



00711023



DISTRAINT WARRANT-

CASE NUMBER:

STATE OF COLORADO,

County of Larimer

ss.

Schedule Number: 8055424

To Larimer County Sheriff Bailiff:

You are Hereby Directed and authorized to distrain the Goods and Chattels of
Phoenix Petroleum Corp

_____ wherever they may be found in this County, where the
said Phoenix Petroleum Corp resides, for the sum
of Six thousand, two hundred, fifty seven Dollars
and 82/100 Cents, being the amount of taxes and interest assessed and levied against
the said Phoenix Petroleum Corp for the
years 1985 & 1986, together with all necessary costs in and about the premises, and ten per-
cent on said amount as commission.

This shall be your sufficient warrant for so doing.

Given under my hand and seal this 5th day of November, A. D. 1986.

Charles L. Woodward
Charles L. Woodward County Treasurer

STATE OF COLORADO,

County of Larimer

ss.

By Virtue Of the above Warrant of Distress, I have, on the 5th day
of November, A. D. 1986, taken as the property of the above named
Phoenix Petroleum Corp the following property, to wit:

WARNING

Removal of this distraint or any property under this
distrain without compliance, or due process consti-
tutes a breach of the law and is subject to a fine
and/or imprisonment.

NOTICE

Before submitting any payment, contact the Larimer
County Treasurer for additional costs incurred sub-
sequent to the distraint date. CASH OR CERTIFIED
FUNDS WILL BE REQUIRED.

All equipment belonging to and located at

Chilson #16-1
NW NW 16-5-68

Edith Clack
Edith Clack Limited Commission
Sheriffs Dept

I, Charles L. Woodward, Treasurer, County of Larimer,
do hereby certify that, by virtue of a Dstraint Warrant
issued by me, November 5, 1986 on the personal property
assessed to Phoenix Petroleum
at the sale of said property Jenex Petroleum

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.

I, Charles L. Woodward, Treasurer, County of Larimer,
do hereby sell and transfer all the right, title, and interest
of the owner in and to the above described property unto _____
Jenex Petroleum

Charles L. Woodward
Treasurer, County of Larimer

*At 10:00 a.m. on February 4, 1987, at a tax sale in the Larimer County Treasurer's Office, 21% of the ownership of Chilson #16-1 was transferred to Jenex Petroleum by this certificate of sale, which is equal to 100% of Phoenix Petroleum's ownership in this property.

Chilson, Stanton, Kaufman & Strasburger
ATTORNEYS AT LAW

A PARTNERSHIP CONSISTING OF PROFESSIONAL CORPORATIONS

John H. Chilson
Laurence A. Stanton
William G. Kaufman
Thomas R. Strasburger

Suite 318, First National Center
200 East Seventh Street
Loveland, Colorado 80537

Telephone (303) 667-8888

March 20, 1987

Larimer County Commissioners
P.O. Box 1190
Ft. Collins, Colorado 80522-1190

RE: Notice of Claim



Gentlemen:

Pursuant to CRS 24-10-109, you are hereby given notice that on February 4, 1987, Charles Woodward, Larimer County Treasurer, issued a tax sales certificate to Jenex Petroleum Corp, Suite 1760, 1600 Broadway, Denver, Colorado 80202, as a result of a tax sale relating to Chilson 16-1 oil well located in the North Half of the Northwest Quarter of Section 16, Township 5 North, Range 68 West of the 6th P.M., Larimer County, Colorado. This certificate was issued as a result of a tax sale for unpaid taxes owed to the county on the equipment used in connection with that well and, according to my understanding, for taxes owed on certain parts of the production from said well for the years 1984 and 1985. The tax sales certificate issued by Mr. Woodward as Larimer County Treasurer, or by a member of his staff, purported to transfer ownership to Jenex Petroleum Corp., not only the equipment used on said well, but also all future production of oil and gas from said well. Jenex Petroleum has now recorded its certificate of purchase and is making claim to have the right to produce oil and gas from said well. I am the owner of the property on which the well sets and am the owner of the minerals. I have no lease with Jenex Petroleum Corp.

The action of the County Treasurer in issuing a tax certificate purporting to transfer to Jenex all future production of minerals from said well has clouded the title to the North Half of the Northwest Quarter of Section 16, Township 5 North, Range 68 West of the 6th P.M., which is owned by me, particularly as to ownership of the mineral rights. It is not known at this time whether litigation may arise between myself and Jenex Petroleum over the issues of what title was transferred to Jenex by the County, and who has ownership and control over the mineral rights on my property. However, if litigation does result over this matter, I will make claim against Larimer County for clouding the title to my property, for taking action beyond their authority

County Commissioners
Page 2
March 20, 1987

which involved me in litigation with third person and, if I loose any interest in my property as a result of the actions of Larimer County Treasurer, I will make claim against the county for depriving me of my property without due process of law. The amount of damages is not known at this time nor is it possible to estimate that amount at this time.

It is my position at this time that the county had no lawful authority to transfer or purport to transfer any ownership of the minerals or mineral rights in my property pursuant to a tax sale on personal property. Such mineral rights are in the nature of real property and I have duly paid all real property taxes on said property.

Very truly yours,

CHILSON, STANTON, KAUFMAN
& STRASBURGER



John H. Chilson

JHC:vlt

cc: George Hass



ASAMERA OIL (U. S.) INC.

