

Preparedness, Prevention and Contingency Plan



Homeland Energy Ventures, LLC
15 Public Square, Suite 201
Wilkes Barre, PA 18701
Initially Prepared January 7, 2006

1. Description of Operations

Homeland Energy Ventures, LLC, 15 Public Square, Suite 201, Wilkes Barre, PA 18701 is a Managing General Partner and Operator actively engaged in securing oil and natural gas leases in Pennsylvania and in developing those leases to produce crude oil and natural gas. Homeland Energy Ventures, LLC (Homeland Energy) contracts well site construction, well drilling, well completion, and pipeline construction activities to responsible companies and individuals. These services are provided to private investors and to investment companies.

The officials of Homeland Energy responsible for implementation of this plan are Jeffery Blymiller, Senior Field Supervisor, 24-hour telephone (814) 688-8403, James Erb, Senior Vice President, 24-hour telephone (717) 576-2877, and Andrew J. “Jack” Sordoni, President, 24-hour telephone (570) 510-3710.

Homeland Energy Ventures, LLC operations are located in western Pennsylvania. Specific project locations and descriptions are shown in the appendices attached to this document.

This Preparedness, Prevention and Contingency Plan (PPC plan) has been prepared by Homeland Energy. It contains procedures to be used for the prevention of pollution by Homeland Energy and its contractors. It has been prepared for the control and disposal of drill cuttings, fracturing fluids, crude oil, natural gas, produced water and well servicing fluids resulting from the drilling, completion, production, servicing, plugging or other activities associated with oil and gas wells. The plan is designed as a general plan with specific descriptions of projects added as appendices as they are developed.

2. Pollution Prevention Measures

Homeland Energy has erosion and sedimentation control plans prepared by a professional consultant for each project prior to the construction of new access roads, well sites or stream crossings. A Homeland Energy field representative assures that contractors implement the erosion and sedimentation control plan measures to avoid problems. Erosion and sediment control devices are installed prior to earthmoving activities.

A permanent well identification is installed at each well location. The identification contains the company name, the API well permit number identifying the well, and a 24-hour emergency telephone contact number. Homeland Energy oil and produced water tanks are painted black and display the company logo and contact information in white.

Prior to drilling each well, a drilling pit is constructed to safely store fluids resulting from the drilling operation. These pits are constructed to be structurally stable and are lined with an impermeable liner to hold fluids produced during well drilling and fracturing. At least two feet of freeboard is maintained at all times. At some locations in the Allegheny

national Forest, drill cuttings are “dusted” according to permit rather than captured in pits.

Ground water can be encountered during the drilling of each well. This ground water comes in contact with drill cuttings and must be contained in the drilling pit and disposed of properly. Steel casing is cemented into the well bore to at least 50 feet below the deepest water-bearing formation in a manner consistent with regulations of the Department of Environmental Protection as set forth in 25 PA Code, Chapter 78. This cemented casing seals off the formations from which water is produced.

If the drilling pit is found to be of insufficient capacity to hold the volume of water encountered during drilling, the pit may be enlarged or steel tanks may be used to contain drilling fluids. It may be necessary to cease drilling operations until additional capacity is provided.

Wastes and materials generated during drilling, stimulation, production, plugging and servicing include drill cuttings (consisting of rock cuttings and water), fracturing fluids (consisting of fresh water and sand), crude oil, natural gas and produced water.

Produced liquids from production (crude oil and produced water) are stored in tanks at the well location or at a central tank location for multi-well projects. A compacted earthen dike, capable of holding at least the volume of the largest tank at a facility, is constructed around the tanks. Waste liquids from drilling and completion are transported to an approved facility for treatment and disposal.

Production facilities are routinely visited and inspected by Homeland Energy employees, contractors and representatives. Each tank is equipped with an access port through which fluid levels can be readily measured. Any tank, valve, piping or equipment found to be leaking is promptly repaired.

