

Appendix B

**APPENDIX B: DOCUMENTS IN THE ADMINISTRATIVE RECORD REFERENCED
IN THIS RESPONSE TO PETITION FOR REVIEW**

- B-1: Appeal of U.S. EPA Final Decision Regarding Permit #MI-005-2D-0042, Cherry Berry B1-25 SWD, Class II Injection Well, NW ¼, SW ¼, NW ¼, Section 25, T28 R10W, Acme Township, Grand Traverse County, Michigan, dated November 4, 2009.
- B-2 Class II UIC Permit Application for O.I.L. Energy Corp; Cherry Berry B1-25 SWD in T28N-R10W, Acme Township, Grand Traverse County, Michigan, dated September 23, 2008.
- B-3 DRAFT United States Environmental Protection Agency (USEPA) Underground Injection Control Permit: Class II, Permit Number MI-055-2D-0042, Facility Name: Cherry Berry B1-25 SWD, undated.
- B-4 Preliminary Review and Public Comment, Proposed Cherry Berry B1-25 SWD, Class II Injection Well Draft Permit #MI-055-2D-0042, NW ¼, SW ¼, NW ¼, Section 25, T28 R10W, Acme Township, Grand Traverse County, Michigan, submitted by Grobbel Environmental & Planning Associates L.L.C., dated May 9, 2009.
- B-5 REVISED Preliminary Review and Public Comment, Proposed Cherry Berry B1-25 SWD, Class II Injection Well Draft Permit #MI-055-2D-0042, NW ¼, SW ¼, NW ¼, Section 25, T28 R10W, Acme Township, Grand Traverse County, Michigan, submitted by Grobbel Environmental & Planning Associates L.L.C., dated May 19, 2009.
- B-6 Transcript, Public Meeting and Hearing, Tuesday, May 19, 2009, Mill Creek Elementary School, 9039 Old M-72, Williamsburg, Michigan, Proposed Class II Permit for the Cherry Berry B1-25 SWD Injection Well, Grand Traverse County, Michigan.
- B-7 United States Environmental Protection Agency (USEPA) Underground Injection Control Permit: Class II, Permit Number MI-055-2D-0042, Facility Name: Cherry Berry B1-25 SWD, dated October 9, 2009.
- B-8 Response to Comments, dated September 30, 2009 (electronic file date, September 29, 2009).
- B-9 Class II Technical Review Sheet, Permit application number: MI-055-2D-0042.
- B-10 Memorandum re: Endanged Species Determination; to: Well file, #MI-055-2D-0042, O.I.L. Energy Corp. Cherry Berry #B1-25 SWD; from: William K. Tong, permit writer; dated January 23, 2009.
- B-11 Coastal Zone Management Boundary, Grand Traverse County, Acme Township, T28N R9W, T28N R10W, and T27N R10W, undated.

- B-12 Federal Consistency Determination for Proposed Salt Water Disposal Well, Cherry Berry B1-25 SWD, Acme Township, Grand Traverse County, from Chris Antieau, MDEQ, to Ben Croftchick, O.I.L. Energy Corp., dated November 21, 2008.
- B-13 Cherry Berry B1-25 SWD, Section 25, T29N R10W, Acme Township, Grand Traverse County (EPA), from Martha MacFarlane Faes, State of Michigan Department of History, Arts and Libraries, to Lisa Perenchio, EPA Region 5, dated October 30, 2008.

B-1



Grobbel Environmental & Planning Associates L.L.C.

800 Cottageview Dr., Ste 211B Traverse City, MI 49684
a Beckett & Raeder company

November 4, 2009

U.S. Environmental Protection Agency
Clerk of the Board, Environmental Appeals Board (MC1103B)
Ariel Rios Building
1200 Pennsylvania Ave. N.W.
Washington, D.C. 20460-0001

RE: Appeal of U.S. EPA Final Decision Regarding Permit #MI-055-2D-0042, Cherry Berry B1-25 SWD, Class II Injection Well, NW ¼, SW ¼, NW ¼, Section 25, T28 R10W, Acme Township, Grand Traverse County, Michigan.

Dear Clerk of the Environmental Appeals Board (MC1103B),

Grobbel Environmental & Planning Associates provided written and verbal public comment on May 19, 2009 regarding the above-referenced deep injection well proposed within Section 25, Acme Township, Grand Traverse County, Michigan. U.S. EPA is authorized to regulate the underground injection of waste fluids through underground drinking water sources pursuant to the Safe Drinking Water Act, 40 C.F.R., Parts 144 and 146.

In accordance with 40 C.F.R. Section 124.19, we are now writing to formally appeal the U.S. EPA's October 9, 2009 final decision to approve this permit. This appeal is being made to the Environmental Appeals Board as the final U.S. EPA decision to approve the above-referenced permit is based in part on clearly erroneous findings of fact, and because findings made by the U.S. EPA represent an exercise of discretion that warrant review by the Environmental Appeals Board.

Proposed Cherry Berry Deep Injection Well

O.I.L. Energy Corp. of Traverse City, Michigan proposed a new deep injection well within Section 25, Acme Township, Grand Traverse County to dispose of an expected maximum daily volume of 3,000 barrels (or 126,000 gallons) of noncommercial, waste brine into a bedrock formation at between 1,920 and 2,130 feet below ground surface (b.g.s.). Waste natural gas production brines are permitted thereby to be injected into the Dundee limestone formation at a maximum 554 pounds per square inch gauge (psig).¹

Erroneous Findings of Fact

1) **The U.S. EPA failed to adequately demonstrate its fulfillment of its Safe Drinking Water Act obligations to protect subsurface drinking water resources at this location.** The review of residential well logs within Section 25, Acme Township, indicates that near surface geology is typified by a surficial sand layer (i.e. an unconfined sandy aquifer, 57.5 feet in average thickness). This surface sandy aquifer is underlain by a thick confining, clay layer (i.e. 77.6 feet average thickness). These geologic conditions have resulted in a high, near

¹ Statement of Basis for Issuance of Underground Injection Control (UIC) Permit, Class 2, Permit Number MI-055-2D-0042, Facility Name Cherry Berry B1-25 SWD, U.S. Environmental Protection Agency, Region 5, 77 West Jackson Boulevard, Chicago, IL.

surface water table immediately east of the proposed Cherry Berry well site, discharging to Yuba Creek and its riparian wetlands approximately 1,900 feet east of the proposed well site.

All nearby and downgradient residences rely on groundwater as a sole source of drinking water. All residential water wells in Section 25 and 26 of Acme Township are screened within glacial drift, about half of which in Section 25 are screened within an upper aquifer at 85 feet below ground surface on average and slightly more than one-half within a deeper confined sandy aquifer and screened at an average 302 feet b.g.s. Importantly, wells screened within the upper aquifer possess an average static water level of 34 feet b.g.s. and 153 feet b.g.s. within the deeper aquifer. Based on site geology, hydrogeology, topography and soils, near surface groundwater resources are interpreted to flow generally easterly, northeasterly toward Yuba Creek, and deep groundwater aquifer is interpreted to flow generally westerly toward East Grand Traverse Bay. Importantly, the proposed Cherry Berry deep injection well site exists approximately one-thousand (1,000') feet north-northwest of a potable water well at an adjacent residence located at 7490 Lautner Road, parcel No. 01-225-011-00. Similarly, the proposed Cherry Berry well site exists near, slightly north of and up groundwater flow direction from within the wellhead protection area (WHPA) as defined for the Lochenheath residential and golf course development.²

Natural Resources Conservation Service soils maps and U.S. Geological Survey topographic maps also indicate that the proposed deep well injection site is located within or near a former gravel pit. Gravel pits by their very nature possess highly permeable soils that allow surface infiltration of precipitation or other fluids released to the ground surface.³ The vicinity of the proposed deep well steeply slopes eastward toward Yuba Creek, dropping a total of more than one-hundred and fifty (150) feet in elevation from approximately 750 feet above mean sea level (m.s.l.) at the proposed well site to approximately 600 feet above m.s.l. to the east-southeast at Yuba Creek. Importantly, drainage ways which include Emmet sandy loam (18-25% slope) and the wetland soil Tonkin sandy loam, exist at and near the site, and slope steeply from west to east toward a broad wetland complex along to Yuba Creek.⁴ Good site planning principles would preclude the potential for any spillage of waste brines or other hazardous materials at or near these natural drainage features.

Importantly, a surface facility plan, including plans to secondarily contain and prevent surface spillage, pipeline loss or other potential releases to the environment from production brine waste conveyance, has not yet been provided for public or U.S. EPA evaluation or review prior to approval of the subject permit. Based on our experience, such plans are fundamental to adequately assess potential environmental risk from proposed deep injection well facilities. *Such plans, if provided, would have enabled the U.S. EPA to verify appropriate engineering design and operation and maintenance practices to protect drinking water at and downgradient of the proposed well site, and within all storage and conveyance apparatus or practices, i.e. above ground tanks, pipelines, truck on-loading and off-loading, truck routes, on-site truck circulation, etc.*⁵

2) The U.S. EPA failed to adequately assess the Applicant's need for the proposed well, i.e. existing alternatives to accommodate the Applicant's safe disposal of waste brine. Alternatives currently exist to Applicant's proposed disposal of natural gas development wastes at a new Cherry Berry well. Plans provided by the Applicant to the MDEQ indicate that it owns mineral rights, and owns/operates and plans to expand an existing natural gas well and pipeline network (i.e. O.I.L. Energy Corps' Acme 18, Acme 25, Acme 31 and Whitewater 9 Antrim natural gas production units) that leads to a central production facility (CPF) within Section 9, Acme Township.⁶ This CPF facility includes an existing brine deep disposal well (i.e. the Hubbell B1-9 SWD). It is therefore recommended and strongly urged that the Cherry Berry UIC permit be vacated. The reversal of the U.S.

² Lochenheath Wellhead Protection Area, Michigan Department of Environmental Quality, Drinking Water and Radiological Protection Division, Ground Water Supply Section, Wellhead Protection Unit, January 2002.

³ Soil Survey of Grand Traverse County, Michigan, USDA, issued 1966, updated and reprinted August 1990.

⁴ Natural Resources Conservation Service, Web Soil Survey 2.1, National Cooperative Soil Survey, April 13, 2009.

⁵ O.I.L. Energy Corporation, Morrison A3-18 & Whitewater 9, Grand Traverse County Antrim Gas Units & Projects map dated May 30, 2008 indicates that O.I.L. Energy owns/operates production and brine pipelines at production facility A2-20 within the NW ¼, NW ¼, NW ¼ of Section 20, Acme Township, approximately 4.75 miles away from the proposed Cherry Berry deep well as measured along Lautner, Brackett, and Bates Road right of ways.

⁶ O.I.L. Energy Corporation, Acme & Whitewater 9 Projects, Grand Traverse County Antrim Gas Units & Projects map, undated.

EPA's decision on the Cherry Berry well permit would have the effect requiring the Applicant to continue with its ongoing plan to use the existing Hubbell B1-9 SWD deep well for natural gas production waste (i.e. brine).

3) The U.S. EPA failed to adequately assess the ultimate intended use of the proposed well, i.e. the likely future reclassification to accept liquid industrial waste. Section 18 of the Cherry Berry permit states that "the permittee shall be restricted to the injection of fluids brought to the surface in connection with conventional oil or natural gas production or those fluids used in the enhancement of oil and gas production...Further, no fluids other than those from sources noted in the administrative record for this permit and approved by the (U.S. EPA) Director shall be injected."⁷ However, the permit allows for changes in permitted injection fluids following the notice and approval of the U.S. EPA. We remain very concerned that owners/operators of the Cherry Berry well may seek reclassification as a Class I deep injection well to be used for the disposal of liquid industrial wastes (i.e. "nonhazardous"⁸ chemical, food processing, petroleum refining, environmental remediation and/or other wastes) – without the input of adjoining landowners or any public involvement.

Summary

In summary, the U.S. EPA has failed to adequately demonstrate its fulfillment of its Safe Drinking Water Act obligations to protect subsurface drinking water resources at this location; failed to adequately assess the need for the proposed well as alternatives exist to accommodate the Applicant's need to safely dispose of waste brine; and the U.S. EPA failed to adequately assess the likely intended use of the proposed well to eventually accept liquid industrial waste.

Finally, environmental conditions (i.e. site soils, topography, and hydrogeology) -- including the presence of a natural drainage way, vulnerable surficial aquifer, and steeply sloping site from west to east toward Yuba Creek and its associated wetlands, and existing neighboring resident's reliance upon groundwater as the sole source of drinking water -- render this site unsuitable for the proposed liquid waste disposal facility. Thank you in advance for your consideration of this appeal.

