

Colorado Oil and Gas Conservation Commission (COGCC)
Onsite Inspection Request Form
(Effective for APDs submitted after February 15, 2005)

RECEIVED
AUG 19 2005
COGCC

As the surface owner(s) where a proposed well is being drilled, I/we are requesting that the COGCC conduct an onsite inspection. I/we did not execute a lease nor did I/we execute a surface use or other relevant agreement for the proposed well. I/we understand that good faith consultation with the operator as required under COGCC Rule 306. is required to have occurred prior to making this request to the COGCC to conduct an onsite inspection, and that this onsite inspection request must be received by the COGCC within ten (10) business days of the first day of the Rule 306. consultation.

Surface Owner Contact Information:

Name: Jason Kane, Ranson & Kane, P.C., attorney for Steamers Ranch, LLC (surface owner)
Address: 3475 Briargate Blvd., Suite 201, Colorado Springs, CO 80920
Telephone No. 719-593-2121; Fax: 719-593-1818
Cell Phone No. 719-351-5353

Well Operator and Location Information:

Operator: Presco, Inc.
Well Name: See attached Exhibit 1, Plat #3 (the issue in this matter deals with an access road to a well site on an adjacent property)
Location: See attached Exhibit 1.
County: Garfield County

First date Rule 306. consultation occurred: August 5, 2005

Proposed two (2) dates for the COGCC onsite consultation (must be within thirty (30) days of the request)

1st date: September 14, 2005 2nd date: September 1, 2005

I would prefer to have a representative of the appropriate Local Government (COGCC Local Governmental Designee) invited to attend the onsite inspection? yes no

Briefly describe the unresolved issues related to the proposed well **(The onsite inspection shall not address matters of surface owner compensation, property value diminution, future use of the property or any private party contractual issues between the operator and the surface owner.)**

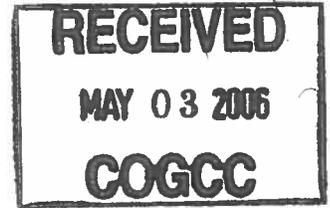
Upon and information and belief, the access road being proposed in this matter is not for the use of the mineral rights on Steamers' property, rather it is for a drill on Chevron's adjacent property, which could be accessed via Chevron's property. Without waiving said argument, Steamers has concerns regarding the location of the road and the impacts it has on its property. Steamers requests an on-site inspection to address the impacts on the property, including but not limited to, the visual or aesthetic impacts, surface impacts, noise impacts, dust impacts, ground water impacts, safety impacts, and wildlife impacts.

Signature(s) Jason P. Kane #33660 Date 8/18/05

Please fax or first class mail this request for an onsite inspection to:

Colorado Oil and Gas Conservation Commission
Attn: Permit Supervisor
1120 Lincoln Street Suite 801
Denver, CO 80203
FAX (303) 894-2109

RANSON & KANE, P.C.
Attorneys & Counselors at Law
3475 Briargate Boulevard, Suite 201
Colorado Springs, CO 80920
(719) 593-2121- Telephone (719) 593-1818 Fax
E-Mail - jkane@ranson-kane.com



March 22, 2006

Sent via facsimile

John Goodwin
10200 Grogan's Mill Road
Suite 520
The Woodlands, TX 77380
Fax: 281-292-7766

Re: Presco Access Road/Steamers Ranch LLC's Property

Dear Mr. Goodwin,

Thank you for your recent correspondence regarding Presco's proposed access road. After reviewing your offer, I need some points of clarification so my clients can properly respond to your offer.

In regard to the proposed road itself, there is some concern that the road will block access by Steamers into the National Forest. In reviewing the plat, it appears the forest was accessed previously through the corner of Steamers' property. Now, it appears Presco's proposed road may inhibit this route. I suppose it may depend on the height of the cut for the proposed road. Nonetheless, my clients would like to have some assurance, perhaps by accessing Presco's adjacent property, that they will have the ability to enter the National Forest. At this time, it does not appear that existing or proposed roads allow for such access.