Locking devices are placed on the discharge lines of all storage tanks. These locking devices require the use of special tools or keys to open. No facilities are located in flood zones. Since all well pumps are powered by electricity, production would cease in the event of a power failure. Strikes are not a threat since all well drilling and construction services are contracted.

Contractors are responsible for training their employees in pollution prevention measures. Homeland Energy provides contractors with this Preparedness, Prevention and Contingency Plan for use as a training guideline.

Because of the pollution prevention measures described above, there is little likelihood of a spill occurring which would cause the threat of a spill impacting water.

3. Waste Disposal Methods

All wastes generated from the drilling, fracturing, operation and plugging activities of Homeland Energy are controlled and disposed of in manners consistent with regulations of the Department of Environmental Protection as set forth in 25 PA Code, §§ 78.55 through 78.63.

Drill cuttings are collected in the drilling pit at the well location. When drilling is completed, cuttings settle to the bottom of the pit. A vacuum truck removes liquids from the pit and hauls them to an approved location for treatment and disposal. The remaining solids are encapsulated in the liner and buried on site or are transported to an approved facility for disposal. At some locations in the Allegheny national Forest, drill cuttings are “dusted” according to permit rather than captured in pits.

Fracturing fluids are also collected in the drilling pit. Sand settles to the bottom of the pit and is disposed with the drill cuttings. Fluids are disposed as described above.

Produced water is collected in storage tanks. It is periodically collected by a produced water hauler and transported to an approved location for treatment and disposal.

4. Pollution Incident Response

Homeland Energy uses both its field representative and contracted services for response to pollution incidents. The following individuals would be available as necessary to provide labor and equipment to respond to an emergency situation:

Jeff Blymiller
Field Representative
50 Deer Lick Street
Sheffield, PA 16437
(814) 730-2710

Jerry Auman
Auman Brothers Construction
794 West Creek Road
St. Marys, PA 15857
(814) 834-6000

These individuals maintain an inventory of equipment that could be made available to respond to spills, including trucks, excavating equipment, pumps and hoses, a vacuum truck, absorbent booms and pads, filter fence, hay bales, shovels and rakes.

Releases of substances causing or threatening pollution of water of the Commonwealth will be reported in a manner consistent with regulations of the Department of Environmental Protection as set forth in 25 PA Code, § 78.66. In the event of such an incident, the responsible officials (Mr. Blymiller, Mr. Erb or Mr. Sordoni) will promptly provide telephone notice of the event to the following agencies:

Pennsylvania Department of Environmental Protection
Meadville Regional Office
(814) 332-6860 regular daytime hours

or
Warren District Office
(814) 723-3273 regular daytime hours
(800) 373-3398 for after-hour emergencies

And, if a fish kill occurs:
Pennsylvania Fish & Boat Commission
North Central Region
(717) 726-6056 regular daytime hours
(412) 442-4000 for after-hour emergencies

Additionally, if a reportable oil spill occurs:
U.S. Environmental Protection Agency
National Response Center
(800) 424-8802 (24 hours)

Notice will include the following information:

- Name of individual making report
- Company name
- Location of the incident
- Time and date of incident and its discovery
- Brief description of the incident
- Type and volume of material released
- Weather conditions
- Description of corrective actions being taken
- Telephone number to call for further information

5. Narrative Section

Homeland Energy began its operations in 2004. In 2006, while “dusting” a well in the Allegheny National Forest, drill cuttings were blown into an area containing spring seeps. Drilling practices were changed to be more vigilant of such conditions in the future.

Also in 2006, while fracturing a well, higher than anticipated pressures were encountered which resulted in large volumes of water being brought to surface. Some of these fluids were discharged to the ground surface on the well location. The discharge traveled over the bank on the edge of the location, entered a lease road ditch, and continued for approximately 50 feet before it crossed the lease road and traveled across the forest floor for several hundred feet. Operational practices were implemented to provide for the availability of a frac tank and/or vacuum truck in the event of a recurrence of this type of occurrence.