If you have any questions regarding this assessment, please contact me at 231-933-8400 or cgrobbel@grobbelenvironmental.com.

Sincerely,

Grobbel Environmental & Planning Associates, L.L.C.

Christopher P. Grobbel, Ph.D.
Sr. Associate

file 1009-07

⁷DRAFT: United State Environmental Protection Agency (USEPA), Underground Injection Control Permit: Class II, Permit Number: MI-055-2D-0042, Facility Name: Cherry Berry B1-25 SWD, Region 5, 77 West Jackson Boulevard, Chicago, IL, p. 10.

⁸ "Nonhazardous waste" as defined within the federal Resource Conservation and Recovery Act, 40 C.F.R., Part 261 et seq.

B-2

O.I.L. ENERGY CORP.

Harvesting Michigan's Natural Resources

954 BUSINESS PARK DR., STE. #5 TRAVERSE CITY, MI 49686
(231) 933-3600

RECEIVED

September 23, 2008

Ms. Lisa Perenchio
U.S.E.P.A.
Region 5
77 West Jackson Blvd.
Chicago, IL. 60604-3590

OCT 20 2008

UIC BRANCH
EPA REGION 5

Attn: WD-16J

RE: O.I.L. Energy Corp.; Cherry Berry B1-25 SWD in T28N-R10W, Acme Township,
Grand Traverse County, Michigan.

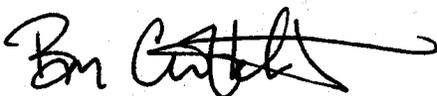
Dear Ms. Perenchio,

Enclosed please find the above mentioned application for a Class II-D Brine Water Injection Permit. I have enclosed for your review the following attachments:

1. Underground injection control permit application, form #7520-6.
2. Attachments A, B, C, E, G, H, I, J, K, L, M, O, P, Q, R, and U.
3. USFWS – State and County Distributions of Endangered Species Review
4. Well construction schematic
5. Area of Review maps and landowner listing
6. Plugging and Abandonment Plan and schematic
7. Bureau of History letter
8. Financial bonding mechanism
9. Division of Land and Water Management Letter

Should you have any questions or require any additional information regarding these applications, please feel free to contact me at 231-933-3931.

Sincerely,



Ben Croftchik
Field Representative

Permit writer - B. Tong
MI-D55-2D-0042



United States Environmental Protection Agency
Underground Injection Control
Permit Application
 (Collected under the authority of the Safe Drinking Water Act,
 Sections 1421, 1422, 40 CFR 144)

| | | |
|---------------|-----|---|
| EPA ID Number | | |
| | T/A | C |
| U | | |

Read Attached instructions Before Starting
For Official Use Only

| | | | | |
|-------------------------------------|------------------------------|---------------|---------|--------------|
| Application approved mo day year | Date received mo day year | Permit Number | Well ID | FINDS Number |
| | | | | |

| | | | | | |
|---|-------|--------------|--|-------|----------------|
| II. Facility Name and Address | | | III. Owner / Operator Name and Address | | |
| Facility Name CHERRY BERRY B1-25 SWD | | | Owner / Operator Name O.I.L. Energy Corp. | | |
| Street Address | | Phone Number | Street Address | | Phone Number |
| | | | 954 Business Park Dr. Suite 5 | | (231) 933-3600 |
| City | State | Zip Code | City | State | Zip Code |
| | | | Traverse City | MI | 49686 |

| | | | | | | | |
|------------------------------|--|---|----------------------------------|---|-----------------------------------|----------------|--|
| IV. Commercial Facility | | V. Ownership | | VI. Legal Contact | | VII. SIC Codes | |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | <input checked="" type="checkbox"/> Private | <input type="checkbox"/> Federal | <input checked="" type="checkbox"/> Owner | <input type="checkbox"/> Operator | 1331 | |

| | | | | | | | |
|---------------------------------------|-----------------------------|---|---|--|--|--|--|
| VIII. Well Status (Mark "✓") | | | | | | | |
| <input type="checkbox"/> A. Operating | Date Started mo day year | <input type="checkbox"/> B. Modification / Conversion | <input checked="" type="checkbox"/> C. Proposed | | | | |

| | | | | | | | |
|---|----------------------------------|--------------------------|--------------------------|-----------------------------------|--|--|--|
| IX. Type of Permit Requested (Mark "✓" and specify if required) | | | | | | | |
| <input checked="" type="checkbox"/> A. Individual | <input type="checkbox"/> B. Area | Number of Existing Wells | Number of Proposed Wells | Name(s) of field(s) or project(s) | | | |
| | | | | ACME 25 | | | |

| | | | | | | | |
|---------------------------------|-------------------------------|---|--|--|--|--|--|
| X. Class and Type of Well | | | | | | | |
| A. Class(es) (enter code(s)) | B. Type(s) (enter code(s)) | C. If class is "other" or type is code 'x,' explain | | | D. Number of wells per type (if area permit) | | |
| II | D | | | | | | |

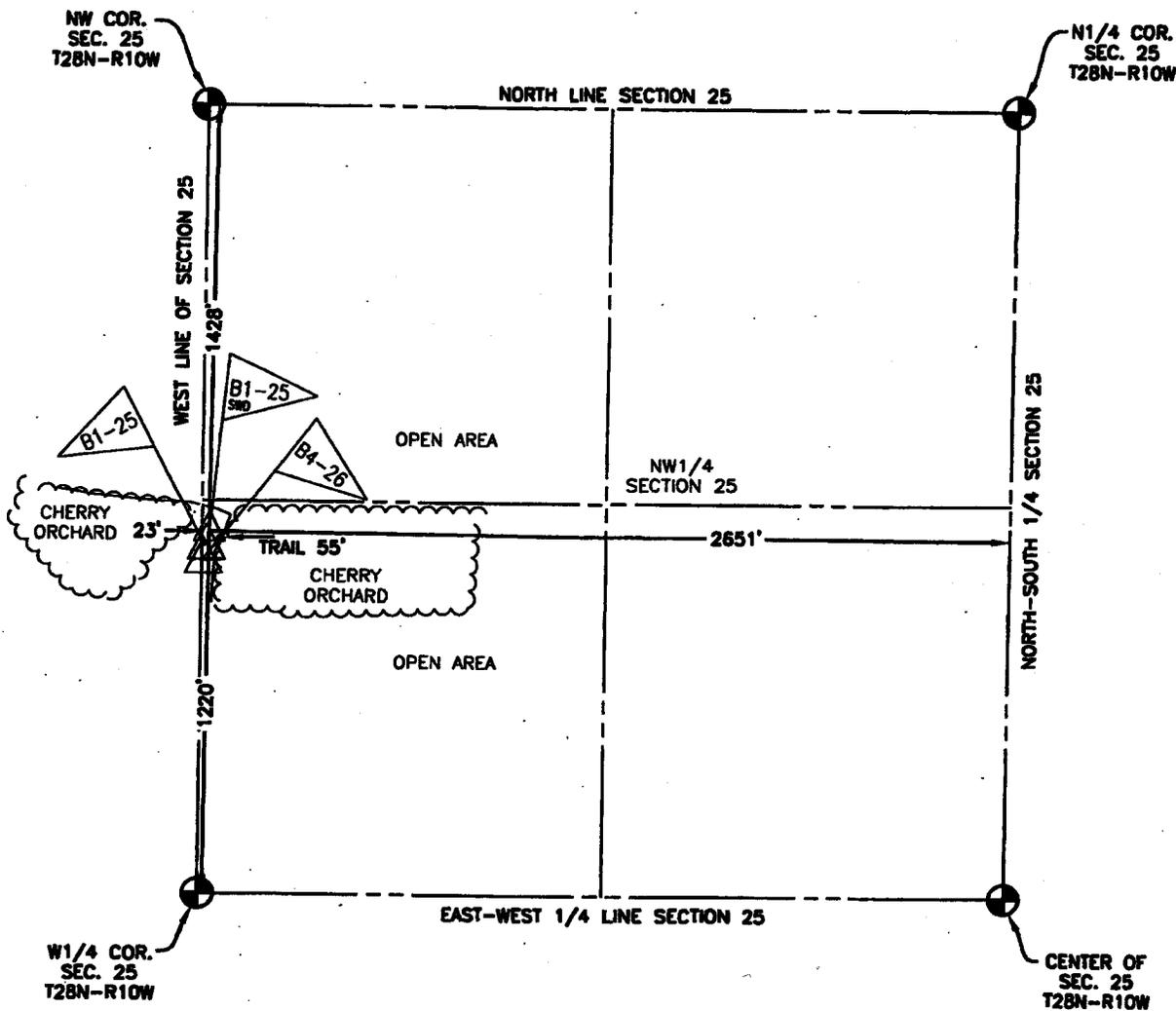
| | | | | | | | | | | | | | | |
|---|-----|-----|-----------|-----|-----|--------------------|-----|-------|---------|-----------|-----------|------------------------------|--|---|
| XI. Location of Well(s) or Approximate Center of Field or Project | | | | | | | | | | | | XII. Indian Land "✓" | | |
| Latitude | | | Longitude | | | Township and Range | | | | Sec. Line | Sec. Line | <input type="checkbox"/> Yes | | |
| Deg | Min | Sec | Deg | Min | Sec | Sec | Twp | Range | 1/4 Sec | Feet From | Feet From | Line | <input checked="" type="checkbox"/> No | |
| | | | | | | 25 | 29N | 10W | NW | 1428 | | N | 23 | E |

XIII. Attachments
 (Complete the following questions on a separate sheet(s) and number accordingly; see instructions)
 For Classes I, II, III, (and other classes) complete and submit on a separate sheet(s) Attachments A-U (pp 2-6) as appropriate. Attach maps where required. List attachments by letter which are applicable and are included with your application.

XIV. Certification
 I certify under the penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. (Ref. 40 CFR 144.32)

| | |
|---|--|
| A. Name and Title (Type or Print) Michael N. Coy President | B. Phone No. (Area Code and No.) (231) 933-3600 |
| C. Signature <i>Michael N. Coy</i> | D. Date Signed 9/22/08 |

SUPPLEMENTAL PLAT CHERRY BERRY B1-25 SWD



SURFACE SLOPES

| | | |
|-------------|-------------|-----------|
| -15% @ 70' | -15% @ 80' | 0% @ 25' |
| +25% @ 100' | +15% @ 100' | +3% @ 35' |
| 0% @ 50' | -2% @ 100' | 4% @ 100' |


SCALE
 1" = 600'

DRILLING UNIT:
 NONE
 T28N-R10W
 SECTION 25

FOR:
 O.I.L. ENERGY CORP.
 954 BUSINESS PARK
 DRIVE, SUITE 5
 TRAVERSE CITY, MI.
 49686



WADETRIM

271 West McCoy Road, P.O. Box 618
 Gaylord, MI 49734
 989.732.3584/800.968.4440
 FAX: 989.732.6391
www.wadetrिम.com Building relationships on a foundation of excellence

| | |
|---------------------------|--------------|
| SEC. 25 , T 28 N , R 10 W | |
| BOOK #: | PAGE #: |
| DR BY: BK | COMP BY: SMJ |
| CK BY: SMJ | SRVY BY: ABC |
| JOB #: | GSG6174-01G |
| SHEET: | 1 OF 1 |

© Wade Trim Group, Inc.



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
OIL ENERGY CORP.

