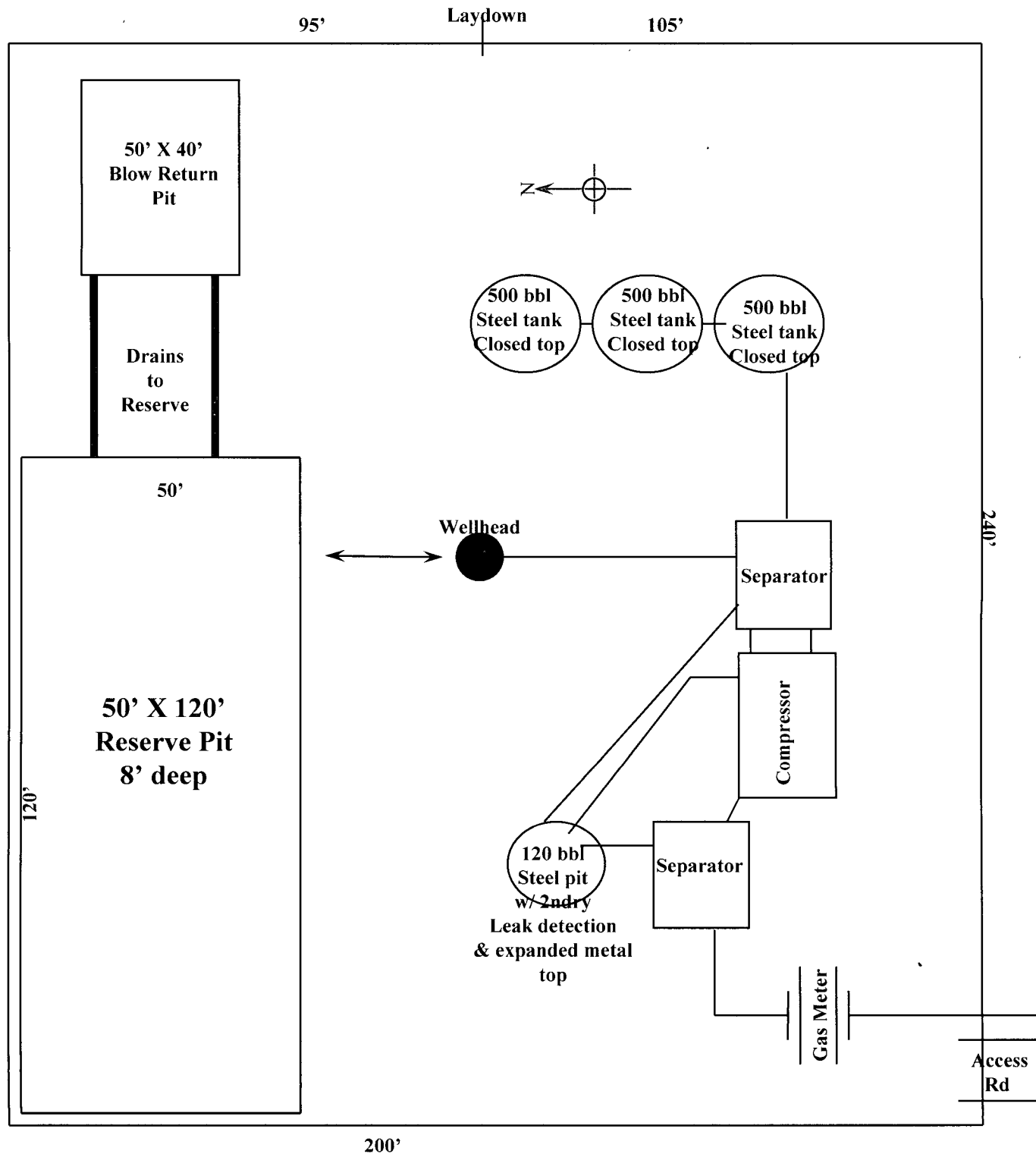


JUL 24 2007

KOCH EXPLORATION COMPANY
NORDHAUS 716
S132, T31N , R9W
1810' FNL & 1240' FEL - ELEVATION 6071'



Nordhaus 716

S13, T31N, R09W, 1810' FNL & 1240 FEL

San Juan Co., New Mexico

API No. 30-045-28252 Lease SF078508A

Upon completion of deepening remaining liquids were removed from pit by truck to an approved disposal facility.

Prior to closing the pit, liner was cut off at mud level. The excess liner was hauled to a licensed disposal.

June 7, 2007 the remaining waste in pit was encapsulated. This was accomplished by covering the remaining waste and liner with earthen materials. Surface area where pit was located was contoured according to BLM requirements, and will be reseeded at a later date with recommended BLM seed mixture.