

Chronological List of Events - Prepared 10/13/08 - D. Wierenga & T. Simcoe  
Re: Kelly A 3E MV & DK New Drill  
E/2 Sec 15, T31N, R10W  
San Juan County, NM

12/07/07	Terry Simcoe, Landman, communicated w/BP America Production Company re Amending the JOA dated 5/17/1976 for Kelly A 3E MV & DK new drill
12/12/07	COPC sent AFE & Ballots for Kelly A 3E MV & DK new drill
12/12/07	ConocoPhillips signed ballot
12/17/07	COPC received letter from Steve Coldwell, Successor Trustee for Laurence C. Kelly Trust, requesting to have their Working Interest exchanged for an ORI
12/26/07	COPC received Kelly Family Trust, Gregory L. Kelly, Trustee's signed ballot, Approved
01/02/08	COPC received Hope S. Kelly for deceased Laurence B. Kelly's signed ballot - Approval
01/22/08	COPC's Terry Simcoe, Landman, sent email to Steve Coldwell, Kelly Family CPA, asking for identity information. Coldwell responded same day
01/29/08	COPC's Terry Simcoe, Landman, discussed possible acquisition of Kelly Family Interest with COPC's Jordan Wiess, COPC SJBUI Manager
05/19/08	Burlington Resources Oil & Gas Company LP prepared new JOA and Burlington Resources Oil & Gas Company LP signed new JOA
05/19/08	COPC sent new AFE, new JOA & ballots
05/20/08	ConocoPhillips signed new JOA & ballot
06/02/08	COPC received Laurence C. Kelly Trust ballot & JOA back (MV only) - Approval
06/02/08	COPC received Kelly Family Trust, Gregory Kelly, Trustee, ballot back (MV only) - Disapproval
06/11/08	COPC received Laurence B. Kelly Living Trust ballot back (MV only) - Disapproval
06/24/08	COPC received Kelly Living Trust (Rosalie H Kelly Trustee) ballot back (MV only)- Disapproval
07/25/08	Steve Coldwell, Kelly CPA, left a telephone message on 07/24/08. Terry Simcoe COPC landman, responded with an email stating current status of the Kelly A 3E well
07/30/08	Terry Simcoe, COPC landman, sent an email to COPC Senior Land Representative, Alan Alexander, starting force pooling action
08/08/08	Alan Alexander, COPC Senior Land Representative, sent an email to Terry Simcoe, COPC landman, which had attached the draft of the letter to NMOCD's Mr. Fesmire requesting a hearing on force pooling the Kelly A 3E

08/11/08 COPC received BP America Production Company ballot back (MV & DK) - Approval

09/09/08 Steve Coldwell, Kelly CPA, sent an email to terry Simcoe, COPC landman, stating that Mr. Greg Kelly had not received notice of the hearing scheduled for 10/02/08

09/22/08 Steve Coldwell, Kelly CPA, again sent an email to terry Simcoe, COPC landman, stating that Mr. Greg Kelly had still not received notice of the hearing scheduled for 10/02/08

09/24/08 COPC received Laurence B. Kelly Living Trust's attorney's response re Compulsory Pooling Case No 14188 Notification - Approval

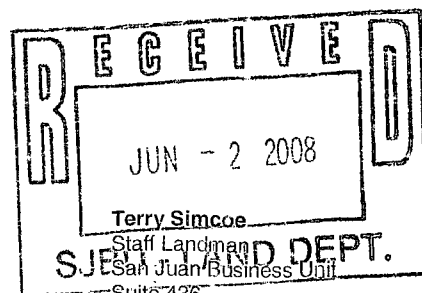
09/29/08 Tom Kellahin, COPC legal counsel, sent an email transmitting a letter from the attorney of the Laurence Kelly Living Trust regarding the hearing.