Well name and number
CHERRY BERRY B1-25 SWD

| | | |
|---|----------|---------------|
| 1a. Surface location | Township | County |
| NW 1/4 of SW 1/4 of NW 1/4 of section 25 T 28N R 10W | ACME | GRD. TRAVERSE |
| 1b. If this is a directional well, bottom hole location will be | Township | County |
| 1/4 of 1/4 of 1/4 of section T R | | |

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

1428 ft. from nearest (N/S) NORTH section line

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

1220 ft. from nearest (N/S) SOUTH quarter section line

2651 ft. from nearest (E/W) EAST quarter section line

3. Bottom hole will be (if directional)

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

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

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

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

4. Bottom hole will be (directional or straight)

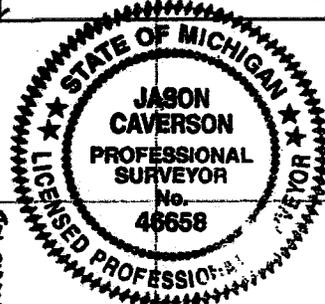
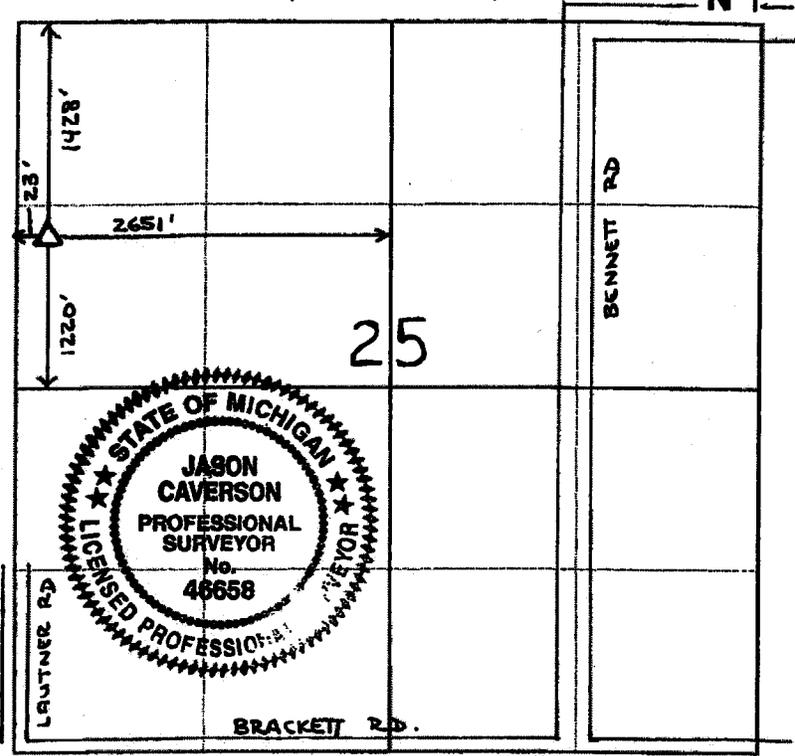
_____ ft. from nearest (N/S) _____ drilling unit line

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

5. Show access to stake on plat and describe if it is not readily accessible. **ACCESS WILL BE FROM INTERSECTION OF MALTLAND RD AND US-31, THENCE SOUTH ON US-31 1430' TO EXISTING TRAIL, THENCE EAST ON EXISTING TRAIL 2125' TO PROPOSED WELLSITE.**

6. Zoning Residential, effective date _____
 Initial date of residential zoning _____
 Other Agriculture

PLAT BELOW REPRESENTS ONE FULL SECTION (1 MILE SQUARE)



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

A. All roads, power lines, buildings, residences, fresh water wells, and other man-made features, within 600 feet of the stake.

B. 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.

C. 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 JOHNSON | Company WADE-TRIM | Date of survey 8-01-08 |
| Address 271 W McCOY RD. GAYLORD MI. 49735 | Phone 989.732.3584 | |

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

Signature of licensed surveyor (affix seal) *Jason Caverson* Date **9-22-08**

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT A: AREA OF REVIEW

The area of review shall be a fixed radius of no less than $\frac{1}{4}$ mile from the well bore.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT B: MAPS OF WELLS AND AREA OF REVIEW

The map of producing, abandoned, dry wells, water wells, roads, residences, lakes, mines, quarries, etc. is attached. There are two proposed Antrim Gas wells within the ¼ mile area of review, Cherry Berry B1-25 and Cherry Berry B4-26, to be owned and operated by O.I.L. Energy Corp. that will TD in the Traverse Lime Formation. There are no wells, within the ¼ mile area of review, that penetrate the injection zone. No lakes, streams or mines exist within the area of review.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT C: CORRECTIVE ACTION PLAN AND WELL DATA

The glacial drift is known to be the only underground source of drinking water. Wells drilled through the glacial drift are cased and cemented to surface, providing protection to the glacial drift even in improperly or unplugged wells, however should fluid from the proposed injection well migrate to any improperly or unplugged wells in the area, O.I.L. Energy Corp. will shut in the injection well until corrective action can be completed

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT E: NAME AND DEPTH OF USDW'S

The lowest potential USDW must be considered to be the base of the glacial drift located at 415 feet. Below the glacial drift lies approximately 1505 feet of impermeable shales and limestones to a depth of approximately 1920 feet.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT G: GEOLOGICAL DATA ON INJECTION AND CONFINING

The expected geological data is estimated, based on information gathered from wells drilled near this location and from geology interpolation.

| | | |
|-------|-------|--------------------|
| Surf. | 415' | Drift |
| 415' | 976' | Coldwater Shale |
| 976' | 1086' | Lachine |
| 1086' | 1105' | Paxton |
| 1105' | 1131' | Norwood |
| 1131' | 1190' | Traverse Formation |
| 1190' | 1815' | Traverse Limestone |
| 1815' | 1920' | Bell Shale |
| 1920' | 2130' | Dundee |

The estimated wellhead pressure is estimated to be:
[$\{0.8 \text{ psi/ft.} - (0.433 \text{ psi/ft.})(1.113)\} \times 1920'$] - 14.7 psi = 596 psi

INJECTION ZONE: DUNDEE
DEPTH: 1920' - 2130'
LITHOLOGY: ls

CONFINING ZONE: BELL SHALE
DEPTH: 1815 - 1920
THICKNESS: 105 Feet
LITHOLOGY: sh, dk gy

O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D

ATTACHMENT H: OPERATING DATA

The project objective is to dispose of water from the Antrim Formation into the Dundee Formation. It will be used to dispose of water from area Antrim Wells owned and operated by O.I.L. Energy Corp.. Combined average daily disposal rates are estimated at 1000 bbl with 3000 bbl maximum. Gravity fed disposal is proposed without surface or pump pressure.

Water produced from the Antrim is NaCl₂ and CaCl₂ bearing with water weight of approximately 8.5 to 8.9 ppg (approximately 114000 mg/l chlorides). If successful in obtaining a well, which will take the injection fluids, no bottom hole pressure data will be needed.

Should this well not accept gravity fed disposal, a bottom hole pressure fall off may be run to determine well capabilities.



SPL Inc.
459 Hughes Drive
Traverse City, MI 49686
Phone: (231) 947-5777
Fax: (231) 947-7455

GENERAL WATER ANALYSIS

WorkOrder: T07090404 WHITE WATER 9 -

Lab ID: T07090404001
Sample ID: HUBBELL C1-9

Date/Time Received: 9/25/2007 16:58 Matrix: Water
Date/Time Collected: 9/24/2007 11:00

| Method | Parameters | Results | Analyzed |
|---------------|---------------------------------------|-----------------|------------------------|
| ANION | | | |
| EPA 310.1 | Alkalinity, CO32- as CaCO3 | ND mg/l | 10/05/2007 13:43 by MD |
| EPA 310.1 | Alkalinity, HCO3- as CaCO3 | 340 mg/l | 10/05/2007 13:43 by MD |
| EPA 325.2 | Chloride | 114000 mg/l | 10/11/2007 14:28 by MD |
| EPA 375.4 | Sulfate | ND mg/l | 10/11/2007 11:17 by MD |
| EPA 376.2 | Sulfide | ND mg/l | 10/09/2007 10:33 by MD |
| CATION | | | |
| EPA 200.8 | Calcium | 7230 mg/l | 10/07/2007 00:00 by JS |
| EPA 200.8 | Magnesium | 3860 mg/l | 10/07/2007 00:00 by JS |
| EPA 200.8 | Potassium | 323 mg/l | 10/07/2007 00:00 by JS |
| EPA 200.8 | Sodium | 48800 mg/l | 10/07/2007 00:00 by JS |
| EPA 200.8 | Barium | 43 mg/l | 10/07/2007 00:00 by JS |
| OTHER | | | |
| EPA 150.1 | pH | 6.0 SU | 10/05/2007 10:51 by MD |
| EPA 120.1 | Resistivity | 0.054 ohm-meter | 10/10/2007 00:00 by TR |
| ASTM D1429 | Specific Gravity | 1.113 | 10/08/2007 12:02 by JS |
| | Total dissolved solids (calculated) = | 174596 | |

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT I: FORMATION TESTING PROGRAM

Prior to injection water from the surface, fluids will be collected from a tap located on the disposal string approximately two (2) feet from the wellhead as shown on Figure 1 attached hereto, and analyzed per EPA requirements.

The injected water volume from the surface will be measured by passing it through a Halliburton inline fluid flow meter (or equivalent) with monthly volume reporting. The surface pressure required for injection (if greater than 14.73 psia) will be monitored with a standard gauge mounted in the injection piping at or very near the point at which the fluid enters the downhole tubing string.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT J: STIMULATING PROGRAM

O.I.L. Energy Corp. does not anticipate the need for stimulation of the Dundee Formation as it has proven to be a prolific disposal zone in the past. If stimulation is needed approximately 500 to 1000 gallons HCl acid would be used.

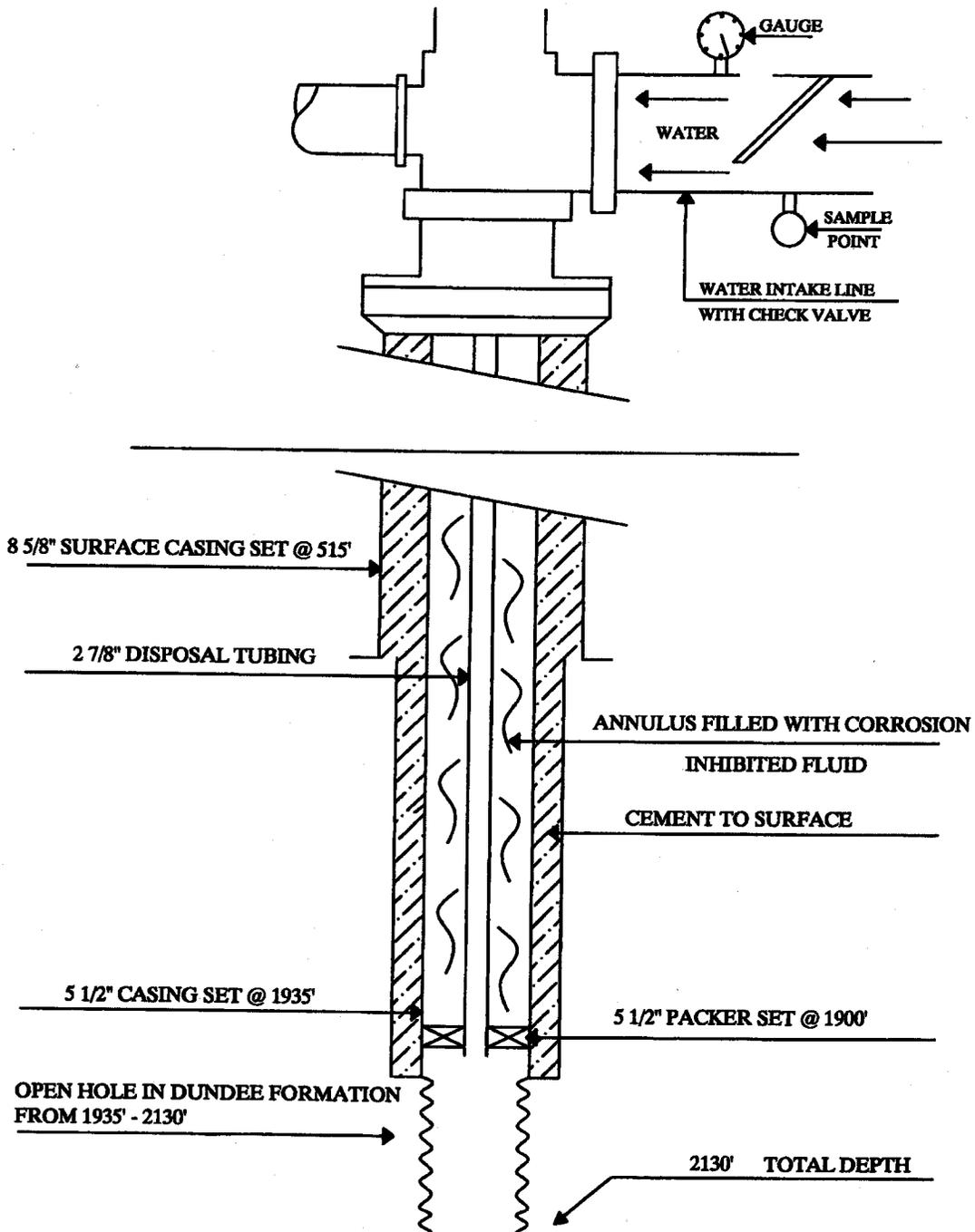
**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT K: INJECTION PROCEDURES

This well is proposed to dispose of water from other project wells. "Figure 1" illustrates 2 7/8" O.D. disposal tubing and packer will be run through the 5 1/2" casing for disposal in the Dundee Formation.

