input type="checkbox"/> Approved USP <b>expired 5-4-09</b>	
	<input type="checkbox"/> 303 (2)	<input type="checkbox"/> USP density	<input type="checkbox"/> 1320' Conflicts	
	<input type="checkbox"/> Spacing problems	<input type="checkbox"/> Administrative approval	<input checked="" type="checkbox"/> Hearing petition <b>Order 07-2009</b>	
<input checked="" type="checkbox"/> Injection wells	Well type: <input type="checkbox"/> BDW <input type="checkbox"/> Gas storage <input type="checkbox"/> Secondary recovery			
	<input type="checkbox"/> Supplemental survey, all producing/plugged wells within 1320'		<input type="checkbox"/> All records of wells within 1320'	
	<input type="checkbox"/> 7200-14 complete		<input type="checkbox"/> No migration of inj fluids into wells within area of review	
	<input type="checkbox"/> Inj pressure below fracture gradient		<input type="checkbox"/> Injection into a producing pool	
	<input type="checkbox"/> Deficiencies			
<input checked="" type="checkbox"/> Ownership	<input checked="" type="checkbox"/> Private surface		<input checked="" type="checkbox"/> Private minerals	
	<input type="checkbox"/> State surface		<input type="checkbox"/> State minerals    State lease number _____	
	<input type="checkbox"/> Federal surface		<input type="checkbox"/> Federal minerals	
	<input type="checkbox"/> Deficiencies			
<input checked="" type="checkbox"/> H <sub>2</sub> S	<input checked="" type="checkbox"/> Received H <sub>2</sub> S Determination		<input checked="" type="checkbox"/> Sweet <input type="checkbox"/> Sour, Class _____	
	<input type="checkbox"/> Contingency plan enclosed		<input type="checkbox"/> Deficiencies	
<input checked="" type="checkbox"/> Casing & Sealing	<input checked="" type="checkbox"/> Rotary		<input type="checkbox"/> Cable	
	<input checked="" type="checkbox"/> Surface adequate R 408		<input checked="" type="checkbox"/> Proper hole/casing size R 410(4)	
	<input type="checkbox"/> Int csg S.O. 2-73		<input type="checkbox"/> 30% exception	
	<input type="checkbox"/> Through gas storage R 417		<input type="checkbox"/> Short int exception	
	<input type="checkbox"/> Deficiencies		<input type="checkbox"/> LS csg, meets R 410(3)	
<input checked="" type="checkbox"/> EIA review <b>14/9</b> <b>247</b>	Features < 1320': <input type="checkbox"/> Wetland <input type="checkbox"/> Endangered specie <input type="checkbox"/> Natural river <input type="checkbox"/> Critical dune			
	<input type="checkbox"/> Surface Water <input type="checkbox"/> Floodplain <input type="checkbox"/> Great Lake less than 1500'			
	Man made features: <input type="checkbox"/> Residence < 300' <input type="checkbox"/> Private ww < 300' <input type="checkbox"/> Public ww < 800 or 2000'			
	<input type="checkbox"/> Need additional information			
<input checked="" type="checkbox"/> Reconcile Field & Lansing review	<input checked="" type="checkbox"/> Tolled, Date <b>6-3-09</b> Reason <b>Need CPool, terminated PN 99704</b>			
	<input type="checkbox"/> Technical Deficiency, Date _____ Reason _____			
	<input checked="" type="checkbox"/> Adm Complete, Date <b>8-14-09</b> Reason _____			
	<input checked="" type="checkbox"/> Lansing staff recommend issuance    Date <b>8-14-09</b>			
	<input type="checkbox"/> Denial recommended to Division Chief    Date _____			
	<input type="checkbox"/> Previously drilled wells at this surface location    API# 11th, 12th digits _____			

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY

**ORDER OF THE SUPERVISOR OF WELLS**

IN THE MATTER OF

THE PETITION OF WEST BAY EXPLORATION )  
COMPANY FOR AN ORDER FROM THE )  
SUPERVISOR OF WELLS FORMING A FULL ) ORDER NO. 07-2009  
GUELPH DOLOMITE/RUFF FORMATION DRILLING )  
UNIT BY COMPULSORY POOLING ALL )  
INTERESTS INTO THE DRILLING UNIT. )

**OPINION AND ORDER**

This case involves the Petition of West Bay Exploration Company (Petitioner). The Petitioner proposes to drill and complete a well for oil and gas exploration (the Steigerwald 1-26 well) within a drilling unit in the stratigraphic interval known as the Guelph Dolomite/Ruff Formation (formerly known as the Niagaran and Salina Formations). Under R 324.301, the drilling unit size for a Guelph Dolomite/Ruff Formation well in Wayne County is 40 acres. Since not all of the mineral owners within the proposed drilling unit have agreed to voluntarily pool their interests, the Petitioner seeks an Order of the Supervisor of Wells (Supervisor) designating Petitioner as operator of the 40-acre drilling unit and requiring compulsory pooling of all tracts and interests within that geographic area for which the owners have not agreed to voluntary pooling. The Proposed Unit consists of the NE 1/4 of NW 1/4 of Section 26, T2S, R8E, Canton Township, Wayne County, Michigan.

**Jurisdiction**

The development of oil and gas in this state is regulated under Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). MCL 324.61501 *et seq.* The purpose of Part 615 is to ensure the orderly development and production of the oil and gas resources of this state. MCL 324.61502. To that end, the Supervisor may establish drilling units and compulsorily pool mineral interests within said units. MCL 324.61513(2) and (4). However, the formation of drilling units by compulsory pooling of interests can only be effectuated after an evidentiary hearing. 1996 MR 9, R 324.302 and R 324.304. The evidentiary hearing is

governed by the applicable provisions of the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et seq.* See 1996 MR 9, R 324.1203. R 324.1205(6) provides that the parties to a matter within the jurisdiction of the Supervisor may agree to dispose of all or a part of the matter at issue by stipulation and consent order. There are only two parties to this matter, Petitioner and the unleased owner, Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, by its attorney-in-fact American Home Mortgage Servicing Inc. Petitioner and American Home Mortgage Servicing Inc. have entered into a stipulation for entry of this Order.

### FINDINGS OF FACT

Petitioner specifically requests that the Supervisor issue an Order that:

1. Requires compulsory pooling of all tracts and mineral interests within the proposed drilling unit that have not agreed to voluntary pooling.
2. Names Petitioner as operator of the Steigerwald 1-26 well.
3. Authorizes Petitioner to recover certain costs and other additional compensation from the parties subject to the compulsory pooling order.

The Supervisor finds that the notice of hearing was properly served and published. Pursuant to stipulation entered into between Petitioner and American Home Mortgage Servicing Inc., the parties have stipulated to the entry of this Order.

#### I. Drilling Unit

The spacing of wells targeting the Guelph Dolomite/Ruff Formation in Wayne County is governed by R 324.301. This Order establishes drilling units of 40 acres, more or less, consisting of a governmental surveyed quarter-quarter section of land with allowances being made for the differences in the size and shape of sections. Under 1996 MR 9, R 324.301, it is presumed that one well will efficiently and economically drain the entire unit of hydrocarbons. The Petitioner's proposed drilling unit is described as the NE 1/4 of NW 1/4 of Section 26, T2S, R8E, Canton Township, Wayne County. I find that the proposed drilling unit is consistent with R 324.301; and, as such, it is a proper drilling unit for the proposed well.

## II. Drilling Unit Operator

The Petitioner owns or controls all oil and gas leases in the proposed drilling unit except for approximately 0.657 net mineral acres. Given this, the Petitioner seeks to be designated as the operator of the Steigerwald 1-26 well. I find, as a Matter of Fact, the Petitioner is eligible to be designated operator of the Steigerwald 1-26 well.

## III. Compulsory Pooling

Petitioner was unable to obtain the agreement of all mineral owners to gain full control of the Proposed Unit. The Petitioner may not produce a well on the drilling unit without first obtaining control of all the oil and gas interests. In cases like this, it is necessary for the Petitioner to request compulsory pooling from the Supervisor. As discussed, a mineral owner who does not agree to voluntarily pool his or her interest in a drilling unit may be subject to compulsory pooling. 1996 MR 9, R 324.304. The compulsory pooling of an interest must be effectuated in a manner that ensures "each owner...is afforded the opportunity to receive his or her just and equitable share of the production of the unit." *Id.* In addition to protecting correlative rights, the compulsory pooling must prevent waste. MCL 324.61502. An operator must first seek voluntary pooling of mineral interests within a proposed drilling unit prior to obtaining compulsory pooling through an Order of the Supervisor.

All of the owners of oil and gas interests within the proposed drilling unit agreed to voluntarily pool their interests, with the exception of 0.657 undivided net acres of mineral rights owned by Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A. Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A is not interested in leasing. However, Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, by its attorney-in-fact American Home Mortgage Servicing Inc. has stipulated to the entry of this Consent Order.

Based on the foregoing, I find, as a Matter of Fact:

1. The Petitioner was able to voluntarily pool all of the mineral interests in the proposed 40-acre Guelph Dolomite/Ruff Formation drilling unit except for the acreage described above.
2. Compulsory pooling is necessary to form a full drilling unit, to protect correlative rights of unpooled lease owners, and to prevent waste by preventing the drilling of unnecessary wells.

