

January 14, 2016
32901 Hawley Road
Acton CA 93510

Los Angeles Regional Water Quality Control Board
320 W. Fourth Street, Suite 200
Los Angeles CA 90013
Attn: Joshua Cwikla

2016 JAN 19 PM 2:20
CALIFORNIA REGIONAL WATER
QUALITY CONTROL BOARD
LOS ANGELES REGION

Dear Mr. Cwikla:

PRE Resources, LLC operates a total of 6 oil and gas wells in DOGGR District 2 and none in DOGGR District 1. PRE operates 2 wells in the Fillmore oilfield: wells S-14 (API #11100045) and S-16 (API #11121118). These wells are located in Section 27, T4N R20W.

PRE also operates 4 wells in the South Mountain oilfield: wells SM&O #1 (API #11103184), #2 (API #11103185), #4 (API #11122303) and #5 (API #11122304). These wells are located in Section 24, T3N R21W.

PRE Resources has not discharged any liquids from oil and gas well drilling or production to land during the 4 years we have operated wells in California.

PRE Resources acquired the Fillmore S-14 and S-16 wells in early 2012 from an out of state operator and were not able to get any records at all on these wells. We have no records of any sumps associated with these wells and have not discharged any liquids to land during the time we have operated the wells. There are no visible indications of any sumps that may have previously been associated with these wells – the wells are located in an area used for agriculture and if there were any old sumps the agricultural operations have obscured them.

PRE Resources has not performed any drilling operations on the S-14 well. We did redrill the bottom of the S-16 well in early 2013. All wastes resulting from the redrill operations of S-16 were hauled to Anterra Energy Services commercial disposal facility located in Oxnard. The approximate volume of drilling mud wastes associated with the redrill operations that were hauled to Anterra is 2000 barrels. All of the produced water from these two wells since PRE has operated them has been hauled to licensed commercial disposal facilities. Most of the produced water from the S-14 and S-16 has also been hauled to Anterra. A small amount of the produced water was hauled to Southern California Waste Water's (SCWW) commercial disposal facility in Santa Paula. We do not have exact records of how much of the produced water went to SCWW but it was a small percentage of the total produced. The total volume of produced water hauled to Anterra and SCWW from both wells starting when PRE first produced the wells in July 2012 through November 2015 is 48,301 barrels.

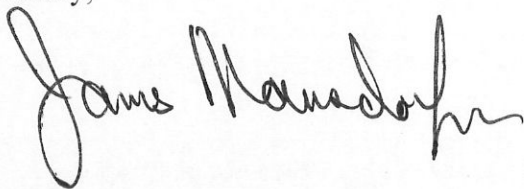
PRE Resources acquired the South Mountain SM&O #1 and #2 wells in Oct. 2014. We received limited records from the previous operator and these records do not contain any indication of old sumps associated with these wells. The topography around these wells is very steep and the wells are located on a small pad graded out of the side of the mountain when the wells were drilled in

the 1940's. PRE drilled the #4 and #5 wells in October and November 2014. When we were preparing the site for drilling these wells we scraped the location with heavy equipment to flatten it, and did not encounter any spots indicative of an old sump. All drilling mud wastes associated with the drilling operations were hauled to Anterra Energy Services. The approximate volume of drilling mud wastes associated with the drilling operations that were hauled to Anterra is 2000 barrels. All produced water from all four SM&O wells since PRE began producing the wells in December 2014 has been hauled to Anterra. The volume of produced water hauled to Anterra from these wells from Dec. 2014 through November 2015 is 5936 barrels.

I, James Mansdorfer, certify under 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.

If you have any questions about PRE Resource's operations in California please feel free to call me at 661-202-9833.

Sincerely,

A handwritten signature in black ink that reads "James Mansdorfer". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

James Mansdorfer