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Technical Memorandum

To: Craig Neeley, Aqua Engineering

From: BARNETT INTERMOUNTAIN WATER CONSULTING

Date: June 23, 2016

Re: Summary of drilling activity on the Skyhawk Test/Monitor Well

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Please consider this a preliminary summary of the drilling of the Skyhawk Test/Monitor Well for Elk Ridge City pending completion of a more thorough technical memorandum on the drilling project.

1. Hydro Resources began drilling an 8-inch test hole May 5, 2016 and drilling was completed May 13, 2016 to a depth of 850 ft. to determine the potential and feasibility of the site for a municipal production well.

2. The well drilled through approximately 830 ft of primarily very coarse, unconsolidated alluvium where it encountered a bedrock unit of quartzite at 830 feet. The well was drilled approximately 20 feet into the bedrock to verify this was in fact bedrock and not just a large boulder

3. Samples of the drill cuttings were collected every 10 ft. and logged onsite during drilling by BIWC.

4. The alluvium is comprised dominantly of large gravel and cobble to even boulder size material interbedded with layers of clay.

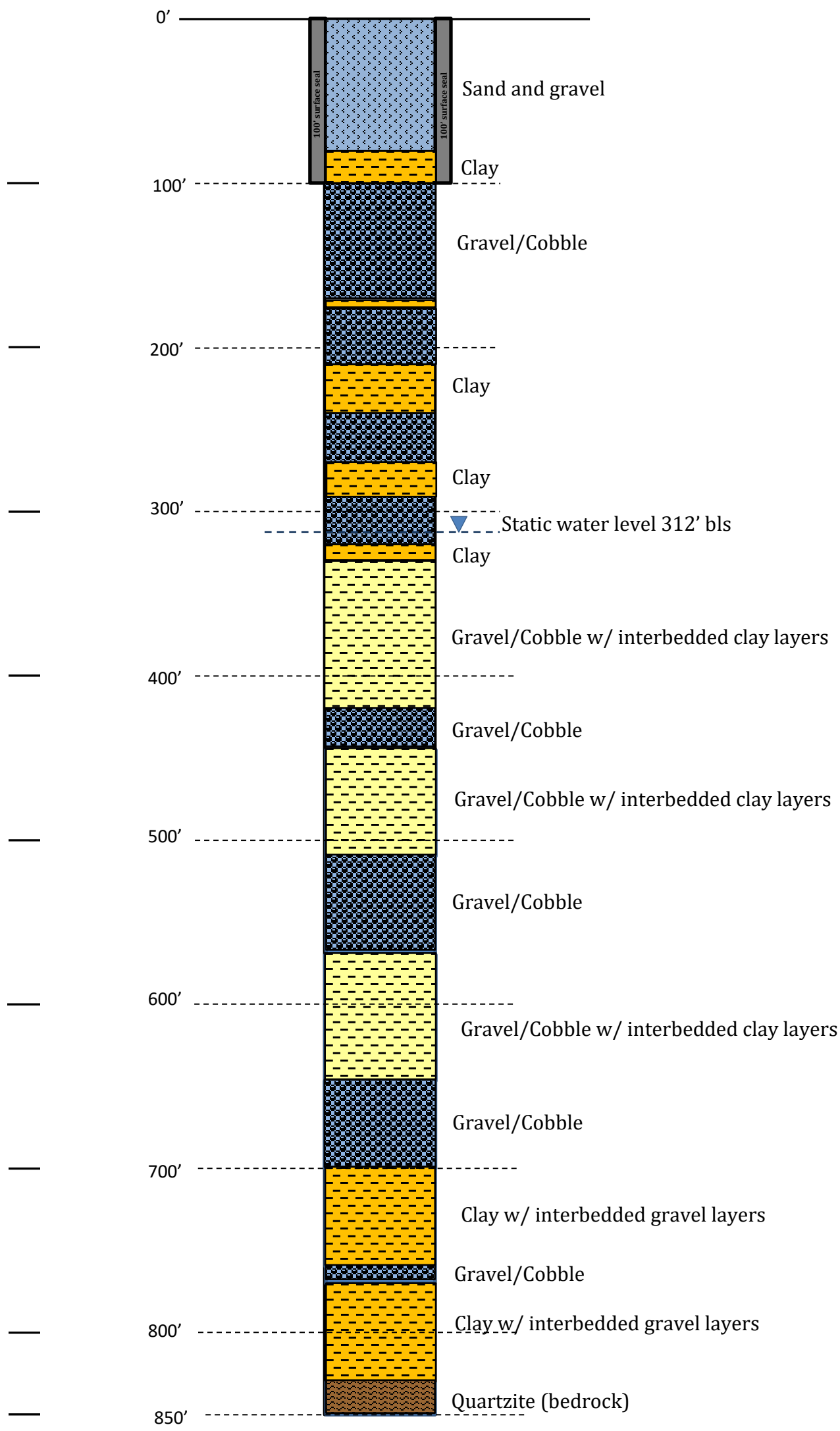
5. Following completion of drilling of the borehole, a downhole e-log or geophysical log was run on the well by Century Geophysical Corp. to further delineate the characteristics of the alluvial aquifer.

6. The well was then constructed and completed as a 2-inch monitor well and air lifted to clean out the drilling mud.

7. Static water level in the monitor well was measured at 312 ft. bls on June 17, 2016.

8. Observations during drilling and examination of the drill cuttings shows the gravel and cobble material to have very good water bearing and production potential. The course alluvium consists of primarily gravel and cobbles with very little sand interbedded with thin to locally thick layers of light orange brown clay. Comparison of the drill cuttings with the description of the cuttings from the Highline well approximately one-quarter of a mile away shows the aquifer, although perhaps not as thick, to be very comparable. Thus we believe the Skyhawk site to have good potential as a site for a production well.

9. Based examination of the drill cuttings and the geophysical logs, there are 140 ft. of clean gravel/cobble intervals (420' – 445', 525' – 575', 645' – 700' and 760 – 770') that are the primary target for screening and developing. Except for the gravel layer between 760 and 770 ft, the alluvium below 700 ft. is primarily clay with thin interbeds of gravel to bedrock encountered at 830 ft. There are also potentially up to another 115 ft. (570 – 645' and 370 – 410') of gravel layers interbedded with thin layers of clay that may possibly be screened similar to some of the screened intervals in the Highline Well.

10. My preliminary recommendation would be to construct an 18-inch completed diameter, 760 ft. deep production well with at least 140 ft., but potentially up to 200 ft., of 80 slot stainless steel wire-wrap screen with a 6/9 size filter pack. If the production well is located more than a couple hundred feet away from the test hole, I would recommend that upon drilling the borehole for the production well that a geophysical log be run on the borehole to verify the depths and thicknesses of the screened intervals at the new location.

Preliminary Lithologic Log of the Skyhawk Test/Monitor Well