



02470027

SAGLE & SCHWAB ENERGY RESOURCES

RECEIVED

Bob Sagle
President/Engineering

Tripp Schwab
Vice-President/Operations

05-067-08944
LOC # 311961 COGCC
05-067-08957
LOC # 311429
05-067-08952
LOC # 333434

March 26, 2004

State of Colorado
Oil & Gas Conservation Commission
1120 Lincoln St., Suite 801
Denver, CO 80203

Attention: Debbie Baldwin

RE: Water Well Testing
Payne 33-8-24 #4
Payne 33-7-23 #2
BigJohn 33-7-10 #3
Worford GU #2
La Plata County, CO

Dear Debbie:

Attached are copies of Lynn Fechter's notes concerning water well testing (prior to drilling) within 1/4 mile of the captioned proposed gas wells.

I am still holding the results of water well testing on Randy Neil. You were going to check notes concerning gas in the water or something and then give me a call as to when to send them to him??

Please let me know if you need additional information or have any questions.

Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES
AGENT FOR SG INTERESTS

Marcia Stewart
Engineering Assistant

| FCG # | Date of Test | Oper | BLM | IID/COGCC | Drill Date | GasWellName | WaterWellPermit# | NAME | Released |
|----------|--------------|------|-----|-----------|------------|-----------------|------------------|----------------------------------|----------|
| 051204-4 | 5/12/04 | SGI | NO | New | Unknown | Payne 33-8;24#4 | Before 1972? | Jean & Casey Brown (Pretest) | YES |
| 051204-3 | 5/12/04 | SGI | 142 | 142 | Unknown | Payne 33-8;24#4 | 135977 | Diana and Steve Eaglin (Pretest) | YES |

Confirmed Tests conducted in June 2004 Released to Drill
 SG should have rec'd all water well data by this time and mailed to landowners and COGCC
 Lynn Fechter
 Four corners Geoscience
 7/14/04

D. Baccaron

| FCC # | DATE | BLM | IID(COGC) | GasWellName | WaterWell | NAME | Released | COMMENTS |
|----------|---------|-----|-----------|--------------------|-----------|--------------------------|----------|---------------------------------|
| 070104-0 | 7/1/04 | NO | No test | Big John 33-7-10#3 | 250786 | Larry Weite(Foreclosure) | Yes | NO ACCES PER REALTOR. |
| 061204-0 | 6/21/04 | NO | No well | Big John 33-7-10#3 | No wells | John Randle Property | Yes | NO WELLS per Campbell-Caretaker |
| 061204-0 | 6/21/04 | NO | Too Far | Big John 33-7-10#3 | No wells | Ralph Chiles @1/2 mile | Yes | Cistern close to 1/2 mile |

Infill Well at 1/2 mile boundary to NW Bridle Valley Subdivision

No water well tests See Above for research memos

SGI

If a landowner calls in for special request please notify Lynn immediately to test well before Infill drill

7/14/04

Submit form to COGCC for compliance

| FCG # | DATE | SAP# | BLM | ILD/COGCI | Dtill Date | GasWellName | Water-WellPermit | NAME | Released | COMMENTS |
|----------|---------|------|-----|-----------|------------|---------------|------------------|-----------------------------------|----------|---|
| 031804-1 | 3/18/04 | SGI | NO | NEW | 5/24/04 | Worford GU #2 | 234461 | Robert and Dixie Cherry (Pretest) | Yes | Test complete |
| 0404-0 | 4/30/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | No Permit | Lynn Fechter | Yes | No well |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | No Permit | Coe Axelsson | Yes | No telephone |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | Not drilled | Phil Abood | Yes | Hauls water |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | No Pump | Diana Donohue | Yes | Spoke to owner well but no pump heard water is not "good" |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | Hauls water | Tammy Harold | Yes | Hauls water No permit |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | Dry well | Robert Goodman | Yes | Too far Cistern hauls water also |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | No Permit | Stephen Marquez | Yes | Called several times no machine |
| 031804-1 | 3/18/04 | SGI | NO | No test | 5/24/04 | Worford GU #2 | 148648 | Jeanne Stravrowsky | Yes | > 1/2 mile Nearer the well Ford D |