In March of 2008, while fracturing a well, another incident occurred. This incident had several contributing factors. First, a spring erupted in an access road and flowed down

the hill, resulting in a “muddy” discharge to a nearby stream. Second, the liner in the frac pit slid into the pit and the fluid level was such that insufficient freeboard was maintained during well completion operations. This resulted pit fluids leaving the pit and well site, and flowing down an access road, mixing with the water from the spring discussed above, and entering a stream. In response, the spring was diverted away from the roadway, an earthen basin was constructed to intercept the flow, and the water was pumped uphill to a vegetated area where it percolated into the ground, eliminating the stream discharge. Operational changes to prevent a recurrence, including stand-by equipment when similar situations have the potential to occur, have been implemented.

After correcting the situation, a meeting was held with the contractors where dissatisfaction with actions leading to the incident was discussed and company policy regarding environmental compliance was stressed. The PPC Plan was distributed to the contractors to advise them of expected future actions. A change in contractor oversight, including independent field compliance checks by other company personnel, was initiated.

6. PPC Schedule

This plan was implemented immediately upon its development. The plan has been and will continue to be updated as organizational changes occur at Homeland Energy, additional projects are initiated which will result in the plan being updated, additional operational practices need to be changed, or relevant regulatory changes occur.

Appendix A

The Annabelle Project

The Annabelle Project is a 3-well project developed in 2005. The wells are located in the Allegheny National Forest along USFS Road 142A on USFS Warrant 5571 in Hamilton Township, McKean County. Wells in The Annabelle Project include:

Annabelle 5	Permit # 083-50082
Annabelle 6	Permit # 083-50083
Annabelle 7	Permit # 083-50084

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There is one oil storage tank (# 431190, located along USFS Route 142A in the vicinity of Annabelle 7), one gas meter (#15, located near the junction of USFS Roads 144 and 142) and one storage tank for produced water (located adjacent to the oil storage tank) serving the project. Oil is sold to the American Refining Group, Inc. of Bradford, PA. Natural gas is sold to Vineyard Gas Marketing Company of North East, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.

Appendix B

The Annabelle Second Project

The Annabelle Second Project is a 12-well project developed in 2005 - 2006. The wells are located in the Allegheny National Forest along USFS Roads 142 and 142A on USFS Warrant 5571 in Hamilton Township, McKean County. Wells in The Annabelle Second Project include:

Annabelle Second AS-A1	Permit # 083-50749
Annabelle Second AS-A2	Permit # 083-50750
Annabelle Second AS-A3	Permit # 083-50751
Annabelle Second AS-A4	Permit # 083-51752
Annabelle Second AS-A5	Permit # 083-51753
Annabelle Second AS-A6	Permit # 083-51754
Annabelle Second AS-A7	Permit # 083-51755
Annabelle Second AS-A8	Permit # 083-51756
Annabelle Second AS-A9	Permit # 083-51757
Annabelle Second AS-A10	Permit # 083-51758
Annabelle Second AS-A11	Permit # 083-51759
Annabelle Second AS-A12	Permit # 083-51760

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There is a battery of two oil storage tanks (#'s 431346 & 431347) and one storage tank for produced water located on a gravel access near the junction of USFS Roads 144 and 142. There is one gas meter (# 5571W, located near the junction of USFS Roads 144 and 142). Oil is sold to the American Refining Group, Inc. of Bradford, PA. Natural gas is sold to Vineyard Gas Marketing Company of North East, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.

Appendix C

The Keystone Project

The Keystone Project is a 17-well project comprised of two tracts of land located in McKean and Warren Counties. The tracts are known as the KA and KL developments.