CHERRY BERRY B1-25 SWD

FIGURE. 1



O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D

ATTACHMENT L: CONSTRUCTION PROCEDURE

The following procedure is proposed to enter this well. Drive 13 3/8" Conductor to a depth of 50 feet. Drill out 12 1/4" hole to a depth of +/- 515 feet or 100 feet below the USDW. Run 8 5/8" casing to 515 feet and cement to surface. Drill 7 7/8" hole to a depth of +/- 1935' or 15' into the Dundee Formation. Cement 5 1/2" casing to surface. Drill out a 4 3/4" open hole to a depth of 2130' into the Dundee Formation. Run 2 7/8" tubing with packer. Set packer at +/- 1900' in the Bell Shale Formation. Pack off well head and fill tubing/casing annulus with corrosion inhibited packer fluid consisting of Dowell Corban 326 or equivalent mixed with fresh water at a concentration of 7000 ppm. Test per EPA MIT specifications. Submit for approval.

ORIGINAL WELL CONSTRUCTION DURING OPERATION

PLUGGING AND ABANDONMENT CONSTRUCTION

Cherry Berry B1-25 SWD

Cherry Berry B1-25 SWD

Surface

Surface

Top Of Cement 0 (ft.)

Top Of Cement N/A (ft.)

Top Of Cement 0 (ft.)

Perforations N/A

Hole Size 4 3/4 in.)

Surface Casing 515 (ft.)

USDW Base 415 (ft.)

* Intermediate Casing N/A (ft.)

Packer Depth 1900 (ft.)

Long String Casing 1935 (ft.)

* Depth 2130 (ft.)

Top Plug Interval 0 (ft.) to 565 (ft.)

* USDW Base Plug Interval N/A (ft.) to N/A (ft.)

* Intermediate Cut/Rip Point Plug Interval N/A (ft.) to N/A (ft.)

* Middle Plug Interval 1650 (ft.) to 1900 (ft.)

* Long String Cut/Rip Point Plug Interval N/A (ft.) to N/A (ft.)

Bottom Plug Depth 1900 (ft.) to 2130 (ft.)

* Mechanical Plug Depth 1900 (ft.)

Surface Casing 515 (ft.)

USDW Base 415 (ft.)

* Intermediate Cut/Rip Depth N/A (ft.)

* Intermediate Casing N/A (ft.)

* Long String Cut/Rip Depth N/A (ft.)

Long String Casing 1935 (ft.)

* Depth 2130 (ft.)

** Add Any Additional Information
* May Not Apply

** Add Any Additional Information
* May Not Apply

LIST OF ALL OPEN AND/OR PERFORATED INTERVALS AND INTERVALS WHERE CASING WILL BE VARIED

| Open Hole/Perforated or Varied Casing | From | To | Formation Name |
|---------------------------------------|-------|-------|------------------|
| OPEN HOLE | 1935' | 2130' | DUNDEE FORMATION |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

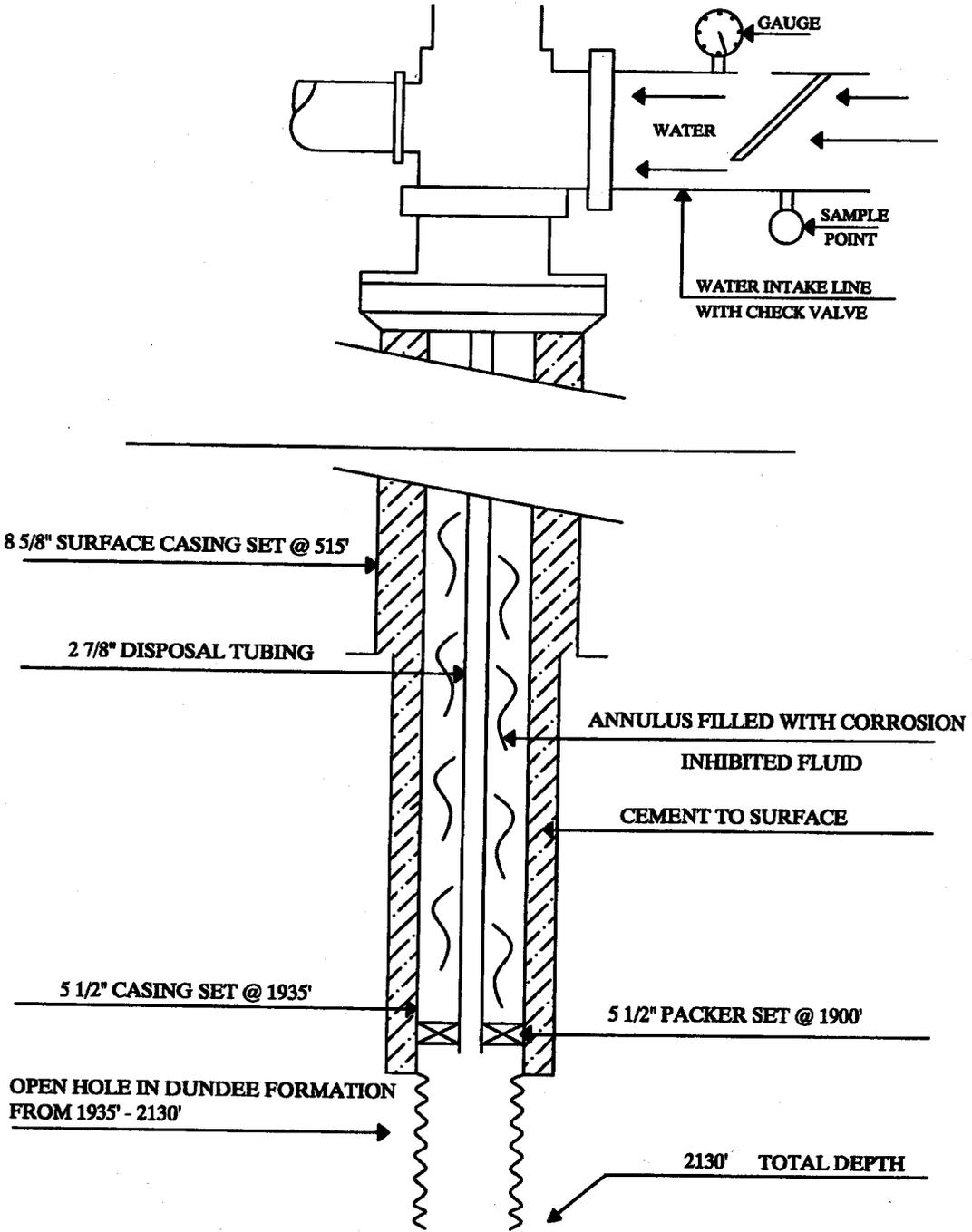
**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT M: CONSTRUCTION DETAILS

An illustration of the proposed well construction details is attached as "FIGURE 1". An illustration of the plugging and abandonment construction details is attached as "Construction Schematics".

CHERRY BERRY B1-25 SWD

FIGURE. 1



**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT O: PLANS FOR WELL FAILURES

If a well is detected, the well will be shut in until the faulty equipment is replaced or repaired and the well returned to safe operating condition. If the failure and operation pose no environmental hazard, nothing further will be done.

In the event of casing leaks or some other major failure, the well will be shut in until the condition is corrected. Correction would involve squeezing off the leak with cement or replacing the bad casing the well would not return to active status until its integrity has been determined.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT P: MONITORING PROGRAM

The monitoring program for this test will consist of compliance with the EPA Permit requirement of filing Monthly, Quarterly, and Annual Reports.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT Q: PLUGGING AND ABANDONMENT PLAN

EPA Form 7520-14, Plugging and Abandonment Plan is attached hereto.

**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT R: NECESSARY RESOURCES

The required Financial Guarantees for this test is attached hereto.

Irwin Union Bank
333 W. Grandview Parkway, Suite 110
Box 1109
Traverse City, MI 49685
231.995.4220
231.941.5061 Fax
www.irwinunion.com



IRREVOCABLE STANDBY LETTER OF CREDIT

**U.S. ENVIRONMENTAL PROTECTION AGENCY
UNDERGROUND INJECTION CONTROL
FINANCIAL RESPONSIBILITY REQUIREMENT**

DATE OF ISSUANCE: September 30, 2008

To: United States Environmental Protection Agency
Region 5 – WD – 16J
77 West Jackson Blvd.
Chicago, IL 60604

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. 32-08 in your favor, at the request and for the account of O.I.L. Energy Corp., 954 Business Park, Traverse City, MI 49686, up to the aggregate amount Six Thousand and 00/100 dollars (\$6,000.00), available upon presentation of:

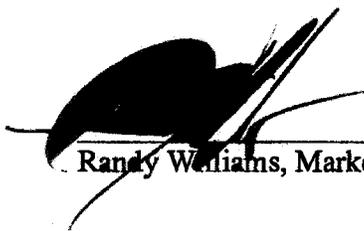
1. Your sight draft, bearing reference to this Letter of Credit No. 32-08, and
2. Your signed statement reading as follows; "I certify that the amount of the draft is payable pursuant to regulations issued under authority of The Safe Drinking Water Act."

This Letter of Credit is effective as of September 30, 2008 and shall expire on September 30, 2009, but such expiration date shall be automatically extended for a period of one year on September 30, 2009 and each successive expiration date, unless, at least 120 days before the current expiration date, we notify both you and O.I.L. Energy Corp. by certified mail that we have decided not to extend this Letter of Credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and O.I.L. Energy Corp. as shown on the signed return receipts.

OUR REF. NO. 32-08

Page 2

Whenever this Letter of Credit is drawn on under and in compliance with the terms of the credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft directly into the Standby Trust Fund of O.I.L. Energy Corp. in accordance with your instructions.

A handwritten signature in black ink, appearing to read "Randy Williams", is written over a horizontal line. The signature is somewhat stylized and overlaps the line.

Randy Williams, Market President

This credit is subject to the most recent edition of the Uniform Customs and Practice for documentary credits, published by the International Chamber of Commerce.

STANDBY TRUST AGREEMENT

U.S. Environmental Protection Agency
Underground Injection Control
Financial Responsibility Requirement

TRUST AGREEMENT, the "Agreement," entered into as of SEPT. 30, 2008
(date)

by and between O.I.L. ENERGY CORPORATION
(name of owner or operator)

a Michigan Corporation, the "Grantor,"
(name of state) (corporation, partnership,
association, or proprietorship)

and Irwin Union Bank & Trust, (X) incorporated in the
(name of corporate trustee)
State of Indiana or () a national bank, the "Trustee."

WHEREAS, the United States Environmental Protection Agency, "EPA," an agency of the United States Government, has established certain regulations applicable to the Grantor, requiring that an owner or operator of an injection well shall provide assurance that funds will be available when needed for plugging and abandonment of the injection well, and

WHEREAS, the Grantor has elected to obtain () a surety bond (X) a letter of credit and establish a standby trust to provide all or part of such financial assurance for the facility(ies) identified herein, and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.

(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

(c) "Facility" or "activity" means any underground injection well or any other facility or activity that is subject to regulation under the Underground Injection Control Program.

Section 2. Identification of Facilities and Cost Estimates. This Agreement pertains to the facilities and cost estimates identified in Schedule A (attached). (Schedule A lists, for each facility, the EPA identification number, name, address, and the current plugging and abandonment cost estimate, or portions thereof, for which financial assurance is demonstrated.)

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of EPA. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by EPA.

Section 4. Payment for Plugging and Abandonment. The Trustee shall make payments from the Fund as the EPA Regional Administrator shall direct, in writing, to provide for the payment of the costs of plugging and abandonment of the injection wells covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the EPA Regional Administrator from the Fund for plugging and abandonment expenditures in such amounts as the EPA Regional Administrator shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the EPA Regional Administrator specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund. Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

(a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 USC 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;

(b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and

(c) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and

(b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee, shall be paid from the Fund.