Now that it has been determined compulsory pooling is necessary and proper in this case, the terms of such pooling must be addressed. When pooling is ordered, the owner of the compulsorily pooled lands (Pooled Owner) is provided an election on how he or she wishes to share in the costs of the project. 1996 MR 9, R 324.1206(4). A Pooled Owner may participate in the project, or in the alternative be "carried" by the operator. If the Pooled Owner elects to participate, he or she assumes the economic risks of the project, specifically, by paying his or her proportionate share of the costs or giving bond for the payment. Whether the well drilled is ultimately a producer or dry hole is immaterial to this obligation. Conversely, if a Pooled Owner elects not to participate, the Pooled Owner is, from an economic perspective, "carried" by the operator. Under this option, if the well is a dry hole the Pooled Owner has no financial obligation because they did not assume any risk. If the well is a producer, the Supervisor considers the risks associated with the proposal and awards the operator compensation, out of production, for assuming all of the economic risks.

In order for a Pooled Owner to decide whether he or she will "participate" in the well or be "carried" by the operator, it is necessary to provide reliable cost estimates. In this regard, Petitioner must present proofs on the estimated costs involved in drilling, completing, and equipping the proposed well. Petitioner's Authorization for Expenditure (AFE) form for the Steigerwald 1-26 well (Exhibit 6 to the Petition) itemizes the estimated costs to be incurred in the drilling, completing, equipping, and plugging of the well. The estimated costs are \$632,700.00 for drilling; \$261,220.00 for completion; and \$313,000.00 for equipping. The total estimated producing well cost for the Steigerwald 1-26 well is \$1,206,920.00. *Id.* Petitioner and American Home Mortgage Servicing Inc. have stipulated

that the costs set out in the AFE are reasonable and appropriate. There is no evidence on this record refuting these estimated costs.

I find, as a Matter of Fact, the estimated costs in Exhibit 6 to the Petition are reasonable for the purpose of providing the pooled owners a basis on which to elect to participate or be carried. However, I find actual costs shall be used in determining the final share of costs and additional compensation assessed against a Pooled Owner.

The next issue is the allocation of these costs. Part 615 requires the allocation be just and equitable. MCL 324.61513(4). Petitioner and American Home Mortgage Servicing Inc. have stipulated that the proposed well is being drilled based on geological and geophysical data, and it is reasonable to postulate that the proposed unit represents an area of Niagaran reefing. The Petitioner requests the actual well costs and production from the well be allocated based upon the ratio of the number of surface acres in the tracts of various owners to the total number of surface acres in the drilling unit. Established practices and industry standards suggest this to be a fair and equitable method of allocation of production and costs. Therefore, I find, as a Matter of Fact, utilizing acreage is a fair and equitable method to allocate to the various tracts in the proposed drilling unit each tract's just and equitable share of unit production and costs. However, I find that an owner's share in production and costs should be in proportion to their net mineral acreage.

The final issue is the additional compensation for risk to be assessed against a Pooled Owner who elects to be carried. The administrative rules under Part 615 provide for the Supervisor to assess appropriate compensation for the risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of wells. 1996 MR9, R 324.1206(4)(b). Petitioner requests additional compensation of 300 percent for the costs of drilling, 150 percent of the cost of completing, and 25 percent of the cost of equipping the Steigerwald 1-26 well. Petitioner and American Home Mortgage Servicing Inc. have stipulated to the reasonableness of these amounts given the risks associated with drilling a dry hole and the mechanical and engineering risks associated with the completing and equipping of wells.

I find, as a Matter of Fact, the risk of the proposed Steigerwald 1-26 well being a dry hole supports additional compensation from the Pooled Owners of 300 percent of the actual

drilling costs incurred. The mechanical and engineering risks associated with the well support additional compensation of 150 percent of the actual completing, and 25 percent of the actual equipping costs incurred. Operating costs are not subject to additional compensation for risk.

### CONCLUSIONS OF LAW

Based on the findings of fact, I conclude, as a matter of law:

1. Petitioner was unable to voluntarily pool the mineral interests of Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A within the proposed drilling unit. The Supervisor may compulsorily pool properties when pooling cannot be agreed upon. Compulsory pooling is necessary to prevent waste and protect the correlative rights of the Pooled Owners in the proposed drilling unit. MCL 324.61513(4).

2. This order is necessary to provide for conditions under which each mineral owner who has not voluntarily agreed to pool all of their interest in the pooled unit may share in the working interest share of production. 1996 MR 9, R 324.1206(4).

3. The Petitioner is an owner within the drilling unit and, therefore, is eligible to drill and operate the Steigerwald 1-26 well. 1996 MR 9, R 324.1206(4).

4. The Petitioner is authorized to take from each nonparticipating interest's share of production the cost of drilling, completing, equipping, and operating the well, plus an additional percentage of the costs as identified in the Determination and Order section of this Order for the risks associated with drilling a dry hole, and the mechanical and engineering risks associated with the completion and equipping of the well. 1996 MR 9, R 324.1206(4).

5. The applicable spacing for the proposed drilling unit is 40 acres, as established by 1996 MR 9, R 324.301.



6. Petitioner and the party owning the interest to be pooled, Deutsche Bank National Trust Company f.k.a. Bankers Trust Company of California, N.A., as Trustee, in trust for registered Holders of Ameriquest Mortgage Securities, Inc., Series 2002-A, by its attorney-in-fact American Home Mortgage Servicing Inc., have stipulated to the entry of this Consent Order.

7. The Supervisor has jurisdiction over the subject matter and the persons interested therein.

8. Due notice of the time, place, and purpose of the hearing was given as required by law and all interested persons were afforded an opportunity to be heard. 1996 MR 9, R 324.1204.

#### **DETERMINATION AND ORDER**

Based on the Findings of Fact and Conclusions of Law, the Supervisor determines that compulsory pooling to form a 40-acre Guelph Dolomite/Ruff Formation drilling unit is necessary to protect correlative rights and prevent waste by the drilling of unnecessary wells.

#### **NOW, THEREFORE, IT IS ORDERED:**

1. A 40-acre Guelph Dolomite/Ruff Formation drilling unit is established for the following area: NE 1/4 of NW 1/4 of Section 26, T2S, R8E, Canton Township, Wayne County, Michigan. All properties, parts of properties, and interests in this area are pooled into the drilling unit. This pooling is for the purpose of forming a drilling unit only and neither establishes a right, nor diminishes any independent right, of the Petitioner to operate on the surface or subsurface lands of a Pooled Owner.

2. Each Pooled Owner shall share in production and costs in the proportion that their net mineral acreage in the drilling unit bears to the total acreage in the drilling unit.

3. The Petitioner is named Operator of the Steigerwald 1-26 well. The Operator shall commence the drilling of the Steigerwald 1-26 well within 90 days of the effective date of this Order, or the compulsory pooling authorized in this Order shall be null and void as to all parties and interests. This pooling Order applies to the drilling of the Steigerwald 1-26 well only.

4. A Pooled Owner shall be treated as a working interest owner to the extent of 100 percent of the interest owned in the drilling unit. The Pooled Owner is considered to hold a 1/8 royalty interest, which shall be free of any charge for costs of drilling, completing, or equipping the well, or for compensation for the risks of the well or operating the proposed well including post-production costs.

5. A Pooled Owner shall have 10 days from the effective date of this Order to select one of the following alternatives and advise the Supervisor and the Petitioner, in writing, accordingly:

a. To participate, then within 10 days of making the election (or within a later date as approved by the Supervisor), pay to the Operator the Pooled Owner's share of the estimated costs for drilling, completing, and equipping the well, or give bond to the Operator for the payment of the Pooled Owner's share of such cost promptly upon completion; and authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production, the Pooled Owner's share of the actual costs of operating the well; or

b. To be carried, then if the well is put on production, authorize the Operator to take from the Pooled Owner's remaining 7/8 share of production:

(i) The Pooled Owner's share of the actual cost of drilling, completing, and equipping the well.

(ii) An additional 300 percent of the actual drilling costs, 150 percent of the actual completion costs, and 25 percent of the actual equipping costs

attributable to the Pooled Owner's share of production, as compensation to the Operator for the risk of a dry hole.

(iii) The Pooled Owner's share of the actual cost of operating the well.

6. In the event the Pooled Owner does not notify the Supervisor in writing of the decision within 10 days from the effective date of this Order, the Pooled Owner will be deemed to have elected the alternative described in ¶ 5(b). If a Pooled Owner who elects the alternative in ¶ 5(a) does not, within 10 days of making their election (or within any alternate date approved by the Supervisor), pay their proportionate share of costs or give bond for the payment of such share of such costs, the Pooled Owner shall be deemed to have elected the alternative described in ¶ 5(b), and the Operator may proceed to withhold and allocate proceeds for costs from the Pooled Owners' 7/8 share of production as described in ¶ 5(b)(i)(ii)&(iii).

7. For purposes of the Pooled Owners electing alternatives, the amounts of \$632,700.00 for estimated drilling costs (dry hole costs); \$261,220.00 for estimated completion costs; and \$313,000.00 for estimated equipping costs are fixed as well costs. Actual costs shall be used in determining the Pooled Owner's final share of well costs and in determining additional compensation for the risk of a dry hole. If a Pooled Owner has elected the alternative in ¶ 5(a) and the actual cost exceeds the estimated cost, the Operator may recover the additional cost from the Pooled Owner's 7/8 share of production. Within 60 days after commencing drilling of the well, and every 30 days thereafter until all costs of drilling, completing, and equipping the well are accounted for, the Operator shall provide to the Pooled Owner a detailed statement of actual costs incurred as of the date of the statement and all costs and production proceeds allocated to that Pooled Owner.

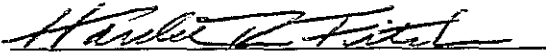
8. The Operator shall certify to the Supervisor that the following information was supplied to each pooled owner no later than the effective date of the Order:

- a. The Order
- b. The AFE

c. Each Pooled Owner's percent of charges from the AFE if the Pooled Owner were to choose option "a" in ¶ 5 above. Each Pooled Owner's percentage of charges shall be based on the pooled owner's actual net mineral acreage in the drilling unit and the actual acreage in the drilling unit as a whole, as determined by survey or title opinion.

