

Randall T. Cox

Attorney and Counselor At Law A Professional Corporation Kendrick Professional Building 400 South Kendrick Ave., Suite 304 Gillette, Wyoming 82716

Admitted in Wyoming and Montana

Telephone (307) 682-2500 Telecopier (307) 685-0527 e-mail: rt@coxhorning.com

February 17, 2005

Ken Clabaugh
President
Clabaugh Ranch, Inc.
P. O. Box 12
Arvada, Wyoming 82831

Re: Water Issues

Dear Mr. Clabaugh:

Several parties operating gas wells in the Wild Horse Creek drainage have been meeting with the Wyoming Department of Environmental Quality regarding management of produced water in the Wild Horse Creek drainage. This letter is submitted on behalf of several of the operators in an effort to identify, and hopefully resolve, issues and complaints regarding water flowing in the creek.

Operators have been informed that water is flowing onto the Clabaugh Ranch land in Wild Horse Creek, although they have not been able to directly confirm this. The operators would like to set up an inspection of the creek on the ranch, and to meet with you at the ranch to discuss your concerns. It should be possible to develop solutions to any problems which you may identify, but they need to look at the land and the creek channel as part of that process. The operators would need to bring technical consultants with them for the inspection and meeting.

Officials with the Wyoming DEQ, Water Quality Division, would be invited to attend this inspection and discussion.

The purposes of this site visit are to learn about any problems and identify solutions and avoid litigation or other legal proceedings. The operators are willing

EXHIBITJ

to clean debris out of the channel and to discuss other site work they could conduct to address your concerns. The operators look forward to hearing any constructive suggestions that you might offer.

Please contact my office so that I can contact operators to schedule the meeting.

Thank you for your cooperation.

Sincerely,

Criginal Signed By: Randall T. Cox

c: John Corra, DEQ John Wagner, DEQ Vicci Colgan, Attorney General's office Randall T. Cox

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May 25, 2005

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Ken Clabaugh President Clabaugh Ranch, Inc. P. O. Box 12 Arvada, Wyoming 82831

Re: Water Issues

Dear Mr. Clabaugh:

Several parties operating gas wells in the Wild Horse Creek drainage have been meeting with the Wyoming Department of Environmental Quality regarding management of produced water in the Wild Horse Creek drainage. This letter is submitted on behalf of several of the operators in an effort to identify, and hopefully resolve, issues and complaints regarding water flowing in the creek.

The operators would like to set up an inspection of the creek on your ranch, and to meet with you at the ranch to discuss your concerns. It should be possible to develop solutions to any problems which you may identify, but they need to look at the land and the creek channel as part of that process. The operators would need to bring technical consultants with them for the inspection and meeting.

Officials with the Wyoming DEQ, Water Quality Division, would be invited to attend this inspection and discussion, if you wish.

The purposes of this alte visit are to learn about any problems and identify solutions. The operators are willing to clean debris out of the channel and to discuss other site work they could conduct to address your concerns. The operators look forward to hearing any constructive suggestions that you might offer.

Please contact my office so that I can contact operators to schedule the meeting. If you have a new attorney handling water matters, please ask him or her to contact me. If you would prefer, feel free to contact David Grernel at Petro-Canada in Gillette, 686-1240.

Thank you for your cooperation.

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Randall T. Cox

c: John Corra, DEQ
 John Wagner, DEQ
 Vicci Colgan, Attorney General's office
 Tom Toner, Esq.