POST OFFICE BOX 118 • DENVER, COLORADO 80201

MAR 20 1987

MARCH 19, 1987

JOHN H. CHILSON
200 E. 7TH # 319
LOVELAND, CO 80537



Re: CHILSON 16-1
LARIMER COLORADO

Dear Interest Owner:

Effective with the first crude oil sales, Asamera Oil (U.S.) Inc. commenced purchasing the crude production from the CHILSON 16-1 in LARIMER County, COLORADO.

We have obtained the title opinion with a list of the interest owners from JENEX PETROLEUM CORP and have prepared our Division Order based upon this information.

To insure a timely, uninterrupted payment, please check your Division Order for proper spelling of your name, correct interest and correct mailing address. Should your name be incorrectly spelled, or your address changed, please make the necessary corrections on the face of the Division Order. However, if your decimal interest is incorrect, please advise this office immediately. If your Division Order is accurate, please properly execute one copy by signing in the space provided on the back. Also, please have your signature witnessed. Please include your Social Security or tax account number in the space provided on the Division Order. The second copy of the Division Order should be retained for your records.

After we have received your Division Order properly executed, we will place your interest in line for payment.

Note that with regard to the executing of the Division Order, the following points should be reviewed and complied with:

- 1) When signing on behalf of a corporation, the signature should be attested, the corporate seal affixed, and the title of the signatory party should be shown.

- 2) Partnerships should have all partners sign, or furnish us with a certified copy of the Resolution authorizing the signature affixed to the Division Order when the Division Order is returned to this office.
- 3) On a signature by a second party, i.e. agents, attorneys-in-fact, guardians, or any party except the named interest owner, evidence of the rights of the signatory party should be furnished to this office.
- 4) Be advised that on small interest amounts, payment will not be made until the sum due is \$15.00 or more, except that in the month of December, payment will be made of any sum then due.

Please advise this office promptly of any change of address or ownership. All transfers of interest for payment record purposes will be accepted effective only on the first day of the month.

We are most grateful for your cooperation in this matter and trust that we will hear from you shortly.

Sincerely,

ASAMERA OIL (U.S.) INC.



Barbara W. Thurlow

Division Order Department

jh

Enclosures



OIL DIVISION ORDER

ASAMERA OIL (U. S.) INC.

POST OFFICE BOX 118 • DENVER, COLORADO 80201

Division Order No. 413Date: 03/19/87

Each of the undersigned, severally and not jointly, certifies and warrants to Asamera that he is the owner of the interest shown opposite his name in the below described property or of mineral rights therein or is entitled to receive the value or proceeds from the sale of oil (which shall mean crude petroleum and all other liquid hydrocarbons, including condensate, which shall be accounted for in the same manner as oil hereunder) produced

from the CHILSON 16-1

lease or property, operated by JENEX PETROLEUM CORPORATION

situated in _____

field or area, in LARIMER County, COLORADO

and more fully described as follows to-wit:

TOWNSHIP 5 NORTH, RANGE 68 WEST, 6TH D.M.
SECTION 16: NW/4 NW/4
LARIMER COUNTY, COLORADO

From and after the 4TH day of FEBRUARY, 19 87, at 7:00 a.m., and until further written notice to Asamera, and subject to the following provisions, Asamera is authorized:

- (a) to purchase and receive oil produced from the above described property, or
(b) where Asamera owns a working interest in said property or has a right to market all or a portion of the production therefrom, to sell and/or deliver oil produced from such property to any purchaser Asamera may designate, and Asamera shall give credit for said oil pursuant to the directives contained herein.

Credit to:

Division of Interest

Address

JOHN H. CHILSON
105396

.08000000 RI

200 E. 7TH # 318
LOVELAND.

CO 80537



OIL DIVISION ORDER

ASAMERA OIL (U. S.) INC.

POST OFFICE BOX 118 • DENVER, COLORADO 80201

Division Order No. 6137

Date: 04/19/87

Each of the undersigned, severally and not jointly, certifies and warrants to Asamera that he is the owner of the interest shown opposite his name in the below described property or of mineral rights therein or is entitled to receive the value or proceeds from the sale of oil (which shall mean crude petroleum and all other liquid hydrocarbons, including condensate, which shall be accounted for in the same manner as oil hereunder) produced

from the CHILSON 16-1

lease or property, operated by JENEX PETROLEUM CORPORATION

situated in _____

field or area, in LARIMER County, COLORADO
and more fully described as follows to-wit:

TOWNSHIP 5 NORTH, RANGE 68 WEST, 6TH P.M.

SECTION 16: NW/4 NW/4

LARIMER COUNTY, COLORADO

From and after the 4TH day of FEBRUARY, 19 87, at 7:00 a.m., and until further written notice to Asamera, and subject to the following provisions, Asamera is authorized:

- (a) to purchase and receive oil produced from the above described property, or
- (b) where Asamera owns a working interest in said property or has a right to market all or a portion of the production therefrom, to sell and/or deliver oil produced from such property to any purchaser Asamera may designate, and Asamera shall give credit for said oil pursuant to the directives contained herein.

Credit to:

Division of Interest

Address

JOHN H. CHILSON
105396

.08000000 RI

200 E. 7TH # 318
LOVELAND, CO 80537

Filed 7/1/87

DISTRICT COURT, LARIMER COUNTY, STATE OF COLORADO

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 COURTLYN 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.

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.

3. The defendant Kabro Investment Company owned a working

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.

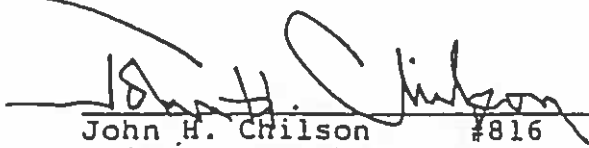
25. On June 22, 1987, plaintiff served a Supplemental Notice of Claim on defendant Board of County Commissioners of Larimer County, pursuant to CRS 24-10-109. A copy is attached and incorporated herein as "Exhibit D".

