



December 22, 2007

Steve and Teri Chappell  
15989 CR P  
Cortez, CO 81321

As per our previous conversations, please be advised that Kinder Morgan CO2 Co. L.P. plans to exercise their mineral lease and enter your property for the purpose of drilling one (1) CO2 well to be named GP #17. The entry for well GP17 will be the NE ¼ of SE ¼ Section 31, Township 37 North, Range 17 West, N.M.P.M, Montezuma County, Colorado and is currently marked by survey stakes for your viewing. The additional activities of this entry will include, building the necessary access road and adding additional Right of Way (ROW) for the connecting flow line.

Land is described as Dry Land Farming Ground.

In accordance with the Colorado Oil and Gas Conservation Commission (COGCC) rule 305, please receive this 30 day intent to drill notice to this effect. Notice starting on this 22nd day of December in the year 2007, as the day of this notice being hand delivered to you, at your home in Cortez, Colorado. A notice will also be posted at the property mentioned above. Work on this project is scheduled to begin as soon as all permits are in place.

Also in accordance with COGCC rule 305, please receive the following required attachments and additional information for your use:

- 1) A copy of COGCC rule 305 and 306.
- 2) Copy of 'Oil and Gas Well Notification, Consultation and Reclamation Rules'.
- 3) A copy of FAQ's.
- 4) A plat showing planned well site, access road and additional pipe line ROW.
- 5) Operator information as follows; Kinder Morgan CO2 Co. L.P., 17801 Hwy 491, Cortez, CO. 81321
- 6) Company contact as follows; Bob Clayton, Production supervisor, 970-882-5507 or Jeannie Johnston, 970 882-5517 (address same as above).
- 7) Estimated date of beginning operations; as soon as all permits are in place.
- 8) Please understand that surface owner has the responsibility for notifying any affected Tenant of the proposed operations.
- 9) A return addressed, postage prepaid envelope to meet rule 306 requirements.

**Drilling operations will not begin until all required State, Federal and County permits have been issued.**

**No operations other than survey and on-site inspections will begin until the operator (Kinder Morgan CO2) makes a fair and reasonable payment to you as the land owner for any surface and crop damage, use and additional ROW which will all be addressed in the completed lease agreement we are currently working on.**

**I would like to also mention that it has been a great pleasure working with the both of you.**

**Sincerely,**

A handwritten signature in cursive script, reading "Jeannie M. Johnston". The signature is written in dark ink and is positioned above the printed name.

**Jeannie M. Johnston  
Business Supervisor  
Kinder Morgan CO2 Co. L.P.**

**Cc. COGCC  
Montezuma County Commissioners  
File at KMCO2 office**