



Compl# 200446018
API# 123-12420
Doc# 2303090
Date: 08/27/2018

1401 17th Street, Suite 370
Denver, CO 80202
(720) 446-5620
www.jostenergylaw.com

August 27, 2018

Via Electronic Mail: greg.deranleau@state.co.us; steven@astrellalaw.com

Greg Deranleau
Environmental Manager
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Steven Louis-Prescott
Astrella Law P.C.
1801 Broadway, Suite 1600
Denver, CO 80202

Re: K.P. Kauffman Company, Inc. Response to Sauer Water Well Inquiry
Township 1 North, Range 65 West, 6th P.M.
Section 17: NE/4

Dear Mr. Deranleau & Mr. Louis-Prescott:

This letter responds to the letters dated July 6, 2018 and August 8, 2018, from Mr. Louis-Prescott on behalf of Debra Sauer regarding the Sauer Water Well subject to Complaint No. 200446018. As communicated previously by K.P. Kauffman Company, Inc. (KPK), KPK has completed testing of the two KPK operated wells proximate to the above-described Sauer Water Well, summarized and enclosed herewith.

First, upon receipt of Mr. Louis-Prescott's July 6, 2018 letter, KPK in partnership with Kerr-McGee and Anadarko Petroleum Corporation (together, "APC") hired Boulder Water to install a 1500-gallon tank, including a cistern and a pump, and has provided potable water to the Sauer's since July 13, 2018.

With respect to the proximate Maul #20-2 (API 123-12420) (the "Maul well"), operated by KPK, the Maul Well was initially drilled in 1985 to the J Sand. The well produced exclusively from the J Sand until May 2012. Surface casing was set at 211' and top of cement (TOC) was found to be at 6494' via Cement Bond Log (CBL) ran on June 10, 1985. Prior to recompletion on May 17, 2012, additional cement was squeezed to cover the Niobrara and to protect the aquifer. The TOC was determined to be 6260' via CBL ran on May 9, 2012. Cement was also pumped from 1280' to 211' protecting the aquifer, which was verified via CBL ran on May 9, 2012. Since May 2012, the Maul Well has been producing from the J Sand and the Codell.

The Maul Well passed a Mechanical Integrity Test (MIT) on August 1, 2018 witnessed by Tom Beardslee of the COGCC. A gas sample was collected on July 23, 2018 by Alliance

Passion for Energy. Innovation for the Future.

Source Testing and delivered to Dolan Integration Group (DIG) for compositional and isotopic analysis in order to forensically compare with the same analysis performed on the gas found at the Sauer Water Well. The results of the gas analysis were compared to the laboratory analysis requested by APC and performed by SGC North America and Isotech Laboratories. DIG compared the results from the produced gas from the Maul Well to the gas found at the Sauer Water Well and concluded that such gases are significantly different and do not share a common source.

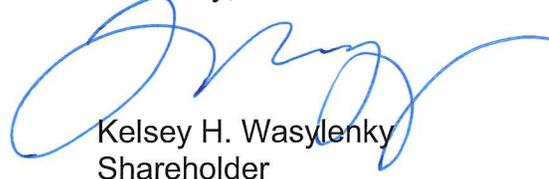
With respect to the proximate Johnston #20-1 (API 123-12214) (the "Johnston Well"), operated by KPK, the Johnston Well was initially drilled in 1985 to the J Sand. The well has produced exclusively from the J Sand. Surface casing was set at 309' and top of cement (TOC) was found to be at 6600' via CBL ran on October 31, 1985. Additionally, a stage tool providing further cement coverage was identified at 1050' via CBI ran on August 14, 2018. The well passed a MIT on August 15, 2018 witnessed by Bret Evins of the COGCC.

A gas sample of the Johnston Well was collected on July 23, 2018 by Alliance Source Testing and delivered to DIG for compositional and isotopic analysis in order to forensically compare with the same analysis performed on the gas found at the Sauer Water Well. The results of the gas analysis were compared to the laboratory analysis provided by APC. The analysis was requested by APC and performed by SGC North America and Isotech Laboratories. DIG compared the results from the produced gas from the Johnston Well to the gas found at the Sauer Water Well and concluded that such gases are significantly different and do not share a common source.

The enclosed Dissolved Gas Comparison analysis prepared by DIG was provided to the COGCC on August 20, 2018. This report concludes that the three samples interpreted from the Maul Well, the Johnston Well and the Sauer Water Well show that, although they fall into the thermogenic gas zone, the Sauer Water Well gas does not share a common source with the gas tested in the proximate wells. Therefore, the MIT results, the CBLs and the gas analysis results conclude that KPK's proximate oil and gas wells have not contributed to the gas found in the Sauer Water Well.

Please let us know if you have any questions or if additional information is required.

Sincerely,



Kelsey H. Wasylenky
Shareholder

Cc (via email): Steven Louis-Prescott - steven@astrellalaw.com
Jeffrey Fiske - Jeffrey.fiske@anadarko.com
Susana Lara Mesa - slaramesa@kpk.com