Presco has also offered to allow a road right-of-way utilizing the existing and proposed access roads in Sections 26, 27, and 35. Steamers was wondering if these roads will be permanent roads and, therefore, permanent access will be granted to Steamers or if efforts will be made to restore and remove the roads at a later date.

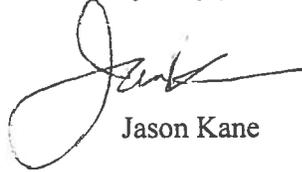
Also, if you could let me know what the anticipated time frame is for the construction and completion of the proposed road, assuming all parties are able to reach an agreement on its construction.

Finally, in regard to the \$4500 compensation offer, it is not clear what Presco means by "release of any and all damages resulting from Presco's construction activities." While the \$4500 may be offered to compensate Steamers for the use of their land, it appears Presco is attempting to limit its liability for negligent conduct etc. that goes beyond normal use. Please clarify what Presco's intent is behind the release.

W

After you provide answers to these questions, I believe my clients can better evaluate your offer. I am confident we can reach an amicable resolution. If you have any questions or comments, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jason Kane', with a large, stylized initial 'J'.

Jason Kane

* * * Memory TX Result Report (Mar. 22. 2006 11:35AM) * * *

1) RANSON & KANE
2)

D. /Time: Mar. 22. 2006 11:34AM

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
0788	Memory TX	12812927766	P. 2	OK	

Reason for error

- E. 1) Hang up or line fail
- E. 3) No answer
- E. 5) Exceeded max. E-mail size

- E. 2) Busy
- E. 4) No facsimile connection

RANSON & KANE, P.C.
 Attorneys & Counselors at Law
 3475 Briargate Boulevard, Suite 201
 Colorado Springs, CO 80920
 (719) 593-2121 - Telephone (719) 593-1818 Fax
 E-Mail - rkane@ranson-kane.com

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Lindblom, Steven

From: Lindblom, Steven
Sent: Thursday, April 27, 2006 6:19 AM
To: 'Jason P. Kane'
Subject: PRESCO EASEMENT

Jason:

In our telephone conversation last week, you mentioned that you could provide me a written description of the National Forest access that Steamers Ranch would like to have incorporated into the road across the southeast corner of the property. I would appreciate any information you could provide me regarding this.

Steve

Steven R. Lindblom, P.G.
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203
Tel: (303) 894-2100 Ext. 114
Fax: (303) 894-2109

PRESCO, INC
10200 Grogan's Mill Road, Suite 520
The Woodlands, Texas 77380
(281) 292-7792 Fax (281) 292-7766

March 1, 2006

Mr. Jason Kane, Esq.
Ranson & Kane, P.C.
3475 Briargate Boulevard, Suite 201
Colorado Springs, CO 80920

Steamers Ranch, LLC Surface
Revised Access Road Route
Section 34: SE/4 SE/4, T7S-R95W
Garfield County, Colorado

Dear Mr. Kane,

Following our on-site meeting of September 28, 2005, in accordance with Rule 305 of the Colorado Oil and Gas Conservation Commission, Presco has surveyed a revised path for the proposed access road across your client's property to access Presco's proposed well, being the Chevron Battlement Mesa 34-43 well.

As you are aware, I agreed to discuss our rights and options with Mr. Steve Bennett of the BLM Glenwood Springs District Office subsequent to our on-site meeting relative to utilizing more of Presco's surface lands in the S/2 of the S/2 of Section 35. Mr. Bennett informed me that Presco (as surface owner) has the right to construct an access road on its property if such road is not to be used to drill/produce the resource under this tract, being subject to BLM Lease COC-60433. As a result of your clients concerns expressed at our on-site meeting and my discussions with Mr. Bennett, Presco has revised the proposed access road location. Although it will result in a more costly and less direct route, we feel that the revised location adequately addresses the concerns of Steamers Ranch, LLC, as the road traverses the surface in the extreme southeast corner of Steamer's property, being located approximately 50 feet - in a northwesterly direction - from the SE section corner of Section 34 (see attached plat).