The KA development is a 9-well project developed in 2006 - 2007. The wells are located in the Allegheny National Forest on the Annabelle lease along USFS Roads 142 and 142A on USFS Warrant 5571 in Hamilton Township, McKean County. Wells in The KA development include:

Annabelle Third A3-1	Permit # 083-51717
Annabelle Third A3-2	Permit # 083-51718
Annabelle Third A3-3	Permit # 083-51719
Annabelle Third A3-4	Permit # 083-51720 - not drilled
Annabelle Third A3-5	Permit # 083-51721
Annabelle Third A3-6	Permit # 083-51722
Annabelle Third A3-7	Permit # 083-51723
Annabelle Third A3-8	Permit # 083-51724
Annabelle Third A3-9	Permit # 083-51725

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There is a battery of two oil storage tanks (#'s 431365 & 431366) and one storage tank for produced water located on a gravel access near the junction of USFS Roads 144 and 142. There is one gas meter (# 5571-A3, located near the junction of USFS Roads 144 and 142). Oil is sold to the American Refining Group, Inc. of Bradford, PA. Natural gas is sold to Vineyard Gas Marketing Company of North East, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.

The KL portion Project is a 9-well project developed in 2007. The wells are located on the property of Hugh Lauffenberger along Cobham Road northeast of the City of Warren in Glade Township, Warren County. Wells in the KL development include:

KL-1	Permit # 123-44652
KL-2	Permit # 123-44653
KL-3	Permit # 123-44654
KL-4	Permit # 123-44655
KL-5	Permit # 123-44656
KL-6	Permit # 123-44657

KL-7	Permit # 123-44658
KL-8	Permit # 123-44659
KL-9	Permit # 123-44727

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There are two oil storage tanks (#'s 491087 & 491088, located in the vicinity of KL-1), one gas meter (# ALA3, located south of KL-7) and one storage tank for produced water (located downhill from the oil storage tanks) serving the project. Oil is sold to the American Refining Group in Bradford, PA. Natural gas is sold to PAPCO in Warren, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.

Appendix D

The Homeland 4 Project

The Homeland 4 Project is a 14-well project developed in 2008. The wells are located on the property of D.G.D. Environmental Services, Inc. along Cobham Road northeast of the City of Warren in Glade Township, Warren County. Wells in the Homeland 4 Project include:

Page 1	Permit # 123-45131
Page 2	Permit # 123-45132
Page 3	Permit # 123-45133
Page 4	Permit # 123-45134
Page 5	Permit # 123-45135
Page 6	Permit # 123-45136
Page 7	Permit # 123-45137
Page 8	Permit # 123-45138
Page 9	Permit # 123-45139
Page 10	Permit # 123-45140
Page 11	Permit # 123-45141
Page 12	Permit # 123-45142
Page 13	Permit # 123-45143
Page 14	Permit # 123-45144

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There are two oil storage tanks (#'s 491169 & 491179, located near the entrance to the project), one gas meter (# 0005) and one storage tank for produced water (located downhill from the oil storage tanks) serving the project. Oil is sold to the American Refining Group in Bradford, PA. Natural gas is sold to PAPCO in Warren, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.

Appendix E

The Homeland 5 Project

The Homeland 5 Project is a 21-well project developed in 2008. The wells are located on the property of Patrick Winger along Cobham Road northeast of the City of Warren in Glade Township, Warren County. Wells in the Homeland 5 project include:

Winger W-1	Permit # 123-45253
Winger W-2	Permit # 123-45254
Winger W-3	Permit # 123-45255
Winger W-4	Permit # 123-45256
Winger W-5	Permit # 123-45257
Winger W-6	Permit # 123-45258
Winger W-7	Permit # 123-45259
Winger W-8	Permit # 123-45260
Winger W-9	Permit # 123-45261
Winger W-10	Permit # 123-45262
Winger W-11	Permit # 123-45263
Winger W-12	Permit # 123-45264
Winger W-13	Permit # 123-45265
Winger W-14	Permit # 123-45266
Winger W-15	Permit # 123-45267
Winger W-16	Permit # 123-45268
Winger W-17	Permit # 123-45269
Winger W-18	Permit # 123-45270
Winger W-19	Permit # 123-45271
Winger W-20	Permit # 123-45272
Winger W-21	Permit # 123-45273

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There are two oil storage tanks (#'s 491198 & 491199, located in on the property of Glenn Baldensperger along Cobham Park Road), one gas meter (# Bradford Master Meter, located adjacent to the Homeland 4 Project meter) and one storage tank for produced water (located at the oil storage tanks) serving the project. Oil is sold to the American Refining Group in Bradford, PA. Natural gas is sold to PAPCO in Warren, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.