9. The Supervisor retains jurisdiction in this matter.
10. The Order is effective immediately.

DATED: *Aug. 11, 2009*

  
HAROLD R. FITCH  
ASSISTANT SUPERVISOR OF WELLS  
Office of Geological Survey  
P.O. Box 30256  
Lansing, MI 48909

**Jennings, Jennifer (DEQ)**

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**From:** Jennings, Jennifer (DEQ)  
**Sent:** Wednesday, November 25, 2009 8:50 AM  
**To:** Danyluk, Walter (DEQ); Waldo, Bruce (DEQ); Duszynski, James (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ)  
**Subject:** RE: Steigerwald Facility Landowner Lease

Thanks Walt, I will add these documents to the permit file.

Jennifer A. Jennings  
Geologist - Permit Reviewer  
DEQ-OGS, Permits & Bonding  
(517)335-0432  
jenningsj@michigan.gov

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**From:** Danyluk, Walter (DEQ)  
**Sent:** Wednesday, November 25, 2009 8:49 AM  
**To:** Waldo, Bruce (DEQ); Duszynski, James (DEQ); Jennings, Jennifer (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ)  
**Subject:** FW: Steigerwald Facility Landowner Lease

FYI  
P&B – info I had requested - approval for Steigerwald facility location

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253)  
danylukw@michigan.gov

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**From:** Joline Dorer [mailto:joline@wbeco.net]  
**Sent:** Wednesday, November 25, 2009 8:15 AM  
**To:** Danyluk, Walter (DEQ)  
**Subject:** Steigerwald Facility Landowner Lease

Attached please find Mrs. Steigerwald's Lease to allow us to build our facility on her property.

Also, the Surface Facility EIA has been completed, and we should be receiving it today.

Thank you,

Joline Dorer  
Safety/Operations Specialist  
West Bay Exploration  
517-223-4011

## AMENDMENT OF OIL & GAS LEASE

Whereas, under the date of June 16<sup>th</sup>, 2006, Raymond A. Steigerwald and Barbara A. Steigerwald, husband and wife of 2292 Lilley Road South, Canton, Michigan 48188, now of 8443 Mayburn Street, Dearborn Heights, Michigan 48127 as "Lessor" did execute and deliver unto Energy Quest, Inc., a Michigan corporation, whose address is 3016 Cass Road, Traverse City, MI 49684, as "Lessee", an Oil and Gas Lease recorded January 18, 2008 in Liber 46934, Page 1473 of the Wayne County, Michigan, Register of Deeds records. And whereas said Oil and Gas Lease was amended on the 5<sup>th</sup> day of February, 2009 and recorded in Liber 48120, Page 1260 of the Wayne County, Michigan, Register of Deeds records.

Said Oil and Gas Lease covers land described as follows, to wit:

### Township 2 South-Range 3 East, Canton Township

Section 26: Part of the Northwest ¼ described as beginning S 0° 13' 40" E 1485.0 feet from the North ¼ post of said section, thence S 0° 13' 40" E 165.0 feet, thence S 89° 57' 32" W 1294.91 feet, thence N 0° 17' 52" W 165.0 feet, thence N 89° 57' 32" E 1295.11 feet to the point of beginning. Containing 4.90 acres, more or less. Parcel #71-102-99-0010-001 & 71-102-99-0010-002

And, whereas said Oil and Gas Lease contains clauses and provisions that reads as follows:

19. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that any and all access to the lands described in the body of the lease, including, but not limited to power and communication lines, pipelines and roadways shall be from the West property line and via the ITC right-of-way.

20. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that all operations shall be conducted on the West 250 feet of the lands covered hereby.

Now therefore, in consideration of the premises and for the purpose of further amending said lease. The undersigned does hereby stipulate and agree that the aforesaid lease is hereby amended to allow for the placement of an access route, turnaround, load-out pad, power and communication lines and pipelines, running from Lilley Road over and across the leased premises for the purpose of accessing the well location known as the Steigerwald #1-26 Well (See attached drawing). It is understood that it is Lessee's sole responsibility to maintain said access route. Lessee further agrees to pay an access fee in the amount of \$1,000.00 to Lessor, annually on or before February 5, for so long as said land is utilized by Lessee for such purposes.

It is further understood and agreed that upon cessation of operations at the Steigerwald #1-26 well site, Lessee agrees to remove said access route, turnaround and other structures and restore said lands to as near its original condition as is reasonable and practicable.

The undersigned do hereby adopt, ratify and confirm the same lease as amended herein and except as hereby amended, or previously amended, the aforesaid Oil and Gas Lease shall remain in full force and effect as originally written.

Executed as of the 24<sup>th</sup> day of November, 2009.

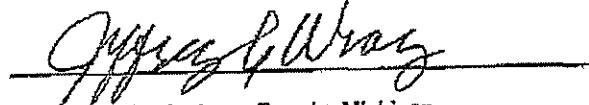
  
Barbara A. Steigerwald, a widow

ACKNOWLEDGEMENT

STATE OF MICHIGAN            }  
  } S.S.  
COUNTY OF WAYNE            }

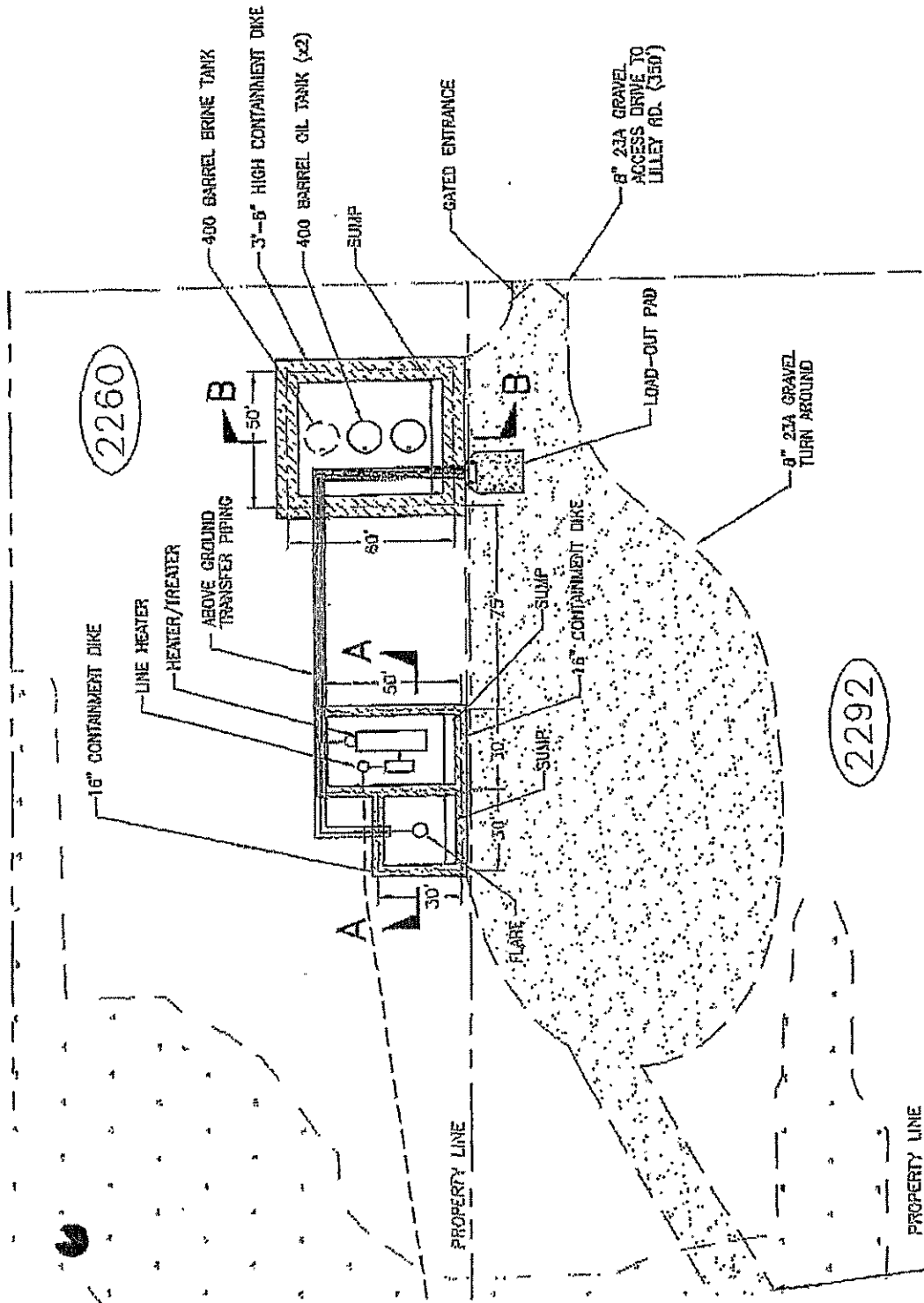
The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of November, 2009, by Barbara A. Steigerwald, a widow.

My Commission Expires: 5/15/11

  
Notary Public, Jackson County, Michigan  
Acting in Wayne County, Michigan

Prepared by: Jeffrey G. Wray, P.O. Box 4215, Jackson, MI 49204-4215

Attached to and to become a part of an Amendment of Oil and Gas Lease dated NOVEMBER 24 2009 between Barbara A. Steigerwald, a widow, as Grantor, and Energy Quest, Inc., as Grantee.





