



JENEX PETROLEUM CORPORATION

1-66

March 30, 1988

Mr. John H. Chilson
200 East 17th Street
Suite 318
Loveland, Colorado 80537

Dear Mr. Chilson:

I am enclosing a copy of the recorded Quit Claim Deed with regard to the Chilson No. 1-16 well.

In further response to your letter of January 25, 1988, please note that we have given you title to the subsurface mineral rights which you claim. Second, we have paid to you all of the royalty to which you are entitled as a royalty owner as to all oil which was produced from the well during our operations under the prior lease.

Third, at considerable economic loss to us, we did not remove the casing on the well but left the casing in the well for your benefit. Our right to remove the other personal property in the well at the wellsite comes from Charles L. Woodward, the Treasurer of Larimer County, and any dispute with respect to our right to the equipment involves your dispute with him, not us. We have settled with the other working interest owners with regard to the proceeds from the sale of equipment removed and our charges for operating the well.

It does appear that all matters of dispute in this matter have been resolved, except for your comment as to our duty to clean up and restore the wellsite after the removal of the equipment.

We will be pleased to do one of two things. If you desire to keep the well, then we will gladly remove any remaining equipment and clean up the wellsite upon receipt by you of a full release and dismissal of all claims. We will also be pleased to remove the casing, plug and abandon and clean this wellsite if you disavow any further interest in the well and give us a release as to that effect.

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Please note that the oil proceeds during the few months we operated the well were to be distributed, not by us, but by Total Petroleum, according to the division orders based upon the existing division order title opinion. All working interest owners and you, as royalty owner, should receive your check directly from Total Petroleum. If you feel the division order title opinion is wrong, please provide Total Petroleum with a new opinion.

If you wish any further information, please let us hear from you.

Very truly yours,
JENEX PETROLEUM CORPORATION



Gerald L. Jensen

GLJ:cef

cc: Charles L. Woodward
District Court

QUIT CLAIM DEED

This Quit Claim Deed is made and entered into this 20th day of January, 1988, between JENEX PETROLEUM CORPORATION, a Utah corporation, with offices at 1600 Broadway, Suite 1760, Denver, Colorado 80202, hereafter "Jenex", and JOHN H. CHILSON, 200 E. Seventh Street, Suite 320, Loveland, Colorado 80537, hereafter "Chilson".

WITNESSETH, that Jenex, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable considerations, has remised, released, sold, conveyed and QUIT CLAIMED over unto Chilson, his heirs, successors and assigns, forever, all the right, title and interest in and to the property described as follows:

Chilson No. 16-1 Well
Township 5 North, Range 68 West, 6th P.M.
Section 16: NW/4 NW/4
Larimer County, Colorado

STATE DOCUMENTARY FEE

EXEMPT

TO HAVE AND TO HOLD the same, together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever, of Jenex, either in law or equity, to the only proper use, benefit and behoof of Chilson, his heirs and assigns.

IN WITNESS WHEREOF, Jenex has executed this document the day and year first above written.

ATTEST:

JENEX PETROLEUM CORPORATION
a Utah corporation

By: Gerald L. Jensen
Gerald L. Jensen, Secretary

By: James L. Jensen
James L. Jensen, President