Section 10. Annual Valuation. Commencing after initial funding of the trust, the Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the

appropriate EPA Regional Administrator a statement confirming the value of the Trust. Any securities in the Fund shall be valued at the market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the EPA Regional Administrator shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the EPA Regional Administrator, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instruction by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A, or such other designees as the Grantor may designate by amendment to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the EPA Regional Administrator to the Trustee shall be in writing, signed by the EPA Regional Administrators of the Regions in which the facilities are located, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and

instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or EPA hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or EPA, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the appropriate EPA Regional Administrator, or by the Trustee and the appropriate EPA Regional Administrator if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the EPA Regional Administrator, or by the Trustee and the EPA Regional Administrator if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the EPA Regional Administrator issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or by the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of Michigan.
(name of state)

Section 19. Interpretation. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

CERTIFICATE OF ACKNOWLEDGMENT
FOR
STANDBY TRUST FUND AGREEMENT

STATE OF Michigan
COUNTY OF Grand Traverse

On this 30 day of SEPTEMBER, 2008, before me personally
came MICHAEL N. COY to me known, who,
(owner or operator)

being by me duly sworn, did depose and say that she/he resides at
954 Business Park Dr., Suite 5, Traverse City, MI, 49686,
(address)

that she/he is President of _____
(title)
D.I.L. ENERGY CORPORATION, the corporation
(corporation)

described in and which executed the above instrument; that she/he knows the
seal of said corporation; that the seal affixed to such instrument is such
corporate seal; that it was so affixed by order of the Board of Directors of
said corporation, and that she/he signed her/his name thereto by like order.

Lisa M. Tardiss
(Notary Public)

LISA M. TARDISS
NOTARY PUBLIC LEELANAU CO, MI
MY COMMISSION EXPIRES Apr 13, 2011
ACTING IN THE COUNTY OF GRAND TRAVERSE
(Seal)

IN WITNESS WHEREOF, the parties below have caused this Agreement to be executed by their respective officers duly authorized and the corporate seals to be hereunto affixed and attested as of the date first above written.

By: Will N. G.
(Signature of Grantor)
PRESIDENT
(Title)

Attest: _____

(Title)

(SEAL)

By: [Signature]
(Signature of Trustee)
Randy Williams
Market President
(Title)

Attest: Cathy Harwood
Cathy Harwood
Business Banking Assoc.
(Title)

(SEAL)

RECEIVED

OCT 20 2008

UIC BRANCH
EPA REGION 5

SCHEDULE A

Identification of Facilities and Cost Estimates

Schedule A is referenced in the trust agreement dated SEPT. 30, 2008
by and between D.I.L. ENERGY CORPORATION
(name of owner or operator)
the "Grantor," and IRWIN UNION BANK AND TRUST
(name of trustee)
the "Trustee."

EPA identification number

PENDING

Name of facility

CHERRY BERRY B1-25SWD

Address of facility

NW/4 SW/4 NW/4 SEC. 25, T28N-R10W
ACME TOWNSHIP, GRAND TRAVERSE CO.

Current plugging and
abandonment cost estimate

\$6000.00

Date of estimate

4-26-08

EPA identification number

Name of facility

Address of facility

Current plugging and
abandonment cost estimate

Date of estimate

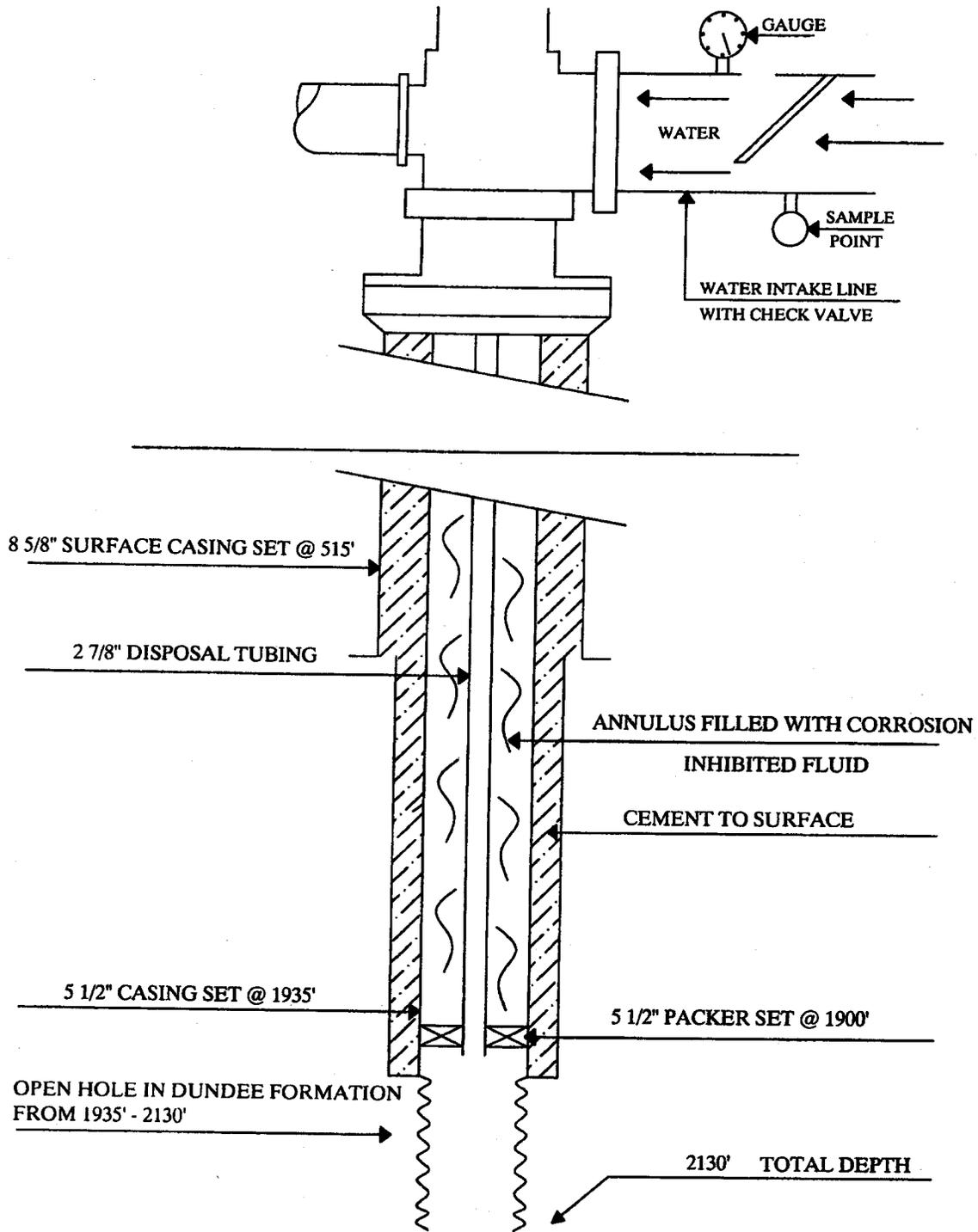
**O.I.L. ENERGY CORP.
ATTACHMENTS TO EPA PERMIT APPLICATION
CHERRY BERRY B1-25 SWD CLASS II-D**

ATTACHMENT U: DESCRIPTION OF BUSINESS

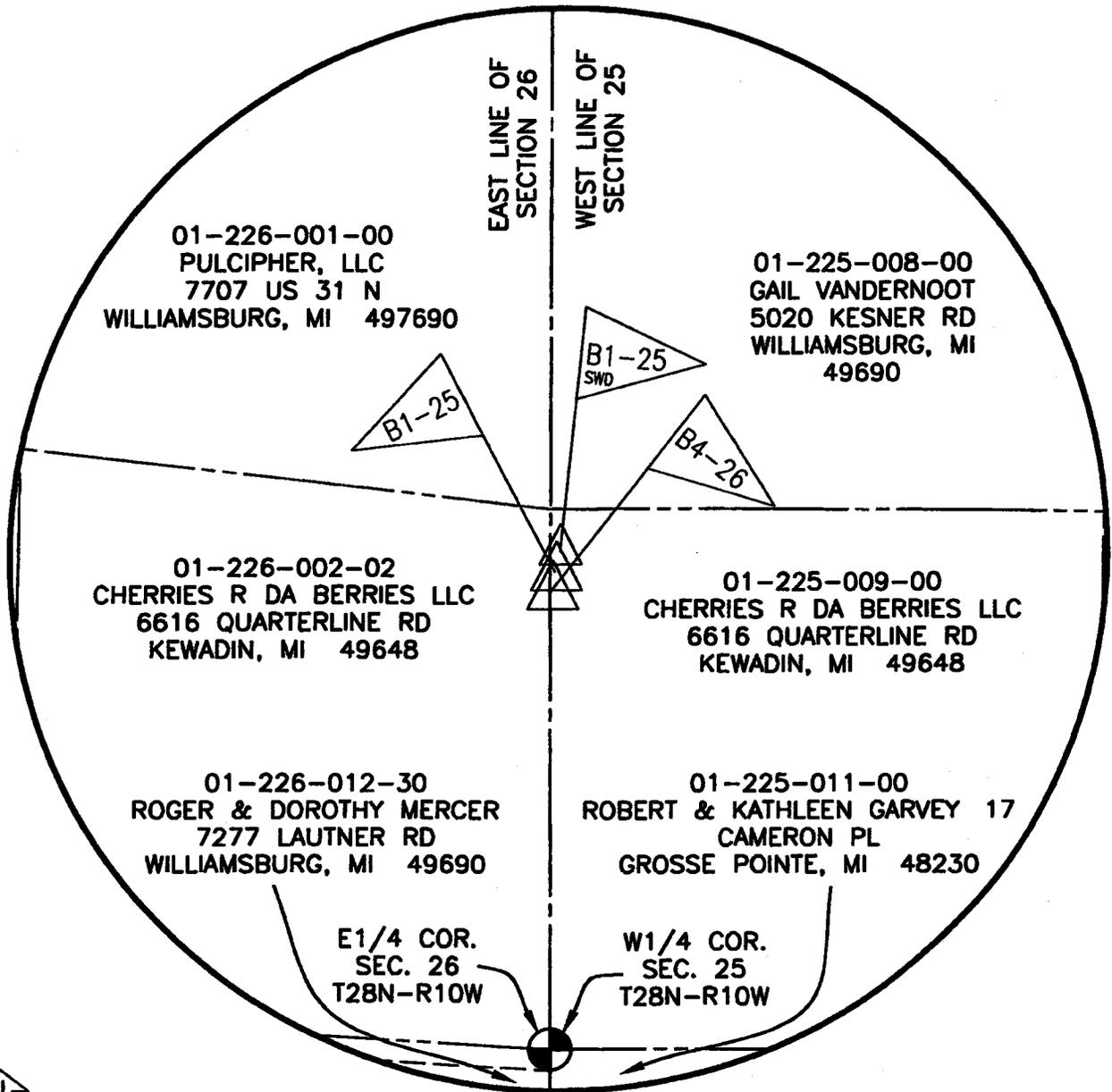
O.I.L. Energy Corp. is involved in the exploration, production, and marketing of oil and/or natural gas.