**Jennings, Jennifer (DEQ)**

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**From:** Danyluk, Walter (DEQ)  
**Sent:** Wednesday, November 25, 2009 8:51 AM  
**To:** Waldo, Bruce (DEQ); Duszynski, James (DEQ); Jennings, Jennifer (DEQ); Snow, Mark (DEQ); Tefertiller, Rex (DEQ)  
**Subject:** FW: Steigerwald Facility Landowner Lease  
**Attachments:** scan0050.jpg; scan0051.jpg; scan0052.jpg

Second landowner approval

Office of Geological Survey  
Kalamazoo, Lansing & SE MI Districts Supervisor, (517-335-6253)  
danylukw@michigan.gov

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**From:** Joline Dorer [mailto:joline@wbeco.net]  
**Sent:** Wednesday, November 25, 2009 8:15 AM  
**To:** Danyluk, Walter (DEQ)  
**Subject:** Steigerwald Facility Landowner Lease

Attached please find Mrs. Steigerwald's Lease to allow us to build our facility on her property.

Also, the Surface Facility EIA has been completed, and we should be receiving it today.

Thank you,

Joline Dorer  
Safety/Operations Specialist  
West Bay Exploration  
517-223-4011

## AMENDMENT OF OIL & GAS LEASE

Whereas, under the date of January 10<sup>th</sup>, 2006, Gary Griffiths, a single man of 2280 Lilley Road South, Canton, Michigan 48188, as "Lessor" did execute and deliver unto Energy Quest, Inc., a Michigan corporation, whose address is 3016 Cass Road, Traverse City, MI 49884, as "Lessee", an Oil and Gas Lease recorded January 16, 2008 in Liber 46934, Page 1483 of the Wayne County, Michigan, Register of Deeds records. And whereas said Oil and Gas Lease was amended on the 9<sup>th</sup> day of February, 2009 and recorded in Liber 48120, Page 1263 of the Wayne County, Michigan, Register of Deeds records.

Said Oil and Gas Lease covers land described as follows, to wit:

Township 2 South-Range 8 East, Canton Township

Section 26: The North  $\frac{1}{2}$  of the North 9.79 acres of the Southeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ . Containing 4.90 acres, more or less. Parcel #71-102-99-0009-000.

And, whereas said Oil and Gas Lease contains a clause and provision that reads as follows:

19. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that any and all access to the lands described in the body of the lease, including, but not limited to power and communication lines, pipelines and roadways shall be from the West property line and via the ITC right-of-way.

20. Notwithstanding anything to the contrary herein contained it is understood and agreed between the parties hereto that all operations shall be conducted on the South 50 feet of the West 250 feet of the lands covered hereby.

Now therefore, in consideration of the premises and for the purpose of further amending said lease. The undersigned does hereby stipulate and agree that the aforesaid lease is hereby amended to allow for the placement of an access route, power and communication lines and pipelines, running from Lilley Road over and across the Raymond & Barbara Steigerwald properties (Parcel Nos. 71-102-99-0010-001 & 71-102-99-0010-002) for the purpose of accessing the well location known as the Steigerwald #1-26 Well. It is understood that it is Lessee's sole responsibility to maintain said access route. It is further understood and agreed that Lessor hereby grants the right for Lessee to construct and operate a production facility on the above-described property and to bore a flow line to connect the well to said facility (see attached drawing).

It is further understood and agreed that upon cessation of operations at the Steigerwald #1-26 well site, and the herein granted production facility location, Lessee agrees to remove said access route and all equipment placed on said lands and restore said lands to as near its original condition as is reasonable and practicable.

The undersigned does hereby adopt, ratify and confirm the same lease as amended herein and except as hereby amended, or previously amended, the aforesaid Oil and Gas Lease shall remain in full force and effect as originally written.

Executed as of the 19<sup>th</sup> day of November, 2009.

  
\_\_\_\_\_  
Gary Griffis

ACKNOWLEDGEMENT

STATE OF MICHIGAN  
COUNTY OF WAYNE

} S.S.

The foregoing instrument was acknowledged before me this 19<sup>th</sup> day of November, 2009, by Gary Griffis, a single man.

My Commission Expires: 5/15/11

  
\_\_\_\_\_  
Notary Public, Jackson County, Michigan  
Acting in Wayne County, Michigan

Prepared by: Jeffrey G. Wray, P.O. Box 4215, Jackson, MI 49204-4215

DE

WATER WELL PLUGGING RECORD  
FOR OIL & GAS WELL OPERATIONS

Prepared under authority of Part 615 Supervisor of Wells,  
of Act 451 PA 1994, as amended  
A false statement or omission and/or falsification of this information  
may result in fines and/or imprisonment.

1. County Wayne Township CANTON  
 Surface location NW 1/4 NE 1/4 NW 1/4 Sec 26 - 28 T 8 E  
 Well name, number, and permit number of oil or gas well  
Steigerwald 1-26 ~~59~~  
 Street address & city of well (if any) 922

12. Name and address of permittee  
West Bay Exploration Co  
STE 200 13685 West Bayshore Dr  
TRAVERSE CITY MI 49684

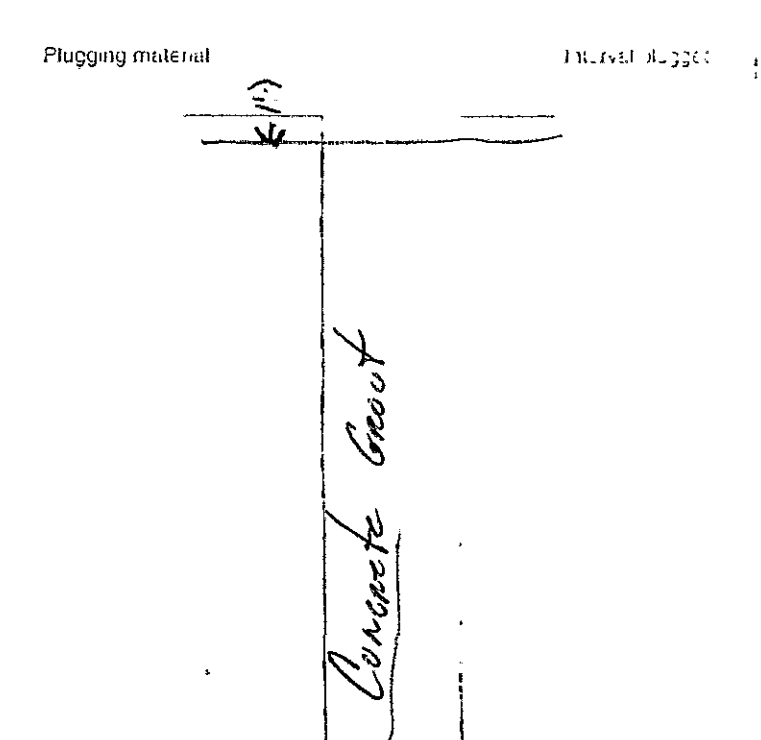
13. Drop pipe/pumping equipment removed  
 Yes  No (explain in comments)

14. Plugging material

Bentonite chips	from _____ ft. to _____ ft.	50+ bags
Bentonite pellets	from _____ ft. to _____ ft.	50+ bags
Bentonite grout	from _____ ft. to _____ ft.	50+ bags
Neat cement	from _____ ft. to _____ ft.	50+ bags
Cement grout	from <u>Surface</u> ft. to <u>103</u> ft.	<u>24</u> 50+ bags
Other	from _____ ft. to _____ ft.	50+ bags

15. Lost circulation zone materials used  Yes  No  
 Type \_\_\_\_\_ Quantity \_\_\_\_\_ Placed from \_\_\_\_\_ to \_\_\_\_\_

16. Plugging sketch:  
 Show type of plugging materials and interval plugged



**RECEIVED**  
 NOV 25 2009

OFFICE OF GEOLOGICAL SURVEY  
 PERMITS & BONDING UNIT

Well 103 ft. Date plugging completed 11/23/09

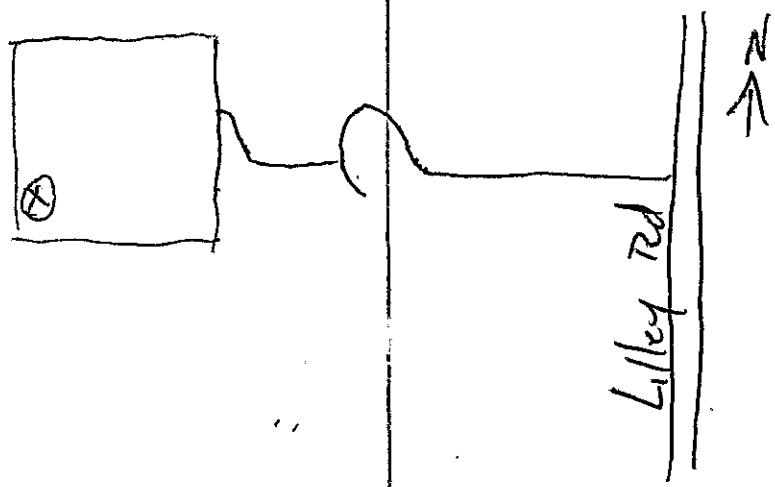
Use  Stop  Case

Reason for plugging well  
 Gas well plugged  New well drilled  
Not Used  Unrepairable

7. Casing material  
 Steel  Plastic  
 Other

8. Casing material after plugging  
 1 ft below grade  Removed  
 Side  No

plugged well(s) relative to buildings, drives, roads,  
 trees or landmarks on site. Include a North arrow.



Comments

STATEMENT: "This report was prepared under my  
 supervision and direction. The facts stated herein are true,  
 accurate and complete to the best of my knowledge."

