



BEST IMAGE  
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MUTUAL GENERAL RELEASE

1-66

WHEREAS, John H. Chilson of 200 East Seventh Street #318, Loveland Colorado, 80537, and Jenex Corporation d/b/a Jenex Petroleum Corporation of 1675 Larimer Street, Suite 810, Denver, Colorado 80202 have been engaged in litigation and asserted conflicting claims regarding certain proceeds from prior production of a certain well, the "Chilson 16-1", in Larimer County Colorado;

WHEREAS, both parties have now fully and completely entered into a cash settlement and release of their respective claims in and to such well production proceeds without admission of liability or wrong by either party and with all right, title, and interest in such well, future production and any equipment being fully quieted in and to John H. Chilson, as more particularly set-out in a concurrently filed Stipulation of Dismissal with Prejudice to the pending action between the parties styled as John H. Chilson v. Jenex Petroleum et. al. Civil No. 87CV963 in Larimer County, Colorado;

NOW THEREFORE, both parties mutually and completely release between themselves any and all claims, charges, and causes of action, whether known or unknown vested or contingent, arising out of or in any way related to the foregoing Well; including, though not limited to, the well and well site condition, title, production, and any appurtenant equipment as the date of this Release, and including all agents, employees, or other persons

acting for and on behalf of the parties, subject only to the specific terms of the aforereferenced Stipulation of Dismissal.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

JENEX CORPORATION

\_\_\_\_\_  
JOHN H. CHILSON

By: \_\_\_\_\_  
JAMES L. JENSEN  
Its President

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

JOHN H. CHILSON, Plaintiff

John H. Chilson 4-10-90  
Date

JENEX PETROLEUM CORPORATION,  
Defendant

By: \_\_\_\_\_  
President Date

ATTEST:

By: \_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

John H. Chilson  
Attorney for Plaintiff

Julian D. Jensen  
Attorney for Defendant

DISTRICT COURT \_\_\_\_\_ COUNTY \_\_\_\_\_ COLORADO  
CASE NO. 87 CV Div/CtRm \_\_\_\_\_

**SUMMONS**

**JOHN E. CHILSON**

Plaintiff

JENEX PETROLEUM CORPORATION; PHOENIX PETROLEUM CORP.,  
A/K/A PHOENIX PETROLEUM CORPORATION; KARGO INVESTMENT  
COMPANY; THE TREASURER OF LARIMER COUNTY; CHARLES L.  
WOODWARD, TREASURER; THE BOARD OF COUNTY COMMISSIONERS  
OF LARIMER COUNTY; DARYLE W. KLASSEN, C. HOWARD ZOLLNER,  
and CURILYN W. HOICKISS, COUNTY COMMISSIONERS; and  
ALL UNKNOWN PERSONS WHO MAY CLAIM AN INTEREST IN THE  
SUBJECT MATTER, Defendant

The People of the State of Colorado  
To the Defendant(s) named above:

You are summoned and required to file with the clerk of this court an answer or other response to the attached complaint within twenty (20) days after this summons is served on you in the State of Colorado, or within thirty (30) days after this summons is served on you outside the State of Colorado.

If you fail to file your answer or other response to the complaint in writing within the applicable time period, judgment by default may be entered against you by the court for the relief demanded in the complaint, without any further notice to you.

The following documents are also served with this summons: a copy of the Complaint.

Date: July 1<sup>st</sup> 1987

[Signature]  
Signature of Attorney for Plaintiff or Clerk/Deputy Clerk of Court  
If signed by attorney, type: Name, address, tel. #, reg. # below.

THIS IS AN ATTORNEY'S SUMMONS.

This summons is issued pursuant to Rule 4, CRCP, as amended.  
A copy of the complaint must be served with this summons.

**RETURN OF SERVICE**

State of \_\_\_\_\_

County of \_\_\_\_\_

I declare under oath that I served this summons and a copy of the complaint in this case on the defendant in \_\_\_\_\_ County \_\_\_\_\_ on \_\_\_\_\_ Date \_\_\_\_\_ at \_\_\_\_\_ Time \_\_\_\_\_ at the following location:

- by handing it to a person identified to me as the defendant
- by leaving it with the defendant who refused service.
- by leaving it with \_\_\_\_\_ designated to receive service for the defendant.

I am over the age of 18 years and am not interested in nor a party to this case.

I attempted to serve the defendant on \_\_\_\_\_ occasions but have not been able to locate the defendant.  
Return to the plaintiff is made on \_\_\_\_\_ Date \_\_\_\_\_

Signed under oath before me on \_\_\_\_\_

Date

Notary Public\*

Private process server

Sheriff, \_\_\_\_\_ County

Service \$ \_\_\_\_\_

Mileage \$ \_\_\_\_\_

\*Notary should include address and expiration date of commission.

