



April 24, 2007

Mr. Steven Schlacter
49875 County Road 26
Holyoke, CO 80734

VIA HAND DELIVERY



Re: Notice of Drilling Operations
Township 9 North, Range 43 West, 6th P.M.
Section 22: NE/4SW/4 (Schlacter #943-22-23 Well)
SE/4SE/4 (Schlacter #943-22-44 Well)
Phillips County, Colorado

Dear Mr. Schlacter:

The Colorado Oil and Gas Conservation Commission ("COGCC") has adopted guidelines and procedures regarding oil and gas activities affecting the surface. These rules stipulate that an affected surface owner must be given notice in writing by an operator at least thirty (30) days prior to commencement of drilling an oil and gas well.

In accordance with Rule 305 b (1) of the COGCC's Rules this letter shall serve as a 30-day notice from PRB Oil & Gas, Inc. ("PRB") of its intention to conduct drilling operations on the above referenced lands. PRB anticipates commencing operations no sooner than thirty (30) days from the date of this letter but within the next twelve (12) months, pending receipt of required permits and approval of title. You may elect to waive this 30-day notice, and thereby shorten this time period, by checking the appropriate space on the enclosed Owner Response Letter.

In accordance with Rule 306 of the COGCC's Rules you are also provided the opportunity to consult with PRB prior to commencement of operations with respect to location on your property of the roads, production facilities and wellsite(s). If you would like to schedule a time for such consultation, please so indicate by returning the attached Owner's Response Letter to PRB at your earliest opportunity and we will attempt to reasonably accommodate your preferred date and time for the consultation.

Enclosed is a self-addressed stamped envelope for your convenience in returning the Owner Response Letter. If we do not receive the Owner Response Letter back from you within the next thirty (30) days, we will assume you elect not to engage in Rule 306 consultation.

As the surface owner, it is your responsibility to notify any affected tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by PRB's proposed operations.

Notice of Drilling Operations
April 24, 2007

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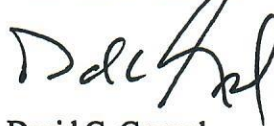
COGCC

Also enclosed is an "Oil and Gas Well Notification Consultation and Reclamation Rules Brochure" containing information for Operators, Surface Owners and Surface Tenants. We are additionally providing you a copy of our Rule 306 Consultation form that we will fill out when we meet for consultation.

If you should need anything further in this regard, please contact David Gremel at the address referenced above or at my direct number (303) 308-1330 (ext.128). Thank you in advance for your cooperation.

Sincerely,

PRB Oil & Gas, Inc.



David C. Gremel
Land Manager

Enclosures

cc: Colorado Oil and Gas conservation Commission