Name Kate Well Drilling Inc Registration (if any) 13-1593

Address 1479 E. Mc Ave B.C. MI 49014

Signature [Signature] Date 11/23/09

# West Bay Exploration

company

13685 S. West Bay Shore / Suite 200  
Traverse City, MI 49684  
231-946-0200 / Fax: 231-946-8180

P.O. Box 1203  
5555 N. Hogback Road  
Fowlerville, MI 48836  
517-223-4011 / Fax: 517-223-4020

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December 15, 2009

Office of Geological Survey  
MIDEQ  
PO Box 30256  
Lansing, MI 48909

Re: Steigerwald #1-26 PN59922

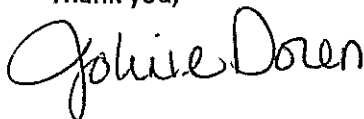
To Whom It May Concern:

Enclosed please find the following for our Steigerwald #1-26 location:

- 7200-5 Record of Well Drilling or Deepening
- 7130 Record of Well Completion
- 7200-12 Certification of Casing and Sealing of Surface Hole
- Dual Laterolog/Micro Laterolog /Gamma Ray Log
- Compensated Nuetron/Gamma Ray Log/Casing Collar Locator

If you have any questions or concerns, please feel free to contact us at 517-223-4011.

Thank you,



Joline Dorer  
Safety & Operations Specialist

DEC 16 2009



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY - OFFICE OF GEOLOGICAL SURVEY  
**CERTIFICATION OF CASING AND SEALING OF SURFACE HOLE**

Required by authority of Part 615 Supervisor of Wells or  
 Part 625 Mineral Wells, of Act 451 PA 1994, as amended  
 Non-submission and/or falsification of this information  
 may result in fines and/or imprisonment

Permit number 59922
Well name Steigerwald #1-26
Surface location NW 1/4 of SE 1/4 of NW1/4 Section 26 T 2S R 8E
Name and address of drilling contractor Advanced Energy Services P.O. Box 85 South Boardman Mi. 49680

Township Canton	County Wayne
Name and address of permittee West Bay Exploration 13685 S. West Bay Shore Drive Traverse City Mi. 49684	

**SURFACE HOLE**

Hole diameter (Note reductions)	Depth to bedrock	Base of specified aquifer (see permit)	Total depth of surface hole	Formation at surface casing seat	Date drilling completed
14 3/4"	137	Drift	417	Dundee	9/17/09

Narrative of unusual drilling circumstances or problems encountered  
 Lost total returns 86'-179' Healed with Fresh water mud and LCM

Name and address of geologist/mud logger  
 T.L. Baker  
 13685 S. West Bay Shore Drive  
 Suite 200  
 Traverse City Mi. 49684

Signature *T. L. Baker* Date 12/13/09

**SURFACE CASING**

Casing O.D. (in)	Casing depth	Cement type and additives	Amount of cement (sacks)	Volume (bbls)		Plug down date & time
				Pumped	Returned to surface	
11 3/4"	417	65/35/poz	150	72 Bbl	15*	11:30 PM
		A	150			9/17/09

Narrative of problems encountered running or cementing casing. Note any cement fallback, grouting, or lost circulation zones.  
 \*Grouted with 35 sx cmt 25 in well 10 in cellar

**I AM RESPONSIBLE FOR THIS REPORT. THE INFORMATION IS COMPLETE AND CORRECT.**

Signature of permittee or company officer *Tina Taylor Baker* Date 12/13/09

Submit the original and one copy, typewritten or legible printed, within 30 days after drilling is completed to:  
 OFFICE OF GEOLOGICAL SURVEY  
 MICHIGAN DEPT OF ENVIRONMENTAL QUALITY  
 PO BOX 30256  
 LANSING MI 48909-7756



## RECORD OF WELL DRILLING OR DEEPENING

Required by authority of Part 615 Supervisor of Wells or Part 625 Mineral Wells, of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

Permit number/Deepening number

59922

(Submit 3 copies within 60 days of drilling completion.)

 Part 615 Oil/Gas Well  Part 625 Mineral Well

Name and address of permittee		API number	
West Bay Exploration 13685 S. West Bay Shore Suite 200 Traverse City Mi. 49684		21-075-59922	
Name and address of drilling contractor		Well name and number	
Advanced Enerav Services P.O. Box 85 South Boardman Mi. 49680		Steigerwald # 1-26	
Date drilling began		Surface location	
9/16/09	Date drilling completed	NW 1/4 of SE 1/4 of NW 1/4 Section 26 T2S R8E	
9/27/09	Township		
Total depth of well	County		
Driller 2912 Log 2912	Canton		
Elevations	Footages North/South East/West		
K.B. 690 ft. R.F. ft. R.T. 687.5 ft. Grd 675.8 ft	1553 ft. from N line and 1382 ft. from W line of sec.		
Directionally drilled (check one)		Previous permit numbers	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Subsurface location (if directionally drilled)		Township	
NW 1/4 of NE 1/4 of NW 1/4 Section 26 T 2S R 8E		County	
Township		Canton	
County		Wayne	
Footages North/South East/West		Footages North/South East/West	
358 ft. from N line and 1762 ft. from W line of sec.		358 ft. from N line and 1762 ft. from W line of sec.	
Feet drilled - cable tools		Feet drilled - rotary tools	
from to		from surf to TD	

Casing, Casing Liners and Cementing, Operating Strings					Water Fill Up (F.U.) or Lost Circulation (L.C.) (X)				
Size	Where set	Cement	T.O.C.	Ft. pulled	Formation	F.U.	L.C.	Depth	Amount
11 3/4"	417'	150 lite/150 A			Drift		x	86-179	full
		Grout w/25 A	surf						
8 5/8"	1345'	200 lite/ 200 A	surf						
5 1/2"	2912'	150 A	1890'						

Gross Pay Intervals				All Other Oil and Gas Shows Observed or Logged							
Formation	Oil or Gas	From	To	Where Observed (X)							
Formation	Oil or Gas	Depth	Sam- ples	Odor	Pits	Mud Line	Gas Log	Fill Up			
Niagaran	both	2711	2822								

Depth Correction		Deviation Survey			Plugged Back		
Depth	Correction	Run at	Degrees	Yes	No	Depth	
see	attached	directional					

Geophysical / Mechanical Logs (list each type run)		
Brand	Log types	Logged intervals
Baker Atlas	DLL/MLL/GR	2912'-1344'
	ZDL/CN/GR	2912-surf

Notice: Report complete sample and formation record, coring record, and drill stem test information on reverse side.

CERTIFICATION "I state that I am authorized by said owner. This report was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Date	Name and title (print)	Signature
12/13/09	Timothy L. Baker	<i>Timothy L. Baker</i>

Submit to: OFFICE OF GEOLOGICAL SURVEY,  
MICHIGAN DEPT OF ENVIRONMENTAL QUALITY  
PO BOX 30256, LANSING, MI 48909-7756

# FORMATION RECORD

Attach additional sheets if necessary

API number

Permit number/Deepening number

59922

Elevation used 960	Geologist name Fowler/Baker	Tops taken from <input type="checkbox"/> Driller's log <input checked="" type="checkbox"/> Sample log <input checked="" type="checkbox"/> Electric log
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From	To	Formation (type, color, hardness)	From	To	Formation (type, color, hardness)
<p>Note: if well directionally drilled, add true vertical depth formation tops where appropriate</p>					
surf	137	Drift- Unconsolidated sand and gravel loss circulation 86-179 pos base at 137'			
137	272	Shale- Dk brn-gy-Blk, silty at top organic at base			
272	368	Traverse-Md-lt Gy, Arg at top ,Cln at base			
368	620	Dundee and Detroit River- Dolomite, Md Gy Dns Hd			
620	670	No Samples			
670	1060	Dolomite, Md Gy-Gy, Dns, Hld Frac (Bois Blanc?/Bass Island)			
1060	1184	Anhydrite and Dolomite AA, Lt Md Gy, dns, Hd			
1184	1260	Salina G- Limestone,Arg,Dns,Md- Dk Brn/Gy			
1260	1296	Poor Samples			
1296	1360	Anhydrite & Limestone AA			
1360	1724	Salt Intbd with Anhydrite- Dolomitic Lt Gy- Wh, Hd			
1724	1860	Dolomite grading to Anhydrite- Lt- md Gy Brn,Tr Poro- No shows			
1860	1920	Salt- Wh-Trnsl			
1920	2060	Dolomite-Vfxln, Lt-md Gy, Intbd at base with Anhy. AA	If well was cored, attach core description		
2060	2440	Salt- B Wh-Trnsl	DRILL STEM TEST DATA		
2440	2610	Dolomite-A2 Md Gy, Vfxln Dns			
2610	2706	Anhydrite- A2 Evaporite Wh-lt GY,Dns<Hd			
2706	2912	Dolomite- A1 Carb-Brown Niagaran,Lt Brn-Brn-Wh, SSO & Gas 2711'-2822' Good cut in porous intervals			
LIST ATTACHMENTS					

DEC 16 2009



59922



Directional Drilling Contractors, LLC.