Steve Coldwell, Kelly CPA, again sent an email to terry Simcoe, COPC landman, stating that Mr. Greg Kelly had still not received notice of the hearing scheduled for 10/02/08. Mr. Simcoe checked with Mr. Kellahin, COPC's legal counsel, and determined that Mr. Kelly had not been properly noticed and that a continuance would be requested. Mr. Kellahin sent an email transmitting the request for continuance for Case 14188

10/13/08 Steve Coldwell, Kelly CPA, sent an email indicating that Greg Kelly did receive the notice of hearing with the new hearing date of 10/30/08, and that there were some errors in the document. This was transmitted to Mr. Kellahin, COPC legal counsel, and he amended and filed the documents

10/14/08 Terry Simcoe, COPC landman, transmitted amended application to Steve Coldwell, Kelly CPA

10/22/08 Terry Simcoe, COPC landman, had two telephone conversations with Mr. Gregory Kelly, Trustee of the Kelly Family Trust. Mr. Kelly expressed his desire to not have to pay any share of the well's costs.



**ConocoPhillips Company**  
 3401 E. 30<sup>th</sup> St.  
 Farmington, NM 87402  
 Off: 505.326.9878  
 terry.simcoe@conocophillips.com

May 19, 2008

7110 6605 9590 0025 3281 Certified Mail – Return Receipt Requested

Kelly Family Trust  
 Gregory Kelly Trustee  
 3526 Bayberry Lane  
 Malibu, CA 90265

**RE: 2008 NEW DRILL RE-PROPOSAL**  
**Kelly A 3E– MV/DK**  
**Property #A712001 – DK**  
**Property #A721798 – MV**  
**San Juan County, NM**

Dear Interest Owner:

Burlington Resources Oil & Gas Company LP (hereinafter Burlington), an affiliate of ConocoPhillips Company, as Operator, again proposes to drill, complete and equip the above referenced Mesaverde and Dakota commingled well at a TVD of 7,625' for an estimated total of \$1,338,692.50. The details of the well are as follows:

Well Name/Dedication	Formation	Owners	GWI%
<b>Kelly A 3E</b> Unit Letter 'P' 810' FSL & 815' FEL SESE, Sec. 15-T31N-R10W  E/2 Dedication	<b>Mesaverde</b> Drillblock	Burlington Resources O&G Laurence B Kelly Living Trust Laurence C. Kelly (Deceased) Trust Kelly Living Trust BP America Production Company Kelly Family Trust <b>Total</b>	37.500% 6.250% 12.500% 3.125% 37.500% 3.125% <b>100.00%</b>
	<b>Dakota</b> Drillblock	Burlington Resources O&G ConocoPhillips Company BP America Production Company <b>Total</b>	12.474911% 49.891018% 37.634071% <b>100.00%</b>

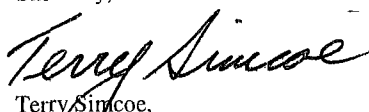
Burlington currently plans to drill this well in the fourth quarter of 2008, but due to rig scheduling it may be prior to then. We would appreciate your concurrence to the drilling, completion and development costs as detailed in the attached cost estimate. Please execute and return a copy of this letter ballot and attached cost estimate to the attention of **Valerie Wells** at the letterhead address or fax to **505-326-9781 AND SHOWING EITHER APPROVAL OR DISAPPROVAL**.

BP America Production Company has suggested that a new operating agreement be executed by the parties to cover this well's dedicated drillblock because the existing operating agreement, dated May 17, 1976, covers only the Mesaverde Formation. Burlington's current model form operating agreement is attached for your execution and brings the Dakota Formation under the agreement, stating each party's interest, and restates the agreement with current contractual considerations. If concurrence concerning this new operating agreement cannot be reached, then Burlington Resources proposes that the May 17, 1976 operating agreement be amended to include the Dakota Formation, stating each party's interest, and add current accounting and insurance procedures. Burlington Resources is prepared, if the parties fail to approve the drilling of this well, to begin administrative relief (forced pooling) procedures with the New Mexico Oil & Gas Commission.