CHERRY BERRY B1-25 SWD

FIGURE. 1



CHERRY BERRY B1-25 SWD
1/4 MILE AREA OF REVIEW MAP SHOWING OWNERSHIP
 PART OF SECTION 25, T28N, R10W, ACME TOWNSHIP, GRAND TRAVERSE COUNTY, MICHIGAN
 WILLIAMSBURG QUADRANGLE, 44085-G4



SCALE
 1" = 400'

FOR:
 OIL ENERGY CORP.
 954 BUSINESS PARK DR.
 SUITE 5
 TRAVERSE CITY, MI
 49686



WADETRIM

271 West McCoy Road, P.O. Box 618
 Gaylord, MI 49734
 989.732.3584/800.968.4440
 FAX: 989.732.6391
 www.wadetrिम.com Building relationships on a foundation of excellence

| | |
|---------------------------|--------------|
| SEC. 25 , T 28 N , R 10 W | |
| BOOK #: - | PAGE #: - |
| DR BY: JSC | COMP BY: JSC |
| CK BY: SMJ | SRVY BY: SMJ |
| JOB #: | GSG6174-01G |
| SHEET: 1 | OF 1 |

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

PLUGGING & ABANDONMENT PLAN

WELL NAME & NUMBER, FIELD NAME, LEASE NAME & NUMBER

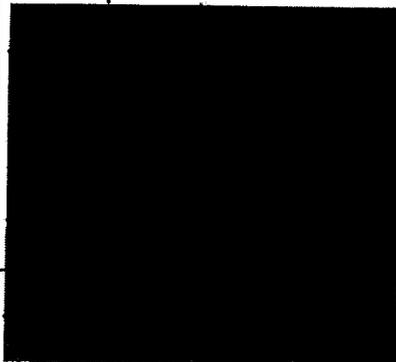
CHERRY BERRY B1-25 SWD

NAME, ADDRESS, & PHONE NUMBER OF OWNER / OPERATOR

O.I.L. Energy Corp.
954 Business Park Dr., Suite #5
Traverse City, MI 49636

Locate Well & Outline Unit on Section Plat - 640 Acres

N



STATE

MI

COUNTY

Antrim

STATE PERMIT NUMBER

Pending

SURFACE LOCATION DESCRIPTION

NW 1/4 of SW 1/4 of NW 1/4 of Section 25 Township T28N Range R10W

LOCATE WELL IN TWO DIRECTIONS FROM NEAREST LINES OF QUARTER SECTION & DRILLING UNIT

Surface

Location 1428 ft. From (N/S) NORTH Line of Quarter Section
& 23 ft. From (E/W) EAST Line of Quarter Section

TYPE OF AUTHORIZATION

- Individual Permit
 Rule
 Area Permit

Number of Wells in Area Permit

1

US EPA Permit Number

pending

WELL ACTIVITY

- Class I
 Hazardous
 Nonhazardous
 Class II
 Brine Disposal
 Hydrocarbon Storage
 Enhanced Recovery
 Class III
 Class IV

CASING/TUBING/CEMENT RECORD AFTER PLUGGING & ABANDONMENT

| Size | Wt (lb/ft) TBG/CSG | Original Amount (CSG) | CSG to be Left in Well | Hole Size | Sacks Cement Used | Type |
|---------|--------------------|-----------------------|------------------------|-----------|-------------------|-----------|
| 13 3/8" | Conductor | 50' | 50' | Driven | Driven | none |
| 8 5/8" | 20# | 515' | 515' | 12 1/4" | C to S | Cl A/Lite |
| 5 1/2" | 14# | 1935' | 1935' | 7 7/8" | C to S | Cl A/Lite |

METHOD OF EMPLACEMENT OF CEMENT PLUGS

- Balance Method
 Dump Bailer Method
 Two Plug Method
 Other

CEMENT TO PLUG & ABANDON DATA

| | Plug # 1 | Plug # 2 | Plug # 3 | Plug # 4 | Plug # | Plug # |
|--|-----------------|----------|----------|----------|--------|--------|
| Size of Hole or Pipe in Which Plug Will Be Placed (inches) | 4 3/4" & 5 1/2" | 5 1/2" | 5 1/2" | | | |
| Calculated Top of Plug (ft.) | 1900' | 1650' | 0' | | | |
| Measured Top of Plug (ft.) | | | | | | |
| Depth to Bottom of Plug (ft.) | 2130' | 1900' | 565' | | | |
| Sacks of Cement to be Used | 34 | 30 | 66 | | | |
| Slurry Volume to be Used (cu. Ft.) | 38.04 | 34.25 | 77.41 | | | |
| Slurry Weight (lb./gal.) | 15.6 | 15.6 | 15.6 | | | |
| Type of Cement, Spacer or Other Material Used | Class A | Class A | Class A | | | |
| Type of Preflush Used | FW | FW | FW | | | |

DESCRIPTION OF PLUGGING PROCEDURE

Pull tubing & packer, TIH to total depth 2130' & circulate 35 sx Class A. cement to a depth of 1900'. TOOH w/tubing & pick up Cmt. Ret. TIH & set Ret. 1900'. Release from Cmt. Ret., circulate 30 sx Class A cmt to 1650'. Trip up hole to 565'. Circulate 66 sx Class A cmt to surface. Cut casing off 4' below ground level & weld 1/2" steel plate in stub with permit number welded on it. Back fill & restore location.

ESTIMATED COST OF PLUGGING & ABANDONMENT

| | | | |
|---------------------|-------------|-----------------------|-------------|
| Cement | \$ 700.00 | Cast Iron Bridge Plug | \$ - |
| Logging | \$ - | Cement Retainer | \$ 1,000.00 |
| Rig or Pulling Unit | \$ 3,000.00 | Miscellaneous | \$ 1,300.00 |
| | \$ - | Total | \$ 6,000.00 |

CERTIFICATION

I certify under the penalty of law that I have examined & am familiar with the information submitted in this document & all attachments & that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, & complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine & imprisonment. (Ref.40 CFR 144.32)

NAME & OFFICIAL TITLE

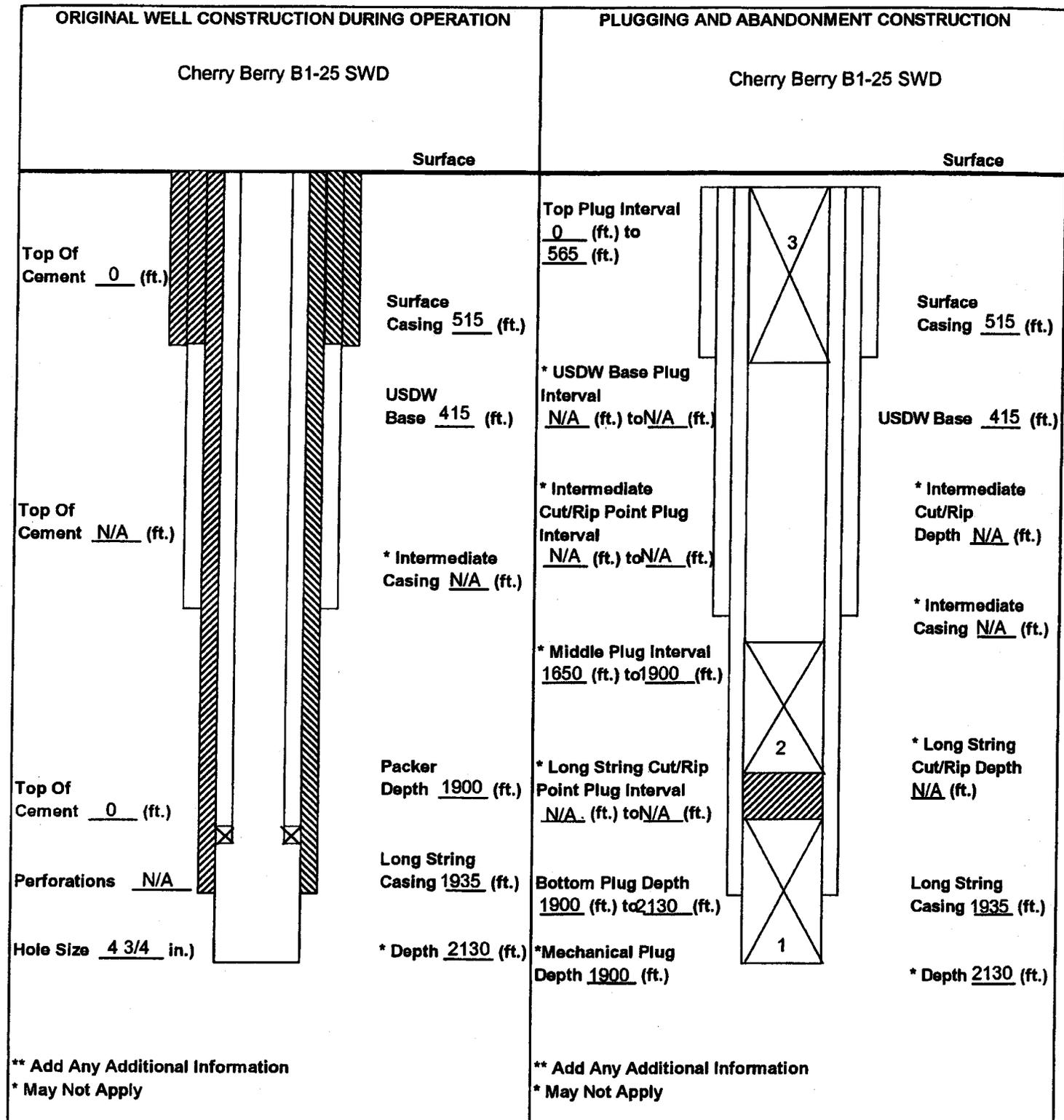
Michael N. Coy, President

SIGNATURE

Michael N. Coy

DATE SIGNED

10-15-08



| LIST OF ALL OPEN AND/OR PERFORATED INTERVALS AND INTERVALS WHERE CASING WILL BE VARIED | | | |
|--|-------|-------|------------------|
| Open Hole/Perforated or Varied Casing | From | To | Formation Name |
| OPEN HOLE | 1935' | 2130' | DUNDEE FORMATION |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

O.I.L. Energy Corporation
954 Business Park Drive, Suite 5
Traverse City, MI. 49686

September 23, 2008

Bureau of History
State Historic Preservation Office
Michigan Library and Historical Center
717 West Allegan Street
Lansing, MI. 48918-1800

Attn: Brian Conway
Environmental Review Coordinator

RE: O.I.L. Energy Corp.; **CHERRY BERRY B1-25 SWD**, NW-SW-NW, Sec 25,
Acme Township, Grand Traverse County, MI.

Dear Mr. Conway:

This letter is a request for a review of the above mentioned Brine Water Disposal Well Application, being submitted to the U.S.E.P.A. The following is a response to your Form "Information Needed For a Project Review".

1. Project Name and indication of New or Old Project.

This is a proposed brine water disposal well that will be drilled to service future Antrim wells located in this area.

2. Name of Federal Agency Funding, Licensing, or Assisting Project.

The permitting Agency for this project is:
Underground Injection Control Branch
United States Environmental Protection Agency
77 West Jackson Blvd., WU-16J
Chicago, IL. 60604-3590
Phone: 312-886-6593

3. Name of State Agency Funding, Licensing, or Assisting Project.

There is no State Agency involvement with this portion of the application review for underground injection.

4. *Consultant Contact Person.*

Ben Croftchik
O.I.L. Energy Corp.
954 Business Park Dr., Suite 5
Traverse City, MI. 49686
231-933-3600

5. *Project Location:*

The project boundary will be considered $\frac{1}{4}$ mile in diameter around the proposed well location. I have attached copies of the survey records and Area of Review Maps for your review. The well location will consist of a 300' by 250' well pad to be restored once well operations have terminated. The well pad is slightly larger than normal to accommodate two future Antrim wells.

6. *Maps of Project Location.*

Attached.

7. *Project Work Description.*

This site will be used for brine water injection for disposal purposes. The well site location will consist of a 300' by 250' well pad with a wellhead. The land is privately owned and is being used for agricultural purposes. This will have no impact on any historic properties in Acme Township, Grand Traverse County, MI.

8. *Indicate the Project's Area of Potential Effects (APE).*

The Area of potential effect is a $\frac{1}{4}$ mile radius around the proposed well bore. The APE for this project is determined by the United States Environmental Protection Agency and its rules and regulations for Class II Disposal wells. The physical effects will be minimal and restored once operations have terminated. The maintenance of these wells will have a minimal effect on the area due to its remote positioning. The facilities at this location will be minimal; therefore no adverse effect should occur to area land use or impact the public in any way. Any auditory or visual impact created by the facility will be contained within the facility boundaries.

9. *Date of Existing Properties in the Project's Area of Potential Effects (APE)*

"No Properties Present".

10. Identification of Historic Properties.

"No Historic Properties Present in the Project's Area of Potential Effects". There is one historic property (Pulcifer house) in the area of the proposed SWD location but it is more than 1500' away. Enclosed is an aerial map printed off of the Historic Sites Online website showing the location of the historic property in relation to the proposed SWD location.

10B. No Historic Properties Present in the Project's Area of Potential Effects.

I have walked the area and have found no structures or land features that would indicate the presence of a Historic Property. There is only the one reference mentioned above on the State Historic Preservation Office website and that is outside of the ¼ mile AOR.

11. Historic Significance and Context.

"No Historic Properties Present".

12. Photographs

No Historic Properties Present to photograph.

13. Determination of Effect.

We are requesting a determination of "*No Historic Properties affected*" due to the fact that our research has failed to produce a historic property within our APE. We have conducted our research of the area and any historic reference material at our disposal and have found no historic properties or artifacts present. We have made a good faith effort in arriving at this determination and ask that you notify the USEPA and me at your earliest convenience with a determination of "*No Historic Properties affected*".

Thank you for taking the time to review our submittal. Should you have any questions please do not hesitate to contact me at 231-933-3600.

Sincerely,



Ben Croftchik
O.I.L. Energy Corp.