Job Number: DR090179  
 Company: WEST BAY EXPLORATION  
 Lease/Well: STEIGERWALD # 1-26  
 Location: CANTON TWP., WAYNE CO.  
 Rig Name: B & H # 3  
 RKB:  
 G.L. or M.S.L.:

State/Country: MICHIGAN / USA  
 Declination: 6.93 DEGREES WEST  
 Grid:  
 File name: C:\WINSERVE\ASDRIL~1\2009\STEIGER.SVY  
 Date/Time: 28-Sep-09 / 15:19  
 Curve Name: STEIGERWALD 1-26 ( as drilled )

**Directional Drilling Contractors  
 SURVEY REPORT**

WINSERVE SURVEY CALCULATIONS  
*Minimum Curvature Method*  
*Vertical Section Plane 17.66*  
*Vertical Section Referenced to Wellhead*  
*Rectangular Coordinates Referenced to Wellhead*

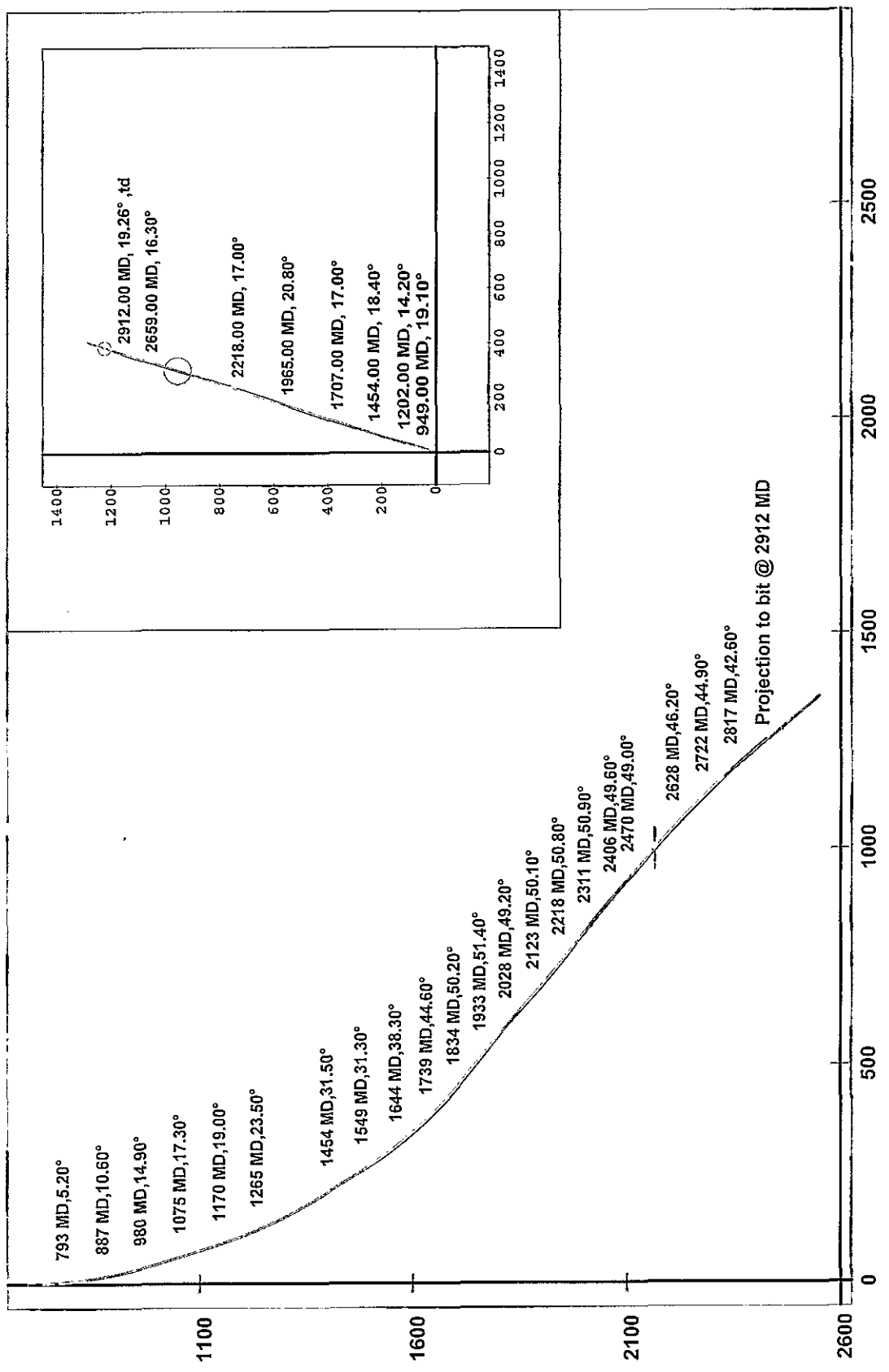
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
<b>Tie in Point @ 700 MD</b>									
700.00	.70	24.70	700.00	.00	.00	.00	.00	.00	.00
731.00	2.10	21.50	730.99	.70	.29	.75	.76	22.30	4.52
763.00	3.70	19.40	762.95	2.22	.85	2.37	2.38	20.84	5.01
793.00	5.20	20.50	792.86	4.41	1.64	4.70	4.70	20.45	5.01
825.00	6.90	18.70	824.68	7.59	2.77	8.07	8.07	20.04	5.34
856.00	8.80	18.00	855.39	11.61	4.10	12.30	12.31	19.44	6.14
887.00	10.60	18.70	885.94	16.56	5.74	17.52	17.53	19.13	5.82
918.00	12.10	19.10	916.33	22.33	7.72	23.62	23.63	19.07	4.85
949.00	13.50	19.10	946.56	28.82	9.97	30.49	30.50	19.08	4.52
980.00	14.90	19.40	976.61	36.00	12.48	38.09	38.10	19.11	4.52
1012.00	16.10	18.40	1007.45	44.09	15.24	46.64	46.65	19.07	3.84
1043.00	16.90	18.70	1037.17	52.44	18.05	55.44	55.46	18.99	2.60
1075.00	17.30	18.40	1067.76	61.36	21.04	64.85	64.87	18.93	1.28
1107.00	17.40	17.70	1098.30	70.43	24.00	74.39	74.41	18.81	.72
1138.00	17.60	17.70	1127.87	79.31	26.83	83.71	83.73	18.69	.65
1170.00	19.00	14.50	1158.25	88.97	29.60	93.75	93.76	18.41	5.38
1202.00	20.40	14.20	1188.38	99.42	32.28	104.52	104.52	17.99	4.39
1233.00	21.80	13.10	1217.30	110.26	34.91	115.65	115.65	17.57	4.69
1265.00	23.50	13.80	1246.83	122.25	37.78	127.94	127.95	17.17	5.38
1297.00	25.10	14.70	1275.99	135.01	41.02	141.09	141.10	16.90	5.13
1328.00	26.50	14.70	1303.90	148.06	44.44	154.56	154.58	16.71	4.52

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
1360.00	28.40	14.70	1332.30	162.32	48.19	169.29	169.33	16.53	5.94
1391.00	30.20	15.20	1359.33	176.98	52.10	184.45	184.49	16.40	5.86
1423.00	30.60	16.30	1386.93	192.57	56.50	200.63	200.68	16.35	2.14
1454.00	31.50	18.40	1413.49	207.82	61.27	216.62	216.67	16.43	4.54
1485.00	31.40	18.70	1439.94	223.16	66.42	232.79	232.83	16.57	.60
1517.00	31.10	18.70	1467.29	238.88	71.74	249.39	249.42	16.72	.94
1549.00	31.30	18.40	1494.66	254.60	77.01	265.96	265.99	16.83	.79
1581.00	33.60	17.70	1521.67	270.92	82.33	283.13	283.16	16.90	7.28
1612.00	36.10	16.30	1547.10	287.86	87.50	300.84	300.87	16.91	8.47
1644.00	38.30	15.90	1572.59	306.45	92.86	320.18	320.21	16.86	6.92
1676.00	40.30	16.60	1597.35	325.91	98.54	340.44	340.48	16.82	6.40
1707.00	42.60	17.00	1620.59	345.55	104.47	360.96	361.00	16.82	7.47
1739.00	44.60	16.60	1643.76	366.67	110.85	383.02	383.06	16.82	6.31
1771.00	45.80	17.30	1666.31	388.39	117.47	405.73	405.77	16.83	4.06
1803.00	47.90	17.00	1688.19	410.70	124.35	429.07	429.11	16.84	6.60
1834.00	50.20	17.30	1708.51	433.07	131.25	452.48	452.52	16.86	7.46
1866.00	50.10	18.40	1729.01	456.46	138.78	477.05	477.09	16.91	2.66
1902.00	50.80	19.40	1751.94	482.72	147.78	504.80	504.83	17.02	2.89
1933.00	51.40	20.10	1771.40	505.42	155.93	528.91	528.93	17.15	2.61
1965.00	51.40	20.80	1791.37	528.85	164.67	553.89	553.90	17.29	1.71
1997.00	51.00	21.50	1811.42	552.11	173.66	578.78	578.78	17.46	2.11
2028.00	49.20	20.80	1831.30	574.29	182.25	602.51	602.52	17.61	6.06
2060.00	48.40	19.40	1852.38	596.90	190.52	626.57	626.57	17.70	4.13
2092.00	48.70	18.70	1873.57	619.57	198.35	650.55	650.55	17.75	1.89
2123.00	50.10	18.70	1893.74	641.87	205.90	674.08	674.08	17.79	4.52
2155.00	49.60	18.40	1914.37	665.05	213.68	698.54	698.54	17.81	1.72
2187.00	50.20	17.30	1934.98	688.35	221.18	723.01	723.02	17.81	3.23
2218.00	50.80	17.00	1954.70	711.21	228.23	746.93	746.93	17.79	2.07
2250.00	51.00	17.00	1974.88	734.96	235.49	771.76	771.77	17.77	.62
2280.00	51.00	16.30	1993.76	757.30	242.17	795.07	795.07	17.73	1.81
2311.00	50.90	16.60	2013.29	780.38	248.99	819.14	819.14	17.70	.82
2343.00	49.80	17.30	2033.71	803.95	256.17	843.78	843.78	17.67	3.83
2375.00	49.90	17.30	2054.35	827.31	263.45	868.24	868.24	17.66	.31
2406.00	49.60	17.30	2074.38	849.89	270.48	891.90	891.90	17.65	.97
2438.00	49.00	16.60	2095.24	873.10	277.56	916.16	916.16	17.64	2.50
2448.00	49.00	16.60	2101.80	880.33	279.71	923.70	923.70	17.63	.00
2470.00	49.00	16.60	2116.24	896.24	284.46	940.30	940.30	17.61	.00
2501.00	49.40	17.30	2136.49	918.69	291.30	963.77	963.77	17.59	2.14
2533.00	49.50	16.60	2157.30	941.95	298.39	988.08	988.08	17.58	1.69
2546.00	49.01	16.60	2165.78	951.39	301.20	997.93	997.93	17.57	3.75
2565.00	48.30	16.60	2178.33	965.06	305.27	1012.19	1012.19	17.55	3.75
2596.00	47.00	17.30	2199.22	986.97	311.95	1035.10	1035.10	17.54	4.51
2628.00	46.20	17.00	2221.20	1009.19	318.81	1058.35	1058.35	17.53	2.59
2659.00	45.90	16.30	2242.72	1030.57	325.20	1080.66	1080.66	17.51	1.89
2691.00	44.90	17.00	2265.19	1052.40	331.73	1103.44	1103.45	17.50	3.49