Please execute and return the attached ballot indicating your approval/disapproval of the drilling of this well. Also, please execute the attached operating agreement signature page for your interest or send a letter to me rejecting this agreement and indicating whether or not you will agree to amend the existing operating agreement. **You must so respond by June 16, 2008.** Failure to respond will include you in the administrative action before the New Mexico Oil & Gas Commission.

If there are any questions regarding this proposal please contact me at 505-326-9878.

Sincerely,

  
Terry Simcoe,  
Staff Landman

vw:TBS  
Enclosures

xc: NM 324, 3.0 (2008 New Drill)

THE UNDERSIGNED APPROVES \_\_\_\_ or DISAPPROVES ☒ THE  
DEVELOPMENT OF THE KELLY A 3E MESAVERDE/DAKOTA WELL AS  
DESCRIBED IN THE LETTER DATED MAY 1, 2008.

Name:

Guguyl. Kelly, Trustee

Company:

Kelly Family Trust

Title:

Trustee

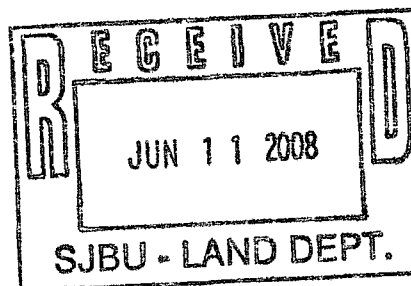
Phone #

310-456-3623

Date:

Trustee

YOU ARE REQUIRED TO RESPOND TO THIS LETTER



Terry Simcoe  
Staff Landman  
San Juan Business Unit  
Suite 436

**ConocoPhillips Company**  
3401 E. 30<sup>th</sup> St.  
Farmington, NM 87402  
Off: 505.326.9878  
terry.simcoe@conocophillips.com

May 19, 2008

7110 6605 9590 0025 3250 Certified Mail – Return Receipt Requested

Laurence B Kelly Living Trust  
Laurence B Kelly Trustee  
839 Summit Rd Montecito  
Santa Barbara, CA 93108

**RE:     2008 NEW DRILL RE-PROPOSAL**  
**Kelly A 3E– MV/DK**  
**Property #A712001 – DK**  
**Property #A721798 – MV**  
**San Juan County, NM**

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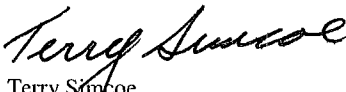
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Sincerely,



Terry Simcoe,  
Staff Landman

vw:TBS  
Enclosures

xc: NM 324, 3.0 (2008 New Drill)

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DEVELOPMENT OF THE KELLY A 3E MESAVERDE/DAKOTA WELL AS  
DESCRIBED IN THE LETTER DATED MAY 1, 2008.

Name:

Hope S. Kelly

Company:

Laurence B. Kelly Living Trust

Title:

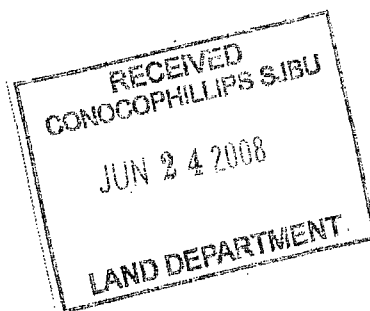
Phone #

805/969-5779

Date:

June 3, 2008

YOU ARE REQUIRED TO RESPOND TO THIS LETTER



Terry Simcoe  
Staff Landman  
San Juan Business Unit  
Suite 436

**ConocoPhillips Company**  
3401 E. 30<sup>th</sup> St.  
Farmington, NM 87402  
Off: 505.326.9878  
terry.simcoe@conocophillips.com

May 19, 2008

7110 6605 9590 0025 3274 Certified Mail – Return Receipt Requested

Kelly Living Trust  
Rosalie H Kelly Trustee  
P.O. Box 383  
Amherst, VA 24521

**RE:     2008 NEW DRILL RE-PROPOSAL**  
          **Kelly A 3E– MV/DK**  
          **Property #A712001 – DK**  
          **Property #A721798 – MV**  
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Sincerely,

  
Terry Simcoe,  
Staff Landman

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DEVELOPMENT OF THE KELLY A 3E MESAVERDE/DAKOTA WELL AS  
DESCRIBED IN THE LETTER DATED MAY 1, 2008.