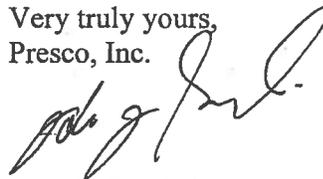
Mr. Jason Kane
March 1, 2006
Page 2 of 2

We feel that we have clearly demonstrated our willingness to reach a good-faith settlement with Steamers in addressing their concerns. Additionally, as we have previously discussed, we suggest the following items be addressed in reaching a settlement with Steamers and offer the following for your consideration:

1. Presco is willing to provide Steamer a road right-of-way and easement across Presco's surface lands, utilizing the existing and proposed access road in Sections 26, 27 and 35 as reflected on the attached plat. This will provide Steamers with access to its southern end of its property.
2. Presco agrees to pay Steamers a one time payment of \$4,500.00 for a release of any and all damages resulting from Presco's (and/or its contractors) construction activities related to; (1) the revised access road across the SE/4 of the SE/4 of Section 34, and (2) the recent construction activities and "pulling-in" the right-of-way on the existing road in the SW/4 of the SE/4 of Section 27.
3. As discussed at the "on-site" consultation and subject to Steamers fencing its property, Presco would be willing to install a cattle guard at the proposed access road entrance into Steamers lands in the SE/4 of the SE/4 of Section 34.

Please discuss the revised route with your client and let me know your thoughts and concerns relative to the revised location, the consideration above and any additional issues we need to address in reaching a settlement relative to the above matter. I look forward to hearing from you and hope we can reach an amicable agreement as to this matter. Should you have any questions or comments relative to the above, please feel free to contact me at (281) 292-7792 (ext. 17) or the above letterhead address.

Very truly yours,
Presco, Inc.



John J. Goodwin
Manager-Land & Business Development

Enclosures

Cc: Mr. Steve Lindblom - COGCC

Lindblom, Steven

From: Pavelka, Linda
Sent: Wednesday, April 05, 2006 4:07 PM
To: Lindblom, Steven
Subject: FW: Chevron 34-43 well

Could you let him know what you think, thanks

-----Original Message-----

From: Larry Little [mailto:llittle@prescocorp.com]
Sent: Wednesday, April 05, 2006 2:40 PM
To: Pavelka, Linda
Cc: Barbara
Subject: RE: Chevron 34-43 well

Linda, attached is our letter to Steamers Ranch to try finalize damages for our route across the most southerly part of their surface. We have worked with Steve Lindblom on this route with Steamers at the onsite. He finalized the route to be just at the mostly southerly part of their surface. We have revised and sent you that plat. Very little damages to Steamers with this route. This is what Steamers requested. Please review with Steve as Presco has a right to build the road at this time due to the COGC placement of road. Hopefully we can get this permist ASAP.
Larry

PRESCO, INC
10200 Grogan's Mill Road, Suite 520
The Woodlands, Texas 77380
(281) 292-7792 Fax (281) 292-7766



March 1, 2006

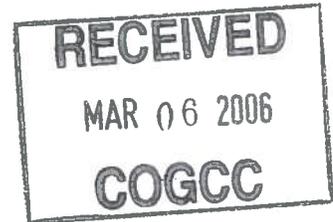
Mr. Jason Kane, Esq.
Ranson & Kane, P.C.
3475 Briargate Boulevard, Suite 201
Colorado Springs, CO 80920

Steamers Ranch, LLC Surface
Revised Access Road Route
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Garfield County, Colorado

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Mr. Jason Kane
March 1, 2006
Page 2 of 2

We feel that we have clearly demonstrated our willingness to reach a good-faith settlement with Steamers in addressing their concerns. Additionally, as we have previously discussed, we suggest the following items be addressed in reaching a settlement with Steamers and offer the following for your consideration:

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Please discuss the revised route with your client and let me know your thoughts and concerns relative to the revised location, the consideration above and any additional issues we need to address in reaching a settlement relative to the above mater. I look forward to hearing from you and hope we can reach an amicable agreement as to this matter. Should you have any questions or comments relative to the above, please feel free to contact me at (281) 292-7792 (ext. 17) or the above letterhead address.