Enclosures:

**STATE HISTORIC PRESERVATION OFFICE
Application for Section 106 Review**

| | |
|------------------------------|--|
| SHPO Use Only | |
| <input type="checkbox"/> IN | Received Date ____ / ____ / ____ Log In Date ____ / ____ / ____ |
| <input type="checkbox"/> OUT | Response Date ____ / ____ / ____ Log Out Date ____ / ____ / ____ |
| | Sent Date ____ / ____ / ____ |

Submit one copy for each project for which review is requested. This application is required. Please type. Applications must be complete for review to begin. Incomplete applications will be sent back to the applicant without comment. Send only the information and attachments requested on this application. Materials submitted for review cannot be returned. Due to limited resources we are unable to accept this application electronically.

I. GENERAL INFORMATION

- THIS IS A NEW SUBMITTAL THIS IS MORE INFORMATION RELATING TO ER#
- Funding Notice
- Survey
- MOA or PA
- Other:

- a. Project Name: CHERRY BERRY B1-25 SWD
- b. Project Address (if available): NW-SW-NW, Sec. 25, T29N-R10W, Acme Township
- c. Municipal Unit: County: Grand Traverse
- d. Federal Agency and Contact (If you do not know the federal agency involved in your project please contact the party requiring you to apply for Section 106 review, not the SHPO, for this information.): Ms. Lisa Perenchio, USEPA, Region 5, 77 West Jackson Blvd., Chicago, IL. 60604-3590
- e. State Agency and Contact (if applicable):
- f. Consultant or Applicant Contact Information (if applicable): Ben Croftchik, O.I.L. Energy Corp., 954 Business Park Dr., Suite 5, Traverse City, MI. 49686; 231-933-3615, bcroftchik@oilenergy.us

II. GROUND DISTURBING ACTIVITY (INCLUDING EXCAVATION, GRADING, TREE REMOVALS, UTILITY INSTALLATION, ETC.)

DOES THIS PROJECT INVOLVE GROUND-DISTURBING ACTIVITY? YES NO (if no, proceed to section III.)

Exact project location must be submitted on a USGS Quad map (portions, photocopies of portions, and electronic USGS maps are acceptable as long as the location is clearly marked).

- a. USGS Quad Map Name: Williamsburg
- b. Township: 29N Range: 10W Section: 25
- c. Description of width, length and depth of proposed ground disturbing activity: 300x250x4
- d. Previous land use and disturbances: Partially excavated area used for gravel pit.
- e. Current land use and conditions: Privately owned and used for recreational purposes.
- f. Does the landowner know of any archaeological resources found on the property? NO
Please describe:

III. PROJECT WORK DESCRIPTION AND AREA OF POTENTIAL EFFECTS (APE)

Note: Every project has an APE.

- a. Provide a detailed written description of the project (plans, specifications, Environmental Impact Statements (EIS), Environmental Assessments (EA), etc. cannot be substituted for the written description): The area of potential affect exists within a development by O.I.L. Energy Corp. to drill and produce antrim gas from Acme Township in Grand Traverse County. This well will be used to dispose of associated water from the Antrim Formation into the Dundee Formation. The EPA requires an Area of Review around the well site with a circumference of 1320ft. The actual physical surface disturbance that is required to level the location for

drilling equipment will be 300 ft. by 250ft. around the proposed well bore. The surface location for this well is located on an upland area.

- b. Provide a localized map indicating the location of the project; road names must be included and legible.
- c. On the above-mentioned map, identify the APE.
- d. Provide a written description of the APE (physical, visual, auditory, and sociocultural), the steps taken to identify the APE, and the justification for the boundaries chosen. The physical changes required to drill and operate this well will be limited to a 300 ft. by 250ft. level area. This location is isolated with the nearest residence being located over 1000 ft. away. Earth changes will take place due to prior excavation. There will be no noise and visual effects will be at a minimum with this well due to its proximity to the nearest residence. The boundaries chosen for this project are based on the USEPA Area of Review Requirements. The physical ground disturbance listed above is slightly larger than usual due to the well being located on a well pad with two proposed Antrim wells.

IV. IDENTIFICATION OF HISTORIC PROPERTIES

- a. List and date all properties 50 years of age or older located in the APE. If the property is located within a National Register eligible, listed or local district it is only necessary to identify the district: No Properties Present
 - b. Describe the steps taken to identify whether or not any historic properties exist in the APE and include the level of effort made to carry out such steps: I have walked the area and have found no structures or land features that would indicate the presence of a Historic Property. There is one reference to a historical property on the State Historic Preservation Office website but it is over 1500' away.
 - c. Based on the information contained in "b", please choose one:
 Historic Properties Present in the APE
 No Historic Properties Present in the APE
 - d. Describe the condition, previous disturbance to, and history of any historic properties located in the APE:
-

V. PHOTOGRAPHS

Note: All photographs must be keyed to a localized map, and should be included as an attachment to this application.

- a. Provide photographs of the site itself.
 - b. Provide photographs of all properties 50 years of age or older located in the APE (faxed or photocopied photographs are not acceptable).
-

VI. DETERMINATION OF EFFECT

- No historic properties affected based on [36 CFR § 800.4(d)(1)], please provide the basis for this determination.

No properties exist within this project's Area of Potential Effect. Our research of both on site review and internet research support our basis for "No Historic Properties Affected" in this project.

- No Adverse Effect [36 CFR § 800.5(b)] on historic properties, explain why the criteria of adverse effect, 36 CFR Part 800.5(a)(1), were found not applicable.

- Adverse Effect [36 CFR § 800.5(d)(2)] on historic properties, explain why the criteria of adverse effect, [36 CFR Part 800.5(a)(1)], were found applicable.

Please print and mail completed form and required information to:
State Historic Preservation Office, Environmental Review Office, Michigan Historical Center, 702
W. Kalamazoo Street, P.O. Box 30740, Lansing, MI 48909-8240

▲ HISTORIC SITES ONLINE

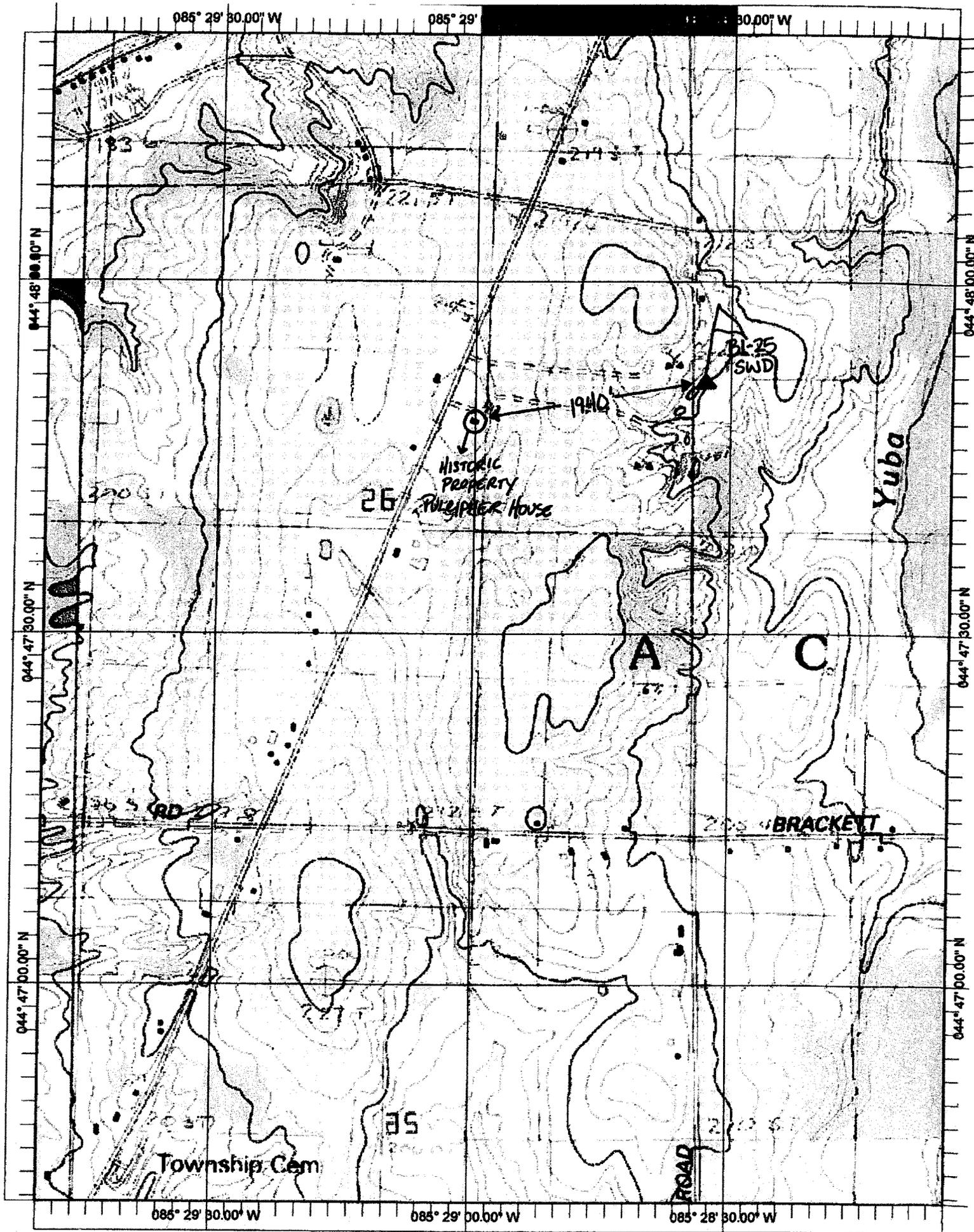
9/18/2008



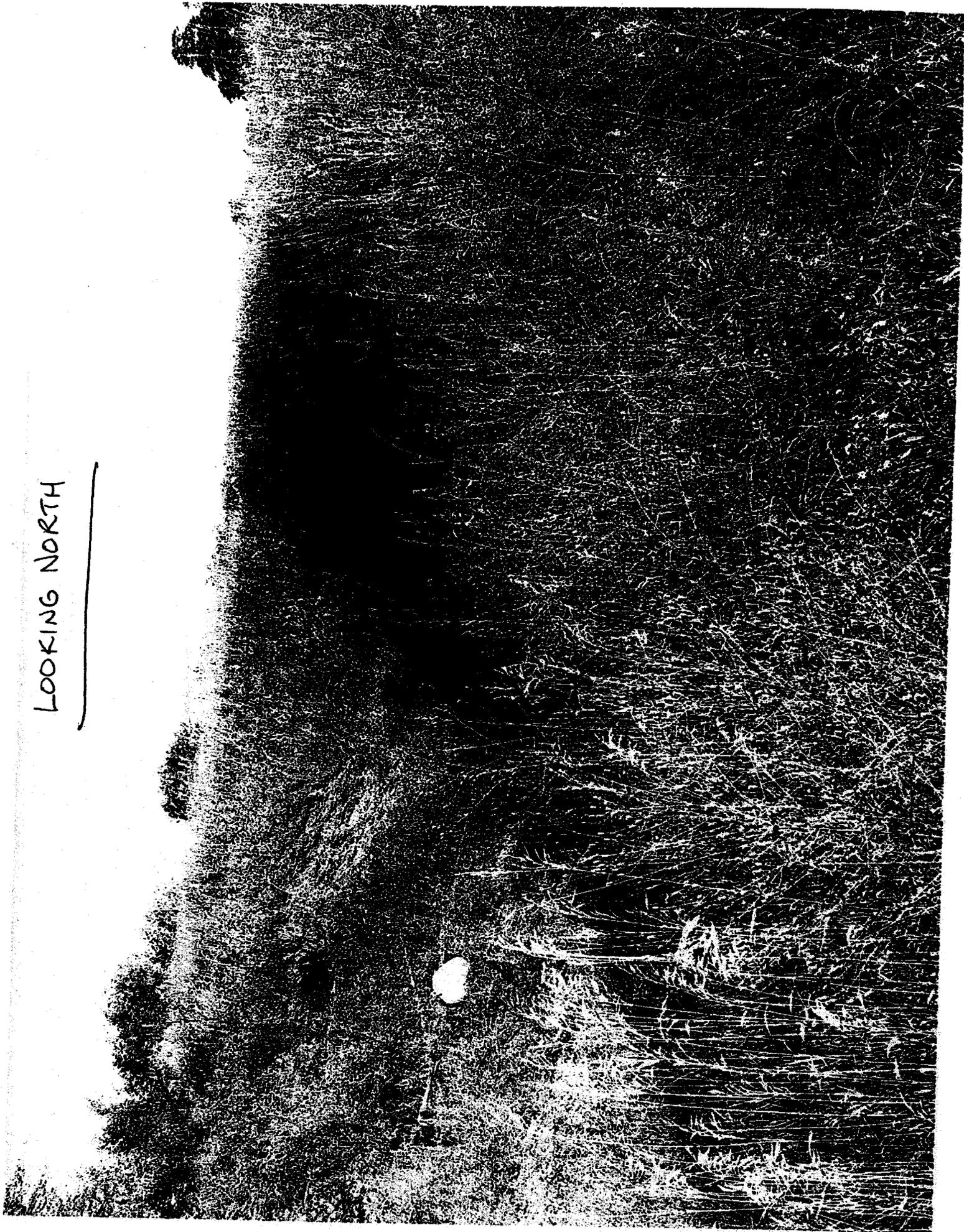
Source: Michigan Geographic Framework Version 13

Disclaimer: No warranty, expressed or implied is made and no liability is assumed by the State of Michigan in general or the Michigan Center for Geographic Information in specific as to the accuracy or usability of this data.