Name:

Koralie M. Kelly

Company:

Kelly Mining Trust

Title:

Trusted

Phone #

734-946-7106

Date:

10-16-08

**YOU ARE REQUIRED TO RESPOND TO THIS LETTER**

## WORKING INTEREST OWNER LIST

BP America Production Company  
Attn: San Juan Land Manager  
P.O. Box 3092  
Houston, TX 77253

ConocoPhillips Company  
PO Box 4289  
Farmington, NM 87499-4289

Kelly Living Trust  
Rosalie H Kelly Trustee  
P.O. Box 383  
Amherst, VA 24521

Kelly Family Trust  
Gregory Kelly Trustee  
3526 Bay Berry Ln  
Malibu, CA 90265

Laurence B. Kelly Living Trust  
839 Summit Rd  
Montecito  
Santa Barbara, CA 93108

Laurence C. Kelly Trust  
Steve Coldwell Trustee  
Laurence C. Kelly Dec  
C/O Coldwell Sclafani & Co  
3239 N Verdugo Rd  
Glendale, CA 91208-1633

# Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

**Well Name: KELLY A 3E**

**Zone Name: BLANCO MESAVERDE (PRORATED GAS)**

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: Casing and Tubing	\$57,227.40	\$26,680.50	\$0.00	\$0.00
B000: Wellhead, Tree and Assoc Equip.	\$8,000.00	\$4,900.00	\$0.00	\$0.00
C000: Completion Equipment & Other	\$0.00	\$5,600.00	\$0.00	\$35,443.00
D000: Location (Wellsite Related)	\$16,480.80	\$0.00	\$0.00	\$1,121.00
E000: Rigs & Rig Related	\$74,000.00	\$31,500.00	\$0.00	\$0.00
F000: Drilling & Completion Utilities	\$9,600.00	\$0.00	\$0.00	\$0.00
G000: Fluid & Chemical Services	\$8,000.00	\$8,400.00	\$0.00	\$0.00
J000: Cementing Matls, Svcs & Casing Access	\$20,615.60	\$0.00	\$0.00	\$0.00
K000: Formation Evaluation	\$3,200.00	\$12,600.00	\$0.00	\$0.00
M000: Completion & Testing	\$0.00	\$0.00	\$0.00	\$0.00
N000: Formation Stimulation Services	\$0.00	\$197,400.00	\$0.00	\$0.00
O000: Certification & Inspection	\$4,800.00	\$1,050.00	\$0.00	\$0.00
P000: Transportation, Supply & Disposal	\$8,000.00	\$33,950.00	\$0.00	\$280.00
Q000: Drilling Tools & Equipment Rental	\$4,800.00	\$14,000.00	\$0.00	\$0.00
R000: Bits & Mills	\$10,000.00	\$0.00	\$0.00	\$0.00
S000: Special Services	\$18,680.00	\$23,310.00	\$0.00	\$0.00
T000: Miscellaneous	\$15,513.60	\$6,300.00	\$0.00	\$9,750.00
U000: Perforating & Slickline Services	\$0.00	\$11,200.00	\$0.00	\$906.50
V000: Eng & Construction, Consulting, R&D	\$0.00	\$0.00	\$0.00	\$5,467.50
W000: General Fees	\$2,400.00	\$0.00	\$0.00	\$0.00
X000: PPCo Labor & Overhead	\$2,800.00	\$4,200.00	\$0.00	\$2,636.50
Y000: Totals, Contingency & Miscellaneous	\$0.00	\$15,942.50	\$0.00	\$0.00
Zone Tangibles:	\$65,227.40	\$37,180.50	\$0.00	\$35,443.00
Zone Intangibles:	\$198,890.00	\$359,852.50	\$0.00	\$20,161.50
Zone Total:	\$264,117.40	\$397,033.00	\$0.00	\$55,604.50

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

# Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information  
which is proprietary and confidential to ConocoPhillips.