Case No.

COMPLAINT IN QUIET TITLE, DECLARATORY JUDGMENT AND DAMAGES

JOHN H. CHILSON,

Plaintiff,

vs.

JENEX PETROLEUM CORPORATION;  
PHOENIX PETROLEUM CORP., A/K/A  
PHOENIX PETROLEUM CORPORATION;  
KABRO INVESTMENT COMPANY; THE  
TREASURER OF LARIMER COUNTY;  
CHARLES L. WOODWARD, TREASURER;  
THE BOARD OF COUNTY COMMISSIONERS  
OF LARIMER COUNTY; DARYLE W. KLASSEN,  
C. HOWARD ZOLLNER, and COURTYLN W.  
HOTCHKISS, COUNTY COMMISSIONERS; and  
ALL UNKNOWN PERSONS WHO MAY CLAIM  
AN INTEREST IN THE SUBJECT MATTER,

Defendants.

GENERAL ALLEGATIONS

The plaintiff states and alleges for his complaint as follows:

1. He is the owner of that certain real property situated in the County of Larimer, State of Colorado, to wit:

The North Half (N1/2) of the  
Northwest Quarter (NW1/4) of  
Section 16, Township 5 North,  
Range 68 West of the 6th P.M.

*Not  
Disputed*

in fee simple, inclusive of all minerals and mineral rights therein.

2. The defendant Phoenix Petroleum Corp. is a Colorado corporation which held an oil and gas lease on plaintiff's property dated December 13, 1983. Said defendants Phoenix Petroleum Corp. has defaulted under the terms of said lease, has abandoned said lease and plaintiff has terminated said lease.

*Admitted*

3. The defendant Kabro Investment Company owned a working

*Admitted*

interest under the December 13, 1983, oil and gas lease between plaintiff and Phoenix Petroleum, which interest was terminated upon termination of said lease.

4. The defendant Charles L. Woodward, Treasurer of Larimer County, acting in his official capacity did on November 5, 1986, issue a Dstraint Warrant to the Sheriff of Larimer County, referencing Schedule No. 8055424, directing said Sheriff to distrain the goods and chattels of Phoenix Petroleum Corp. that could be found in Larimer County. The Sheriff of Larimer County executed, by and through Edith Clack, a return on said Dstraint Warrant dated November 5, 1986, stating that she had taken "All equipment belonging to and located at Chilson #16-1 NW NW 16-5-68." A copy of said Dstraint Warrant is attached hereto as "Exhibit A" and incorporated herein by reference. Thereafter, on February 4, 1987, defendant Charles L. Woodward as Treasurer of Larimer County caused a sale to be made by virtue of the Dstraint Warrant, Exhibit A, and issued a Certificate of Sale to defendant Jenex Petroleum Corporation, a copy of which is attached hereto and incorporated herein as "Exhibit B". In said Certificate of Sale said defendant Woodward stated "This also includes present and future production, tanks, pumping units, flow lines and all other related equipment pertinent to the operation and production of this well."

5. Plaintiff had paid, prior to said sale on February 4, 1987, all taxes owed to Larimer County on the landlords share of production from said well and all then due and owing real estate taxes on his property. By issuing said Certificate of Sale purporting to transfer and convey unto Jenex Petroleum all present and future production from plaintiff's property the said defendant Woodward acting as Larimer County Treasurer has clouded and burdened plaintiff's ownership and title to the minerals and mineral rights on and underlying plaintiff's property without justification in law or fact.

6. The Board of County Commissioners of Larimer County is the governing body of said county and at all times relevant hereto defendants Daryle W. Klassen, C. Howard Zollner, and Courtlyn W. Hotchkiss were the duly elected and acting members of said board. Since the Certificate of Sale issued by defendant Woodward constituted an official act of the government of Larimer County, the governing body thereof is made a party hereto.

7. On or about March 20, 1987, plaintiff gave written notice pursuant to CRS 24-10-109 to the Board of County Commissioners of Larimer County of plaintiff's claim against Larimer County for burdening and clouding plaintiff's title to his minerals and mineral rights on and underlying the property described herein. A copy of said notice is attached hereto as "Exhibit C" and incorporated herein by reference. A copy thereof was also mailed to the Larimer County Attorney.

8. Defendant Jenex Petroleum Corporation is the entity to

which defendant Woodward issued the Certificate of Sale incorporated as Exhibit B herein.

