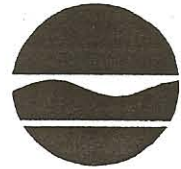


New York State Department of Environmental Conservation
Division of Mineral Resources
128 South Street
Olean, New York 14760-3632
(716) 372-0645



Michael D. Zagata
Commissioner

TO: New York State Oil and Gas Operators
FROM: Mr. Jack Dahl, Regional Minerals Manager
SUBJECT: DRILLING PERMIT REQUIREMENTS

1. Prior To The Start of Any Operation OPERATOR IS REQUIRED
To give notice by Certified Mail to:
 - a) Any Local Government affected by the drilling operation (County, Town, City officials).
 - b) ANY surface owner affected by the drilling operation.To comply with ALL special conditions outlined in Section II of the Drilling Permit.
To notify the Regional Office of Mineral Resources of:
 - a) Date the well will be spudded.
 - b) Name of the Drilling Contractor.
 - c) Rig number.
 - d) API Well Number.To re-notify the Regional Office of Mineral Resources when:
Rotary equipment is moved onto a location that has been previously "top-holed".
2. During Drilling Operations OPERATOR IS REQUIRED
To post and display in a prominent place all permits (drilling and special) so as to be clearly visible and legible at all times.
3. Within Thirty (30) Days After The Well Has Been Completed (after Stimulation and Testing) OPERATOR IS REQUIRED
To file a Completion Report Form [85-15-17 (3/87)] containing all requested information and three copies of all logs run on the well.
4. If Within Ninety (90) Days After Drilling Operations Have Stopped (removal of drill rig) The Well Is Not Completed (stimulated and tested) OPERATOR IS REQUIRED
To file for Temporary Abandonment Status.
5. Within Forty-Five (45) Days After Drilling a Well OPERATOR IS REQUIRED
 - a) To dispose of pit fluids, PROPERLY.
 - b) To reclaim the pit(s).
6. During Drilling, Completion, Production or Plugging Operations OPERATOR IS REQUIRED
To report ALL non-routine incidents (drill pipe failures, casing failures, cement failures, fires, blowouts, spills, etc.) by (1) telephone, and (2) by written report giving all details.
7. Attached For Review and Reference, Is a Copy of the Cementing and Casing Guidelines.

FAILURE TO COMPLY WITH ANY OF THE REQUIREMENTS OUTLINED ABOVE IS A VIOLATION OF THE ENVIRONMENTAL CONSERVATION LAW AND THE RULES AND REGULATIONS FOR MINERAL RESOURCES PROMULGATED THEREUNDER AND MAY BE SUBJECT TO FINES.