



Consulting Engineers & Geologists, Inc.

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Fax Cover Sheet

Reference:	PAYLESS GAS		
Date:	2-20-13		
To:	MELISSA BUONICCONTI		
Fax #:	530-224-4857		
Copy to:		Fax#:	
From:	MARK CHANEY	Fax #:	530 221-0135
		Phone #:	530 221-5424
Subject:	PAYLESS Mtz. Notes 2-15-13		
No. Pages Total: (including cover page)	2		

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ANY ? GIVE ME A CALL.

Mark

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Mark Chaney

From: Mark Chaney [mchaney@shn-engr.com]
Sent: Monday, February 18, 2013 10:21 AM
To: 'Buciak, Melissa@Waterboards'
Cc: 'Mike Foget'
Subject: Payless Gas Meeting

Melissa

Here is an update on the progress, or lack thereof, on the Payless site.

I met with Hardip Singh Sandhu last Friday (2/15/13) to discuss the Payless Gas site.

Our meeting was much shorter than I had imagined, and had little positive outcome. Essentially the points of the meeting that Mr. Singh discussed were:

1. He has no money to pay SHN now
2. He has been working with his attorney and the bank
3. He intends to draw up legal papers that provide SHN with some form of a lien on the property (we have not seen or had any previous discussions, and may not accept terms)
4. He will not be able to pay SHN in full, but will make "some amount" of payment
5. He was not able to provide any details on the payment amount
6. He indicated that it would be 30-45 days before he would have any additional information for us
7. He assured me that SHN would get paid at some point

Based on this, we are at the same point we were at 2 years ago. I told Sandhu that we would not be able to do any work at the site until we got paid in full for our past work. He currently owes SHN +\$59K in USTCF reimbursed work, and an additional +\$24K in work that we have completed but cannot request reimbursement from the USTCF as the other money isn't paid. Even if I am optimistic and assume that he can make a \$5,000 payment each month, that is 12 months of payments, just to take care of the past USTCF reimbursements. Add on another 6 months of payments to cover outstanding work product completed by SHN, and then tack on another 3 months to build up a retainer so we can protect ourselves, and you have about 2 years before it appears that there will be any work at the site.

Of course, should we see some progress from him, other than promises, this might change the picture for us.

Mark S. Chaney

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