#### FIRST CLAIM FOR RELIEF

9. Plaintiff incorporates herein the allegations 1 through 8 as set forth above.

10. Defendants claim some right, title or interest in plaintiff's property which claims are without foundation or right.

11. Plaintiff is entitled to a decree of this Court quieting good title in fee simple to said property in himself and decreeing that defendants have no claim or interest therein.

WHEREFORE, plaintiff prays for a decree of this Court quieting title in plaintiff to the North Half (N $\frac{1}{2}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) of Section 16, Township 5 North, Range 68 West of the 6th P.M., together with all minerals and mineral rights in, upon and under said property, judgment for costs and for such other and further relief as this Court shall deem proper.

#### SECOND CLAIM FOR RELIEF

12. Plaintiff incorporates herein the allegations 1 through 8 as set forth above.

13. The act of defendant Charles Woodward as Treasurer of Larimer County in clouding and burdening plaintiff's title to his property and his minerals and mineral rights had no basis or foundation in law or fact. By so doing, while acting within the scope of his authority, actual or apparent, said defendant has prevented plaintiff from leasing his mineral rights or producing or causing to be produced minerals from his property from and since February 4, 1987. The well on plaintiff's property is capable of producing oil in paying quantities and said well could have been produced and oil sold therefrom but for the act of defendant. Plaintiff can not market his oil because no Division Order can be made for said well because of defendant Woodward's act in clouding and burdening plaintiff's title. Plaintiff has also been denied the opportunity to obtain lease money for said well.

14. The amount of plaintiff's damages are not known at this time and are continuing. All of said damages are a direct proximate result of the wrongful act of Woodward described above. The Board of County Commissioners of Larimer County, as the governing body of Larimer County, is liable to plaintiff for the damages caused by the wrongful acts of the defendant Charles Woodward acting as in the scope of his authority as Treasurer of Larimer County.

WHEREFORE, plaintiff prays such judgment against the Board of County Commissioners of Larimer County in such an amount as is proved at trial in this matter, together with judgment for costs and interest and such other relief as the Court may deem just and proper.

#### THIRD CLAIM FOR RELIEF

15. Plaintiff incorporates herein the allegations 1 through 8 and 12 through 14 as set forth above.

16. In the event plaintiff shall not be entitled to a decree of quiet title as to all mineral rights on or underneath his property described herein and some interest therein as vested in defendant Jenex Petroleum Corporation as a result of defendant Woodward issuing said Certificate of Sale, Exhibit B, the acts of said Woodward acting within the scope of his authority as Treasurer of Larimer County have deprived plaintiff of his rights to his property without due process of law. Plaintiff was afforded no notice of or opportunity for a hearing on said matter prior to the sale of February 4, 1987.

17. Defendant Woodward purported to act under the laws of the State of Colorado in selling all present and future mineral production from plaintiff's property. Pursuant to 42 U.S.C. Section 1983 plaintiff is entitled to judgment for damages caused him by said act against defendant Woodward and the Board of County Commissioners of Larimer County.

18. The amount of plaintiff's damages are unknown at this time and are continuing in nature.

WHEREFORE, plaintiff prays such judgment against the Board of County Commissioners of Larimer County in such an amount as is proved at trial in this matter, together with judgment for costs and interest and such other relief as the Court may deem just and proper.

#### FOURTH CLAIM FOR RELIEF

19. Plaintiff incorporates the allegations of 1 through 8, 12 through 14, and 16 and 17 as set forth above.

20. Defendant Woodward acting as treasurer of Larimer County gave plaintiff no notice of the date he intended to expose the property described in Exhibit B for sale. Such failure deprived plaintiff of the opportunity to bid on said property. Said defendant knew of plaintiff's interest therein and had ample time and opportunity to give plaintiff notice of the date, time and place of said sale.

21. Plaintiff had, at his own expense, installed gas line piping on said property which did not belong to Phoenix Petroleum Corp. Said pipe delivers gas to a residence dwelling on

plaintiff's property. By Exhibit B, defendant Woodward purported to sell all flow lines to Jenex Petroleum.

22. If the act of Woodward in selling all flow lines is valid, plaintiff has had his gas piping taken without due process of law.

23. Plaintiff's source of gas for said residence was flow from this well. If the Certificate issued by Woodward is valid, plaintiff has been deprived of the value of the gas flow from said well, the amount of which is unknown at this time. Said deprivation was without due process of law.

24. By failure of defendant Woodward to give notice to plaintiff of the date, time and place of sale plaintiff was deprived of the opportunity to purchase the well equipment, tanks, flow lines and present production. Said properties were sold for \$2,292.95 whereas they had a reasonable value of \$15,000.