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.


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

DISTRICT COURT, LARIMER COUNTY, STATE OF COLORADO

Case No. 87 CV 963

STIPULATION OF SETTLEMENT AND DISMISSAL

JOHN H. CHILSON,

Plaintiff,

vs.

JENEX PETROLEUM CORPORATION, et al.,

Defendants.



Plaintiff and Defendant, Jenex Petroleum Corporation, having reached a full and complete settlement of the issues herein, hereby stipulate to the Court as follows:

1) That there is on deposit in the Registry of the Court the sum of \$6,267.14 deposited by Total Petroleum Co. which represents payment for production from the Chilson 16-1 Well produced by Defendant, Jenex. There is also the sum of \$557.71 deposited as an escrow for taxes by Defendant, Jenex, interest has accrued on said deposits in the sum of \$694.81 yielding a total balance on deposit of \$7,519.66.

2) The monies described in Paragraph 1 are agreed to be disbursed:

A. To the Plaintiff the principal sum of \$5,000 together with the sum of \$507.21 of accrued interest for a total deposit of \$5,507.21.

B. To the Defendant, Jenex, the balance of the principal in the sum of \$1,824.85 together with the sum of \$187.60 in accrued interest for a total distribution of \$2,012.45.

3) The parties hereto stipulate that all issues raised in this action are settled and resolved and each party releases the other from any and all claims arising out of the subject matter of this action either asserted herein or which could have been asserted herein.

4) The parties hereby petition the Court to enter an order carrying out the terms of this stipulation and dismissing this action with prejudice, each party to pay his or its own expenses, cost and attorney's fees incurred herein.

DATED this 1st day of May, 1990.

JOHN H. CHILSON, Plaintiff

John H. Chilson 4-10-90
Date

JENEX PETROLEUM CORPORATION,
Defendant

By: [Signature] 4-30-90
President Date

ATTEST:

By: [Signature]

Secretary

APPROVED AS TO FORM:

John H. Chilson
Attorney for Plaintiff

Julian D. Jensen
Attorney for Defendant

DISTRICT COURT, COUNTY OF LARIMER, STATE OF COLORADO

Case No.: 87 CV 963

STIPULATION

JOHN H. CHILSON,

Plaintiff,

vs.

JENEX PETROLEUM CORPORATION, et. al.,

Defendants.



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. Plaintiff is ^{currently b19} 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 20th day of November 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.

By: 

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

DISTRICT ATTORNEY'S OFFICE

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



JENEX PETROLEUM CORPORATION

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.

Page Two
Mr. John H. Chilson
March 30, 1988

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

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

STATE OF COLORADO)
COUNTY OF DENVER) ss.

Before me, the undersigned Notary Public, in and for said County and State, did appear James L. Jensen, known to me to be the President of JENEX PETROLEUM CORPORATION, who executed the within and foregoing instrument on behalf of said corporation for the purposes therein set forth.

Witness my hand and official seal this 21st day of January, 1988.

Notary Public

My commission expires:

July 7, 1992

DISTRICT COURT, COUNTY OF LARIMER, STATE OF COLORADO

SEP - 7 1989

Case No.: 87 CV 963

TRIAL DATA CERTIFICATE

JOHN H. CHILSON,

Plaintiff,

vs.

JENEX PETROLEUM CORPORATION, et. al.,

Defendants.



March & Myatt, P.C., on behalf of Plaintiff John H. Chilson ("Plaintiff"), submits the following Trial Data Certificate pursuant to the Court's Order of July 28, 1989, and states as follows:

I. PARTIES

1. Default has been entered by the Clerk against all parties to this action with the exception of Plaintiff and Defendants, Jenex Petroleum Corporation and the Treasurer of Larimer County. On July 11, 1989, all remaining parties to this action, filed a joint motion for default and payment of funds into the registry. Plaintiff has entered into an agreement with Defendant Larimer County Treasurer that certain amounts will be paid to the Treasurer in settlement of the claims between the parties. Following payment of these amounts, all remaining parties to this action have agreed that the Larimer County Treasurer shall withdraw from this case leaving only Plaintiff and Defendant Jenex Petroleum Corporation as party litigants. Having first obtained approval of the Court, Plaintiff files this Trial Data Certificate anticipating the withdrawal of Defendant Larimer County Treasurer and anticipating that the only party litigants to this action will be Plaintiff and Defendant Jenex Petroleum Corporation, hereinafter referred to as at the "Defendant."

II. STATEMENT OF CLAIMS AND DEFENSES

The issues outstanding in this action are:

A. Plaintiff has requested that the title to the property be quieted. It is Plaintiff's understanding that, except for the monies which are to be paid into the registry of the Court,

Defendant no longer claims an interest in the property which is the subject of this action. Having defaulted all other interested parties (including unknown persons who may claim an interest in the property) there should be no dispute regarding the entry of an order quieting title to the ownership of the property solely in Plaintiff.

B. Defendant operated the oil and gas well on Plaintiff's property from approximately February 1987 through December 1987. In conjunction with this operation, the well produced oil and gas. Plaintiff asserts that he was the sole owner of such well, and, to the extent that such production was sold or disposed of, he is entitled to be reimbursed for the proceeds of any sale or the value of the production. Defendant asserts that it purchased from the Larimer County Treasurer existing production from the well as well as a right to continue to operate the well. Plaintiff disputes that the Larimer County Treasurer had either the authority to sell the existing production or any interest in the ownership of the well. It is further Plaintiff's position that even if the Larimer County Treasurer had the ability to sell any interest in the well to Defendant, Plaintiff terminated any interest Defendant received as a result of the sale. It is Defendant's position that, at a minimum, it has the right to recovery from the production of the well its costs associated with generating the production.

