



2/15/07

Mrs. Sue McWilliams
19878 Hwy. 491
Dolores, CO. 81323

Sue and Slim McWilliams,

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 two (2) CO2 wells to be named DC-2 and DC-5. The entry for well DC-2 will be in the SW corner of Lot 7, Sec. 18, T. 40 N., R. 17 W. Dolores County, Colorado and is currently marked by survey stakes. The entry for well DC-5 will be in the SE ¼ of the NE ¼ of Sec. 18., T. 40 N, R 17 W, Dolores County, Colorado and is also currently marked by survey stakes. The additional activities of this entry will include, building the necessary access roads, adding additional Right of Way (ROW) for the connecting flow lines and the construction of a piping manifold to be built on an existing easement which will serve as a collecting point for other wells in the area.

Land is described as dry land farm 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 15th day of February, in the year 2007, as the day of this notice being hand delivered to you at your home in Dolores, Colorado. A notice will also be posted at the properties mentioned above. Work on this project is scheduled to begin during the Spring of 2007.

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 (address same as above)
- 7) Estimated date of beginning operations; 5/07 or later.
- 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.

Sincerely,

Bob Clayton
Production Supervisor
Kinder Morgan CO2 Co. L.P.

Cc. COGCC
Dolores County Commissioners
File at KMCO2 office