**Well Name: KELLY A 3E**

**Zone Name: BASIN DAKOTA (PRORATED GAS)**

Cost Feature Code/Name:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
A000: Casing and Tubing	\$85,841.10	\$11,434.50	\$0.00	\$0.00
B000: Wellhead, Tree and Assoc Equip.	\$12,000.00	\$2,100.00	\$0.00	\$0.00
C000: Completion Equipment & Other	\$0.00	\$2,400.00	\$0.00	\$35,443.00
D000: Location (Wellsite Related)	\$24,721.20	\$0.00	\$0.00	\$1,121.00
E000: Rigs & Rig Related	\$111,000.00	\$13,500.00	\$0.00	\$0.00
F000: Drilling & Completion Utilities	\$14,400.00	\$0.00	\$0.00	\$0.00
G000: Fluid & Chemical Services	\$12,000.00	\$3,600.00	\$0.00	\$0.00
J000: Cementing Matls, Svcs & Casing Access	\$30,923.40	\$0.00	\$0.00	\$0.00
K000: Formation Evaluation	\$4,800.00	\$5,400.00	\$0.00	\$0.00
M000: Completion & Testing	\$0.00	\$0.00	\$0.00	\$0.00
N000: Formation Stimulation Services	\$0.00	\$84,600.00	\$0.00	\$0.00
O000: Certification & Inspection	\$7,200.00	\$450.00	\$0.00	\$0.00
P000: Transportation, Supply & Disposal	\$12,000.00	\$14,550.00	\$0.00	\$280.00
Q000: Drilling Tools & Equipment Rental	\$7,200.00	\$6,000.00	\$0.00	\$0.00
R000: Bits & Mills	\$15,000.00	\$0.00	\$0.00	\$0.00
S000: Special Services	\$28,020.00	\$9,990.00	\$0.00	\$0.00
T000: Miscellaneous	\$23,270.40	\$2,700.00	\$0.00	\$9,750.00
U000: Perforating & Slickline Services	\$0.00	\$4,800.00	\$0.00	\$906.50
V000: Eng & Construction, Consulting, R&D	\$0.00	\$0.00	\$0.00	\$5,467.50
W000: General Fees	\$3,600.00	\$0.00	\$0.00	\$0.00
X000: PPCo Labor & Overhead	\$4,200.00	\$1,800.00	\$0.00	\$2,636.50
Y000: Totals, Contingency & Miscellaneous	\$0.00	\$6,832.50	\$0.00	\$0.00
Zone Tangibles:	\$97,841.10	\$15,934.50	\$0.00	\$35,443.00
Zone Intangibles:	\$298,335.00	\$154,222.50	\$0.00	\$20,161.50
Zone Total:	\$396,176.10	\$170,157.00	\$0.00	\$55,604.50

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

# Well Capital Cost Estimate Summary by Zone

This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

**Well Name: KELLY A 3E**

Totals for Well:	Drilling \$\$	Completion \$\$	P & A \$\$	Facility \$\$
Well Tangibles:	\$163,068.50	\$53,115.00	\$0.00	\$70,886.00
Well Intangibles:	\$497,225.00	\$514,075.00	\$0.00	\$40,323.00
Well Total:	\$660,293.50	\$567,190.00	\$0.00	\$111,209.00

**Well Total Tangibles: \$287,069.50**

**Well Total Intangibles: \$1,051,623.00**

**Well Grand Total: \$1,338,692.50**