25. On June 22, 1987, plaintiff served a Supplemental Notice of Claim on defendant Board of County Commissioners of Larimer County, pursuant to CRS 24-10-109. A copy is attached and incorporated herein as "Exhibit D".

26. Had plaintiff been given notice of said sale plaintiff would have been the high bidder and would have purchased said properties.

27. As a result of defendant Woodward's failure to give plaintiff notice, plaintiff has been damaged as follows:

- a. Loss of economic opportunity in the sum of \$12,000.
- b. If conveyance shown by Exhibit B is valid, loss of value of gas line to residence in the sum of \$2,000.
- c. If conveyance shown by Exhibit B is valid, loss of value of free gas to heat the residence measured over life expectancy of well multiplied by average annual heating bills and reduced to present day value. The actual amount is not known at this time but is estimated at \$40,000.

WHEREFORE, plaintiff prays for judgment against defendant Board of County Commissioners of Larimer County in the sum of \$12,000 for loss of economic opportunity, \$2,000 for loss of gas line and such sum as shall be proven at trial as reasonable damages for the taking of plaintiff's gas supply to the residence on the property described herein together with the judgment for costs, interest and such other and further relief as the Court shall deem proper.

A handwritten signature in black ink, appearing to read "John H. Chilson", is written over a horizontal line.

John H. Chilson #816  
200 E. Seventh Street #320  
Loveland, CO 80537  
(303) 667-8888

DISTRICT COURT, COUNTY OF LARIMER, STATE OF COLORADO

Case No.: 87 CV 963

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STIPULATION

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JOHN H. CHILSON,

Plaintiff,

vs.

JENEX PETROLEUM CORPORATION, et. al.,

Defendants.

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March & Myatt, P.C., on behalf of Plaintiff John H. Chilson ("Plaintiff"), Gerald Jensen on behalf of Defendant Jenex Petroleum Corporation ("Jenex"), and Loren Schall, Assistant District Attorney, Eighth Judicial District on behalf of the Larimer County Treasurer, Charles Woodward ("Treasurer"), stipulate as follows:

1. <sup>currently JH</sup> Plaintiff is the owner of the oil and gas well known as the Chilson 16-1 well, located in Larimer County, Colorado.

2. Defendant Jenex was the operator of the Chilson 16-1 well from February 1987, to December 1987.

3. Jenex received the sum of \$557.71 from the first buyer of the production of the well (Total Petroleum, Inc.) with the intent that the amount be applied to pay property taxes owing to the Treasurer as a result of production. Based upon this action, Jenex did not apply such amount for payment of taxes. Jenex has paid the sum of \$557.71 into the registry of the Court.

4. Plaintiff paid the sum of \$654.36 into the registry of the Court and interest has accrued on such amount.

5. The claims involving the Treasurer have been settled. Chilson and Jenex have agreed to pay the Treasurer the sum of \$685.53 in satisfaction of all claims for taxes owing from the production from and ownership of the mineral interests and equipment which are the subject of this action. The Treasurer agrees to accept the sum of \$685.53 in full satisfaction of all claims made by Treasurer against Plaintiff and Jenex in this

action and in satisfaction of all taxes owing as a result of Plaintiff's ownership of the subject well and receipt of production from the subject mineral interests.

The parties stipulate that the Clerk of the Court shall pay to the Treasurer the sum of \$685.53 from the amount held in the registry.

6. The parties acknowledge that bona fide disputes, both as to facts and the extent of liability, exist regarding the amount owed to the Treasurer in conjunction with production from the well and equipment used in conjunction with producing production from the well which is the subject of this action. The Treasurer stipulates that it will accept as a compromise, the sum of \$685.53 in satisfaction of all taxes owing through the date of the signing of this Stipulation as a result of production from the well as well as personal property taxes owing for equipment used to produce production from the well. Plaintiff stipulates that there has been no production from the well during 1989. The Treasurer further stipulates that there will be no additional taxes owing as a result of production of the well unless there is further production of the well following the date of the signing of this Stipulation.

7. Upon the withdrawal of the Treasurer the Clerk shall repay Chilson the \$654.36 paid by him into the registry plus any interest earned thereon.

8. If it is determined that Plaintiff or Jenex paid any taxes owing by the other or either party has received any amount which was intended for the payment of taxes (which amount has not otherwise been accounted for), then that party shall repay the amount of said taxes paid for its benefit. The parties' agreement to reimburse each other for taxes shall extend not only to amounts held in the registry, which represent amounts generated from production of the well but shall further extend to amounts which Chilson may have otherwise paid in satisfaction of taxes. This amount shall include but not be limited to amounts which Chilson has received as credits based upon overpayment of other taxes. It is the intent of the parties that amounts paid to the Treasurer as taxes both prior to and in conjunction with this Stipulation shall be properly apportioned between Jenex and Chilson.