Very truly yours,
Presco, Inc.

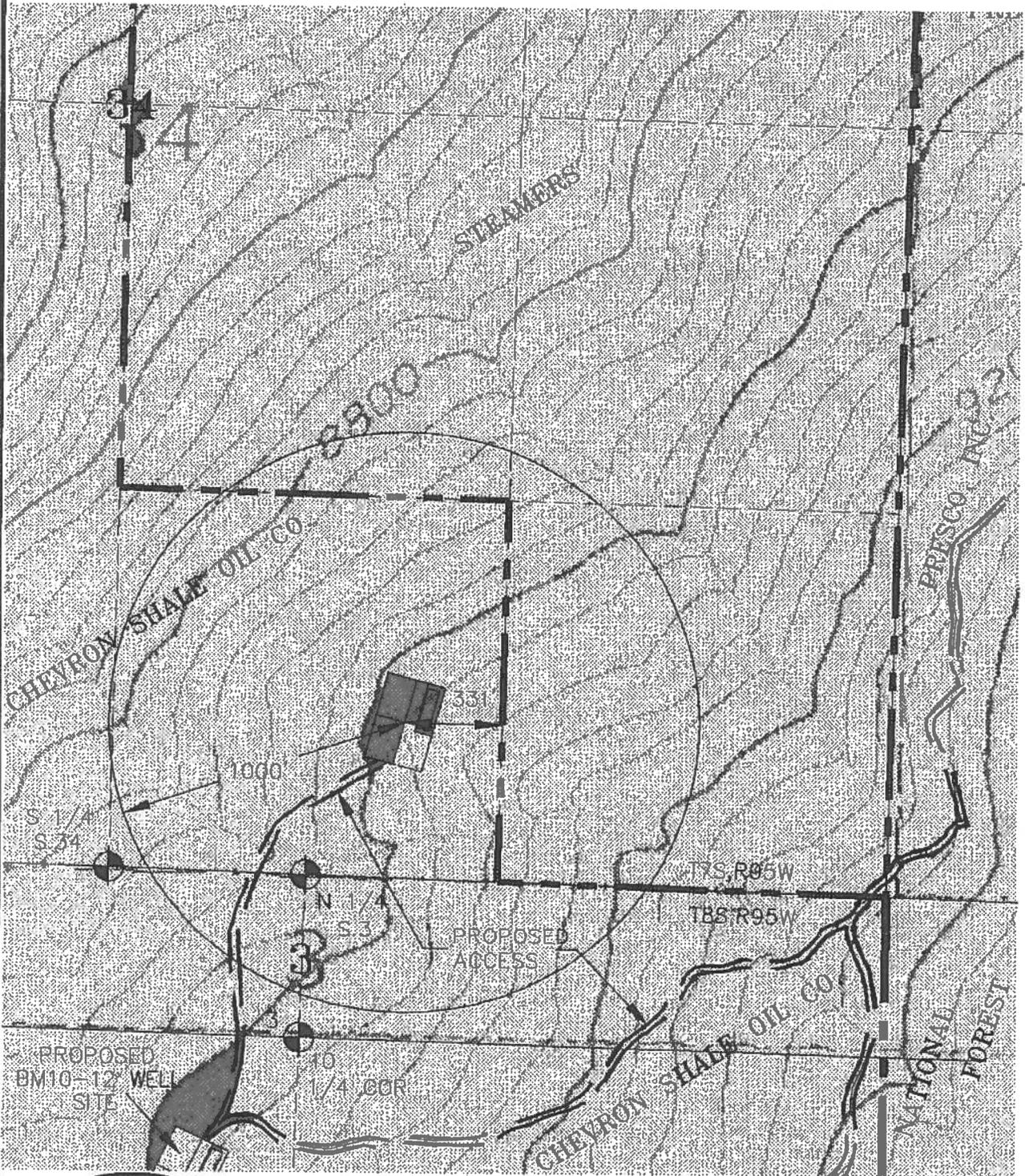
A handwritten signature in blue ink, appearing to read "John J. Goodwin". The signature is fluid and cursive.