III. UNDISPUTED FACTS

A. Plaintiff is the owner of the real property on which the Chilson #16-1 oil well (hereinafter referred to as the "Well") is located. Defendant Phoenix Petroleum Corp. held an oil and gas lease which entitled it to operate the well but defaulted on the lease and failed to pay certain taxes owing to the Larimer County Treasurer. The Treasurer sold the equipment used to operate the well and the present and future production from the well to Defendant.

B. The storage tanks on the property contained certain amounts of oil at the time of the sale to Defendant.

C. Defendant operated the well from approximately February of 1987, to approximately December of 1987, and generated certain production. All, or a portion of, the production was sold to Total Petroleum, Inc. (hereinafter referred to as "Total"). Total has held in suspense the value of the oil purchased pending an order from this Court to determine how the proceeds of the sale should be distributed. This Court has entered an order instructing Total to pay the amount held in suspense into the registry of the Court.

DISPUTED ISSUES OF FACT

A. Whether the oil and gas lease was cancelled by Plaintiff and whether the oil and gas lease could properly be transferred to Defendant.

B. Whether Defendant was entitled to receive a portion of the production from the well and, if so, what percentage of the production Defendant was entitled to receive.

C. Whether the Larimer County Treasurer could properly sell existing or future production to Defendant and also whether Defendant had any right to existing or future production based upon the sale by the Larimer County Treasurer.

D. Whether Defendant was entitled to receive its costs of production associated with the operation of the well, and if so, the amount of the costs which Defendant is entitled to be paid.

E. The amount and value of the oil held in the storage tanks at the time of the sale by the Larimer County Treasurer to Defendant.

F. The amount of oil generated by the well while the well was operated by Defendant, where the oil went and the value of the oil.

V. POINTS OF LAW

Title 39, Articles 1 and 10, set forth what rights the Treasurer has to sell well production. The general rules of Colorado law will otherwise govern in conjunction with termination of an oil and gas lease, whether an operator has the ability to recover costs of production and other issues surrounding this case.

VI. WITNESSES

A. John H. Chilson, 200 East Seventh Street, Suite 320, Loveland, Colorado 80537, (303) 663-2425. Mr. Chilson is the Plaintiff in this action, will testify to the events surrounding the termination of the oil and gas lien, discussions he had with representatives of Defendant and events relative to this action.

B. Gerald L. Jensen, Jenex Petroleum Corporation, 1600 Broadway, Suite 1760, Denver, Colorado 80202, (303) 863-0500. Mr. Gerald Jensen may be called to testify to agreements entered into between Plaintiff and Defendant, as well as costs incurred by Jenex Petroleum in generating the production from the well.

C. Jim Jensen, President, Jenex Petroleum Corporation, 1600 Broadway, Suite 1760, Denver, Colorado 80202, (303) 863-0500. Mr. Jim Jensen may be called to testify to agreements entered into between Plaintiff and Defendant, as well as costs incurred by Jenex Petroleum in generating the production from the well.

D. All witnesses listed by Defendant.

E. Any other witnesses which Plaintiff determines to be necessary. The names of these witnesses will be properly endorsed upon appropriate notice.

VII. EXHIBITS

A. Well logs and reports prepared by Defendant.

B. Title information relating to the chain of title of the subject property.

C. A copy of the oil and gas lease entered into by Plaintiff.

D. Correspondence between Plaintiff and Defendant.

E. Reports regarding the value of oil and gas purchased by Total and the amount of oil and gas produced by the well.

F. Expense information relating to Defendant's operation of the well.

G. All exhibits listed by Defendant.

H. Other exhibits which Plaintiff may subsequently endorse upon appropriate notice to Defendant.

EXPERTS

Plaintiff does not anticipate calling any experts at this time but experts may be endorsed prior to trial.

VIII. ITEMIZATION AND GENERAL AND SPECIAL DAMAGES

Plaintiff is entitled to all production from the well (or the value of such production) including both production generated during the time Defendant operated the well and production in the storage tanks at the time Defendant took over operation of the well.

STIPULATIONS

There are no stipulations between the parties.

SETTLEMENT NEGOTIATIONS

The parties are exploring settlement. A settlement conference by the Court may be helpful in this matter.

IX. TRIAL EFFICIENCIES

It is anticipated by Plaintiff that counsel for Plaintiff, March & Myatt, P.C., will withdraw and Plaintiff will personally try the case to the Court. The Plaintiff has been advised that Defendant anticipates retaining an attorney to try this action.

RESPECTFULLY SUBMITTED this 5th day of September, 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

CERTIFICATE OF SERVICE

This is to certify that on the 5th day of September 1989, I served the above and foregoing TRIAL DATA CERTIFICATE upon the parties by depositing a true and correct copy thereof in the United States mail, postage prepaid, duly enveloped and addressed to:

Loren B. Shall
Assistant District Attorney
Eighth Judicial District
Attorney for Larimer County
Treasurer, Charles L. Woodward
315 West Oak Street, Suite 500
P.O. Box 1489
Fort Collins, CO 80522

Gerald L. Jensen
Attorney at Law
Jenex Petroleum Company
1600 Broadway, Suite 1760
Denver, CO 80202

Mr. John Chilson
200 East Seventh, Suite 320
Loveland, CO 80537

Gerald L. Jensen

CHILSON.2P
dl/j/j

Case No.: 87 CV 963

TRIAL DATA CERTIFICATE - Defendant

JOHN H. CHILSON,

Plaintiff,

vs.