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
2722.00	44.90	17.70	2287.15	1073.29	338.26	1125.32	1125.33	17.49	1.59
2754.00	45.00	17.70	2309.79	1094.83	345.13	1147.93	1147.94	17.50	.31
2786.00	44.70	18.40	2332.48	1116.28	352.12	1170.50	1170.50	17.51	1.81
2817.00	42.60	19.80	2354.91	1136.50	359.12	1191.89	1191.89	17.54	7.46
2849.00	40.70	20.10	2378.82	1156.49	366.37	1213.14	1213.14	17.58	5.97
2867.00	40.60	19.80	2392.48	1167.51	370.37	1224.85	1224.85	17.60	1.22
2902.00	40.41	19.26	2419.09	1188.94	377.97	1247.57	1247.57	17.64	1.15
<b>Projection to bit @ 2912 MD</b>									
2912.00	40.35	19.10	2426.71	1195.06	380.10	1254.05	1254.05	17.64	1.15

Job Number: DR090179  
 Company: WEST BAY EXPLORATION  
 Lease/Well: STEIGERWALD # 1-26  
 Location: CANTON TWP., WAYNE CO.  
 Rig Name: B & H # 3  
 State/Country: MICHIGAN / USA

Declination: 6.93 DEGREES WEST  
 File name: C:\WINSERVE\ASDRIL~1\2  
 Date/Time: 28-Sep-09 / 15:15





BOTTOM HOLE LOCATION CORRECTION

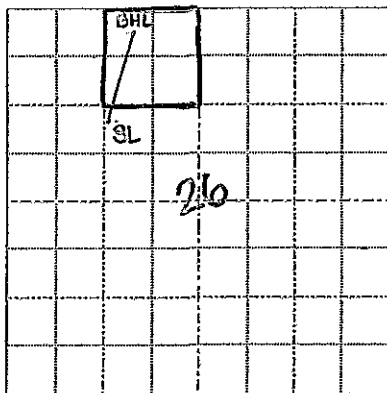
Permit 59922 Well Type \_\_\_\_\_ Date 12-21-09 Checked by: KM/gmct

Operator WEST BAY EXPLORATION

Well Name & Number STEIGERWALD 1-26

Surface Location NW ¼ SE ¼ NW ¼ Sec. 26 T. 2S R. 8E  
CANTON Township, WAYNE County  
1553 ft. from the N line and 1382 ft. from the W line of the sec.

Deepest Total Depth	True Vertical Depth	Rectangular Coordinates
<u>2912'</u>	<u>2427'</u>	<u>1195' N. &amp; 380' E</u>



Bottom Hole Location at Reported Total Depth  
NW ¼ NE ¼ NW ¼ Sec. 26  
T. 2S R. 8E  
CANTON Township, WAYNE County  
358 ft. from the N line and 1762 ft. from the  
W line of the section and  
358 ft. from the N line and 469 ft. from the  
W line of the drilling unit

	Measured Depth	True Vertical Depth	Rectangular Coordinates
Upper Perforations	<u>2794'</u>	<u>2338'</u>	<u>1121' N &amp; 354' E</u>
Lower Perforation	_____	_____	_____ & _____

Upper Perforations 432 ft. from the N line and 1736 ft. from the W line of the sec.  
and 432 ft. from the N line and 443 ft. from the W line of the  
drilling unit.

Lower Perforations \_\_\_\_\_ ft. from the \_\_\_\_\_ line and \_\_\_\_\_ ft. from the \_\_\_\_\_ line of the sec.  
and \_\_\_\_\_ ft. from the \_\_\_\_\_ line and \_\_\_\_\_ ft. from the \_\_\_\_\_ line of the  
drilling unit.



## APPLICATION TO:

- CHANGE WELL STATUS OR  
 PLUG AND ABANDON WELL

Required by authority of Part 615 Supervisor of Wells or Part 625 Mineral Wells, of Act 451 PA 1994, as amended. Non-submission and/or falsification of this information may result in fines and/or imprisonment.

- Part 615 Oil or Gas Well  Part 625 Mineral Well

Change of well status requested to: <input type="checkbox"/> Plug back <input type="checkbox"/> Perforate <input type="checkbox"/> Temporarily abandon <input type="checkbox"/> Convert to _____ <input type="checkbox"/> Other _____	Permit number 59922	Type of well Oil & Gas
Last production/injection rate and type of fluid	API number 21-163-59922-00-00	
Brief description of project Plug and Abandon	Name and address of permittee WEST BAY EXPLORATION CO 13685 South West Bay Shore, Suite #200 Traverse City, MI 49684	
Work to be done by To be determined	Well name and number Steigerwald #1-26	Well location NW 1/4 of SE 1/4 of NW 1/4 Section 26 T 02S R 08E
	Township Canton	County Wayne
	Date drilling completed 09-26-2009	Date last produced/utilized
	Starting date Will notify	

## CASING AND CEMENTING RECORD

Hole dia	Casing dia & wt/ft	Depths set	Cement quantity, type, additives	Cement top	Perforations
14-3/4"	11-3/4" 42#	417'	150 sx lite + 150 sx CI A	C/S	
10-5/8"	8-5/8" 24#	1345'	200sx lite + 200 sx CIA	C/S	
7-7/8"	5-1/2" 15.5#	2912'	150 sx CI A	1890	2810'-22'
			Calc.		2794'-98'

Formation record (formation and depth of top, oil, gas and water shows, etc.):

formation depth  
See attached Fm. record

**RECEIVED**

AUG 10 2011

DNPE / ERMD  
OFFICE OF GEOLOGICAL SURVEY

Detail proposed procedures:

MIRU. ND wellhead. NU BOP. TIH, circulate hole clean, rig up wireline company. RIH and set 5-1/2" retainer at 2675' and squeeze 50 sx class A cement below retainer. Sting out of retainer and place 10 sx class A cement on top of retainer. TOH w/ tubing. Freepoint, cut and recover 5-1/2" casing (approx. 1890'). RIH with tbg 50' inside 5-1/2" csg stub. \*Circulate hole clean and static. Mix and pump 60 sx class A cement. Pull up to 1445'. Wait 1 hour. Check static. Mix and pump 80 sx class A cement w/ 2% CaCl<sub>2</sub> + LCM at 1445'. POOH. Wait on cement 4 hours. TIH and tag TOC above 1245'. If cement top is below 1245' reset plug and tag above 1245'. Pull up to 517'. Mix and pump 60 sx class A cement. POOH to 30'. Mix and pump 10 sx class A cement to surface. Cut and cap well approximately 4' below ground level, weld a 1/2" steel plate across the top of both the 8-5/8" csg and the 11-3/4" csg, and permanently affix permit number of the well to the top plate.

Name/signature (authorized representative):

Date:

## FOR OFFICE OF GEOLOGICAL SURVEY USE ONLY

DEQ additional requirements:

**YOU ARE REQUIRED TO NOTIFY THE LANSING DISTRICT OFFICE (517-335-6263) PRIOR TO THIS PLUGGING.**  
 \*Establish static hole conditions throughout procedure and if the fluid level drops during the 1 hour wait, the cement plug shall be tagged and reset as required.

Yes  No  Not applicable Production tests to commence within 10 days of completion and to be filed

Yes  No Service company records are to be filed

Approved by DEQ: <i>Louis E. Schmeeman</i>	Office: Lansing	Approval date: 7/29/2011	Termination Date: 7/29/2012
---	--------------------	-----------------------------	--------------------------------

Submit original and three (3) copies of this application to the District Office within 60 days of change of well status.  
 Note: Three copies of Record of Well Plugging or Change of Well status (EQP 7200-8) and any requested service company records are to be filed within 60 days of completion at the District Office.

