

Sagle, Schwab & McLean
Energy Resources



Memo

To: Rich Griebeling
From: Alex McLean (Engineer / Agent for S.G. Interests I, Ltd)
Date: May 15, 1998
Re: Proposed Fruitland Location - Exception Location Request
Short 33-9 #17-1
SW/NW - Section 17 - T33N - R10W
LaPlata County, CO

S G Interests I, Ltd. is requesting an exception location on the proposed Short 33-9 #17-1 Fruitland well. An expanded topo map is attached for your review showing the spacing unit, drilling window and other information. A surface ownership map is also attached showing a platted sub-division in the E/2-NW/4. The reasons for needing an exception location are as follows:

- 1) The east half of the northwest quarter is a platted sub-division. Because of this, S.G. felt it important to minimize impact on the sub-division and therefore put the location on Mr Short, the owner of the W/2 of the NW/4.
- 2) The majority of the drilling window located on the east half of the northwest quarter is in the flood plain of the Florida River.
- 3) The location for the proposed well is on an existing well pad constructed for a previously permitted Dakota well. The well was permitted by Texas Oil and Gas. A scout ticket for the well is attached.
- 4) The proposed location is in the only place that the landowner said it could go without dramatically affecting his irrigated pasture, due mostly to an existing irrigation canal. Moving the location north into the drilling window would require re-routing the canal, which would ultimately affect the farmer's irrigation of his field.
- 5) Based on the topo map and actual field observance, moving the location further north into the window would require a 30' - 40' cut on the northern edge of the pad. Moving the well pad further east would put it in the flood plain of the Florida River. As seen on the topo map and by actual observance, moving much further to the north and / or west is a physical impossibility.

Topo

Exception Location Request (continued)
Short 33-9 #17-1

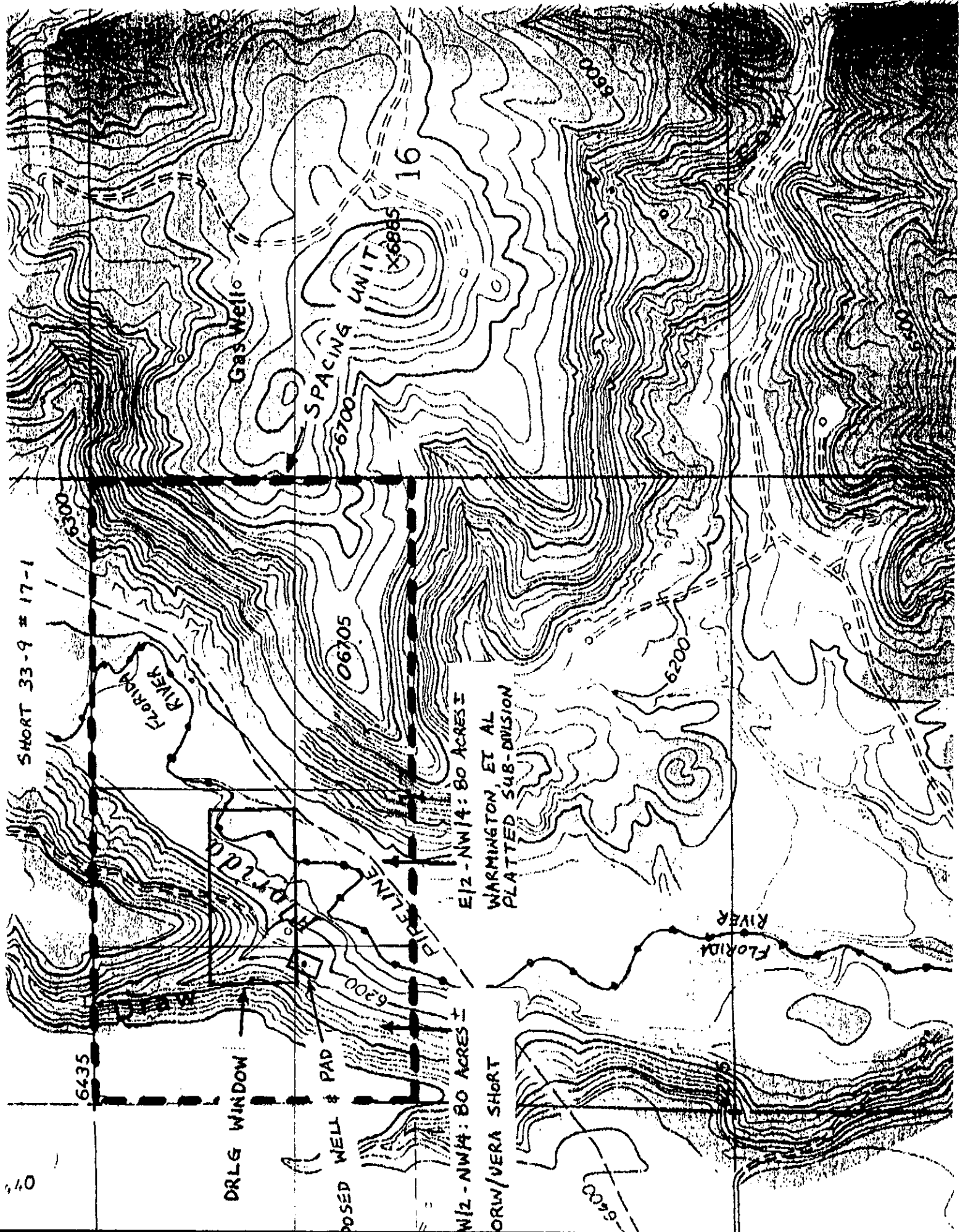
It is my professional opinion, that in S.G.'s efforts to appease: 1) Mr. Short by putting the proposed well on an existing well pad and therefore minimizing damage to his irrigated pasture, 2) Warmington, et al, by keeping the well off of a platted sub-division, 3) LaPlata County, by working with the best interest of the land-owners in mind and lastly, 4) The COGCC, by trying to locate the well as close to the drilling window as possible, that this proposed location is in the best possible site.