JENEX PETROLEUM CORPORATION, et. al.,

Defendants.



Julian D. Jensen, P.C., appears as foreign counsel in association with Gerald L. Jensen as local counsel to Defendant in the above proceeding to submit the following Trial Data Certificate pursuant to the Court's Order of July 28, 1989, and states as follows:

I. PARTIES

Defendant does not take exception to Plaintiff's statement of parties in its Trial Data Certificate and incorporates the same by this reference.

II. STATEMENT OF CLAIMS AND DEFENSES

The issues outstanding in this action are:

Defendant substantially agrees with the statement of claims and defenses set out by the Plaintiff in his Trial Data Certificate and incorporates the same by this reference, except as to the following issues:

A. Defendant believes that it acquired title or entitlement to the oil and gas production under the certificate of sale from the Larimer County Treasurer's Office for all periods in which it operated the well subject to such sale.

B. Alternatively, the Defendant asserts it is entitled to compensation from Plaintiff, by off-set or otherwise, for the reasonable valuation of operating fees and actual expenses and improvements to the subject well during the period it operated the well.

C. Alternatively, the Defendant asserts its equipment was used on the well at the request or acquiescence of Plaintiff to produce oil which would otherwise be worthless as uneconomic to produce. As a result, Plaintiff is only entitled to the net value

thereof after payment to Defendant of all costs of production.

D. Defendant does not wish to dispute and will concede that all future oil and gas interests in the well, the existing well and wellbore, less Defendant's equipment which it has removed, and property upon which the well is located should be quieted in the Plaintiff without admission of legal ownership as it may affect any other claims or positions of the Defendant in this proceeding.

III. UNDISPUTED FACTS

Defendant generally agrees with the statement of undisputed facts asserted by the Plaintiff and incorporates the same by this reference.

IV. DISPUTED ISSUES OF FACT

Defendant would generally accept the statement of disputed issues of fact contained in Plaintiff's Trial Data Certificate, except for the following additional issues:

A. Whether Defendant should be entitled to receive a portion or all of the proceeds of production from the subject well during the period of its operation.

B. Whether Defendant is entitled to actual costs of operation and improvements at the well site.

V. POINTS OF LAW

Defendant generally agrees with the points of law as recited by Plaintiff which need to be resolved in this matter and incorporates the same by reference, but would additionally assert that the Court should resolve the following issues:

A. Whether under a theory of implied contract, quasi contract, or unjust enrichment, Defendant is entitled to its operating costs, expenses, and improvements on the well and well site from the Plaintiff.

B. Whether Defendant does not have a right to claim the proceeds of production from the well under colorable title and good faith reliance upon a governmental sale by the Larimer County Treasurer's Office as against Plaintiff.

C. Whether any oil and gas in the tanks belonged to the previous lessee, not the Plaintiff.

D. Whether, under Colorado law, Defendant is not entitled to an equitable lien on oil and gas production from the well or proceeds of production when its efforts have created value and there is no statutory lien provision as to the actual oil and gas

production created by Defendant.

VI. WITNESSES

A. Defendant will intend to call as witnesses those same parties listed as witnesses under the Plaintiff's witness list. Defendant does not anticipate calling any additional lay witnesses, except possibly an agent or representative of the Larimer County Treasurer's Office or legal advisor to such office, which person has not presently been designated.

B. Defendant will call Harold Young of 2000 8th Avenue, Greeley, Colorado 80631 as an independent expert to testify as to customary and reasonable operating changes for similar wells in the relevant community.

C. Any other witness which Defendant deems to be necessary. The name of these witnesses will be properly and timely noticed to Plaintiff, except as to rebuttal witnesses.

EXPERTS

Defendant will call Mr. Harold Young, as listed above, as an independent expert with expertise in standard charges for oil and gas operations in the relevant area. Defendant would also intend to show that Mr. James Jensen should be qualified as a limited expert in the oil and gas industry for the purposes of computing well expenses and charges as an experienced oil and gas operator.

VII. EXHIBITS

A. Defendant would generally incorporate by this reference those particular exhibits cited by Plaintiff in its Trial Data Certificate.

B. Any "pick up" or weigh slips, checks, or other evidences of value received for production from the well during the period of Defendant's operation.

C. Repair bills, receipts, invoices, and checks for improvements and costs of operation on the well site as provided by the Defendant.

D. Defendant reserves the right to amend and serve upon the Plaintiff, in a timely manner, other specific exhibits which are not listed above or reasonably comprehended in the above descriptions.

VIII. ITEMIZATION AND GENERAL AND SPECIAL DAMAGES

Defendant would assert that it is entitled to all production from the well during the period of its operation pursuant to title

received from the Treasurer's office or by an equitable lien to production; alternatively, Defendant is entitled to a set-off or claim for all normal cost of operation and improvements on the well or well site during the period of its operation. These amounts are believed to be approximately \$6,142.38 as to gross production proceeds and approximately \$4,811.41 for the operating costs and well site improvements.

IX. STIPULATIONS

There are no stipulations between the parties.

X. SETTLEMENT NEGOTIATIONS

The parties are continuing to discuss settlement, though no settlement agreement has been reached. Defendant would assess the possibility of settlement in this case to be poor due to Plaintiff's determination to establish a point of precedent on certain legal issues.