9. In consideration for the payment of the amounts set forth herein, the Treasurer hereby withdraws as a party to this action and all claims of and against the Treasurer are dismissed with prejudice. The Treasurer stipulates and acknowledges that no further amount is due from any party to this action for taxes resulting from production from the well. All parties further

stipulate that there was no production from the well from December 1987, to present and, that the Treasurer will have no further claim for taxes owing as a result of production until such time as production is resumed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1989.

MARCH & MYATT, P.C.

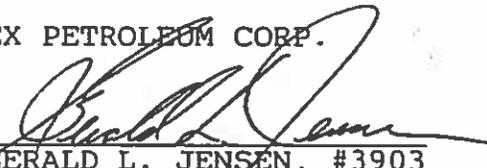
By: \_\_\_\_\_  
A. E. MARCH, JR., #391

and

By: \_\_\_\_\_  
J. BRAD MARCH, #13355  
200 Robertson Building  
110 East Oak Street  
P.O. Box 469  
Fort Collins, CO 80522  
Attorneys for Plaintiff  
(303) 482-4322

JENEX PETROLEUM CORP.

DISTRICT ATTORNEY'S OFFICE

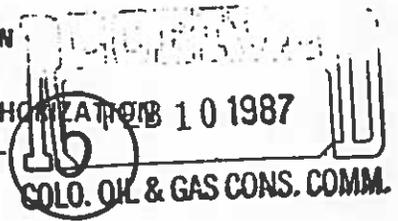
By:   
GERALD L. JENSEN, #3903  
1600 Broadway, #1760  
Denver, CO 80202  
(303) 863-0500  
Attorney for Defendant  
Jenex Petroleum Corp.

By: \_\_\_\_\_  
STUART A. VAN MEVEREN  
District Attorney's Office - 8th  
Judicial District of Colorado,  
by Loren B. Schall, #4089,  
Assistant District Attorney,  
500 Century Bank Building  
315 West Oak Street  
P.O. Box 1489  
Fort Collins, CO 80522  
(303) 221-7200  
Attorneys for Treasurer



STATE OF COLORADO  
OIL AND GAS CONSERVATION COMMISSION  
DEPARTMENT OF NATURAL RESOURCES

PRODUCER'S CERTIFICATE OF CLEARANCE AND AUTHORIZATION  
TO TRANSPORT OIL OR GAS FROM A WELL



File in triplicate for Patented and Federal lands.  
File in quadruplicate for State lands.

Lease Chilson 26484 Well No. 16-1 Field Lowland  
Loc. NW 1/4 NW 1/4 ✓ Sec. 16 Twp. 5N Range 68W County Larimer  
Producing Formation Code 11  
Producer or Operator Jenex Petroleum Corporation 44630 Phone No. (303) 863-0500  
Street 1600 Broadway #1760 City Denver State Colorado Zip 80202

The above named producer hereby authorizes the following transporter (s) to transport oil and/or gas from the above designated well:

OIL

Transporter Asamera Oil (U.S.), Inc.  
Street 1700 Lincoln Street, Suite 2600  
City Denver  
State Colorado Zip 80202  
Date of First Production \_\_\_\_\_

GAS

Transporter N/A  
Street \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Date of First Sales \_\_\_\_\_

|                     |
|---------------------|
| FOR OFFICE USE ONLY |
| ET                  |
| FE                  |
| UC                  |
| SE                  |

If change of Operator:  
Previous Operator Phoenix Petroleum Corporation Effective date of change 2-4-87

REMARKS Well was purchased through the Larimer County Treasurer at the tax sale

NEW WELL TEST DATA

Production gauge on 24 hr. basis \_\_\_\_\_ Bbl. Oil \_\_\_\_\_ Bbl. Water \_\_\_\_\_ Mcf. Gas \_\_\_\_\_

The undersigned certifies that the rules and regulations of the Oil and Gas Conservation Commission of the State of Colorado have been complied with except as noted above and that the transporter (s) is (are) authorized to transport the oil and/or gas produced from the above described well and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Colorado Oil and Gas Conservation Commission.

Executed this 6th day of February, 19 87.

Approved: \_\_\_\_\_  
FEB 27 1987  
Date \_\_\_\_\_  
Director \_\_\_\_\_

JENEX PETROLEUM CORPORATION  
By: [Signature]  
(Producer or Operator)  
James L. Jensen, President  
(Affiant) (Title) ✓