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April 30, 2015

Via E-Mail (whorn@mmbjlaw.com) and First Class Mail

William A. Horn, Esq.
Mika, Meyers, Beckett & Jones, PLC
900 Monroe Ave. N.W.
Grand Rapids, MI 49503

Re: **Shelby Township Nino Homes Well Site**

Dear Mr. Horn:

Thank you for your communication today, regarding West Bay's proposed activities for completion well at the site. While we appreciate the communication; however, please let this serve to remind you that the Township has the power and a constitutional mandate to protect public health, safety and welfare of the residents and the environment regarding haul routes, potential for environmental impact and need for emergency procedures and remediation contingency plans, prevention of nuisance noise, light, odors, dust/traffic, vibration and pollution, disclosure of hazardous materials on-site and hauled on public right of ways, etc. Please do not interpret our request for information as authorization for West Bay to proceed with any activity at the site.

Please advise the Township of the truck haul routes that will be used with respect to your completion activities at the site. Also, please identify all hazardous constituents and ingredients that will be used in this process. We require the Shelby Township Fire Chief to know the chemicals being used and please let this serve as a reminder that MSDS documents should be posted at the site.

Very truly yours,

**KIRK, HUTH, LANGE
& BADALAMENTI, PLC**



Robert S. Huth, Jr.

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April 30, 2015

Mr. Robert S. Huth, Jr.
Kirk, Huth, Lange & Badalamenti, PLC
19500 Hall Road, Suite 100
Clinton Township, MI 48038

Re: Shelby Township Nino Homes 1-6 Well Site

Dear Mr. Huth:

As we have discussed in our prior telephone conversations, West Bay Exploration Company ("West Bay") intends to conduct well completion and testing operations on the Nino Homes 1-6 Well beginning in early May. West Bay's operations will comply with the MDEQ statutes and regulations governing such operations. In addition, West Bay's operations will meet the requirements of Supervisor of Wells Instruction 1-2015 which pertains to oil and gas operations in high population density areas. Enclosed for your and the Township Board's information is a summary of West Bay's plans for well completion and testing, the letter that was sent to residents adjacent to the site on April 27, 2015 and a list of Frequently Asked Questions compiled from conversations with community members.

West Bay has taken into consideration the concerns expressed by Township officials and nearby residents. West Bay has had numerous meetings and discussions with the local fire department chief to explain what will be involved in the upcoming activities and discuss the materials and substances that will be used. West Bay has met with various neighbors of the well site to seek their input regarding operations. West Bay's plan of operations was developed with the input from the fire chief and the neighbors in mind.

West Bay is not requesting a hearing, nor any approval from the Township to conduct the well completion and testing operations. As you know, MCL 125.3205(2) expressly prohibits a township from regulating or controlling "the drilling, completion, or operation of oil or gas wells." That statutory section goes on to state that a township "shall not have jurisdiction with reference to the issuance of permits for the location, drilling, completion, operation, or abandonment of such wells."

Mr. Robert S. Huth, Jr.
April 30, 2015
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West Bay's well completion and testing operations clearly are matters falling within this statutory provision and any attempt by the Township to regulate or otherwise exercise jurisdiction over them is beyond any express or implied authority of the Township.

Further, and consistent with the above statutory language, the Township's September 16, 2014 moratorium expressly exempts West Bay's well completion and testing operations from the moratorium. The moratorium provides, "This moratorium is not intended to infringe upon the jurisdiction to the extent it has been reserved and sufficiently implemented by state and federal agencies that have concurrent jurisdiction over such subjects."

The Michigan Department of Environmental Quality has exclusive jurisdiction over the proposed operations. MCL 125.3205(2) clearly indicates that jurisdiction over well completion and testing operations and over oil and gas well operations in general has been reserved for the Michigan Department of Environmental Quality and not delegated to the Township. Thus the moratorium does not apply.

West Bay will continue to provide information to the Township Board regarding its activities at the above-referenced well site.

Sincerely,



William A. Horn

Enclosure

cc: Mr. Patrick Gibson
Mr. Tim Baker

West Bay Exploration company

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

April 27, 2015

Dear Robert and Suzanne Huth,

West Bay Exploration Company, the company responsible for the drilling of the Nino Homes 1-6 well located at 25 Mile and Dequindre will be conducting well-completion and testing operations on the site in early May.