XI. TRIAL EFFICIENCIES

It is anticipated from the representations made by Plaintiff in his Trial Data Certificate that Plaintiff will appear pro se. Defendant intends to appear through its Colorado counsel, Mr. Gerald L. Jensen, who will, for the purposes of trial, move the admission of Mr. Julian D. Jensen, a member of the Utah Bar, as primary trial counsel in this proceeding, pro. hac. vice.

RESPECTFULLY SUBMITTED this 9th day of October, 1989.

By: Gerald L. Jensen

Gerald L. Jensen, No. 3903
Attorney for Defendant
Jenex Petroleum Corporation
1600 Broadway, Suite 1760
Denver, Colorado 80202
Telephone (303) 863-0500

By: Julian D. Jensen

Julian D. Jensen,
Utah Bar No. 1679
Associated Foreign Counsel
for Defendant
311 South State, Suite 380
Salt Lake City, Utah 84111
Telephone: (801) 531-6600

JENX-PET.OCT

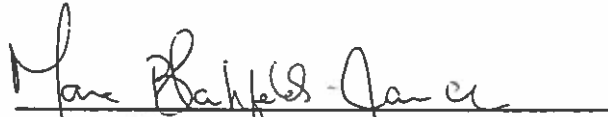
CERTIFICATE OF SERVICE

This is to certify that on the 11th day of October, 1989, I served the above and foregoing TRIAL DATE CERTIFICATE upon the parties by depositing a true and correct copy thereof in the United States mail, postage prepaid, duly enveloped and addressed to:

Loren B. Shall
Assistant District Attorney
Eighth Judicial District
Attorney for Larimer County
Treasurer, Charles L. Woodward
315 West Oak Street, Suite 500
P.O. Box 1489
Fort Collins, CO 80522

J. Brad March
200 Robertson Building
110 East Oak Street
P.O. Box 469
Fort Collins, Co 80522

Mr. John Chilson
200 East Seventh, Suite 320
Loveland, CO 80537


Mara Blankfelds-Jauch

LAW OFFICES
JENSEN, DUFFIN, DIBB & JACKSON
311 SOUTH STATE STREET
SUITE 380
SALT LAKE CITY, UTAH 84111

BEST IMAGE
AVAILABLE

THOMAS A. DUFFIN*
JULIAN D. JENSEN*
BRUCE L. DIBB*
W. KEVIN JACKSON*
HANS M. SCHEFFLER*

TELEPHONE
(801) 531-6600
TELECOPIER
(801) 521-3731

*SEPARATE PROF. CORPS.
*NOT A PARTNERSHIP

April 5, 1990

Mr. John H. Chilson, Esq.
CHILSON, STANTON & KAUFMAN
Suite 318, First National Center
200 East Seventh Street
Loveland, Colorado 80537



Re: Settlement of Chilson v. Jenex

Dear Mr. Chilson:

Thank you for taking the time by telephone yesterday to resolve the outstanding issues in this case. My client agreed to the terms of the stipulation which we discussed by telephone essentially providing that you will be paid \$5,000.00 from the amounts currently on deposit with the court. Jenex would then be entitled to withdraw the balance of such amount, provided that you have assured yourself of the entry of that certain stipulation entered between plaintiff, defendant, and the Larimer County Treasurer in late 1989 as discussed on the telephone and which indicated that all tax claims and charges owing to the County Treasurer were deemed paid pursuant to the release and payment of \$685.53 to the Treasurer from the retention amount.


It was my understanding that you would go forward to prepare the standard form Dismissal with Prejudice to be filed with the Court pursuant to your Rule 41, or other appropriate rule. I have prepared and enclosed with this letter a Mutual Release, which I understood was agreeable to you. It is also my understand that you would inform the Court by telephone of this settlement and that we would file the dismissal as soon as possible.

If there are any changes or corrections which you would like in this Mutual Release, please feel free to make those changes in your office, sign and return the same to me. Otherwise, would you please execute and return to my office the enclosed Release in duplicate. I will then obtain the signature of an officer of Jenex returning one fully executed copy to you.

Mr. John H. Chilson, Esq.
April 5, 1990
Page 2

If there are any further questions or problems regarding this case or the foregoing procedures, please contact me at your earliest convenience. It was my pleasure to work with you in resolving this matter and I appreciate your courtesy and professionalism in that regard.

Sincerely,


Julian D. Jensen
Attorney at Law

jdj:rlp

cc: Jenex

MUTUAL GENERAL RELEASE

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

STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

DEPARTMENT OF NATURAL RESOURCES
SUITE 380 LOGAN TOWER BUILDING
1580 LOGAN STREET
DENVER, COLORADO 80203

WILLIAM R. SMITH
Director
DENNIS R. BICKNELL
Deputy Director

(303) 894-2100

ROY ROMER
Governor

July 23, 1990

Mara Jauch
Jenex Petroleum Corp
1675 Larimer, Ste 810
Denver, CO 80202

RE: #16-1 Chilson NWNW 16-5N-68W API # 05-069-06202

Dear Ms. Jauch:

We are in receipt of your letter dated 7/16/90 stating that John H. Chilson is operator of referenced well effective 4/10/90.

To date Mr. Chilson has not filed an OGCC Form 10 (Change of Operator), nor Plugging Security, nor an OGCC Form 1 (Designation of Agent). Until such time as these prerequisites (as well as any other required by the Rules and Regulations of the Commission, such as permission to leave the well Shut-In) are met or until the well is properly plugged and abandoned it will remain on Jenex's Plugging Security. It would be to your advantage to encourage Mr. Chilson to comply with these requirements, unless you desire to keep the well on your Plugging Security.

