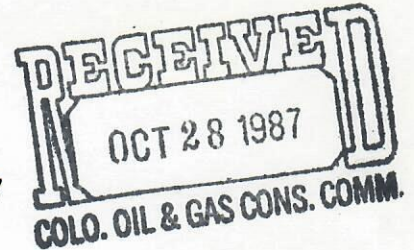


CHURCHILL ENERGY, INC.  
777 S. Wadsworth Blvd.  
Irongate 2, Suite 205  
Lakewood, CO 80226  
(303) 987-1480



October 27, 1987

Colorado Oil and Gas Commission  
1580 Logan, Suite 380  
Denver, Colorado 80203

Attention: Inspection

Re: New Windsor Unit  
Eaton Law #2  
Township 7 North, Range 67 West  
Section 35: NW4NW4

Gentlemen:

Your recent inspection of subject well which had water flowing over the pit was noted by phone conversation.

Our pumper reports that the well has recently undergone two 70 barrel hot water treatments to remove parafin. The water is produced back to the treater. Normal water cuts at the wellhead are from 1-3% of total fluid. Water production is normally not a problem, except when the hot water treatments are performed.

I will have the water analyzed, but believe the PPM dissolved solids are less than 6000. The evaporative pit at the lease has been sealed, and no ground percolation occurs.

I have further instructed our pumper to closely monitor the pit and remove the water when overflow is eminent.

Thank you for bringing this matter to my attention.

Sincerely,

Gary Kluksdahl

cc: Mac McDowell - Ground Water Specialist - COGC  
Oakley Lee