John J. Goodwin
Manager-Land & Business Development

Enclosures

✓Cc: Mr. Steve Lindblom - COGCC

PLAT #4
CURRENT FOOTAGE



REVISED: 12-12-05



CONSTRUCTION SURVEYS, INC.
0012 SUNRISE BLYD.
SILT, CO 81652
970-876-5753

PRESCO, INC.
BM #34-43

SCALE: 1" = 500'

SHEET: 4 OF 4

PRESCO, INC

10200 Grogan's Mill Road, Suite 520

The Woodlands, Texas 77380

(281) 292-7792 Fax (281)292-7766

RECEIVED

MAR 06 2006

COGCC

March 1, 2006

State of Colorado Oil and Gas Conservation Commission
Department of Natural Resources
1120 Lincoln Street, Suite 801
Denver, CO 80203

Attn: Mr. Steven Lindblom
Onsite Inspection Specialist

Steamers/Presco On-Site Inspection for
Access Road - Chevron B.M. 34-43 well
T7S-R95W, Garfield County, CO

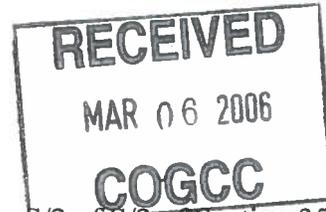
Dear Mr. Lindblom,

Following our on-site meeting relative to an access road - proposed to be partially located upon the surface lands of Steamers Ranch, LLC - to Presco's proposed well, the Chevron Battlement Mesa 34-43 well, this letter is to bring you up to date on the status of our efforts to reconcile the concerns of all the parties impacted by the drilling of such well.

As summarized in your "Memorandum" of October 14, 2005, following our on-site meeting attended by the representatives reflected in Attachment 1 to your memorandum, I subsequently contacted and had several discussions with Mr. Steve Bennett, Associate Field Manager with the BLM Glenwood Springs District Office. Our discussions focused on Presco's rights, options and/or necessary approvals from the BLM relative to our proposed access road construction and use of Presco's surface lands (owned in fee by Presco) in the S/2 of the S/2 of Section 35, T7S-R95W. As you are aware, these surface lands are owned by Presco, with the mineral interest owned (and currently under lease to Presco) by the BLM. The oil and gas lease (CO-60433) is subject to a "Controlled Surface Use Stipulation" as to the S/2 of the S/2 of Section 35.

Mr. Bennett verbally informed me that as long as we are not constructing a road, drill pad, production facilities, etc. for use in producing the resource on/under COC-60433 - which in this case we are not - Presco does not need to consult with the BLM as to our construction and use of an access road on this surface tract subject to the stipulation. However, should we desire

Mr. Steve Lindblom
COGCC
March 1, 2006
Page 2 of 2



to construct a lease road, drill pad or facilities (or anything else) on the S/2 of S/2 of Section 35 with the intent of using such for exploring/drilling/producing the resource on or under the surface of this tract of land – we must consult with the BLM and receive their approval to conduct surface operations prior thereto.

Therefore, Presco will be able to utilize the surface of the S/2 of S/2 of Section 35 for our access road. We have surveyed a revised route for the access road, with the location of such road on Steamer's surface lands being located approximately fifty feet (50') in a northwesterly direction from the southeast corner of Section 34 (see attached plat). As discussed in our telephone conversation this morning, there appears to be no need at this time to "formally propose" the revised access route as the interested parties have previously met "on-site" with this revision being a continuance of our original proposal. We will forward correspondence to both Steamers and Chevron for their review and approval of the revised location of the access road. Based on our on-site meetings, I would assume this route will be agreeable with the impacted parties and will keep you up to date on our discussions. Although it will result in a more costly and less direct route, we are optimistic the revised location will address the concerns of Steamers and be agreeable with both Steamers and Chevron as to the revised route.