From	To	Formation
Surf	137	DRIFT-UNCONSOLIDATED SAND AND GRAVEL LOSS CIRCULATION 86-176 POS BASE AT 137'
137	272	SHALE - DK BRN-GY-BLK, SITLY AT TOP ORGANIC AT BASE
272	368	TRAVERSE-MD-LT GY, ARG AT TOP, CLN AT BASE
368	620	DUNDEE AND DETROIT RIVER-DOLOMITE, MD GY DNS HD
620	670	NO SAPMLES
670	1060	DOLOMITE, MD GY-GY, DNS, HLD FRAC (BOIS BLANC:/BASS ISLAND)
1060	1184	ANHYDRITE AND OLOMITE AA, LT MD GY, DNS, HD
1184	1260	SALINA G-LIMESTONE, ARG, DNS, MD-DK BRN/GY
1260	1296	POOR SAMPLES
1296	1360	ANHYDRITE & LIMESTONE AA
1360	1724	SALT INTBD WITH ANHYDRITE - DOLOMITIC LT GY-WH, HD
1724	1860	DOLOMITE GRADING TO ANHYDRITE - LT-MD GY BRN, TR PORO-NO SHOWS
1860	1920	SALT-WH-TRNSL
1960	2060	DOLOMITE-VFLXN, LT-MD GY, INTBD AT BASE WITH ANHY. AA
2060	2440	SALT-B WH-TRNSL
2440	2610	DOLOMITE-A2 MD GY, VFXLN DNS
2610	2706	ANHYDRITE-A2 EVAPORITE WH-LT GY, DNS, HD
2706	2912	DOLOMITE - A1 CARB-BROWN NIAGARAN, LT BRN-BRN-WH, SSO & GAS 2711' 2822' GOOD CUT IN PORUS INTERVALS

**RECEIVED**  
 JUL 26 2011  
 DEQ LANSING DO  
 GEOLOGICAL SURVEY





API number  
21-163-59922-00-00

Permit number  
59922

**CHANGE OF WELL STATUS**

Change was to:  Convert current zone to:  Remediate well:  Plugback (recomplete as)  Redrill:

Production  Perf and test existing zone  New production zone  Horizontal drain hole

Disposal  Repair casing/cement  Disposal  Collapsed casing

Secondary recovery  Other \_\_\_\_\_  Secondary recovery  Underream open hole

Storage  Storage  Storage

Other  Other \_\_\_\_\_  Other \_\_\_\_\_

**Well casing record - BEFORE change**

Casing		Cement		Perforations			Acid or fracture treatment record
Size	Depth	Sacks	Type	From	To	If plugged, HOW?	
11 3/4	417	150/150	Lite/A	Surf			
8 5/8	1345	200/200	Lite/A	Surf			
5 1/2	2912	150	Class A	1890			

**Well casing record - AFTER change (Indicate additions and changes only, complete test record)**

Casing		Cement		Perforations			Acid or fracture treatment record
Size	Depth	Sacks	Type	From	To	If plugged, HOW?	

**BEFORE CHANGE**

**AFTER CHANGE**

Total depth	Completed Fm	Well completed for		Total depth	Completed Fm	Well completed for	
BOPD	MCFGPD	Inj Rate	Pressure	BOPD	MCFGPD	Inj Rate	Pressure

**DAILY PRODUCTION TEST RECORD**

**DAILY INJECTION TEST RECORD**  Injection well  Brine disposal

Date	Oil (bbls)	Water (bbls)	Gas (Mcf)	Pressure		Date	Bbls water or Mcf gas	Pressure		Specific gravity of water
				Tubing	Casing			Beginning	Ending	

**DAILY CHRONOLOGY**

Describe in detail the daily chronology of change/plugging, include days shut down. Describe exceptions to issued plugging instructions. Describe tools, tubing, etc. left in hole and any logs run. Include dates pits filled, surface restored etc. Use additional pages as needed.

Date	Narrative
8/4/2011	Set Team cement retainer at 2675', pump 50 sx below retainer, pull out of retainer and set 10 sx on top of retainer. Free point and cut 5 1/2" at 1475', lay down casing.
8/5/2011	Run tubing to 1526', pump 85 sx plug 1526 to 1193'. Wait 4 hrs, tag plug at 1230'. Pull tubing to 517', pump 60 sx plug 517 to 319', pump 10 sx 30' to surface.

AUG 16 2011

NOTICE: Under Part 615 Supervisor of Wells or Part 625 Mineral Wells, Act 451 PA 1994, as amended, a well owner has continuing liability for the integrity of a plugged well.

CERTIFICATION "I state that I am authorized by said owner. This report was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Name and title (printed or typed) <i>Tim Baker Operations Manager</i>	Authorized signature <i>T.L. Baker</i>	Date 8/15/11
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NOTE: Bonds cannot be terminated until plugging is completed, cellar, rat and mouse holes, and pits filled, site leveled and cleaned and records filed.



### CHANGE OF WELL STATUS

Change was to:  Convert current zone to:  Remediate well:  Plugback (recomplete as)  Redrill:

<input type="checkbox"/> Production	<input type="checkbox"/> Perf and test existing zone	<input type="checkbox"/> New production zone	<input type="checkbox"/> Horizontal drain hole
<input type="checkbox"/> Disposal	<input type="checkbox"/> Repair casing/cement	<input type="checkbox"/> Disposal	<input type="checkbox"/> Collapsed casing
<input type="checkbox"/> Secondary recovery	<input type="checkbox"/> Other _____	<input type="checkbox"/> Secondary recovery	<input type="checkbox"/> Underream open hole
<input type="checkbox"/> Storage		<input type="checkbox"/> Storage	
<input type="checkbox"/> Other		<input type="checkbox"/> Other	<input type="checkbox"/> Other

#### Well casing record - BEFORE change

Casing		Cement		Perforations			Acid or fracture treatment record
Size	Depth	Sacks	Type	From	To	If plugged, HOW?	

#### Well casing record - AFTER change (Indicate additions and changes only, complete test record)

Casing		Cement		Perforations			Acid or fracture treatment record
Size	Depth	Sacks	Type	From	To	If plugged, HOW?	

#### BEFORE CHANGE

Total depth	Completed Fm	Well completed for
BOPD	MCFGPD	Inj Rate      Pressure

#### AFTER CHANGE

Total depth	Completed Fm	Well completed for
BOPD	MCFGPD	Inj Rate      Pressure

#### DAILY PRODUCTION TEST RECORD

Date	Oil (bbls)	Water (bbls)	Gas (Mcf)	Pressure	
				Tubing	Casing

#### DAILY INJECTION TEST RECORD Injection well Brine disposal

Date	Bbls water or Mcf gas	Pressure		Specific gravity of water
		Beginning	Ending	

### DAILY CHRONOLOGY

Describe in detail the daily chronology of change/plugging, include days shut down. Describe exceptions to issued plugging instructions. Describe tools, tubing, etc. left in hole and any logs running. Include dates pits filled, surface restored etc. Use additional pages as needed.

Date	Narrative
8-2-11	MIRU
8-4-11	Nipple up B.O.P's Pooh with tubing. Ran in the hole with a 5 1/2 cement retainer. Set @ 2675. Squeeze 50 sx below retainer and spot 10 sx on top of the plug. Pull stinger out of the hole. Rig down Central Michigan Cement. Rig up Michigan Wire Line. Free point and cut casing @ 1476. Lay 5 1/2 down on the ground. Shut down.
8-5-2011	Run in the hole to 1526. Move in and rig up Central Michigan Cement. Circulate hole clean. Check for static. Plug well on the way out of the hole with tubing. RDMO.
8-15-2011	Dig up well head cut and cap well.

NOTICE: Under Part 615 Supervisor of Wells or Part 625 Mineral Wells, Act 451 PA 1994, as amended, a well owner has continuing liability for the integrity of a plugged well.

CERTIFICATION "I state that I am authorized by said owner. This report was prepared under my supervision and direction. The facts stated herein are true, accurate and complete to the best of my knowledge."

Name and title (printed or typed) Ronnie McConnell	Authorized signature <i>Ronnie McConnell</i>	Date 10/10/11
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NOTE: Bonds cannot be terminated until plugging is completed, cellar, rat and mouse holes, and pits filled, site leveled and cleaned and records filed.

Mail completed original and three copies to the DEQ District Office within 60 days after completion of plugging or change of an oil/gas well; or within 30 days after completion of a mineral well.



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY – OFFICE OF GEOLOGICAL SURVEY  
**ASSUMPTION OF RESPONSIBILITY BY LANDOWNER**

By authority of Part 615 of Act 451 PA 1994, as amended.

Completion of this form is voluntary.

Miscellaneous penalties for falsification of information may result in a \$500 fine.

Permittee's part

I am authorized to represent the permittee of this well:

Permittee West Bay Exp Julie Dorer Julie Dorer  
print name Signature

Well Name and No. Skigerwald 1-20 Permit No. 59922

Section 26 Town T3 Range NW, SE NW Township, Canton County

The permittee for the well listed above has abandoned the well in accordance with the requirements of Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, (NREPA); MCL 324.61501 et seq.

EXCEPT THAT Left Driveway and flat, per landowner

Landowner's part

I am the owner of the lands on which the above listed well was drilled for oil/gas. For sufficient consideration from the permittee named above, I have agreed to assume responsibility for these required activities:

Driveway, Gate and Sign

If approved by the Department of Environmental Quality (DEQ), I agree to be solely responsible for conducting those activities. By my signature below, I acknowledge that I am legally obligated and agree that this shall be done at my cost and at my convenience, and further, request that the permittee named above be relieved of responsibility for the aforesaid exception in fulfilling abandonment requirements under Part 615 of the NREPA.

Kurt Skigerwald  
 Signature of surface rights owner

5643 Westpoint Dearborn HTS. MI 48125  
 Street address City State Zip

Witness signature 1/9/12  
 Date

DEQ part

APPROVED BY: [Signature] 12/20/12  
 Signature of DEQ representative Date

Jack Lwigor AREA Geologist  
 Name & title Department of Environmental Quality

Please mail original and two copies to district office for department approval.  
 A list of district of address is on the reverse side.