It is noted that the well appears to have been Shut-In since 1987 or 1988 yet no Sundry Notices (OGCC Form 4) are in the file requesting permission for such a status as required by Rule 319 (copy attached). If Jenex has other wells that are currently Shut-In or Temporarily Abandoned for six months or more, you are directed to comply with this rule immediately.

If you have any questions concerning Jenex's liability on this well please contact the Deputy Director, John Stowell. He will also be glad to discuss Plugging Security options with Mr. Chilson.

Very truly yours,


D. Edwards
Well Records Department

incl: as stated

cc: Mr. John H. Chilson, 200 E. Seventh, Ste 300, Loveland, CO 80537
incl: OGCC Form 1, Form 3, Form 4, Form 7, Form 10



COPY



JENEX PETROLEUM CORPORATION

July 16, 1990

Carolinn J. Rahman
State of Colorado
Oil & Gas Conservation
Commission
1580 Logan Street, Suite 380
Denver, CO 80203



RE: Chilson #16-1
Lease #26484

*NW 1/4 5N 68W
Larimer / Loveland / NB + CD*

Dear Ms. Rahman:

Please be advised that Jenex is no longer the operator of the above referenced lease in Larimer County. The new operator of this well, effective April 10, 1990, is:

John H. Chilson
200 East Seventh, Suite 300
Loveland, CO 80537

Please contact Mr. Chilson for further information on this lease.

Sincerely,
JENEX PETROLEUM CORPORATION

Mara Jauch
Mara Jauch
Production Analyst

/mbj

RECEIVED

JUL 20 1990

COLO. OIL & GAS CONS. COMM.

RECEIVED

JUL 17 1990

COLO. OIL & GAS CONS. COMM.

STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

DEPARTMENT OF NATURAL RESOURCES

SUITE 380 LOGAN TOWER BUILDING

1580 LOGAN STREET

DENVER, COLORADO 80203

(303) 894-2109 FAX

(303) 894-2100

DENNIS R. BICKNELL
Director

JOHN R. STOWELL
Deputy Director

PATRICIA C. BEAVER
Technical Secretary

ROY ROMER
Governor

July 17, 1991

Mr. James Jensen
Jenex Petroleum Corp.
1600 Broadway, #1760
Denver, CO 80202

Re: Kissler-Amen #1-25
SWSW 25-6N-66W

Chilson 16-1
NWNW 16-5N-68W



Dear Mr. Jensen,

On July 15, 1991 I was notified by the Greeley Fire Department in regard to weeds and trash on the location of the Kissler-Amen 1-25. Although this well is not inside the city limits of Greeley we continue to work closely with the city over safety issues such as this. The general safety rules, Rule 603(g), addresses this issue in addition to Order A-1-3, which was written to address the Front Range area. Please have your pumper review and bring this and other wellsites into compliance.

I also reviewed the status of the Chilson 16-1. Our file reflects my conversation with you last July 30, 1990, but I do not have a copy of the letter your attorney was to send to Mr. Chilson informing him of his liability from this well. The last bonded operator of record is Jenex Petroleum Corporation.

Let me know what your plans for the Chilson 16-1 are so we may act accordingly.

Thank you for your assistance.

Yours truly,

Stephan Pott

Stephan Pott
Sr. Engineer

Filed to H1 Arden

1/14/92 SP

xc: Bob Van Sickle

JOHN H. CHILSON
Attorney At Law
6610 Chokecherry Drive
Loveland, Colorado 80537
303-667-3214

February 5, 1996

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203



Re: Notice of Alleged
Violation to
John H. Chilson

To the Commission:

I received a Notice of Alleged Violation, copy enclosed, directed to me as an operator of a well. I have also received a telephone call from someone in your office asking if I was an operator of a well.

I am not an operator of any well and never have been. Jenex Petroleum was operating a well on my property in Section 16-5N-68W under a claim of having purchased the right to do so at a county tax sale. I instituted litigation against Jenex and the Larimer County Treasurer in the District Court of Larimer County over that matter, which suit was ended by settlement. Nothing else has occurred.

Please advise me in writing of the grounds upon which you served me with a Notice stating that I am an operator of a well. Further, please forward with that explanation copies of all documents and records upon which you rely for the proposition that I am an operator.

I am advised by your representative who called me that the Jenex bond for plugging this well and cleaning up the site remains in force and effect and that Jenex is the operator according to your records. Therefore, please further explain why you have not required Jenex to perform its obligations as operator on this well, since Jenex removed all equipment, casing and left the well as it is. If you think Jenex is somehow released from this obligation, please state the grounds for this belief.

Further, please send me a set of all rules and regulations of the Commission so that I may try to understand what is going on.

Truly yours,


John H. Chilson

Encl: 1



JOHN H. CHILSON
Attorney At Law
6610 Chokecherry Drive
Loveland, Colorado 80537
303-667-3214

March 13, 1996

Mr. Dave Shelton
Colorado Oil and Gas Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: C hilson 16-1
Larimer County

Dear Mr. Shelton;

In response to your letter dated February 9, 1996, with the enclosures, you will recall that in my previous letter to you I had requested copies of documents which indicated that I had become the operator of the above well. None of the documents you sent me contain any such indication. If you will review them again, you will find no statements or agreements by me to become the operator. The lawsuit with Jenex and the Larimer County Treasurer had to do with accountings for ~~in~~ oil produced by Jenex from the well but not paid for, and the Treasurer's wrongful purported sale of the mineral rights to pay for delinquent taxes on the pumping equipment.