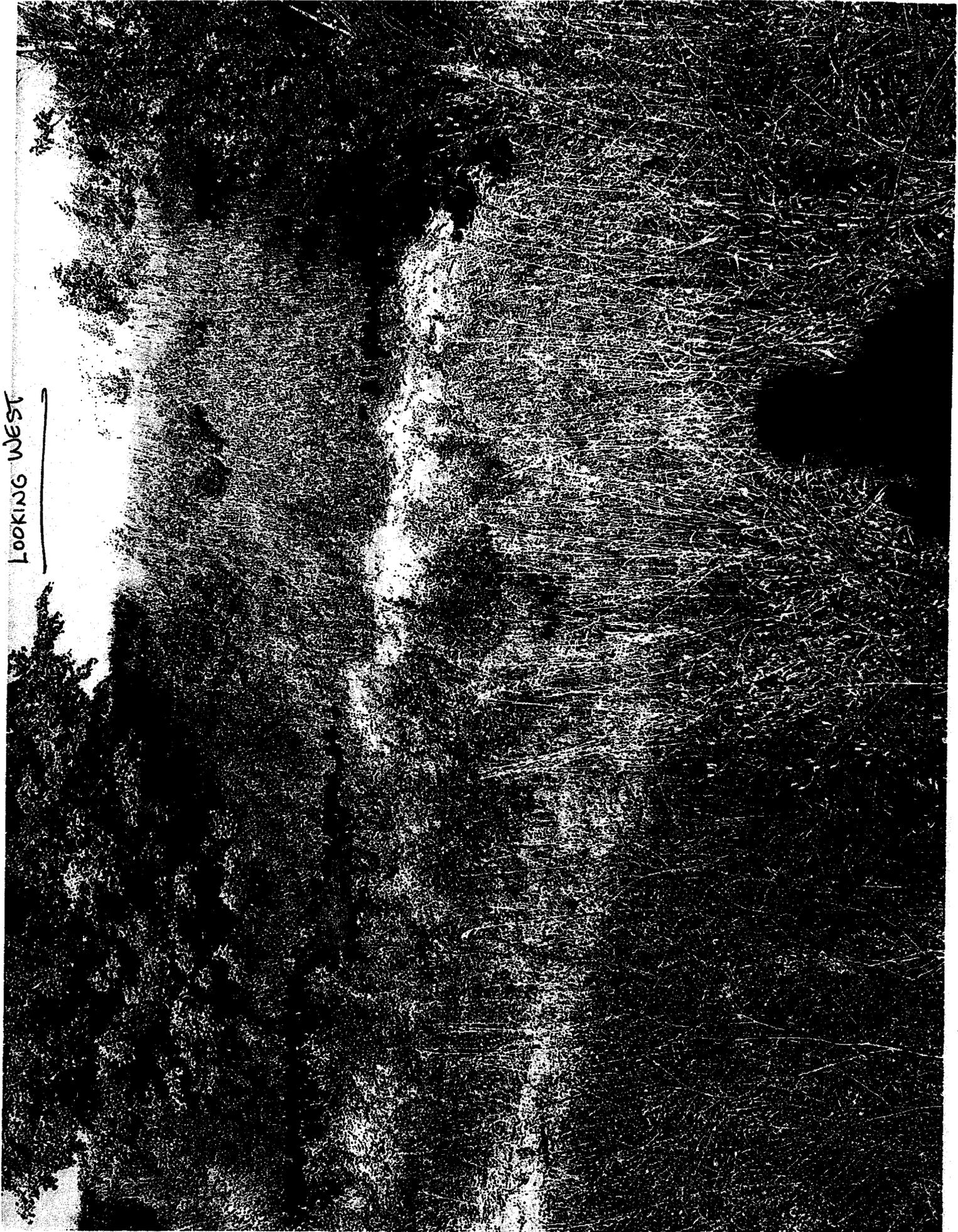
Copyright © 2001-2003 State of Michigan



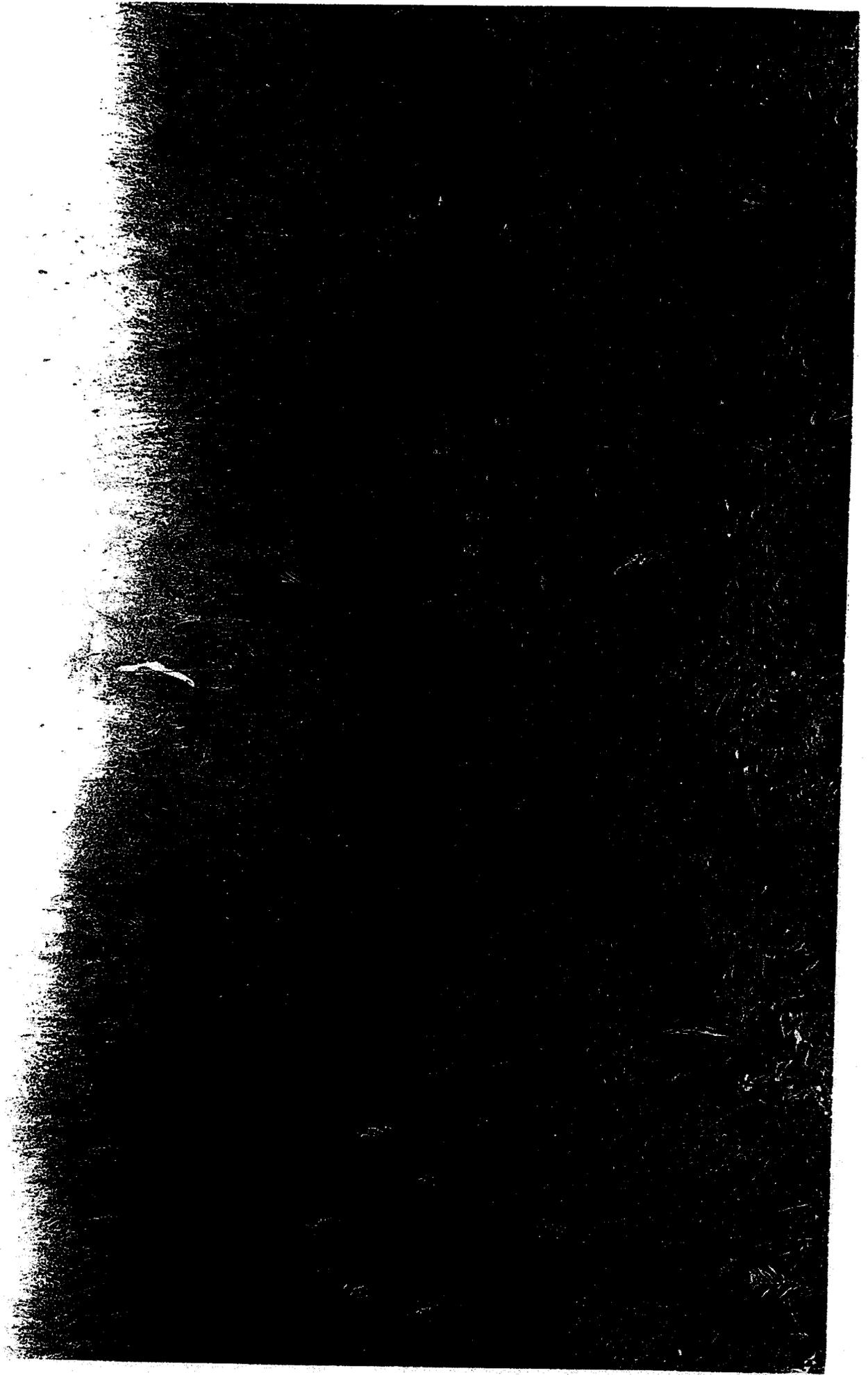
LOOKING NORTH



LOOKING WEST



LOOKING EAST



LOOKING SOUTH



Addendum to Cherry Berry B1-25 SWD U.S.E.P.A. Application
Endangered Species Act Information

I have researched the Endangered Species that may exist in Grand Traverse County, MI. and got hits on the following:

- Eastern Massasauga – There is the potential for the Eastern Massasauga to be present as there would be in any part of Northern Michigan; however it is unlikely as our location is in an upland area that is already excavated and partly used as a gravel pit. In addition our activity will be limited to a well pad that is approximately 300' x 250'. The access and flowline hooked to this well will be along an existing trail road that will be improved.
- Pitcher's Thistle – The Pitcher's Thistle grows along beaches, stabilized dunes and grassland dunes which do not exist anywhere near this location.
- Kirtland Warbler – The Kirtland Warbler is an endangered species that nests in small jack pines. There are no jack pine stands within miles of the proposed location of this SWD.

The access road into this well is present and the wellpad is a part of a farm that has been cleared and worked for years as a gravel pit by the farmers.

I look to the U.S.E.P.A. to give the determination that no endangered, threatened or candidate species will be affected by this proposed Antrim disposal well.

Ben Croftchik
Field Representative
O.I.L. Energy Corp.

| | | | |
|-----------------------|---|------------|--|
| | | | mines as hibernacula. |
| | Eastern massasauga (<i>Sistrurus catenatus catenatus</i>) | Candidate | |
| | Eastern prairie fringed orchid (<i>Plantathera leucophaea</i>) | Threatened | Mesic to wet prairies and meadows |
| Gogebic | Canada lynx (<i>Lynx canadensis</i>) | Threatened | A Canada lynx was recently documented in the Upper Peninsula. The counties listed here have the highest potential for Lynx presence. Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, Schoolcraft. |
| Grand Traverse | Kirtland's warbler (<i>Dendroica kirtlandii</i>) | Endangered | Nests in young jack pine |
| | Eastern massasauga (<i>Sistrurus catenatus catenatus</i>) | Candidate | |
| | Pitcher's thistle (<i>Cirsium pitcheri</i>) | Threatened | Stabilized dunes and blowout areas |
| Gratiot | Indiana bat (<i>Myotis sodalis</i>) | Endangered | Summer habitat includes small to medium river and stream corridors with well developed riparian woods; woodlots within 1 to 3 miles of small to medium rivers and streams; and upland forests. Caves and mines as hibernacula. |
| | Eastern prairie fringed orchid (<i>Plantathera leucophaea</i>) | Threatened | Mesic to wet prairies and meadows |
| Hillsdale | Indiana bat (<i>Myotis sodalis</i>) | Endangered | Summer habitat includes small to medium river and stream corridors with well developed riparian woods; woodlots within 1 to 3 miles of small to medium rivers and |

O.I.L. ENERGY CORP.
Harvesting Michigan's Natural Resources

954 BUSINESS PARK DR., STE. #5 TRAVERSE CITY, MI 49686
(231) 933-3600

October 15, 2008

Cathy Ballard
Land and Water Management Analyst
Michigan Department of Environmental Quality
Division of Land and Water Management
P.O. Box 30458
Lansing, MI. 48909

RE: Cherry Berry B1-25 SWD

Dear Cathy,

O.I.L. Energy has a proposed Salt Water Disposal well located in Section 25 of Acme Township, Grand Traverse County, MI. Per the USEPA Region 5 Underground Injection Control Class II Permit Application rules let this letter serve as notification of such.

O.I.L. Energy Corp. requests that you clear this activity as the proposed well will be constructed and monitored per USEPA and MDEQ regulations and it's proximity to East Grand Traverse Bay is over 5000'.

If you have any questions with this submittal please contact me at 231-933-3931.

Sincerely,



Ben Croftchik
O.I.L. Energy Corp.