



SAGLE & SCHWAB ENERGY RESOURCES

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May 14, 2003



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

Attention: Debbie Baldwin

RE: Water Well Testing
Whitt 33-8-36~~43~~
(SENE) Sec 36-T33N-R8W
La Plata County, CO

Dear Debbie:

Attached is a copy of Lynn Fechter's notes concerning water well testing (prior to drilling) within 1/4 mile of the proposed gas well. There won't be any lab results because the only water well in the vicinity was tested recently (3/6/03) prior to the drilling of the Fassett 33-7 #31-3 well.

I called Green Analytical Labs today (I apologize for not calling them sooner) and asked them to send you a "helium corrected" report for the Animas 34-10 #36-2 well, as you requested.

I believe we're getting back on track with our water well testing and reporting. Please let me know if you need any additional information. Thank you for your help.

Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES
AGENT FOR SG INTERESTS

Marcia Stewart
Engineering Assistant

WELL NAME	PERSONS NOTIFIED	INITIAL SAMPLE TAKEN	LAB SAMPLE	RESULTS MAILED	POST TESTS MAILED
Jaques 33-8 #26-3	Barbara Jaques	No water wells			
Glenda #1	Cordy M. Jaques (So ute 33-8 #28-3 not drld)	6/12/02 prev testing			
Fassett 33-7 #31-3	Bruce Fassett (Leaseholder)	No water wells			
	Hope Vail (Pretest) 2096 CR 319 Ignacio, CO 81137	3/6/03	3/6/03	3/28/03	
Whitt 33-8-36 #3	Bruce Fassett	No water wells			
	Hope Vail 2096 CR 319 Ignacio, CO 81137	prev testing			

*W - lease agreed, photos
Mareen Stewart
Segler + Schubert*

FCG #	DATE	BLM	Operator	GasWellName	LocationGasWell	Proj#S98Infill	IDCOGC	DATE	Last Name	First Name	NAME	AddressWaterWell	QTRQTR	SECTION	TOWNSHIP	RANGE	LOM
042103-0	4/21/03	3541	SGI	WH11 33-8-36-3	SENE Sec:36 T33N R9W	596	3541	4/21/03	Vail	Hope	Hope Vail	2086 CR 319 Ignacio, CO 81137	NW/SE	36	33	8	-107
042103-0	4/21/03	NO	SGI	WH11 33-8-36-3	SENE Sec:36 T33N R9W	596	No wells	4/21/03	Fassett	Bruce	Bruce Fassett	CR 319 Ignacio, CO 81137	W/1/2	36	33	7	No le

Four Carrers Geoscience researched DOWR water well permits for location of water wells within 1/4 to 1/2 mile radius of the proposed infill drill for SGI. One water well permit was found for Hope Vail 134978, also BLM test site #3541. This well was recently tested for SGI infill in same vicinity. No rates will be conducted since this water well is already in the monitoring program per COGCC Infill Order #112-159 and 112-157.

The BLM COGCC database was also accessed for historical water well data and sites in this area. George White i.e. Hope Vail was a BLM test site and the property is now under ownership of Hope Vail.

SGI may send this data to the COGCC in order to confirm research has been conducted. If SGI locates other water well owners which may have drilled water wells since the DOWR permits were updated, they should contact Lynn Fechter for scheduling of a water well test previous to the drilling of the named infill gas well.