I greatly appreciate your time and consideration in meeting with us and facilitating our revisions of the access road. Thanks again for all your help and guidance and if you should you have any questions or comments relative to the above, please feel free to contact me at (281) 292-7792, extension 17.

Best regards,

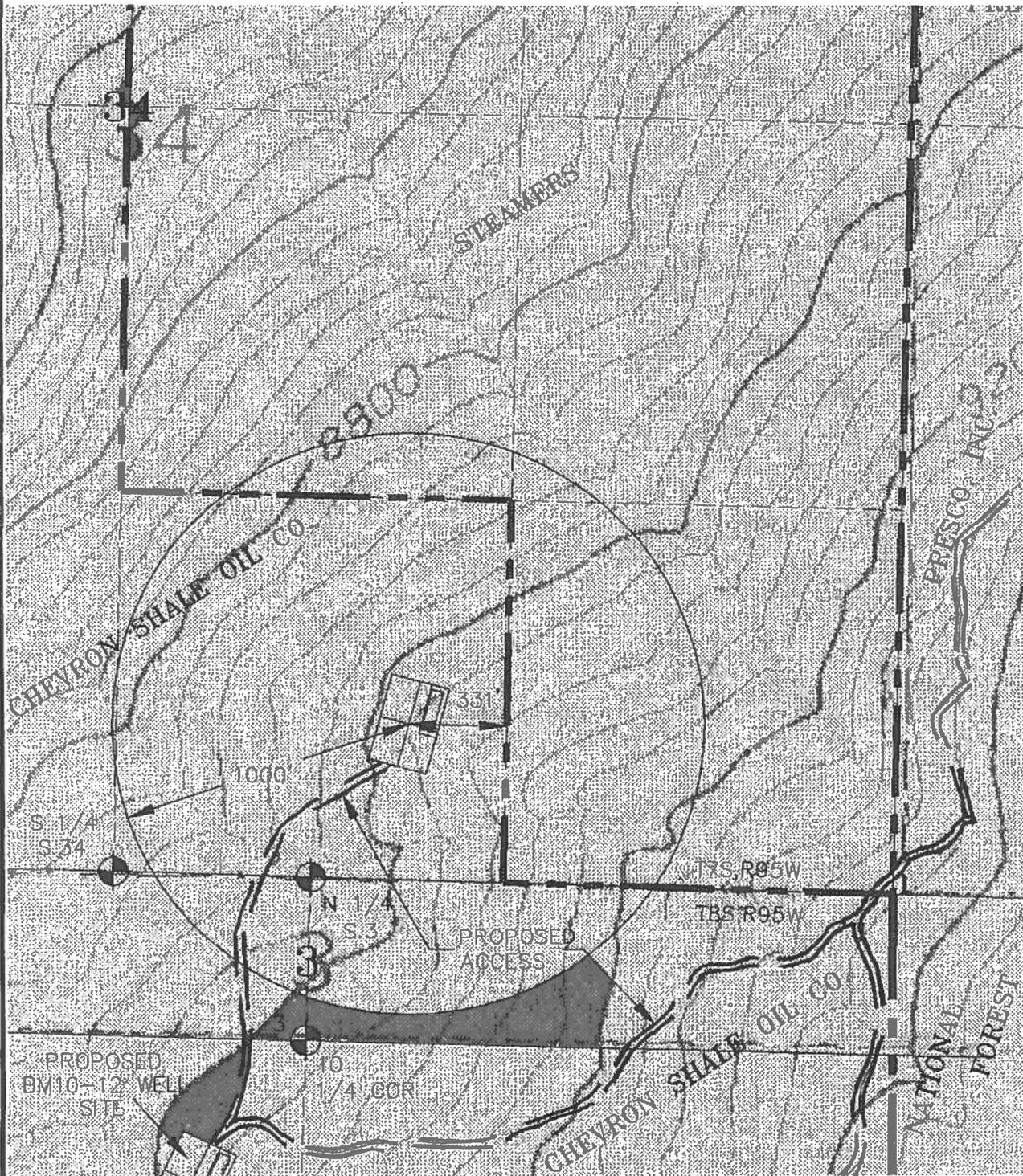
A handwritten signature in blue ink, appearing to read "John J. Goodwin".