Appendix F

The Homeland 6 Project

The Homeland 6 Project is a 60-well project developed in 2008 and 2009. The wells are located on the properties of Dennis and Pamela Dickey, Patrick Winger, Daniel Ristau, and Victor Laughenberger, all of which are located along Cobham Park Road northeast of the City of Warren in Glade Township, Warren County. Wells in the Homeland 6 project include:

Dickey D30	Permit # 123-45360
Dickey D31	Permit # 123-45361
Dickey D32	Permit # 123-45362
Dickey D35	Permit # 123-45363
Dickey D36	Permit # 123-45364
Dickey D37	Permit # 123-45365
Dickey D38	Permit # 123-45366
Dickey D39	Permit # 123-45367
Dickey D40	Permit # 123-45368
Dickey D41	Permit # 123-45369
Winger W22	Permit # 123-45429
Winger W23	Permit # 123-45430
Winger W24	Permit # 123-45378
Winger W25	Permit # 123-45379
Winger W26	Permit # 123-45380
Winger W27	Permit # 123-45381
Winger W28	Permit # 123-45382
Winger W29	Permit # 123-45383
Winger W30	Permit # 123-45384
Winger W31	Permit # 123-45385
Winger W32	Permit # 123-45386
Winger W33	Permit # 123-45387
Winger W34	Permit # 123-45527
Winger W35	Permit # 123-45388
Winger W36	Permit # 123-45528
Winger W37	Permit # 123-45389
Ristau DR1	Permit # 123-45534
Ristau DR2	Permit # 123-45535
Ristau DR3	Permit # 123-45536
Ristau DR4	Permit # 123-45537
Ristau DR5	Permit # 123-45538
Ristau DR6	Permit # 123-45539
Ristau DR7	Permit # 123-45540
Ristau DR8	Permit # 123-45541

Ristau DR9	Permit # 123-45542
Ristau DR10	Permit # 123-45543
Ristau DR11	Permit # 123-45544
Ristau DR12	Permit # 123-45545
Ristau DR13	Permit # 123-45551
Ristau DR14	Permit # 123-45546
Ristau DR15	Permit # 123-45550
Ristau DR16	Permit # 123-45547
Ristau DR17	Permit # 123-45548
Wentz 6	Permit # 123-36268
Lauffenberger VL-1	Permit # 123-45641
Lauffenberger VL-2	Permit # 123-45640
Lauffenberger VL-3	Permit # 123-45639
Lauffenberger VL-4	Permit # 123-45638
Lauffenberger VL-5	Permit # 123-45637
HD-1	Permit # 123-45653
HD-2	Permit # 123-45654
HD-3	Permit # 123-45655
HD-4	Permit # 123-45656
HD-5	Permit # 123-45657
HD-6	Permit # 123-45658
HD-7	Permit # 123-45659
HD-8	Permit # 123-45660
HD-9	Permit # 123-45661
HD-10	Permit # 123-45662
HD-11	Permit # 123-45663

The wells were drilled by the air rotary drilling method. Waste liquids from drilling and completion were transported to Waste Treatment Corporation, 1 Harmon Street, Warren, PA 16365 for treatment and disposal.

Production is combined primary oil and natural gas. There are seven oil storage tanks (#'s 491244 & 491245 located on the property of Daniel Ristau, #'s 491200 & 491201 located on the property of Dennis Dickey, and # 491XXX located on the property of Vic Lauffenberger), three gas meters (Homeland WD, Homeland DR and Homeland VL-1, located adjacent to the oil storage tanks on the Dickey, Ristau and Lauffenberger properties) and four storage tanks for produced water (located at the oil storage tanks) serving the project. Oil is sold to the American Refining Group in Bradford, PA. Natural gas is sold to PAPCO in Warren, PA. Produced water is transported to Waste Treatment Corporation in Warren, PA for treatment and disposal.