In an effort to better communicate with residents impacted by the well, we participated in a workshop hosted on March 1st by a group of local homeowners who live near the site and Representative Lucido. At that time, West Bay presented a detailed description of what is entailed in "testing the well." Testing the well is required to determine whether the well will continue to exist or whether it will be plugged and the landscape restored. We want to make sure that nearby homeowners have all the information and tools they need to know exactly what is happening on the site throughout the process. Based on the input we received from these local homeowners and Rep. Lucido at the March meeting, we understand that testing the well needs to take place before summer so as to have the smallest impact on area residents. In order to meet this timeline, testing must begin soon. The process lasts for two-three weeks.

Enclosed for your information is a summary of the steps that West Bay must take for well testing, including the details of the ways in which West Bay is working to make this unobtrusive based on the input we heard from area residents. Testing the well will happen only during daylight hours. We will also keep traffic to a minimum, avoiding the times of day when many of you are coming and going from your homes. West Bay has had numerous meetings and discussions with the local Fire Marshall to review the process, materials and substances that will be used. Safety and security plans will be in place and vetted through the Fire Marshall before any well testing begins. Security will be onsite 24 hour per day to make sure no one wanders onto the site accidentally. Also included is a list of Frequently Asked Questions that West Bay has compiled from conversations with community members.

If you have additional thoughts, comments or questions, please do not hesitate to email us at mae@wbeco.net at anytime. We want to make sure we are being transparent in this process and that adjacent landowners are informed and able to give us their input on how we can make the process as smooth as possible during this time. West Bay will continue to provide information to residents adjacent to the well site, as well as the Township Board throughout the completion period. Again, please do not hesitate to contact us to explain any of the information on the attached sheet. We appreciate your patience during the testing phase of the well.

Sincerely,



Patrick M. Gibson
Vice President

West Bay Exploration company

13685 S. West Bay Shore / Suite 200
Traverse City, MI 49684
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Summary of continued completion and testing operations of the Nino Homes 1-6 Well

- These operations put the potentially productive portion of a well in a condition where it can be determined if hydrocarbons can be produced in economic quantities.
- West Bay will notify the Department of Environmental Quality and the Township Fire Chief prior to beginning operations on the site.
- All operations will be conducted during daylight hours.
- West Bay will provide security on site 24 hours a day during the completion and testing period.
- A truck mounted completion rig will be brought on site to conduct operations. Assembly of the rig and equipment will last approximately one day. A picture of a completion rig is attached.
- The well will be opened and existing well plugs will be removed to obtain access to the subsurface formation and the initial testing zone will be swabbed to remove existing fluids. Should hydrocarbons not be present, this will take one day. Fluids recovered will be stored on site in sealed steel tanks utilizing green completion technology. If hydrocarbons are present the well may be tested for a few days.
- This process would potentially be repeated on four additional zones uphole. The shallowest of these zones is at approximately 4500' vertical depth.
- All fluids produced will be stored in sealed steel tanks and trucked off site as necessary to an approved facility.
- If hydrocarbons are discovered in economic quantities the well will be shut in and secured until a production facility location can be located and the facility constructed.
- If the well is non-productive a plugging application will be made to the State of Michigan Department of Environmental Quality. Upon approval the well will be plugged based on the DEQ requirements. All equipment will be removed and the site will be restored to its original condition.

West Bay Exploration company

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Frequently Asked Questions

Why are you testing the well?

The well must be tested to determine whether the well will be put into operation or permanently closed. Pursuant to DEQ rules the well cannot continue to remain as is.

What are the hours of operation at the site?

All operations will be conducted during the daylight hours. Noise levels will be checked frequently.

What security precautions will be in place?

On site security will be in place 24 hours a day. Furthermore, a fence will act as a barrier around our equipment in order to ensure safety.

What will the site look like while the testing is being done?

Inside the security fence there will be a completion rig, portable tanks, and construction equipment.

Is this fracking?

No. West Bay will simply be testing the well to find out how much, if any, hydrocarbons are under the surface, and if they can be produced in economic quantities. West Bay will never hydraulically fracture this well.

What does the hardware involved look like & how long will it be there?

What we call a “completion rig” will be brought on site to conduct operations. Assembly of the rig and equipment will last approximately one day. A picture of the rig is included below. The rig may be on site two to three weeks.



Will this smell?

It is possible that this operation can produce some odors for a very short period from time to time. This inconvenience will be kept to a minimum through the incineration of gas and vapors that are produced.

Will there be flaring?

Should natural gas be encountered during the test it will be incinerated. Incinerating the gas prevents odors and reduces emissions. The local fire chief is aware of our operation and the possibility of flaring.

Whom should I contact with questions?

Any questions about the operations should be directed at West Bay. The best way to reach us is through email at mae@westbayexploration.com.