

Notes for Nadel and Gussman  
Joe Helm

Started negotiations with all minerals owners including Joe Helm in October 2000. Joe said that he also represented his brother Bill Helm. I offered all of them \$75.00 per acre  $3/16^{\text{th}}$  royalty for a three year term. I leased 75% of the minerals on those terms in the same month.

I had several conversations with Joe. I had assumed that he would lease with the others. In one of our conversations he wanted to know what they paid for damages. He also wanted to know where they would be drilling. He said that when he leased to Yates Petroleum that he had a Surface Entry Agreement with them. I ask him to bring me a copy of the agreement and I would look at and see if it would be acceptable to Nadel and Gussman.

After reviewing the surface agreement, Nadel and Gussman agreed to the money on the damages. In the agreement there were numerous nondrilling provisions. If accepted it would severely limit where you could drill. After reviewing with Joe and a map showing that about the only place that they could drill using the provisions he wanted would be south of his house. He said that he did not want them drilling south of the house as it would hurt the view from his back porch. I went out with a GPS and staked a 990 FSL 1980 FEL and let Joe look from his porch to see if it would that location would disturb his view? He said that it would. I revised the agreement using the same terms on the damages but changed the no drilling provisions. The no drilling was changed to no drilling in the NW  $1/4$  SE  $1/4$ , W  $1/2$  NE  $1/4$  SE  $1/4$ .

After numerous meetings Joe said that he wanted a  $1/16^{\text{th}}$  more on the royalty. He said that he should get more than the other minerals owners because he would be subject to the noise, traffic, and odor. I said that it would not be fair to the other mineral owners to do that. The damages were to compensate for that. He suggested to be paid a annual lease for the pad and the road. I told him that the company would not do that. I said that the company would buy water from him to drill the well. They were also planning another well south of his ranch in the next section and they would like water there also. He said that he did not want them going across is land to another well.

Robert McNaughton and myself went out to the ranch to look at a location SE of Joe's house. He said that he would not mind a location out of his view there. We made two locations one being a 990 FSL 990 FEL, that location was too close to his windmill and the Gardner Draw. We made another trying to get farther from the windmill and draw.

In another meeting, Joe wanted to know if we would drill a water well to use while drilling the well. After completing the gas well, the well would revert to Joe. I told him that I did not know if the water laws would let us do that or not. Joe said that his water well by his house had pumped down. He said that this was the second time that that had happened to the well. I ask him if that was the well that he would sell water to drill the well. He said no, that there was another well about a mile away that he would use. That well water was not good drinking water.

I talk to Joe about a location that the company had a surveyor stake which was 1980 FSL 990 FEL it would be next the paved road. We started talking about what would be paid on the damages and I said what ever was on the Surface Entry Agreement. Joe said that prices had changed since that agreement. I ask what he had in mind and he said that he would have to think about it. He said that he also wanted the extra  $1/16^{\text{th}}$ . I said that I would pass the information on to the company.

OIL CONSERVATION DIVISION

CASE NUMBER \_\_\_\_\_

EXHIBIT

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