

before
Thanksgiving
12/11/11

Tom Zabel, Tom Ragsdale's lawyer called me to talk about the AFE we sent for the Cockburn A State #5. We discussed the fact that the Operating Agreement we found in the county records is basically an Assignment and not an Operating Agreement. I told Mr. Zabel that we had filed an application for Compulsory Pooling since there really isn't a JOA governing this well and we can't get an answer from Tom Ragsdale. Mr. Zabel suggested I send an OA to Mr Ragsdale so we could get one in place and I agreed and told him I would send one. Mr. Zabel said he was going to Tom Ragsdale and hopefully we could avoid a hearing.

12/28/11
1:21 pm

I called Tom Ragsdale's office. The receptionist advised Mr. Ragsdale was not in the office. I told her I was calling to see if Tom had reviewed our JOA and to see if we could get something worked out to avoid going to hearing. The receptionist told me to call his cell phone as he was in Houston for the week.

12/28/11
1:22 pm

I called Tom Ragsdale on his cell phone. I got his voice mail so I left him a message asking him to return my call. Told him I was hoping to get the OA resolved so we could avoid the hearing.

3/12 Tom Ragsdale returned my call while I was
11:43 am at lunch and asked that I call him back.

3/12 I returned Tom Ragsdale's call and got
12:50 pm his voice mail again. I left a message
asking him to return my call. I reminded
him that the hearing was on Jan. 5th.

3/12 Tom Ragsdale returned my call. I told Tom
3:31 pm we are hoping to get everything resolved to
avoid going to hearing. I told him we
only want to frac the well to increase production
which is good for all parties involved. We discussed
that the OA we found was not really an OA and
I told him that is why we proceeded to file for
the hearing so that we could handle everything
legally. Mr. Ragsdale said he thought we
operating the wells illegally since we did not
have an OA. I told him I did not believe that
to be true because we purchased the well in
question from him and that he was
aware of everything we were doing. I reminded
him we credited his JIB account with
\$33,333.34, which was because of the work
that was going to be done on the wells. He
agreed that was true. I also told him he had
paid his JIB's, signed Division Orders and

3/12(cont'd) received revenue for the well and has never called to protest anything. I told him we all thought there was a JOA, but just not in the records provided by him.

Mr. Ragsdale ask that we make a proposal and I advised we already have by way of the AFE and then the OA. He repeated himself again and I repeated myself and told him that we will proceed with the hearing if we could not come to an agreement. Mr. Ragsdale said he would talk to his lawyers and that someone would call me back the next day. I advised I would be on the road going to Santa Fe for prehearing preparation and gave him my cell phone number and my e-mail address so he could contact me. End of telephone conversation.