I gather you have made demand on Jenex as the registered operator to clean up the well site and plug the well, and that Jenex is asserting the false proposition that they are no longer the operator. Jenex has provided the Commission with absolutely no evidence to support their position. So I ask you, is it customary for the Commission to let them go for five years just because they say they're not responsible?

I want this well plugged and the site cleaned up. I thought the Commission was in charge of getting this done if the operator shirked its responsibility.

You told me there would be a hearing on this. Now you write that the AG's office will make the determination of who is the operator. If so, what evidence α will the AG base its decision on?

I asked for a copy of the Commission's rules and regulations, which you did not send. I now repeat my request. I am not an oil and gas attorney and know very little about this business, but it looks like I'd better get to know the rules. I will gladly pay any cost involved for the copies, so please send them.

Truly yours,

John H. Chilson

JOHN H. CHILSON
Attorney At Law
6610 Chokecherry Drive
Loveland, Colorado 80537
303-667-3214

April 5, 1996



Mr. Dave Shelton
Colorado Oil & Gas Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Dear Mr. Shelton:

Enclosed is my check for \$9.00 as payment for a copy of the Commission's rules and regulations. I would appreciate your sending me a copy of the same.

I don't know where the idea got started that a Gail Koops was my agent. I don't know anyone by that name. There is a neighboring landowner by the name of Gail Koppes, but I have never authorized her to act as my agent in any matters whatsoever. If any person represented himself or herself as my agent acting in connection with the Chilson 16-1 well, it was a total misrepresentation. I have no idea how this has happened, but let me assure you that no one has had my authority to represent me in this matter.

You have recited the statement in the lawsuit documents that I was the sole owner of the Chilson 16-1 well. That statement was made in the context of the mineral rights, since Larimer County had purported to sell my mineral rights when it foreclosed on the wellhead equipment. There was nothing contained in these documents by which I claimed to be the operator of this well. There is a real distinction between an owner and an operator.

I definitely do have additional evidence which the Commission should consider in this case, and I am assuming that there will be a hearing at which this evidence can be presented. Please advise me if this is not correct so that I can take steps to put the evidence in proper form to submit without a hearing.

Truly yours,


John H. Chilson

JHC:lm
Enc.



DEPARTMENT OF NATURAL RESOURCES
Roy Romer, Governor
1120 Lincoln St., Suite 801
Denver, CO 80203
Phone (303) 894-2100
FAX (303) 894-2109

February 9, 1996

Mr. John H. Chilson
6610 Chokecherry Drive
Loveland, CO. 80537

Re: Chilson #16-1, NWNW 16 5N 68W, Larimer County, CO.

Dear Mr. Chilson:

In your letter of February 5, 1996 you requested clarification for the reason that you received a Notice of Alleged Violation (NOAV) for the referenced well. The Commission staff has been attempting to secure compliance for this well since 1990. To date, Jenex has taken the position that you assumed ownership of the well as Plaintiff in the lawsuit against Jenex. The documents supplied by Jenex indicate that they may have validity for their position. Because of the ownership dispute, the Commission staff is unclear about which party is in violation. Thus, NOAV's were sent to both you and Jenex. By rule, the NOAV must be used by Commission staff when voluntary compliance cannot be secured.

I will assume from your letter that you are confident that you are not responsible for this well. At this time I will wait for Jenex's response to the NOAV. If neither party is willing to bring the well into compliance the Commission staff will probably request that the Colorado Attorney General's office make a determination as to which party is the operator responsible for compliance. A Commission hearing may be required for final resolution.

I am enclosing pertinent information and correspondence concerning this matter currently contained in the well file. Copies of Commission Rules and Regulations may be obtained by submitting a request to the letterhead address along with a check for \$9.00 made out to the Colorado Oil and Gas Conservation Commission. You may contact me at 303-894-2100 ext. 108 if you have further questions.

Sincerely,

Dave Shelton
Petroleum Engineer



JOHN H. CHILSON
Attorney At Law
6610 Chokecherry Drive
Loveland, Colorado 80537
303-667-3214

March 13, 1996

MAR 15 1996

Mr. Dave Shelton
Colorado Oil and Gas Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: C hilson 16-1
Larimer County

Dear Mr. Shelton;

In response to your letter dated February 9, 1996, with the enclosures, you will recall that in my previous letter to you I had requested copies of documents which indicated that I had become the operator of the above well. None of the documents you sent me contain any such indication. If you will review them again, you will find no statements or agreements by me to become the operator. The lawsuit with Jenex and the Larimer County Treasurer had to do with accountings for ~~in~~ oil produced by Jenex from the well but not paid for, and the Treasurer's wrongful purported sale of the mineral rights to pay for delinquent taxes on the pumping equipment.

I gather you have made demand on Jenex as the registered operator to clean up the well site and plug the well, and that Jenex is asserting the false proposition that they are no longer the operator. Jenex has provided the Commission with absolutely no evidence to support their position. So I ask you, is it customary for the Commission to let them go for five years just because they say they're not responsible?

I want this well plugged and the site cleaned up. I thought the Commission was in charge of getting this done if the operator shirked its responsibility.

You told me there would be a hearing on this. Now you write that the AG's office will make the determination of who is the operator. If so, what evidence ~~α~~ will the AG base its decision on?

I asked for a copy of the Commission's rules and regulations, which you did not send. I now repeat my request. I am not an oil and gas attorney and know very little about this business, but it looks like I'd better get to know the rules. I will gladly pay any cost involved for the copies, so please send them.

Truly yours,

John H. Chilson

John H. Chilson