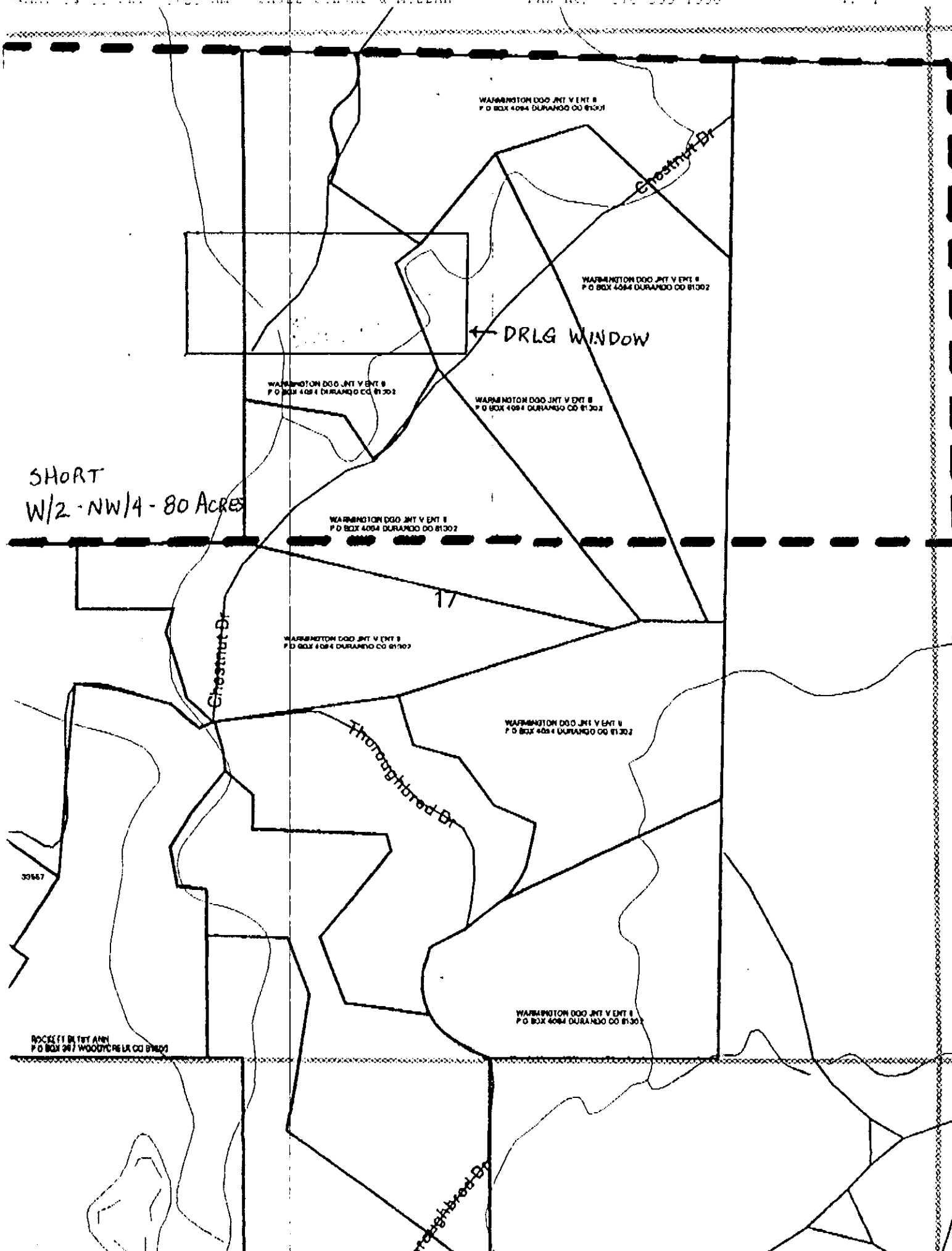
If you have any questions, please do not hesitate to call me at (970) 259-2701.

Sincerely,



Alex McLean, P.E.
Engineer / Agent for S.G. Interests I, Ltd.





ights Discover CD-ROM
yright 1998 Rockies

ID: R-107397-0 Original
Run Date: 13-May-98

Site : Colorado NM Merid 33N - 9W - 17 SW NW

nty: LA FLATA

Oper: TEXAS OIL & GAS CORP

Id : IGNACIO-BLANCO

Comp1: 03/12/1981 D ABND

1: UTE #1-26

Last info: 05/24/1983

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:: 1780 fnl 1260 fwl

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-Long by TDG: 37.106262 - 107.853119

er Address: 1800 Lincoln Ctr Bldg, Denver CO 80264

7650 Dakota

Permit #:

04/01/1980 API: 05-067-0638000

Elev:

14:

expt: 3/12/81 abandoned loc.