January 18, 2016

To: Los Angeles Regional Water Quality Control Board 320 W. Fourth Suite 200 Los Angeles, CA 90013

Attn: Mr. Joshua Cwikla

Dear Mr. Cwikla,

In response to your letter dated December 18, 2015, the following is a description of the handling of water that Plegel Oil Co. Inc.'s three leases (Blattner, Joe Johnson, and A.H.A.) in the Richfield field 598-1 produce.

Since The Plegel Family purchase in 1992, all three leases have been discharged to Orange County Sanitation District's sewer line. In 1992, a Class II permit was obtained, but then converted in 1996-1998 to a Class I permit (#2-1-176).

All water is first separated from the oil with heat and an emulsion breaker. The water then passes through a series of clarification tanks and activated carbon vessels. From there the treated water flows to the sewer for discharge. The water is continuously analyzed by the owner and random inspections by Orange County Sanitation District occur every three months. There are no open sumps and the water from the three leases is never exposed to bare ground. Included is a copy of the December 2015 OG110 (monthly oil, water and gas production report) that was prepared for The Plegel Oil Co. Inc. owned leases: Blattner, Joe Johnson, and A.H.A. Leases.

I, Emil Wayne Plegel, 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 in the inquiry of the 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.

Please contact me if you have any questions.

Emil Wayne Plegel

President

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