John J. Goodwin, CPL
Manager – Land & Business Development

Cc: Mr. Jason Kane – Attorney for Steamers Ranch
Mr. Steve Bennett – BLM Office Glenwood Springs
Mr. Lee Parker – Chevron USA
Mr. Gary Bishop – Chevron USA Field Agent
Mr. John Hyrup – Surface Tenant on Chevron Surface Lands

Enclosure: Plat of access road

PLAT #4
CURRENT FOOTAGE



REVISED: 12-12-05



CONSTRUCTION SURVEYS, INC.
0012 SUNRISE BLYD.
SILT, CO 81652
970-876-5753

PRESCO, INC.
BM #34-43

SCALE: 1" = 500'

SHEET: 4 OF 4

Lindblom, Steven

From: Jason P. Kane [jkane@ranson-kane.com]
Sent: Wednesday, November 09, 2005 2:18 PM
To: Lindblom, Steven
Subject: Fw: PRESCO EASEMENT

Steve,

Below is a correspondence I received from John Goodwin regarding the status of the easement issue. John indicates he will be sending more information regarding the proposal in the near future.

In regard to whether my clients will oppose the cut across, my clients will provide their position on the proposed idea of cutting across their property and any compensation issues, after they receive the surveyed plat.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Jason P. Kane, Esq.
Ranson & Kane, P.C.
3475 Briargate Blvd., Suite 201
Colorado Springs, CO 80920
Ph: 719-593-2121
Fax: 719-593-1818

CONFIDENTIALITY NOTICE

This electronic mail transmission and any accompanying documents contain information belonging to the sender which may be confidential and legally privileged. This information is intended only for the use of the individual or entity to whom this electronic mail transmission was sent as indicated above. If you are not the intended recipient, any disclosure, copying, distribution, or action taken in reliance on the contents of the information contained in this transmission is strictly prohibited. If you have received this transmission in error, please call me collect at 719/593-2121 to let me know and delete the message. Thank you.

----- Original Message -----

From: [John Goodwin](#)
To: [Jason P. Kane](#)
Sent: Monday, October 31, 2005 2:36 PM
Subject: Re: PRESCO EASEMENT

Jason -

It's OK with the BLM relative to what we want to do. At this time, we are surveying a new path through the Chevron surface as we need to start over with them and provide a surveyed plat of revised road with our notice,

11/09/2005

etc. We are working with the idea of cutting diagonally across Steamers property 50 feet Northwest of the SE corner of Section 34. We do not anticipate this being resolved until next year due to the winter season, however, as soon as we have a survey of the revised Chevron road we'll have a better idea as to the timing of construction.

I need to send a more formal letter to both you and Steve Lindblom and will do so shortly. I'll also keep you informed relative to the above matter as we progress.

Best regards,

John J. Goodwin
Mgr - Land & Business Development
281-292-7792 office
281-292-7766 fax
jgoodwin@prescocorp.com

----- Original Message -----

From: [Jason P. Kane](#)
To: [John Goodwin](#)
Sent: Monday, October 31, 2005 2:21 PM
Subject: RE: PRESCO EASEMENT

John,

I was wondering if you had a status update regarding the easement issue with Steamers/BLM.

Thanks,

Jason P. Kane, Esq.
Ranson & Kane, P.C.
3475 Briargate Blvd., Suite 201
Colorado Springs, CO 80920
Ph: 719-593-2121
Fax: 719-593-1818

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